

**Minutes of the Durham ABC Board's Board Meeting
January 17th, 2023**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 17th day of January 2023.

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

In attendance were Board Chair Daniel Edwards, Board Member Gale Adland, Board Member Donald Lebkes, 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 and Board Attorney George Miller III were in attendance. ALE Special Agent Brad Nicola and Daniel Spell were present from ABC Law Enforcement.

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 were also present. Paul Young from DTW Architects was also present.

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 December 20th 2023 Board Meeting Minutes. Board Member, Gail Adland moved to approve the meeting minutes as presented. Board Member, Ryan Urquhart seconded the motion. The Board approved the December 20th, 2023 minutes unanimously.

Public Comment

Civilian Dana Miles was present via zoom. Dana is a student at Duke University that is working on a report about the alcoholic beverage industry in NC. She had no comment and just wanted to listen to our meeting to get a better understanding of the business.

Law Enforcement Report

Special Agent Brad Nicola spoke to the Board and updated them with a summary and synopsis of what happened in December of 2022.

North Carolina Alcohol Law Enforcement Summary of Activities December 2022 Checks at ABC Stores: 73 ABC Outlet Inspections MBX: 30 ABC Outlet Inspections Other: 8 Alcohol Education: 1 ABC Violations submitted to ABCC: 4 Total Arrests: 20 Total Charges at Permitted Outlets: 34 Total Charges at Non-Permitted Outlets: 5 Total Misdemeanor Charges: 36 Total Felony Charges: 3 On Thursday, December 1, 2022, District IV Special Agents were conducting an ABC store check at ABC Store #1 when they observed a suspicious vehicle in the parking lot which had been at the business for an extended period of time. During the investigation, it was revealed the driver had several outstanding warrants. During the arrest, the driver attempted to evade Agents by providing the personal identifiers of another person of similar demographics. The subject was subsequently arrested and charged with identity theft.

On Thursday, December 8, 2022, District IV Special Agents conducted outlet surveillance at the "BP," located at 4525 Chapel Hill Road, Durham. During the surveillance, Agents observed a severely intoxicated patron in the parking lot, who entered the store and purchased alcoholic beverage. During the investigation, it was revealed the clerk was 17 years of age, and knew the patron was intoxicated but sold to them anyway. The clerk was subsequently charged by juvenile petition, and an ABC violation report submitted for selling to an intoxicated person.

On Friday, December 16, 2022, District IV Special Agents were conducting an ABC store check at ABC store #5 when a patron struck the building with their vehicle. The Agent on scene provided medical aid to the driver of the vehicle until Durham Police and EMS arrived. The driver was experiencing a medical emergency and was not severely injured.

On Wednesday, December 21, 2022, District IV Special Agents conducted an ABC inspection at "Bar," located at 711 Rigsbee Ave, Durham. During the inspections, Agents observed the bartenders committing multiple happy hour violations, by serving multiple drinks to single patrons. An ABC report was submitted to the ABC commission subsequent the investigation.

On Thursday, December 22, 2022, District IV Special Agents conducted an investigation into the manufacture of drug paraphernalia at "Jumas," located at 1028 Holloway Street, Durham. During the course of the investigation, it was determined the business was manufacturing drug paraphernalia used to ingest crack cocaine. The clerk and permittee were subsequently charged, and a violation report submitted to the ABC commission.

On Thursday, December 22, 2022, District IV Special Agents conducted an ABC inspection at La Morena nightclub, located at 1121 University Drive, Durham. During the inspection, Agents discovered multiple empty bottles with mixed beverage non-defaced tax stamps, and bottles of spiritus liquor not bearing mixed beverage tax stamps. Upon interviewing the permittee admitted to Agents, he planned to refill his bottles later in the evening. The permittee was subsequently charged with not defacing tax stamps, and a violation report submitted to the ABC commission.

Board Member, Gail Adland asked Law Enforcement do these employees and businesses understand that they have a duty to uphold the laws on serving alcoholic beverages and are they being educated about the laws so they do not break the alcohol laws.

