

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION



Minutes September 28, 2011 1:30 pm

The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Wednesday, September 28, 2011, in Nashville, Tennessee at 1:30 p.m. Although Commissioner Bryan Kaegi was not present, a quorum was present with Chairperson Mary McDaniel and Commissioner John Jones and therefore the meeting was conducted. Executive Director Danielle Elks, CLEO Mark Hutchens, SAC Brad Allison, and ASAC Carrie Webb, were present.

1. **The Minutes for August 23, 2011 Commission Meeting were approved.**

2. **RETAIL MATTERS**

A. **POP'S WINE AND LIQUOR
POWELL, TENNESSEE (KNOX COUNTY)**

Licensee/Seller: TAD Liquors, LLC
Member: David Sprouse
Proposed New Member: Renee Sprouse

Before the Commission is a request for a partial change of ownership of the retail store to be located at 603 East Emory Road, Suite 109 in Powell, Tennessee. (This section of Powell has been annexed into the City of Knoxville; however, the location is still using the Powell Post Office.) David Sprouse is currently 100% owner of TAD Liquors, LLC. He wishes to sell 49% of the business to his wife for \$100. All documentation has been submitted.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commission. Director Elks recommended approval.

Commissioner Jones made a motion to approve. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**B. MALLORY LANE WINE AND SPIRITS
FRANKLIN, TENNESSEE (WILLIAMSON COUNTY)**

Licensee/Seller: DTS, LLC
Member: Meredith Schultenover, John Dant, and Jim Torino
Applicant/Buyer: Mallory Lane Wine and Spirits, LLC
Member: Robert Preston Scales

Before the Commission is a request for a change in ownership of the retail store located at 3070 Mallory Lane, Suite 100 in Franklin, Tennessee. Robert Scales wishes to purchase the business for \$35,000 plus the value of the inventory. Financing is based upon existing personal funds. The applicant LLC has been assigned the lease from the currently licensee—assuming the terms of the original lease: five years at \$5218.94/month. All documentation has been submitted with the exception of the following:

- a. Questionnaire for Donnita Scales;
- b. Written consent of the landlord to assign the lease;
- c. Exhibit C to original lease and evidence documenting DTS renewed their lease;
- d. TABC Inspection;
- e. Acknowledgement of the rules and regulations.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the following documentation:

- a. Questionnaire for Donnita Scales;
- b. Written consent of the landlord to assign the lease;
- c. Exhibit C to original lease and evidence documenting DTS renewed their lease;
- d. TABC Inspection;
- e. Acknowledgement of the rules and regulations.

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

**C. FAVORITE LIQUORS
CLARKSVILLE, TENNESSEE (MONTGOMERY COUNTY)**

Licensee: Ashok Bhagehand

Before the Commission is a request for a transfer of location of the retail store currently located at 601 S. Riverside Drive, Suite 1041 in Clarksville, Tennessee. Mr. Bhagehand wishes to move his store to 2570 Madison Street, Suite B in Clarksville. Mr. Bhagehand received a termination notice of her current lease, and the proposed location is larger and located on a busier street. He will be leasing the property from Triple J Partners for five years at \$7500/month. All documentation has been provided with the exception of the following:

- a. TABC Final Inspection;
- b. Use and Occupancy permit.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the TABC Inspection and the Use and Occupancy permit.

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

**D. SPRING HILL LIQUORS
SPRING HILL, TENNESSEE (MAURY COUNTY)**

Licensee/Seller: Spring Hill Liquors, LLC
Member: Herbert Howard
Applicant/Buyer: Elixir Spirits, LLC
Member: Tarak Bhailalbhair Patel

Before the Commission is a request for a change in ownership of the retail business located at 5441 Main Street, Suite 7 in Spring Hill, Tennessee. Mr. Tarak Patel wishes to invest approximately \$40,000 to operate the business. (The initial application indicated two other members investing in the business—Bhilalbhair Patel and Pinkiben Patel. Subsequent to the submission of the application, they withdrew their membership from the LLC.) Financing is based upon existing personal funds. If approved, the LLC will be leasing the property from Joan Sell. **Request for Name Change:** If approved, the applicant is requesting a name change to Elixir Spirits. All documentation has been submitted with the exception of the following:

- a. Lease to Elixir Spirits, LLC;
- b. Amend bill of sale deleting Bhilalbhair Patel and Pinkiben Patel;
- c. Submission of new application indicating the removal of Bhilalbhair Patel and Pinkiben Patel;

- d. Amend list of members;
- e. TABC Inspection;
- f. Acknowledgement of the rules and regulations.

