

**Minutes of the Meeting
May 17th, 2022**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 17th day of May, 2022.

Board Member Daniel Lebkes called the meeting to order at 5:30 p.m.

In attendance were Board Member Gale Adland, Board Member Donald Lebkes, Board Member Frachele Scott, Board Member Ryan Urquhart, General Manager Lou Sordel, Fiscal Services Director Phil Bair, Human Resources Generalist Tristin Coleman, Office Technology Assistant Ikzuri K. Garcia-Banda, and Board Attorney George Miller III.

Board Chair, Daniel Edwards, Pablo Koe-Krompecher with Clifton Property Investments, LLC, Paul Young with DTW Architects, and ALE Special Agent Sean Hamilton were virtually present 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

The consent item approved was the April 19th, 2022 Board Meeting Minutes. Board Member Adland moved to approve the meeting minutes as presented. Board Member Scott seconded the motion. The Board approved unanimously.

Public Comment

No members of the public were in attendance. No public comments were made.

Law Enforcement Report

There were no questions presented at the time. Prompted by Board Member Lebkes, Agent Hamilton briefed the Board of the breaking and entering that occurred on April 29th, 2022 at Store 4, located on T.W. Alexander. Three individuals have been charged in connection to the crime. All of the cases stolen out of the store were later recovered in Butner, NC. The individuals were identified by Butner public safety as they were attempting to break into another business in Butner. The three individuals now face a total of 69 charges, 27 of which are felonies, out Durham and Granville county.

Project Updates

Mr. Young was invited by General Manager Sordel to speak on several project updates:

Store Coolers

The delivery on the back of house coolers is scheduled for the coming Thursday and Friday, May 19th and May 20th, 2022. After this delivery, the only store without coolers will be the location on Highway 55, pending shelves going into the store.

Highway 55

The majority of its paving has been laid down, with the exception of a tie-in that connects the parking lot to NC 55. Landscaping on the property has also started. Mr. Young assures the Board that the power and the location's HVAC system is on and operational. The site is due to get inspected on the week of May 23rd, 2022, a step toward being approved for a water meter. Having discussed these updates in detail, Mr. Sordel and Mr. Young estimate that staff training will begin two to three weeks from the date of this meeting. The staff will be trained on lighting control, the HVAC system, and the store's generator.

Page Road

Mr. Young explained that this location is still waiting on approval for its utilities, adding that the six-month time period for that approval is at the end of June; he hopes by then to have a better understanding on the direction of this project.

Hillsborough Road

Regarding the repairs needed on Hillsborough Road, Mr. Young relayed that the third general contractor had dropped out, a growing problem in the construction industry due to lack of labor or lack of materials. Mr. Young is working on finding a third general contractor, and estimates that bids on the Hillsborough Road repairs will not start until the middle of next month.

Presentation by Clifton Property Investments, LLC

Mr. Sordel introduced Pablo Koe-Krompecher, president of Clifton Property Investments, LLC. Mr. Koe-Krompecher gave the Board a presentation about the benefits of working with his company, which has been working with Wake County ABC for the last eight months. Using a software that filters data analysis, Clifton Property Investments aims to help their clients make informed decisions about real estate. This process can be broken down into three phases:

Phase 1: Gathering an array of data, Clifton Property Investments uses this information to create "heat maps" of the city, which pinpoint the potential areas for growth based on a variety of data.

Phase 2: Identifying the clients' immediate needs and pinpointing opportunities for growth.

Phase 3: Using the data collected during Phase 1 and Phase 2 to work on acquiring properties that have the most potential, this is done with licensed realtors employed by Clifton Property Investments to give the clients optimal chances of making a good deal.

After Mr. Koe-Krompecher's presentation, the Board engaged in a discussion about this proposal, and settled on an array of questions to discuss with Mr. Koe-Krompecher in a future meeting.

Financial Report

April 2022 Financials

Fiscal Services Director Bair reported the summary of income statement results as included in the board meeting packet for May 2022. Durham County ABC sales of \$5,059,289 for March increased \$687,480 or 15.73% compared to the prior year. By business line, Retail sales increased \$321,063 or 8.79% and MXB sales increased \$366,417 or 50.96%. Budgeted total sales for April were \$4,166,684 so there was a positive budget variance of \$892,604 or 21.42%. April MXB sales for 2019 & 2018 were \$833,709 & \$699,452, respectively.

The April sales increase for Durham County ABC Board of 15.73% was ranked 1st among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville). The statewide increase was 6.38%.

Mr. Bair discussed profit distribution with the Board:

Profit before distributions for April were \$630,331 compared to the Operating Budget amount of \$343,910 giving a positive budget variance of \$286,421 or 83.28%.

Total April accrued Profit Distributions (based on Sales) were \$291,155 versus \$230,465 the prior year, an increase of \$60,690 or 26.33%.

