

Minutes of the Durham ABC Board's Board Meeting September 16th, 2025

The Durham County ABC Board met at the administrative office, located at 3620 Shannon Road, Suite 200, on the 16th day of September 2025.

Board Chair, Daniel Edwards called the meeting to order at 5:30 p.m.

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 any matter. All Board members verbalized that they have reviewed the agenda and do not have any conflicts.

In attendance were Board Chair Daniel Edwards, Board Members Donald Lebkes, Frachele Scott, Ryan Urquhart and Board Attorney, George Miller III. General Manager Lou Sordel, Assistant General Manager Deborah Warren, Operations Manager Michael Mitchell, Fiscal Service Director Rachel Wadsworth, Digital Strategist Ikzuri Garcia-Banda were also in attendance. Paul Young from DTW Architects and Planners was also in attendance. Special Agent Gross from ABC Law Enforcement, Joshua Anderson, and Rick Boyd from Dean Dorton joined us via Zoom.

Consent Item

Board member, Donald Lebkes made a motion to approve August 19th, 2025, Board minutes and Frachele Scott seconded the motion. All of the Board members approved the August 19th Board meeting minutes. There was no public comment.

Public Comment

Chairman Daniel Edwards addressed the public and asked if anyone was present and if they had any comments. From the public, Scott Brummell was in attendance via zoom, and he had no comments or questions.

Special Agent Gross

Agent Gross talked about how the ALE agents are stepping up patrols in and around our stores to make them a safer place for our customers and employees.

Special Agent Delello presented the Summary of Activities for the month of June 2025 to the Board.

North Carolina Alcohol Law Enforcement Summary of Activities August 2025

Checks at ABC Stores: 16
ABC Outlet Inspections MBX: 11
ABC Outlet Inspections Other: 5
Alcohol Education: 0
ABC Violations submitted to ABCC: 6
Total Arrests: 25
Total Charges at Permitted Outlets: 49
Total Charges at Non- Permitted Outlets: 9
Total Misdemeanor Charges: 52
Total Felony Charges: 6

On August 15, 2025, District IV Special Agents conducted surveillance of Durham ABC store #3 for suspicious activity particularly drug related offenses and larcenies. During the course of the surveillance Special Agents conducted a traffic stop on a vehicle leaving the parking lot. During the course of the traffic stop

investigation the driver and occupant was found to be in possession of cocaine and was arrested.

On August 19, 2025, District IV Special Agents conducted an ABC inspection at 1541 Glenn School Road, Durham. During the ABC inspection, Special Agents observed the business was not filing their alcoholic beverages invoices separately, not defacing tax stamps, and possessing spirituous liquor bottles without the tax stamp. As a result of the ABC inspection, an ABC violation report was submitted to the ABC Commission.

On August 22, 2025, District IV Special Agents conducted an ABC inspection at Ruth Chris Steak House, located at 7007 Fayetteville Street, Durham. During the ABC inspection the business was found to be in possession of spirituous liquor bottles not bearing the tax stamps. An ABC violation report was subsequently submitted to the ABC Commission.

On August 22, 2025, District IV Special Agents conducted an ABC inspection at Green Vapor located at 1026 Holloway Street, Durham NC. During the inspection the clerks were found to be in possession of a felonious amount of control substances and one of them was found to be in possession of a firearm by convicted felon. They were subsequently arrested for the offenses and an ABC violation report submitted to the ABC Commission.

On August 23, 2025, District IV Special Agents conducted an ABC inspection at Krill, located 506 Ramseur Street, Durham. During the ABC inspection the business was found to be in possession of spirituous liquor bottles not bearing the tax stamps. An ABC violation report was subsequently submitted to the ABC Commission.

On August 27, 2025, District IV Special Agents conducted ABC inspections at Aloft located at 345 Blackwell Street, Durham, Rookies Sports Bar located at 4911 Central Park Dr, Durham, and First Watch, located at 5419 Page Road, Suite 120, Durham. During the course of the inspections all of the businesses were found to be in possession of spirituous liquor bottles not bearing the tax stamp, and ABC violation reports were subsequently submitted to the ABC Commission.

