

**Minutes of the Durham ABC Board's Board Meeting
May 16th, 2023**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 16th day of May 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 Frachele 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. Maurice Jones, Deputy County Manager for External Affairs for Durham County was a guest. ALE Special Agents Tyler Pierce, Brie Williams from ABC Law Enforcement joined us via Zoom. Paul Young, from DPW Architects was on the agenda but had a last minute conflict. General Manager Lou Sordel updated the Board on behalf of Mr. Young.

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 from the April 18th 2023 Board Meeting Minutes. The Board approved the April 18, 2023 minutes unanimously. Board Member, Donald Lebkes moved to approve the April 18, 2023 minutes and Board Member, Ryan Urquhart seconded the motion.

Public Comment

There was no public comment.

ALE Special Agent Pierce

North Carolina Alcohol Law Enforcement

Summary of Activities

April 2023

Checks at ABC Stores: 7

ABC Outlet Inspections MBX: 17

ABC Outlet Inspections Other: 2

Alcohol Education: 4

ABC Violations submitted to ABCC: 3

Total Arrests: 18

Total Charges at Permitted Outlets: 29

Total Charges at Non- Permitted Outlets: 8

Total Misdemeanor Charges: 29

Total Felony Charges: 8

On Wednesday, April 5, 2023, District IV Special Agents conducted surveillance at M&M Mini Mart, located at 2128 Angier Avenue, Durham, NC. During surveillance, Special Agents observed a drug transaction between three individuals. After approaching and recovering nearly 10 grams of cocaine and a concealed handgun, all three were arrested. One individual was charged with PWIMSD and sell/deliver cocaine, sell cocaine within 1000' of a school, carrying a conceal handgun, and possession of drug paraphernalia. The other two were both charged with possession of cocaine.

On Wednesday, April 12, 2023, District IV Special Agents conducted and ABC inspection at NanaSteak, located at 345 Blackwell Street, Durham NC. During the inspection, Special Agents observed multiple spirituous liquor bottles not bearing the tax stamp, and during an interview of the manager, no evidence was presented to support the bottles being lawfully purchased. After obtaining the managers information for the ABC violation, Special Agents discovered the manager was wanted for failing to appear in court. He was subsequently arrested and transported to the Durham County Detention Center. An ABC violation report was submitted for the business possessing spirituous liquor bottles without the tax stamp.

On Friday, April 14, 2023, District IV Special Agents obtained reasonable suspicion to conduct a traffic stop on a vehicle leaving an ABC licensed establishment in Durham. As a result, Special Agents developed probable cause to search the vehicle. During the search, Special Agents located open alcoholic beverages, cocaine, and a concealed handgun previously entered as stolen by the Bureau of Alcohol Tobacco and Firearms. The driver was arrested and charged with possession of open container, possession of cocaine, possession of a stolen firearm, and carrying a concealed gun.

On Saturday, April 15, 2023, District IV Special Agents concluded an investigation of an illegal ABC outlet located at 2717 Cheek Rd., Durham, NC, known as Dejavu. As a result, Special Agents seized more than 100 alcoholic malt beverages, spirituous liquor, 16 grams of cocaine, and items of drug paraphernalia. Two patrons were both charged with felony drug offenses, and the operators were charged with Possess for sale/ Sale alcoholic beverages without obtaining an ABC permit.

On Tuesday, April 18, 2023, District IV Special Agents conducted an ABC inspection at Bull City Ciderworks, located at 305 South Roxboro Street, Durham NC. During the inspection spirituous liquor bottles with Wake County ABC tax stamps, and bottles without tax stamps were located. An ABC violation report was subsequently submitted for the incident.

On Wednesday, April 18, 2023, and Monday, April 24, 2023, District IV Special Agents conducted four BARS programs for all Durham ABC clerks working at the ABC stores.

On Thursday, April 20, 2023, District IV Special Agents conducted an ABC inspection at Fast Stop #2, located at 801 N Alston Avenue, Durham NC. During the inspection, Special Agents observed multiple people consuming alcoholic beverages on the property. During an interview with the manager, it was revealed that the staff of the establishment were allowing the consumption to occur. As a result, an ABC violation report was submitted for the business allowing consumption on the property.

Lou Sordel updated the Board on behalf of Paul Young from DPW Architects,

Mr. Sordel gave the Board an update on the current projects that are going on. Mr. Young gave me some time lines for building the Page Road store if we decide to move forward with the project this year verse next year. We will discuss this in closed session tonight.

We are moving forward with the damage done to the wall at store 5 on Sherron Road. We are waiting for the masonry work to be completed. We also installed signage and boulders in the parking lot at store 5. We had to replace a section of the parking lot at store 5 due to large semi-trucks parking in our parking lot. We also replaced the cement pad in front of the dumpster area. In addition, repairs have begun at store 14 to repair the pillar in the front of the store.

Mr. Young is looking into installing generators at the stores that do not already have one. We are waiting to hear back from Dominion Energy to see if the current power lines are acceptable for using commercial generators.

Fiscal Services Director, Rachel Wadsworth

Rachel discussed what our April sales numbers are for retail and Mixed Beverage. We are over our current sales goal by 3%. Sales were slightly down during April due to missing a Friday during the month of April compared to last year. Our April sales were down by 1% but that is literally due to missing a Friday of sales.

