

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
AUGUST 30, 2016

The City of Asheville Board of Alcoholic Control ("Board") held a regular meeting on Tuesday, August 30, 2016 at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North in Asheville, North Carolina.

MEMBERS PRESENT: Wilfred E. Lack, Chairman; Board members: John Menkes, Edward Hay, Robin Cape and Lewis Isaac.

MEMBERS ABSENT: None

ALSO PRESENT: Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Johnathan Langford, Law Enforcement Agent; Jason Thacker, Operations Manager and Debbie Bradley, Administrative Coordinator.

Chairman Lack called the meeting to order.

READING OF THE CONFLICT OF INTEREST STATEMENT BY THE CHAIRMAN: "In accordance with General Statute 18B-201, it is the duty of every Board member to avoid conflicts of interest and appearance of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter." There were none.

ADDITION (S) TO AGENDA: The Chairman asked if there were any additions to the agenda. There were none.

Chairman Lack congratulated Board member Lewis Isaac for being elected to the Board of Directors of the N.C. Association of ABC Boards representing District 1. The Chairman stated that Mr. Isaac gave an outstanding speech and voting Boards appeared pleased with him being elected.

APPROVAL OF MINUTES FOR REGULAR MEETING: Ms. Cape moved to approve the minutes for the June 28, 2016 regular meeting. Mr. Isaac seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Mr. Langford reported that in July law enforcement staff conducted 200 Store Visits, 17 Permittee Inspections, 20 Compliance Checks, 2 Responsible Alcohol Seller Server Program Training (RASSP) and 11 Criminal Charges.

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Mr. Combs stated that WLOS recently aired a news segment regarding the N.C. A.L.E. recent permittee enforcement in Asheville and asked Mr. Langford if he had received any anecdotal feedback from affected bars and restaurants regarding the report. Mr. Langford responded that it has been typical in the past that newly permitted bars and restaurants are advised by others to make their initial contact with Asheville ABC Board's law enforcement because of their reputation to educate and help them through the regulatory process. For example, after a formal inspection of a permittee, it is customary to explain in detail what they are doing wrong and action(s) or processes to stop them. In contrast, it has been a pattern for the N.C. A.L.E. to only issue citations for violations. Discussion followed.

FINANCIAL REPORT: Ms. Hallingse presented the financial report and began with a summary of fiscal year 2015-2016 ending in June. She then presented the financial report for July and copies of the related financial statements were presented for the Board's review. She advised and explained various entries and matters with respect thereto, such as total sales, sales by stores, operating expenses, net income after tax, cash distributions and profit percentage to sales. Ms. Hallingse pointed out that our sales were up a paltry 3.8% with mixed beverage sales up 1.5% when compared to the prior year's July. For perspective, Ms. Hallingse stated the entire State's retail and mixed beverage sales were flat as well. N.C.'s mixed beverage sales were down 2.8%.

Ms. Hallingse reviewed with the Board each store's sales for the month of July 2016 (compared to July 2015 sales). The mixed beverage outlet had a decrease in sales of 13% from that of last July. Mr. Thacker provided the Board with a detailed slide showing 13 permittees who ordered \$50,100 less liquor this July than last July. Ms. Hallingse added that August mixed beverage rebounded and were up about 11% with 2 days left in August.

Ms. Hallingse informed the Board that Fletcher ABC sales were up 3%, Woodfin ABC was up 6% and Weaverville ABC was up 5% for the month of July.

Mr. Menkes asked the status of the employee that was pondering retirement. Mr. Combs stated that the employee retired effective September 1, 2016.

Mr. Isaac said he liked seeing consistent positive sales numbers because he recently read that the Garland ABC Store in Garland, NC was closing due to financial problems. Discussion followed.

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OPERATIONS REPORT: Mr. Thacker presented pictures of the store #10 landscaping, HQ's pressure washing and window washing. Mr. Combs lauded Buncombe County for their quick response to clean up the traffic islands and borders in common parking areas surrounding Store #10 (337 N. Leicester Highway).

