

**Minutes of the Meeting  
May 16, 2016**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard, on the 16<sup>th</sup> day of May, 2016.

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

Board members Norwood “Andy” Miller, Robert “Bob” Nauseef and Jackie Wagstaff were present. Acting General Manager Rufus Sales and attorney George W. Miller, Jr. were also present. Durham County ABC Support Services Director Perlie Davis, Durham County ABC Finance Officer Lee Keatts, Lowell Oakley with Koonce, Wooten & Haywood and Stephen Straus with Developmental Associates 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 have reviewed the agenda and do not have any conflicts.

Ms. Wagstaff requested to adjust the agenda to go into closed session after Public Comment and address the remaining agenda items in open session afterwards. Mr. Nauseef motioned to move agenda item Closed Session to the second item of business under General Business after Public Comment. Ms. Wagstaff seconded the motion and the Board approved without objection.

**Consent Items**

The consent items were the Minutes of the April Board Meeting, performance audit response and policy changes, amendments and update items: Revision Procedure, Section 813 Disciplinary Action and Performance Appraisal Documentation Log. Mr. Nauseef motioned to accept the consent items. Board Member Miller seconded the motion and the Board approved without objection.

Consent item Recommendation Format was previously approved by the Board. Items Section 208 Accountability of General Manager, Section 5 Recruitment, Hiring and Staff Development and Section 202 Attendance of Board Members were removed from Consent Items for discussion before approval.

**General Business**

**Public Comment**

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

**Closed Business**

Mr. Nauseef motioned for the Board to go into closed session per G.S. § 143-318.11(a): (6) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, and/or conditions of initial employment of an individual employee; and/or to hear a charge, against an individual employee. General personnel policy issues may not be considered in closed session.

Closed Session Minutes of the previous Board Meeting are presented to Board members during the following meeting for Board review and approval.

The Board returned to open session. Board Member Miller motioned to accept the information presented in the investigative report of an employee as detailed in closed session. Mr. Nauseef seconded the motion and the Board approved without objection.

**CPA Firm – Koonce, Wooten & Haywood**

Chairman Burton stated that Lowell Oakley with Koonce, Wooten & Haywood is present this evening to introduce his firm to the Board as they are DCABC's new auditing firm. Mr. Oakley introduced himself and provided background information about his firm to the Board emphasizing the firm's niche in non-profit and governmental entities. He stated that his firm has a long history of working with ABC Boards and currently handles auditing responsibilities for Wake County and New Hanover County ABC Boards. Mr. Oakley reported that he has reviewed financial statements received from Mr. Keatts and a detailed list of additional information needed from DCABC is forthcoming. Additionally, he stated that end of fiscal year inventories and planning is in progress. Mr. Oakley reported that he and firm partner, David Boyce, will be performing the audit and Paul Brown is the managing partner responsible for the audit.

The Board had a general discussion with Mr. Oakley regarding DCABC's expectations of an auditing firm.

**Developmental Associates Representative – GM Search**

Chairman Burton stated that Stephen Straus with Developmental Associates is present this evening to introduce himself and his company to the Board. Previously, all Board members were provided with a proposal submitted by Developmental Associates. Mr. Straus outlined items in the proposal and stated that his company recently assisted the City of Durham to identify the candidate who ultimately was chosen as the new Police Chief. He detailed his recruiting methods and stated that several firm recruiters are retired city managers who are very familiar with ABC Boards. Mr. Straus outlined several advertising outlets including social media and an electronic application system which targets people looking for government jobs as well as those who have previously held governmental positions.

Mr. Straus next discussed his firm's process and expectations. After thirty days of recruiting, he will meet with the Board for an initial screening of applications. Each candidate will then be assigned a rating. The ratings will be presented for Board review at which time Board members will have the opportunity to adjust ratings as they see fit. Next, a second, more thorough, screening will be conducted. This screening includes a telephone interview with candidates and is usually performed by retired city personnel utilizing a scoring system. A request for writing samples from the applicant is the next step and then a psychological test that is validated for employment purposes will be performed.

Mr. Straus emphasized the importance of identifying the right candidate capable of handling all tasks required of the DCABC General Manager. Instead of relying solely on the interviewing process, he recommends that candidates be exposed to situations they would encounter on the job through simulated exercises. He stressed that skills assessment simulation helps evaluate how effective candidates are in carrying out tasks. Evaluation of the simulated exercises can be

determined by Board or community members. The evaluators will be trained on how to objectively evaluate the candidate and will report to the Board how effective the candidates performed assignments. First-hand information is received regarding budgeting, supervisory and presentation skills based on experiences. Typically, the final six candidates go through the simulation exercises. The interviewing process follows and, at that time, strengths and weaknesses can be explored further through discussion.

The Board had a general discussion regarding the firm's process as outlined, the importance of candidates having retail experience and Mr. Straus' past recruitment efforts involving Board Members Miller and Rocha-Goldberg. Mr. Straus confirmed that in accordance with the proposal presented, the timeline for the entire recruitment process, from start to finish, is sixty-five days at which time the final candidates will be presented to the Board for interviews.

