

**NORTH CAROLINA ALCOHOLIC BEVERAGE CONTROL
COMMISSION MINUTES
OCTOBER 10, 2018**

The following narrative summarizes the North Carolina Alcoholic Beverage Control Commission Meeting held at 400 East Tryon Road in Raleigh, North Carolina on October 10, 2018, beginning at 10:00 AM. The meeting was recorded and the disc is on file at the NC ABC Commission within the Legal Division.

ROLL CALL

Chairman A.D. Zander Guy, Jr. welcomed those in attendance and called the Commission Meeting to order.

Chairman Guy explained the agenda would be adjusted by moving the Public Hearing on Proposed Permanent Homebrew Rules – Rules 14B NCAC 15A .2301 - .2207 to the end of the agenda. The schedule adjustment would allow ample time for the many people present to address their comments to the Commission.

Chairman Guy thanked those present for attending the Commission Meeting and introduced himself and Commissioner Norman A. Mitchell, Sr. Chairman Guy added he was proud of the ABC Commission staff and their work.

MINUTES OF THE SEPTEMBER 12, 2018 COMMISSION MEETING

Chairman Guy asked for a motion to waive the reading of the minutes of the September 12, 2018 meeting into the record. Commissioner Mitchell made a motion to waive the reading of the minutes. Chairman Guy seconded the motion. Motion Passed.

Chairman Guy asked for a motion to approve the minutes of the September 12, 2018 meeting. Commissioner Mitchell made a motion to approve the minutes. Chairman Guy seconded the motion. Motion Passed.

CONFLICTS OF INTEREST

As required by N.C.G.S. § 138A-35, Chairman Guy asked if there were any conflicts of interest or any conditions or facts which might create the appearance of a conflict of interest with respect to any matters on the agenda. Commissioner Mitchell stated he reviewed the agenda and found no conflicts of interest. Chairman Guy stated he found no conflicts of interest.

Chairman Guy stated the ABC Commission values its relationships with Alcohol Law Enforcement. Chairman Guy welcomed Terrance Merriweather, previously with ALE, to the ABC Commission as the Deputy Director of Policy over the Permit and Audit Divisions.

I. CONTESTED CASES AND OFFERS IN COMPROMISE – 82

Chief Counsel Renee C. Metz requested case numbers 1 and 27 be removed from the agenda. Mrs. Metz explained case number 1 had been dismissed by the Office of Administrative Hearings and the Offer in Compromise for case number 27 required corrections to the penalty.

Commissioner Mitchell made a motion to remove case numbers 1 and 27 from the agenda. Chairman Guy seconded the motion. Motion Passed.

Mrs. Metz stated attorney Woody Webb was present on behalf of his client, Circle K Stores, Inc., for case number 36, Kangaroo Express 3158. Mr. Webb stated he was present to ask the Commission for consideration regarding the 15-day suspension included in the penalty. Mr. Webb explained John Ruth of the NC ABC Commission Education Outreach provided training to the staff on August 6, 2018. He explained Circle K also provides its own in-house training for new employees and requires annual training for all current employees. Additionally, employees sign a daily pledge to not sell alcohol to underage customers. Mr. Webb added the stores have a modern point of sale system for scanning ID's and information can also be added manually. Also, potential employees undergo a background check before hiring. Mr. Webb explained Circle K has a zero tolerance policy, so the employee who had allegedly made the underage sale is terminated immediately.

Mr. Webb stated Circle K does everything possible in their more than 300 stores in North Carolina to prevent underage sales. Mr. Webb stated they understand if an underage sale occurs again, there will be an even higher penalty. He explained for this case, his client would be willing to accept a penalty for failure to supervise in addition to the penalty for the sale to underage, if the Commission agrees to eliminate the suspension.

After conferring with Mrs. Metz, Chairman Guy thanked Mr. Webb for his presentation and explained, for the Commission, underage sales are a priority.

Chairman Guy made a motion to add a failure to supervise violation with a \$1,500.00 penalty to the existing sale to underage penalty of \$5,000.00 and remove the 15-day suspension. Commissioner Mitchell seconded the motion. Motion Passed.

