

**Minutes of the Meeting  
September 19, 2016**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard, on the 19<sup>th</sup> day of September, 2016.

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

Board members Norwood “Andy” Miller, Pilar Rocha-Goldberg, Jacqueline Wagstaff and Lawrence Daye 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 Interim Chief Natausha Pettiford, Durham County ABC Finance Officer Lee Keatts, Durham County ABC Operations Coordinator Misty Walters and H. Lowell Oakley, Jr. and Eric Panion with Koonce, Wooten & Haywood 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 verbalized that they have reviewed the agenda and do not have any conflicts.

**Consent Items**

The consent items approved include the Minutes of the August Board Meeting, proposed deletion of Section 504, changes to Operations and Compliance Coordinator’s Job Description, Job Description for General Manager, Job Description for Assistant General Manager and Use of Force Policy. Ms. Wagstaff motioned to accept the consent items. Board Member Miller seconded the motion and the Board approved unanimously.

**General Business**

**Public Comment**

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

**Audit Results by Koonce, Wooten and Haywood**

Chairman Burton welcomed auditors Mr. Oakley and Mr. Panion with Koonce, Wooten & Haywood to present the results of the DCABC annual audit report. Mr. Keatts distributed the audit report to Board members.

Mr. Oakley acknowledged DCABC’s favorable financial results over the past year and reported that financial statements generated by DCABC are stated fairly. Mr. Panion highlighted financial aspects of the report including an 8.4% increase in sales over the prior year resulting in an increase in working capital and additional distribution funds available. He explained that a major area of focus and testing involved the main assets, cash inventory and capital assets. End of year inventory was performed at three retail stores and the main warehouse.

Mr. Panion reported that the Governance Letter, formally called a SAS-114 letter, states that any significant financial accounting estimates must be listed. Therefore, pension figures will be

included in the letter annually. Additionally, he noted that he did not encounter any difficulties performing field work and that there were not any changes in accounting policies over the past year.

Mr. Panion stated that the Management Letter consists of observations that were noted and recommendations to the Board. The first recommendation calls for hourly employees to complete timesheets bearing their signature. He stated that the purpose is to make sure employees are being paid correctly for hours worked during each pay period and this recommendation will keep DCABC in compliance with payroll laws and regulations for auditing purposes. The second recommendation suggests implementation of an accounting policy update regarding segregation of duties for DCABC employees. The premise is to improve documentation of assignments performed by accounting personnel. Both the employee that performs a task and the employee that reviews the task sign and date a formal document listing their respective duties to evidence proper procedure.

Chairman Burton acknowledged the importance of DCABC making adjustments in procedures to improve efficiency as recommended in annual audits. Mr. Oakley recognized the compliance and cooperation of DCABC staff and, specifically, Mr. Keatts prompt response to financial requests.

Chairman Burton inquired whether the Board accepts the annual audit report as presented. Ms. Wagstaff motioned to accept the audit report. Ms. Rocha-Goldberg seconded the motion and the Board approved without objection. Mr. Burton stated that a letter will be delivered to the State ABC Commission and County Commissioners reporting on the result of the audit and enclosing a copy of the audit report.

#### **Introduction of New Board Member**

Mr. Daye introduced himself to the Board providing his employment background and experience.

#### **Financial Reports for August**

Mr. Keatts reported to the Board the summary of income statement results for August as included in the meeting packet. He noted that sales for the month were in line with the budget. Additionally, a month-by-month sales tracking report was disseminated to Board members. Mr. Keatts stated that for the first two months of the fiscal year, sales are not as strong as the first two months of the previous year.

The Board had a general discussion regarding five comparable boards falling below the 6% average increase in sales year-over-year.

#### **Support Services**

Ms. Davis stated that a report was e-mailed to Board members notifying them of EMV implementation at the Roxboro Road Store on September 12<sup>th</sup>. She stated that the issue regarding the reader not providing a tone to alert the customer to remove their card is unresolved. Additional issues include the need for cashiers to select the type of credit card utilized, an error message prompting customers for a pin when transactions are cancelled and SunTrust MasterCard prompting the user for a pin number although DCABC readers do not offer pin debit. She stated that efforts continue regarding resolution of issues but more debilitating problems relating to the outdated operating system are slowing down the register computers. Ms. Davis stated that the short term solution to deal with the operating system issue is to remove all programs that are not necessary and run only the minimum processes required for the registers to function properly. She stated that the

operating system issue is not only specific to EMV and associated with testing at the Roxboro Road Store. A number of other store registers are locking up during normal computer update cycles. The long term and ideal solution is to upgrade the register computers earlier than previously scheduled. She stated that if EMV is not implemented this year, the new credit card processors can still be used to take advantage of lower negotiated credit card rates.

Mr. Sales reiterated that the issue with register computers locking up is disrupting business as it recently occurred at one of the busiest stores. For a time period, only one out of four register computers were functional.

