

**Minutes of the Durham ABC Board's Board Meeting
April 18th, 2023**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 18th day of April 2023.

Board Chair Daniel Edwards called the meeting to order at 5:32 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, Accountant, Darby Dietrich, Operations Manager Michael Mitchell, Visual Compliance Manager Ikzuri K. Garcia-Banda. ALE Special Agents Tyler Pierce, Helton and Williams from ABC Law Enforcement joined us via Zoom. Also in attendance was Paul Young from DPW Architects. Also present were Nish Le Blanc, President and CEO of Lennox and Grae Construction Inc. From Calculus Commercial Garry Cutright, Principal and Kevin Davis, Principal. from Calculus Commercial (via Zoom). Maurice Jones, Deputy County Manager for External Affairs for Durham County.

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 March 18th 2023 Board Meeting Minutes. The Board approved the March 18, 2023 minutes unanimously. Board Member, Donald Lebkes moved to approve the March 18, 2023 minutes and Board Member, Gail Adland seconded the motion.

Public Comment

There was no public comment.

ALE Special Agent Pierce

ALE Special Agent Pierce summarized the ALE Activities that took place in March 2023. Checks at ABC Stores: 44, ABC Outlet Inspections MBX: 30 ABC Outlet Inspections Other: 11 Alcohol Education: 0 ABC Violations submitted to the ABCC: 3 Total Arrests: 21 Total Charges at Permitted Outlets: 75 Total Charges at Non- Permitted Outlets: 13 Total Misdemeanor Charges: 75 Total Felony Charges: 1

On Saturday, March 4, 2023, District IV Special Agents conducted an ABC inspection of the licensed premises at James Joyce Irish Pub, located at 912 W Main Street, Durham. During the inspection it was determined the business was advertising certain brands of alcoholic malt beverages for sale on the exterior of the business. In the violation was discussed with the manager and a violation report was subsequently submitted to the ABC commission.

On Friday, March 10, 2023, District IV Special Agents, with the assistance of Special Agents from District V, concluded an investigation of an illegal ABC outlet after executing a search warrant at 1105 Angier Ave., Durham, NC. As a result, agents seized 246 malt beverages, 11 bottles of spirituous liquor, a fraudulent identification, and \$800.00 in U.S. currency. The homeowner was charged with possess for sale, sell alcoholic beverages without permits, and possession of a fraudulent identification.

On Friday, March 10, 2023, District IV Special Agents located a food truck operating as an illegal ABC outlet in Durham, NC. After making an undercover purchase, Special Agents conducted a search of the vehicle and seized multiple bottles of spirituous liquor. The owner was charged with possess for sell and sale alcoholic beverages without ABC permits.

On Friday, March 10, 2023, District IV Special Agents developed reasonable suspicion to stop a vehicle leaving an ABC license establishment in Durham. As a result, the passenger, a fugitive with outstanding warrants was found to be in possession of cocaine and drug paraphernalia. They were subsequently arrested and charged with felony possession of cocaine and possession of drug paraphernalia.

On Saturday, March 18, 2023, District IV Special Agents observed multiple people consuming alcoholic beverages in the parking lot of Fast Stop 2, located at 801 N Alston Avenue, Durham. During the surveillance, the Special Agents observed several patrons enter the business, purchase alcoholic beverages, and then consume them at the front door in view of the manager, who did not attempt to stop them despite having off premise ABC permits. The patrons were subsequently charged with consuming on the premise, and an ABC violation report submitted for the business allowing violations to occur.

On Saturday, March 18, 2023, District IV Special Agents conducted an ABC inspection at 21C Museum Hotel Durham, located at 111 Corcoran Street, Durham NC. During the inspection, Special Agents located eight spirituous liquor bottles not bearing the tax stamp. A violation report was subsequently submitted to the ABC commission for the incident.

Calculus Commercial, Garry Cutright and Nish La Blanc

Garry Cutright and Nish La Blanc from Calculus Commercial gave the board an update on the current bids for the sale of our old Store 10 location on NC Highway 55. The details to these offers are not for public knowledge so the Board had to briefly go into closed session. Frachele Scott moved for the Board to go into closed session and Donald Lebkes second it. The Board went into closed session at 5:43pm.

Board Chairman reopened the meeting after briefly going into closed session.

Garry Cutright discussed and identified a handful of potential sites for new store locations in Durham County to the Board. The Board showed interest in a few locations and asked for additional information to be sent to the Board and Lou.

DPW Architects, Paul Young

Paul gave the Board an update to the repairs being done to the front of the store # 14 on Hope Valley Road and store 5 on Sherron Rd. Paul also discussed the roof leak at the Sherron Road location and that they are looking into resolving the issue and working with the insurance company. Paul also showed the board architectural drawings of the Page Road location and what it would look like. He also discussed the orientation of the store and how people driving by the store will visually see it from Page Road and TW Alexander Drive. He also showed the Board the floor layout and receiving area design. Paul and the Board discussed revisiting the new store designs at the next Board meeting and that would be the last opportunity to tell him what we want and how to move forward with the construction of this location.