Mrs. Metz added Circle K has been one of the least violated chains and with its purchase of the Pantry stores, the Pantry's circumstances would also improve.

Mrs. Metz stated attorney William Farris was present on behalf of his client for case number 32, Food Mart 1. Mr. Farris stated his client TAYM, LLC owns two stores and through other entities, a total of six stores are owned. Mr. Farris explained this store is a Shell station located on Highway 301 in Wilson, also known as Ward Boulevard.

Mr. Farris stated the underage sale occurred during a compliance check when a person born in 1999 was sent into the store and was able to purchase a single malt beverage without having his identification checked. Afterwards, the employee explained to law enforcement, he thought the beverage was an energy drink so he did not check identification.

Mr. Farris stated his client takes underage sales violations very seriously at all six stores and this store had recently been purchased by his client. Mr. Farris stated his client had instituted a 30-day suspension for the employee, so he would not be able to work for that period. Employees are instructed to ask for

identification even if the item looks like an energy drink. Mr. Farris stated they are not denying the violation and accept responsibility, but are hoping to have a reduction of the penalty.

Chairman Guy inquired if they had any recent training. Mr. Farris stated he did not know and Mrs. Metz added she was not aware of training. Chairman Guy asked where the other stores were located. Mr. Farris stated they were in Wilson and Pitt counties. He also explained the owner of the business shares ownership of the stores with his five brothers.

Chairman Guy asked if they had previous violations at the other locations. Mr. Farris explained they had previously received a violation for selling to an intoxicated person.

After conferring with Commissioner Mitchell, Chairman Guy stated the Commission feels very strongly about underage sales. Chairman Guy made a motion to reduce the fine to \$1,750.00 and required all employees take training. Commissioner Mitchell seconded the motion. Motion Passed.

Mrs. Metz stated the permittee was present on behalf of his business for case number 18, Tobacco Express and More. Chairman Guy asked was the business located in Roanoke Rapids and since the Offer in Compromise was signed, had they changed their mind. Ali Abdo Saleh Ali confirmed this and explained his business has not purchased beer in six months and produced an invoice. Mrs. Metz stated the invoice shows purchases in January, February and April. Mr. Saleh Ali explained business was slow.

After conferring with Mrs. Metz, Chairman Guy stated though there had not been previous underage sales, there had been several prior violations which caused the higher fine. Chairman Guy made a motion to reduce the penalty from \$2,500.00 to \$1,500.00. Commissioner Mitchell seconded the motion. Motion Passed.

As no one else was present regarding a case, Mrs. Metz asked the Commission to ratify the remaining Offers in Compromise.

Chairman Guy made a motion to ratify the Offers in Compromise. Commissioner Mitchell seconded the motion. Motion Passed.

II. ABC STORE LOCATION – CATAWBA COUNTY ABC BOARD

Administrator Agnes C. Stevens stated three ABC Boards had requested approval from the NC ABC Commission to open new stores.

Ms. Stevens stated on August 29, 2018, the NC ABC Commission received a request from the Catawba County ABC Board, requesting approval to lease property to open and operate an ABC Store at 201-B Island Ford Road in Maiden, North Carolina. On September 6, 2018, Audit Investigator Edwin Strickland met with General Manager Ronald Kaylor. Ms. Stevens explained the proposed location would be a new store and the twelfth for the Catawba ABC Board. With the Commission's approval, the Board aspires to open on December 1, 2018.

Ms. Stevens stated it was confirmed the property is zoned C-2 and allows for ABC sales. There are no personal or financial interests shared between the property owner and the Catawba County ABC Board members. Ms. Stevens stated the proposed site is a 2,400 SF suite in a retail multi-occupant commercial building.

Ms. Stevens added the nearest school, Maiden Elementary School, is approximately 1.4 miles from the proposed location. The nearest church, East Maiden Baptist Church, is approximately 290 feet from the proposed location.

Ms. Stevens explained the nearest ABC Store is located at 105 Stanford Road in Lincolnton, North Carolina, approximately 7.2 miles from the proposed location and is operated by the Lincolnton ABC Board. Additionally, the Catawba County ABC Board operates a store at 650 Southwest Boulevard in Newton, North Carolina and it is located approximately 7.4 miles away.