The Board had a discussion about upgrading the register computers and the estimated costs associated. Ms. Davis stated that the administrative office, warehouse and mixed beverage computers are scheduled to be upgraded this year according to the previously determined rotation schedule. The register computers are scheduled for upgrades in 2018.

Board Member Miller motioned to use the funds that were allotted for the administrative office, warehouse and mixed beverage upgrades along with approximately \$40K of additional monies to upgrade the twenty-eight register computers so they can work properly. Ms. Wagstaff seconded the motion and the Board approved without objection.

Ms. Davis is in the process of verifying that upgrading to Windows 10 will be compatible with all functions necessary for EMV implementation and provide the Board with an update and timeline for completion.

### **Law Enforcement Report**

Chief Pettiford reported to the Board on law enforcement activity in August. She stated that two new part-time officers were trained. She reported that compliance checks resulted in several arrests at ABC stores. A disturbance and subsequent trespass at the Holloway Street Store resulted in an individual being charged with trespassing and possession of marijuana. Also at the Holloway Street Store, an individual consumed spirituous liquor in the presence of an officer. The individual was trespassed and charged with consuming alcohol on ABC property. At the Hope Valley Road Store, an officer in the parking lot witnessed an individual purchasing alcohol for a minor. The individual was charged with aiding and abetting and the minor was charged with underage possession.

Chairman Burton requested for officers to help alleviate traffic and parking lot crowding at the Highway 55 Store, particularly on Friday evenings. Chief Pettiford stated that the Hope Valley Road and Hillsborough Road Stores have similar issues on weekend evenings and if an officer is needed outside of the store for traffic monitoring, there would be a shortage of officers inside stores. Chairman Burton stated that if more part-time officers are needed to control the traffic issues, especially during the holiday season, a request should be submitted to the Board. The Board had a discussion regarding whether ABC deputies or security detail personnel would be appropriate for the task. Chairman Burton requested for Chief to prepare a recommendation with several options for Board consideration.

Chief Pettiford extended an invitation to the Board to assist DCABC Law Enforcement with promoting the DCABC Alcohol Awareness Program at the upcoming Gay Pride Parade and Latino Festival.



## **Updates**

### **Staff Development**

- **Ethics Class for Employees**

Chairman Burton stated that it was previously approved for all DCABC employees to attend ethics training. He also noted that the class is mandatory for all Board members.

- **Management Training**

Chairman Burton stated that ongoing customer service, leadership and ethics training programs for management personnel should be considered. He noted that an online ethics class was previously identified and reported that there is an online class at Durham Technical Community College that offers customer service and leadership training at a low cost. Chairman Burton motioned that in preparation of the fiscal budget, monies be allocated for additional training. Ms. Wagstaff seconded the motion and the Board approved unanimously.

### **Discussions of Change of Opening and Closing Hours**

Chairman Burton revisited the discussion from the previous Board Meeting regarding changing retail store hours. He stated that the former General Manager analyzed data concerning sales transactions to determine appropriate store opening hours. Further, the current schedule allows store personnel to have the opportunity to stock shelves after delivery trucks arrive and before opening each day. If stores open at 9:00 a.m. instead of an hour or two later, the newly delivered stock will not get to shelves without employees having to leave the floor and not be available to greet customers. Also, stocking shelves during open hours would create a tripping hazard for customers due to boxes/bottles in aisles. In addition, delivery trucks are large and some of the parking lots would be difficult to navigate with customer vehicles creating an obstacle.

The Board had a discussion regarding the recommendation for store hours to remain as they are. Ms. Wagstaff motioned to keep the store schedule of 11:00 a.m. until 9:00 p.m. Monday through Thursday and 10:00 a.m. until 9:00 p.m. on Friday and Saturday. Mr. Daye seconded the motion and the motioned passed with a 4-1 vote.

### **Center for Child & Family Health Invitation**

- **Transforming Trauma**

Chairman Burton reported to the Board that DCABC grant recipient, Center for Child & Family Health, invited the Board to attend their upcoming Transforming Trauma event.

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

- **Cost of Goods Sold**

Mr. Sales reported to the Board on the decrease in profit in the month of August compared to August the previous year. He attributes the decrease in profit to the additional purchase of liquor over the past couple of months. He expects as the inventory that was purchased at a discounted price sells at regular price, the figures should balance and result in a greater profit.

- **Warehouse Truck Lease**

Mr. Sales reported to the Board the status of contracts and leases including the alarm and surveillance contracts and warehouse truck lease. He stated that the alarm and

surveillance contracts are signed and noted that additional negotiations on the alarm contract resulted in savings of \$8K less than budget and the surveillance contract came in \$3K under budget. He stated that the warehouse lease contract is on hold to allow for reevaluation. Unforeseen expenses including responsibility of lessee to pay personal property taxes on the truck exceeded the approved budgeted amount.

