

**Minutes of the Special Meeting
January 27, 2014**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard, on the 27th day of January 2014.

Board Chair, Wayland Burton, called the meeting to order at 5:30 p.m.

Board members Deirdre Guion, Norwood "Andy" Miller and Rufus Sales were present. General Manager Barry Sessoms and Attorney George W. Miller, Jr. were also present. Interim Chief Keith Whitfield with Durham County ABC Law Enforcement, Perlie Davis, Support Services Director for Durham County ABC, and John McCarthy, owner of Proof Wine and Spirits, were also in attendance.

Conflict of Interest Review and Declaration

Mr. Burton 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 do not have any conflicts.

Attorney Miller announced that the regular Board meeting that was scheduled for January 21, 2014 was reconvened to a Special Meeting this evening pursuant to legal notice and due to lack of quorum at the regularly scheduled Board meeting. The Agenda that was prepared for the regular Board meeting is the Agenda for the Special Meeting now convened.

Consent Items

Consent agenda items included the Board Attendance Report, Adoption of Agenda and Minutes of December 19, 2013 Special Board Meeting.

Dr. Guion motioned for the consent agenda items to be accepted. Mr. Sales seconded the motion and the Board approved without objection.

General Business

Public Comment/New Business

Mr. Burton stated that there is a member of the public present this evening to speak before the Board. John McCarthy introduced himself as the owner of a liquor broker and wine wholesale company, Proof Wine and Spirits, based in Morrisville. Mr. McCarthy stated that he presently provides special order liquors to North Carolina restaurants via delivering his product to the State ABC warehouse where it is processed through the standard system. Mr. McCarthy has an independent warehouse and is hoping to expedite shipping by delivering special orders directly from his warehouse to restaurants. He has met with NC ABC representatives and received tentative approval for direct delivery as long as ABC stickers are placed on all bottles. The logistics of the procedure of ensuring all bottles receive a sticker is undetermined at this time. Mr. McCarthy is presently visiting with local Boards for individual Board approval.

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Law Enforcement Report for December 2013

Interim Chief Keith Whitfield reported to the Board that DCABC law enforcement conducted sixty-five inspections, thirty-eight compliance checks, four RASP training classes and one special presentation for a Duke University fraternity in December.

Interim Chief Whitfield reported that two store security cameras are malfunctioning. At one of the stores with faulty equipment there was a recent theft. Poor video quality of the incident resulted in the inability to prosecute the individual responsible. The Board had a general discussion regarding the store security systems. Mr. Sessoms reported to the Board that he is working with law enforcement to reevaluate placement of store cameras. Mr. Sales requested law enforcement to compile cost comparisons for updating the older security systems versus purchasing new equipment.

The Board had a general discussion regarding law enforcement undercover sting operations and measures to ensure store clerk education and preparation.

Financial Reports for December 2013

Mr. Sessoms reported to the Board that sales for the month were above budget and exceeded the prior year but of the neighboring and other ABC Boards that DCABC uses for comparison, DCABC had the third lowest growth in sales. He also reported to the Board that DCABC will concentrate on service levels and ensure store shelves are well stocked.

Total sales for the month were \$3,073,291 which is an increase of 2.53% over last year and 5.46% over budget. Year-to-date sales were \$14,681,786 which is 6.45% over actual and 3.13% above budget.

Profit before distribution was \$383,798 for the month and \$1,343,912 year-to-date which is a (1.01%) change over the same period last year and 20.29% increase over year-to-date last year.

After profit distributions, net income was \$275,525 for the month which is a decrease of 9.10% over the same period last year. Year-to-date net income was \$827,656 which is an increase of 13.54% over last year.

The Board had a general discussion regarding sales for the month of December. There was a general consensus by the Board that sales were affected by computer system failure. The system failure forced store closures due to the inability to process sale orders one evening before the Christmas holiday.

Budget Amendment Review/Approval

Mr. Sessoms reported to the Board that DCABC Finance Officer Lee Keatts suggested approval of a budget amendment to reflect additional costs including \$25K for repairs to a roof leak at the Roxboro Road store and \$20K in legal fees. A budget amendment to move \$25K from capital outlay and \$20K from the miscellaneous account totaling \$45K is requested to cover additional expenses.

Dr. Guion motioned for the Board to accept the budget amendment as presented. Mr. Sales seconded the motion and the Board approved without objection.

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POS/Technology System Update

Ms. Davis reported to the Board that there is now a manual procedure in place to avoid further store closures when the computer system is down until the new POS system is in place. This will not be an issue after the implementation of the new system as the computers will be able to operate without connectivity to the server.

Ms. Davis reported that all fourteen office computers have been purchased and installed at a cost below budget, approximately \$18K. The replaced computers are being cleaned and will be donated to John Avery Boys and Girls Club. Also, a payment of approximately \$10K was made to Fusion in December.

Ms. Davis also reported on the progress of the MAS 200 conversion and POS system. A database integrity issue was encountered during the conversion process which Sage is presently working to resolve. The live date is now early March due to this setback. DCABC is continuing to evaluate IT support firms and each firm will have the opportunity to present to the operations teams. Thereafter, proposals will be submitted.

Mr. Sessoms acknowledged Ms. Davis for her helpfulness as he is getting acclimated to his new position as General Manager of DCABC.

Strategic Planning and General Manager's Report

- Store Product Packaging
Mr. Sessoms recommended that the Board consider educating the public on how DCABC funds are spent by itemizing the dollar amount of tax money given to the city and county and monies spent on law enforcement and alcohol education by printing this data on customer packaging bags.

Other Business

- General Manager Meeting with Attorney Miller
Mr. Sessoms and Attorney Miller met to review protocol of the ABC system.

Closed Business

Mr. Miller motioned for the Board to go into closed session per G.S. § 143-318.11(a): (3) consult with attorney, (5) facility leases or purchases and (6) personnel matters. Dr. Guion seconded the motion and the Board approved without objection.

Adjournment

Mr. Burton motioned to adjourn the meeting. Dr. Guion seconded the motion and the Board approved without objection.

Approved By: _____

Wayland Burton, Board Chair

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