Ms. Stevens stated notice to the public was properly posted on September 6, 2018. Neither the ABC Commission nor the Catawba County ABC Board has received objections to the new store.

Mr. Kaylor was present to answer any questions. Ms. Stevens stated staff recommended approval of the proposed location.

Commissioner Mitchell made a motion to approve the proposed location upon staff recommendation. Chairman Guy seconded the motion. Motion Passed.

Chairman Guy thanked Mr. Kaylor for attending and stated the Commission was proud of the 170 ABC Boards across the state.

III. ABC STORE LOCATION – LINCOLN COUNTY ABC BOARD

Ms. Stevens stated on August 27, 2018, the Lincoln County ABC Board requested approval to purchase property to open and operate an ABC Store at 2816 NC 16 Business in Denver, North Carolina. Ms. Stevens stated on August 30, 2018 ABC Commission Permit Compliance Officer Ralph Ray met with General Manager Johnny Helms.

Ms. Stevens stated the property was zoned appropriately and allows for an ABC Store. Ms. Stevens added there are no personal or financial interests shared between the property owner and the Lincoln County ABC Board members.

The Lincoln County ABC Board plans to build a 4,450 SF stand-alone commercial building. Ms. Stevens explained 60% or 2,650 SF of the building would be used for retail space with the remainder used for storage, office and mixed beverage sales.

Ms. Stevens stated the two nearest schools, Rock Springs Elementary, which is located approximately 1.2 miles to the north, and Denver Christian Academy which is located approximately 1.2 miles to the south. The nearest church, Denver Wesleyan Church, is located approximately .9 miles to the south. Ms. Stevens explained the nearest ABC Store is located at 5640 NC 150 in Denver, North Carolina, approximately 4.3 miles to the north of the proposed store site and operated by the Catawba County ABC Board.

Ms. Stevens stated the notice to the public was properly posted at the location on August 23, 2018 and two objections or concerns have been received by the Lincoln County ABC Board. Ms. Stevens explained the concerns were regarding the closing of the existing store; ABC stores in general; and, the expense to the county. Ms. Stevens stated a board member spoke with the individuals and resolved their concerns.

Ms. Stevens stated staff recommended approval of the proposed location. Johnny Helms, the General Manager of the Lincoln County ABC Board, was present to answer questions. Mr. Helms explained the two calls were basically asking why another store was needed.

Commissioner Mitchell made a motion to approve the proposed location upon staff recommendation. Chairman Guy seconded the motion. Motion Passed.

IV. ABC STORE LOCATION – MECKLENBURG COUNTY ABC BOARD

Ms. Stevens stated on September 4, 2018, the Mecklenburg County ABC Board requested approval to lease property to open and operate an ABC Store at 9920-A East Independence Boulevard in Matthews, North Carolina. Audit Investigator Edwin Strickland found the proposed property was in a highly commercial area off US Highway 74 near its convergence with Highway 51.

Ms. Stevens explained the property is zoned properly to allow for an ABC Store. Ms. Stevens added there are no personal or financial interests shared between the property owners and the Mecklenburg County ABC Board members.

Ms. Stevens stated the nearest school, Crestdale Middle School, is located approximately .9 miles away. The nearest church, the Church at Charlotte-Matthews, is located approximately 1.1 miles away. Ms. Stevens explained, currently the nearest ABC Store is located approximately 2.7 miles away at 7212 East Independence Boulevard in Charlotte, North Carolina and will likely be closed in 2020 due to the planned NCDOT expansion. The next closest ABC Store is located at 3124 Weddington Road in Matthews, North Carolina and is approximately 4.5 miles away. Ms. Stevens added both stores are operated by the Mecklenburg County ABC Board.

Ms. Stevens stated the required sign announcing the ABC Board's intention to open an ABC Store was properly posted on August 31, 2018 and no objections have been received. Ms. Stevens added staff recommends approval of this store.

Commissioner Mitchell made a motion to approve the proposed location upon staff recommendation. Chairman Guy seconded the motion. Motion Passed.

