

**Minutes of the Durham ABC Board's Board Meeting
March 11, 2025**

The Durham County ABC Board met at the administrative office, located at 3620 Shannon Road, Suite 200, on the 11th day of March 2025.

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

In attendance was the Board Chair Daniel Edwards, Board Members Donald Lebkes, Gale Adland, 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, Human Resource Generalist Tristin Coleman, Visual Compliance Manager Ikzuri Garcia-Banda and Paul Young from DTW Architects and Planners were also in attendance. Board Member, Frachele Scott and Special Agent Brianna Williams from ABC Law Enforcement 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 items approved were February 18th, 2025, Board Meeting Minutes and the minutes from March 1st, 2025, Annual Board meeting. Board Member, Gale Adland moved to approve February 18th, 2025, Board Meeting minutes and Donald Lebkes seconded the motion. Board Member, Donald Lebkes moved to approve the March 1st Annual Board Meeting minutes and Gale Adland seconded the motion. All Board members approved of the February minutes and the March Annual Board meeting minutes.

Public Comment

Chairman, Daniel Edwards addressed the public and asked if anyone was present and if they had any comments. No one from the public was in attendance in person or via zoom.

ALE Special Agent Tegan Gross presented the February ALE Report

North Carolina Alcohol Law Enforcement Summary of Activities February 2025

Checks at ABC Stores: 18

ABC Outlet Inspections MBX: 57

ABC Outlet Inspections Other: 5

Alcohol Education: 0

ABC Violations submitted to ABCC: 5

Total Arrests: 42

Total Charges at Permitted Outlets: 87

Total Charges at Non- Permitted Outlets: 15

Total Misdemeanor Charges: 87

Total Felony Charges: 15

On Wednesday, February 5, 2025, District IV Special Agents conducted ABC outlet surveillance at Joyland BP, located at 2406 Holloway Street, Durham. During the surveillance Special Agents observed two individuals engaged in selling crack cocaine. The investigation resulted in both individuals being arrested for possession of crack cocaine and selling crack cocaine offenses.

On Saturday, February 8, 2025, District IV Special Agents conducted an ABC inspection at Alley 26, located at 320 East Chapel Hill Street, Durham NC. During the inspection Special Agents located multiple bottles not bearing the tax stamp and alcoholic beverages not purchased from the ABC board. The manager of the business was subsequently charged with possession of non-tax paid alcohol and bottles not bearing the tax stamp. An ABC violation report was subsequently submitted to the ABC Commission for the incident.

On Monday, February 11, 2025, District IV Special Agents investigated a complaint of drugs being sold at Outback, located at 3500 Moriah Road, Durham NC. During the investigation an undercover Special Agent purchased narcotics from the employees of the business. As a result, the employee and their supplier were arrested, and a violation report submitted to the ABC Commission.

On Tuesday, February 13, 2025, District IV Special Agents conducted an ABC inspection at Esmeraldas Café, located at 1515 N Pointe Dr, Suite 108, Durham NC. During the inspection Special Agents located spirituous liquor bottles which had been unlawfully transferred from another business. An ABC violation report was subsequently submitted to the ABC Commission for the incident.

On Tuesday, February 18, 2025, District IV Special Agents conducted an ABC inspection at La Mala, located at 110 N Cocoran St, Suite 1, Durham NC. During the inspection Special Agents found the business not to be maintaining its alcoholic invoices, purchasing alcohol from local grocery stores, and to be selling fortified wine without the applicable ABC permits. The manager of the business was subsequently charged with selling without ABC permits, and an ABC violation report submitted to ABC Commission.

On Tuesday, February 18, 2025, District IV Special Agents conducted an ABC inspection at Convivio, located at 104 City Hall Plaza, Suite 100, Durham NC. During the inspection Special Agents located multiple spirituous liquor bottles from King Fisher, located at 321 E Chapel Hill Road, Durham NC. Neither business during the investigation could show the bottles were improperly ordered or lawfully transferred. As a result, a violation report was submitted for both businesses to the ABC Commission.

On Wednesday, February 26, 2025, District IV Special Agents executed a search warrant at Carolina Hemp Hut, located 4600 Durham Chapel Hill Road, Durham. During this search warrant Special Agents located approximately 40 pounds of marijuana being packaged for sale as CBD. The owner of the business was arrested and charged with Trafficking Marijuana.