The BUDGETED Profit Distributions were \$205,708 so the actual for April was \$85,447 or 41.54% more than budgeted. The year-to-date Net Income at April 30, 2022 was \$2,745,637 (Ten months). This represents \$1,397,157 higher year-to-date net income than what was expected in the Operating Budget. Last year the same time period the ten months ended April 30 we were over budget in YTD Net Income by \$1,539,677. Year-To Date Gross Sales are \$5,240,000 above Budget for the nine months ended April 30, 2022

General Manager's Report

General Manager Lou Sordel presented the Board with the General Manager's Report:

New Hires

Mr. Sordel introduced Ms. Deborah Warren as the Assistant General Manager, and Tristin Coleman as the Human Resources Generalist. Both the Board and Mr. Sordel welcomed them into the organization.

Durham County ABC Organization Chart Proposal

General Manager Sordel presented the Board with a proposal of Durham ABC's new organizational chart. *See Document 1 (attached) for more information.*

Employee of the Month/Year Program

Mr. Sordel gave the floor to Human Resources Generalist Tristin Coleman. Mrs. Coleman presented the Board with an updated Employee of the Month/Year program. Under this effort, employees will be recognized by a wooden plaque, one for said employee to keep and one for the employee's store or warehouse. The employee's name will also be added to a plaque that will be kept in the main office. This award will come with a monetary bonus for chosen employees, and nominations will be submitted to Ms. Coleman monthly by Store Managers and Assistant Store Managers. At the end of the fiscal year, an employee of the year will be selected from a list of winners of each month.

Board Member Scott suggested implementing a way to identify and recognize Durham ABC's Store Managers. Ms. Coleman appreciated the idea, and assured the Board she will incorporate this in the planning of the program. The Board showed great appreciation for this venture, and praised Ms. Coleman for this effort.

LinkedIn Project

Mr. Sordel gave the floor to Office Technology Assistant Ikzuri Garcia-Banda, who presented the Board with an introduction of Durham ABC's re-branded LinkedIn page, specifying the metrics of growth in the

last few months of her work. This initiative, said Ms. Garcia-Banda, is a productive first step in Durham ABC's introduction to the digital space, a must in today's technology-led society.

Durham County ABC Board Budget 2022-2023 Budget with Phil Bair

Mr. Sordel invited Fiscal Services Director to join him in presenting the proposed budget for FY2023. *See Document 2 (attached) for more information.*

Delivery Project Updates

Mixed Beverage customers now have the option to choose delivery when ordering on the Mixed Beverage website. Mr. Sordel commended the work of Fiscal Director Phil Bair and his financial team for acquiring two vans for Durham ABC delivery usage. One of the vehicles will be owned by Durham ABC, while the other is being rented. The first vehicle is set to arrive by the end of the week (May 20th, 2022). General Manager Sordel, along with Senior Store Manager Mike Mitchell and Warehouse Manager Malon Chase, are working on a "soft opening". This will involve delivering orders to some of Mixed Beverage's top accounts at no cost. This, explained Mr. Sordel, will work in both ways: our top customers get to test the delivery and Durham ABC will have a chance to resolve any issues before the official roll out on July 1st, 2022. As of the day of this Board Meeting, Mr. Sordel stated that the plan is to offer delivery three days a week – Tuesday, Wednesday, and Thursday – with delivery being made available only to purchases over \$3,000.00, and for a \$200.00 delivery fee.

Mixed Beverage Customers Project

Mr. Sordel plans to introduce an initiative for Durham ABC's Mixed Beverage customers, allowing them to walk into the store and pick something off the shelves. The General Manager shared his belief this will be an extra benefit to offer our customers, with an aim to make their shopping experience with us a little more convenient.

Aroma360

General Manager Sordel presented Aroma360 to the Board, a product that he became familiar with during his tenure in hospitality. Aroma360 can be installed to the HVAC in any store. It emits a subtle and pleasant scent that is intended to please customers and invite them to shop with ease.

Trending: Tequila

Mr. Sordel shared the most popular liquors for the month of May, pointing out that tequila led the way. He explained that due to tequila's trending nature, several Durham ABC stores will be resetting their shelves to feature tequila.

Closed Session

Board Member Adland moved for the Board to go into closed session. Board Member Urquhart seconded the motion. The Board approved unanimously. The Board went into closed session.

Adjournment

Board Member Adland motioned to adjourn the meeting. Board Member Scott seconded the motion and the Board approved without objection, and the meeting was adjourned at 9:10PM.

