

**Minutes of the Meeting
October 21, 2013**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard, on the 21st day of October 2013.

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

Board members Norwood "Andy" Miller and Rufus Sales were present. General Manager Emily Page and Attorney George W. Miller, Jr. were also present. Perlle Davis, Support Services Director for Durham County ABC, and Valiria Willis with Management and Personnel Services Group (MAPS) were also in attendance.

Conflict of Interest Review and Declaration

Mr. 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.

Mr. Burton motioned to amend the Agenda to move the closed session items to the second order of business on the Agenda after Public Comment/New Business so that the Board may receive Ms. Willis' report on the status of her firm's progress in searching for a new General Manager. Mr. Burton asked if the Board members present objected to amending the Agenda to which Mr. Sales and Mr. Miller responded that they do not object to the amendment.

Consent Items

Consent agenda items included the Board Attendance Report, Adoption of Agenda, Minutes of August 13, 2013 Emergency Board Meeting and Minutes of September 16, 2013 Board Meeting.

Mr. Sales motioned for the consent agenda items to be accepted. Mr. Miller seconded the motion and the Board approved without objection.

General Business

Public Comment/New Business

Ms. Page reported that there is no new business to discuss nor are there any members of the public present.

Closed Business

Mr. Sales motioned for the Board to go into closed session per G.S. § 143-318.11(a): (3) consult with attorney and (6) personnel matters. Mr. Miller seconded the motion and the Board approved without objection.

Upon returning from closed session, Mr. Burton reported that Dr. Guion joined the meeting during closed session at which time she was read the Conflict of Interest Review and Declaration statement. Mr. Burton reiterated that Dr. Guion stated that she has reviewed the Agenda and does not have a conflict with any items coming before the Board.

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Law Enforcement Report for September 2013

Ms. Page reported that on September 21, law enforcement and DCABC mixed beverage staff conducted a mass ABC training that was open to all establishments with ABC permits and approximately 70 permittees were in attendance.

Financial Reports for September 2013

Ms. Page noted from the financial reports that Durham County ABC sales for the month of September are above forecast and projected budget and slightly below on actual income for the month compared to the same time period last year.

Total sales for the month were \$2,058,166 which is an increase of .26% over last year and 3.19% over budget. Year-to-date sales were \$6,583,941 which is 8.12% over actual and 1.31% above budget.

Profit before distribution was \$90,724 for the month and \$481,616 year-to-date which is an 18.42% change over the same period last year and 40.21% increase over year-to-date last year.

After profit distributions, net income was \$18,422 for the month which is a decrease of 2.68% over the same period last year. Year-to-date net income was \$250,326 which is an increase of 45.35% over last year.

POS/Technology System Update Recommendation

Ms. Davis presented a PowerPoint slide presentation to the Board that included a Point-of Sale (POS) update, back office system update, new recommendations for POS software and computer hardware and PCI Certification progress. Ms. Davis reported the recommendation that was approved in July to upgrade the POS system and back office system has not progressed as planned and, after spending time and money on the upgrade, it has now been determined that moving forward with it will have a detrimental effect in serving DCABC's customers. The major issues encountered include a new screen layout which would require extensive training of staff, bugs in the system that SWK cannot determine when these issues will be resolved and the system does not have gift card capability although SWK promised such capability during pilot testing but now reports that it failed SWK's internal testing and will not be available.

The back office system upgrade to Sage MAS 200 that is required for the new POS system integration is going well and this process is continuing as originally planned.

The POS system recommendation was narrowed down to two selections, Fusion RMS and AccuPOS. The team has chosen Fusion RMS due to its user friendly interface, full integration with the back office accounting system, the continued ability to use DCABC's current gift cards and the online training videos available that will be helpful in training staff. Also, Fusion has prior experience with liquor stores and the company president has visited to understand exactly how DCABC operates. The cost of both systems are comparable but AccuPOS is less desirable because new gift cards would need to be purchased and a solution to handling gift cards in circulation would need to be resolved.

The next recommendation Ms. Davis presented is the replacement of hardware to thirty-eight computers at the cost of \$74,200. The current hardware was purchased in 2008 and there are issues with component failures such as hard drives, power supplies and mother boards. In addition, most

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of the computers run on Windows XP which will no longer be supported by Microsoft beginning April 8, 2014. The preference is to update the hardware before installing the new POS system to help manage the impact of changes. DCABC's current contract with Netatwork for setting up new computers is a flat rate of \$300 versus their hourly rate of \$175. The estimated cost from Netatwork for thirty-eight computers is \$11,400. Ms. Davis stated that she may be able to handle a portion of the installation and setup. Ms. Page stated that another possibility to consider is hiring a contractor for three or six months at a lower rate to handle this.

