

**NORTH CAROLINA ALCOHOLIC BEVERAGE CONTROL  
COMMISSION MEETING MINUTES  
July 13, 2022**

The following narrative summarizes the North Carolina Alcoholic Beverage Control Commission (hereinafter "Commission") meeting held via teleconference at 400 East Tryon Road in Raleigh, North Carolina on July 13, beginning at 10:00 AM. The meeting was recorded, and a copy of the recording is on file at the Commission within the Legal Section.

**ROLL CALL**

Chairman Hank Bauer called the July 2022 Commission meeting to order and welcomed those who were participating.

Chairman Bauer greeted Commissioner Norman Mitchell, Sr., and Commissioner Karen Stout, who were joining the meeting via teleconference. Chairman Bauer also introduced Deputy Commissioner Terrance Merriweather, Deputy Commissioner Mike DeSilva, and General Counsel Stacey Carter-Coley, who attended the meeting in-person.

**REMARKS**

Chairman Bauer reported that the sales numbers were in for June, ending the fiscal year. Sales totaled \$1.7 billion dollars this year. Chairman Bauer thanked the boards, brokers, and suppliers, and LB&B for their effort to reach that number. Chairman Bauer also stated case shipments were up 9.1%, and dollar sales were up 8.8%. He stated the projected general fund going back to the state would be \$671,000,000.00.

**MINUTES OF THE JUNE 8, 2022 COMMISSION MEETING**

Commissioner Stout made a motion to waive the reading of the minutes of the June 8, 2022 Commission meeting. Commissioner Mitchell seconded the motion. Motion passed.

Commissioner Stout made a motion to approve the minutes of the June 8, 2022 Commission Meeting. Commissioner Mitchell seconded the motion. Motion passed.

**CONFLICTS OF INTEREST**

In compliance with N.C.G.S. §138A-35, Chairman Bauer asked if there were any conflicts of interest or any conditions or facts which might create the appearance of a conflict of interest with respect to any matters on the agenda. Chairman Bauer stated he found no conflicts of interest. Commissioner Stout stated she reviewed the agenda and found no conflicts of interest. Commissioner Mitchell stated he reviewed the agenda, and he found no conflicts of interest.

## **I. CONTESTED CASES AND OFFERS IN COMPROMISE – 66**

Chairman Bauer recognized General Counsel Stacey Carter-Coley regarding item one on the agenda, the hearing of cases.

General Counsel Stacey Carter-Coley stated there were no contested cases on this month's agenda and stated there were sixty-six Offers in Compromise for consideration.

Chairman Bauer asked if there was anyone who would like to address any of the Offers in Compromise. There were no responses. Chairman Bauer asked twice more, with no responses.

Hearing no responses, General Counsel Stacey Carter-Coley stated the staff recommended the Commission ratify the sixty-six Offers in Compromise as presented. Commissioner Stout made a motion to ratify the Offers in Compromise. Commissioner Mitchell seconded the motion. A vote was held, and the motion passed.

## **II. AMENDED EXEMPTION REQUEST PURSUANT TO N.C.G.S. §18B –1116(b) – MASON JAR TAVERN, INC. (GRANTED 2021)**

Chairman Bauer stated this exemption request was continued from the previous month's agenda and recognized General Counsel Stacey Carter-Coley. Mrs. Stacey Carter-Coley stated the exemption was in regard to the number of locations associated with rules pursuant to N.C.G.S. §18B-1104 and N.C.G.S. §18B-1116. General Counsel Stacey Carter-Coley asked if Attorney Jennifer Morgan was present.

Ms. Morgan stated she was present and representing Mason Jar Tavern on the amended exemption request and stated that there is an existing exemption from last year. The exemption would allow Mason Jar to open Tap Station Breweries.

General Counsel Stacey Carter-Coley stated the Legal Section had reviewed the petition and requested the exemption order include the following standard condition in addition to other previous orders: Mason Jar Tavern Brewery locations may not offer for sale or otherwise provide any malt beverage product it is authorized to sell in this state, either directly or indirectly to Mason Jar Tavern Scratch Kitchen, which is located in Cary. In accordance with N.C.G.S. §18B-1104(a)(8).

