

Minutes of the Durham ABC Board's Board Meeting July 25th, 2024

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 25th day of July 2024.

Board Chair Daniel Edwards called the meeting to order at 5:31 p.m.

In attendance were Board Chair Daniel Edwards, Board Members, Donald Lebkes, Gale Adland, Board Attorney George Miller III, General Manager Lou Sordel, Assistant General Manager Deborah Warren, Human Resources Generalist Tristin Coleman, Operations Manager Michael Mitchell, and Visual Compliance Manager Ikzuri K. Garcia-Banda. Board Members Ryan Urquhart Frachele Scott attended via Zoom. ALE Special Agent Tegan Gross from ABC Law Enforcement also joined us via Zoom. A citizen Dylan Hudson joined our meeting via zoom just to observe what happens during our monthly board meeting.

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 for the June 18th, 2024 Board Meeting Minutes. Board Member, Donald Lebkes moved to approve the June 18, 2024 minutes and Board Member, Gale Adland seconded the motion. The Board approved the June 18, 2024 minutes unanimously.

Public Comment

Citizen, Dylan Hudson, joined our meeting via zoom just to observe what happens during our monthly board meeting. Chairman Edwards asked if he had any questions for the Board, and Dylan replied I do not, just observing.

ALE Special Agent Gross presented the June ALE Report to the Board

North Carolina Alcohol Law Enforcement

Summary of Activities

June 2024

Checks at ABC Stores: 17

ABC Outlet Inspections MBX: 10

ABC Outlet Inspections Other: 1

Alcohol Education: 0

ABC Violations submitted to ABCC: 4

Total Arrests: 40

Total Charges at Permitted Outlets: 79

Total Charges at Non- Permitted Outlets: 19

Total Misdemeanor Charges: 68

Total Felony Charges: 11

On Sunday, June 2, 2024, District IV Special Agents with the assistance of the Durham County Sheriff Office executed a search warrant at an illegal after hours ABC outlet located at 603 Ellis Road, Durham NC. As a result of the search warrant, the operator was charged with possession of firearm by a convicted felon and possess for sale alcoholic beverages without an ABC permit. One additional employee and patron were arrested for possession of a firearm by a convicted felon, possession of a stolen firearm, and aid and abet possession of firearm by convicted felon. Four firearms were seized during the operation.

On Wednesday, June 19, 2024, District IV Special Agents conducted ABC outlet surveillance at the Family Fare, located at 2211 Roxboro Road, Durham. During surveillance, agents observed a subject selling crack cocaine to another subject in the parking lot of the establishment. After observing the drug transaction, agents approached both subjects and recovered a quantity of cocaine. The subjects were arrested and charged with PWIMSD cocaine, sell cocaine, sell and deliver cocaine within 1000' of a school, possession of cocaine, possession of marijuana, and possession of drug paraphernalia.

On Wednesday, June 19, 2024, District IV Special Agents assisted North Carolina State Highway Patrol in Durham County on a vehicle stop where the occupants fled the vehicle on foot. After apprehending the underage suspects, agents search of the vehicle. During the search, agents located an unsealed bottle of spirituous liquor, marijuana, and four firearms two of which were reported stolen. Agents arrested the occupants and charged them with two counts of possession of a stolen firearm, underage possession of spirituous liquor; aid and abet underage possession and possession of marijuana. Additionally, SHP charged the driver with felony flee to elude and other traffic related offenses.

On Thursday, June 20, 2024, District IV Special Agents conducted ABC outlet surveillance at Wellons Village Family Fare located at 921 N Miami Blvd., Durham, NC. During surveillance, agents observed a drug transaction between multiple individuals in the parking lot. After approaching the vehicle the suspects occupied, agent's recovered crack and powder cocaine, Xanax pills, as well as a loaded handgun, which was reported stolen. Also, a 1 year old child was in the vehicle at the time of the transactions and the seizure. The three subjects were arrested and

charged with felony drug, weapon, and child abuse offenses. DSS and Child Protective Services were notified of the incident.

On Thursday, June 20, 2024, District IV Special Agents obtained reasonable suspicion to stop a vehicle leaving Royals Mini Mart, located at 1907 Cheek Road, Durham, NC. As a result, the driver was found in possession of a concealed .380 caliber pistol which was reported stolen from Durham. The driver was arrested and charged with possession of a stolen firearm and carrying a concealed gun.

On Thursday, June 20, 2024, District IV Special Agents conducted an ABC inspection at Nail Stop, located at 7080 Highway 751, Durham NC. During the course of the inspection, Special Agents determined the business was purchasing alcoholic beverages not from a licensed wholesaler. A violation report was subsequently submitted to the ABC Commission for the incident.

On Thursday, June 20, 2024, District IV Special Agents conducted an ABC inspection at Bar, located at 711 Riggsbee Avenue, Durham NC. During the course of the inspection, it was revealed the business had repeatedly been warned to post the correct tradename of the business on the outside, and has refused to do so. A violation report was subsequently submitted to the ABC Commission for the incident.

