

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
JUNE 25, 2019

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, June 25, 2019 at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North in Asheville, North Carolina.

MEMBERS PRESENT: Jan Davis, Vice Chairman; Board members: Max Haner, John Menkes and Januarie West.

MEMBERS ABSENT: None

ALSO PRESENT: Gwen Wisler, Vice Mayor; Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Hannah Franklin, Deputy Finance Officer; Jason Thacker, Operations Manager; Alfred Bottego, Chief Law Enforcement; Debbie Bradley, Administrative Assistant; Jane Anderson and Charlie Hodge, Asheville Independent Restaurant Association (AIR); Ashley Ioakimedes, Oak and Grist Distilling and Timothy Collins, member of the public.

Vice Chairman Davis called the meeting to order.

With a heavy heart, Vice Chairman Davis informed the Board of the passing of Chairman Lewis Isaac. All present agreed that we did indeed lose a friend and dedicated Chairman. He will be sorely missed.

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." Mr. Combs recused himself from the Grant approval for Our Voice because his son in-law is on the Board of Directors for Our Voice.

LAW ENFORCEMENT REPORT: Mr. Bottego reported that in the month of May law enforcement staff conducted 40 permittee inspections, 40 compliance checks, 1 agency assist (APD) and 4 criminal charges. No unusual cases or incidents were reported.

ALCOHOL EDUCATION: Mr. Bottego updated the Board on the following:

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- SAGA Radio – The end of school year campaign is about to begin. Mr. Combs played one new radio spot to be played on the radio. He was happy to report that SAGA is supporting the program as follows: for every one spot we buy they give us two for free. They are as invested in this important community program. With this deal he is hoping to turn the three radio education campaigns a year into a single, multi-subject program and run year-round. Lastly, Chief Bottego is looking into a model mentor program for coaches and teachers to fight drug and alcohol abuse on a more personal basis. Details will follow as the program gets developed.
- Promise Promise – This year's program is completed with no fatalities in the schools where the program was located. With ample storage available at the new warehouse, he is stockpiling supplies and props to share with other schools in future programs.
- Drink Responsibly Campaign – Coasters, shirts for permittees with 'Drink Responsibly' logo, etc. will be printed and distributed in the community.

BUDGET AMENDMENT #4: Ms. Hallingse presented Budget Amendment #4 for fiscal year 2018-19 as follows: To amend Revenues to reflect expected increase in sales over amount previously budgeted and additional Wellness grant proceeds expected. To amend costs and distributions related to increased sales volume. To amend annual expenses for increases related to unexpected costs, and move budgeted contingency to cover store supplies increase related in increased sales volume and administrative capital outlay. To decrease capital outlay for postponement of mixed beverage outlet renovation until next fiscal year. After discussion, Mr. Haner moved to adopt and approve Budget Amendment #4 and to authorize its execution by the Vice Chairman. Ms. West seconded the motion and it carried by a unanimous vote.

GRANT COMMITTEE RECOMMENDATIONS: Mr. Menkes carefully and in detail reported to the full Board that the Grants Committee reviewed all grant submittals and met to discuss each grant's potential to most effectively meet the criteria set out in the grant submittal format in accordance with section 18B-805 (h) of the General Statutes of North Carolina. He discussed the merits of each grant, their organization and how each proposal will address the Board's vision of drug/alcohol rehabilitation or education. Each year the amount of funding is based on the ABC Board's profits. The Grants Committee's recommendations were as follows:

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• First at Blue Ridge, Inc.	\$40,000
• Homeward Bound of WNC, Inc.	\$65,000
• Next Step Recovery, Inc.	\$50,000
• Boy Scouts of America	\$7,500
• Asheville 12-Step Recovery Club	\$15,000
• Our Voice, Inc.	\$55,000
• ARC of Buncombe County	\$36,000
• Western Carolina Rescue Ministries	\$40,000
• Delta House	\$6,000
• Community Programs	<u>\$20,500</u>
	\$335,000

After further discussion, Mr. Menkes made a motion to approve the recommendations of the Grants Committee to include applying whatever portion of the final actual amount to fulfill statutory requirement for fiscal year 2018-19, pending the final determination of the ABC Board's net income as of June 30, 2019. Ms. West seconded the motion and the Board voted unanimously to approve the grants as listed above to receive distributions in the fiscal year 2019-2020.

Ms. Anderson suggested that the staff should be more vocal about the good programs supported by the ABC Board. Board members concurred.

FY 2019-20 OPERATING BUDGET: Ms. Hallingse presented the FY 2019-20 ABC Board Annual Budget. She gave a comprehensive overview of pertinent line items that were adjusted after the proposed budget was presented last month to include: Office Supplies, Credit Card, Recycling, Communications, Inventory Scanners, Alcohol Rehab, and Distribution to the City and County. Sales were increased 6% based on economic indicators. Mr. Haner asked how much flexibility do we have in the budget to deal with issues that we may be unaware of. Ms. Hallingse responded that Mr. Combs has a contingency line item and that he has the authority to move no more than \$15,000 between budget line items. Any such transfers must be reported to the Board at its next meeting, with a budget amendment. After discussion, Mr. Haner moved to accept the Operating Budget for fiscal year 2019-20. Mr. Menkes seconded the motion, and it carried by unanimous vote. NOTE: A copy of the budget as accepted, approved and adopted is included in the minute book with these minutes).

