

**Durham County ABC Board
Minutes of the Meeting
July 16, 2012**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard on the 16th day of July 2012.

Board Chair Kim Shaw called the meeting to order at 5:30 PM.

Other Board members present were Deirdre Guion, Kevin Nelson, Erroll Reese and Connie White. General Manager Emily Page and Attorney George W. Miller, Jr. were also present. Rex Wills and Ken Douglas from Hi-Tek POS were present as well.

Ms. Shaw read the Board's Conflict of Interest Review and Declaration statement. She asked board members to declare that they had no conflicts of interest with any items coming before the board and, if so, that they would recuse themselves from voting. All board members declared their agreement.

Consent Items

Consent agenda items included the Board Attendance Report, Adoption of Agenda, Minutes of the June 18, 2012 meeting, and the Minutes of the June 25, 2012 Emergency Meeting of the Grant Committee. Ms. White motioned for the consent agenda items to be accepted and Mr. Nelson seconded the motion. Before the chair could call for the vote, Mr. Reese indicated that he would like to discuss the minutes of the June 25th emergency meeting.

Ms. Shaw yielded the floor to Mr. Reese and he stated that he wanted to understand more about the process for determining which organizations would receive grants. He continued by saying that he wanted to know how the grant recipients were selected because he had brought the idea to the board to use the remaining grant dollars to fund micro-grants for organizations providing alcohol education programs. He further indicated that he had stepped forward to develop a one-page application process for the board to review and determine the grant recipients. He stated that he had received six applications for consideration prior to the June 18th deadline.

Mr. Reese stated that after initiating the micro-grant process, he then recused himself from the grant approval process because of his relationship with one of the groups that submitted an application for a grant, NC ProAm. He stated that he was taken aback that only one of the six applicants received a grant and that two other organizations that had not submitted applications by the June 18 deadline were awarded grants. Mr. Reese wanted to know why the process had occurred in this manner with decisions being made in Committee without being brought back to the entire board for approval before checks were cut and distributed to the grantees.

Dr. Guion responded to Mr. Reese's questions by stating that the Committee used a numerical rating process against the criteria that had been established for the applicant organizations. Dr. Guion stated that the organizations that had applied did not rank high enough against the criteria in the evaluation to warrant a grant in the Committee's opinion. Mr. Reese raised the point that the minutes from the Committee's June 25th meeting indicated that the applicant organizations' websites were visited and that the organizations were researched on the internet. He indicated that researching the websites and internet was not a part of the established criteria and that he did not

feel that this was fair to applicants. Dr. Guion indicated that the research was done and considered because the Committee was looking for additional information that might support the application and make the purpose and execution of their programs clearer than the one page application had.

Ms. White commented that she had been surprised to see applications from organizations to which Board members had strong relationships and that these relationships had probably influenced her decision making in the process. Dr. Guion indicated that the relationships did not necessarily influence the entire Committee's decision making process because each application was rated and that, as a group, the Committee did not consider the ratings to be high enough for the applicants that did not receive grants.

Mr. Reese and Ms. Shaw wanted to understand how grants were provided to organizations that did not meet the deadline. Ms. Page indicated that based on the Committee's decision and direction, she sent an application to Durham TRY after the deadline and that they did complete it and were provided a grant based on the program they submitted. She indicated that Durham Public Schools was not asked to submit an application and that the grant had been given to DPS to support their general alcohol and substance abuse programming. Ms. Page also indicated that at the time that the full board was informed of the Committee's decision regarding grant recipients, no funds had been disbursed.

Mr. Reese indicated that he felt that the Committee had acted beyond the authority given to them by the entire Board. Attorney Miller stated that the actions of the committee can be challenged if any board member does not agree with the committee's decision. Mr. Reese decided not to challenge the committee's decision, but stated that if a committee was going to deviate from the agreed upon process, then the change should have been brought back to the full board for discussion. Mr. Reese stated that he felt that the process was disingenuous. Dr. Guion responded that the intention of the Committee was not to act in a disingenuous manner but rather the process needed to be done quickly and therefore the way it was handled reflected differences in judgment between the final, deciding Committee members and the initial Committee that began the grant application process. Ms. White and Dr. Guion apologized to Mr. Reese for any misunderstandings that may have occurred during this process and indicated that the Committee was acting in its best judgment under their understanding of the authority they had to act.