On Wednesday, June 26, 2024, District IV Special Agents assisted Agents from ATF, DEA and Durham Police Detectives with executing a search warrant at # 3 Marsh Ct., Durham, NC. This residence was allegedly a fencing location where stolen goods were being sold and traded for drugs. As a result, a large amount of stolen items/merchandise were discovered within the home, including alcoholic beverages. Special Agents seized 156 malt beverages, more than 198 bottles of spirituous liquor, and a case of cigarettes. These items were found to have been stolen during commercial burglaries at ABC license establishments in Johnston, Granville and Durham Counties. The homeowner was charged with felony possession of stolen goods, possession of nontaxed paid liquor, and possess for sale alcoholic beverages without permits.

On Friday, June 28, 2024, District IV Special Agents conducted ABC outlet surveillance at Joy Mart, located at 2109 Roxboro Road, Durham NC when they observed several people ingesting controlled substances. While investigating the incident it was determined that one person was an employee of the business and had been for approximately six years. As a result of the investigation, the employee was arrested and charged with possession of drug paraphernalia and allowing drug use on the premises. A violation report was subsequently submitted to the ABC commission for the incident.

On Saturday, June 30, 2024, District IV Special Agents conducted an underage tobacco compliance check in Durham County at multiple ABC permitted outlets. During the course of the compliance check, a clerk at Food Lion, located at 2121 TW Alexander Drive, Durham sold to the underage without checking an identification. The clerk was subsequently charged, and an ABC violation report submitted to the Commission.

General Manager, Lou Sordel made a comment about the incident that happened on Wednesday June 26th. All of the seized alcoholic beverages were returned to the appropriate counties involved and we returned ours seized items to our inventory.

Board Member, Gale Adland

Board Member, Adland reviewed the grantees that applied for the 2023 Grant program with the Board. Mrs. Adland discussed that our priority preference for these projects or programs should be focused on underserved populations, as well as projects that target alcohol and drug intervention programs among youth and families and that all funding shall benefit Durham County residents. The Grant Committee met on Tuesday, June 4 to discuss all of the applicants. The committee consists of Board Members Gale Adland and Don Lebkes and DCABC staff, General Manager Lou Sordel and Visual Compliance Manager, Ikzuri Garcia-Banda. The ABC board is committed to building relationships with grantees within Durham County. The committee earmarked \$500,000 for this year's program. We received 20 applications for a total request of \$1,311,340. Because of the increase in organizations requesting funding, we could not fund 100% of everyone's request. Please see the attached document for all of the organizations that applied and which organizations that were approved. This document also states

the organizations program, request and allocation of funds, and population served. As a result, the committee and Board reviewed all of the Grantee's requests and decided to award nine organizations funding totaling \$500,000.

Board member, Frachele Scott made a motion to approve the committee's recommendations for funding the Grantee's listed below. Board Member, Ryan Urquhart seconded the motion and the allocation of funds for the Grant program was approved.

Boys & Girls Club of Durham and Orange Counties- \$15,000.00

Durham County Criminal Justice Resource Center- \$75,000.00

Durham PROUD Program- \$45,000.00

El Futuro, Inc.-75,000.00

Jubilee Home-\$50,000.00

Lincoln Community Health Center-65,000.00

Purpose Learning Lab, Inc. The Premier Drop in Studio- \$80,000.00

Student U- \$15,000.00

Urban Ministries of Durham- \$80,000.00

Assistant General Manager, Deborah Warren

Ms. Warren talked about her theme "Be ready". We are ready and excited to announce the opening of our newest location. We opened store #7 on Monday, July 8th 2024 and it is located at 1517 Glenn School Road in Durham. Ms. Warren also showed some pictures of products on our End Cap program at this new location.

Ms. Warren also talked about attending the NC Association of ABC Boards annual meeting that was held on July 14-16 in Greensboro. She also presented pictures and talked about some classes and meetings they attended during annual

meeting. Ms. Warren also attended a vendor trade show at this conference. At the trade show, vendors presented some of their newest line of products. We were able to make many new connections and learned about these new products.

Ms. Warren showed pictures of our in store tastings and Bourbon drops that were done throughout the month of July.

Ms. Warren said we are starting to get prepared for the holiday season. We are ramping up by making sure our stores are operational ready, well stocked and well-staffed. We have already ordered our holiday items and we expect them to arrive late September into October.

She also stated that we plan to move our New Hope Valley store (#14) to a new location and that store will open on August 5.

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda talked to the board about our current online presence, ideas, and wordage we need to use on our website. She also discussed what we plan to do on the Next Door and Goggle apps that we are using. These apps allow us to monitor what citizens are saying about our stores, customer reviews and it helps customers find our stores, especially our new locations. When we use these apps we are not marketing products, we are simply providing information to customers that directly pertain to our business, like new store openings and general information.

