

Minutes of the Durham ABC Board's Board Meeting December 17, 2024

The Durham County ABC Board met at the administrative office, located at 3620 Shannon Road, Suite 200, on the 17th day of December 2024.

Board Chair Daniel Edwards called the meeting to order at 5:30 p.m.

In attendance were Board Chair Daniel Edwards, Board Members Donald Lebkes, Gale Adland, Frachele Scott and Board Attorney George Miller III. General Manager Lou Sordel, Assistant General Manager Deborah Warren, Operations Manager Michael Mitchell, Fiscal Service Director Rachel Wadsworth, and Human Resource Generalist, Tristin Coleman were also in attendance. Paul Young from DTW Architects & Planners and Garry Cutright with Calculus joined us via zoom. Special Agent Delello from ABC Law Enforcement also joined us via Zoom.

Conflict of Interest Review and Declaration

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

Consent Item

The consent item approved was November 19, 2024, Board Meeting Minutes. Board Member, Frachele Scott moved to approve November 19, 2024, Board Meeting minutes and Board Member, Ryan Urquhart seconded the motion. The Board approved November 19, 2024, board minutes.

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 presented the October ALE Report to the Board

North Carolina Alcohol Law Enforcement Summary of Activities November 2024

Checks at ABC Stores: 10

ABC Outlet Inspections MBX: 34

ABC Outlet Inspections Other: 9

Alcohol Education: 1

ABC Violations submitted to ABCC: 7

Total Arrests: 29

Total Charges at Permitted Outlets: 75

Total Charges at Non- Permitted Outlets: 5

Total Misdemeanor Charges: 69

Total Felony Charges: 11

On Friday, November 1, 2024, District IV Special Agents conducted surveillance at ABC Store #3 when they observed a vehicle pulling into the parking lot. Special Agents observed the occupants in the vehicle consuming open containers of alcoholic malt beverages. After the vehicle exited the parking lot, Special Agents conducted a traffic stop. During the traffic stop, Special Agents discovered one of the occupants, was a fugitive from justice and had outstanding probation warrants for Common Law Robbery, Assault Inflicting Serious Bodily Injury,

Assault on a Female, and Felony Probation Violation. The suspects were subsequently arrested for the outstanding warrants.

On Tuesday, November 5, 2024, District IV Special Agents conducted an ABC inspection at Deja Brew, located at 112 Hunt St, Durham. During the inspection the business was found to be transferring alcoholic beverages between ABC outlets, possessing spirituous liquor without a tax stamp and in possession of non-tax paid alcoholic beverages. The operator was subsequently charged and ABC violation report submitted to the ABC Commission.

On Wednesday, November 6, 2024, District IV Special Agents conducted an ABC inspection at La Morena, located at 2070 University Drive, Durham. During the inspection the business was found to not possess the applicable ABC permit to sell alcoholic malt beverages. The owner was subsequently charged with selling without ABC permits, and an ABC violation report was submitted to the ABC Commission

On Wednesday, November 6, 2024, District IV Special Agents conducted ABC outlet surveillance at UC Stop, located at 710 S Alston Ave, Durham. While in the parking lot Special Agents observed a subject selling controlled substances. After investigating the incident, they found the subject to be in possession of 12 ounces of marijuana. They were subsequently arrested at charged with Selling controlled substances within 1000 feet of a school, PWISD Marijuana, and possession of drug paraphernalia.

On Thursday, November 14, 2024, District IV Special Agents received a complaint from Durham ABC Store #8 regarding multiple ABC bottle thefts. After reviewing the camera footage, Special Agents identified the suspects and obtained arrest warrants on each of the suspects for possessing nontax paid, transporting nontax paid, larceny, and possess for sale without the applicable ABC permit.

On Monday, November 18, 2024, District IV Special Agents conducted an ABC inspection at Tobacco Road Sports Café, located at 280 S Mangum Street, Durham. During the inspection the business was found to be in possession of multiple bottles without tax stamps and was attempting to conceal them in the

office area. As a result of the inspection at ABC violation report was submitted to the ABC Commission.

