

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

Minutes
July 22, 2010
10:30 a.m.

The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Thursday, March 25, 2010 in Nashville, Tennessee at 1:30 p.m. Although Chairman Jones was not present, a quorum was present with Commissioner Harlan Mathews and Commissioner Cynthia Bond and therefore the meeting was conducted. Executive Director Danielle Elks, Assistant Director Carolyn Smith, CLEO Mark Hutchens and SAC Al Watson were present.

1. The Minutes for June 17, 2010 Commission Meeting were approved.

2. OLD BUSINESS

1. A. CORSAIR ARTISAN, LLC (Con't from April, 2010)

Applicant: Corsair Artisan, LLC
Members: Darek Bell and Andrew Webber

Before the Commission is a request for a new retail store to be located on the premises of a new distillery, (see April 22, 2010 regular agenda). T.C.A. §57-3-204(f) allows a manufacturer to be issued a retail license to be located on the manufacturer's premises—irrespective of whether the municipality has passed a retail referendum and irrespective of residency. However, such retailer may only sell special novelty decanters in a 750ml size only. Corsair Artisan is an existing business in Kentucky; as such, Mr. Bell and Mr. Webber invested \$44,277 from personal savings in 2008. Additionally, a line of credit in the amount of \$125,000 and a loan for \$50,000 from The Bank of Nashville exists. The applicant LLC will be leasing the property from Barry Walker, d/b/a Marathon Village for a period of 4 years (with an option to renew): monthly rental will begin at \$3150 and increase to \$4200. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Certificate of compliance;
- d. Affidavit of publication and a copy of the newspaper notice;
- e. Copies of the line of credit and loan agreement;
- f. Bank credit check.

Action Taken April 22, 2010:

Henry Hildebrand, III objected to the issuance of the license because he has concerns that this matter was not given advance notice. Mr. Hildebrand stated that he will probably have no objection to the issuance of the distillery license; but that the retail package store at the location of the distillery did not have notice of this matter and it should be disclosed to the retail package stores within the area. His second objection was that the statute which allows Jack Daniels Distillery in Moore County to have a retail package store which was addressed by Director Elks indicates that there has to be a local option election to permit the retail package store to be located at the distillery. Mr. Hildebrand stated that he did not know if Davidson County had that referendum.

Chairman Jones made a motion to defer the matter to the May Commission meeting. Commissioner Mathews seconded the motion and it passed with 3 ayes.

Discussion/Action Taken:

William Cheek, III, attorney was present at the meeting. William Cheek stated that they are taking a different approach with the city and it will take a couple of months to get it done. Mr. Cheek requested that the Commission continue the matter for a couple of months in order the establishment can obtain the Certificate of Compliance.

Commissioner Bond made a motion to defer the matter until the certificate of Compliance of Compliance is acted upon by the City of Nashville. Commissioner Mathews stated the matter will automatically be on the agenda once the Certificate of Compliance is issued.

3. NEW BUSINESS

A. RETAIL

**1. BONNY OAKS LIQUOR AND WINE
CHATTANOOGA, TENNESSEE (HAMILTON COUNTY)**

Applicant: Bonny Oaks Liquor and Wine, LLC
Members: Christopher Robinson

Before the Commission is a request for a new retail store to be located 4915 Bonny Oaks Drive, in Chattanooga, Tennessee. Mr. Robinson wishes to initially invest \$90,000 to operate the business. Financing is based upon

the sale of business equipment at another business. The applicant LLC will be leasing the property from Mr. Robinson for a period of five years at \$1000/month. All documentation has been submitted with the exception of the following:

- a. Deed to Mr. Robinson;
- b. Bill of Sale for equipment with document showing money deposited.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commissioners and recommended approval subject to the requested documents being submitted.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**2. SKYVIEW LIQUORS
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Licensee: Skyview Liquors, LLC
Members: Carlton Orange and Dedrick Robinson
Applicant: Melanie Partee