Chairman Burton thanked Mr. Straus for his presentation and informed him that the Board will make a decision as to hiring a recruitment agency at the June Board Meeting.

### **Finance Report for April 2016**

Mr. Keatts reported to the Board that sales for the month of April were \$3,023,826 and above budget by \$97,260 or 3.32%. Compared to April of 2015, actual sales increased by \$354,195 or 13.27%. He stated that increased sales were consistent across the state and attributed the growth in sales to the additional weekend days in April 2016 compared to April 2015 and also because this year, store closure for Easter occurred in March instead of April. Year-over-year percent increase in sales for DCABC was ranked 4<sup>th</sup> among the nine Boards DCABC uses for comparative purposes. Profit before distributions for April was \$323,625 which was an increase of \$30,665 or 10.47% over the prior year. Total profit distributions to the City and County for April were \$145,803 which was an increase of 39.35% over last year. Year-to-date profit distributions were \$1,358,758 which was an increase of 30.92% over last year. He recalled that the Board decided to increase the statutory amount required for distribution by 50% and monies are distributed to City and County on a quarterly basis throughout the year.

- **FY 2017 Budget Proposal**

Mr. Keatts stated that the FY 2017 Proposed Operating Budget document was previously distributed to Board members. He stated that based on review of sales trends in FY 2016, FY 2017 sales are forecast to increase 4.8%. He briefly discussed the FY 2017 Proposed Compensation Plan as detailed in the Proposed Budget document. Mr. Keatts noted that there are presently eight retail stores entering FY 2017 which is consistent with FY 2016. He also stated that the Proposed Budget is based on DCABC continuing to provide profit distributions to the City and County 50% above the minimum statutory requirement.

Mr. Keatts distributed to Board members detailed budget documents including a comparison summary of the proposed budget and the prior two years' budgets. He reviewed the findings providing explanations to support the various figures.

Mr. Sales reported to the Board on the recommendation to hire two additional clerks for the busiest retail stores and explained the profit to sales ratio formula.

Mr. Sales presented the recommendation to purchase a larger warehouse delivery truck and explained that it takes multiple trips to deliver liquor utilizing DCABC's undersized truck. DCABC has been renting a truck to accomplish delivery requirements incurring associated expenses. DCABC warehouse employee of approximately five years, Mr. Smith, presented to the Board on his first hand experiences and challenges encountered with delivering liquor. He stated that a larger truck is needed to accommodate deliveries to retail stores and listed typical deliveries in terms of cases required by stores and load size the DCABC truck can haul. The Board had a general discussion regarding the cost of purchasing a new truck versus the cost of leasing a truck. Chairman Burton requested additional information before the Board approves the recommendation. He requested costs associated with Class B licensure of employees and comparison prices of leasing a delivery truck versus purchasing a new truck including costs for maintenance.

Mr. Sales presented to the Board the recommendation to replace and update all existing Intrusion alarm systems and utilize only one company for monitoring the systems. He stated that most of the equipment is outdated and presently DCABC uses two companies to monitor the alarms. The Board had a general discussion regarding cost comparisons between companies vetted and details regarding updated technology.

Mr. Sales explained to the Board the digital surveillance systems recommendation. The recommendation includes upgrading the three analog systems to digital systems to conform with the other seven DCABC locations and purchasing additional security cameras.

Mr. Sales presented to Board the law enforcement equipment recommendation. The items include equipment for the two newly hired part-time Investigators, equipment for vehicles and vehicle up-fit. He explained that the law enforcement vehicles do not have all equipment needed by law enforcement personnel. Mr. Sales stated that vehicle equipment and up-fit monies were previously approved in the prior year's budget but were not used due to issues with scheduling the work to be performed.

Mr. Sales reported to the Board on the status of the records management system. He stated that DCABC is unable to utilize Durham Police Department and Sheriff Department records management systems due to integration and interface issues. DCABC Law Enforcement has opted to create customized reports that provide information specifically required for DCABC utilizing GoCanvas. Chairman Burton requested evidence of inability to share records management systems of other entities to support DCABC's requirement to purchase individual equipment.

Ms. Davis presented to the Board the technology budget recommendations. She explained that additional scanners will enable employees to complete inventories more efficiently. Ms. Davis informed the Board that inventory ordering process redesign is recommended as there is a glitch in the present system that can lead to products not being ordered. Additionally, the ordering calculations are based on an outdated formula. Redesign will simplify the process and possibly bring interface into MAS which employees are already familiar with versus complicated Excel spreadsheets. The Board had a general discussion regarding the necessity to receive several bids for projects that reach the set dollar amount as indicated by statute.

Ms. Davis presented to the Board on the installation of public monitors recommendation. Monitors would be installed in all retail stores to educate the public on DCABC community efforts and a larger monitor would be installed in the administrative offices conference room to improve presentation viewing. The Board had a discussion regarding set-up configuration for the monitors.

