

MINUTES
BREVARD ABC BOARD
March 23, 2023

Approved
Jaisler: <u> JK </u>
Pearsall: <u> FP </u>
Brewer: <u> RB </u>
Mooney: <u> CM </u>

The Brevard ABC Board met in regular session on Thursday, March 23, 2023 at 8:30 a.m. in the Council Chambers at City Hall.

Members Present: Kevin Jones, Chair
Jack Jaisler
Frank Pearsall
Ron Brewer
Carl Mooney

Staff Present: Mark Balding, ABC General Manager
Jackie Jarvis, Asst. Store Manager

- A. Welcome & Call to Order**
- B. Quorum**

Board Chair Kevin Jones called the meeting to order at 8:30 a.m. and a quorum was noted.

- C. Approval of Agenda**

Motion by Mr. Jaisler, seconded by Mr. Mooney to approve the agenda as presented. The motion carried unanimously.

- D. Approval of Minutes**

- 1. Minutes from Regular Session – February 23, 2023**

Motion by Mr. Pearsall, seconded by Mr. Brewer to approve the minutes of the Regular Session meeting on February 23, 2023 as presented. The motion carried unanimously.

- E. New Business**

- 1. Manager's Report / Sales Update**

Mr. Balding reported that February sales were up \$23,614 or 5.7%. Profit for February was 6% and Year-to-Date is at 8.4%, which is down slightly. FY23 Net Sales are \$4,402,691, an increase of \$74,478 over last year. FY23 Mixed Beverage Sales are \$548,012, an increase of \$80,882 over last year. Store #1 sales are \$3,071,498 and are up \$81,222 over last year. Store #2 sales are \$1,316,518, down \$21,419 from last year. YTD Revenue increase is 2%.

Mr. Balding informed the Board that he and Mr. Jones are meeting with City Manager Wilson Hooper tomorrow, and will be meeting with the City's Finance Committee on March 27th to review and discuss the Board's capital reserve wish list. Mr. Jones has a proposed profit sharing plan that he will present to the City. He explained that right now the Board is very close to holding the maximum amount of cash that we are allowed to hold. The rule is that cash, plus inventory,

minus checks that are not backed by an asset, cannot be more than the total of three months' sales. Right now we are pulling expenses forward so we haven't tipped that number, but if we don't get an extension at the end of this year, and if we are over that three-month sales total, we would by law have to write the City a check.

Mr. Jaisler said it would be to the City's advantage to allow the Board to keep that extra money because we could become more profitable. Mr. Brewer added that they can sentence us to rent forever and that doesn't make sense. Mr. Balding added that part of our pitch is going to be our current leases. Our lease for the Downtown Store, which is our hub with the warehouse and parking, goes through March 31, 2029, but has no option to renew. We have 2 facilities under lease agreements, both of which could walk in five or six years and we are ill-prepared at this moment. It is a hardship to find real estate space and we need to start making a plan now for when these leases expire. If the owner decided to sell the building and we don't have \$1.5M in capital reserve, we are wasting our time. If it comes to a point where we could possibly purchase the building, we would have an option to lease out the space beside us and pay to run our business. Six years will be here before we know it and we need to be in a position to react. Both of our leases are going to mature at about the same time and I would hate for us to be in a position where we have no place to go. Mr. Jaisler said if we can put some money aside, rather than giving it to the City upfront, we can give them more later when we possibly own a facility. Mr. Brewer noted that if we were to have \$1.5M by 2029, we would have put away \$214,000 per year.

Mr. Jones reviewed his proposed protocol for Capital appreciation account/profit sharing (copy attached) and noted that these numbers are on the shy side. He explained that he picked authorization for \$150,000 because he figured it wouldn't look too large to City Council. Maybe we should make it \$200,000. He added that what we are saying is we have a long-term business plan and this is the tool that City Council can approve that will enable us to follow that plan. There is more than just saving money for an account here; there is certain inventory increases and other considerations.

Mr. Mooney suggested taking the maximum annual capital accumulation out and just ask that they give us permission to open an account. Mr. Jones explained that this proposal is designed in a way that for every three dollars we put in our accumulation account, we are giving the City and County combined one dollar, so they are vested in hoping we will increase our account. He said based on what I am hearing, I would say we keep this proposal, use the figures at the bottom as an example of how we would distribute the profit sharing, and eliminate the "maximum annual capital accumulation to be set at \$150,000" line.

Motion by Mr. Jones, seconded by Mr. Jaisler to approve this approach with the amendment striking the maximum capital accumulation per year. Vote on the motion was 4 in favor; 1 opposed (Mooney). The motion carried.

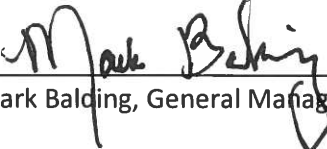
F. Unfinished Business

1. Review and Approve Financial Reports from February, 2023

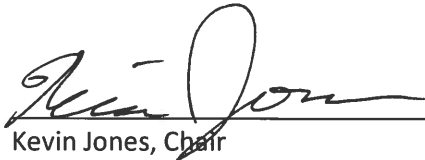
The financial reports for February 2023 were reviewed and circulated for signatures.

G. Adjourn

There being no further business the meeting adjourned at 9:14 AM.

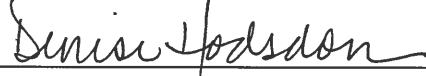


Mark Balding, General Manager



Kevin Jones, Chair

Minutes Approved: April 27, 2023



Denise Hodsdon, City Clerk

Proposed protocol for Capital appreciation account/ profit sharing

Initial profit sharing with City and County is \$320,000

(\$240,000 city and \$80,000 county)

Maximum annual capital accumulation to be set at \$150,000.

For any contribution to the Capital accumulation account profit sharing to the city is increased by 25% and the county 8.33%.

Example: If in a fiscal year the ABC board saved \$150,000 in a capital account- The profit sharing for that year would be

	City	County
Initial profit sharing	\$240,000	\$80,000
Additional profit sharing	\$ 37,500	\$12,500
Total	\$ 275,000	\$92,500