Before the Commission is a request for a transfer of ownership of the retail store located at 2600 James Road, in Memphis, Tennessee. Ms. Partee wishes to purchase the business for \$34,000 (\$18,000 and the balance paid monthly to seller). Financing is based upon existing personal funds and a promissory note with the seller. Ms. Partee is leasing the property from River City Companies, Inc. for a period of thirteen months. Monthly rent will be no more than \$1600, and decreased to \$1400 a month if timely paid. All documentation has been submitted.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commissioners and recommended approval.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**3. SOUTH LAUDERDALE LIQUOR STORE
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Licensee: Rdg Corporation
Stockholders: Risa and Adam Glanker
Applicant: Srnj, LLC
Members: Kumar Patel

Before the Commission is a request for a transfer of ownership of the retail store located at 1502 South Lauderdale, in Memphis, Tennessee. Mr. Patel wishes to purchase the business for \$225,000 plus the cost of inventory. Financing is based upon a loan with First Tennessee Bank. Mr. Patel has a five year lease for the property with Michael DeAngelis at \$1500/month. All documentation has been submitted with the exception of the following:

- a. Verification that Iris Motel does not have a liquor license;
- b. Outstanding taxes paid or partial pay agreement;
- c. Sublease or assignment of lease to corporate applicant;
- d. Loan agreement with First Tennessee Bank.
- e. TABC Inspection;
- f. Acknowledgement of the rules/regulations.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the following documentation:

- a. Verification that Iris Motel does not have a liquor license;
- b. Outstanding taxes paid or partial pay agreement;
- c. Sublease or assignment of lease to corporate applicant;
- d. Loan agreement with First Tennessee Bank.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**4. WEST SIDE WINE AND SPIRITS
FRANKLIN, TENNESSEE (WILLIAMSON COUNTY)**

Applicant: West Side Wines, LLC
Member: Wesley Alexander

Before the Commission is a request for a new retail store to be located at 188 Front Street, Suite 106, in Franklin, Tennessee. Mr. Alexander wishes to initially invest \$300,000 to operate the business. Financing is based upon a line of credit with Pinnacle National Bank. The corporate licensee is leasing the property from Westhaven Town Center Fund II, LLC for a period of ten years, with monthly rent beginning at \$6,609 and increasing to \$11497. All documentation has been submitted

with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Use and Occupancy permit;
- d. Verification that Nashville Pizza Company does not hold a liquor license.

Discussion/Action Taken:

Mr. Wesley Alexander was present at the meeting. Director Elks reviewed the matter to the Commissioners and recommended approval. Mr. Alexander stated that Nashville Pizza Company does not hold a liquor license. Director Elks recommended approval upon submission of the following documentation:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Use and Occupancy permit;

Commissioner Bond made a motion to approve upon submission of the pending documentation. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**5. C & S LIQUORS
DICKSON, TENNESSEE (DICKSON COUNTY)**

Applicant: Tammy Broadwater

Before the Commission is a request for a new retail store to be located at 195 Beasley Drive, Suite 205, in Dickson, Tennessee. Ms. Broadwater wishes to initially invest \$20,000 to operate the business. Financing is based upon repayment of \$15,000 loan from individual; 401k disbursement, gifts, and tax refund. She is leasing the property from Parkson Property, LLC for a period of five years, with monthly rent beginning at \$850, and increasing to \$1000/month over the term of the lease. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Use and Occupancy permit;
- d. Lease from Dickson Plaza Associations, LLC to Parkston Property, LLC;
- e. Landlord's signature on lease.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the following documentation:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Use and Occupancy permit;
- d. Lease from Dickson Plaza Associations, LLC to Parkston Property, LLC;
- f. Landlord's signature on lease.

Commissioner Bond made a motion to approve upon submission of the pending documentation. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**6. METROPOLITAN WINE
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: Metropolitan Wine, Inc.
Stockholder: Nadir Mardonov

Before the Commission is a request for a new retail store to be located at 401 Church Street, Suite 1, in Nashville, Tennessee. Mr. Mardonov wishes to initially invest between \$60,000 and \$80,000 to operate the business. Financing is based upon personal savings and a line of equity with Bank of Nashville (\$18,500). The corporate applicant is leasing the property from 401 Church Street, LLC for a period of 42 months, with monthly rent beginning at \$500 and increasing to \$2388. All documentation has been submitted with the exception of the following:

- a. Bank signature on bank credit check;
- b. Bank statement indicating at least \$60,000 in savings;
- c. Equity line of credit document with Bank of Nashville;
- d. Use and Occupancy permit;
- e. TABC Inspection;
- f. Acknowledgment of the rules/regulations.
- g. Newspaper notice and accompanying affidavit.