On Saturday, November 23, 2024, District IV Special Agents conducted an ABC inspection at La Deportista, located at 2900 Holloway Street, Durham. During the inspection Special Agents located 86 cases of alcoholic beverages not purchased from an authorized wholesaler. The alcoholic beverages were subsequently seized and ABC violation report submitted to the ABC Commission.

On Sunday, November 24, 2024, District IV Special Agents conducted an ABC inspection at K Mix Karaoke and Bar, located at 3400 Westgate Drive, Durham. During the inspection Special Agents found multiple spirituous liquor bottles not bearing the tax stamps, and determined the business was allowing patrons to bring their own spirituous liquor to the business for consumption. The manager was subsequently charged with allowing violations to occur/failing to supervise, and possession of spirituous liquor bottles not bearing the tax stamp. A violation report was subsequently submitted to the ABC Commission for the incident.

On Tuesday, November 26, 2024, District IV Special Agents conducted an ABC inspection at S and S Tobacco and Vape, located at 114 W Enterprise Street, Durham. During the course of the inspection Special Agents located glass tubes/splitters being sold without maintaining the required drug paraphernalia log and selling synthetic urine. The manager was subsequently charged with failure to maintain and drug paraphernalia log and selling synthetic urine. A violation report was subsequently submitted to the ABC Commission for the incident.

On Tuesday, November 26, 2024, District IV Special Agents conducted an ABC inspection at Thai Café, located at 2501 University Drive, Durham. During the course of the inspection Special Agents located multiple spirituous liquor bottles not bearing the tax stamp. As a result, an ABC violation report was subsequently submitted to the ABC Commission.

Paul Young, DTW Architects & Planners

Mr. Young updated the Board on the developments and construction of the new store 4 location. The grading and digging operations are moving along nicely and the footings should be poured on Monday December 23rd. Our goal is to have the mason on site by the end of January. If we do not get a lot of wet weather, we should stay on track with our original timeline. The owners of the shopping center have been notified of the activities taking place in the construction of the new location on Page Road.

Mr. Young showed the Board the new designs for the new Hope Valley Road location (14). Mr. Young reviewed the new raised roof line design. Mr. Young showed the board members several different angles with the expanded roof line. Raising the roof line has enabled us to add more square footage and the heating/AC units will be added to the expanded roof line area. This will increase the square footage to approximately 8,000 Sq ft. This also will increase the construction costs, but it will be worth it in the end. Construction costs are starting to cool down and Lou Sordel said the costs are around \$450.00 per square foot which will put us at about 3.6 million is construction cost. Mr. Sordel asked Mr. Young if it was possible to move A/C units outside of the building to save on the square footage inside. Mr. Young stated that we are at our maximum width on this design so I am hesitant to say we can change the position of the A/C units. I can look into changing the roof line where the loading dock is and if there is a way we can install a flat roof and put the A/C unit on the roof. Mr. Young will investigate this idea and let Mr. Sordel know if we can make this change. Mr. Young, Mr. Sordel and the Board discussed the challenges with the store design, money, and square footage. Mr. Sordel also talked about the built-in tasting bar that will be installed and how it will be both functional and a focal point in this new store.

Assistant General Manager, Deborah Warren

Ms. Warren showed the Board pictures and videos from our December manager's meeting held on December 4th. We talked to the managers about the up-and-coming holiday rush, the importance of a well-stocked store and how to improve their inventory process and retail sales. We really focused on preparing them for their December inventory and making sure their deliveries are properly scanned, and the store is very organized on the sales floor and in the back room. She showed a video of the Mike Mitchell dressed as a "The General" to help pump up the managers during this meeting. Mr. Mitchell really got the managers motivated and pumped up and it shows in the increases in sales. Mr. Sordel stated that we were behind in sales by \$300,000.00 and we have closed that gap to only \$30,000.

