

**Minutes of the Meeting
September 18, 2017**

The Durham County ABC Board met at the administrative office, 2634 Durham Chapel Hill Boulevard, on the 18th day of September, 2017.

Board Chair, Andy Miller, called the meeting to order at 5:30 p.m.

Board members Lawrence Daye, Donald Lebkes and Beverly Thorpe were present. General Manager Rufus Sales and attorney George W. Miller, Jr. were also present. Durham County ABC Support Services Director Perlie Davis, Durham County ABC Finance Officer Lee Keatts, Durham County ABC Chief Natausha Pettiford and Lowell Oakley with Koonce, Wooten & Haywood were also in attendance.

Conflict of Interest Review and Declaration

Chair Miller read the Board's Conflict of Interest Review and Declaration statement and asked Board members if they have an actual conflict or appearance of a conflict of interest with any items coming before the Board and, if so, does the Board member wish to recuse him or herself from deliberating and voting on the matter. All Board members present verbalized that they have reviewed the agenda and do not have any conflicts.

Consent Item

The consent item approved was the Minutes of the August 21, 2017 Board Meeting. Mr. Daye motioned to accept the consent item. Mr. Lebkes seconded the motion and the Board approved unanimously.

General Business

Introduction of New Board Chair

Andy Miller was appointed Board Chair.

Introduction of New Board Member

Beverly Thorpe introduced herself to the Board and provided her educational and employment background. The Board welcomed Ms. Thorpe to DCABC.

Public Comment

Mark Cromwell, owner of Social Games and Brews, was present to discuss recent delays in receiving liquor orders relating to the consolidation of mixed beverage at Durham Chapel Hill Boulevard. Additionally, he is having trouble utilizing the online liquor ordering system. Mr. Cromwell suggested that downtown Durham business owners and DCABC collaborate to problem solve liquor order issues. Mr. Sales acknowledged difficulties concerning mixed beverage and stated that improvements are in progress to reach the goal of a twenty-four hour turn around on all liquor orders. Mr. Sales stated that he is available to meet with permittees to discuss their needs and improve customer service.

Financial Audit

Mr. Keatts stated that Board members previously received a copy of the DCABC audit report performed by CPA firm Koonce Wooten & Haywood and introduced Lowell Oakley to present the

independent audit report to the Board. Mr. Oakley commended the Board and management personnel for responding to his requests for information in a timely manner and allowing full access to all information requested. He noted that there were not any findings, issues or matters that came to his attention while performing the audit and that the management letter reflects that there were not any internal control deficiencies discovered. He reported that the audit report reflects that financial statements prepared by DCABC are fairly stated. Additionally, he stated that DCABC added to the net worth of the organization through investing profits in software and hardware technology.

Financial Report

Proposed Budget Amendment

Mr. Keatts stated that the Sheriff's Department has notified Chief Pettiford that a \$10 per hour increase in pay is required for deputies providing retail store security. A proposed budget amendment to increase law enforcement store security by \$16,550 will cover the additional expense. The Board had a general discussion regarding store security and law enforcement salaries. Mr. Daye motioned to accept the budget amendment as presented. Mr. Lebkes seconded the motion and the Board approved unanimously.

Mr. Keatts reported on the financial statements for the month of August. He noted that sales in August were \$2,878,000, which was a 7.4% increase over the prior year. The increase is attributed to an additional Saturday in August this year compared to last year.

Mr. Sales stated that he expects mixed beverage sales to continue to increase. He reported to the Board that DCABC plans to travel to the state warehouse to pick up high demand but short supply liquor rather than waiting for the delivery. This will ensure that DCABC receives liquor before the stock is depleted by other boards receiving liquor deliveries earlier in the week. The Board had a general discussion regarding liquor deliveries and inventory.

Support Services Report

Ms. Davis stated that the Support Services Update was included in the meeting packet for Board review. The Board accepted the support services report as stated.

Law Enforcement Report

Chief Pettiford reported to the Board on law enforcement activity in the month of August which included diligent focus on underage drinking. She noted that students have returned to Durham for the school year and there have been complaints of underage possession of alcohol, drinking in public and fraudulent forms of identification. Downtown permittees have expressed concern with this recent activity. Chief stated that she has responded to these complaints by increasing alcohol awareness classes and collaborating with ALE and local law enforcement agencies. The Board discussed alcohol awareness programs DCABC is involved in to include RASP training and Talk It Out NC. Chair Miller commended Chief Pettiford on the increased number of establishment inspections during the month of August.

General Manager's Report

Mr. Sales recommended to the Board that the two warehouse employees with CDL licenses receive a 5% salary increase. He explained that, due to the recent purchase of a larger delivery truck, a CDL license is required to operate the vehicle. Mr. Lebkes motioned to increase the pay of CDL

licensed warehouse employees by 5%. Ms. Thorpe seconded the motion and the Board approved unanimously.

Mr. Sales reported that the first week of consolidating mixed beverage locations did not run smoothly, resulting in permittee complaints. He stated that issues have been rectified and that he has now received complementary comments from the same permittees. Given that mixed beverage makes up 20% of DCABC sales, it is imperative that product is efficiently distributed to establishments. He reported that a reset was performed over the weekend at mixed beverage to reorganize liquor for ease of access and logical flow of inventory.

Mr. Sales provided an update to the Board regarding the air conditioning replacement at the Durham Chapel Hill Boulevard Store. He stated that repairs will take place over the next two weekends. The work will entail opening the ceiling to remove the old unit and installing the new unit. Additionally, he mentioned that there is an issue with the air conditioner at the Holloway Street Store.

Mr. Sales revisited the topic of filling positions of retirees at the Guess Road Store. He has now received official notice of retirement from an Assistant Manager and a Clerk. Interviews will commence in the coming weeks and Board members will receive schedules so they may attend interviews if they choose.

Mr. Sales is preparing for the upcoming holiday season by advertising job openings for part-time personnel and increasing liquor inventory.

Mr. Sales provided an update on his request regarding grant technology used by the city and county. He has not yet received a response to his inquiry. Mr. Lebkes suggested that DCABC send a reminder to grant recipients that the three-month deadline for submission of their first report is approaching. Mr. Sales will provide grantees with a notice to ensure that reports are submitted timely.

Other Business

- **FY2018 Budget Discussion**

Mr. Sales stated that questions regarding the budget were presented to him. He invited further dialogue on the topic. Ms. Thorpe questioned whether DCABC is interested in expanding the investment portfolio or is access to cash more desirable to the organization. Mr. Keatts stated that the ABC Commission prescribes types of investments that may be utilized. He noted that DCABC cash available has increased substantially in the past several years. Ms. Thorpe requested that the Board invite a knowledgeable speaker on investment options available for ABC Boards to attend a meeting. Mr. Keatts will schedule an investment management presentation for an upcoming Board meeting.

- **Travel Policy for State Employees**

Mr. Sales recalled the decision by the Board to adopt the state travel policy versus the county policy and the differences between the policies. He stated that copies were previously disseminated to Board members.

- **Warehouse Matters**

Mr. Lebkies commended the warehouse staff for their hard work and recommended implementation of inventory scanning technology.

Adjournment

Chair Miller motioned to adjourn the meeting and the Board approved without objection.

Approved By: NA Miller