

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
APRIL 24, 2018

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, April 2, 2018 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, Robin Cape, Edward Hay 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 Assistant; Jane Anderson and Charlie Hodge, Asheville Independent Restaurant Association (AIR).

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." No conflicts were reported.

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

APPROVAL OF MINUTES FOR REGULAR MEETING: Mr. Hay moved to approve the ABC Board meeting minutes for the March 27, 2018 regular meeting. Mr. Davis seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Chief Bottego reported that in March law enforcement staff conducted 40 compliance inspections, 40 spot checks, 3 unusual occurrence reports, 6 criminal charges (mostly larcenies) and 2 RASSP trainings.

Mr. Bottego advised Board that the Criminal Justice Training and Standards Division perform an audit of his department each year. They look at the personnel files for each officer and check dates of hire to confirm training standards are met for annual requirements to remain a sworn officer. This year there were no demerits with a "100% pass" score. Discussion followed

ALCOHOL EDUCATION: Chief Bottego reported to the Board on the following:

- Drink Responsibly Campaign – Staff surveyed past campaign participants and integrated their favorite graphics and items into the latest effort. He brought samples of new shirt designs, toboggans and coasters, and is even considering cocktail napkins for the next campaign. Discussion followed.
- Prom Promise Campaign - moving along smoothly at all sponsored schools.
- High School Football Messaging - Working with stakeholders on messaging for School Board endorsement. Other ideas include: A yearlong underage education program, combining Football and Prom Promise programming, revamping the Holiday Don't-Drink-and-Drive Campaign. Ms. Cape asked if he kept statistical information regarding positive impacts of our various programs. Mr. Bottego replied yes. He stated that for the last five years every high schooler that has attended a prom incorporating our programs has safely returned home.

Mr. Hay asked if recent issues regarding use-of-force at the Asheville Police Department have affected our law enforcement division. Mr. Bottego stated that ABC law enforcement uses the appropriate level of force when making an arrest and that the officer's safety is paramount. The County Sheriff's Department trains, reviews and conducts oversight of all law enforcement agencies in the County and he and his officers follow all current use-of-force guidelines. The State is currently reviewing current policies and training guidelines, and once the state guidelines and training are revised they will adopt the changes and implement the new policies. Discussion followed.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for March 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 12.4% over last March, State sales were up 12%. YTD sales are up 7.6%. Mixed Beverage sales are up 15.7% over last March. YTD Mixed Beverage sales are up 12.4%. State Mixed Beverage sales were up 8.6%. Operating expenses are up 13.4%, YTD up 5%. Net income after tax is up 10.8%, YTD up 13.4%.

Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$2,245,550 through March (up 13.4%). Profit Percentage to Sales through March is 12.56%, compared to last year's 11.97%.

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Ms. Hallingse reviewed with the Board store gross sales by location for the month of March (compared to March 2017 sales). Tunnel Road is up 29.1% and increase of \$120,961. Mr. Thacker stated that the Black Mountain ABC store was closed for 2 to 3 days and has been closing early so this could have contributed to the Tunnel Road store sales this month. Ms. Cape asked if we need another store location in East Asheville. Mr. Combs advised that ABC still owns the property in Fairview. Sweeten Creek is up 11%, this store competes with Fletcher ABC and they were up 8.6%. Merrimon Avenue was up 11.2%, which competes with Woodfin ABC and Weaverville ABC. Woodfin was up 4.8% and Weaverville was up 10.8%. Leicester was up 8.8%. The Mixed Beverage Outlet had the only decrease in sales for the month of March at -7.2%.

Ms. Hallingse reviewed the Net Income After Tax by store location. Biltmore and the Mixed Beverage Outlet were the only two stores that had decreases in net income after tax this March compared to last March. Discussion followed.

BUDGET AMENDMENT #5: Ms. Hallingse presented Budget Amendment #5 for fiscal year 2017-18 as follows: To move budgeted contingency funds to warehouse capital outlay for major repairs to the gutters; provide for principal payments on bank loan; and increase various other line items to cover unexpected expenditures. After discussion, Ms. Cape moved to adopt and approve Budget Amendment #5 and to authorize its execution by the Chairman. Mr. Davis seconded the motion and it carried by a unanimous vote.

