

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
MAY 26, 2026

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, May 26, 2026 at 8:30 a.m. in the Conference Room at its administrative office at 24 Old Brevard Road, Asheville, North Carolina.

MEMBERS PRESENT: Robin Cape, Board Chair; Board members: Chappell Carter, Charles Triber, Kimberly Collins and Jan Davis.

MEMBERS ABSENT: None

ALSO, PRESENT: Kim Roney, Asheville City Council Liaison; Jason Thacker, General Manager; Mark Combs, Assistant General Manager; Hannah Franklin, Chief Financial Officer; Jonathan, Operations Manager; Alfred Bottego, Chief Law Enforcement; Johnathan Langford, Law Enforcement; Terrie McCracken, Retail Operations Coordinator; Shelley Calloway, Deputy Finance Officer; Debbie Bradley, Administrative Assistant; Jessica Calvillo, Payroll Specialist / Accounting Clerk; Peter Pollay, Restaurant Owner and Wolfgang Hoffmann, member of the public.

Chairwoman Cape called the meeting to order, welcomed all present.

READING OF THE CONFLICT OF INTEREST STATEMENT BY THE CHAIRWOMAN: "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.

APPROVAL OF MINUTES FOR REGULAR MEETING: Mr. Davis moved to approve the Board Meeting Minutes for the April 28, 2026 regular meeting. Mr. Carter seconded the motion, and it carried by unanimous vote.

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Ms. Franklin introduced Jessica Calvillo, the new AP/Payroll/Accounting Clerk. Jessica joins us from the Blue Ridge ABC Board, and we are pleased to welcome her. Chairwoman Cape and the Board extended their best wishes for a long and successful career with our organization.

GENERAL MANAGER'S REPORT: Mr. Thacker advised the board that Brown Forman and Pernod ended talks about a merger. Brown Forman has moved over to Johnson Brothers. Johnson Brothers had previously acquired Proximo.

2025 ABC SYSTEM REVENUE DISTRIBUTION: Mr. Thacker presented, and discussed, the 2025 Revenue Distribution Chart that the ABC Commission puts out every year. Total revenue was \$697M. \$542M went to the general fund and \$113M went to City, Municipal, County & other Distributions. When folks start discussing privatization this is the money that the state stands to lose.

FREE OUR SPIRITS CAMPAIGN: Mr. Thacker advised the Board that a new campaign pushing privatization has been launched and now includes a website. Jon Carr, Attorney/Lobbyist for the NC Association of ABC Boards, advised Mr. Thacker that this campaign is organizing a protest, starting in Asheville then moving eastward until they reach the commission. (No protest has been started as of yet). Ms. Roney received a letter in the mail regarding campaign/protest. Mr. Thacker stated that there is a lot of misinformation on the campaign website. Group discussion followed on positive aspects of ABC Boards.

Mr. Thacker advised that the Senate Bill 938-Privatization Bill was emailed earlier this month to Board. This bill has zero co-sponsors or support in the legislature. Chairwoman Cape advised that the big box stores won't give you the variety you would get from ABC stores. Discussion followed.

HOUSE BILL 921: Mr. Thacker informed the Board that this omnibus bill had initially included the allowance of Sunday sales, and Ready to drink's (RTD's) to be sold in grocery stores. The Sunday sales option was taken out of the bill but the RTD's stayed in. This bill passed its first vote. This would not be good for ABC Stores because the RTD's are the fastest growing products in the state and in the U.S. Discussion followed.

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Mr. Thacker stated that Mr. Bauer, Chair, ABC Commission, mentioned that Senator Moffitt has put out a House bill that contains the ability to get a loan for a new state of the art liquor warehouse. Discussion followed.

FINANCIAL REPORT: Ms. Franklin presented the financial report for April to include copies of related financial statements presented for the Board's review and/or action. Total sales were \$3.9M, down 0.03% from prior year. Year-to-date under budget 4.4%. Mixed Beverage sales were \$1.4M, up 6.7% from prior year. Operating Expenses were \$674K for the month. Expenses are 3.5% under budget for the year. Net Income After Tax is under 4.55% from prior year, over budget 1.2% for the month and year to date over budget 6%. Distributions to the City and County is \$2.7M, up 13% from the prior year.

