

**Durham County ABC Annual Board Meeting  
Saturday, March 1st, 2025**

The Durham County ABC Board met at the Durham Hotel for our Annual Board Retreat Meeting, on Saturday the 1st day of March 2025.

Board Chair, Daniel Edwards called the meeting to order at 8:43 a.m.

In attendance were Board Chair Daniel Edwards, Board Members, Gale Adland Donald Lebkes, Ryan Urquhart, Frachele Scott, General Manager, Lou Sordel, Assistant General Manager Deborah Warren, Human Resources Generalist Tristin Coleman, Fiscal Service Director Rachel Wadsworth, Operations Manager Michael Mitchell, Purchasing Logistics Manager Malon Chase, Visual Compliance Manager Ikzuri K. Garcia-Banda, Board Attorney George Miller III and Admin/Accounting Assistant Lisa Gosselin.

Also present were Garry Cutright and Kevin Davis from Calculus Commercial and Paul Young from DTW Architects.

General Manger Lou Sordel introduced CEO, Jerome Levisy from the Boy & Girls Club of Durham and Orange Counties. Mr. Levisy shared information about the Boys & Girls Club and what they have done for our youth for the past 86 years. They have been teaching and molding our local youth in self-esteem skills, leadership skills, alternatives to crime, and character development. We offer these comprehensive youth programs to kindergarteners through high schoolers for the youth in Durham and Orange Counties. They also offer after-school care and summer camps for school-aged kids. Mr. Levisy also discussed the financial and operational status of the Boys & Girls Club. He also talked about how proud they are to say that their organization has had zero negative law enforcement contacts for nine consecutive years. He also talked about the club's history, demographics and other programs they offer for children in kindergarten through high school.

### **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.

### **Paul Young, DTW Architects**

Mr. Young discussed our ongoing construction plans for store 4 on Page Road. The steel for Store 4 should start going up in 3 weeks, so we are closely monitoring the tariff impact on steel prices. We are also coordinating other construction details with subcontractors on the possible tariff impact for future construction projects.

Mr. Young also talked about what the process will look like for the rebuild of store 14 on Hope Valley Road. Some of the details mentioned were that we should start taking bids in December, starting the site plan in March, and submitting our plans to the planning board in July. We hope to start construction on this store in May of 2026.

Our next big project will be the design, planning, and building of our new 50,000 square foot warehouse, which will also house our administration team, ALE division, and a mixed beverage pick up location. We also plan to demolish and rebuild stores # 3 and 11 in the future. Mr. Young also mentioned that we are monitoring the steel and wood prices due to the impending tariff tax and will continue to update Mr. Sordel and the Board when there are major changes. He also said North Carolina building codes are changing and they are expected to be released in July. These changes could increase our construction costs, so we need to closely monitor them.

### **Human Resources Generalist, Tristin Coleman**

Mrs. Coleman discussed the demographics and pay scale of our workforce and highlighted the importance of promotion within our company. She showed the Board a pay census of our Board and other ABC Boards surrounding Durham

County. We are offering competitive pay and great benefits compared to the surrounding ABC boards. Our benefit package is great and has helped with our employee retention rate.

Mrs. Coleman also talked about our hiring process, which includes background checks, drug and alcohol testing and language assessments. Mrs. Coleman stated we prioritize applicants who are willing to work and have the necessary skills for the position, even if they need to improve their English. We work to improve language skills among employees and provide them with any support needed. Mrs. Coleman emphasized the importance of open communication with all of our employees, which is key. Chairman Edwards praised Mrs. Coleman with her leadership during the interview process and her ability to defend any company challenges.

Mr. Sordel also mentioned the importance of offering our employees a good work-life balance. We have a business to run but we work with them as much as possible on their work-life balance. We also have created honest communication and transparency with our team members and make them feel valued. We are focusing on employee development and career growth within our business. Mrs. Coleman also talked about how we train our staff and offer them the skills and knowledge to set them up for success.

#### **Fiscal Services Director, Rachel Wadsworth**

Mrs. Wadsworth presented highlights of our past year's budget and what to expect for next year. Mrs. Wadsworth stated the current budget projection is 64 million dollars in gross sales, but she believes we will end up around 62.8 million. Therefore, she is going to make a budget amendment recommendation to the Board soon. Our projected net sales are \$48,142,058.00, after taxes.

Mrs. Wadsworth talked about some recommendations to help continue growth within our business. She mentioned the great job that Malon Chase is doing with buying the right product at the right time to help manage our inventory cost and product selection. Our cost of goods sold remains at 51% of sales, with the effective purchasing strategies we are following. She also mentioned we are preparing for any potential tariff tax that could affect our business greatly.