Agent Nicola stated that they hold many training classes and inspections throughout North Carolina for anyone and they go over an incidental assessment at the end of an inspection. Mr. Sordel, General Manager also mentioned that the ABC Commission offers training classes.

Paul Young, DTW Architects.

Paul Young updated the board on our Insurance information and the ongoing repairs needed at store 5 because someone drove their truck into the building. He walked the Board through the next steps with the Insurance Company and what repairs need to be done. Paul also talked about the plans for a Page Road location. The City of Durham has approved the project and the construction drawings. We are currently waiting for a portion of the project to be approved by Durham County. Once we have received approval from Durham County and the Board, we will put this project out for bid and start construction in about 30 days.

Mr. Sordel introduced Nish LeBlanc and her team to the board. Nish brings over 12 years of finance and operations experience to her role as President and CEO of Lennox and Grae Construction, Inc.

Nish LeBlanc, President and CEO of Lennox and Grae Construction, Inc.

Nish La Blanc told the Board about her experience in commercial construction management, commercial real estate and shared her portfolio of past renovations, commercial properties and partnerships throughout North Carolina. She also talked about collaborating with Calculus Commercial to help with the acquisition and market analysis on future projects.

Garry Cutright and Kevin Davis introduced their selves to the Board and informed them about their business and experience with real estate, brokerage, property management and analysis particularly in the Durham and Chapel Hill markets. Combined they both bring 35 years of experience to the table.

Ms. Ikzuri Garcia-Banda, Visual Compliance Manager

Ikzuri announced that our new website will go live on January 22nd. She also talked about several grantee visitations coming up in January and February. Our new website will have an updated section for the Grantee programs. Ikzuri stated that the carousel on the website will be updated with animated material and we will update the website once the new product search and grantee program information once it is available. Ikzuri also invited the Board to attend some of these grantee meetings. She stated that we would be advertising the grantee program in the Durham Magazine for the months of February and March to help reach a broader audience. The product section portion on the website is being taken care of by Dalcom and we hope to have that completed very soon. Customers will be able to look up the products in our stores in a timely manner with updated inventory levels every 15 minutes. We are also updating the Grantees posters and adding Spanish posters. These posters will be placed in the office and our stores.

Ikzuri also talked about MyiShanka McMillian MA, LCMHCS, NCC, CCTP founder and owner of Purpose Learning Lab, Inc. The Premier Drop In Studio and the impressive things her and her staff are doing for Durham County residents. The Empress Haven helps women, children, and families through a transformational journey where they rediscover themselves and emerge with more passion, bigger purposeful and unmatched potential.

Human Resources Generalist, Tristin Coleman

Tristin discussed a plan to roll out a new employee evaluation program. She presented an outline to the Board and explained that this will give us a barometer on how the stores are doing at the management level and down, and for them to measure how we are doing and offer feedback. We will be performing these evaluations every 6 months. We are doing these evaluations to help our management teams grow and learn. We will roll out this program at the end of January 2023. We will also be launching a support staff assessment program for our employees. There will be a list of questions for store managers to answer about their support staff and what we can do to help them. The Board reviewed the questions that we will give to the store managers. We hope that this will address any questions or concerns the management team has and enable all of us to work as a team.

MXB Operations Manager, Mike Mitchell

Mike reviewed the Mixed Beverage sales for the month of December and what we have done so far for January. We met our retail sales goals of over 7 million dollars. We have increased our sales by 1,411,434.00 over the previous year. We have about two more weeks left in January and we are on a great path to hit our goals in January. Employees in the stores and office are making suggestions to help increase sales and it is working.

Our accounting team consisting of Rachel and Darby have found another way to save us money. We will be promoting Fintech to our mixed beverage accounts. This company will be helpful with making timely payments to us for our mixed beverage accounts. This will minimize our credit card fees as well. Mike and Rachel told the board how Fintech works and what it can do for the DCABC. This will also cut down on fraud issues with credit cards.

Assistant General Manager Deborah Warren

We are ready for 2023. "New Beginnings" is our theme. We are going to approach the New Year and regroup, refresh, renew, rejuvenate and restore our stores and ourselves.

