

Minutes of the Meeting
April 19, 2021

The Durham County ABC Board met virtually via Zoom Meetings on the 19th day of April 2021.

Chair Lebkes called the meeting to order at 5:30 p.m.

Board members Daniel Edwards, Daniel Edwards, Ryan Urquhart, and Frachele Scott were present virtually via Zoom. Also present virtually was Alcohol Law Enforcement Special Agent Brian Doward.

General Manager Niegel Sullivan, Durham County Fiscal Services Director Phil Bair, Durham County ABC Operations Director Misty Walter, Durham County ABC Human Resource Generalist Wendy Thomas-Wilder, and Durham County ABC Attorney George Miller, III were present in the room.

Conflict of Interest Review and Declaration

Chair Lebkes 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 verbalized that they have reviewed the agenda and do not have any conflicts.

Consent Items

The consent items were approved as follows:

- Approval of March 15, 2021 Board Meeting Minutes

Dr. Urquhart motioned to approve the March board meeting minutes. Mr. Edwards seconded. The consent item was unanimously approved.

Law Enforcement Report

There were 28 mixed beverage inspections and 31 other inspections. There were two alcohol education programs. One alcohol-related violation was submitted the ABC commission. There were 34 arrests. There were 66 charges at permitted establishments and three at non-permitted establishments; 66 misdemeanors and 3 felonies.

Agent Doward discussed recent alcohol and drug-related investigations and arrests with the Board.

Human Resources Report

March 5 was employee appreciation and human resources distributed goodie bags and served lunch to staff. The board also provided lunch for T.W Alexander store staff during their move to the new location. As of currently, there have been 16 full time employees to submit their COVID-19 vaccination cards and 11 part time employees. Ms. Thomas-Wilder said she expects to receive more as employees schedule their second shots. The pulse survey discussed in

previous meeting is selected to go live on April 20 and run through April 27. Ms. Thomas-Wilder said she plans to have results to the board by the next meeting.

Financial Report

Sales Report:

Mr. Bair presented the Comparative Sales Report for March 2021 signaling out the Holloway location experiencing a 52% increase from the previous year. He noted it was various factors that lead to out-performing the other retail stores this month. With the exception of Holloway (@52.06%) & Roxboro (@20.69%) & Hwy. 55 (@1.14%) the remaining 5 stores reflected a decrease when comped against previous year's sales. Mr. Bair stated this was likely due to comping against the Covid-19 buying at the very start of the pandemic. Mr. Bair reminded the Board that at March's board meeting of his forecast regarding comp sales, "The definitive impact of Covid-19 buying kicked in March 2020 so these percentages are very likely to be much lower going forward".

Mr. Bair stated that the sales for Guess Rd. for March 2021 (\$407,941) actually had more in sales than Feb. (\$361,437) & Jan. (\$360,889) 2021 but is reflecting a decrease of \$90,839 when compared to March 2020 sales. Mr. Bair indicated that the Roxboro Rd. (Riverview) sales may be a contributing factor by cannibalizing it as they were up \$68,032. Management is expecting the move to the North Point location, with the proximity to Costco, to mitigate that going forward into the next F/Y.

Mr. Bair then discussed the YTD actual sales comp. numbers, that they are still very respectable nine months into the fiscal year at 10.93% (11.60% Feb. & 11.86% Jan. & 11.67% Dec.) Total ALL locations - Up \$3,586,044. Mr. Bair stated that Actual Sales vs. Budget Sales were still in a Positive Position YTD by 23.96%, \$7,036,584.

Mr. Bair stated that Retail Sales for March 2021 exceeded March 2020 by \$18,843 for a 0.51% increase. Unlike MXB, the retail stores are now having to comp. against prior year month's reflecting the Covid-19 sales surge. Mr. Bair pointed out to the Board that the Durham ABC Board was only 1 of 2 of the top 9 ABC Boards in the state to experience a positive retail sales growth for March.

Mr. Bair reviewed MXB sales are currently comping against a prior year month that started experiencing the negative Covid-19 sales effects. Instead of seeing sales percentage decrease in the >60% range they are displaying increases of >60%. This month MXB Sales were up by \$227,542 (63.87%).

Mr. Bair noted during the Comparative Sales Report that March Sales reflected an increase of \$246,385, (6.12%), compared to the previous year. Retail sales increased \$18,843 (.51%) while MXB sales increased \$227,542 (63.87%). It was noted that Budgeted Sales for March were \$4,070,036 and that the Durham County ABC Board's sales exceeded that by \$202,359, 4.97%. Year-over-year compared to the other nine comparative ABC Boards in the state Durham County ABC ranked 6th in sales growth.

Financials:

Mr. Bair then presented the Balance Sheet as of March 31, 2021 noting that the cash balance increased from the prior month by approximately \$76,000. This was achieved even with \$308,000 disbursed towards capital projects during the month. Capital project disbursements included \$124,000 for Holloway; \$106,000 Sherron Rd.; \$68,000 TW Alexander; \$9,000 Hwy. 55.

Mr. Bair stated the remaining draws for completion were approx. \$145,000 for Sherron Rd. and \$229,000 for Holloway St.

Mr. Bair stated that the checking account balance as of April 19, 2021 was approx. \$2.0 Million, sufficient for continuing the pattern of meeting operating and capital outlays through fiscal operating cash flows and not drawing on the reserves in the North Carolina Cash Management Trust Fund.

Mr. Bair noted that the North Carolina Cash Management Trust balance remains at \$3.7 Million, Inventory balances are holding steady at \$5.6 Million, and Accounts Payable balances of \$2.018 Million.

