

**Minutes of the Meeting  
April 19<sup>th</sup>, 2022**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 19<sup>th</sup> day of April, 2022.

**Board Member, Donald Lebkes, called the meeting to order at 5:42 p.m.**

Board Member Donald Lebkes, Board Member Frachele Scott, Board Member Gale Adland, Board Member, General Manager Lou Sordel, Operations Director Misty Walters, Fiscal Services Director Phil Bair were in attendance. Board Chair Daniel Edwards, Board Attorney George Miller III, Paul Young with DTW Architects, Human Resources Generalist Wendy Thomas-Wilder, and ALE Special Agent Sean Hamilton were virtually present via Zoom.

**Conflict of Interest Review and Declaration**

Member Lebkes 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 March 15<sup>th</sup>, 2022 Board Meeting Minutes. Board Member Scott moved to approve the meeting minutes as presented. 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.

**Project Updates**

The Board invited Mr. Paul Young of DTW Architects to join the discussion:

**Coolers update**

All the electrical work is completed, and all front of house coolers have been delivered to the stores. Both Mr. Young and Member Lebkes stated that the stores they have visited have made fast use of the coolers; they were fully stocked with a different array of products. The coolers for the backrooms were delayed due to supply chain issues, but will be delivered in May. Also in May: the arrival of the coolers for the new location on Highway 55.

**Hillsborough Road Location**

Regarding the building's structural repair: the drawings are complete on this project. Mr. Young will work with three general contractors to get pricing quotes in a process will get started the week of April 24<sup>th</sup>, 2022.

### **Highway 55**

Contractors will begin paving the driveway on Monday, April 25<sup>th</sup>, 2022 or Tuesday, April 26<sup>th</sup>, 2022. The application and payment for the water meter and the irrigation meter have been submitted to the city. Power approval will happen on April 20<sup>th</sup>, 2022 with Duke Power on-site on Friday, April 22<sup>nd</sup>, 2022. The store will have power by the next Monday, April 25<sup>th</sup>, 2022. Mr. Young assured the Board the project is on track for the contractual opening date of June 21<sup>st</sup>, 2022.

### **Page Road Location**

There has been no written indication from the city or the county to stop moving forward with this project. Mr. Young assured the Board that the progress of Durham ABC's Page Road location will continue moving forward.

### **Financial Report**

#### **March 2022 Financials**

Fiscal Services Director Bair reported the summary of income statement results as included in the board meeting packet for March 2022. Durham County ABC sales of \$4,761,866 for March increased \$489,471 or 11.46% compared to the prior year. By business line, Retail sales increased \$25,408 or 0.69% and MXB sales increased \$464,063 or 79.49%. Budgeted total sales for March were \$4,166,685 so there was a positive budget variance of \$595,181 or 14.28%. March MXB sales for 2019 & 2018 were \$816,268 & \$756,852, respectively.

The March sales increase for Durham County ABC Board of 11.46% was ranked 4th among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 6.31%.

Mr. Bair discussed profit distribution with the Board:

Profit before distributions for March were \$568,507 compared to the Operating Budget amount of \$343,910 giving a positive budget variance of \$224,597 or 65.31%.

Total March accrued Profit Distributions (based on Sales) were \$228,366 versus \$210,207 the prior year, an increase of \$18,159 or 8.64%. The BUDGETED Profit Distributions were \$205,708 so the actual for March was \$22,658 or 11.01% more than budgeted.

The year-to-date Net Income at March 31, 2022 was \$2,407,429 (Nine months). This represents \$1,197,152 higher year-to-date net income than what was expected in the Operating Budget. Last year the same time period the nine months ended March 31 we were over budget in YTD Net Income by \$1,399,874. Year-To-Date Gross Sales are \$4,347,000 above Budget for the nine months ended March 31, 2022.