V. EXEMPTION REQUEST PURSUANT TO G.S. § 18B-1116(b) – LACONIA ALE WORKS, LLC; MADISON COUNTY BREWING COMPANY, LLC; BRANDON EDWARDS

Mrs. Metz stated Mr. Edwards was not present and explained this request had previously been tabled as it is not the usual exemption request. Mrs. Metz stated exemptions in the past have strictly been regarding ownership, not cross products. Mrs. Metz explained, initially, if you owned both types of businesses, you could not sell your wholesale products to your retail business. In recent years, Mrs. Metz explained a retailer who had multiple retail businesses prior to the commercial business, requested an exemption to allow three retail locations which could sell the products. The exemptions were then allowed for one commercial business with multiple retail locations.

Mrs. Metz explained this exemption request involves two different breweries each with retail locations. Mrs. Metz stated Mr. Edwards and his wife own 100% of Laconia Ale Works which will apply for commercial and retail permits. Mr. Edwards also owns 53% of Madison County Brewing Company which holds commercial and retail permits. They wish to cross-sell the products in the retail businesses.

Mrs. Metz stated staff recommends approval of the exemption request with the following conditions. Mr. Edwards, as the one person with joint ownership, will not have day-to-day operational control over the ordering of malt beverages at either retail business. Mrs. Metz added, someone who does not have an interest in either company will be in charge of ordering malt beverages. Additionally, each retail outlet

will not sell more than a fair market share of the other brewery's products. Mrs. Metz stated she did not believe this would be an issue as their focus will be on selling their own products and will offer a reasonable selection of other breweries' malt beverage products. Mrs. Metz stated first, a reasonable effort would be made to find an independent, third-party wholesaler; but it is understood small breweries often have difficulty finding a distributor. Mrs. Metz stated each of the breweries will have a 5,000 barrel production limit. Mrs. Metz added Mr. and Mrs. Edwards will not be able to have interest or ownership in another malt beverage supplier.

As no one was present to speak regarding the exemption request, Commissioner Mitchell made a motion to follow staff's recommendation and approve the exemption request. Chairman Guy seconded the motion. Motion Passed.

VI. EXEMPTION REQUEST PURSUANT TO G.S. § 18B-1116(b) – BEAUFORT FUTURE, LLC T/A FISHTOWNE BREW HOUSE; TOBACCO ROSES PRODUCTIONS, LLC T/A BACKSTREET PUB; CRYSTAL COAST COMMUNICATIONS, INC. T/A CLAWSON'S 1905 RESTAURANT; JOSEPH M. McCLURE

Mrs. Metz stated no one was present on behalf of the petitioners. Mrs. Metz explained Joseph McClure is the president of Crystal Coast Communications which originally obtained retail permits in 1986 for Clawson's 1905 Restaurant. Crystal Coast Communications owns 67.67% of Tobacco Roses Productions, which operates as Backstreet Pub with retail permits since 2016. Crystal Communications owns 100% of Beaufort Future, LLC, which has applied for retail and commercial permits as Fishtowne Brew House. Mrs. Metz explained the exemption is necessary due to Mr. McClure's joint ownership between the retail businesses and the brewery.

Mrs. Metz explained Mr. McClure does not have any day-to-day operational control over the ordering of malt beverages for the retail businesses. Each retail location will not sell more than a fair market share of the brewery's products.

Mrs. Metz stated a good-faith effort would be made to find an independent, third-party wholesaler. Additionally, Mrs. Metz explained this exemption will be granted as long as Fishtowne Brew House produces fewer than 5,000 barrels. Mrs. Metz added, another retail outlet may not be added without an additional exemption. Mrs. Metz stated staff recommends approval of the exemption request.

Commissioner Mitchell made a motion to follow staff's recommendation and approve the exemption request. Chairman Guy seconded the motion. Motion Passed.