Ms. Davis discussed the recommendation to extend ShoreTel phone system services. Presently, ShoreTel is utilized by DCABC administrative offices and law enforcement and the recommendation is to extend ShoreTel services organization wide. She explained that ShoreTel offers more competitive prices than the current services at retail stores and with all locations on a single network, there will be uniform billing. Additionally, one network for all locations enables extension dialing and transferring calls between locations. The Board had a general discussion regarding challenges associated with the inability to use cordless phones at retail stores as ShoreTel does not offer cordless services. The Board decided to research other phone networks before a decision is reached.

Ms. Davis presented to the Board the computer replacement recommendation to continue the regular rotation of computer equipment. She explained that this initial round of equipment updates includes eight back office computers in stores, three mixed-beverage computers, two warehouse computers, four law enforcement desktop computers and four law enforcement rugged laptops. Ms. Davis reported that point-of-sale register computers are not recommended to be updated at this time due to software and operating system issues.

Ms. Davis reported to the Board on IntelliCheck Age ID app. She stated an IntelliCheck representative provided a demo at the General Manager meeting and claimed the service is one hundred percent accurate in detecting fake IDs. Presently, Mecklenburg and Wake County Boards are utilizing the app. Mr. Sales reported that the ABC Commission has met with IntelliCheck and that several law enforcement agencies are already using the app with reported positive results identifying fake IDs. Ms. Davis explained that the app runs on iPods which can be mounted at store registers. IDs can be scanned at the register and if there is an inconsistency with the identification card presented, an alert message appears immediately. The app can identify any inconsistency with an ID from all fifty states. Law Enforcement can run the app on iPhones for portability; therefore, an upgrade to iPhones is recommended.

Chairman Burton emphasized the importance of requesting pricing from several different companies for all DCABC purchases to support decisions.

Board Member Miller motioned to accept the proposed budget as presented. Mr. Nauseef seconded the motion and the Board approved without objection.

### **Support Services Update**

Ms. Davis reported to the Board that an update on support services was previously distributed to Board members regarding the upcoming implementation of EMV technology.

### **Law Enforcement Report**

Mr. Sales introduced to the Board the two new part-time Law Enforcement Investigators, Mr. Davis and Mr. Swain. Mr. Sales reported to the Board on an accident that occurred at the Durham Chapel Hill Boulevard store. He reported that he was on the scene and Durham Police Department arrived as well as rescue personnel and an individual involved was taken to the hospital. The video surveillance did not capture the incident although it appeared to be accidental with no evidence of wrongdoing on either parties' behalf.

### **General Manager's Report**

- **Evaluation of Interim Promotions**

Mr. Sales reported to the Board that two employees serving interim positions received performance evaluations per the Board's request at the April Meeting. He stated that both evaluations were completed by their immediate supervisors and results were positive with both employees meeting and exceeding expectations for their respective position. Mr. Nauseef motioned to move interim employees into permanent positions without going through the application and interviewing process as a one-time remedy to the violation of the policy and standard procedure. Board Member Miller seconded the motion and the Board approved without objection.

- **Store Coverage Concerns**

Mr. Sales stated that the matter of hiring two additional employees was previously discussed during the budget proposal.

- **Review and Interview Process**

Mr. Sales reported to the Board on the status of applications received for the manager and assistant manager positions. He requested whether Board members wished to participate in upcoming interviews scheduled on May 24, 26 and 27. Mr. Sales stated that he will notify Board members of specific interview schedules via e-mail.

### **Other Business**

- **Review and Documentation of Temp GM Performance**

Chairman Burton stated that, as previously determined by the Board, each time an employee performs in the capacity of an interim position, they are entitled to be evaluated and receive performance reviews. Chairman Burton stated that Misty Walters did an outstanding job as interim GM for the month of April. He noted that she handled all tasks and was willing to take on additional assignments and projects asked of her following through until completion. Chairman Burton requested for Board members to submit any comments to be included in her evaluation in writing to the acting General Manager.

- **Grant Update**

Chairman Burton thanked Ms. Mack for putting together the grant applications and reported that thirteen applications were received for evaluation. He stated that recommendations for Board review and approval will be available at the June Board Meeting.

- **State of Durham County ABC Report to County Commissioners**

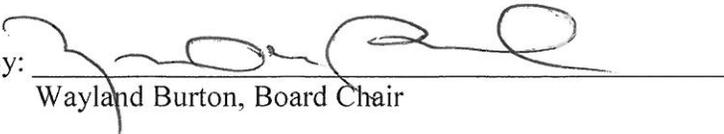
Chairman Burton stated that DCABC will report to the County Commissioners on June 6 at their work session which begins at 9:00 a.m. He invited any Board members that wish to attend to come participate in presenting on the status of DCABC, effects of HB 2 on Durham County and FY 2017 DCABC proposed budget including distributions to the City and County.

- **Update on Open Session Class**

Chairman Burton presented to each Board member literature outlining rules of open meetings and local government meetings. He stated that UNC School of Government is not holding a specific educational class on ABC Board open meetings at this time. He reported that he is in the process of scheduling an expert on the subject to come present to the Board on open and closed session meeting requirements and proposed class dates are forthcoming.

**Adjournment**

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

Approved By:   
Wayland Burton, Board Chair