Mrs. Wadsworth reviewed our projected operating and personnel expenses for the year ending 24/25 in detail and she also gave the Board a first look at the 25/26 budget. There was discussion about operating expenses like wages, retirement funds (401K), healthcare, and all operating expenses. Last year we had an increase in wages and when this happened, we also saw an increase in employees changing their 401K contributions and adding family members to their healthcare plan. She also talked about the increase in maintaining our stores inside and outside. There was some discussion about yard maintenance from the Chairman and Mrs. Wadsworth explained that it is many different things like using General Services for outside grounds upkeep and keeping our retention ponds clean. As discussed, Mrs. Wadsworth will change Yard Maintenance to Outside Facility Maintenance for the budget paperwork. Mr. Sordel spoke about reviewing the contract with General Services for next year.

Board member Lebkes asked Mrs. Wadsworth how long we have been with our current auditors. She stated we have been using the same auditors for almost seven years. Mr. Lebkes asked us to see what the recommended number of years are that we can use the same auditor. Mr. Sordel will check with other ABC Boards on their auditing procedures. It was mentioned that this is a very specific type of retail business, and it may be in our best business interest to remain with the same auditors.

Mrs. Wadsworth shared her projected budget for FY 25/26, and she will fine tune it after the discussions during this meeting. She projected that there may be a 6 % increase in wages and a 2% increase in benefits. We are also planning for price increases due to the possible tariff tax increases on items coming from Mexico, Canada and China. We will be using a proactive approach to purchasing inventory for our stores.

Mrs. Wadsworth analyzed the profit distribution in detail and the Board members will finalize these budget lines at the future regular board meeting.

The team talked about our future plans to grow our business. We are planning to build and renovate additional stores and build a new warehouse to service Durham County.

### **Purchasing Logistics Manager, Malon Chase**

Mr. Chase shared information on the inventory comparison report that showed what our cost was compared to last year during the same time period. He noted that his current buying strategies are saving us money. He calculated that we saved around \$41,600.00. He also estimated an additional \$141,000.00 in inventory cost if the tariff taxes are imposed. We are making these purchases due to the possible supply chain challenges we may face with some of our very popular products. He also mentioned that our current inventory costs have increased compared to last year and this is due to the new store opening on Glenn School Rd in Durham.

Mr. Chase talked about the importance and difficulties of managing stock levels, the impact with tariff taxes pending and managing the ordering process. We will be bringing in additional tequila inventory due to the potential increase tariffs on Mexico. Mr. Chase reviewed the sales figures and current inventory levels and suggested we should make a purchase on top selling tequilas, which would save upwards of \$37,601.00.

Mr. Chase also talked about our allocated Bourbon program and how we have sent out over 5,000 bottles allocated bourbon to our stores this past year. He also mentioned that most of the bourbon lottery winners have picked up the bourbon's they selected. There are only 15 bottles left to be picked up as of this morning.

Mr. Chase also mentioned we are working hard to sell through a large list of delisted items the NCABC gave us. Mr. Sordel mentioned the NCABC is taking a more aggressive approach to listing new items, so we don't have this long list of delisted items, and they have more space in their warehouse. Many of these items will be listed by "special order only" and inventory will not be carried in our stores or warehouse.

Mr. Chase talked about helping out other boards with their inventory issues by letting them purchase stock from our warehouse. We are helping the smaller boards that have run out of products and allowing them to purchase items that we currently have in our warehouse. We sell it to smaller boards for the same as

we purchased it for and we also charge them for the bailment and surcharges LB&B charges us, so we're basically redistributing product. We have redistributed approximately \$64,000 helping other boards with inventory issues this year so far.

**Garry Cutwright and Kevin Davis of Calculus Commercial**

Mr. Davis started off with a general retail development market update saying that it is a very tight retail market, and it is very hard to get into well-located retail spots. We are closely monitoring potential opportunities close the South Point mall. The other issue is rents continue to rise in price, and we're seeing over \$300 a square foot in upfit costs, which is a 100% increase from 2 years ago. The rise in prices is partially due to limited land space and the price of construction.

Garry Cutwright updated the Board on the ideas we have for new store locations. We are looking into possibly purchasing land for a store on Glenn School Road instead of leasing this location after our lease has expired.

We also worked with your team on finding a temporary location for store 14. We found Sam's bottle shop off highway 54. That lease will expire in December of 2026. We also recently worked with you on the purchased 4 acres of land and a building in Durham where you plan to build a state-of-the-art warehouse. Once the warehouse is built, we will start plans to put the old warehouse building on the real estate market. There are also thoughts on keeping the building for other uses within our business.