Paul Young, DTW Architects and Planners

Mr. Young talked about the progress on the construction of store 4. He also showed the Board pictures of this progress. The masonry portion of the building will be finished by the end of this week and the steel will arrive soon. The steel construction is scheduled to go up on March 19th. The builder is still on target to finish this store by November. Mr. Young also noted that the power transformers have arrived and are in place to be installed by Duke Energy. Mr. Young invited the Board members to visit the new location for store 4. Please contact Lou Sordel and he will schedule a tour of the site. Mr. Young also noted that the generator for store 4 is on its way and will arrive in time for the store opening date. There was also talk about adding electric car charging stations to this new location. Mr. Young stated electric car charging stations could be added and if we do add them the stations would need their own meter and transformer. Mr. Sordel noted that the average charging time is 30 minutes, which could increase the shopping time in the store. He also noted with in certain areas other shopping centers with charging stations are showing to be more successful than others that don't have it. We've talked about this in the past and would like to implement charging stations in this new construction.

Mr. Young noted that the owners of the Woodcroft Shopping center are reviewing the elevations and 3-D model of our new store 14 location. We hope to hear back from them soon.

Assistant General Manager, Deborah Warren

Ms. Warren talked about the theme for the month of March, which is “Moving forward together”, and shining a spotlight on Women’s history month. She recognized and celebrated some of the famous women we all know and what achievements they made.

Ms. Warren talked about the employee meetings we had on February 26th and 27th for our full-time staff and managers. These meetings have proven to open the lines of communication with stores and management, increased our employees product knowledge and update them on individual store sales and what can be done to increase sales.

Ms. Warren discussed and showed some highlights from our Annual Board meeting that was held at the Durham Hotel on March 1st, 2025. We had CEO, Jerome Levisy from the Boys & Girls Club of Durham and Orange Counties speak to the Board about their program and to thank them for their support from the Grantee program.

Ms. Warren talked about the new wellness program Tristin Coleman started and commented on how well it is being perceived, and it is really working for our employees. Lou Sordel mentioned that the new employee shoe program is not costing us additional money because it is a program Mrs. Coleman negotiated with our insurance provider.

Ms. Warren talked about the bourbon drops and in store tasing we did during the month of February. All drops and tastings went well, and we already have 48 tastings scheduled for the month of March.

Fiscal service Director, Rachel Wadsworth

Mrs. Wadsworth discussed the February retail and mixed beverage sales. Durham County ABC sales were \$4,537,000.00 for February decreased by \$315,218 or - 6.5% compared to the prior year. By business line, Retail sales decreased by \$241,796 or -6.37% and MXB sales decreased by \$73,422 or -6.94%. Budgeted total sales for February were \$5,025,245 so there was a negative budget variance of \$488,245 or -9.72%. February MXB sales for 2024, 2023, 2022, 2021 & 2020 were \$1,057,959, \$1,097,912, \$819,953, \$349,209 & \$732,809, respectively. Mrs. Wadsworth stated that the decrease in sales is due to snow days, delayed openings, and 1 store closure (14).

Mrs. Wadsworth also reviewed the State ABC Boards Monthly Comparison Sales Summary report. Durham County ABC ranked 5th for the month of February. She also reviewed our bank analysis report with the Board.

Mrs. Wadsworth proposed a statutory budget amendment for 2024/2025. We originally expected to make \$64,500,000.00 in sales and I would like to amend it to \$62,800,000.00. She also discussed some of the details of why this budget should be amended. Board members reviewed the Budget amendment and approved it. She also talked about our new land purchase, where we will eventually build a new warehouse in Durham County.

Mr. Sordel mentioned that he had a brief conversation with Maurice Jones at the Durham County Clerk's office and said due to our sales being flat our contribution to Durham County will also stay flat. Mr. Sordel will also be meeting with Maurice to go over next year's budget sometime in April. After the Board reviewed the profit distribution numbers to the county and city there was an error found in the contribution. The distribution numbers for the City and County were transposed on the document presented. Mrs. Wadsworth will make the corrections before they are submitted. Mrs. Adland made a motion to accept the amended budget with corrections made on the city and county's distribution numbers and Donald

Lebkes seconded the motion. All other Board members accepted the amended budget with the corrections stated.

Mrs. Wadsworth also discussed next year's statutory budget and what we gave to the city and county in profit distributions. It was also discussed what percentage was given to the city and county in profit distributions from 2013 to present. During these previous years we have contributed anywhere from 25% to 60% more than the required contribution. Due to several reasons, we may look at changing the additional contributions to the city and county in the next budget.

Mr. Sordel stated we will send the Board a proposed budget for next year and answer any questions the Board has and present it at the April Board meeting for approval. The Board did outline what they want to change in the proposed budget 2025/2026. It was stated that we should not be taking money out of the savings account to balance the budget, instead we should lower costs in other areas including our additional profit contributions to the city and county. The Board asked Mrs. Wadsworth to figure out what the profit distributions would look like at 40% over the mandatory contributions to the County. It was also stated that we will continue distributing the required statutory amounts to alcohol education and rehab for the next budget.