The Board had a general discussion regarding pros and cons of leasing a truck as opposed to purchasing a truck. Mr. Sales will review all options to determine the most cost effective option and report to the Board. Board Member Miller motioned to approve up to \$200K for the lease or purchase of a warehouse truck. Ms. Wagstaff seconded the motion and the Board approved unanimously.

- **Retirements (3)**

Mr. Sales reported that three employees, Ms. Gerry Mack, Mr. Andre Suitt and Mr. Ricardo Wardlaw, will retire this year. He plans to incorporate retirement celebrations with the October 11<sup>th</sup> Employee Appreciation Day.

- **Employee Appreciation Day**

Chairman Burton encouraged Board member attendance at the October Employee Appreciation Day event and stated that he will extend invitations to County Commissioners, City Council and Mayor Bell.

- **Customer Accidents**

Mr. Sales reported to the Board that a motor vehicle crashed into the Guess Road Store building when the driver, unfamiliar with standard transmission, lost control of the vehicle. He stated that the accident did not result in any personal injuries and there was only minimal damage to the vehicle. Durham Police Department were called to the scene and an accident report was filed.

Mr. Sales also reported that a customer had a slip and fall accident at the Hope Valley Road Store. The customer requires prosthetic limbs and acknowledged his misstep but refused to participate in documentation of the incident.

Mr. Sales reported that a temporary employee at the main warehouse stepped on a nail. The employee was out of work for a short period but has since returned to duty. The employee's workplace injury is covered by workers' compensation under the policy of Labor Force, the temporary agency the individual is employed by.

The Board had a general discussion about Labor Force providing temporary personnel to DCABC and the necessity to document the employment arrangement with a contract. Chairman Burton requested that a contract from Labor Force be provided to continue services.

- **Employee Coverage**  
Mr. Sales updated the Board on the status of employees on leave of absence and adjustments needed to ensure coverage. He stated that in addition to three employees retiring, one manager, an assistant manager and four part-time employees are out of work indefinitely for medical issues unrelated to work.
- **Upcoming Events**  
Mr. Sales informed the Board of upcoming events that typically impact sales including the Gay Pride Parade, Latino Festival, Phoenix Fest and NCCU Homecoming. Chairman Burton encouraged Board members to participate in community events.

### **Other Business**

- **Organizational Change**  
Chairman Burton proposed that, in addition to the General Manager and Law Enforcement Chief, additional positions report to the Board for performance appraisals and pay increases. The positions include Fiscal Services Director, Support Services Director, Operations & Compliance Coordinator, Warehouse Manager, Mixed Beverage Manager and Assistant General Manager. He suggested that employees in the above mentioned positions come before the Board each year to be evaluated individually.

The Board had a general discussion regarding whether the Board or the General Manager should be responsible for performing management staff annual reviews. The Board voted 3-2 in favor of the General Manager remaining responsible for performance appraisals and pay increases.

- **Salary Plan Update**  
**CAI Report - October 17<sup>th</sup> Board Meeting**  
Chairman Burton stated that a CAI representative will be present at the October Board Meeting to provide a report on the market analysis of salaries for DCABC personnel.
- **Performance Review of Ms. Perlie Davis as Acting General Manager**  
Chairman Burton stated that Ms. Davis held the position of acting General Manager for the past three months. He requested Board members to review Ms. Davis' performance. Chairman Burton requested for Ms. Davis to provide Board members with review forms.
- **Proposed Allocation of Reverted Grant Funds**  
Chairman Burton updated the Board regarding undistributed grant funds in the amount of \$17,995. The funds are slated for reallocation to DCABC Law Enforcement in the amount of \$5K and to Durham Public Schools in the amount of \$12,995. Monies to Law Enforcement will be used to facilitate the Alcohol Awareness Pledge for Children program and assist in community relations between Durham residents and law enforcement. Mr. Sales will contact Durham Public Schools and request an application for grant fund distribution. Hopefully, establishing a relationship with the point person at DPS will result in collaboration with additional alcohol awareness events.



Ms. Wagstaff motioned to approve reallocation of grant funds to DCABC Law Enforcement and Durham Public Schools. Board Member Miller seconded the motion and the Board approved without objection.

**Closed Business**

Board Member Miller motioned for the Board to go into closed session per G.S. § 143-318.11(a): (3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged; (5) to establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease; (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. Ms. Wagstaff seconded the motion and the Board approved without objection.

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

**Open Session**

The Board returned to open session. Chairman Burton reported that DCABC will lease the Mechanics and Farmers Bank building on Durham Chapel Hill Boulevard for administrative office space. The present administrative office space will be used to consolidate mixed beverage operations. Also, the Board decided that a letter will be delivered to former employee, Shelby Hyman's Attorney, agreeing for Attorney Larry D. Hall to come before the Board.

**Adjournment**

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

Approved By: \_\_\_\_\_



Wayland Burton, Board Chair