

Minutes of the Durham ABC Board's Board Meeting November 21st, 2023

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 21st day of November 2023.

Chairman, Daniel Edwards called the meeting to order at 5:37 p.m.

In attendance were III, General Manager Lou Sordel, Assistant General Manager Deborah Warren, Operations Manager Michael Mitchell, and Fiscal Service Director Rachel Wadsworth. ALE Special Agent Delello, from the ABC Law Enforcement and Board Members, Frachele Scott and Ryan Urquhart, Donald Lebkes, Gale Adland and Attorney George Miller joined us via zoom.

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 October 17th 2023 Board meeting minutes. Donald Lebkes moved to approve the October 17th, 2023 minutes and Board Member, Frachele Scott seconded the motion. The Board approved the October 17th, 2023 minutes unanimously.

Public Comment

There was no public comment.

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.

ALE Special Agent Delello

The ALE Special Agent Delello reviewed the monthly permit checks and Activities that happened during the month of October.

Checks at ABC Stores: 12

ABC Outlet Inspections MBX: 28

ABC Outlet Inspections Other: 14

Alcohol Education: 0

ABC Violations submitted to ABCC: 2

Total Arrests: 17

Total Charges at Permitted Outlets: 22

Total Charges at Non- Permitted Outlets: 1

Total Misdemeanor Charges: 23

Total Felony Charges: 0

On Sunday, October 15, 2023, District IV Special Agents assisted the Durham Police Department with an alleged assault at Hilton Garden Inn, located at 2102 West Main Street, Durham. As a result, after the investigation, the bartender was charged with two counts of selling alcoholic beverages to an intoxicated person, and an ABC violation report was submitted to the ABC commission.

On Friday, October 27, 2023, District IV Special Agents conducted an ABC inspection at Slush, located at 321 West Main Street, Durham. As a result, the inspection found that the business was in possession of several spirituous liquor

bottles not bearing the tax stamp, and an ABC violation report was submitted to the ABC commission.

On Saturday, October 28, 2023, District IV Special Agents received information regarding Duke University students organizing large parties in rural areas surrounding Durham County. During the investigation, Special Agents determined several students were selling tickets for underage students to consume alcoholic beverages in fields outside of the county. As a result, the Special Agents charged the organizer with aid and abet underage consumption.

Assistant General Manager, Deborah Warren

Ms. Warren talked about our theme for November, which is “Making it Happen”. Ms. Warren showed the board a slideshow of some of the things we have been working on to make it happen. First, we traveled to the Winston Salem to visit the Triad ABC Board and saw how they operate their warehouse and stores. This was a good experience for us to see how they operate their ABC Board.

We also visited Broad Branch Distillery in Winston Salem. Here we learned more about their products and production. It was educational experience for our admin staff and store managers.

We also did a tasting and education seminar with Garrison Brothers Bourbon at Glori Cocktail Bar. The Bull City Bourbon Club also joined us for a tasting event at the Glass House in Durham. This was a tasting and barrel event for Redwood Empire Bourbons. We also had Jeffery Master Distiller, Jeffery Duckhorn attend and do a bottling signing at our store 10 location.

Our board also spent time at the NCABC booth at the NC State Fair. At the fair, we talked to fair goers about what Durham County does as a Board and how we give back to our community. Ms. Warren showed the Board a slide show of some of the activities they did at the NC State Fair.

Ms. Warren also showed a slide show of some of our in-store tasting events we did during October. Ms. Warren stated that we would continue doing in store tasting throughout the holiday season.

Ms. Warren also updated the Board on renovations being done at our store 10 location. We have added some metal racking to their warehouse to accommodate pallets for extra storage.

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda updated the Board with changes made to our website, which includes great drink recipes and food pairings for the up and coming holiday seasons.

Ms. Garcia-Banda stated that we recently closed the public bourbon lottery, and started the mixed beverage bourbon lottery, which is on our website.

We have start posting our in-store tasting events on our website and on Eventbrite. We are using Eventbrite to get our message out to customers. It is easy for our customers to select a date on our website calendar to see what is happening in our stores. We are also offering our customers recipes on our website and in our stores. We have put posters in our stores with QR codes to inform our customers about great holiday recipes.

Ms. Garcia-Banda is also working on a frequently asked questions section and an employee resource page on our website. The resource page is a secure site and will allow employees to get documents, forms and order name tags, and employee shirts.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell discussed our retail and mixed beverage sales during October 2022 vs 2023. In 2022, we generated \$5,093,462.48 and in October of 2023 we generated \$5,045,622.00. From that total, mixed beverage did \$1,138,405.00 in sales during October. Mixed Beverage sales increased by \$92,540.00 or 8.85% compared to last October. Our current YTD sales are \$23,133,201.84 verse last

year's sales were at \$23,669,923.96. So far, we are over last year's sale by \$536,722.12.

Mr. Mitchell also discussed our current November sales numbers and stated that we are currently over the previous year's sales numbers by \$114,315.00 in sales.

Fiscal Services Director, Rachel Wadsworth

Mrs. Wadsworth welcomed our new A/P Accounting Clerk, John Trango. He has been with us for about two weeks and has mastered some of the duties we have given him. She stated; he will be an asset to our accounting department.

Mrs. Wadsworth updated the Board on our retail sales and Mixed Beverage sales for the month of October. Although, our retail sales were slightly down this month we made up some of the loss because mixed beverage sales were up 8.85% or \$92,540.00.

By business line, Retail sales decrease \$140,341 or -3.47% and MXB sales increased \$92,540 or 8.85%. Budgeted total sales for October were \$5,348,134 so there was a negative budget variance of \$302,475 or -5.66%. Overall, Durham County ABC sales were \$5,045,662 for October. The overall decrease in total retail sales is \$47,801 or -0.94% compared to the prior year.

Our overall, October 2023 sales decrease for Durham County ABC Board of -0.98% and we ranked 6th among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 0.64%.

Year-to-Date Sales Growth Trend – Four Months Ended October 31:

2024 - 0.98%	2021 - 15.75%
2023 -7.33%	2020 - 8.59%
2022 - 13.62%	2019 - 5.47%

For informational purposes, the ANNUAL sales growth trend shown below is 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%

Total October accrued Profit Distributions (based on Sales) were \$219,962.50 versus \$223,377.63 from the prior year.

General Manager, Lou Sordel

Mr. Sordel reviewed some of the reasons for our decrease in sales with the board. He feels there are several reasons for the decrease but it is mainly that customers are watching their purchases more closely and buying less expensive items. Mr. Sordel also reviewed our warehouse inventory levels with the Board and stated that he foresees we will be at a good inventory level by the beginning on January.

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. We are working out some issues with the tablet computer that runs the program for the engraver and the company is coming out to resolve these issues tomorrow. Once we get it operational, we will advertise it on our website.

The bathroom remodel is almost completed at store 11. We also had roof repairs done at store 14 and we have scheduled the roof to be repaired at the admin office.

We have also removed some shelving at store 10 and have added metal racking so we can store inventory on pallets. We purchased a forklift for the new racking system and Malon conducted a training class for the employees that will utilize it.

Mr. Sordel updated the Board on the new security company assigned to selected stores. We have stationed the new security company and local Sherriff's around the clock at store 1. We are happy with the new security company and will add more officers to other stores throughout the holiday season. We have seen thefts drop at store 1 and are very happy with the outcome.

Adjournment

Board Member, Ryan Urquhart moved to adjourn the meeting at 6:38PM. Board Member, Frachele Scott seconded a motion to adjourn this meeting.

Board members and Lou Sordel went into closed session.

Approved by: _____, Daniel Edwards, Board Member.