

**Minutes of the Durham ABC Board's Board Meeting
March 21, 2023**

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

Board Chair Daniel Edwards called the meeting to order at 5:31 p.m.

In attendance were Board Chair Daniel Edwards, Board Member Gale Adland, Board Member Donald Lebkes, Board Member Frachelle Scott, Board Attorney George Miller III, General Manager Lou Sordel, Assistant General Manager Deborah Warren, Human Resources Generalist Tristin Coleman, Fiscal Service Director Rachel Wadsworth, Operations Manager Michael Mitchell, Visual Compliance Manager Ikzuri K. Garcia-Banda. ALE Special Agent Dello from ABC Law Enforcement joined us via Zoom. No one from the public was in attendance.

Conflict of Interest Review and Declaration

Chair 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 from the February 21th 2023 Board Meeting Minutes. The Board approved the February 21, 2023 minutes unanimously. Board Member Gail Adland moved to approve the February 21, 2023 minutes and Board Member, Donald Lebkes seconded the motion.

Public Comment

There was no public comment.

ALE Special Agent Dello

North Carolina Alcohol Law Enforcement Summary of Activities February 2023 Checks at ABC Stores: There were 39 ABC Outlet Inspections MBX during February: 21 ABC Outlet Inspections Other: 2 Alcohol Education: 0 ABC Violations submitted to ABCC: 4 Total Arrests: 6 Total Charges at Permitted Outlets: 43 Total Charges at Non- Permitted Outlets: 3 Total Misdemeanor Charges: 13 Total Felony Charges: 33

On Wednesday, February 1, 2023, District IV Special Agents received and developed information that Fadhel Family Mart, located at 2627 Holloway Street, Durham NC was selling alcoholic beverages without an ABC permit despite the permits being revoked. A search warrant was obtained and executed at the business, which resulted in the owner being charged with selling alcoholic beverages without obtaining an ABC permit.

On Saturday, February 11, 2023, District IV Special Agents concluded a month-long drug investigation by executing a search warrant at La Isla restaurant located at 315 Foushee Street, Durham. During the search warrant at the business, the manager was arrested with approximately 200 bags cocaine and a stolen firearm. After his arrest, an additional search warrant was conducted at his residence which yielded a seizure of approximately ½ kilogram of cocaine and \$119,000.00 dollars. The manager was charged with numerous drug offenses to include trafficking cocaine by possession and transportation. He was served with an outstanding order for arrest for statutory rape and is being held in the Durham County Jail under a \$10,000,000 secure bond. An ABC violation was submitted to the ABC commission for the business allowing drug use on the premise, failing to supervise, and holding happy hour. A patron of the business during the search warrant was also arrested after he flushed multiple bags of cocaine down the toilet of the business. He was charged with possession with the intent to sell and distribute cocaine and resist delay and obstruct.

On Saturday, February 11, 2023, District IV Special Agents conducted an ABC inspection at Costa Azul, located at 3218 Guess Road, Durham NC. During the inspection, Special Agents located spirituous liquor bottles not bearing the tax stamp, and subsequently submitted an ABC violation to the ABC commission.

On Wednesday, February 15, 2023, District IV Special Agents concluded a month-long drug investigation into a Disc Jockey who was selling methamphetamine to patrons from two ABC permitted establishments in the city limits of Durham. During the arrest, it was found that the Disc Jockey was in possession of a firearm and ½ kilogram of methamphetamine. After his arrest, a search warrant was executed at his residence on Carver Street in Durham, where additional methamphetamine and cocaine was located. He was charged with trafficking methamphetamine by transportation, possession, and distribution, and currently being held under a \$5,000,000 secured bond.

On Monday, February 20, 2023, District IV Special Agents conducted an ABC inspection at Mother and Son's, located at 107 W Chapel Hill Street, Durham. During the inspection, Special Agents located spirituous liquor bottles not bearing the tax stamp, and violation report was subsequently submitted to the ABC commission.

On Tuesday, February 28, 2023, District IV Special Agents conducted an ABC inspection at Don Fily Ristorante, located at 2003 Holloway Street, Durham. During the inspection, Special Agents determined an employee was unlawfully possessing spirituous liquor on the premise and admitted to consuming on the premise the day before. The employee was charged with unlawful possession and a violation report submitted to the ABC commission for the violation.

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda showed the Board how Gale, Donald and her are streamlining the grantee program and the process grantees need to follow. She talked about the updates they are making to the documents for the Grantee applicants and how they will be more user friendly. Grantees are also able to upload documents after the grant is submitted. She also mentioned that were holding an information session on the Grantee program on April 5th at 11:00 am. She also reminded everyone that Grantee applications open on April 1st, 2023.

She also stated that we are working with Dalcom to update our product search section. This will help customers search for products they want and find out which stores have it in stock.