Ms. Franklin presented a new on-going slide showing the sales of the top 10 North Carolina ABC Systems and our neighboring ABC Boards. The State was down .88% for the month. Asheville ABC was down .02% for the month. Mecklenburg, Cumberland, Pitt, Johnston County and Black Mountain were all up for the month. Discussion followed.

PROFIT PERCENTAGE TO SALES for April: Year to date Net Income After Tax: \$3.4M, up 13% from prior year. Gross sales are up 2.3% at \$40M. Profit Percentage to Sales is at 9.94%. The goal used to be 9% for large systems, however the ABC Commission has reassessed the goal for larger boards to 5%, because of risings costs. Discussion followed.

GROSS SALES BY STORE: Ms. Franklin reviewed with the Board each store's gross sales for the month of April (compared to 2025 sales). Sweeten Creek, Louisiana, and Enka were all down compared to prior year. Every store was up in mixed beverage sales.

NET INCOME AFTER TAX: Net Income After Tax (Stores Only). Total for stores was \$549K. Several stores were down but the margins were slim. Year to date \$5.6M, up \$430K at the store level.

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RETAIL & MIXED BEVERAGE: Ms. Franklin presented a slide of retail and mixed beverage sales by location. Retail was \$2.5M, down 3.7% and mixed beverage was \$1.4M, up 6.8%.

Chairwoman Cape asked Mr. Pollay whether tourists have returned for permittees. Mr. Pollay responded not really, sales are pretty flat. Total beer and wine down 1%.

BOTTLE COUNTS: Ms. Franklin reviewed April bottle counts: Retail sales are down \$94K, bottles were down (-4,014). Mini bottles are down, Mixed beverage sales are up. Overall down 795 bottles compared to last April. Year to date, down 29K retail bottles and overall up 44K bottles.

BUDGET AMENDMENT #2: Ms. Franklin presented Budget Amendment #2 for fiscal year ending June 30, 2026 as follows: Section 1: To amend Revenues to reflect expected decrease in sales over amount previously budgeted. Section 2: To amend taxes, costs of goods sold, card processing fees and distributions related to decrease sales volume. To amend and reallocate employment expenses including salaries, taxes, retirement and insurance expenses. To decrease repairs equipment, banking fees and interest expenses. After a discussion, Mr. Carter moved to adopt and approve Budget Amendment #2 and to authorize its execution by the Chair. Ms. Collins seconded the motion, and it carried by unanimous vote.

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PUBLIC HEARING: N.C. General Statutes require formal advertisement and a public hearing to obtain the public's input for the ABC Board Annual Operating Budget. Mr. Carter moved to go into a Public Hearing at 8:54 a.m. to receive public comments regarding the proposed operating budget for fiscal year 2026-2027. Mr. Triber seconded the motion, and it carried by unanimous vote. Immediately thereafter, Ms. Franklin provided highlights of the budget as follows: Projected sales for next year is \$44.0M, decrease of 2.5%. Working Capital as of March 31st is \$5,662,340. Employment expenses: 3.5% overall adjustment of the operating budget. This includes increases in wages (proposed C.O.L.A. and merit, LGERS, and health insurance). We are currently fully staffed with 57 full time and 20 part-time employees. Our focus this year is on new Store #4 opening and continuing to look for a Store #5 replacement. Key capital items: Warehouse roof, POS /Scanner upgrade, shelving and security.

KEY LINE ITEMS: \$44M in sales, Operating Budget is at \$7.6M, Employee Expenses is \$5.9M, Credit Card Expense is \$501K, Insurance-general and bonds is \$167K, Repairs & Maintenance is \$358K, Debt Service \$690K (projecting the administration building paid off next fiscal year), Alcohol Education/Rehabilitation Grants \$165K, Distributions to city and County \$2.2M and Working Capital Appropriated \$127K. Mr. Carter asked about lag in Health Insurance. Ms. Franklin advised that we are switching back to Blue Cross Blue Shield. Mr. Thacker advised the old insurance gave us an 80% increase so that is why we changed to BCBS.