Ms. Warren reviewed the allocation drops and in-store tastings we had in stores during the month of November. All of the drops and in-store tastings went well, and our customers are happy. Ms. Warren also talked about our theme of the day, which is reflections. Reflecting is a process of thinking about and evaluating your thoughts, behaviors and desires. We also want to make sure that our employees are taking care of themselves.

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda talked about creating customized holiday cards for our employees. She created customized holiday video cards for each store, warehouse, Admin team and the Board members.

Ms. Garcia-Banda discussed a few things that she is working on for 2025. Updating the live product search is an important one for her. Lou Sordel mentioned that the NCABC Commission is looking into a company that can supply the inventory data for the entire state of North Carolina. Mr. Sordel will follow up on this information when he receives it from the NCABC Board.

Board Member, Ryan Urquhart asked about our inventory replenishment system, and how the ordering process can be updated in stores. He mentioned that we should talk to Dalcom about this while they are trying to figure out our product search issues for our website. Mr. Urquhart also said we should get together a 3–5-year roadmap for Dalcom, so they understand where we want to be and what our future plans are for our company.

Dalcom is still working out posting accurate inventory levels for stores in Navision. The only store that seems to be accurate is store 5 and we believe it has something to do with the “ABC To Go” app being part of their inventory and ordering system. Mr. Sordel said the fastest fix may be to add the “ABC To Go” app to all of our stores.

Fiscal service Director, Rachel Wadsworth

Board Member Lebkes and Rachel talked about our inventory process and shrinkage. Mrs. Wadsworth talked about the improvements to our inventory process in our stores and warehouse. She said that we are educating our staff in proper inventory procedures and it is showing good results. Mr. Sordel mentioned that since Rachel took over the inventory process it has improved by 80% and our store’s recounts have dramatically dropped from 300 plus to 40-50 recounts in most stores. Some of the larger stores still have high recounts but they are improving.

Rachel discussed the November retail and mixed beverage sales. The Durham County ABC sales were \$5,864,217.00 for November, which is an increase of \$51,401.00 or 0.88% compared to the prior year. By business line, Retail sales increased \$112,695.00 or 2.41% and MXB sales decreased by \$61,293.00 or -5.44%. Budgeted total sales for November were \$5,983,051 so there was a negative budget variance of - \$118,834 or -1.99%.

November MXB sales for the past four years were

2023 \$1,127,532.00

2022 \$1,086,447.00

2021 \$834,201.00

2020, \$311,586.00

Our wine sales also increased in November, peaking at \$3,000.00.

The November liquor sales increased by 0.87% for Durham County ABC Board and we are ranked 7th among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 5.78%.

Mrs. Wadsworth commented on store 7 our newest location and that they have continued increasing their sales and so far they have done better in sales than store 5 did in the first year. We do not see store 7 stealing any sales from nearby stores at this time.

Mrs. Wadsworth discussed our banking, profit distribution numbers and open checks in AP. She also said that she moved money for the payments and disbursements for the new store 4 location. We also made \$14,000 in dividends in the month of November, which puts out total liquidity at 3.7.

In 2023 we changed our merchant processing company to EPI to save on credit card processing fees. So far this year we have saved \$47,522.00 on processing fees. We are happy with the new company and Steve Rose at EPI. Mr. Sordel also talked to Chairman Bauer about approaching different credit card processing companies for the entire state to see if we can get everyone a larger discount.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell reviewed our new mixed beverage accounts, discussed our retail sales, and mixed beverage sales. Mr. Mitchell stated we received three new Mixed Beverage accounts during November. Mr. Mitchell reviewed the retail and mixed beverage sales during November 2024 verses November 2023 and stated we had a decrease of \$61,293.00 in Mixed Beverage sales and an increase of \$112,695.00 in retail sales. Our wines sales were \$2,913.15, which is also a good increase. Mr. Mitchell also reviewed the December sales as of the 16th and compared the sales to the beginning of December last year to show the Board what our sales look like so far in the beginning of November. He also reviewed our budgeted sales for November, which were \$26,348,727.00, falling just short of our budgeted sales at \$26,020,724.00.