Discussion/Action Taken:

Nadir Mardonov and Matt Scanlan, attorney, were present. Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the following documentation:

- a. Bank signature on bank credit check;
- b. Bank statement indicating at least \$60,000 in savings;
- c. Equity line of credit document with Bank of Nashville;
- d. Use and Occupancy permit;
- e. TABC Inspection;
- f. Acknowledgment of the rules/regulations.
- g. Newspaper notice and accompanying affidavit.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**7. NASHVILLE DAILY SPIRITS
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: SBL Enterprises, LLC
Members: Larry and Brenda Henson; Samuel Dennis Davidson

Before the Commission is a request for a new retail store to be located at 708 Thompson Lane, Suite 8, in Nashville, Tennessee. Mr. and Mrs. Henson and Mr. Davidson wish to initially invest \$200,000 to operate the business. Financing is based upon loan with Green Bank. The corporate entity is leasing the property from Tim Cameron, Trustee, for a period of five years at \$3988/month. If approved, Mr. Davidson will own 60%, and the Hensons will own 20% each. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgment of the rules/regulations;
- c. Deed to Cameron.

Discussion/Action Taken:

Samuel Davidson was present at the meeting. Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the TABC Inspection and the Acknowledgement of the rules/regulations.

Commissioner Bond made a motion to approve upon submission of the pending documentation. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**8. NORTHWEST LIQUORS
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Applicant: Srinivasa Rao Venkata Pedireddi

Before the Commission is a request for a new retail store to be located at 1613 Buchanan Street in Nashville, Tennessee. Mr. Pedireddi wishes to initially invest \$70,000 to operate the business. Financing is based upon existing personal funds and an equity line of credit with Regions Bank. Mr. Pedireddi is leasing the property from Mr. Bhupat Mehta for a period of five years at \$2500/month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgment of the rules/regulations;
- c. Loan agreement with Regions Bank.

Discussion/Action Taken:

Srinivasa Rao Venkata Pedireddi and Chris Raybeck, attorney, were present at the meeting. Director Elks reviewed the matter to the Commissioners and recommended approval.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**9. HICKORY HOLLOW WINE AND LIQUOR
ANTIOCH, TENNESSEE (DAVIDSON COUNTY)**

Licensee/Seller: E&S Wine and Liquors, LLC
Members: Emad Megaly
Applicant/Buyer: Azam Mani Khwaga

Before the Commission is a request for a transfer of ownership of the retail store located at 5306 Hickory Hollow Parkway in Antioch, Tennessee. Ms. Patel wishes to purchase the business for \$140,000. Financing is based upon a gift from her husband. Ms. Khawaga is leasing the property from Reeves Property for a period of five years at \$2500/month, with two options to renew. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgment of the rules/regulations;
- c. Bill of Sale;
- d. Lease from Hickory Hollow Association to Reeves Property.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commissioners and recommended approval.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

**10. WINE SHOPPE AT GREEN HILLS
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Licensee/Seller: Cornucopia Enterprises, Inc.
Stockholders: Virginia Fryer
Applicant/Buyer: Lushlife Brand Ventures, LLC
Members: Tristan and Carrie Kinsley

Before the Commission is a request for a transfer of ownership of the retail store located at 2109 Abbott Martin Road, in Nashville, Tennessee. Tristan and Carrie Kinsley wish to purchase the business for \$960,000. Financing is based upon seller financing and a promissory note for \$100,000 for the down payment with Robert Kinsley and Velvet Wildermuth. The corporate applicant is assuming the lease with Bandywood Corners, LP with five years remaining on lease at \$4823/month. All documentation has been submitted with the exception of the following:

- a. Questionnaires for Tristan and Carrie Kinsley;
- b. Signature pages for lease, guaranty and purchase agreement;
- c. Copy of promissory note with Fryer, security agreement and UCC Financing statement;
- d. Promissory note with Kinsley and Wildermuth signed by them;
- e. Questionnaires for Robert Kinsley and Velvet Wildermuth.