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FINANCIAL REPORT: Ms. Hallingse presented the financial report for May 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 store, operating expenses, net income after tax, cash distributions and profit percentage to sales. Sales were up 11.4% over last May. YTD sales are up 8.98%. State sales were up 11.2%. Mixed Beverage sales are up 16% over last May. State mixed beverage sales were up 10.2%. YTD mixed beverage sales are up 10.4%. Operating expenses are up 5.4%, YTD up 4.72%. Net income after tax is up 22.3%. YTD net income is up 15%. Distributions to City and County were \$3,161,471 through May (up 15%).

Ms. Hallingse presented the Profit Percentage to Sales through May was 13.20% compared to last year's 12.59%. The Board ended fiscal year on 2018 at 12.58%.

Ms. Hallingse reviewed with the Board store gross sales by location for the month of May (compared to May 2018 sales). Sweeten Creek was up 22.5%, Long Shoals was up 12.6%, the neighboring ABC Store in Fletcher was up 20.5%. Tunnel Road was up 17.7%. Merrimon was up 8.5%; neighboring ABC Stores Weaverville was up 9.75% and Woodfin was up 2.75%. Black Mountain ABC was up 39.4%.

Ms. Hallingse reviewed Net Income After Tax by store location for the month of May. All locations showed increases.

OPERATIONS REPORT: Mr. Thacker reviewed with the Board a visual slide showing May's top 10 brands of spirits sold by Asheville ABC Board and in North Carolina. 750ml Tito's remains the top seller with Tito's half gallons the second top seller. Jameson Irish whiskey was the third highest seller.

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BUY-INS REPORT: Mr. Thacker reviewed the product 'buy-in' program with the Board. He explained how the buy-ins program works (for the guests). Estimated gross profit for the month of May was \$30,715.00 and year-to-date is \$217,015.50. Overall, the program continues to provide a robust profit to the Board. Discussion followed.

Mr. Thacker advised the Board that inventory scanner guns are not working properly and staff is working with a company on an alternative software program that looks very promising.

Mr. Thacker informed the Board that the Hendersonville Road Store is in need of additional shelving, as the manager wants to stock more products customers are requesting. The cost for the shelving was adopted in the FY 2109-20 budget.

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Lastly, Mr. Thacker advised the Board that staff is having earnest discussions regarding the impending closing of Store #4 (Charlotte Street) and the construction improvements required to the old warehouse at 1 Cherry Street. Discussion followed.

GENERAL MANAGER'S REPORT: Mr. Combs presented updated photos of 24 Old Brevard Road and discussed the following:

- Temporary Certificate of Occupancy issued, 99% completed
- Change orders: \$14.5K (1.2%)
- Physical move-in date: July 12th
- Board Meeting will be at that location in August

Mr. Combs prepared a summary sheet of the following bills introduced in the N.C. General Assembly and discussed the highlights of each one as follows:

- HB91/SB87 – ABC Laws Modernization/PED Study (Bill was amended on 4/16/19, but no action since introduction date)
- SB290/HB378 – Distillery Regulatory Reform Bill (Placed on calendar for vote 6/24; 6/20: Senate: “Reported favorable”. Rumor is this Bill will pass and be sent to Governor’s office)
- HB536 – ABC Omnibus Regulatory Reform Bill (Referred to the Committee on Finance 5/1/19)
- HB971 – Modern Licensure Model for Alcohol Control (No Senate co-sponsorship to date; No discussion or votes since introduced)

OLD BUSINESS/NEW BUSINESS: Mr. Combs informed the Board that the application process to fill the Board vacancy from Mr. Isaac’s passing has begun with a deadline of July 15th. City Council will review all applicants, perform interviews, fill the vacancy (to fill in for the term ending in November 2020) and appoint a Chairperson at a regularly scheduled meeting after the deadline.

Mr. Combs advised the Board that due to vacations and mid-summer celebrations, it was customary for the Board to NOT meet in July. After a short discussion, it was the consensus of the ABC Board to honor this custom. The next meeting will be in August.

Mr. Combs reminded the Board that the NC Association of ABC Boards Summer Conference will be in Pinehurst August 4th-6th.

Mr. Combs informed the Board that Durham ABC requested his help in an assessment center to hire Durham County’s ABC Board’s General Manager. It will take two days and Durham ABC will cover all food, lodging and parking expenses. It was the consensus of the Board to allow Mr. Combs to help Durham ABC.

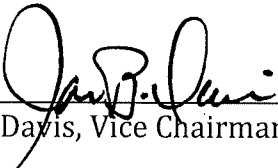
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APPROVAL OF MINUTES FOR REGULAR MEETING: Mr. Menkes moved to approve the ABC Board meeting minutes for the May 28, 2019 regular meeting. Mr. Haner seconded the motion, and it carried by unanimous vote.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, August 27, 2019 at 8:30 a.m. in the Conference Room at its Administrative Offices at 24 Old Brevard Road, Asheville, North Carolina.

ADJOURNMENT: The meeting was adjourned at 9:42 a.m.

Respectfully submitted,



Jan Davis, Vice Chairman