



TABC

TEXAS ALCOHOLIC BEVERAGE COMMISSION

service ★ courtesy ★ integrity ★ accountability

COMMISSION MEETING

November 27, 2012

Texas Alcoholic Beverage Commission
5806 Mesa Drive
Austin, Texas 78731

*José Cuevas, Jr., Presiding Officer
Midland*

*Steven M. Weinberg, MD, JD, Member
Colleyville*

*Melinda Fredricks, Member
Conroe*

AGENDA

REGULAR COMMISSION MEETING

10:00 a.m. – November 27, 2012

Holiday Inn Austin Midtown
6000 Middle Fiskville Road
Austin, TX 78752



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José Cuevas, Jr.
Presiding Officer-Midland

Steven M. Weinberg, MD, JD
Member-Colleyville

Melinda S. Fredricks
Member-Conroe

Sherry Cook
Administrator

Tuesday, November 27, 2012

10:00 a.m.

Agenda

1.	Call to Order	José Cuevas, Jr.
2.	Approval of Commission Meeting Minutes of October 22, 2012	José Cuevas, Jr.
3.	Commission Report: Administrator and Agency Activities, Budget Issues, Staff Achievements, Legislative Activities	Sherry Cook
4.	Texas Alcoholic Beverage Commission Officers Association (TABCOA) Honorary Presentation to the Commission	Alfredo Alvarez
5.	Pursuant to Govt. Code §656.048, Approval to Publish Proposed Rule 31.12, Training and Education	Martin Wilson
6.	Technology Support to Business Operations	Ed Swedberg Amy Harrison
7.	TABC Tenured Employees Recognition	Sherry Cook
8.	Reception to Honor TABC Tenured Employees	José Cuevas, Jr.
9.	Executive Session to Consult with Legal Counsel Regarding Pending and Anticipated Litigation Against the Agency and to Deliberate the Appointment, Employment, Evaluation, Duties of the Position of Administrator and/or Auditor (Govt. Code §551.071, §551.074, §2102.006(a) and §2102.007(a)(1), Texas Alcoholic Beverage Code §5.11)	José Cuevas, Jr.
10.	Public Comments	José Cuevas, Jr.
11.	Next Meeting Date: Tuesday, January 22, 2013	José Cuevas, Jr.
12.	Adjourn	José Cuevas, Jr.

Note: Items may not necessarily be considered in the order they appear on the agenda. Executive session for advice of Counsel (pursuant to §551.071 of the Government Code) may be called regarding any agenda item. Action may be taken on any agenda item.

NOTICE OF ASSISTANCE AT PUBLIC MEETINGS

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services (such as interpreters for persons who are deaf, hearing impaired readers, large print, or Braille) are requested to contact Gloria Darden Reed at (512) 206-3221 (voice) (512) 206-3259 (fax) Relay Texas at 1-800-735-2989 (TTY/TDD), at least three (3) days prior to the meeting so that appropriate arrangements can be made.

MINUTES

REGULAR COMMISSION MEETING

10:00 a.m. – November 27, 2012

Holiday Inn Austin Midtown
6000 Middle Fiskville Road
Austin, TX 78752



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COMMISSION MEETING MINUTES

November 27, 2012

The Commissioners of the Texas Alcoholic Beverage Commission (TABC) met in Regular Session on Tuesday, November 27, 2012 at the Holiday Inn Austin Midtown, 6000 Middle Fiskville Road, Austin, Texas.

**COMMISSIONERS
PRESENT:**

José Cuevas, Jr.
Steven Weinberg, MD, JD

STAFF PRESENT:

Sherry Cook, Administrator

Frank Acosta, Taxpayer Compliance Officer, Laredo POE
Gilbert R. Alba, Sergeant, Bryan Area Enforcement Office
William Allen, Agent, San Antonio Enforcement Regional
Office

Alfredo Alvarez, Jr., Agent, San Antonio Enforcement
Regional Office

Beverly Baber, License & Permit Specialist, Bryan Licensing
Area Office

Carolyn Beck, Director, Communication & Governmental
Relations

David Brandon, Enterprise Development Manager
Information Resources Division

Frances Burress, License & Permit Specialist, San Antonio
Licensing Regional Office

