

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
AUGUST 29, 2017

The City of Asheville Board of Alcoholic Control ("Board") held a regular meeting on Tuesday, August 29, 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: John Menkes, Edward Hay, Robin Cape and Jan Davis.

MEMBERS ABSENT: None

ALSO PRESENT: Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Alfred Bottego, Law Enforcement Chief; Jason Thacker, Operations Manager, Debbie Bradley, Administrative Coordinator and Elizabeth Button representing Asheville Independent Restaurants Association.

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." Chairman Isaac informed the Board that he may have a conflict in the closed session meeting and if he does he will share it at that time.

ADDITION (S) TO AGENDA: The Chairman asked if there were any additions to the agenda. Mr. Combs advised the Board that a closed session was scheduled at the end of today's open regular meeting.

APPROVAL OF MINUTES FOR REGULAR MEETING: Ms. Cape moved to approve the minutes for the June 27, 2017 regular meeting. Mr. Davis seconded the motion, and it carried by a unanimous vote.

PALMER FOX: Mr. Fox gave a presentation on a smartphone application (app) named 'Barley' he and a programmer developed which is designed to assist N.C. and Oregon restaurants serving liquor (mixed beverage customers) to inventory and place product orders. Each respective state's current price list is built into the app and updates automatically as new items are added and prices change. Palmer demonstrated to the Board how the app program worked. It was touted to save considerable time and expense for businesses using it versus manual inventory and fax-based ordering. His app is for subscribers and can be downloaded. There is also a website to learn more about this at www.barleyapp.com. The Board thanked Mr. Fox for his initiative and time.

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LAW ENFORCEMENT REPORT: Mr. Bottego reported that in July law enforcement staff conducted 37 Permittee Inspections, 40 Compliance Checks, 2 RASSP Trainings Sessions and 3 Agency Assists (one from the APD and two from the County). 12 Criminal offenses were from a string of larcenies from store #5 (Louisiana Avenue) and store #7 (Tunnel Road).

Mr. Bottego advised the Board that the security system upgrades for store #6 (Merrimon), store #1 (Sweeten Creek) and store #2 (Hendersonville Road) have been set up.

DRINK RESPONSIBLY CAMPAIGN: Mr. Bottego brought in hats, shirts, frisbees and other items regarding the Drink Responsible Summer Campaign. The picture on the items is the Cupola of Asheville's iconic art deco city building.

ALCOHOL EDUCATION: Mr. Bottego informed the Board that he met with Boy Scouts programming staff to help in developing an alcohol education program via a grant from the Board this year. He worked diligently with them and they are working on three programs. Mr. Combs and Mr. Davis also met with their executive staff to discuss the program main theme(s). Discussion followed.

Mr. Bottego informed the Board that the North Carolina ABC Commission periodically conducts RASSP training in Asheville. To better coordinate education objectives, Board law enforcement staff (trainers) plan to audit two of their sessions and request their trainers to audit two of our sessions, then meet to discuss differences, how to improve, consistent messaging, etc. Mr. Bottego received anecdotal feedback from Commission trainers to please curtail local training to increase their attendance, which is consistently low in our region. Discussion followed.

Mr. Bottego introduced a video named "Do the Right Thing" that was filmed in Asheville. ABC participated in the video (Chief Bottego) and also partially funded the project. The video can be watched at <http://youtu.be/y1PhAiDGdow>. Board members enjoyed the video and thanked Chief Bottego for his work on the project.

FINANCIAL REPORT: Ms. Hallingse presented the year-end summary for fiscal year 2016-2017. The sales (before taxes) up 7.73%, Operating Expenses up 3.8%, Net Income up 16%, Year-to-date Distribution to the City and County up 20.2% and the Profit Percentage to Sales up 11.96%. She also presented the financial report for new fiscal year starting in July to include copies of related financial statements 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 sales were up 3.8% over last July, State sales were up 2.36%. Mixed Beverage sales are up 6.1% over last July. State Mixed Beverage sales were up 3.9%. Operating expenses were down 8.5%. Net income after tax is up 31.2%.

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Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$224,574 through July (up 31.2%). Profit Percentage to Sales through July is 11.9%, compared to last year's 10%.