VII. PUBLIC HEARING ON PROPOSED PERMANENT AUCTION SALES RULES – RULES 14B NCAC 15A .2201 - .2205

Chairman Guy announced the public hearing on the proposed permanent Auction Sales rules was open. Walker Reagan, the rules coordinator, provided drafts of the proposed permanent rules to the Commission. Mr. Reagan stated the Commission adopted temporary rules regarding auction sales on January 17, 2018 in order to implement the allowance of auction sales of certain alcoholic beverages authorized by the 2017 General Assembly. Mr. Reagan explained the temporary rules became effective February 23, 2018 and would remain in effect until permanent rules become effective.

Mr. Reagan stated on July 11, 2018, the ABC Commission proposed permanent Auction Sales rules. The proposed rules, the notice of public hearing and notice of the public written comment period were filed

with the Office of Administrative Hearings that same date. The proposed rules were published in the NC Register on August 1, 2018. Copies of the notice of text and proposed rules were posted on the ABC Commission website and emailed to the ABC Commission rulemaking mailing list, also on July 11, 2018.

A public hearing on the proposed rules was properly noticed for October 10, 2018 at 10:00am. The public comment period was also noticed to be open through October 10, 2018 at 10:00 am. Mr. Reagan stated the statutory time periods for holding a public hearing of at least 15 days after publication and the receiving of written comments of at least 60 days after publication have been complied with. Mr. Reagan stated no comments have been received since the proposed rules were published.

Chairman Guy asked if anyone was present who wished to comment. As no one was present, Chairman Guy closed the public hearing.

VIII. CONSIDERATION OF ADOPTION OF PERMANENT AUCTION SALES RULES – RULES 14B NCAC 15A .2201 - .2205

Mr. Reagan stated staff recommends the Commission adopt the permanent Auction Sales rules as published in the NC Register. That they be filed with the Office of Administrative Hearings for approval by the Rules Review Commission and publication in the NC Administrative Code. Mr. Reagan also recommended the Commission authorize staff to make non-substantive changes in the adopted rules as needed prior to publication, including spelling, punctuation, grammar, and other technical changes and corrections.

Commissioner Mitchell made a motion to adopt the permanent Auction Sales rules as published in the NC Register and the recommendations of staff as presented. Chairman Guy seconded the motion. Motion Passed.

IX. CONSIDERATION OF PROPOSAL OF PERMANENT NONPROFIT RAFFLE/AUCTION SALES RULE – RULE 14B NCAC 15A .2206

Chairman Guy recognized Mr. Reagan to provide an overview of the proposed nonprofit raffle-auction sales rule. Mr. Reagan explained in 2018, the General Assembly amended G.S. 18B-1002(a)(5) to allow a nonprofit operating under a special one-time permit to offer alcoholic beverages in the manufacturer's original closed container as a prize in a raffle or sell the product at auction at a ticketed event to raise funds.

Mr. Reagan stated rules are needed to define how these sales are to be conducted and when the alcoholic beverages can be given to the person acquiring them from the nonprofit. Rules are also needed to limit to whom a nonprofit can sell the alcoholic beverages. Mr. Reagan stated the amendments to the statute became effective on October 1, 2018.

Mr. Reagan stated staff recommends the Commission propose the Nonprofit Raffle-Auction Sales Rule as presented. Mr. Reagan requested the proposed rule be filed with the Office of Administrative Hearings for publication in the NC Register; copies be sent to the ABC Commission rulemaking committee email list and, posted on the Commission website. Mr. Reagan also requested the Commission schedule a public hearing for January 16, 2019; set a public comment period be open through December 31, 2018; and, authorize staff to make non-substantive changes to the proposed rules as needed.

Commissioner Mitchell made a motion for the ABC Commission to propose the Nonprofit Raffle-Auction Rule as presented and the recommendations of staff. Chairman Guy seconded the motion. Motion Passed.

X. CONSIDERATION OF PROPOSAL OF PERMANENT PERMITTEE SAMPLING LIMITATION RULE – RULE 14B NCAC 15B .0209

Mr. Reagan explained in 2018, the General Assembly amended G.S. 18B-1121 to allow employees of commercial permittees to sample alcoholic beverages the permittee is licensed to sell for sensory analysis, quality control, or education; not only on the permittee's commercial premises, but also on the retail premises of the commercial permittee, on the premises of special one-time permittees, and on the premises of special events where malt beverage and wine tastings are allowed.