Fiscal Services Director, Rachel Wadsworth

Rachel discussed where we landed with sales, gross profit and operating expenses in fiscal year of 2022 and what our end of year projected net sales numbers, gross profit, taxes and operating expenses will be in 2023. Our fiscal YE, ends in June 30th, 2023. She also showed the Board our 2024 projected budget and why expenses like Life Insurance, Health Insurance, Dental, Vision, payroll and operating expenses are going up for 2024. After discussing all of our projected income, sales number, gross profit and operating expenses, Rachel has projected that our net income will be at 2,186,744.00.

Rachel also discussed what our March sales numbers for retail and Mixed Beverage were and that 83 % of our sales were credit cards sales. Rachel is working with Dalcom and Pfizer to allow customers to pay with a debit card at our stores. Customers using a debit card with a pin will lower our credit card fees. She mentioned that she is working with Dalcom to combine store 9 MXB and store 11 inventory and credit card sales. She also discussed ways to create growth and save money on the projected 2024 budget with the Board.

Rachel also discussed Income Statement Results for MARCH 2023 with the Board. Durham County ABC sales were \$5,323,774 during March, which is an increased of \$561,900 or 11.80% compared to the prior year. By business line, Retail sales increased \$375,188 or 10.10% and MXB sales increased \$186,720 or 17.82%. Budgeted total sales for March were \$5,211,114 so there was a positive budget variance of \$112,660 or 2.16%. March MXB sales for 2021 & 2020 were \$583,778 & \$356,236, respectively.

The March sales increase for Durham County ABC Board of 11.80% which ranked 1st among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 7.73%.

Year-to-Date Sales Growth Trend – Nine Months Ended March 31:

2023 11.80% 2020 8.62%

2022 14.96% 2019 7.42%

2021 10.93% 2018 3.68%

For informational purposes, the ANNUAL sales growth trend is shown below for the previous 5 years.
Year-Over-Year Sales Increase Trend – For 12 Months Ending June 30:

Dollars Sales Increase Percent Sales Increase

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%

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda told the Board about the meeting that was held in April for the Grantee's. This was an informational meeting, where the grantee's could ask questions and learn about the program. Ms. Garcia-Banda mentioned that this meeting was a great success and we had many businesses attend. Many of the grantee's that participated in the meeting also mentioned that they were so grateful that they were part of Grantee program in the past and appreciates everything the Durham County ABC Board does for our community and us.

Ms. Garcia-Banda talked about a new marketing campaign for Mixed Beverage accounts. We are starting a Mixed Beverage Newsletter that will be sent out quarterly via email. This will keep us connected with our mixed beverage accounts and inform them of any business changes and our monthly and quarterly pricing. We are trying to stay connected and create a relationship with our mixed beverage accounts.

Ms. Garcia-Banda also discussed having pictures taken of the Board members and admin staff to put on our website. She also talked about starting a digital platform so that store managers can stay connected with other stores and ask questions and we can stay connected with other ABC boards. Other boards may eventually list things that they are trying to transfer out or if they are in need of product or equipment for their Board.

Human Resource Generalist, Tristin Coleman

Mrs. Coleman stated we have been working on employee training, education and staff development. We held four staff training classes during April, which included ALE training classes and Product knowledge classes. Weldon Mills Distillery and RNDC, held product knowledge classes for our full and part time staff, which was a huge success.

Assistant General Manager Deborah Warren

Ms. Warren stated that we are doing great as a team and will be continuing our theme during March. The theme is "We Must Show Them Who We Are". For the month of April we have a sub theme called "This is us" We are regrouping our team and refreshing some of our team members. We are engaging, equipping and empowering our team. Mike and I visited some stores to help with their inventory process. This helped us stay connected with the stores during the inventory process.

Ms. Warren also showed the Board a slide show of our stores performing inventory and ALE, Weldon Mills Distillery and RNDC teaching our employees about the NC alcohol laws and product knowledge. She also mentioned the team support many stores have by helping each other perform inventory.

She also announced our employee of the month is Wycliff Santana. Wycliff is our Assistant Manager at the DCABC warehouse. Congratulations Wycliff.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell reviewed the retail and mixed beverage sales for the month of March. Combined retail and mixed beverage sales during February were \$5,323,774.00. From that total, mixed beverage did \$1,234,561.00 million dollars in sales. Mixed Beverage sales increased by \$186,511.00 compared to last March. This is our seventh 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 have done and what we will do in the future.

Mr. Mitchell also discussed where we currently stand with our retail and mixed beverage sales for the month of April. He stated that we are on track to make our sales goals for April, which will make it our 8th consecutive month that we have surpassed our sales goals.

Lou Sordel, General Manager

Mr. Sordel commented on the increase in sales within Durham County and our inventory levels at the warehouse. We are currently sitting at 8.6 million in inventory, which is down from last year because we are awaiting a large shipment of Tito's Vodka to arrive. We are doing buy-ins on hot sellers like Tito's. This is saving us money and making us money. 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.

Adjournment

Donald Lebkes adjourned the meeting at 7:21 PM. Board members and Lou Sordel went into closed session.

Approved by:  _____, Daniel Edwards, Board Chair