

**Minutes of the Durham ABC Board's Board Meeting  
December 19th, 2023**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 19th day of December 2023.

Chairman, Daniel Edwards called the meeting to order at 5:32 p.m.

In attendance were, Chairman Daniel Edwards, Board Members Frachele Scott, Ryan Urquhart, Donald Lebkes, Gale Adland, Attorney George Miller, General Manager Lou Sordel, Assistant General Manager Deborah Warren, Operations Manager Michael Mitchell, HR Generalist Tristin Coleman, Visual Compliance Manager Ikzuri Garcia-Banda. In addition, ALE Special Agent Williams, from the ABC Law Enforcement attended via Zoom. Attending from the public via zoom was Demetrius Smith.

**Conflict of Interest Review and Declaration**

Chairman Daniel Edwards 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 attending Board members verbalized that they have reviewed the agenda and do not have any conflicts.

**Consent Item**

The consent item approved was from the November 21st, 2023 Board meeting minutes. Ryan Urquhart moved to approve the November 21, 2023 minutes and Board Member, Donald Lebkes seconded the motion. The Board approved the November 21st, 2023 minutes unanimously.

### **Public Comment**

Demetrius Smith stated he was attending via zoom to listen to our Board meeting.

Chairman, Daniel Edwards addressed the public and asked if anyone was present and if they had any comments. No one from the public was in attendance in person or via zoom.

### **Assistant General Manager, Deborah Warren**

Ms. Warren talked about our theme for November, which is “Coming Together”. Our General Manager Lou Sordel chose this month’s theme. Ms. Warren showed the board a slideshow of some of the great things we are doing in our stores. We are also continuing in store tastings in all of our stores during the holiday season. We made some minor adjustments for some of the smaller stores due to lack of space for large tasting tables and it is working out great. Ms. Warren also showed a video of how our new engraving machine works. Our customers love the new engraving machine and our in store tastings.

Ms. Warren also updated the Board on some resets being done in stores and how the inventory process is going. Ms. Warren, Mike Mitchell and Rachel Wadsworth helped selected stores during their inventory process. We have upgraded to a LIVE inventory process and we want to make sure all of our stores have the knowledge and tools to make great inventories.

We are happy to announce our Employees of the Month during October and November. For the month of October, we had two employees selected for the “Employees of the Month” program. Jeremiah Brown, Assistant Manger at store #8 on Roxboro Street and Miami Parrish, Assistant Manager at store # 14 on New Hope Valley Road. During the month of November Leslie “Spice” Roberts from store #5 on Sherron Road was selected as our Employee of the Month. Congratulations to everyone!

Ms. Warren also discussed the content and purpose of our monthly managers meeting that was held on December 7.

## **ALE Special Agent Williams**

The ALE Special Agent Williams reviewed the monthly permit checks and activities that happened during the month of November.

## **North Carolina Alcohol Law Enforcement Summary of Activities**

### **November 2023**

Checks at ABC Stores: 29

ABC Outlet Inspections MBX: 27

ABC Outlet Inspections Other: 12

Alcohol Education: 0

ABC Violations submitted to ABCC: 0

Total Arrests: 7

Total Charges at Permitted Outlets: 14

Total Charges at Non- Permitted Outlets: 12

Total Misdemeanor Charges: 26

Total Felony Charges: 0

**On Thursday, November 16, 2023**, District IV Special Agents, with the assistance of the NC ALE Special Operations Group, concluded an investigation of an illegal outlet after executing a search warrant at 910 Drew St., Durham, NC. As a result, agents seized malt beverages, several bottles of spirituous liquor, and a stolen semiautomatic handgun. The homeowner, a previously convicted felon, was charged with multiple alcohol related offenses as well as possession of a firearm by felon, and possession of a stolen firearm. A co-defendant was also charged with selling without an ABC permit.

**On Tuesday, November 21, 2023**, District IV Special Agent concluded an investigation of an illegal ABC outlet known as the Nail Shop, located 7080 NC Hwy 751, Durham, NC. After obtaining consent to search from the business owner, agents seized a total of 46 bottles of spirituous liquor which was being advertised for sale. The owner was charged with selling alcoholic beverages without an ABC permit, and possession of non-tax paid alcohol.

### **Visual Compliance Manager, Ikzuri Garcia-Banda**

Ms. Garcia-Banda updated the Board on the Bourbon Lottery, stating the public Lottery has been closed and we are now holding the enrollment for the mixed beverage customers.

General Manager, Lou Sordel stated we are currently awaiting the delivery of the items on the lottery list, and then we will contact everyone.

### **HR Generalist, Tristin Coleman**

Mrs. Coleman stated she is working with Ms. Warren and Mr. Mitchell on inventory counseling sessions with our stores. This was done to help all of our employees understand the importance of inventory control. After our initial counseling sessions, we have already seen great improvements. Mrs. Coleman recently did some store visits with Ms. Warren to answer any questions store employees may have face to face. Coming together is our theme and we want our store employees to know we are here for them and they can ask any questions.

General Manger, Lou Sordel stated we have recently had some inventory operation changes. We now have live inventory capabilities and everyone is learning how to adapt to this new process.

### **MXB Operations Manager, Mike Mitchell**

Mr. Mitchell discussed our retail and mixed beverage sales during November 2022 vs 2023. For retail sales during 2022, we generated \$5,681,364.00 and in November of 2023 we generated \$5,812,816.00. Our mixed beverage sales were \$1,086,446.00 during November. Mixed Beverage sales increased by \$41,085.00 or 3.78% compared to last November. Our current YTD sales are \$29,180,607.76 verse last year's sales at \$28,745,697.47. So far, we are have exceeded last year's sales by \$434,910.00. We also picked up five new Mixed Beverage accounts during November.