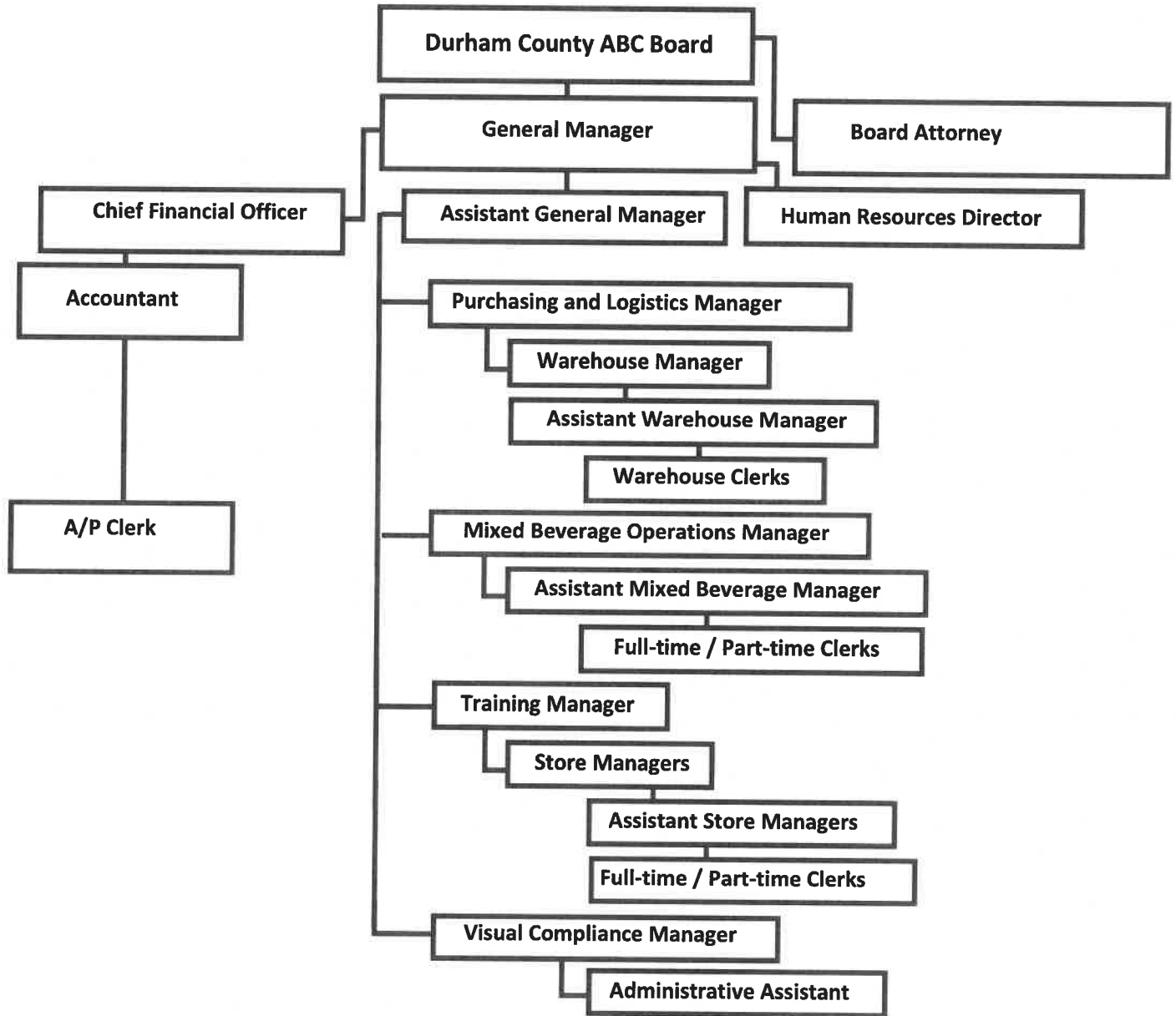
Approved By: _____



Daniel Edwards, Board Chair

Document 1

Durham County ABC Organizational Chart



Document 2

FY 2022 – 2023

DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL PROPOSED ANNUAL BUDGET

This proposed budget for FY 2022-2023 was submitted to the Durham County ABC Board on May 17, 2022 by the General Manager.

Section 1. Estimated Revenues. It is estimated that the revenues listed below will be available during the fiscal year beginning July 1, 2022 and ending June 30, 2023 to meet the operational and functional appropriations as set forth in Section 2.

Estimated Revenues:

Sales	\$ 60,000,000
Proceeds from sale of Real Estate (Hwy. 55 Store)	1,400,000
Proceeds from sale of vehicles	30,000
Other Income - Interest	500
Total	<u>\$ 61,430,500</u>

Section 2. Appropriations. The following expenses are hereby appropriated for fiscal year 2022- 2023 and are funded by the revenues set forth in the foregoing Section 1.

Appropriations:

	Totals
Taxes Based on Revenue	\$ 13,734,000
Cost of Sales	\$ 31,200,000
Operating Expenses:	Totals
Personnel Expenses	\$ 5,108,391
Other Operating Expenses	2,909,587
Total Operating Expenses	<u>\$ 8,017,978</u>
Capital Outlay:	
TW Alexander - New Store Construction	\$ 2,000,000
Mixed Beverage Delivery Vehicles	120,000
Warehouse Delivery Van	60,000
Warehouse Equipment	50,600
Technology Improvements & Replacements	<u>0</u>
Net Capital Outlay	\$ 2,230,600

Debt Service/Lease:	\$
Total Estimated Expense	\$ <u>55,182,578</u>
Distributions:	
Mandatory 3.5% and Bottle Tax (Plus 60% Added Above Minimum)	\$ 2,778,000
Law Enforcement	622,357
Alcohol Education & Rehab	380,000
Other County/Municipal	
Total Distributions	\$ <u>3,780,357</u>
Working Capital Required (Appropriated Fund Balance)	\$ 2,467,565
Total Appropriations	<u>61,430,500</u>