Discussion/Action Taken:

Tarak Bhailalbhair Patel and Niti Patel were present. Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the following documentation:

- a. Lease to Elixir Spirits, LLC;
- b. Amend bill of sale deleting Bhilalbhair Patel and Pinkiben Patel;
- c. Submission of new application indicating the removal of Bhilalbhair Patel and Pinkiben Patel;
- d. Amend list of members;
- e. TABC Inspection;
- f. Acknowledgement of the rules and regulations.

Commissioner Jones made a motion to approve the ownership of the application upon submission of the pending documentation. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

Commissioner Jones made a motion to approve the name change. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

**D. HIGHWAY 68 WINE AND SPIRITS
SWEETWATER, TENNESSEE (MONROE COUNTY)**

Applicant: Highway 68 Wine and Spirits, LLC
Members: Dianna and Christopher Cordell

Before the Commission is a request for a new retail business to be located at 1451 Murray's Chapel Road in Sweetwater, Tennessee. Dianna and Christopher Cordell wish to initially invest \$750,000 in the business and property. Financing is based upon existing personal funds and a loan from Volunteer Federal Savings and Loan in the amount of \$493,000. The LLC will be leasing the property from the Cordells on a year to year lease at \$4270/month. All documentation has been submitted with the exception of the following:

- a. Use and Occupancy permit.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the Use and Occupancy permit.

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

**E. QUALITY PACKAGE STORE
SWEETWATER, TENNESSEE (MONROE COUNTY)**

Applicant: Nilesh Modi and Reeta Modi

Before the Commission is a request for a new retail business to be located at 209 Highway 68 in Sweetwater, Tennessee. Nilesh and Reeta Modi wish to initially invest \$200,000 to operate the business as an informal partnership. Financing is based upon the sell of an existing business (\$160,000), a \$50,000 line of credit with Citizens National Bank, and existing personal funds. The applicant owns the property where the business will be located. All documentation has been submitted with the exception of the following;

- a. Use and Occupancy permit.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the Use and Occupancy permit.

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

**F. JT LIQUOR
ANTIOCH, TENNESSEE (DAVIDSON COUNTY)**

Licensee/Seller: Maickel Saied
Applicant/Buyer: Bounkhong and Darphone Sirivong

Before the Commission is a request for a change in ownership of the retail business located at 2723 B Murfreesboro Road in Antioch, Tennessee. Bounkhong and Darphone Sirivong wish to purchase the business for \$110,000 plus the cost of inventory. Financing is based upon loan

agreements with family members and existing personal funds. The applicants will be leasing the property from Samco Partnership for five years at \$2723.60/month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Loan agreements, questionnaires and financial checks on Somchith Vixay, Phonprachith Williams, and Bounmy Souvannaseng;
- d. Outstanding citations paid for current licensee.

Discussion/Action Taken:

Bounkhong and Daraphone Sirivong were present at the meeting. Director Elks reviewed the matter to the Commission. Director Elks stated the citations have been paid. Director Elks recommended approval upon submission of the following documentation:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. Loan agreements, questionnaires and financial checks on Somchith Vixay, Phonprachith Williams, and Bounmy Souvannaseng;

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

**G. MARKET BASKET DISCOUNT LIQUORS
LEBANON, TENNESSEE (WILSON COUNTY)**

Licensee/Seller: Market Basket Discount Liquors, Inc.
Stockholders: Estate of Joe Porter and Delores Crooks
New Stockholder: Brooke Porter Hawkins

Before the Commission is a request for a change in ownership of the retail business located at 1505 West Main Street in Lebanon, Tennessee. Brooke Porter Hawkins seeks approval for her ownership of the business. The stockholders of the corporate licensee were Delores Crooks (10%) and Joe Porter (90%). Mr. Porter passed away in 2007 and left his interest in the business to his daughter, Brooke Porter Hawkins. Ms. Hawkins was unaware of the inheritance, and TABC records continued to indicate that Mr. Porter's interest was held in his estate. Proper documentation has subsequently been submitted, and the transfer is properly before the

Commission. The corporation will continue as the licensee, and the sole stockholder will be Ms. Hawkins. All documentation has been submitted with the exception of the following:

- a. Copy of the will;
- b. Bill of sale from Ms. Crooks to Ms. Hawkins for the 10% interest;
- c. TABC Inspection;
- d. Acknowledgement of the rules/regulations;
- e. Newspaper Notice and affidavit;
- f. Payment of outstanding citation.

Discussion/Action Taken:

Brooke Porter and Henry Hildebrand, III were present at the meeting. Director Elks reviewed the matter to the Commission. Director Elks stated on the agenda that Ms. Crooks was going to sell her 10% interest to Ms. Brooks, but Ms. Crooks is going to continue to keep her 10% interest. Director Elks also stated that a newspaper notice is only needed for a new application, therefore, a newspaper notice is not needed. Director Elks stated that a copy of the will has been provided and the citation has been negotiated. Director Elks recommended approval when the TABC Inspection and the acknowledgement of the rules/regulations have been submitted.