Mr. Reagan explained currently Rule 14B NCAC 15B .0209 prohibits employees from performing any of their duties related to the permittee on any day after consuming alcohol. Mr. Reagan stated as a result of the amendments to G.S. 18B-1121, Rule 14B NCAC 15B .0209 needs to be amended to address the issue of whether employees are allowed to perform duties on behalf of the permittee after alcohol consumption that same day.

Mr. Reagan stated staff recommends the Commission propose the Permittee Sampling Limitation Rule as presented. Mr. Reagan requested the proposed rule be filed with the Office of Administrative Hearings for publication in the NC Register; copies be sent to the ABC Commission rulemaking committee email list and posted on the Commission website. Mr. Reagan also requested the Commission schedule a public hearing for January 16, 2019; set a public comment period be open through December 31, 2018; and, authorize staff to make non-substantive changes to the proposed rules as needed.

Chairman Guy asked if anyone was present to address the Commission regarding the proposed rule. Alex Miller, lobbyist for the NC Craft Brewers Guild, stated he was present as the rule directly affects the Guild members. Mr. Miller stated they were concerned about the language of the proposed rule as it relates to the Legislative intent of the changes made to 18B. Mr. Miller stated it affects the ability of the employee who travels to events to ensure quality control when the product is being offered to the public.

Mr. Miller explained the new executive director of the NC Craft Brewers Guild started his position the previous day and asked if action on the proposed rule could be postponed until the next meeting. Mr. Miller stated they would like to negotiate with the staff to make changes to the language of the proposed rule to allow for the intended effect. Mr. Miller added substantive changes could not be made after the process has begun and the proposed rule published. Mr. Reagan explained it was necessary to begin the process for the public hearing on January 16, 2019. Mr. Reagan stated if any substantive changes were made the process would need to start over.

After conferring with the Commission and Ms. Metz, Mr. Reagan explained currently there are not rules which allow a permittee's employees to sample their product outside of the commercial premises and there are not limitations for tastings conducted outside of the premises. Mr. Reagan stated this leaves the Commission vulnerable and is not consistent with the rules for other permittees.

Chairman Guy asked if anyone else was present to address the Commission. No one else was present. Chairman Guy thanked Mr. Miller for his comments.

Chairman Guy made a motion for the ABC Commission to propose the Permittee Sampling Limitation Rule as presented and the recommendations of staff. Commissioner Mitchell seconded the motion. Motion Passed.

XI. PUBLIC HEARING ON PROPOSED PERMANENT HOMEBREW RULES – RULES 14B NCAC 15A .2301 - .2307

Chairman Guy announced the public hearing on the proposed permanent Homebrew rules was open. Mr. Reagan provided drafts of the proposed rules to the Commission. Mr. Reagan explained, in 2017 the General Assembly amended G.S. 18B-306, which governs the making, possessing, transporting and uses of homemade wine and malt beverages, by allowing homemade product to also be used by the homemaker at organized affairs, exhibitions and competitions, including homemaker's contests, tastings and judgments. The amendments also specifically prohibit the sale or offer of sale of homemade alcoholic beverages.

Mr. Reagan stated the General Assembly directed the ABC Commission to adopt rules to implement the changes made to this statute; which includes defining organized affairs, exhibitions, competitions, homemaker's contests, tastings and judgments, and specifying how and where these types of events can be conducted.

Mr. Reagan stated, on August 8, 2018, the ABC Commission proposed permanent Homebrew rules. The proposed rules, the notice of public hearing and notice of the public written comment period were filed with the Office of Administrative Hearings on August 13, 2018. The proposed rules were published in the NC Register on September 4, 2018. Copies of the notice of text and proposed rules were posted on the ABC Commission website and emailed to the ABC Commission rulemaking mailing list, also on August 13, 2018.

A public hearing on the proposed rules was properly noticed for October 10, 2018 at 10:00 am. The public comment period was also noticed to be open through November 5, 2018. Mr. Reagan stated the statutory time periods for holding a public hearing of at least 15 days after publication have been complied with. Mr. Reagan explained, as the public comment period does not end until November 5, 2018, the Commission may not take any action to adopt these rules until after that date.

