

**Minutes of the Durham ABC Board's Board Meeting  
June 20th, 2023**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 20th day of June 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 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, and 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. Board Members, Frachele Scott and Ryan Urquhart also joined us via zoom. Paul Young, from DPW Architects also joined us via Zoom.

**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 May 16th 2023 Board Meeting Minutes. The Board approved the May 16th, 2023 minutes unanimously. Board Member, Donald Lebkes moved to approve the May 16, 2023 minutes and Board Member, Ryan Urquhart seconded the motion.

**Public Comment**

There was no public comment.

Chairman Edwards addressed the public and asked if anyone was present via zoom and if they had any comments. There was no one present from the public at this meeting.

**ALE Special Agent Delello**

**North Carolina Alcohol Law Enforcement Summary of Activities during May 2023**

There were 23 checks at DCABC Stores 23

ABC Outlet Inspections MBX: 19

ABC Outlet Inspections Other: 5

Alcohol Education: 4

ABC Violations submitted to ABCC: 3

Total Arrests: 25

Total Charges at Permitted Outlets: 73

Total Charges at Non- Permitted Outlets: 0

Total Misdemeanor Charges: 64

Total Felony Charges: 9

**On Wednesday, May 24, 2023**, District IV Special Agents concluded an investigation regarding retail theft from an ABC Store located in Durham. Agents began their investigation into the matter after being contacted by the Durham County ABC Board about an unknown person stealing bottles of spirituous liquor. After sorting through video footage, Agents were able to positively identify the suspect who was subsequently charged with habitual larceny (felony) as well as several misdemeanor theft offenses.

**On Friday, May 26, 2023**, District IV Special Agents were contacted by the Durham County ABC Board regarding an individual who brandished a knife and threatened employees of the business on the date of May 25, 2023. Agents were able to identify the suspect and while obtaining warrants, other Special Agents located the suspect as he was returning to the ABC Store. The suspect, was found in possession of a knife, was arrested and charged with two counts of assault with a deadly weapon and communicating threats.

**On Friday, May 26, 2023**, District IV Special Agents obtained reasonable suspicion to stop a vehicle leaving the Joy Mart, in Durham, NC. As a result, both the driver and passenger were arrested after each was found in possession of a quantity of cocaine and marijuana.

**On Friday, May 26, 2023**, District IV agents conducted an enforcement operation in Durham, NC. The purpose of the operation was to address criminal activity in and around ABC permitted establishments with a focus on underage possession/consumption and sales to underage. The operation led to 11 arrests consisting of 6 felony and 29 misdemeanor charges filed.

**In May 2023**, NC ALE Division District IV agents conducted 19 mixed beverage ABC inspections. These inspections met the yearly requirement of the Durham County ABC contract of every mixed beverage location within the County of Durham being inspected at least once per year.

ALE Agent Delello told the Board about several incidents and offenses that happened in the beginning of June. They will update the Board formally during the June meeting with the outcome of these incidents.

**Proposed Budget for 2023/2024**

A public hearing was posted and scheduled for public comment on our proposed budget for 23/24 during today's meeting. There was no public comments. Board member, Lebkes motioned for the proposed budget to be approved for the 23/24 fiscal year. Board member, Adland second the motion. All Board members accepted the proposed budget and are in favor of the budget.

**Fiscal Services Director, Rachel Wadsworth**

Mrs. Wadsworth discussed what our May sales numbers were for retail and Mixed Beverage. She also told the Board that every single store surpassed their comparative sales number compared to last year.

Durham County ABC sales were \$5,257,841 during May, which was an increase of \$643,581 or 13.95% compared to the prior year. Mrs. Wadsworth stated that this is well over the entire Commissions increase for the month. We believe it is due to our new End Cap program, offering great customer service and meeting the needs and trends for our Durham County customers.

By business line, Retail sales increased \$432,963 or 11.90% and MXB sales increased \$210,618 or 21.60%. Budgeted total sales for May were \$5,182,890 so there was a positive budget variance of \$74,951 or 1.45%. The May sales increase for Durham County ABC Board of 13.95% was ranked 2nd among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville). The statewide increase was 9.44%.

Mrs. Wadsworth also discussed some banking information and how our bank is changing some procedures and how it will affect our procedures going forward.

**Year-to-Date Sales Growth Trend – Eleven Months Ended May 31:**

|                    |                   |
|--------------------|-------------------|
| <b>2023</b> 10.57% | <b>2020</b> 9.10% |
| <b>2022</b> 14.20% | <b>2019</b> 8.25% |
| <b>2021</b> 11.61% | <b>2018</b> 3.31% |

For informational purposes, the ANNUAL sales growth trend is listed 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%                         |

Profit before distributions for May was \$229,817 compared to the Operating Budget amount of \$231,500 giving a negative budget variance of -\$1,683 or -0.73%.

**DPW Architects, Paul Young**

Paul updated the Board on the repairs that were done the store's 5 and 14. He stated both stores are back in operation and repairs are completed.

Paul also updated the Board on the generators quotes for stores 5 and 1. The Gas Company quoted us \$40,000 to upgrade the gas lines for both locations. When you factor in the gas line upgrade, instillation and generators, store 5 would cost \$168,000 and store 1 would cost \$162,000. They also discussed some of the details when we added gas lines to store 10 (Highway 55) which is one of our newest stores. The Board would like time to work on the pros and cons for adding gas lines to stores 1 and 5.