Mr. Burton inquired whether Windows 8 is recommended for the system upgrades. Ms. Davis stated that Windows 7 is the required operating system for the new POS system for the registers because Windows 8 is still very new; however, the back office, mixed beverage and warehouse systems should be able to run Windows 8. Mr. Burton opined that Windows 8 is preferable for future updating and therefore suggested updating all non-register computers with Windows 8. He further suggested updating all computers on a 3-year rotating schedule.

The Board then had a general discussion regarding the disposal of old computers and Ms. Davis informed the Board that DCABC has in the past donated computers to the Kramden Institute which refurbishes computers for families in need.

Ms. Davis then reported on PCI Certification progress which was the catalyst in upgrading the POS system. Ms. Davis informed the Board that Payment Card Industry (PCI) was created in 2004 by credit card companies to protect credit card data. Although it has been determined that DCABC's current system does not save or store credit card data, it does not yet meet all requirements to achieve PCI Certification. There are 2 major components: the network vulnerability scan and the self-assessment questionnaire.

Ms. Davis reported that DCABC has now passed the network vulnerability scan required for PCI Certification through updating all stores to static IP.

The self-assessment questionnaire portion is still a work in progress as seven out of thirteen sections are now complete. The remaining sections may coincide with the new POS system. The only additional cost identified at this time is the purchase of new routers for all store locations which will be required to satisfy specific security requirements.

Ms. Page reported that all costs are estimated at slightly above \$200K which falls within the \$275K originally budgeted for technology expenses.

The Board had a general discussion with Ms. Davis regarding the time table for all system upgrades and training of the staff. Ms. Davis reported that employee training will take place at the training /testing lab and will be staggered through the holiday time period and completed after the holidays. Training will be held by Ms. Davis and Fusion for store managers who will in turn train their staff with the benefit of training videos provided by Fusion. Testing will be conducted by Ms. Davis and a small team to work through any issues identified. After testing and training are complete, the new systems will be installed in stores after the busy holiday season.

Ms. Davis reported to the Board that she has checked the references of three current customers of Fusion and received very positive feedback. Mr. Burton suggested that Ms. Davis obtain references from five more customers which will total 10% of Fusion's customer base. Mr. Burton also

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suggested that Ms. Davis compare Netatwork's installation fees with other companies' costs to provide the hardware installation. In addition, Mr. Burton recommended looking at fixed price solutions for future implementations to avoid significant cost overruns.

Mr. Burton suggested to the Board that DCABC go forward with Windows 7 for register computers and Windows 8 for all other computers. The six administrative computers will not be updated at this time as they are not part of the present recommendation but will be part of the future rotation schedule.

Ms. Page requested whether the Board accepts the POS recommendation with the caveat of additional reference checks. Dr. Guion motioned that the Board accept the recommendation to use Fusion RMS with the noted additional references that total 10% of Fusion's customer base, to compare Netatwork's costs with other companies and that hardware upgrades for administrative computers be on a rotation schedule. Mr. Sales seconded the motion and the Board approved without objection.

Rules and Procedures for Board Members

Mr. Burton presented to the Board that he generated some basic rules for Board members based on open meeting rules for familiarity on how the Board is to proceed including how to carry out meetings if the Chair is not present. Mr. Burton reported that he consulted with attorney Miller to develop a proposal the Board may consider relating to the duties of the Board as a single document the Board can reference. Attorney Miller constructed Proposed Rules of Procedure for the Durham County ABC Board. Mr. Burton requested that Mr. Miller present the proposed rules for discussion purposes only and not to act on at this month's Board meeting.

Attorney Miller presented to the Board that references regarding the operation of ABC Boards include the General Statutes with Administrative Rules and the Operations Manual. Mr. Miller stated that the Board has acted on the Personnel Policies Manual and each DCABC employee receives a copy of the manual which is similar to an employee handbook but broader in scope.

Attorney Miller then presented the proposed rules of procedure to include the composition of the Board, powers of the Board, general information regarding Board meetings, public address to the Board, order of business at Board meetings, duties of the presiding Board officer, resignation of Board members, minutes of Board meetings, duty to vote, closed session meetings, what constitutes a quorum and requirements of public hearings.

Mr. Burton reported to the Board that presently the Board of County Commissioners will not consider removing a Board member for lack of participation in Board meetings until the member misses 50% of regular monthly meetings. Mr. Burton recommended to the Board that after a member is absent for 25% of regular meetings, the Board should consider waiving the stipend to that Board member. The Board does not have the authority to remove a Board member but can consider stopping payment to a nonparticipating member.