Ms. Garcia-Banda reviewed the impressions and click through rates we recently had on our website. She has also created a mobile app for cell phones and laptops, which work with all Android and Apple devices. We are also using Google Ads to pass along information about our business but we are not using it as a marketing tool for products, it is just information about our new stores and all of our other locations. We've recently had 6,000 impressions and out of the 6,000 impressions 5,000 were from mobile apps. We are also on Instagram as well. On Instagram, we just post information like new store openings and general information. These posts are up for only 24 hours.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell reviewed our new mixed beverage accounts and discussed our retail sales and mixed beverage sales during June 2023 vs 2024. Mr. Mitchell said we received three additional mixed beverage accounts during June. For retail sales during June 2024, we generated \$4,784,713.00, which was a decrease of \$390,064.00 compared to June 2023. Our wine sales for June were \$1,489.25 and our mixed beverage sales were \$1,018,152.00 during June 2024. Our YTD sales were \$62,191.882.00 verse last year's sales at \$62,143.384.00. Although we did not make our budgeted sales, we did increase our overall sales compared to last year by \$48,497.00. Even though we did not hit our budget, we are putting plans in place to hit our budget for next year. We recently opened a new store and we plan to move store 14, which is in a high traffic area off Highway 54. We are also focusing on merchandising our stores better with the monthly end cap program and better product placement. We will also focus on training our employees on product knowledge and upselling techniques. We will also focus on increasing our Mixed Beverage sales by training our employees and creating relationships with our Mixed Beverage accounts.

Mr. Mitchell also reviewed July sales numbers as of July 24th. Although we are slightly down so far in July, we have the confidence that we will meet our monthly goal even though there were five Saturdays in July last year and there are only four Saturdays this year. Mr. Mitchell commented that store #7's sales are already close to what store 5 is doing now.

Human Resource Generalist, Tristin Coleman

We will be focusing on a new and exciting wellness program for our employees. We will be working with an engagement consultant through Cigna. They will be assessing our company to determine what type of programs and seminars are good for our company. These seminars will focus in a holistic and environmental approach on topics like, mental health, prevention, nutrition, physical well-being, and how to balance work and personal life. We are in the beginning stages and will outline the program in detail after our next meeting with Cigna.

Lou Sordel, General Manager

Mr. Sordel reviewed our monthly, YTD sales and bottles sold during the month of June 2024 compared to June 2023. Our budgeted sales were down YTD and our bottle counts were down by 32,353. Customers are buying less and less expensive products. Brokers and suppliers are also feeling the pinch and cutting costs. Some distillers are changing their packaging from glass to plastic to cut cost.

Mr. Sordel stated that we are in the middle of renegotiating our contract with our Safe deposit company. Because we added a new store to our account, they have made some changes to our contract that we are not happy about. We are also not happy with the turnaround time for our funds. We are looking for other competitive companies but may have to update our software, feeders and safes if we change companies. This is in the beginning stages and we will update the Board once we get all of the information together.

We are all up to date and paid with our broker and distiller accounts and have even started paying some of our bills for the setup of store #7 and fit up of store 14. We are also working with Dalcom to migrate us to using ACH to pay our invoices.

Store Updates:

Mr. Sordel talked about some of our new projects. Our newest store on Glenn School Road is open for business and doing great. Michelle Jones-Pettiford is managing this store and is doing a great job. We are moving our Hope Valley store just down the street from its current location. It will be in the old Sam's Bottle Shop location. This store fit up has been completed and we will start moving the contents of this store on Saturday August 3rd. This location will close its doors at the end of the day on August 3rd and we will reopen at the new location on Monday, August 5th. Mr. Mitchell has created a great team of employees to help move this store so we can reopen on August 5th.

There is a delay in breaking ground on the new store 4 on Page Road. The documents Food Lion signed were incorrect but we are hoping to still break ground on September 1st. Paul from DTW Architects, Ms. Warren and Mr. Sordel had a meeting with to go over the plans and details with Salisbury & Moore Construction Company on the new store #4 location.

Our store 11 location on Durham-Chapel Hill Boulevard parking lot flooded from all of the rain we received. Because of all of the rain, a sinkhole formed and a truck fell into the sinkhole. After the water receded, the truck was removed and the gas company came out and filled most of the hole. DOT is responsible for filling in the remainder of the hole and leveling out the land.

Most of our stores air conditioning units needed some TLC because of the extreme temperature this year and some of them are older units. By the end of this summer, we may be spending upwards of \$200,000 on repairs and replacements for our stores.

Store 10 on NC Highway 55 is still having issues with their roof leaking. We are working on getting this issue resolved.

Adjournment

Donald Lebkes motioned to adjourn the meeting and Ryan Urquhart seconded the motion, all Board member approved without objection, and the meeting was adjourned at 6:47 PM.

Approved by:  _____

Daniel Edwards, Board Chair