Tax Liabilities increased for March compared to Feb. in large part due to March having 27 days vs. 24 sales days in Feb. for sales.

Mr. Bair noted that Profit Distributions for March vs. Feb. increased approximately \$210,000 due to the sales numbers being up over the previous month.

Mr. Bair presented the Income Statement noting that retail store sales comped up .51% compared to the previous year's sales, which was a significant accomplishment considering the pandemic pantry buying was attributing to unseen sales numbers in stores for 2020. Mr. Bair pointed to the rebound of MXB sales for March 2021 vs. 2020, comping up \$227,542 (63.87%).

Mr. Bair stated that YTD Sales Growth for the 9 months ending 3-31-21 was 10.93%.

Mr. Bair informed the Board that Profit Before Distributions for the month ending March 31, 2021 exceeded Budget by 2.3% and that YTD Net Income was \$1,798,921 – more than Budgeted by \$1,397,533. Contributing factors in the positive YTD Net Income over Budgeted Net Income - Net Sales exceeded budget by \$7.04 Million; Operating Expenses were on par with Budget, with the exception of Covid-19 sanitizing expenses and store security measures; offset by the loss on the Roxboro Rd. building sale of \$119,000 and increased Profit Distribution to the County & City of \$309,000.

Facilities:

Mr. Bair updated the Board on the progress of installation and use of SafeDeposit currency handling operations within the stores. He stated that the staff is adapting to the new process well and that our funds are deposited into our checking account the next business day. Mr. Bair stated

that this was a faster deposit turnaround time than experienced with Brinks; with taking a week or more for funds to deposit into our account.

Budget:

Mr. Bair then presented and discussed in detail with the Board a draft of the proposed 2021-2022 operating budget. The methodology utilized in calculating the major line items in the proposed budget were reviewed in detail.

General Manager's Report

Inventory, Product Purchasing and Sales

Mr. Sullivan said that the warehouse continues to conduct inventory weekly, and retail locations one time per month. Inventory numbers continue to improve.

The purchasing strategy that was implanted in fall 2019 continues to support increases in sales by allowing Durham County ABC to have more products in stock consistently compared to other ABC Boards. Staff continue to focus on purchasing specialty bourbon and tequila, the top selling categories. The mixed beverage department continues to see an increase in sales. Mr. Sullivan said that he fully anticipates the business to resume to pre-COVID-19 levels in April and May and that the board will have to assess how reopening of bars and restaurants will impact retail sales.

Staff Development

Mr. Sullivan reviewed how he has implemented training with managers to train teams on how to set up stores for moves and close down a store. This development has helped managers grow in their leadership skills and teaches more of the staff how to work as a team to accomplish goals that help increase sales and at the same time improve efficiencies.

Financial Management

Mr. Sullivan reviewed the financial numbers and showed that we are managing the finances of the business in a way that focuses more on improving cash flow and investing in inventory and capital improvements that will help grow the overall business.

Online Order/Pick-Up

Mr. Lebkes, Dr. Urquhart, and Mr. Sullivan participated in a virtual conference with Mecklenburg County ABC Board Chair Earl Leake, Mecklenburg ABC General Manager Keva Walton, to discuss online order/pick-up. During the call, Mr. Lebkes confirmed that Durham County ABC Board has approved moving forward with adding online ordering and pick-up as an option for Durham County ABC customers and would implement it during the upcoming fiscal year.

Capital Improvement Projects

Mr. Sullivan was informed prior to the board meeting that there was going to be a delay in delivery of the fixtures to the Holloway Street location due to a metal shortage. He told the Board that he would be able

to give an update on full completion of this project at the May 2021 meeting. He will follow up with the current property manager about leasing the current space for an additional 90 days.

The Sherron Road project has been delayed due to issues involving gas easement between Dominion Energy and the Ravenstone property owner. Mr. Sullivan has been in touch with the gas company, the shopping center owner, and the NC Utilities Commission to express the board's concern and attempt to move them along

Ground for the new Highway 55 will be broken in between April and May 2021. The pre-construction meeting is scheduled for April 22. The board has already had inquiries on the purchase of the existing property.

The new TW Alexander Drive site off of Page Road is under contract for \$500,000 and will be closed on in June 2021. The grand opening for the temporary location was April 6. The store brought in \$38,057 in sales on grand opening day and is currently up 28% in month-to-date sales.

The board is scheduled to close on the Guess Road property on May 3 with a full price offer.

The North Pointe Shopping Center store is expected to open for business on June 21, 2021.

Administration staff moved into their new space on April 9 and 11. The staff is excited to be in their new home. There will be an open house for all staff and the Board in the next two weeks.

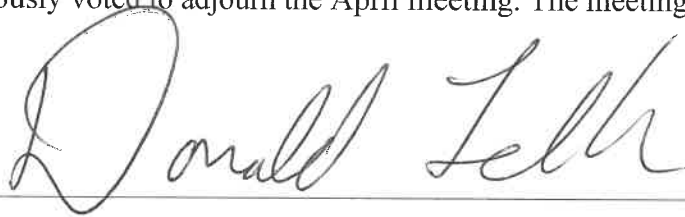
Closed Session

Ms. Adland motioned for the Board to go into closed session. Dr. Urquhart seconded. The Board voted to go into closed session.

Adjournment

The board unanimously voted to adjourn the April meeting. The meeting was adjourned.

Approved By: _____



Donald Lebkes, Board Chair

