

**Minutes of the Meeting  
May 14, 2018**

The Durham County ABC Board met at the administrative office, 2634 Durham Chapel Hill Boulevard, on the 14<sup>th</sup> day of May, 2018.

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

Board members Jacqueline Wagstaff, Lawrence Daye, Donald Lebkes and Beverly Thorpe were present. General Manager Rufus Sales, Assistant General Manager Eddie Hewlin, attorney George W. Miller, Jr., Durham County ABC Finance Officer Lee Keatts, Durham County ABC Support Services Director Perlie Davis and Durham County ABC Law Enforcement Chief Natausha Pettiford 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 Items**

The consent items approved were the April 7<sup>th</sup> Board Retreat Meeting Minutes and April 16<sup>th</sup> Board Meeting Minutes. Ms. Wagstaff motioned to approve the April Board Meeting Minutes as presented. Mr. Lebkes seconded the motion and the Board approved unanimously.

**General Business**

**Public Comment**

Chair Miller stated that there are not any members of the public in attendance.

**Financial Report**

**April Financial Report**

Mr. Keatts stated that DCABC year-to-date sales growth trends are approximately 3%. As the budget is discussed, the growth percentage is used as a benchmark when preparing the projections.

**Budget Presentation and Discussion**

Mr. Keatts submitted budget amendments to the Board. An operating expense amendment in the amount of \$46K for temporary labor in the warehouse and an amendment to the capital budget for payment of Dalcom POS software purchase. The Board discussed the shortage of personnel in the warehouse and circumstances leading to the budget amendment. Ms. Wagstaff motioned to approve the budget amendments. Mr. Daye seconded the motion and the Board approved unanimously.

Mr. Keatts reported on interest earned from investment with North Carolina Capital Management Trust. Mr. Keatts followed up with the Board regarding a discussion during the Special Retreat Meeting. He stated that an outstanding loan balloon payment in the amount of \$680K is due August 1<sup>st</sup>. The balance is included in the Proposed Budget for payment as the Board previously discussed.

Alternatively, the balance can be rolled over for additional years. The Board discussed the inclusion of the balloon payment in the budget.

Mr. Sales presented highlights of the Proposed Budget FY2018-2019 to the Board. He stated that the budget projects revenue from liquor sales and investment interest to total \$37,951,101. Mr. Sales reported that anticipated facility improvements included in the budget total \$277,311. He reported that the compensation plan previously approved by the Board totals increased employee salary expenses in the amount of \$134,751 in the upcoming fiscal year.

Mr. Sales reported to the Board that projected increase in sales for the upcoming fiscal year is increased by 1.86%. Taxes for the sale of spirituous liquor and fortified wine are budgeted in the amount of \$8,998,879. Cost of goods sold are projected to total \$19,801,450. Total operating expenses are projected to be \$5,263,963. The Board discussed the Proposed Budget including the purchase of new computers, a cargo van and a new HVAC unit for the Roxboro Road Store. Mr. Sales will provide the Board with several options for Board consideration of the purchase of a new cargo van.

### **Distribution to Local Government**

As previously agreed to by the Board, DCABC increased profit distributions to the County and City 60% over the statutory amount required. Profit distributions to the County total \$1,532,862 and \$170,338 to the City. The statutory requirement for funds allocated to alcohol abuse prevention and education in the community total \$223,770. After all budgeted distributions, DCABC net income is \$966,720. The Board had a discussion regarding the history of DCABC statutory distributions. Mr. Sales notified the Board that he received a letter from the County Commissioners requesting a profit distribution of \$2.2M for both the current and upcoming fiscal years. Ms. Wagstaff motioned to increase the profit distribution to the County for the current year to total \$2.2M. Mr. Lebkes seconded the motion and the Board approved unanimously. The Board discussed profit distributions for the upcoming fiscal year. Mr. Daye motioned that the Board accept the County Commissioners request for a profit distribution of \$2.2M in FY 2018-2019. Mr. Lebkes seconded the motion and the motion carried with a vote of 3-2.

### **Other Business**

#### **Presentation Before County Commissioners**

Mr. Sales stated that the County Commissioners' budget work session is scheduled on June 14<sup>th</sup> beginning at 9:00 a.m. He relayed that DCABC Board participation is requested at the meeting.

#### **Closed Session**

Ms. Wagstaff motioned for the Board to go into closed session per G.S. § 143-318.11(a): (C) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged; (6) to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee. Mr. Lebkes seconded the motion and the Board approved without objection.

#### **Open Session**

Chair Miller stated that the Board is back in open session.

**Adjournment**

Mr. Lebkes motioned to adjourn the meeting. Mr. Daye seconded the motion and the Board approved without objection.

Approved By:                     *WJ Miller*