

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
MARCH 27, 2017

The City of Asheville Board of Alcoholic Control (“Board”) held a regular meeting on Monday, March 27, 2017 at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North in Asheville, North Carolina.

MEMBERS PRESENT: Lewis Isaac, Chairman; Board members: Edward Hay, Robin Cape and Jan Davis.

MEMBERS ABSENT: John Menkes, Board member

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

Chairman Isaac 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. Mr. Combs advised the Board that a Budget Amendment was added to the agenda under the financial report.

APPROVAL OF MINUTES FOR REGULAR MEETING: Mr. Hay moved to approve the minutes for the February 28, 2017 regular meeting. Ms. Cape seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Mr. Bottego reported that in February law enforcement staff conducted 200 Store Visits, 40 Permittee Inspections, 40 Compliance Checks, 20 Criminal Charges, 3 Agency Assists and 2 RASSP training sessions.

Mr. Bottego advised the Board that the Tunnel Road Store (store #7) would be the next store to get a security update. This store has the highest rate of loss. Discussion followed.

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ALCOHOL EDUCATION: Mr. Bottego informed the Board he was working with Saga Radio group to develop all new radio spots. The messaging was stale and they are working on a message in line with the recently published information cards illustrating where ABC funds are spent, especially the funds going back out to the community. The other story line is to drink responsibly.

Mr. Bottego advised the Board that the Prom Promise Campaign is in the planning stage at all high schools and is going well. He met with Enka High School last week and the kids are very excited about the campaign.

The Educational 'Red Card' Program is still being received well in the mixed beverage venues so the program will keep going. Several have suggested the new graphics theme to be 'Asheville of the past'. Discussion followed.

Mr. Bottego informed the Board that there are typically spring season challenges, which result in an increase in arrests, more RAASP training, and more foot traffic in stores. Law enforcement remains resolved to keep permittees in compliance with ABC rules and regulations. The beer permittees are pushing back because they erroneously believe the rules don't apply to them because beer is not a spirit. Discussion followed. Lastly, underage kids are out on spring break getting into mischief regarding alcohol. In such situations it is typical to contact their parent(s), guardian or custodian to handle the problem.

Mr. Bottego informed the Board that a resident of the county filed a complaint regarding his right to carry a concealed weapon on ABC Board property. The complaint was eventually referred by a Buncombe County attorney to the ABC Commission for disposition. Discussion followed.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for February 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 advised Board that we had one less sale day this February than last February. Sales were up 1.6% over last February, sales YTD are up 7.25%. State sales were down .25%. Our Mixed Beverage sales are up 10% over last February. State Mixed Beverage sales were up 4.6%. Operating expense was down 1.3% and YTD up 5%. Net income after tax is up 9.6%, YTD up 15.5%.

Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$1,748,978 through February (up 17.3%). Profit Percentage to Sales through February is 11.78%.

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Ms. Hallingse reviewed with the Board each store's sales for the month of February (compared to February 2016 sales). The biggest decrease in sales this February was the Sweeten Creek Road Store at 7.6%, due to flooding and road closure. Fletcher ABC store sales were up 5.5% for February. Hendersonville Road Store, Louisiana Avenue Store, Merrimon Avenue Store and Long Shoals Store also had decreases in sales for February. Weaverville sales were up 1% and Woodfin was down 1.8% for February.

Ms. Hallingse reviewed with the Board the Net Income After Tax (stores only). Sweeten Creek, Hendersonville Road, Louisiana Avenue, Merrimon Avenue and Long Shoals all had decreases compared to the same month last year. A key consideration is that last year there was one more sales day (leap year).

BUDGET AMENDMENT #2: Ms. Hallingse presented Budget Amendment #2 for fiscal year 2016-17 as follows: To amend operating expenses for additional rent associated with the lease renewal, card processing charges related to increased card sales, wages, and related costs for addition of a warehouse position, communications for increased internet costs at contract renewal and reallocation of insurance costs between functions. To amend capital outlay for extra costs of security monitors at Tunnel Road store. After a discussion, Ms. Cape moved to adopt and approve Budget Amendment #2 for the ABC Board's fiscal year 2016-2017 and to authorize its execution by the Chairman. Mr. Davis seconded the motion and it carried by a unanimous vote. The Board commended Ms. Hallingse for doing an excellent job with changes in the line items and making the numbers balance each and every month.