Ms. Warren showed us a slide show of events we have recently had that were a huge success. We held our retail Bourdon Lottery on January 14th at store 10 on Highway 55. Customers lined up around the building several times and around the dental office next door to get a chance to get one of 50 tickets. We did record sales in this location for the day. We had approximately 600 bottles of various allocated Bourbons for this event and we counted approximately 700 customers.

Ms. Warren mentioned that we are holding our yearly DCABC retreat, which will be held at Mystic Farm and Distillery on Saturday Feb 11th. We will review our financials and plans for 2023 to the Durham County Board.

She also mentioned that Mike Whitaker was selected for employee of the month in January of 2022 and then he was selected for "Employee of the Year". Congratulations Mike!!

Ms. Warren also mentioned how we are continuing our in store tastings and how customers love the tastings, how it helps increase product knowledge and sales.

Fiscal Services Director, Rachel Wadsworth

Rachel discussed the financial summary with the board.

Durham County ABC sales of \$7,223,953 for December increased \$983,256 or 15.76% compared to the prior year. By business line, Retail sales increased \$743,649 or 13.80% and MXB sales increased \$239,607 or 28.16%. Budgeted total sales for December were \$6,457,861 so there was a positive budget variance of \$766,092 or 11.86%. December MXB sales for 2021 & 2020 were \$850,921 & \$289,143, respectively. The December sales increase for Durham County ABC Board of 15.76% was ranked 2nd among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 10.31%. Year-to-Date Sales Growth Trend – Six Months Ended December 31: 2023 11.68% 2020 7.67% 2022 16.74% 2019 7.83% 2021 11.67% 2018 2.34% 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% Total December accrued Profit Distributions (based on Sales) were \$349,345 versus \$297,594 the prior year, an increase of \$51,751 or 17.34%. Rachel also discussed quarterly profit distribution and NCCMT cash management funds with the Board. She also reviewed our comparative bottle sales, income statements and monthly sales compared to other counties in NC reports with the Board.

Lou Sordel, General Manager

Mr. Sordel commented on how Malon and his team in the warehouse have done an amazing job in decreasing our inventory amounts and monitoring the inventory we bring in during the slower months of January and February.

Mr. Sordel suggested that we should take a vote on amending the DCABC holidays for 2023. He asked the Board to vote on adding June 19th 2023 to the list of holidays for all DCABC employees. After further discussion with the Board, Chair Daniel Edwards made a motion to adding June 19th as a holiday and Ryan Urquhart second the motion and June 19th, Juneteenth, was unanimously approved as a DCABC holiday.

Board Member, Gale Adland

Ms. Adland talked about reaching out to some experts at the UNC School of Government on executive evaluation and decision-making for our support team. She suggested we look at having Mrs. Carlson speak at our retreat meeting. Mrs. Carlson is director of the School of Government's Center for Public Leadership and Governance, an initiative designed to integrate, coordinate, and expand the School's leadership, governance, and management programs and scholarship. She can provide great

information for our retreat and she is available that day 60 to 90 minute overview and discussion on the topic of evaluation of a general manager. This overview would include how to clarify expectations and set goals and then how to have conversations and implement goals correctly. There would be no charge for this overview. The Board discussed other items that will be discussed during the retreat and what the schedule of topics that will be presented and talked about. Some of the topics of discussion are evaluating what are plans are for the DCABC during 2023, budget information, 401K, strategic planning, comparative sales information and new management and support staff plans.

Board Member Donald Lebkes

Mr. Lebkes talked about Steve Strous and Joe Durham holding a short seminar about our Strengths and Weaknesses at our retreat. The Board members discussed who should speak during the retreat and it was decided that Peg Carlson would be the speaker.

Adjournment

Board Member Gail Adland motioned to adjourn the meeting. Board Member Ryan Urquhart seconded the motion and the Board approved without objection, and the meeting was adjourned at 7:34 PM.

Approved by: _____



Daniel Edwards, Board Chair