Ms. Hallingse reviewed with the Board each store's gross sales by location for the month of July (compared to July 2016 sales). She pointed out that Fletcher ABC sales were up 6.27%, which competes with our Sweeten Creek Store that was up 2.1%. Merrimon Avenue Store was up 3.95%; this store competes with our neighboring ABC Boards' Weaverville & Woodfin. Weaverville ABC sales were up 5.8% and Woodfin ABC sales were down 1.7%. The decrease in sales at Long Shoals and Enka was from a decrease in mixed beverage sales. Mr. Menkes asked about the increase in sales at Tunnel Road. Mr. Thacker advised that some of the mixed beverage permittees had transferred from the Charlotte Street Store to the Tunnel Road Store.

Lastly, Ms. Hallingse reviewed the Net Income After Tax by store location. Out of three stores that had decreases, Sweeten Creek Store has the largest decrease because of higher paid personnel who transferred to that store from another store.

OPERATIONS REPORT: Point-of-sale implementation: Mr. Thacker advised that the new point-of-sale went live on Wednesday 23rd of August. There were some minor issues that got worked out. The back office is still having some problems with getting sales from this store. Once all the issues get resolved we can go live at another store. Customers seem to be very happy with the new credit card machines.

Mr. Thacker advised Board that the Christmas liquor has been ordered.

Mr. Thacker reviewed with the Board a presentation slide showing the top 10 brands of spirits sold last month in Asheville and included a list of North Carolina's top ten. Tito's vodka continues robust sales at the number one spot. Discussion followed.

BUY-INS REPORT: Mr. Thacker reviewed product 'buy-in' numbers with the Board. Estimated amount gross profit for the month of August (with 3 days remaining) totaled \$41,456.00. Gross profit since January is \$249,525.90. Discussion followed.

GENERAL MANAGER'S REPORT: Mr. Combs informed the Board that he met with Kimberly Martin, Insurance Consultant regarding BCBS. Mr. Combs advised her to look at other insurance companies to see if it would be in the Board's best interest to change health care providers versus staying with BCBS. It is a complex, contentious issue with no clear winners, Mr. Combs opined. Discussion followed.

Mr. Combs advised the Board that the 'Brunch Bill' allowing alcohol sales beginning at 10AM on Sundays passed both in the City of Asheville and Buncombe County.

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Mr. Combs reviewed the highlights of the ABC Association Meeting. Guy Zander, Chairman of ABC Commission, asked each ABC Board to focus on 3 things: Revenue, Control and Customer Service. Chairman Isaac and attendees found the presentation regarding the effects of alcohol on the adolescent brain to be very interesting.

OLD BUSINESS/NEW BUSINESS: Ms. Elizabeth Button, owner of Nightbell/Curate restaurant, again asked if the grey stickers for the mixed beverage bottles could immediately replace the orange colored stickers, as required by regulations. Mr. Thacker stated 10 to 12 rolls orange stickers remain in stock. Ms. Cape asked what the stickers are worth. Mr. Thacker estimated about \$1,700. Ms. Button stated she sent Ms. Cape some photos of bottles at Nightbell and Curate illustrating discrepancies where stickers were placed on bottles, which looked unsightly, in her opinion. She stated the Asheville Independent Restaurant Association wants the sticker color changed immediately and affixed to the back of bottles. Discussion followed. Mr. Combs stated he would personally contact Bob Hamilton with the ABC Commission to get a definitive answer regarding placement of the stickers and get back with the Board regarding his findings.

Ms. Button left the meeting at 9:50 a.m.

CLOSED SESSION: At 9:50 a.m. Mr. Hay moved to go into closed session, pursuant to Section 143-318.11(a)(5) of the General Statutes of North Carolina, in order to establish and/or instruct the Board's staff and/or negotiating agent concerning the position to be taken by and on behalf of the Board in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option or lease. Mr. Davis seconded the motion and it carried by a unanimous vote. The open session resumed at 10:15 a.m.

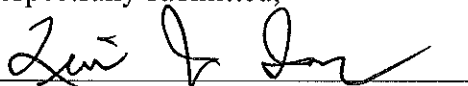
Ms. Cape left the meeting at 10:06 a.m.

APPROVAL OF MINUTES FOR CLOSED SESSION MEETING: After a review of the minutes, Mr. Menkes moved to approve the minutes for the June 27, 2017 closed session meeting. Mr. Davis seconded the motion, and it carried by unanimous vote.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, September 26, 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 10:21 a.m.

Respectfully submitted,



Lewis J. Isaac, Chairman