Mason Jar Brewery #1 may transfer any product to Mason Jar Brewery #2, for the purpose of selling at brewery #2's adjacent retail location, upon compliance with all federal and state laws. The legal staff recommended granting the exemption with the conditions as stated.

Chairman Bauer asked the Commissioners if they had any questions. Hearing none, Commissioner Mitchell made a motion to approve staff's recommendation. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

## **III. EXEMPTION REQUEST PURSUANT TO N.C.G.S. §18B – 1116(b) – STEEL HANDS BREWING, LLC AND STEEL HANDS BREWING GREENSBORO, LLC**

Chairman Bauer stated item number four on the agenda was another exemption request and again recognized General Counsel Stacey Carter-Coley. Mrs. Stacey Carter-Coley stated Steel Hands is a South Carolina Brewery holding North Carolina non-resident malt beverage vendor and North Carolina malt

beverage special event permits. Steel Hands has ownership of Steel Hands in Greensboro, a North Carolina business holding both commercial and retail temporary ABC permits. General Counsel recognized Jennifer Morgan.

Attorney Jennifer Morgan stated she was representing Steel Hands, LLC. Ms. Morgan stated the exemption request relates to an out-of-state South Carolina Brewery that holds supply permits in North Carolina. There is now a location in Greensboro, North Carolina.

Ms. Morgan stated that an exemption is needed to allow cross-tier ownership because of an out-of-state supplier versus an in-state brewery. The out-of-state beer was coming into North Carolina through an independent third-party wholesaler.

General Counsel Stacey Carter-Coley stated that pursuant to recently revised N.C.G.S. §18B-1119, a supplier cannot have an ownership interest in its wholesaler rather than a wholesaler. Thus, the North Carolina entity cannot be the wholesaler for the South Carolina brewery. Steel Hands South Carolina will continue to use RH Barringer as its North Carolina wholesaler for products produced in South Carolina.

General Counsel Stacey Carter-Coley stated the legal staff recommended granting the exemption so long as the parties remain in compliance with N.C.G.S. §18B-1119.

Chairman Bauer asked the Commissioners if they had any questions. Hearing none, Commissioner Mitchell made a motion to approve staff's recommendation. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

**IV. REQUEST-ABC STORE LOCATION: GREENE COUNTY ABC BOARD**  
*(420 Kingold Boulevard, Snow Hill, NC)*

Chairman Bauer stated item number four on the agenda is a request from Greene County ABC Board and recognized Deputy Commissioner Terrance Merriweather. Deputy Commissioner Terrance Merriweather stated Greene County is exploring other options for a new store location and asked that the request be moved to the next month's Commission meeting.

Chairman Bauer asked the Commissioners if they had any questions. Hearing none, Commissioner Mitchell made a motion to approve the Deputy Commissioner's recommendation. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

**V. REQUEST-HERTFORD ABC BOARD REDUCTION PURSUANT TO N.C.G.S. §18B-700(a)**

Chairman Bauer stated item number five on the agenda was a request from the Hertford County ABC Board to reduce the Board pursuant to N.C.G.S. § 18B-700(a). Chairman Bauer recognized General Counsel Stacey Carter-Coley. General Counsel Stacey Carter-Coley deferred the matter to Assistant General Counsel Renee Metz.

*Assistant General Counsel Renee Metz informed the Chairman that there was another exemption request that was not heard. The exemption request was for The Local Room, LLC and The Brew Room, LLC, pursuant to N.C.G.S. § 18B-700(a). It was agreed that the exemption request would be heard in Other Business.*

Continuing with the Hertford Board Reduction request. Assistant General Counsel Renee Metz stated that a resolution was passed on the local government regarding two matters. One matter was resolved in a prior Commission meeting and the second matter before the Commission addresses the request to reduce the board from five members to three members.

