

**Minutes of the Meeting
April 18, 2016**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard, on the 18th day of April, 2016.

Board Chair, Wayland Burton, called the meeting to order at 5:30 p.m.

Board members Norwood “Andy” Miller, Robert “Bob” Nauseef, Jackie Wagstaff and Pilar Rocha-Goldberg were present. Acting General Manager Misty Walters and attorney George W. Miller, Jr. were also present. Durham County ABC Support Services Director Perlie Davis, Durham County ABC Finance Officer Lee Keatts, Durham County ABC Law Enforcement Chief Rufus Sales, ABC Board Auditor Moniqua McLean and Ellis Hankins with Mercer Group were also in attendance.

Conflict of Interest Review and Declaration

Chairman Burton read the Board’s conflict of Interest Review and Declaration statement and asked Board members if they have an actual conflict or appearance of a conflict of interest with any items coming before the Board and, if so, does the Board member wish to recuse him or herself from deliberating and voting on the matter. All Board members present verbalized that they do not have any conflicts.

Consent Items

The consent items were the Minutes of the March Board Meeting and the Minutes of the Special Meeting. Board Member Miller requested the Special Meeting Minutes be revised to include that while Chief Sales is the acting General Manager, whoever fills the acting Chief position receive increased compensation during that time period. Mr. Nauseef motioned to accept the March Board Meeting Minutes as presented and the Special Meeting Minutes with the aforementioned inclusion. Ms. Wagstaff seconded the motion and the Board approved without objection.

At this time, Ms. Rocha-Goldberg entered the meeting. Chairman Burton read the Board’s conflict of interest review and declaration statement and asked Ms. Rocha-Goldberg if she has reviewed the agenda and if she has a conflict of interest with any items coming before the Board. Ms. Rocha-Goldberg stated that she has reviewed the agenda and she does not have any conflicts of interest with any items coming before the Board.

General Business

Public Comment

Chairman Burton stated that there are not any members of the public present this evening.

State ABC Performance Audit Review

Chairman Burton stated that Moniqua McLean with the State ABC Commission is present this evening. Ms. McLean performed the most recent audit and she is in attendance to report the findings of the audit.

Ms. McLean stated that the recent audit was the second round of the performance audit from 2012. She reported that the 2010 General Assembly mandated the ABC Commission to conduct audits for all ABC Boards. Previously, the audit report was disseminated to all Board members and Ms.

McLean requested Board members to respond to the findings of the audit. The Board had a general discussion regarding the audit results including minor procedural items.

Ms. McLean commended the Board for the profitability percentage increase of approximately 5% since fiscal year 2011, which she attributed to store renovations, conversions and product placement restructure in several stores. Profit distributions to the City and County have increased 30% since 2011. Working capital is within the established parameters and has continued to remain the same throughout the time period reviewed. Cost ratios have decreased since fiscal year 2011 due to staffing efficiencies and store hour adjustments. Ms. McLean emphasized the importance of effective Board oversight through adoption of policies, strategies and setting objectives as well as having clear written appropriate duties for staff through policies and procedures adopted by the Board. Additionally, she stated that all new policies adopted by the Board must be submitted to the Commission within thirty days for approval to be sure they are in line with ABC statutes and Commission rules.

Ms. McLean reviewed public meeting law stating that any Board that is elected or appointed is mandated by this law including ABC Boards and that transparency across the state is essential. Closed session meeting purposes must be included in the motion going into closed session, during open session, and the purpose stated must be addressed during closed session. The same is true for the motion that is made when returning to open session. Going into closed session to discuss open session topics in private is not appropriate under this law. At the following Board meeting, closed session minutes from the previous meeting's closed session portion must be approved during closed session for transparency purposes.

Ms. McLean stated that in order for Board members to seek reimbursement for travel expenses to and from Board meetings, a policy must be adopted.

Ms. McLean stated that the audit results overall were really good, especially the financial portion.

The Board had a general discussion regarding audit items presented by Ms. McLean and training requirements of the General Manager and ABC employees.

Ms. McLean requested that the Board submit a written response to items included in the performance audit.

Additionally, to be included in the report, Ms. McLean requested for Mr. Keatts to provide grant amounts awarded to each recipient last year.

Lastly, Ms. McLean will respond to the Board's inquiries as to whether law enforcement policies must be presented to the Commission for approval and whether the Board will receive notification of approval from the Commission for policies that are submitted.

Chairman Burton stated that the Board has begun preparing an appropriate response to the audit results and he expects that the response will be submitted by May 22.

Mercer Group Representative – GM Search

Chairman Burton stated that he previously sent out information to the Board regarding Mercer Group. He reported that the organization performed the search for the ABC General Manager in Greensboro and Mr. Hankins is present this evening to discuss what his company has to offer DCABC in terms of identifying candidates for a new General Manager. Along with the Mercer Group, Chairman Burton requested Developmental Associates to provide information regarding their organization to determine which company is a better fit for DCABC. A response from Developmental Associates has not yet been received.

Mr. Hankins with Mercer Group introduced himself to the Board and explained to the Board that his company has extensive experience performing searches for public positions including city and county managers across the state and country. He discussed his experience working with Greensboro ABC and the process utilized to find a candidate to fit the qualifications and characteristics desired by the Greensboro ABC Board. He emphasized the importance of initially taking the time to put together a profile of the ideal candidate and shared a sample profile with Board members. Mr. Hankins next explained his advertising efforts which included North Carolina business journals, newspapers and a professional networking website. Once applications are received, Mr. Hankins explained that he will typically present twelve to eighteen applications of the top candidates to the Board for review. At that stage, he will have personally spoken to each applicant and done some preliminary background checks. Once the Board has chosen approximately three to five finalists, a thorough background investigation of those candidates will be performed.