Chairman Guy stated there is a list of twelve persons who have indicated they wish to provide comments during the public hearing. Chairman Guy confirmed the individuals were present and stated they would be recognized first followed by any others who wish to provide comments.

David Byer of Hot Springs, North Carolina, provided comments regarding the existing rules and allowing someone else to transport product and the amount allowed to be transported. Mr. Byer thanked the Commission for changes already made, but stated they were still restrictive. Mr. Byer also commented regarding the competitions being banned from commercial permitted businesses. Mr. Byer questioned the rules and how they applied to homebrews.

Susan Morrison of Durham, North Carolina, provided comments regarding the growth of homebrew clubs nationally and in North Carolina and her understanding of the need for rules. Ms. Morrison also added they wish to promote and enjoy their hobby and share their knowledge with others. Ms. Morrison commented some of the rules are helpful, such as the definition of a homebrew club. Ms. Morrison also commented the rules for storage and transportation of product were detrimental. She added many

breweries began as homebrewers. Ms. Morrison also addressed consumption and the economic impact and revenue which could be created in North Carolina if large competitions were held in the state.

Mike Dixon of Wake Forest, North Carolina, provided comments regarding homebrewers' clubs and the need for permits and rules. Mr. Dixon also provided comments regarding judging of the competitions. Mr. Dixon explained the homebrew clubs are often started in neighborhoods and he is afraid those individuals would not be aware of permits, rules and regulations. Mr. Dixon added dues should not be mandated for homebrew clubs, nor should written applications as electronic applications should suffice. Mr. Dixon also commented on the inability to consume at exhibitions and also on the quantities allowed to be transported.

Chris Frey of Asheville, North Carolina, stated he was a recent resident of North Carolina and provided comments regarding the growth of the number of homebrewers and craft breweries. Mr. Frey also stated the associations would like to hold national competitions in North Carolina, but the rules do not allow them to be held with the logistics and in the manner they want. Mr. Frey also commented about being allowed to conduct events in commercial spaces.

Kerry Kenemer of Asheville, North Carolina, commented homebrewers are not trying to skirt the laws or cheat and are supporters of craft breweries. Mr. Kenemer also stated homebrewing was a science and an expensive hobby, so homebrewers wish to share their product and knowledge. Mr. Kenemer commented the rules hobble homebrew competitions, though he understands the need for protections and guidelines. He added protection was needed, but the homebrewers need to be allowed to thrive and not be confined.

Jen Blair of Charlotte, North Carolina, commented on competitions and stated the operations of the competitions usually break even or even operate at a loss. However, the beer tasting, knowledge and feedback are valuable resources and are important to homebrewers. Ms. Blair added stewards at the competitions should be allowed to taste and transport product. Ms. Blair also stated the AHA would like to hold a national competition in North Carolina and a recent study of responding members indicated 40% would definitely attend a competition in Charlotte and 30% said they would probably attend.

Trevor Sharp of Asheville, North Carolina, commented homebrewers come from all professions and are proud of their products. Mr. Sharp added the rules will make it more difficult, especially pertaining to who is allowed to transport product. Mr. Sharp described, in out-of-state competitions, there are various drop-off locations for product which is then collected and transported by the competition staff. Mr. Sharp commented the homebrewer, as well as his or her family members and event staff, should be allowed to transport the product.

Faith Faw of Asheville, North Carolina, commented competition regulation will be restrictive and feedback from others at the events is important. Ms. Faw added retailers are restricted from holding product for more than 48 hours. Ms. Faw presented examples of homebrew bottles and their labels compared to a commercially produced bottle. Ms. Faw commented the labels clearly indicate which are homebrewed and could even be labeled "not for public consumption". Ms. Faw added commercial businesses should be available to hold competitions in production areas and the allowed onsite storage should be for longer periods.

