

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
MINUTES OF REGULAR MEETING  
JANUARY 30, 2018

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, January 30, 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, 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 and Debbie Bradley, Administrative Assistant.

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 noted.

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

Chairman Isaac informed the Board that Vice Mayor Gwen Wisler was appointed to be Asheville City Council's Board Liaison. She sent regrets that she would not be able to attend today because of a scheduling conflict. He spoke with her and said she is excited about joining us. Mr. Combs has an orientation meeting scheduled February 5<sup>th</sup>.

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

LAW ENFORCEMENT REPORT: Mr. Bottego reported that in December law enforcement staff conducted 40 outlet inspections, 40 spot checks and 1 RASSP training and 4 unusual occurrences.

Chief Bottego advised the Board that a new security system was installed at Asbury Road (Store #9). This store was robbed at gunpoint on January 25th. Chief Bottego showed the video footage of this robbery. The two employees present did everything exactly as trained to include no resistance, immediately called police and ALE staff, and secured the store after the robber left the premises. Mr. Combs put them on leave with pay until such time as a trained counselor releases them to return to work. Discussion followed. The suspect was masked and no solid suspects have surfaced with no current arrest(s).

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
JANUARY 30, 2018 REGULAR MEETING  
PAGE TWO

Chief Bottego advised the Board that there were no significant enforcement issues during the holidays. His staff conducted plain-clothed on-floor surveillance at stores and there were no arrests. Customers were well behaved this year. Chief Bottego lauded store staff for their outstanding customer service, diligence, and attention to detail.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for December 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 2.7% over last December, State sales were up .25%. Mixed Beverage sales are up 8.5% over last December. State Mixed Beverage sales were up 3.8%. YTD Mixed Beverage sales are up 10.9%. Operating expenses are up .9%. Net income after tax is up 5.4%.

Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$1,629,793 through December (up 14.2%). Profit Percentage to Sales through December is 13.0%, compared to last year's 12.23%.

Ms. Hallingse reviewed with the Board each store's gross sales by location for the month of December (compared to December 2016 sales). Three stores had decreases in sales. Mixed Beverage Outlet was down 12.9%. Louisiana Avenue store was down 4.1% and Merrimon Avenue store was down .7%; this store competes with our neighboring ABC Board, Weaverville. Weaverville sales were up 5.25%. Fletcher ABC store was up 4.8%, which competes with Sweeten Creek. Sweeten Creek was up 4.5%. Mr. Thacker said more permittees have decided to switch from the Mixed Beverage Outlet to the Charlotte Street store and Tunnel Road store because the convenience in store operating hours. Also, both of these stores have more special orders than the Mixed Beverage Outlet.

Ms. Hallingse reviewed the Net Income After Tax by store location. Sweeten Creek, Mixed Beverage Outlet, Louisiana Avenue and Enka, all had decreases in net income after tax this December compared to last December.

Ms. Hallingse reviewed with the Board the ABC Commission's Annual Report:

**FY 2017 NC ABC COMMISSION ANNUAL REPORT- COMPARISON**

FY: July 1, 2016- June 30, 2017	North Carolina	N.C. % Change over the previous FY	Asheville ABC % Change over the previous FY
Liquor Sales- Regular	\$862,577,744	6.42%	6.05%
Mixed Beverage Sales	\$204,631,073	6.97%	10.86%
Profit Before Distribution	\$119,632,021	5.59%	18.01%
City & County Distributions	\$74,503,732	7.71%	20.24%

**FY 2017 NC ABC COMMISSION'S ANNUAL REPORT**

**Liquor Sales Revenue: \$1,068,773,846**

N.C. General Fund	\$306,238,795
City & County Distributions	\$74,503,732
NCABC & ABC Distribution Center	\$16,930,635
Local Alcohol Education	\$12,171,893
Local Law Enforcement	\$8,360,935
Counties- Rehabilitation	\$3,091,502
Dept. of Health & Human Services	\$1,677,553
<b>TOTAL:</b>	<b>\$422,975,045</b>

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
JANUARY 30, 2018 REGULAR MEETING  
PAGE FOUR

**BUDGET AMENDMENT #3:** Ms. Hallingse presented Budget Amendment #3 for fiscal year 2017-18 as follows: To amend operating expenses for taxes, insurance, and interest associated with property acquisition at 24 Old Brevard Road and additional rent at leased warehouse. To amend capital outlay for inventory scanner programming and additional NAV implementation costs. To amend debt proceeds and related capital outlay to approved loan amount. Ms. Cape asked Ms. Hallingse what the original cost of the NAV system was and also how much we have spent so far. After a discussion, Mr. Hay moved to adopt and approve Budget Amendment #3 and to authorize its execution by the Chairman. Mr. Davis seconded the motion and it carried by a unanimous vote.

**OPERATIONS REPORT:** Mr. Thacker informed the Board that the Holiday season was very profitable. He thanked law enforcement for all their hard work. He also said the employees worked exceptionally hard over of the holidays.