Mr. Hankins stated that a summary proposal has been submitted to the Board which includes the steps he has outlined and also his fees and expenses. He stated that he will personally be doing most of the work included in the search process but will be assisted by colleagues in his firm as needed.

The Board had a general discussion with Mr. Hankins regarding a tentative timeline of the entire process. Chairman Burton thanked Mr. Hankins for his presentation and stated that the Board's response to his proposal will be forthcoming.

Finance Report

Mr. Keatts reported to the Board that sales for the month of March were slightly below budget due to the Durham Chapel Hill Boulevard store closure for remodeling. It is estimated that lost sales totaled \$74K.

Mr. Keatts provided the Board with a proposed budget amendment to balance the budget for items previously approved by the Board. Items included in the budget amendment are increase in facilities expenses in the amount of \$16K for parking lot maintenance and \$12K for unplanned repairs at various locations reflecting repairs needed after store break-ins, repair to outdoor lights, internet cable update and plumbing repairs at administrative offices and an air conditioning condenser at the Hillsborough Road store. Both line items are listed in the capital budget and essentially the monies will be transferred from capital budget for balancing purposes. Additional amendment items include increase of \$21K for vehicle expense as increased business has required the rental of a vehicle for warehouse deliveries and \$35K proposed increase to depreciation expense

to account for a new security system and law enforcement vehicle depreciation. The budget amendment for all items listed above total a \$123K increase to expenses.

(Note to Lee: please assist with the above paragraph. I am not sure if I fully comprehended and correctly summarized the budget amendment.)

The Board had a discussion regarding exact details and supporting documents relating to the budget amendment.

Mr. Nauseef motioned to accept the budget amendment as presented. Ms. Wagstaff seconded the motion and the Board approved without objection.

Mr. Keatts provided Board members with a budget preparation plan for the upcoming fiscal year. The document includes deadlines for completion of items and a proposed timeline for presentation of items to the Board.

Chairman Burton requested for the proposed budget to provide detailed explanation of all line items. Mr. Keatts stated that he will be sending budget preparation documents to Board members via e-mail as items are completed. Chairman Burton requested for Board members to direct any inquiries they may have to Mr. Keatts via e-mail and for Mr. Keatts to copy all Board members in response to each question. This will enable all Board members to be on the same page when discussing the budget at the upcoming Board and budget meetings. Chairman Burton reminded Board members not to have discussions via e-mail as that would constitute a meeting; instead, just review responses to all Board members' inquiries.

Mr. Keatts reported to the Board that DCABC's new CPA auditing firm representative was unable to attend the meeting this evening due to it being tax season but will attend the May Board meeting.

Support Services Update

Ms. Davis reported to the Board that an update on support services was disseminated to Board members via e-mail. She stated that DCABC has selected Electronic Payments, Inc. as the new credit card processing vendor based on approval by the Board at the March Board meeting.

Law Enforcement Report

Chief Sales reported to the Board that one of the part-time law enforcement inspectors resigned effective last month and, since then, he has been in the process of accepting applications and interviewing for a replacement.

The Board had a general discussion regarding law enforcement activity for the month of March and upcoming training events in the community.

General Manager's Report

Interim Positions

Ms. Walters presented to the Board that there are four interim positions that have been held by employees for over ninety days and she recommended to the Board that they become permanent positions. Additionally, there are two employees that have held interim positions for less than

ninety days. The Board had a general discussion regarding the interim positions, how long employees have held those positions and the process of making interim positions permanent. Chairman Burton motioned to formally review the four interim position employees who have held their positions for over ninety days to make a determination as to whether the positions will become permanent and to formally post the positions that have been held for less than ninety days. Ms. Wagstaff seconded the motion and the Board approved unanimously.

Vacation Paid Upon Retirement

Ms. Walters presented to the Board the DCABC personnel policy regarding eligibility of employees to receive vacation pay upon retirement up to 240 hours. Ms. Walters notified the Board that there is a DCABC employee that is getting ready to retire and the employee has approximately 390 vacation hours accrued. Ms. Walters recommended to the Board that this matter be considered for Board approval. The Board had a general discussion regarding past practices and how to handle similar situations in the future.

Chairman Burton motioned to allow a special dispensation in this particular situation for the employee with 390 hours of accrued vacation time to receive 360 hours of vacation pay upon retirement. Going forward, it will be emphasized to all employees that only 240 hours of vacation time will be paid in the future. Ms. Wagstaff seconded the motion and the Board approved without objection.

Briefing on General Manager Meeting

Ms. Walters reported to the Board that she, Chairman Burton, Ms. Davis, Chief Sales and Mr. Keatts attended the annual General Manager Meeting and that a summary report is included in the Board meeting packet.

Closed Business

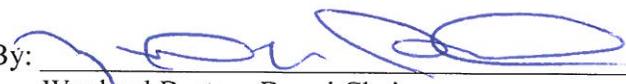
Ms. Rocha-Goldberg motioned for the Board to go into closed session per G.S. § 143-318.11(a): (3) consult with attorney regarding findings of an investigation. Ms. Wagstaff seconded the motion and the Board approved without objection.

The Board returned to open session. Chairman Burton reported that the Board accepts the investigative report from Chief Sales.

Adjournment

Chairman Burton motioned to adjourn the meeting and the Board approved without objection.

Approved By: _____


Wayland Burton, Board Chair