

**Minutes of the Durham ABC Board's Board Meeting
November 15th, 2022**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 15th day of November, 2022.

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, Board Member Frachele Scott, General Manager Lou Sordel, Assistant General Manager Deborah Warren, Human Resources Generalist Tristin Coleman, Interim 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 Tyler Pierce presented via Zoom.

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

Chairman Daniel Edwards motioned to approve a correction from the October 18th Board meeting as it is written and Frachele Scott second the motion. All other Board members approved the correction as written.

Public Comment

Civilian Monica Patterson was present via zoom and had no comment.

Law Enforcement Report

Special Agent Tyler Pierce spoke to the Board, stating that agents had a good month in October.

Lost Zoom connection with Agent Pierce. While waiting for a better connection Chairman Edwards suggested we continue the meeting. We didn't get reconnected with him.

Human Resources Tristin Coleman

Mrs. Coleman communicated with the Board that we have concluded our Assistant Managers Harassment and Effective Communications training and that it went very well.

On November 16th we are holding a CAP training to outline the importance of store safety awareness. This training will be conducted by personnel from the North Carolina State ABC Commission. This store safety training will be conducted by a retired ALE officer. The training will be held at the DCABC main

office. The purpose of these trainings is to outline the same message, at the same time for both store managers and assistant managers. This training will provide them with the tools to reinforce this message to all store staff. Mrs. Coleman stated that this is a great way to keep all staff updated on new trends and any other safety issues. She also stated Mike Mitchell will be training all new hires as they come onboard.

Mrs. Coleman reported that the feedback on these training has been great and store managers appreciated bringing this training back and thought it was very helpful.

Mrs. Coleman also stated that we are aggressively recruiting new part time employees and that our hiring process is going along really well. This will enable us to keep our stores staffed and stocked for the holidays. We are hoping that the new hires will stay on after the holidays as well. This will help us fill in the gaps and keep overtime at a minimum after the holidays. Mrs. Coleman stated that Ikzuri was a great help with the hiring process because she posted them on LinkedIn, Indeed and our website, listed under our career section. Using these social media platforms has allowed us to receive more qualified applicants. We are wrapping up interviews for an office position and will have our determination this week. We are currently hiring additional warehouse staff as well.

Mrs. Coleman stated, we are recruiting 3 positions in the warehouse, 1 position in the office, which is an Accountant/Administrative Assistant position. We are also hiring around 10-12 part time sales clerk positions in our stores.

Pam Greer from the ABC commission will provide this training.

Ms. Ikzuri Garcia-Banda

Ms. Garcia-Banda stated that the visit with TROSA was very exciting and Ms. Alba and Ms. Deborah may talk about the visit during their presentation. She also stated that she spoke to Ms. Maya McMillan from Purpose Learning Lab and she has some information that will blow our socks off. We scheduled a zoom meeting with her tomorrow. We will be discussing a new venture to help families who are dealing with substance abuse. After the meeting, I will send out an email with more details. TROSA will be having a grand opening on December 3rd and would like the Board to attend. More details will follow.

I have been working on underground things to establish our grant program for our Durham County ABC website. I have been talking to several grant recipients and want to make sure everything is working before we launch it. The top company we have been talking to is WizeHive. This company will work with us and they're able to fully customize what we need for our grant program. They can basically program the form and post it to our website. This will allow grant recipients to manage their application better. It would be very customer friendly with a button to click "Apply here". Once I compile all of the information, I will discuss my findings with Deborah and Lou and the board.

Assistant General Manager Deborah Warren

Assistant General Manager Warren shared a video presentations with the Board regarding our theme of the month. The theme is "What are you thankful for"? She presented a slide showing the board how we are Durham County holiday ready. The stores are nicely decorated for the month of November with

pumpkins and fall leaves. Stores are displaying their holiday's items and are well stocked for the holidays.