Mr. Young also updated the Board on whether we are going to move forward in building a new location on Page Road in Durham this year. He stated we would have some strict deadlines if we want to start this store this year. The Board and Lou Sordel will discuss in closed session.

**Board Member, Gail Adland**

Mrs. Adland discussed in detail all of the grantee applications we received with the Board. Mrs. Adland discuss the Grant committee recommendations for the release of grantee money to local businesses in Durham County. In 2022, 16 Grantee applications were processed and we selected 13 organization. This year we received 17 grant applications and after careful consideration, we selected 8 organizations within Durham County.

The Board approved the recommendations the Grant committee recommended and all of the applicants will be notified. Though the Grantee program this year, the Durham County ABC will donate \$500,000.00 to our local community, which is an increase of \$120,000.00 compared to what 2022. We are very proud of our program and what we give back to our community. The Durham County ABC will continue to help support our local non-profit organizations.

Board member, Lebkes made a motion to fund all of the programs recommended by the Grantee Committee including the Jubilee Home pending a letter from Self Help. Board Member, Fracelle Scott

second the motion. The Board has requested additional documentation from Jubilee Home before final approval.

Mrs. Adland notified the Board that two organizations from last year did not follow through with the requirements needed for the Grantee program. These two organizations did not supply their final report. Our rules are very straightforward, which states they need to supply us with a final report on how they spent the money or return the amount we gave them.

**Visual Compliance Manager, Ikzuri Garcia-Banda**

Ms. Garcia-Banda told the Board she has been working on the details for the Grant program with Mr. Lebkes and Mrs. Adland. Now that we have the Boards approval, I will notify all of the recipients to weather their grant was approved or not approved.

Ms. Garcia-Banda also discussed how awesome the new End Cap program is working to increase sales. Lisa Gosselin created this program for stores to help increase our retail sales. Working together, she comes up with the list of great products to be displayed on the floor and on their end caps and a theme for the month. Then, I create the design of the posters and any other digital designs.

Ms. Garcia-Banda is also working on revamping our employee orientation program and our employee handbook. She also updated the board on our continuing efforts to update our website with a product search.

**Human Resource Generalist, Tristin Coleman**

Mrs. Coleman talked about our great manager's meeting that was held on June 5<sup>th</sup> at the Weldon Mills Distillery in Durham. This will be an all-day training session with the focus on conflict resolutions for employees and employee management. This was a management training experience for all of our Manager's and Assistant Manager's. We received a phenomenal feedback from our managers and we are very happy with the outcome. Employees also learned more about Weldon Mills' products, which we carry in all of our stores. This training enhanced their product knowledge, which will increase sales.

Mrs. Coleman also talked about the announcement of our new health benefits plan for all full time employees. We have selected Gallagher Risk Management and Insurance. They have given us excellent customer service and we are excited to work with them. Open enrollment will start soon and will take affect July 1<sup>st</sup>.

**Assistant General, Manager Deborah Warren**

Ms. Warren showed the Board a slide show of photos with important milestones throughout the year like, members of the Board going to the NCABC Convention, the grand opening on our newest location on Highway 55, a very successful Bourbon lottery, local distillery visits, and many product knowledge and manager's training seminars throughout the year. We also held our first ever Women's Maker's Mark Barrel pick which was very successful. We update our tequila sections in some stores to help expand this category, which has increased in growth. Throughout this year, we have refreshed, renewed and rejuvenated our business and it is really showing in customer and employee relations and in our retail and MXB sales.

Ms. Warren also showed the Board a slide show of how we are merchandising our end caps and have started a new marketing plan to increase sales and product knowledge. Lisa Gosselin has been working on a marketing plan to help increase sales and profitability throughout Durham County. We celebrated Mother's day, local college graduations, and Cinco de Mayo during May. We also celebrated Father's Day, and Build-A-Bar for Dad during June. Both months were very successful. The sales have increased tremendously over the past few months and we will continue working on this new plan for a full year.

**MXB Operations Manager, Mike Mitchell**

Mr. Mitchell reviewed the retail and mixed beverage sales for the month of May. Combining retail and mixed beverage sales during May we surpassed our goal producing \$5,257,841 in sales. During May we increased sales by \$643,581 or 13.95% compared to the prior year. From that total, mixed beverage did 1,306,363 million dollars in sales. Mixed Beverage sales increased by \$331,394.00 compared to last May. This is our tenth consecutive month of MXB sales reaching over one million dollars in sales.

Mr. Mitchell also discussed where we currently stand with our retail and mixed beverage sales for the month of June. He stated that we are on track to make our sales goals for June, which will make it our 11<sup>th</sup> consecutive month that we have surpassed our sales goals. Mr. Mitchell also discussed our end of year sales goals and how there is no doubt we will beat and exceed our goal of 62 million dollars in sales.

**Lou Sordel, General Manager**

Mr. Sordel reviewed and asked for approval for 2023/2024 Board meeting schedule. Mrs. Adland motioned to approve the fiscal next year's Board meeting schedule and Mr. Lebkjes second it. All board members approved it as well.

Mr. Sordel also stated that our inventory levels in our stores and warehouse are great and we are financially strong.

**Adjournment**

Donald Lebkjes adjourned the meeting at 7:21 PM. Board members and Lou Sordel went into closed session. Board Member, Ryan Urquhart made a motion to go into close session and the Board did so.

Approved by:    
Daniel Edwards, Board Chair