### **General Manager's Report**

Operations Director Misty Walters presented the Board with several topics of discussion:

### **Start of DCABC's Employee of the Month Program**

Ms. Walters acknowledged Daniel Massenburg as Durham ABC's Employee of the Month for March 2022, the first employee chosen for the new program. A prime example for every employee, Mr. Massenburg's years of experience as a retired captain of the Durham County Police Department offers his team an added element of safety and observance. He is readily willing to assist his store manager with anything he can, always happy to extend a helping hand. For this and more, Mr. Massenburg is recognized as a valued member of the Durham ABC team.

### **Coolers in Stores**

Along with Member Lebkes and Mr. Young, Operations Director Walters recognized the store teams on how quickly they were able to fill the coolers with a vast variety of products, merchandising to full potential and making the initial installations a success.

### **Highway 55 Updates**

Ms. Walters briefed the Board on her efforts with the planograms of Durham ABC's new location on Highway 55. This has been an ongoing project for Ms. Walters, who reported she had also recently finished a sales-by-volume analysis of Mixed Beverage 9, getting everything organized and ready for integration with Durham ABC's upcoming, second Mixed Beverage department, known as Mixed Beverage 7. Senior department managers have begun gathering a stocking team necessary for the new store, with an initial truck order already made under the supervision of the Warehouse manager.

### **Delivery Update**

Ms. Walters and Mr. Bair gave the Board a joint update on the status of the upcoming delivery service, set to roll-out by July 2022:

There are multiple companies offering delivery services in Durham, but they have little to no interest in signing contracts with Durham ABC. According to Ms. Walters, the ABC Advisory Committee urged the Boards to start preparing plans to offer in-house delivery, as this venture may be something that the Boards have to pursue on their own. Mr. Bair and the DCABC team in Mixed Beverage 9 have begun an initiative to ask customers, in writing, to express their interest in this service or not, a way to gauge which and how many of our consumers might seek out delivery via Durham ABC.

The Board, Attorney Miller, Mr. Bair, Ms. Walters, and Mr. Sordel discussed the potential options of the delivery system and how to offer this service to our Mixed Beverage customers.

### **Retails Sale Numbers**

Ms. Walters discussed the decline or plateau in Retail Sales:

To strengthen sales, Ms. Walters met with store managers and made them aware of several opportunities for improvement, encouraging them to gather their teams for brainstorming sessions on how to sell more product. This guidance included making sure the shelves are full in every store, flexing and bulking the holes with excess merchandise, as well as keeping the endcaps and holiday displays fresh at all times. Ms. Walters has also been working with new and

existing employees on their customer service, highlighting the importance of one-on-one interactions and the appearance of every location.

Age verification for customers has been an essential topic for Durham ABC. Ms. Walters has stressed how crucial this step is, reminding the staff that anyone that appears under 30 **must** have valid identification for our cashiers to check before purchasing alcohol. Ms. Walters has emphasized the significant consequences for the employees who fail to include this step.

Due to its critical nature, Ms. Walters sought the help of Office and Technology Assistant Ikzuri Garcia-Banda to create the “We Care Because We Care” initiative. After a brainstorming session with Ms. Walters, Ms. Garcia-Banda has created door signs that boldly display the “We Care Because We Care” message, along with t-shirts for store employees to wear on Fridays and Saturdays, with a t-shirt design that caters to the locals of Durham.

**“Old Hillside” Event**

Durham ABC’s location on Sherron Road got a delivery of Old Hillside Bourbon barrels. The company came out to the store to sell and sign bottles, and this effort generated a lot of attention for an ABC store that has been struggling to “get on the map”, as Ms. Walters suggested. The event was a success, with a line that stretched around the side of the store. More than 50 cases of Old Hillside Bourbon were sold; a total sale number of \$15,870 total of that product by the end of that day.

**Closing Statement**

To close the presentation, Ms. Walters welcomed General Manager Lou Sordel to Durham County ABC. Mr. Sordel conveyed his enthusiasm to join the team and get started. Attorney Miller then thanked Ms. Walters for her professionalism during her tenure, and praised her for having been a great benefit to this organization.

**Closed Session**

Board Member Lebkes motioned for the Board to go into closed session. Board Member Adland 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.

Approved By: Donald Lelm Board Member  
**Daniel Edwards, Board Chair**  
CHAIRMAN ON VIRTUAL