OPERATIONS REPORT: Regarding the point-of-sale project, Mr. Thacker informed the Board that staff has scheduled weekly conference calls with Advanced Business Solutions, Electronic Office and other key programmers involved with the project. Staff is resolved to have a mirror system in full operation before going live. Discussion followed.

Mr. Thacker advised the Board that Tito's vodka is going on sale in May and will not go on sale again until May 2018. After a lot of phone calls and coordination with the state warehouse and Bob Hamilton (ABC Commission), Asheville will receive two tractor-trailer loads of Tito's shipped directly to our warehouse. Discussion followed.

BUY-INS REPORT: Mr. Thacker reviewed product 'buy-in' numbers with the Board. Estimated amount for first three months of the year is \$90,000 in gross profit. Mr. Thacker explained how we actually make our profit when a product goes on sale. Our larger profit margin comes from the difference in the buy-in sales price compared to the original price. Robin Cape asked if a column could be added showing the original number of bottles purchased. Staff will work on it. Discussion followed.

Mr. Thacker presented staff photographs of the following: Warehouse, Merrimon Avenue (store #6) and Tunnel Road (store #7). Mr. Thacker spoke briefly about one new full-time warehouse employee (in training to replace an employee who plans to retire soon) and the new assistant manager at store #7.

DUKE ENGERGY REPLACEMENT PROGRAM: Mr. Thacker advised the Board that Duke Energy is replacing all thermostats in ABC stores and the administrative office. This is an energy saving measure that will save energy. It was not well received by store managers when the program was announced. Discussion followed.

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

Mr. Thacker presented a slide of the top 10 Mixed Beverage customers in Asheville. Grove Park Inn and Biltmore Estate are first and second, respectively. Discussion followed.

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

1. Credit Card Purchases:

| | |
|--------------------------|----------|
| a) Microsoft Corporation | \$272.00 |
| b) Adobe Systems, Inc. | \$10.69 |
| c) Pack Tavern | \$44.00 |

2. Administration:

- a) ABC Store #4 (179 South Charlotte St.)
 - Two year lease with the City of Asheville
 - Development of Public Works/Store Site?
- b) NABCA (Marco Island, FL)
 - Trip arrangements
- c) Pay Study initiated
 - Carolina HR Partners – Stephen Murphy
 - Steve Murphy will present report at April Board meeting
 - Must be approved by ABC Board (with recommendation(s) for staff)
- d) Zander Guy appointed Chair of N.C. ABC Commission [Packet]
 - Chairman of Commission from 2009-12
 - Understands and supports N.C. system
- e) Store #8 Update

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- Shelving to be installed on April 10th
- Glazing/Frame installation scheduled for March 22nd
- Settlement with Hartford Insurance
- ABC Board's insurance agreed to pay difference

Mr. Combs advised the Board that the Chairman and selected staff would be attending the NC ABC Association Manager's Meeting in Greensboro tomorrow. Staff will report back to the Board at the next meeting.

INSURANCE CLAIMS UPDATE: Mr. Combs advised the Board that staff was in the process of settling with Hartford Insurance for the maximum (\$25,000) of the insured's insurance policy regarding the damages done at the Long Shoals Store (store #8). Our insurance company has agreed to pay the remaining balance with no deductible.

NABCA CONFERENCE: Mr. Combs commended Ms. Bradley's diligence in coordinating the registration, flights, and rooms for the NABCA conference.


ABC PAY STUDY: Stephen Murphy (HR Partners) will present his pay plan study to the Board at the April Board meeting.

OLD BUSINESS/NEW BUSINESS: Chairman Isaac informed the Board that the lease keeps increasing at the Charlotte Street Store (store #4) and that City Council is considering a higher and better use for the property in the next decade; therefore, he advised staff to begin searching for other property in the central business district. Discussion followed. There was further discussion regarding the Administrative offices and warehouse, growth, higher and better use, etc.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, April 25, 2017, 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 9:46 a.m.

Respectfully submitted,



Lewis J. Isaac, Chairman