KEY CAPITAL OUTLAY ITEMS: Shelving \$105K, Sonicwall \$28K, Computer/Scanner Upgrade \$90K, Signage \$25K, Hot Water Heaters \$6K, Landscaping/Bollard \$17K, Trash Can/Fencing \$12K, Security \$65K, Parking Lot Upgrades \$45K, Roofing/Lighting Upgrades \$110K, Law Enforcement Bullet Proof Vest \$20K and Stores/Admin/Warehouse/ Law Enforcement Miscellaneous Equipment \$47K.

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ASHEVILLE ABC BOARD COST TO HIRE FULL-TIME EMPLOYEE:

- \$19.00 per hour = \$39,520 per year
- Retirement (15.16%) = \$5,911.23
- 401K (6%) = \$2,371.20
- Health Insurance (92%) = \$10,340.28 per year
- Total = \$58,222.71 (\$27.99 per hour)

Ms. Collins stated that, It's great you're working toward a living wage, and I appreciate that effort. Chairwoman Cape concurred. Ms. Collins also inquired about pay plan compression issues. Discussion followed.

Mr. Thacker stated that the Asheville ABC Board has worked on pay scale compression since COVID days. We have worked hard to maintain a competitive pay scale. Ms. Franklin advised that the revised pay scale presented last month is the first adjustment that has meaningfully improved compression issues. The current budget includes a cost of living adjustment for all employees. In addition to the COLA, a separate pool of funds will be available for merit based increases. Discussion followed.

Following the Public Hearing, no public questions or comments were received. At 9:15 AM, Mr. Triber moved to close the Public Hearing. Mr. Davis seconded the motion and the public hearing was closed.

OPERATIONS REPORT: Mr. Bass presented a slide of the top 15 Mixed Beverage customers in Asheville. Grove Park is #1, followed by Moxy and Aloft. Biltmore Inn is #3. Anoché is a surprise at #12. They have contributed to our mezcal sales going up.

Mr. Bass advised Board that a Bourbon Drop was held at Leicester Highway (store #10) on April 22nd. It went very well contributing to the stores total of \$41K for the day.

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Mr. Bass stated that the deadline for mixed beverage permit renewals is the end of this month. Four permittees have not renewed and five are officially closed that were on the list sent out. Chief Bottego stated that three of the permittees that haven't renewed are having department of revenue issues.

BUY-INS: Mr. Bass presented the slide for Buy-ins and Bourbon Allocations for April.

TOP 10 SELLERS: Mr. Bass presented the top 10 brands. Taaka Vodka keeps moving up, still in the top 5, and El Toro Silver tequila is #9.

LAW ENFORCEMENT REPORT: Chief Bottego reported that law enforcement staff conducted 20 permittee inspections, 41 compliance checks and 3 agency assists (APD & Woodfin).

Chief Bottego stated that Prom Promise has almost wrapped up. Every kid went home successfully.

Chief Bottego has met with and spoken to boards across the state regarding the Free Our Spirits Campaign. We have posted the properties with no loitering or solicitation signs. A log is being kept of trespass charges and loitering charges to support the defense of free speech rights. Everyone across the State will be doing the same.

Chief Bottego stated that the Shelters are down about 16% because the weather is changing. People who would normally stay in the shelters are instead milling around the area, and they will be charged if they become a problem.

Chief Bottego advised that two new permits were issued this month regarding the change of LLC.

OLD BUSINESS/NEW BUSINESS: Mr. Thacker discussed the following:

- Adoption of ABC Operating Budget next month, including Grants
- N.C. ABC Association Conference is August 23-26
- NABCA Conference Notes next month

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Mr. Thacker invited board members to share any comments or feedback regarding NABCA Conference. Ms. Collins thought the conference seemed smaller than in previous years, but the venue was excellent. She mentioned her favorite speakers. The major theme of the conference was cannabis, and how it's being handled around the country. Ready to drink (RTD) beverages were also a significant topic of discussion. Mr. Carter and Mr. Triber agreed and shared their thoughts on their favorite speakers. Discussion followed.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, June 30, 2026 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 9:35 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Robin Cape", written over a horizontal line.

Robin Cape, Chairwoman