The board liked the displays that were created by store staff and Board Member Lebkes commented that the displays looked great and powerful.

Mrs. Warren also talked about the how we went to the fair held by the Commission and we all visited their booth. Mrs. Warren talked about and presented a slide show on some of their experiences at the fair. The Board experienced a booth at the fair that explains what you feel like when you are under the influence and shouldn't drive. Mrs. Warren stated this booth was geared toward teaching people about the risk of drinking and driving, what happens when you are pulled over and how you will lose license and will need to appear in court. Lou Sordel stated some parents brought their children to this booth to educate them and go over the program. Going to this fair gave us a great opportunity to talk to a lot of people and talk to them about how the Durham County ABC gives back to Durham County residents. The Commission had an interactive map to show how much each county gives back, where the money goes, and how it affects their county. Lou received positive feedback from customers on where the money goes and how it effects their taxes.

Board Member Adland stated that we should make bigger posters in our stores explaining what we do here at the Durham County ABC Board and how we directly give back to our county and where the money goes. Ikzuri has made posters and brochures for all of the stores outlining what we do.

Mrs. Warren stated that we will continue to hold instore tasting during the holidays season and showed the board a few slides of tastings in our stores. Mrs. Warren also talked about tequila barrel buys and how two local restaurants bought barrels from us and held a tequila tasting at their restaurant. It was a great success.

Mrs. Warren also notified the Board that our mixed Beverage sales hit the 1 million dollars mark for the month of November. The Board was pleased with that news. This is proof that we are showing Durham County who we are and what we can do. She wished everyone a Happy Thanksgiving from the Durham County ABC Board.

Member Donald Lebkes stated that he visited several stores and thought we had great displays and interesting holiday items in our stores. He also likes how displays were built in small and large stores.

Lou recognized the sales reps for helping build these holiday displays in our larger locations.

Mike Mitchell

During our last meeting we set a goal of achieving \$250,000 in sales for a week. We are happy to say we exceeded our goal and posted sales of \$319,659.08 during the first week. We set a goal of \$800,000 for the month of October and we exceeded our goal with sales of \$1,465,806.92 during the second week our goal was \$250,000 and we exceeded that goal and generated sales of \$271,302.05. So far this month we have generated \$540,699.40 in sales. I see no problem in achieving our goals this month. Our goal was met because of our great customer service, well stocked stores and new restaurants opening in Durham County. Working with the warehouse and tightening up our ordering process also a big part in the increase in sales.

Member Scott stated she was in a restaurant and overheard great comments about our special ordering process and how easier it is for the customer.

The Board asked why we are seeing these large increases.

Mr. Sordel stated our dedicated team has really stepped up and has developed relationships with our retail customers, mixed beverage customers and other Boards throughout North Carolina to increase our customer service and sales.

Rachel Wadsworth

Rachel discussed the final summary with the board.

Durham County ABC sales for \$5,093,463 for October increased \$347,982 or 7.33% compared to the prior year. By business line, retail sales increased \$138,078 or 3.53% and MXB sales increased \$209,904 or 25.11%. Budgeted total sales for October were \$5,050,802 so there was a positive budget variance of \$42,660 or 0.84%. The October sales increase for Durham County ABC Board of 7.33% was ranked 4th among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 4.98%. Year-to-Date Sales Growth Trend – Four Months Ended October 31: 2023 7.33% 2020 8.59% 2022 13.62% 2019 5.47% 2021 15.75% 2018 3.52% 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 October accrued Profit Distributions (based on Sales) were \$223,377.63 versus \$228,023 the prior year.

As you can see we did great in mixed beverage sales. During October, sales were \$1,045,865.00 and \$107,000.00 was out of store 10 alone. Overall, some locations decrease in Mixed Beverage sales but other stores increased their sales. Our month to date mixed beverage sales have increased by 25 % and the retail sales are up 3%. Rachel noted that we did have some power outages and hardware issues at store 14. We had to repair two computers at store 14 (Hope Valley store) and that store 14 was down to 1 register for about two hours. Dalcom responded quickly and got the store back up and running. Our sales in our newest location on Highway 55 (Store 10) are through the roof. Both mixed beverage and retail sales are great and we will be having more mixed beverage customers go to this location.