MXB Operations Manager, Mike Mitchell

Mr. Mitchell stated we received two new mixed beverage accounts during February. Mr. Mitchell reviewed our budget vs. actual sales for February 2025 verses February 2024 and he stated we had a decrease of \$315,218.00. The biggest reason why we didn't meet the budget is due to the snowstorms we had in February. Our wines sales were \$2,129.75. Mr. Mitchell stated that we had a decrease in our YTD sales of \$209,864.00 compared to last year. Mr. Mitchell also reviewed the sales for the first two weeks of March compared to last March during the same time period. He feels we will see an increase in sales because of the current climate with tariff tax increases.

Human Resource Generalist, Tristin Coleman

Mrs. Coleman updated the Board with the success of our Wellness program for our employees. Our staff is every excited about this program and I'm happy to say we had 100% participation with our full-timers, and we were able to extend it to 20 of our part timer staff that have been with us for years. There are guidelines in place for the approval of part-time employees receiving this benefit. As of Friday, we have \$1,904.00 left to spend on the Wellness account. Other like-minded businesses may also be following our wellness plan by giving their employees this meaningful benefit. Board member Ryan Urquhart quoted Maya Angelou by saying, "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."

Visual Compliance Manager, Ikzuri Garcia-Banda

Ms. Garcia-Banda reviewed our plans for a Grantee networking event planned for March 27th at the Durham Hotel. This event will allow our Grantees to connect with other Grantees, DCABC Board members, City and County leaders in efforts to build great relationships within Durham County.

Ms. Garcia-Banda stated that the FY 2025-2026 grant cycle launches on April 1st, 2025. We also currently have ads out to promote this great program in the Observer, Herald Sun and Indie Week. We have also posted it on Instagram.

Ms. Garcia-Banda reviewed some of the up-and-coming events planned. We have 3 more grantee site visits in March. On March 18th we will visit Jubilee Home, on March 20th we will visit Purpose Learning Lab and on March 26th we will visit El Futuro on March 26th. March 16-18th we will all be at the GM conference in Asheville and on March 27th we are holding the first ever Grantee networking event at the Durham Hotel.

Lou Sordel, General Manager

Mr. Sordel updated the Board on inventory levels throughout our stores and warehouse. Mr. Sordel stated that we are managing the inventory levels in our stores and our warehouse with the pending tariff tax. We feel the tequila category is going to be impacted the most and we want to prepare for that. That is why you see 2 million dollars in our cost of goods.

We will be attending the GM Conference in Asheville this year. I would like to thank Ikzuri and Tristin for their help with the planning process. Mr. Sordel stated that he feels many GM's will benefit from this conference. Ikzuri also created a great agenda app that shows who is on the agenda, what they are talking about and a short bio about the person. GM's and other ABC Boards can also type in questions that they would like to talk about during this meeting. One of the subjects that recently occurred is, 42 ABC Boards will be losing their healthcare as of July 1st. The county municipalities are dropping the ABC Boards from their health plan as of July 1, 2025. Tristin will present a how to guide for finding insurance plans for these Boards. Tristin has put together a power point presentation on what to do, what to say and not say when trying to find health insurance for their board. She knows all of the hurdles because we went through the same thing a few years back. Our partners at Gallagher will be there to support Mrs. Coleman. Mr. Paul Young from DTW Architects will also be speaking at the conference. Mr. Sordel will update the Board on the Asheville conference when they return.

Mr. Sordel is on the planning committee for the NCABC conferences, and the next one will be in Greensboro. We are finalizing the plans for this conference, and I am excited to let you know we will have the world-famous master distiller from Uncle Nearest coming to speak at this conference.

The planning committee is also planning the next conference at the Cherokee resort. Our attorney, John Carr, negotiated a hurdle for us with the Cherokee Group. They wanted us to buy all of the liquor from them, instead we now can bring our own liquor.

Mr. Sordel stated that the construction of store 4 is moving along well and store 14 is next in line. The estimated opening time for store 4 is January of 2026. Going forward we will pause for a year or so in between construction projects. This will help us out financially and allow us to regroup.

Adjournment

Chairman Edwards motioned to end the meeting and go into closed session. Donald Lebkes moved to adjourn the meeting and Gale Adland seconded the motion. All Board members approved without objection, and the meeting was adjourned at 7:04 PM.

Approved by: _____

Daniel Edwards, Board Chair