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

3. WHOLESALE MATTERS

**A. AJAX WINE AND SPIRITS, LLC
CLARKSVILLE, TENNESSEE**

Applicant: Ajax Wine and Spirits, LLC
Members: Jeffrey Turner, Paul Conroy Turner and Patrick Turner

Before the Commission is a request for a new wholesale business to be located at 330 Warfield Boulevard, in Clarksville, Tennessee. Jeffrey Turner, Paul Turner, and Patrick Turner wish to invest \$50,000 to operate the business. The LLC is sub-leasing the property from Ajax Distributing Company, Inc.—a beer wholesaler. The lease is month-to-month at \$500/month. All documentation has been submitted with the exception of the following:

- a. Current use and occupancy permit;
- b. TABC Inspection;
- c. Acknowledgement of the rules and regulations;
- d. Affidavit from members that the beer business and alcohol business will be operated and maintained separately with adequate explanation.
- e. TTB Registration.

Discussion/Action Taken:

Paul Turner and Rob Pinson, attorney, were present. Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the acknowledgement of the rules and regulations.

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

4. WINERY MATTERS

**A. SUMNER CREST WINERY, INC.
PORTLAND, TENNESSEE (ROBERTSON COUNTY)**

Seller/Licensee: Estate of Earl Justin Hall
Buyer/Applicant: Sumner Crest Winery, Inc.
Stockholder: Tiffany Hall

Before the Commission is a request for a change in ownership of the winery located at 5306 Old Highway 52 in Portland, Tennessee. The Estate of Earl Justin Hall wishes to sell the business and the property to Tiffany Hall for \$442,896.36. Financing is based upon a loan with Vol State Bank, a family member and existing personal funds. All documentation has been submitted with the exception of the following:

- a. The December 15, 2010 purchase agreement;
- b. Use and Occupancy permit;
- c. Acknowledgment of the rules and regulations;
- d. Lease to corporate applicant.

Discussion/Action Taken:

Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the following documentation:

- a. The December 15, 2010 purchase agreement;
- b. Use and Occupancy permit;
- c. Acknowledgment of the rules and regulations;
- d. Lease to corporate applicant

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

**B. LEXINGTON VINEYARD
LYNNVILLE, TENNESSEE (GILES COUNTY)**

Applicant: Muriel Debra Hale

Before the Commission is a request for a new winery to be located at 2000 Dog Hollow Road in Lynnville, Tennessee. Ms. Hale wishes to invest \$100,000 to operate the winery/vineyard. Financing is based upon existing personal funds. The applicant and her husband own the property and will be leasing to her as an individual for \$1/month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgment of the rules/regulations;
- c. Use and Occupancy permit;
- d. Sales tax number.

Discussion/Action Taken:

Muriel Debra Hale was present. Director Elks reviewed the matter to the Commission. Director Elks recommended approval upon submission of the following documentation:

- a. TABC Inspection;
- b. Acknowledgment of the rules/regulations;
- c. Sales tax number

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

5. **BUDGET: Reduction of TABC budget and possible elimination of positions.**
Director Elks stated that the staff was able to satisfy the request of the reversion for Finance & Administration by not filling certain vacant positions, by over collection of certain funds and not spending

as much money on supplies. Director Elks stated in addition to the \$1.6 million dollar reversion, the TABC has now been asked to reduce the budget by 5%. Director Elks stated that the 5% is based on state allocations. Director Elks stated that because the agency is primarily self-sufficient, the agency only receives \$325,000 in State allocations. Director Elks stated that is usually returned. Director Elks stated that the 5% comes to \$19,600. Director Elks stated that the staff has advised Finance and Administration that the agency will do this by reducing the buying of supplies.

Director Elks stated that the agency that any positions that have been vacant for a year or more should be eliminated. Director Elks stated that would include 6 agent positions and 1 secretary position. Director Elks stated the staff is working on justifying why these positions need to remain in the agency.

- 6. CONSENT ORDERS**
- 7. PENDING MATTERS LIST**
- 8. MISCELLANEOUS**
 - A. Monthly Summary of TABC Activity**
 - B. Final Interview with Keith Bell**

Discussion/Action Taken:

Chairperson McDaniel stated that due to Commissioner Kaegi being unable to attend the last Commission meeting and the meeting today, that during the month he had met with and interviewed Keith Bell and she had received information from Commissioner Kaegi that he did not have any additional questions or comments.

Commissioner Jones made a motion to appoint Keith Bell as the Assistant Director with his hire date to begin on October 1, 2011 at 12:01 a.m. Chairperson McDaniel seconded the motion and it passed with 2 ayes.

- 9. DATE OF NEXT MEETING – Wednesday, October 26th, Tuesday, November 22nd and Wednesday, December 14th, 2011 at 1:30 p.m.**