Mr. Sordel stated that while opening the new location we had technical difficulties with Dalcom. Some things did not get completed like they were supposed to.

Mrs. Wadsworth stated it was problems with the inner workings of how everything is tracked and on the back end.

Mr. Sordel stated that we will be adding more mixed beverage accounts to store 10 after Thanksgiving. We have seen a large increase in the mixed beverage sales and we will see it continue to increase. This store is ready and will have plenty of inventory to continue this increase. We are continuing to work with Dalcom on splitting the sales between retail and mixed beverage. This is why the income statement had some balancing issues but I'm on top of it and working on splitting the data. After a couple of meeting with Dalcom we were able to fix the errors and we also fix other glitches that were found. We

were down in retail bottle counts but through the roof on mixed beverage counts year to date as of October. The YTD difference is 6,000 bottles in mixed beverage category. Companywide we are still down, but we were also still at home a lot this time last year. More people are getting out now and this could be part of the increase in the mixed beverage category.

Mr Sordel stated that trends are shifting and even though the bottle counts are down, the dollar amounts are up which means customers are buying more expensive product.

Rachel stated that we are above the state's average in sales. We're at 7.33% and the states at 4.98%. Once the computers for mixed beverage are performing the way we need them to, at store 10, that will definitely bring a boost to sales once we get them fully split. I would like to update the board with where our bank account stands each week. This is tax week, so the tax monies are coming out of our account this week. We had \$778,000 in credit card sales. Last year this week we did \$950,000 in credit card sales. We had outstanding checks of \$836.00 and \$999,000 in checks that went out last week alone. We have about \$55,000 in miscellaneous expenses and our taxes were \$1.4. We have 718,000 in checks to clear this week. After everything has cleared I was able to transfer \$200,000 into our cash management. Our earning in the cash management account were \$2714.00. That puts us at a net of \$2.3. million. Rachel also discussed the monthly EFT's. That concludes Rachel's report.

Mr Sordel noted the increase in the monthly numbers is due to the Tito's buy in and Christmas gift sets. We are working with the warehouse on tighten up our inventory so we are not sitting on inventory in January.

Mr Sobel reviewed sales numbers with the board and stated we are at 8.66 million. As of yesterday we are sitting at 9.5 for the whole board for all stores. He reviewed additional warehouse numbers with the board as well. He stated we met with General Services, via zoom. They presented a new contract to start in January. There was a \$1,000.00 increase on a monthly basis and their services will remain the same. We did discuss some issues with our services and they address them. They also started a program for pest control and they will be visiting the stores and spraying the perimeter and changing traps. Mr. Sordel stated that we are looking into possibly creating a new maintenance position in the next fiscal year. This will save us money and will be more beneficial to us. We will discuss what we would like to do with the board when we have all of the information for the next fiscal year. The next contract will run January to August 2023. The board and Mr. Sobel discussed other options for grounds and instore maintenance and discussed what some of our surrounding ABC boards are doing. The board would like to see a proposal for a new maintenance position or another company to come in and service our grounds and maintenance work for the stores. The Board has requested a new proposal for the beginning of January. Mr Sordel agreed to get the Board a proposal.

Mr. Sobel stated he has requested a meeting with the county manager, Dr. Sauer. He is waiting for a call back to schedule a meeting. That concludes Mr. Sordel's report.

Adjournment

Durham County ABC Board

Board Member Donald Lebkes motioned to adjourn the meeting. Board Member Gale Adland seconded the motion and the Board approved without objection, and the meeting was adjourned at 6:38 PM.

Approved by:  _____

Daniel Edwards, Board Chair