Discussion/Action Taken:

Tristan Kinsley was present at the meeting. Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the pending documentation as follows:

- a. Signature pages for lease, guaranty and purchase agreement;
- b. Copy of promissory note with Fryer, security agreement and UCC Financing statement;
- c. Promissory note with Kinsley and Wildermuth signed by them;
- d. Questionnaires for Robert Kinsley and Velvet Wildermuth.

Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 2 ayes.

4. DISTILLERY MATTERS

**A. YAZOO BREWING COMPANY, INC
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

**Applicant: Yazoo Brewing Company, Inc.
Stockholders: Linus and Lila Hall**

Before the Commission is a request for a new distillery to be located at 910 Division Street in Nashville, Tennessee. The Halls wish to initially invest approximately \$750,000 in the distillery. Financing is based upon a loan with Suntrust Bank. The corporate applicant is leasing the property from Division Street Partners for a period of ten years with rent beginning at \$10,000/month with a CPI increase. It should be noted that Yazoo brews a beer product containing less than 5% alcoholic content by weight. The distillery license is required because Yazoo wants to also manufacture high alcoholic content beer containing greater than 5% alcoholic content by weight. All documentation has been submitted with the exception of the following:

- a. Loan agreement with Suntrust Bank;
- b. TABC Inspection;
- c. Acknowledgement of the rules/regulations.

Discussion/Action Taken:

Linus Hall was present at the meeting. Director Elks reviewed the matter to the Commissioners and recommended approval upon submission of the loan agreement with Suntrust Bank.

Commissioner Bond made a motion to approve upon submission of the pending documentation. Commissioner Mathews seconded the motion and it passed with 2 ayes.

5. BUDGET

6. CONSENT ORDERS

7. PENDING MATTERS LIST

8. MISCELLANEOUS

A. Monthly Summary of TABC Activity

- B. Tennessee Wine and Spirits Retailers' Association is requesting that the Commission opine on the following issue:

Whether retailers are allowed to issue discounts to particular groups (ie veterans, senior citizens, etc.) or must the discount be available to the general public whenever discounts are offered.

Discussion:

Charles Sonnenberg, owner of Frugal MacDoogals, Bard Quillman, owner of Red Dog Wine and Spirits, and Joyce McDaniel were present at the meeting. Charles Sonnenberg stated that on behalf of the Tennessee Retail Association, the Association wants clarification from the Commission on regarding discounts to the general public. Director Elks stated that there are statutes and rules that prohibit retailers from giving things of value to the general public. Director Elks stated that the new TABC rules (effective June 8, 2010) provided more flexibility in that area. Director Elks stated that the retail stores are now allowed to give alcohol products to 501(c) non-profit entities. Director Elks stated that the statutes prohibit discounts in excess of one case to customers. Based on the general prohibition of giving away things of value and the prohibition of giving away anything greater than one case discounts the TABC staff has stated that discounts in general have to be given to the members of the general public as a whole and cannot be given to specific groups of individuals. Director Elks stated that the retail association is asking for clarification of the matter.

Charles Sonnenberg stated that the retail stores do not want to give away anything of value, however, would like to give discounts for good customers. For example, if the retail in conjunction for charitable purposes chooses to get a special occasion license on a licensed premise and offers the participants a discount when they place their order at the event.

Joyce McDaniel stated that she would like to see the rule clarified and be consistent across the State.

Commissioner Mathews stated that Director Elks has the responsibility to enforce and interpret the law the way she sees it. Commissioner Mathews requested that all parties get together and come to an agreement in this matter.

- 9. DATE OF NEXT MEETING** – Thursday, August 19, 2010 at 1:30 p.m. and Thursday, September 23, 2010 at 1:30 p.m.

John A. Jones
Chairman

Shari Danielle Elks
Executive Director