Human Resource Generalist, Tristin Coleman

Mrs. Coleman stated she is working on updating our Insurance benefits and talking to insurance companies about what we are looking for with our health insurance plans and what we want to achieve for the DCABC employees. She mentioned that the renewal rates do not come out until mid-March through the end of April. We have finished our full time evaluations. These evaluations were not financial based it was more like a progress report for each of our full timers.

She also stated that we have been aggressively hiring for our stores and warehouse. The warehouse is now fully staffed, which is great news.

We will be working with ALE to conduct CAP training classes for our staff in the next quarter.

Assistant General Manager Deborah Warren

Ms. Warren stated that we are doing great so far in 2023 and will be continuing our theme during March. The theme is "We Must Show Them Who We Are". We started the New Year, by regrouping our team and refreshing some of our team members. We are training our staff and giving them the tools to be great employees. Ms. Warren showed the board a slide show of how we are celebrating Women's history month. She also talked about the women's pick we purchased from Maker's Mark and how some of our female managers selected a special blend, which can be found in all of our stores.

She also showed the Board pictures of how our stores decorated for St Paddy's Day. She also showed them some store tasting events that happened in February and how customers are enjoying them. The Board thought the stores looked great. Ms. Warren also talked about what they did at the General Manager's Conference and presented pictures from conference that was held in Wilmington, N.C.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell reviewed the new Mixed Beverage accounts with the board. We received 3 new accounts in Durham County during the month of February.

Mr. Mitchell reviewed the retail and mixed beverage sales for the month of February with the Board. Combined retail and mixed beverage sales during February were \$4,725,695.00. From that total, mixed beverage did \$1,097,912.20 million dollars in sales. Mixed Beverage sales increased by \$277,959 compared to last February. This is our fifth consecutive month of sales reaching over 1 Million dollars in Mixed Beverage sales. Mike thanked the entire team for doing a great job, from the store level to, the warehouse and administration staff. It takes a team to make it work. We have a great team right now and I am very proud of what we all have done.

Fiscal Services Director, Rachel Wadsworth

Rachel discussed the February financial summary with the Board. She also talked about what our approved budget versus what we actually spent with the board.

Durham County ABC sales of \$4,725,695 for February increased \$459,037 or 10.76% compared to the prior year. By business line, Retail sales increased \$181,078 or 5.25% and MXB sales increased \$277,959 or 33.90%. Budgeted total sales for February were \$4,551,782 so there was a positive budget variance of \$173,913 or 3.82%. February MXB sales for 2021 & 2020 were \$349,209 & \$732,809, respectively.

The February sales increase for Durham County ABC Board of 10.76% and was ranked second among the nine comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 12.47%.

Year-to-Date Sales Growth Trend – Eight Months Ended February 28:

2023 11.69% **2020** 7.86%

2022 15.42% **2019** 8.05%

2021 11.60% **2018** 3.01%

For informational purposes, the ANNUAL sales growth trend is shown below for the previous 5 years.
Year-Over-Year Sales Increase Trend

<u>FY Ending June 30</u>	<u>Dollars Sales Increase</u>	<u>Percent Sales Increase</u>
FY2022	\$6,862,663	13.94%
FY2021	\$5,036,536	11.40%
FY2020	\$3,880,751	9.63%
FY2019	\$2,971,076	7.96%
FY2018	\$1,273,763	3.53%

Lou Sordel, General Manager

Mr. Sordel commented on the growth increase within Durham County and how that has helped increase our sales. We are working with Nish Le Blanc, President and CEO of Lennox and Grae Construction Inc. to see where this growth will take us in the future.

Mr. Sordel also discussed our warehouse inventory levels and how we are working on bulking up on some great sale items with good discounts. He also stated we are monitoring our inventory levels and as

we get closer to June and July, we will level off our spending and inventory in the warehouse. We are also getting ready for Cinco de Mayo, which is usually a good holiday for us.

He also talked about the International Conference coming up in Kissimmee, Florida. Chairman Edwards and General Manager Sordel are planning to attend. Mr. Sordel also invited all of board members to attend the conference.

The team also discussed what they learned from the General Manager's conference and how they will continue creating relationships with other ABC Boards that they met at the conference. We will be meeting with some of the smaller Boards soon and helping them out with some of their inventory concerns.

Mr. Sordel also discussed that we are going to be upgrading our current computer system, POS and server. He also mentioned we would be merging our retail store # 11 and MXB store #9. Both of these store numbers are under one roof (retail & MXB). We want to combined their inventory, which will help the store and finance team run more efficiently. Mr. Sordel reviewed our cash management numbers and bank transitioning information that is being done by our finance team. Lou commended Rachel and Darby on a job well done.

The Board members discussed store-operating expenses and how we should dive deeper into the expenses by individual store.

Adjournment

The meeting was adjourned at 6:37 PM and board members and Lou Sordel went into closed session.

Approved by: , Daniel Edwards, Board Chair