Ms. Shaw stated that she felt that in the future, organizations should not be ruled out because of their relationships with Board members because there may be excellent organizations that could be impacted by such a criteria. Dr. Guion reiterated that it was the rating of each application that the entire Committee did together that influenced the decisions that were made.

Dr. Guion suggested that how the grant process was handled this year was indicative of the need for more strategic planning of the process in the future so that all Board members understand and are in concurrence on the purpose and focus for the grants, criteria and the process by which decisions will be made. Ms. Page called the Board's attention to the Monthly Topics Calendar and Ms. Shaw then asked for another motion to accept the consent items. Ms. White made the motion again and Dr. Guion seconded it. The motion was approved by the board without objection.

Law Enforcement Report and the Financial Reports for June 2012

- **Law Enforcement Report for June 2012**

In June, there were 6 ABC law violations, 3 traffic offenses and 5 criminal offenses. Law Enforcement provided alcohol education to 9 groups, assisted other agencies during 16 incidents, conducted 42 inspections, and 61 compliance checks. They also participated in training for 35 hours.

- **Financial Reports for June 2012**

The June retail sales were up 7.54% compared to last year. MXB sales were up 7.47% compared to last year.

Total sales for the month were \$2,032,223, representing an increase of \$142,485 which is 7.54% above last year in June. Monthly sales were above the budget projections by \$102,967, a positive variance of 5.34%. Year-to-date sales of \$25,218,637 were up 5.22% compared to last year and 2.15% over budget.

Monthly profit before distributions of \$24,118 was below budget by \$93,590, representing a negative variance of 79.51%. Year-to-date profit before distributions of \$1,532,105 was above budget by \$259,103 representing a positive variance of 20.35%.

After profit distributions totaling \$552,883, there was a loss of \$528,765, a negative variance of \$589,106 under budget. Year-to-date, net income of \$319,311 was below budget by \$191,383.

Compared to last year, June net income decreased \$153,802. Year-to-date net income was up \$249,633.

Technology System Recommendation

Ms. Page introduced Rex Wills and Ken Douglas from Hi-Tek POS, who were there to report their findings and make a recommendation regarding DCABC's POS system. Ms. Page had distributed an executive summary along with Hi-Tek POS' 26 page report and recommendations prior to the meeting. Ms. Page's summary also included her recommendation that the Board approve Hi-Tek POS' recommendations for a test trial in one or two stores using DALCOM and Microsoft Navision.

Mr. Wills opened his presentation by stating that Hi-Tek had been brought in as an independent consultant to conduct a full evaluation of DCABC's POS and technology system and to make recommendations for POS and/or other technological changes that will enable DCABC to resolve the problems it is experiencing. Hi-Tek studied the front and back ends of the system and assessed the vendor that currently supports both ends of the system. Through their evaluation, Hi-Tek determined that the current POS system cannot meet the needs of the organization with the software and existing architecture in place. Hi-Tek recommends that DALCOM, a POS vendor with specialization in the North Carolina ABC system and other controlled liquor sales systems, be selected as the POS system for a test trial. They further recommend that DCABC also test Microsoft Navision as a possible back end software system though changing of the back end is not a requirement. Hi-Tek is proposing a trial in 2 separate stores for a minimum of two months. Both stores would utilize DALCOM's POS system. One store would utilize an interface with

DCABC's current back office software, Sage MAS and the other would test trial Microsoft Navision as back office software. The trial costs are outlined in the 26 page report.

Ms. Page recommends that the T.W. Alexander Drive and Roxboro Road stores be designated as the demo sites though other stores may be considered once the implementation plan is in place and the ideal conditions for a test trial are determined. The board expressed a desire for a new system to be up and running before the 2012 holiday rush. Hi-Tek stated that the new system can be ready before the holiday rush. After further discussion and assurances from Hi-Tek about the successful implementation of rolling over to the recommended system, a motion was offered by Mr. Reese to move forward with the recommendations from Hi-Tek POS and it was seconded by Mr. Nelson. The board voted unanimously to approve Hi-Tek's recommendation.

A second motion was offered by Mr. Reese to move forward with a two month trial at two DCABC stores to observe the implementation of the Hi-Tek system, seconded by Dr. Guion, and approved unanimously by the board.

Then, a third motion was offered by Dr. Guion that DCABC will continue its consulting relationship with Hi-Tek at a rate to be agreed upon with the GM, seconded by Ms. White, and approved by the entire board.