In September of 2022, we made it a priority to hit one million dollars in Mixed Beverage sales every month and we currently have hit over one million dollars in sales for a consecutive 15 months.

**General Manager, Lou Sordel**

Lou Sordel updated the board on the financials for November in Mrs. Wadsworth's absence.

By business line, Retail sales increased \$131,452.00 or 2.31% and MXB sales increased \$41,085.00 or 3.78%. Budgeted total sales for November were \$5,873,962.00 so there was a negative budget variance of \$61,146.00 or -1.04%. Overall, Durham County ABC sales were \$5,810,449.00 for November. Overall, total retail sales were up \$90,367.00 or 1.97% compared to the prior year. We also increased our retail bottles sales by 2075 bottles compared to last November. Mixed Beverage bottles counts were down but up in dollar sales. The retail sales leveled off and the Mixed Beverage sales are going strong.

We have noticed some displacement of revenue with store 10 on Highway 55 increasing their sales by \$31,000.00 and store 14 on Hope Valley Road decreasing by \$31,000.000. Overall, our budget was set for a 3.3% increase and currently we are at a 2.2 % increase. We are optimistic on closing the gap in our budgeted sales. In addition, after talking to the ABC Commission they are also seeing retail sales level off.

Our overall, November 2023 sales increased by 2.27% and we ranked 7th among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.) The statewide increase was 4.33%.

**Year-to-Date Sales Growth Trend – Five Months Ended November 30:**

|                    |                    |
|--------------------|--------------------|
| <b>2024</b> 2.20%  | <b>2021</b> 11.12% |
| <b>2023</b> 10.57% | <b>2020</b> 8.82%  |
| <b>2022</b> 16.55% | <b>2019</b> 7.83%  |

For informational purposes, the ANNUAL sales growth trend is shown below from the previous 5 years.

**Year-Over-Year Sales Increase Trend – For 12 Months Ending June 30:  
Dollars Sales Increase/ Percent Sales Increase**

**FY2023** \$6,045,743 10.78%

**FY2022** \$6,862,663 13.94%

**FY2021** \$5,036,536 11.40%

**FY2020** \$3,880,751 9.63%

**FY2019** \$2,971,076 7.96%

We will present what we are forecasting in sales and for our budget during our Annual Board Retreat meeting in March. When it comes to our financial investments, we are holding at the two million dollar mark after our monthly bills are all paid. Mr. Sordel had a meeting with the ABC Commission to review our sales numbers and standings compared to the other boards. They base these reports off the information we gave them during our year-end audit report. Currently, our flow is 50%, our operating cost is 50%, and for an ABC Board our size they would like to see us at 63% or less which we are well under that. Our store operating cost is a little on the high side but we want to retain our good employees and minimize our turnover rate. Our commitment to our employees, good benefits and pay are helping us retain good employees. Our profit percentage to sales is at 11.68%; typically they like to see that at 9% or over. Our cost of goods sold is at 51.3% which is due to us buying large amounts of top selling items when it is on sale and selling it throughout the year at the regular price. Our Warehouse Manager, Malon Chase is reviewing the warehouse inventory that has been slowing moving throughout the past 6 months and is coming up ways to deplete that inventory. We may ask the ABC Commission to lower the prices on those items. Quinn at the Commission also complemented us on the amount of money we give back to the City of Durham and Durham County. We gave back over one million dollars more than what is mandated by the Commission.

Mr. Sordel reviewed the monthly board comparison report and noted there were a few major changes to the other boards we compare ourselves too. Some of the changes were, Wake County opened two new stores, Greensboro opened one new store and Orange County opened a new store. We have not done anything big like opening a new store this year so that could be why our sale look flat compared to the other boards. There could be several reasons for sale being flat but it also could be that our customers are watching their purchases more closely and buying less expensive items.

Our warehoused inventory is a little on the high side but we have bought a lot of inventory on high volume items and we will be selling it at a higher price throughout the next six months or so. We have also finished phase A at in store 10's warehouse and will start Phase B later in January. We will be adding more pallet racking in the back of the store to increase the amount of storage space. This store is doing high volume sales in retail and mixed beverage.

Mr. Sordel recapped some things we are doing to improve our stores. The engraving machine has arrived at our store 5 location on Sherron Rd. The computer issues we had are fixed and the engraver is up and running. We are advertising the engraver on our website, Eventbrite and social media. Purchased bottles can only be engraved at our store 5 location currently.

The bathroom remodel is complete at store 11 but we were not happy with the finish on the floor and we are working to get that redone. We also had roof repairs done at the Admin office and Cherry Realty is taking care of the bill. The roof repairs were done by Baker's Roofing.

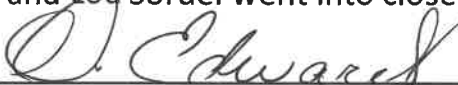
We have two big events coming up in March. On March 2<sup>nd</sup> we will be holding our Annual Board Retreat and on March 25 we will be attending the General Manager's Conference in Greenville, North Carolina.

Lisa Gosselin will be in charge of putting together all of the details and booking the space for our Board Retreat. It will be held on March 2<sup>nd</sup> at The Durham Hotel in downtown Durham. We will review important information about 3 or 4 stores and review our financial forecasting for next year's budget.

**Adjournment**

Board Member, Donald Lebkes moved to adjourn the meeting at 6:32PM.

Board members and Lou Sordel went into closed session.

Approved by: , Daniel Edwards, Board Member.