Mr. Thacker informed the Board that the Long Shoals Store (Store #8) flooring was recently updated, replacing stained and worn carpeting. He encouraged Board members to visit the store to see the new flooring and more modern look of the interior. Chairman Lack commented that because of the location of the store in a 'shopping center' and the severe restrictions on road signage, it is a challenge for new customers to see the store. He encouraged the Board and staff to ponder relocating this store to a more high profile location in the future. Discussion followed.

Mr. Thacker reviewed product 'buy-in' numbers with the Board. As of the date of the Board meeting (and beginning February 1, 2016), profit from "buy-ins" is a total of \$155,000. Mr. Menkes asked if the new warehouse is being used to its maximum potential. He stated that he inspected the warehouse and saw where only about 10% of the floor space was being used. Discussion followed.

Mr. Thacker reviewed with the Board a presentation slide showing the top 10 brands of spirits sold last month in Asheville and in the State. Discussion followed.

Mr. Thacker presented a slide showing by-store sales for fiscal year 2015-2016. He compared Asheville ABC's sales numbers to Weaverville, Black Mountain, Fletcher and Woodfin ABC stores and their percentage increases as well. Discussion followed.

GENERAL MANAGER'S REPORT: Mr. Combs provided a written report with the following information:

1. Credit Card Charges:

a) Microsoft Corporation:	\$272.00
b) Adobe Systems, Inc.:	\$10.69
c) Bonefish Grill Greensboro	\$70.00
d) Sheraton Hotel Greensboro	\$49.00
e) Outback Steakhouse Greensboro	\$102.00
f) Smokey Bones Greensboro	\$48.67
g) Cracker Barrel Greensboro	\$26.16
h) Sheraton Hotel Greensboro	\$388.98

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|------------------------------|----------|
| i) Sheraton Hotel Greensboro | \$388.98 |
| j) Sheraton Hotel Greensboro | \$388.98 |

2. Administration:

- a) N.C. ABC Association Annual Conference
 - Greensboro from July 27-30th
 - Official notes, staff's notes in this month's packet
- b) Point-of-Sale Software
 - Looking diligently at two companies
 - 'Due diligence' process with one of the firms
- c) DEA Announces Marijuana to remain illegal under federal law (Article)
- d) Looking at other IT support options – discussion
- e) Board member Lewis Isaac on NC ABC Association Board
 - Now have a direct venue to promote progressive change
 - Discussion
- f) Chairman Lack's second term up in November – discussion

Mr. Combs informed the Board staff scheduled additional meetings with the top candidate in order to refine costs, ascertain software coding requirements, and determine a mutual implementation schedule, if necessary. Staff explained the top candidate is a North Carolina company who has successfully implemented their system in N.C. ABC Boards.

Mr. Combs advised the Board that he is meeting with Electronic Office next week to discuss service level challenges and costs.

Mr. Combs stated how excited staff was to have Mr. Isaac serve on the NC Association Board. His membership on the N.C. ABC Association Board will vicariously give Asheville a more significant voice regarding our progressive philosophy of pragmatic modernization of a very good control system.

Chairman Lack asked if any Board member might be interested in being the ABC Board's Chairman when his term expires in early November. If so, please let Mr. Combs know so that he can forward this information on to City Council members.

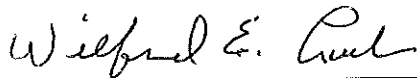
Mr. Combs reminded the Board that Mr. Keith Falls, the ABC Board's auditor, will make his report to the Board in September.

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NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, September 27, 2016, at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North, Asheville, North Carolina.

ADJOURNMENT: The meeting was adjourned at 9:30 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wilfred E. Lack". The signature is written in black ink and is positioned above a horizontal line.

Wilfred E. Lack, Chairman