Joshua Anderson and Rick Boyd, Dean Dorton

Mr. Anderson from Dean Dorton compiled and reviewed their independent audit report with Board members, which included financial statements, management discussion analysis, profits, and distributions levels. Mr. Anderson stated this is an unmodified opinion, which is the highest level of assurance that we can provide on your financial statements and status. He stated that our total assets increased this year by \$2,697,000.00, which is an increase of 8.2% and our total liabilities increased by \$2,267,000 or 23.8%. The biggest reason for this increase is due to the purchase of land for a new warehouse. Accounts payable also increased by \$326,000. Overall, our total net position increased by \$225,878, which is a 1 % increase from the prior year. Our total gross sales decreased from the prior year by \$396,923.00. Mr. Anderson also stated that this decrease is very consistent with what we have seen across other ABC boards throughout the state. The total gross profit on sales decreased from the prior year by \$793,004.00, which is a 5% decrease. Total operating expenses increased by 1,285,594.00, which is a 13.5% increase. He also reviewed the major reasons why there is an increase in operating expenses. He mentioned the purchase of land for the new warehouse, new store builds, operating expenses, interest expenses and add store security. The total distribution related to law enforcement and alcohol education rehabilitation was \$1,186,000.00, which was a decrease of 7.1% compared to last year. Mr. Anderson mentioned that \$102,000 of the 1,186,000 total was related to an alcohol true up for the alcohol education grants from 2023. The total profit distributions between the city and county were \$3,040,000. He also stated that we are required to distribute 5% of our yearly sales to local law enforcement and 7% is distributed to alcohol education. Mr. Anderson also reviewed our working capital, which sits at \$10,033,007.45.

Paul Young, DTW Architects and Planners

Mr. Young updated the Board on the construction progress at the new store #4 location on Page Road. He stated that the wet weather and the additional conduit that needed to be installed, set us back on paving the parking lot. Mr. Young also presented pictures of the progress that has been made with the new store #4 location. There was also a shopping center light that was relocated due to not having enough room after the curbing was installed. The generator has arrived and is being installed this week. The dock door is being installed, and we are awaiting the bumpers to prevent the truck from hitting the building. Mr. Young show the Board pictures of the inside of the store. Painting will start next week. Mr. Young also talked about the landscaping plans, and where the signage will be placed outside of the building.

Mr. Young also mentioned that we are moving forward on the design for the new store #14 on Hope Valley Road. We need to make a few changes and then we will submit the plans to the Durham Planning Department. We are trying to get a trash bin and a recycling bin in the plans for the new store #14. This store would benefit from having both.

Deborah Warren, Assistant General Manager

Mrs. Warren updated the Board on a business trip we took to Kentucky. We visited seven Bourbon distilleries where we learned about the difference types of bourbons, flavor profiles, and history behind the distillery. We visited Buffalo Trace, Angles Envy, Michter's, Heaven Hill, Bardstown, Four Roses and Woodford Reserve. We also did barrel picks with Woodford, Larceny and Elijah Craig distilleries to sell in our stores. Ms. Warren also showed pictures and video of their trip to the Board.

We held four Bourbon drops and twenty-six in-store tastings during the month of September. All were a great success.

Fiscal Services Director, Rachel Wadsworth

Mrs. Wadsworth discussed the August retail sales, mixed beverage sales, sales by location, overall sales, bottles comparison report and the weekly banking report with Board members.

Our budgeted sales for August 2025 were \$5,381,482. Durham County ABC sales were actually \$5,019,041.84 during August, which was a decrease of \$231,186 or -4.40% compared to the prior year. MXB sales decreased by \$43,544 or -4.0%. Our wines sales were \$2,421,65. This is an increase of \$289.00 compared to last year. We ranked fifth among the nine comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad, and Asheville). The statewide total increase in sales was 6.60 %. Although we were down in sales compared to last year, we also had two new store openings last year which could have played a role into more sales last August.

Mrs. Wadsworth also shared business account information, profit distribution levels, Grantee distribution, cash management fund information, and our financials after our monthly bills were paid.