Human Resource Generalist, Tristin Coleman

Mrs. Coleman talked to the Board about the Wellness program she is setting up with the Durham County Department of Health (DCDH). We are setting up a wellness program with a holistic approach for our team. We met again on the 13th and discussed the findings of our survey. We had 27 responses from that: 77% full-time employees and 22% part-time employees. The major topics that employees would like to see offered are educational seminars and presentations, weight management, fitness programs, and men's health with reference to prostate health and heart disease. Mrs. Coleman plans to review this information with our manager's during the January Manager's meeting. DCDH will also provide a gun safety class and safety gun locks for our employees.

Board member Ryan Urquhart asked if the survey asked any questions about mental health and what we can offer our employees. Mrs. Coleman said we currently have a program with Cigna for full-time staff but not our part-time staff. We are looking into seeing what DCDH offers for all employees including part-timers. Our full-time staff currently has free tele health with the Cigna health plan we offer.

Mrs. Coleman also talked about many other benefits with this program like Fitness Fridays, Wellness Wednesdays and wellness programs offered by the

Durham County Department of Public Health. Mrs. Coleman will continue to update the Board on the progress as we move along with the project.

Chairman Edwards asked if it was possible for us to show a presence at the Durham County Christmas parade next year. This would not be about advertising our business but showing a presence and having some of our grantees join us to promote the Grant program. We will discuss this further in the up-and-coming year.

Lou Sordel, General Manager

Mr. Sordel updated the Board on the inventory levels with the approaching holidays season. We are sitting at 12.4 million dollars in store and warehouse inventory due to the holiday season. We are managing the inventory level and will start dropping this level soon. Malon brought in a couple of direct shipments from Diageo for our high-volume items that sale quickly. There are also many great gift sets in stores for gift giving ideas. Malon did a great job maintaining what we need for the holidays season and now he will start to cut back on inventory.

Mr. Sordel talked about the visit we had today from Chairman Bauer and members of the NC Planning Committee got together to discuss the changes to the SPA system and how it will affect small and large ABC Boards. We want to highlight the benefits the new SPA program will have and gather information that will benefit all ABC boards in NC. We will report this information at the NCABC Conference in March 2025.

We have finalized the agenda for the March NCABC Conference. We will have several breakout sessions talking about the new SPA program and informing other Boards and General Manager's about New construction, interior design and HR related information. Our speakers will be Paul Young talking about new store designs for stores over 6,000 sq ft, Rick will talk about interior designs and set up and Kristin will talk about EEOC and FMLA claims. We feel this will be very informative for other General Manager's and Board members.

We have learned that the folding doors at store 12 are a poor design and we would like to replace it with a door that opens manually. This is a horrible design, and we will not be using it going forward.

Mr. Sordel updated the Board on construction and repairs within our stores. The roof at store 10 is still leaking, which is why we changed the roof line to the new store 14 design. We are using the warranty and have not paid anything to fix it.

We are working on the conference in Greensboro. Gail Adland connected me with Ms. Peck for her to hold a session that will help coach new Board members and General Managers on what to do and not do in certain situations. I also had a meeting with John Carr, our Attorney for the association and the lobbyist for the controlled system. Mr. Carr helped us navigate how to plan what to talk about in this session and which speakers to bring on.

Chairman Edwards asked if we have had any issues with our store security. We recently changed our store security to Sua Sponte Security. Sua Sponte Security has been a great addition to our team. We had one of their security guards save a person's life by performing CPR in the parking lot at store 7 on Glen School Road. We have also had many theft issues, and they handled the situations safely and professionally.

Adjournment

Chairman Edwards motioned to end the meeting and go into closed session. Don Lebkes moved to adjourn the meeting and Gale Adland seconded the motion. All Board members approved without objection, and the meeting was adjourned at 6:52 PM.

Approved by: _____

Daniel Edwards, Board Chair