**BUY-INS REPORT:** Mr. Thacker reviewed product 'buy-in' numbers with the Board. Estimated gross profit for the month of December is \$42,516.00. Mr. Thacker added that gross profit total for 2017 is \$421,445.40. He reviewed a visual slide showing the January buy-ins. The biggest seller for the year was Tito's with a net profit of \$73,000.00. Also, according to recently published ABC Commission reports, Asheville ABC is forth in North Carolina in operating cost efficiency (this program has a lot to do with this). Discussion followed.

Mr. Thacker informed the Board that we have had a couple challenges this year regarding weather. He was compelled to close stores early and/or open late due to poor weather and road conditions. The safety of the employees is paramount. Mr. Thacker also informed the Board of the following accidents: 1) A citizen's vehicle careened off the road and hit Sweeten Creek Road store (store #1); however, the store was able to remain open; 2) Due to black ice, the Board's delivery truck hit a customer's vehicle in the parking lot at the Louisiana Avenue store (store #5); 3) Mr. Thacker's company vehicle was rear-ended resulting in minor damage. The at-fault driver's insurance will repair it. Mr. Thacker also mentioned a facebook post from citizen Chad Nesbitt making a big to-do about witnessing ABC staff running out the door and into the parking lot to determine which direction a shoplifter was running (Leicester Highway store #10). Discussion followed.

Mr. Thacker reviewed with the Board a visual slide showing the top 10 brand of spirits sold by sold by Asheville ABC Board and compared to North Carolina's top ten sellers.

**SPECIAL ORDERS:** Mr. Thacker displayed a chart to the Board showing that Asheville ABC placed 18% of the entire State's special orders in FY 2016-17. This is an amazing 67.25% increase over the prior year (2015-16). Both Mr. Combs and Mr. Thacker emphasized that our system works tirelessly to get our customers what they want, and for a Board which generates about 3% of the State's total sales with almost one-fifth of its special orders is a testament to staff's commitment to customer service. Discussion followed.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
JANUARY 30, 2018 REGULAR MEETING  
PAGE FIVE

GENERAL MANAGER'S REPORT: Mr. Combs informed the Board that his credit card expense for the month was \$154.48. He stated that he erroneously used the ABC credit card to make a personal purchase; however, as soon as the mistake was discovered promptly reimbursed the ABC Board the full amount and documented the incident.

Mr. Combs informed the Board that retired store manager Kaye Mathews passed away after 37 years of service with the ABC Board. Many ABC employees attended the memorial and funeral service. Ms. Mathews was a loyal and dedicated employee and will be missed by those who knew her.

Mr. Combs mentioned to the Board that he was recently in contact with the ABC Commission regarding financing of holiday luncheons or other activities. He was informed that under NO circumstances can ABC money be spent on Holiday Luncheon or any social event for employees; therefore, Mr. Combs personally reimbursed the ABC Board all expenses charged on the Board's credit card. Discussion followed. Board members expressed an interest in contributing to next year's to holiday luncheon.

Mr. Combs informed the Board about an email he received from the ABC Commission that was sent out to all ABC Boards regarding mixed beverage permittee's who cannot get items that we do not carry on state list. Mr. Combs believes this does not pertain to Asheville because we special order anything we can get for our customers.

Mr. Combs complimented Ms. Cape on doing an excellent job speaking on a radio show last month regarding the ABC system with some discussion about the potential legalization of cannabis. She represented the ABC Board well.

Mr. Combs informed the Board that it is time for his annual review. The North Carolina Legislature gave .0% to any CPI adjustments for the prior twelve months. Therefore he is ineligible to receive an increase in pay. Mr. Combs would like an extra 20 hours of vacation in lieu of raise this year for some personal issues. It can be grandfathered out next year. It was the consensus of the Board to approve 20 extra hours of vacation for FY2017-2018.

Chairman Isaac informed the Board that the ABC Commission requires a formal, yearly approval of the Travel policy by City Council. The Travel Policy was approval by City Council at their January meeting.

Mr. Combs reminded the Board to mark their calendars for the NABCA Annual Conference in May 21-24, 2018. Please let Ms. Bradley know if you would like to attend this meeting.

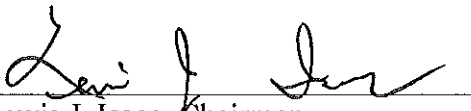
The Annual General Managers meeting in Greensboro is Tuesday, February 27th. This is a scheduling conflict for our February Board meeting. Chairman and Staff would like to attend this meeting, so permission from Board members to change Board meeting date is needed. Board concurred.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
JANUARY 30, 2018 REGULAR MEETING  
PAGE SIX

NEXT REGULAR MEETING: The next regular meeting of the Board will be Monday, February 26, 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 9:45 a.m.

Respectfully submitted,

  
\_\_\_\_\_  
Lewis J. Isaac, Chairman