Rachel also summarized our Income Statement Report for APRIL 2023. Durham County ABC overall sales was \$4,966,399 during April, which is a decrease of \$92,890 or -1.84% compared to the prior year. By business line, Retail sales decrease \$107,061 or -2.69% and MXB sales increased \$14,171 or 1.31%. Budgeted total sales for April were \$5,481,401 so there was a negative budget variance of \$515,003 or -9.40%. April MXB sales for 2021 were \$719,033 and in 2020 MXB sales were \$-12,077 due to our Covid Buy Back program.

The April sales decrease for Durham County ABC Board by -1.84%. DCABC was ranked 5th among the 9 comparative boards during April (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville). The statewide decrease was -0.33%.

Year-to-Date Sales Growth Trend – Ten Months Ended April 30:

2023 -1.84% 2020 8.18%

2022 15.04% 2019 8.08%

2021 12.17% 2018 3.62%

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

<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%

Total April accrued Profit Distributions (based on Sales) were \$217,095 versus \$291,155 the prior year, a decrease of \$70,060 or -24.06%. The BUDGETED Profit Distributions were \$231,500 so the actual for April was \$14,405 or 6.22% less than budgeted.

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda told the Board about a few projects she is working on. One is the employee orientation tutorial. She is working alongside Mike and Tristin in creating informational employee videos to help explain our policies and health benefits and where they can find the information, they need. She is also working on revamping our employee handbook.

Human Resource Generalist, Tristin Coleman

Mrs. Coleman said that we are getting closer to finalizing our health benefits. The new rates are in and the rates are lower than what we budgeted for.

Mrs. Coleman invited the Board to an employee training, education and staff development meeting scheduled for June 5th at the Weldon Mills Distillery in Durham. This will be an all-day training session that will focus on conflict resolutions and employee management. This will be a leadership training experience for all of our Manager's and Assistant Manager's. We will also be recognizing our 2022 Manager of the Year and celebrating them and their accomplishments. We will also hold a Distillery tour and product knowledge session with Weldon Mills Distillery. We currently carry 20 products from this local distillery and feel it will educate our manager's and supply them with the knowledge that could increase sales.

Assistant General Manager Deborah Warren

Ms. Warren stated that we are doing great as a team and will be continuing our theme during the month of May. The theme is "We Must Show Them Who We Are". Also during the month of May we have a sub theme called "No Employee Left Behind". We are working hard to educate and help our employees by giving them the tools to become great leaders.

Ms. Warren also showed the Board a slide show of how they merchandised their end caps for the month of May. We celebrated Mother's day, local graduations and Cinco de Mayo. We are working on a marketing plan to help increase sales throughout Durham County.

Ms. Warren showed the Board a video of store #11 receiving their truck. We were there to help with the inventory transition. We recently combined store 9 (MXB) and store 11 (retail) inventory. This store will now handle inventory just like store 10 does going forward.

Ms. Warren showed the Board pictures of several stores performing inventory and how proud we are that our employees came together to help other stores perform inventory and work as a team. We are so proud of everyone. Our stores have also finished their required spring-cleaning. All stores are looking sparkling clean.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell reviewed the retail and mixed beverage sales for the month of April. Combined retail and mixed beverage sales during April were \$4,966,399.00. From that total, mixed beverage did \$1,099,620.00 million dollars in sales. Mixed Beverage sales increased by \$14,170.00 compared to last April. This is our ninth consecutive month of sales reaching over 1 Million dollars in Mixed Beverage sales. Mr. Mitchell had a deeper discussion about why our overall sales dipped during the month of April. Mike shared some comparison reports with the Board to show them why sales dipped and that there is no immediate concern. He told the Board we lost a Friday during April of 2023. As a result, this made our sales numbers appear much lower compared to last April. Mr. Mitchell also shared a 2-month comparison report during March & April of 2022 verse March & April 2023. This two-month comparison showed that we have not lost any money and we actually gained over \$460,000.00 compared to the same time period last year.

Mr. Mitchell also discussed where we currently stand with our retail and mixed beverage sales for the month of May. He stated that we are on track to make our sales goals for May, which will make it our 10th consecutive month that we have surpassed our sales goals in Mixed Beverage. We also mentioned several new mixed beverage accounts that started doing business with us during May.

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 a slight increase from last year because of some large shipments of Tito's Vodka. 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.

Mr. Sordel also review the proposed 2023/2024 budget with the Board. The budget projects revenue from liquor sales and other receipts to be \$65,304,872 for FY2024. These projections are based on expected sales increases, which reflect both current trends and strategic planning. Mr. Sordel also discussed revenue numbers, facility improvements, employee compensation and benefits, profit distributions and operating projections with the Board members.

Mrs. Adland moved to approve the proposed budget for 2023/2024 with the corrections that were discussed on the city and county split. The 2023/2024 Budget was approved by Chairman Edwards and the board members.

Lou Sordel and Chairman Edwards noticed the date for the next Board meeting is incorrect and changed the date to June 20th2023. This is also the date for our Public Budget Hearing and then we will go right into our regular monthly board meeting after the Budget Hearing.

Adjournment

Donald Lebkes adjourned the meeting at 6:43 PM. Board members and Lou Sordel went into closed session.

Durham County ABC Board

Approved by: , Daniel Edwards, Board Chair