The Board had a general discussion on the proposed rules of procedure and Mr. Burton suggested that the Board give serious consideration to items included in attorney Miller's presentation.

Mr. Burton presented to the Board a proposed letter to DCABC employees to ensure they are apprised of Board activity and requested the Board's opinion regarding the format for such

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information. Dr. Guion stated that she is in favor of updates to the employees in an informal approach and suggested that the performance audit results be included. Mr. Burton stated that he will create an informal message to employees and present it to the Board for approval. There was a general discussion as to whether this should be completed as a quarterly update. Mr. Burton strongly suggested that updating the employees should be performed as needed instead of quarterly.

Subcommittee Report on Law Enforcement Department

Mr. Sales presented to the Board that he and Mr. Miller were asked to conduct a feasibility assessment to evaluate whether the Board should maintain the current ABC law enforcement department or outsource through an agency. An Assessment Overview report was presented to the Board members. Data was collected from various agencies as well as the ABC police department and interviews were conducted with DCABC clerks and customers.

The two agencies considered by the subcommittee if outsourcing was feasible included Durham County Office of the Sheriff and Alcohol Law Enforcement Department (ALE). ALE expressed interest and submitted a contract to the Board. The Sheriff's Office requested information from DCABC regarding ABC law enforcement to which a response was given but the Sheriff's Office did not provide any feedback. The Sheriff's Office was notified that if they are interested in providing law enforcement for DCABC a contract would need to be submitted; a contract from the Sheriff's Office has not been received.

Mr. Sales and Mr. Miller examined ALE in comparison to the present ABC law enforcement department regarding costs, effectiveness and span of control. Based on the collection of information gathered by Mr. Sales and Mr. Miller, there would be a small amount of cost savings in outsourcing the law enforcement department to ALE but the greater loss would be losing DCABC's own agency. Therefore, the subcommittee recommended that DCABC should not outsource its law enforcement requirement services.

The Board had a general discussion of the expectations of DCABC's law enforcement department going forward including responsibilities, number of officers needed and the requirement for clear instructions to be provided to law enforcement officers by the management team.

The Board commended the subcommittee on their thorough and comprehensive review and report and accepted the recommendation that DCABC should not outsource their law enforcement requirements.

Mr. Burton recommended to the Board that an armored vehicle service be hired to complete bank deposits for the safety of DCABC employees as well as relieve the officers so they may fulfill their responsibilities. Ms. Page reported on her investigation of armored vehicle services in the area comparing costs and services provided and identified Dunbar Armored as the most suitable provider for DCABC. Also, Ms. Page stated that there are funds available in the budget for this service.

Mr. Burton motioned that DCABC hire Dunbar Armored for armored vehicle services to complete DCABC bank deposits. Mr. Sales seconded the motion and the Board approved without objection.

Strategic Planning and General Manager's Report

The Strategic Planning and General Manager's Report was provided in the Board meeting packet which was distributed prior to the meeting. Topics from the report that were discussed include:

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- Employee Bonuses
Ms. Page reported that employees have expressed their gratitude for receiving merit bonuses.
- Promotional Events in Store
Ms. Page reported that the Captain Morgan custom label event went well and forty-nine bottles of Captain Morgan were sold. Next week, the Crown Royal bag embroidery event is scheduled and on November 7, a parking lot tent sweepstakes event for the chance to win \$5,000 towards a “mancave” is scheduled.
- GovDeals
Ms. Page reported that both vehicles that were listed for auction on the website GovDeals.com were sold.

Other Business

The Other Business Report was provided in the Board meeting packet which was distributed prior to the meeting. Topics that were discussed include:

- Mr. Sales reported that he retrieved the employee suggestions from the suggestion boxes at the Roxboro Road and Guess Road stores. The first suggestion Mr. Sales presented was a request for radios at stores. Ms. Page reported that the management team has been searching for radios with speaker wire as opposed to cable and the search is ongoing. The second suggestion presented was a request for stores to close at 6:00 p.m. on the evening before Thanksgiving. The third suggestion presented was the request for an employee family day event on a Sunday in June. Ms. Page reported that a subcommittee has considered this and by Administrative Rule, DCABC is not allowed to spend money on a non ABC employee and therefore a family event is not permitted.

The Board had a general discussion regarding how employees receive feedback to their suggestions and determined that an update of the Board’s consideration to suggestions should be provided in the quarterly newsletter and possibly at employee recognition events as well.

Adjournment

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

Approved By: _____

Wayland Burton, Board Chair

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