We will continue to focus on some of the other challenging projects like finding new and better locations for stores 3 and 12 and locating property for stores around Ellis Road, Hillsborough Road, Northwest Durham area and along the Orange County line.

Mr. Davis talked about the importance of monitoring opportunities and creating strategic plans for expansion and redevelopment of our business. The conversation included plans for potential purchases and leases in our target areas.

Mr. Sordel asked if there were any updates to what is happening with the redevelopment of the Fayetteville Street area and where our ALE office is located. Mr. Cutwright mentioned that there is some talk about plans to redevelop that area, but I don't know all of the details.

**Ikzuri Garcia-Banda, Visual Compliance Manager**

Ms. Garcia-Banda presented a vision for the future of the Durham ABC, focusing on digital transformation and customer engagement. She included plans to digitize our in-store tasting sign-ups, update the allocated lottery system, update our website, which would streamline many processes and improve our customer's experience. She talked about working towards improving our website design, increasing our social media presence, adding a product search option on our website, and updating our employee resource page. Ms. Garcia-Banda also suggested using AI in the future to enhance customer service and customer engagement. We could possibly create a live chat on our website to engage with our customers 24/7.

Ms. Garcia-Banda reviewed our current website data, which included an average of 12,000 impressions a day, over 90,000 impressions per week and an average of 110,000 impressions on social media. We also receive approximately 20 google reviews a week on Google Business.

Ms. Garcia-Banda also talked about starting a marketing and merchandising training program for our full-time staff showing them the proper shelf management skills, how to properly build a shoppable and eye-catching display and other ways to increase sales.

Board member Scott mentioned the idea of expanding and promoting the ABC "To Go" App. Currently we only offer this app service at Store 5, and we are looking at expanding and promoting this app in more locations. Mr. Sordel and Mrs. Wadsworth talked about the "To Go" app and some of the financial struggles and back-end issues we are currently working on. We would like to manage this app better before promoting and marketing the app in all stores. Mrs. Wadsworth also said that we could get other information from the "To Go" app, like zip codes to see where our customer base is coming from. This will be useful data and help with product selection and potential new store locations.

Ms. Garcia-Banda talked about the importance of building partnerships and sharing our best practices with other ABC Boards. She will present at the ABC General Managers meeting that is being held in Asheville, NC.

**Assistant General Manager, Deborah Warren**

Ms. Warren talked about the process of scheduling in-store tastings and how that institutes extra sales, which means extra revenue. She showed everyone tasting statistics in our stores and what really increases our sales. The customers also really love these tastings so they can sample new product. The numbers and statistics show that these tastings are working, and we should focus on them as a marketing tool to promote our products, which will increase our revenue. Having a great tasting representative is also key to selling products. They should be knowledgeable and sales aggressive with the right energy. We will continue to promote our store tastings and educate our customers; in return this will increase sales.

**Operations Manager, Michael Mitchell**

Mr. Mitchell reviewed many of our accomplishments made this year including the opening of two new stores and moving store 14 in one day. He also updated the board on the purchase of the new property we just bought. This is where we are planning to build a new warehouse/Admin office. We are cleaning out the old building and getting it ready for demolition.

Mr. Mitchell also talked about the success we have had with the bourbon drops and how interactive the customers have been with them.

Mr. Mitchell also talked about our new policies for inclement weather and how we have created inclement weather policies and a team consisting of managers, full-time and part-time staff. Mr. Mitchell expressed the importance of staying



open but also staying safe. Store 10 on Highway 55 is designated to stay open during inclement weather and will stay open if safe to do so.

Mr. Mitchell also discussed the importance of educating our employees and improving customer service. We have been holding monthly meetings to keep our employees trained and informed. Mr. Mitchell talked about his personal journey with Durham County ABC and how he is motivating our employees to achieve great things.

Ending discussions:

Mr. Sordel, Deborah Warren and Mike Mitchell expressed their appreciation for being able to work with such great Board members and having the best administration team.

Chairman Edwards thanked the administration team, warehouse and ALE for welcoming NCCU interns into our workplace and giving them positive feedback.

### **Adjournment**

Board Chair Daniel Edwards motioned to adjourn the meeting. Board Member Frachele Scott made the motion to adjourn and Board Member, Ryan Urquhart seconded the motion, and the Board approved without objection, and the meeting was adjourned at 3:01 PM.

Approved by:

A handwritten signature in dark ink, appearing to read 'D. Edwards', is written over a horizontal line.

**Daniel Edwards, Board Chair**