Review of Final Budget Amendments for FY2012

Ms. Page distributed an outline of the final budget amendments to the FY 2012 budget. The amendments are included in the minutes as Appendix B. After reviewing the outline and some explanation from Ms. Page, it was motioned by Ms. White, seconded by Dr. Guion and approved unanimously by the board to accept the final budget amendments to the FY 2012 budget.

Merit Bonus Award Review

A 3% merit bonus budget was approved within the FY 2013 budget. Ms. Page recommended that the budget funds be actually expended and explained that merit bonuses will be distributed only to those in the organization who have made contributions to the organization's success during the past year. The individual bonus distribution will be determined by the General Manager based on the significance of individuals' contributions and positive impact on the organization. On motion by Mr. Reese, seconded by Ms. White, the board voted unanimously to approve that the merit bonus funds be made available for bonus distribution.

Recommendation for Chair

Ms. Shaw queried the group as to who is interested in the Chair position. Although Mr. Reese had expressed interest in the past, he stated that he was no longer interested in the position. Dr. Guion motioned that a recommendation be sent to the County Commissioners to appoint Ms. Shaw the Board Chair for FY 2013. Mr. Reese seconded the motion and it was approved by the entire board. Ms. Page will inform the Board of County Commissioners of the recommendation.

Ms. Shaw then asked for recommendations for a Vice Chair. Mr. Reese was the only board member who expressed an interest in serving as Vice Chair. Ms. White motioned that Mr. Reese become the Vice Chair and it was seconded by Mr. Nelson. The motion was approved unanimously by the board.

Strategic Planning and General Manager's Report

Ms. Page provided the Strategic Planning and General Manager's Report in the board meeting packet which was distributed prior to the meeting. Ms. Page pointed out that one item required action which was a decision about the board's continuation as a member of the North Carolina Association of ABC Boards. On motion by Dr. Guion and seconded by Mr. Reese, the board voted unanimously to renew their membership in the association for another year.

Other Business

There were no items to cover under Other Business.

Closed Business

Mr. Reese made a motion for the Board to go into closed session per GS 143-318.11(a): (3) consult with attorney (5) facility leases or purchases (6) personnel matters which was seconded by Dr. Guion and approved unanimously by the board.

Ms. Page stated that items covered in closed session resulted in the approval of a new position, Operations Director and the addition of one more store clerk. The approval of these organizational changes were motioned by Ms. White and seconded by Dr. Guion. Ms. Page noted that other ensuing changes to the organization were also approved.

Adjournment

On motion by Mr. Reese, seconded by Dr. Guion, the meeting was adjourned without objection.

Approved By:



Kim Shaw, Board Chair

Durham County ABC Board

**Minutes of the Emergency Meeting
July 16, 2012**

A committee of the Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard on the 16th day of July 2012. The purpose of the meeting was to determine how to distribute the remaining \$14,386 of the grant funds for FY2012. There was an excess of funds above what had been budgeted due to better than expected sales performance.

Three grants had already been approved based on the anticipated budget for grant distribution: \$10K to the John Avery Boys and Girls Club for their Smart Moves initiative, \$10K to Durham TRY for their youth media literacy program for alcohol prevention, Bands Against Destructive Decisions and \$11K to Durham County Schools for alcohol and substance abuse prevention programs.

Kevin Nelson served as chair and called the meeting to order at 5:00 PM.

Other Board members present were Deidre Guion, Kim Shaw and Connie White. General Manager Emily Page was also present. Board members Erroll Reese and Kimberly Shaw recused themselves from participation in the deliberations and voting on FY2012 grant recipients. Ms. Shaw was in attendance as a public observer only.

Mr. Nelson read the Board's Conflict of Interest Review and Declaration statement. He asked all participating board members present to declare that they had no conflicts of interest with any items coming before the board and, if so, that they would recuse themselves from voting. All participating board members declared their agreement.

Three suggestions were proposed for possible distribution of the remaining funds:

- Increase the grant award to Durham Public Schools for alcohol and substance abuse education programs
- Distribute the remaining funds to the Durham County Mental Health Department
- Re-evaluate any of the grant program applicants that had not received funding

After discussion of the options, Ms. White moved to increase the grant to Durham Public Schools. The motion was seconded by Dr. Guion and approved unanimously by the board members present.

After the award discussion, Dr. Guion suggested that a process be established to make determining how grant funds are awarded in the future more turnkey. All board members present agreed.

Adjournment

On motion by Ms. White, seconded by Dr. Guion, the meeting was adjourned without objection.

Approved By: _____


Kevin Nelson, Presiding Chair