MXB Operations Manager, Michael Mitchell

Mr. Mitchell stated we received one new mixed beverage account during August. Mixed beverage sales were \$1,044,900.00. Mr. Mitchell also reviewed our YTD sales budget versus actual sales. He also compared the MTD sales for August 2024 and August 2025. He stated, retail liquor sales were \$3,974,115.00, which is a decrease of \$187,642.00. There was also a decrease of \$43,544.00 in Mixed Beverage compared to last August. This decrease was due to us losing a full Saturday of sales. August 31st fell on a Saturday last year and this year it fell on a Sunday, so we lost a big day of sales. Mr. Sordel also mentioned that we opened Store 14 in August of 2024, and we released many allocated bourbons during the grand opening. The total sales during August were \$5,019,041.84. Wine sales added \$2,421.65 in sales to the month of August. Mr. Mitchell also reviewed the FY 2026 yearly budgeted sales and stated we are down by \$409,917.76 so far.

The Board requested that we start reviewing our sales numbers by the quarter going forward during the Board meeting.

We had three stores open on the Labor Day holiday (9/1/2025). Mr. Mitchell shared the sales figures for the three stores that were open on this holiday. Stores 4, 10 and 11 were open from 9am-5pm. On September 1st, 2025, store #4 generated \$12,473.35, store #10 generated \$16,829.60 and store #11 generated \$29,825.50 in sales. Combined sales in these three stores totaled \$59,128.45. Mr. Mitchell noted that we are up by \$282,614.21 in sales so far in the month of September. Board Members and the Admin team discussed the Monday sales on September 1st, 2025 (Labor Day) compared to other Mondays and if it was worth being open during this holiday. There was also discussion about opening during future holidays. By law, we will be closed on Thanksgiving and Christmas Day and we will discuss opening on New Years Day with shortened hours during a future meeting.

There was discussion about an increase in national mixed beverage accounts being fined for not having the tax stamps on their bottles. What is causing this increase? Mr. Mitchell stated some accounts may not be ordering enough to supply their customers and large events, so they go to any store and make their purchase to get by.

Digital Strategist, Ikzuri Garcia-Banda

Ms. Garcia-Banda reviewed the girl's trip to Kentucky for the Kentucky Bourbon Barrel selections. This was a great trip, and we all learned a lot about Kentucky Bourbons. We also selected three Bourbon barrel picks just for Durham County ABC customers. Ms. Garcia-Banda also took many videos during the trip, and she will put them into small video blocks so we can share them and train other employees. We will also play these videos on our in-store TVs as a learning tool for customers.

General Manager, Lou Sordel

Mr. Sordel updated the Board with our current inventory levels in stores and in the warehouse. There is an increase in inventory due to purchasing, holiday gift packs, top selling tequilas and preparing for the busy holiday season. We are also buying more top-selling products that are currently on sale to make more gross profit.

Mr. Sordel updated the Board with many store updates.

Mr. Sordel talked about an incident that happened at store #14. A customer hit the back-flow valve in the parking lot. ALE is looking into the situation and reviewing the video footage of this incident.

We are also continuing to have plumbing issues at store #8 on Roxboro Road. The problem is with the piping that is in the unit beside our unit. We are communicating with the property management company to resolve this issue.

We also had an incident at store #1 on Holloway Street, where a third-party fiber company installed fiber lines through our septic line. We communicated the issue with the fiber company, and they fixed the pipe that was damaged.

We have installed the ATM at store #10 and everything is working. We also have added store #10 to the "ABC to Go" program. We will also be switching from e-licensee to "ABC to Go" to process our MXB orders. This will bring our MXB ordering process to a higher level.

At store #3 on Hillsborough Road, we will be updating their counter wrap. It will give this store a fresh look.

We have put in our 90-day notice with the management company that we lease store #4 from. The lease will end on December 8th, 2025. We are also reviewing several types of shelving units with Designs Plus, for the new store #4. We are going to increase the number of shelves on the gondolas in this new location. which will give us more linear footage for more product placement.

Our contract with Durham County General Services is up for renewal and they requested a 3% increase. We will continue using their services through next year.

Mr. Sordel requested approval of the hotel room rate for the Kentucky trip because it exceeded the state approved room rate. The average room rate for this trip was \$187.58 per night. Board Member, Donald Lebkes made a motion to approve the room rate of \$187.58 per night and Board Member, Ryan Urquhart seconded the motion, and it was approved.

Adjournment

Board Member, Donald Lebkes made a motion to adjourn the Board meeting, and Frachele Scott seconded the motion to adjourn. All Board members approved without objection, and the meeting adjourned at 7:31 PM. The Board members and Mr. Sordel went into closed session after the meeting was adjourned.

Approved by: _____

Daniel Edwards, Board Chair