OPERATIONS REPORT: Mr. Thacker stated he received a credible email, regarding poor customer service, which was extensively discussed in the last managers meeting to include a customer service tip sheet. Mr. Combs and Mr. Thacker are also going to conduct another round of management & supervision training this year. Discussion followed.

Mr. Thacker informed the Board that Tito's Vodka is going on sale in May and the Board will purchase a large quantity while it can be purchased at a discount. It is the top selling liquor in Asheville. We are purchasing two tractor-trailer loads of Tito's to be shipped directly to our warehouse. The first truckload is scheduled to arrive April 30th. Ms. Cape asked how many pallets? Mr. Thacker responded 40 pallets per load.

BUY-INS REPORT: Mr. Thacker reviewed product 'buy-in' numbers with the Board. Estimated gross profit for month of April (through the 23rd) was \$34,000. Year-to-date profit is \$168,000. He reviewed a visual slide showing the March buy-ins. Discussion followed.

Mr. Thacker reviewed with the Board a visual slide showing the top 10 brand of spirits sold by Asheville ABC Board and the sales in dollars. Tito's is still ranked #1 in cases sold in Asheville. Jameson ranked #2 and Fireball still remained in the top ten. A new item in our top ten is Espalon Blanco tequila.

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Jane Anderson and Charlie Hodge left the meeting at 9:29 a.m.

GENERAL MANAGER'S REPORT: Mr. Combs informed the Board that his credit card expense for the month totaled \$927.78 (Digital Projector \$781.09). Chairman Isaac asked if the Board would like a detailed copy of all the credit card purchases. Ms. Hallingse informed the Board that Mr. Combs, herself, Mr. Bottego, Mr. Thacker and Ms. Youngberg all have company credit cards. After a discussion, and in light of recent issues regarding the county Managers alleged credit card fraud, the Board agreed it would be prudent to receive a report of all credit card purchases of each person in possession of an ABC Board card.

NABCA CONFERENCE: Chairman Isaac, Mr. Combs, Mr. Thacker and Ms. Cape will be attending the North American Beverage Control Association conference on May 21-24th. The ABC Board is a member of the Association.

OPERATING BUDGET: Mr. Combs informed the Board the proposed operating budget for fiscal year 2018-2019 will be presented at the May Board meeting.

GRANT COMMITTEE: Mr. Combs advised Board that the Grants are due by the last Friday in May. Ms. Cape advised Board that since she is going off the Board in November she would give up her seat on the Grant Committee. After discussion, the Grant Committee will be comprised of Mr. Menkes (Chair), Mr. Davis and Mr. Combs.

24 OLD BREVARD ROAD UPDATE: Mr. Combs informed Board that ABC warehouse staff and Chief Bottego cleaned up considerable debris consisting of paper files, old mattresses, old pallets, furniture and litter in general. Discussion followed. Architect Carroll Hughes is diligently preparing drawings to receive and award bids so that the construction manager can move forward in full coordination with contractor(s).

OLD BUSINESS/NEW BUSINESS: There is a store manager vacancy at Sweeten Creek (Store #1). Mr. Combs and Mr. Thacker are interviewing staff to fill this position next week. Chairman Isaac brought up staff's recent discussion regarding an Assistant CFO position. Mr. Combs advised that this position is proposed in the upcoming budget to be filled, if approved, after the move to 24 Old Brevard Road.

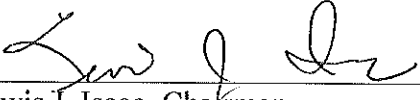
Ms. Cape mentioned a report from the federal government regarding businesses being cyber-hacked by a spoofing scheme. Staff assured her our IT contractor was aware of it. She also wanted to confirm that the ABC Board has a Whistleblower policy. Mr. Combs replied that a policy was adopted in early 2012.

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NEXT REGULAR MEETING: Three Board members are unable to attend the regular scheduled May 29th Board meeting. After a discussion, the next regular meeting of the Board will be Thursday, May 31, 2018, 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 9:55 a.m.

Respectfully submitted,



Lewis J. Isaac, Chairman