Todd Clevenger of Asheville, North Carolina, commented he owned a brewer supply business and his customers are both amateur and professional brewers. Mr. Clevenger added homebrewing adds to tourism, tax revenue, jobs, education, sales, distribution, agriculture and construction. Mr. Clevenger also commented that an event guest is someone who has been invited in person, by telephone, email or mail; and this limits those who might learn of events by other means, including social media and flyers. Mr. Clevenger added socials should be allowed as an organized affair of a noncompetitive nature. Mr. Clevenger also commented clubs should be open to all, not just paying members, and they are

educational. Mr. Clevenger also commented regulations should also be for local clubs, not just state and national clubs.

Murray Williamson of Kannapolis, North Carolina, commented regarding transportation and the quantity allowed to be transported. Mr. Williamson added he was now an owner/member of a business in Charlotte; therefore, a professional brewer since people buy his beer. Mr. Williams also commented the concerns regarding contamination of homebrewed product are unfounded and unwarranted, as the quality of the beer is important to brewers. Mr. Williamson added homebrewers have an economic impact; and, the feedback and knowledge gained from competitions is important. Mr. Williamson also commented paid memberships limit free assembly.

Matt Smith of New Bern, North Carolina, commented on North Carolina's national standing regarding malt beverages in numbers of breweries, economically and production. Mr. Smith added homebrewing and commercial breweries are connected as someone was a homebrewer first in each of them.

Rick Benfield of Charlotte, North Carolina, commented that his group holds an annual craft beer festival in Charlotte and is teaching the community about craft beer. Their events have made money and through their foundation, they are able to donate to local charities. Mr. Benfield added he, along with six other homebrewers, started a commercial brewery and this opportunity opened as a result of homebrewing. Mr. Benfield commented the homebrewers are asking the Commission to hear them and work with them regarding the rules.

As the public hearing concluded, Chairman Guy stated it had been a good discussion. Chairman Guy explained the Commission would review and consider what had been discussed, as well as review it with the legal staff. Chairman Guy added, they had been heard and he appreciated their enthusiasm and passion and thanked them for attending. Chairman Guy also recognized their contributions and charitable work.

Mrs. Metz stated she wished to provide the homebrewers the perspective of the Commission from the law. Mrs. Metz explained the Commission is bound by G.S. Chapter 18B which describes the role of the NC ABC Commission. Mrs. Metz cited G.S. 18B-100 which states "This Chapter shall be liberally construed to the end that the sale, purchase, transportation, manufacture, consumption, and possession of alcoholic beverages shall be prohibited except as authorized in this Chapter."

Mrs. Metz stated many laws say what cannot be done and the ABC law explains what may be done; but, it also means you cannot do something if it is not included in the laws. Mrs. Metz explained some of the actions of the past few years have been illegal. Mrs. Metz stated there is nothing in Chapter 18B which authorizes them to transport their homebrew to any place except perhaps a relative's house. Mrs. Metz stated the Commission is trying very hard to help the homebrewers do things which were illegal before, not trying to take any of those away. Mrs. Metz stated the Commission is bound by Chapter 18B and the Commission is now trying to give them something which they did not have before. Regarding transportation, Mrs. Metz explained G. S. 18B-306 allows an individual to make, possess and transport their homebrew, not someone else. Mrs. Metz stated the rule process must be done correctly, as the Commission is bound by the statutes. Mrs. Metz added the Commission is trying to work with the homebrewers, but there are constraints.

Chairman Guy thanked those in attendance for allowing Mrs. Metz to address them and provide that explanation.

XII. OTHER BUSINESS – FUTURE NC ABC COMMISSION MEETING DATES

Ms. Stevens requested the Commission consider and confirm Wednesday, January 16, 2019, Wednesday, February 13, 2019, and Wednesday, March 13, 2019 as the dates of the January, February and March 2019 NC ABC Commission Meetings.

Commissioner Mitchell made a motion to approve those dates as future meeting dates. Chairman Guy seconded the motion. Motion Passed.

No one else was present to address the Commission. Chairman Guy thanked those who spoke, as well as all of those in attendance and the ABC Commission staff. And with no further business, the meeting was adjourned by Chairman Guy.

A.D. “Zander” Guy, Jr., Chairman
N.C. Alcoholic Beverage Control Commission

Respectfully submitted by,

Caroline Y. Washburn for the Legal Division