Chairman Bauer asked the Commissioners if they had any questions. Hearing none, Commissioner Mitchell made a motion to approve the staff's recommendation. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

## **VI. APPROVAL FOR FUTURE COMMISSION MEETING DATES**

Chairman Bauer stated item number six on the agenda was a request for approval of future Commission meeting dates. Chairman Bauer recognizes General Counsel Stacey Carter-Coley. General Counsel stated the proposed dates for approval are as follows: October 12, 2022; November 16, 2022; and December 14, 2022.

Chairman Bauer asked the Commissioners if they had any conflicts with proposed future Commission meeting dates. Hearing none, Commissioner Mitchell made a motion to approve the staff's proposed future Commission meeting dates. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

## **VII. OTHER BUSINESS**

Chairman Bauer stated that item number seven is other business and recognized Deputy Commissioner Terrance Merriweather. Deputy Commissioner Merriweather stated that he had no other business.

General Counsel Stacey Carter-Coley stated that she had two other items to propose for the Commission's review.

The first matter:

### **OWNERSHIP EXEMPTION-AMENDMENT: BREW ROOM, LLC (retail, commercial); LOCAL ROOM, LLC (retail): MATTHEW HARRIS; MATTHEW KLEPP**

General Counsel Stacey Carter-Coley stated the first is an ownership exemption request for Brew Room, LLC and Local Room, LLC, involving Matthew Harris and Matthew Klepp.

General Counsel stated the exemption request was based on joint ownership by Matthew Harris and Matthew Klepp, between Local Room, a retail location, and Brew Room, a location that currently holds temporary retail permits but will be applying for commercial permits.

General Counsel asked if there was anyone present to address the matter. General Counsel asked a second time. Hearing no response, General Counsel stated the legal staff had reviewed the Petition. The staff's recommendation included the condition that Brew Room will not sell or otherwise provide any alcoholic beverage it manufactured to the Local Room, either directly or indirectly. General Counsel stated that with the condition, the staff recommended granting the exemption.

Chairman Bauer asked the Commissioners if they had any questions. Hearing none, Commissioner Mitchell made a motion to approve the staff's recommendation. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

General Counsel Stacey Carter-Coley states the second matter on the agenda for other business was the receipt of a proposed stipulated judgment in the Federal case for Flying Dog Brewery, LLC, that challenges the constitutionality of 14B NCAC 15B-1003(a)(2).

The Commission was represented by the Attorney General's office, by Bob Pickett, who was present via telephone. Pursuant to N.C.G.S. 143-318.11(a)(3). General Counsel asked the Commission to consider making a motion to move into closed session to consult with counsel regarding the proposed stipulated judgment.

Commissioner Stout motions to move into closed session based on attorney client privilege pursuant to N.C.G.S. §143-318.11(a)(3). Commissioner Mitchell seconded the motion. A vote was held, the motion passed.

**CLOSED SESSION**

**OPEN SESSION**

The second matter:

**PROPOSED STIPULATED JUDGMENT: FLYING DOG BREWERY, LLC**

Chairman Bauer stated the Commission was back in open session.

Chairman Bauer recognized General Counsel Stacey Carter-Coley, who stated based on the attorney's conversation with the client, Attorney Bob Pickett, the Commission's legal representation from the Attorney General's office, regarding the matter of the Flying Dog Brewery proposed stipulated judgment, the staff recommended the approval of \$1 in nominal damages and \$89,999.00 in attorney's fees.


Chairman Bauer asked the Commissioners if they had any questions. Hearing none, Commissioner Mitchell made a motion to approve the staff's recommendation. Commissioner Stout seconded the motion. A vote was held, and the motion passed.

Chairman Bauer stated the next Commission meeting will be held virtually on Wednesday, August 10, 2022.


Chairman Bauer requested a motion to adjourn the July 13, 2022, Commission meeting. Commissioner Stout made a motion to adjourn the July 13, 2022, Commission meeting. Commissioner Mitchell seconded the motion. A vote was held, and the motion passed.

Meeting adjourned.

*Approved at the August 10, 2022 Commission Meeting*

  
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Hank Bauer, Chairman  
N.C. Alcoholic Beverage Control Commission

Respectfully submitted by,

  
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Teresa Fuller, for the Legal Section