Anna Castillo, Administrative Assistant, Field Operations
North Texas Region

Cathleen Cavazos, Lieutenant, Austin Enforcement District
Office

Maria T. Centeno, License And Permit Specialist, El Paso
Licensing Area Office

Dennis Chupe, Agent, Corpus Christi Area Enforcement Office

Darryl Darnell, Lieutenant, Regional Liaison, Field Operations,
North Texas Region

Julie Davis, Technical Writer, Human Resources Division
Sherri Diaz, Administrative Assistant, Tax & Label Approval
Division

Luann Dickerson, Executive Assistant, Executive Division
Loretta Doty, Director, Human Resources Division
Elsa D. Dovalina, Assistant Compliance Supervisor,
San Antonio Compliance Regional Office
Sheila Doyle, Sergeant, Houston Enforcement Regional Office
Rickie Eddins, Administrative Assistant, Tax & Label Approval
Division

Darla Elam, Regional Coordinator, Licensing Division
Shelby Eskew, Director, Business Services Division
Randy Field, Lieutenant, Houston Area District Office
Chase Glover, Agent, Longview Area Enforcement Office
Thomas Graham, Supervisor, Marketing Practices
Loretta Green, Supervisor, Arlington Licensing Regional
Office

Steve Greinert, Director, Tax Division & Marketing Practices
Chalen Gulley, Agent, Houston Enforcement Regional Office
Bruce Harlan, Captain, Training Division

Amy Harrison, Director, Licensing Division
Emily Helm, General Counsel, Legal Division
Scott Helpenstell, Agent, Austin Enforcement District Office
Doricela Howell, Administrative Assistant, San Antonio
Enforcement Regional Office

Christina Hutchinson, Administrative Assistant,
Licensing Division

Joe Iagnemmo, Web Administrator, Information Resources
Division

Jackie Jackson, Education Specialist, Seller Training
Ricardo Jauregui, Regional Director, San Antonio
Regional Office

Dexter Jones, Assistant Chief, Field Operations, North
Texas Region

Shaun Jordan, Licensing Supervisor, Austin Licensing District
Office

Lori Johnson, Licensing & Permit Specialist, Licensing Division

Joann Joseph, Assistant Director, Licensing Division

Mary Kirby, License & Permit Specialist, Arlington Licensing
Regional Office

Charlotte Knox, Agent, Richmond Area Enforcement Office

Larry Linscombe, Jr., Corpus Christi Area Enforcement
Office

Michael Lockhart, Lieutenant, Arlington Enforcement Regional
Office

Roland D. Luna, Director, Ports of Entry

Vanessa Mayo, Assistant Director, Business Services Division

Rion McCarthy, Agent, Amarillo Enforcement Area Office

Mark Menn, Captain, Lubbock Enforcement District Office
Laramie Mergerson, Agent, Arlington Enforcement
Regional Office
Ruben Montgomery, License & Permit Specialist, Licensing
Division
Steven Moore, Regional Supervisor, Arlington Compliance
Regional Office
Merideth Muñoz, Human Resources Generalist
Harry Nanos, Captain, Border Region, Austin Area
Enforcement Office
Joy Murray, Chemist
Earl Pearson, Assistant Chief Field Operations, Coastal
Bend Region
Andy Peña, Director, Office of Professional
Responsibility/Training Division
Clint Powell, Agent, McKinney Area Enforcement Office
Yvette Price, Licensing Supervisor, San Antonio Regional
Office
Gloria Darden Reed, Executive Assistant, Executive
Division
Sharon Roberson, Administrative Assistant, Field Operations,
Border Region
Robert Saenz, Chief of Field Operations
Raul Salinas, Lieutenant, San Antonio Enforcement
Regional Office
Warren Sauer, Inventory Coordinator, Business Services
Division
Michael Sehon, Agent, Houston Enforcement Regional
Office
Wendy Shields, Agent, Houston Enforcement Regional
Office
Karen Smithwick, Regional Supervisor, San Antonio
Compliance Regional Office
Todd Talley, Regional Liaison, Coastal Bend Region
Dewayne Thompson, Agent, Austin Headquarters
Tana Travis, Lieutenant, Houston Enforcement Regional
Office
Rod Venner, Assistant Chief, Field Operations, Border
Region
Jay Webster, Director, Information Resources Division
Martin Wilson, Assistant General Counsel, Legal Division
Elizabeth Zamora, Regional Liaison, Border Region

GUESTS PRESENT:

Monica Alleman
Dewey Brackin, Attorney, Gardere Wynne Sewell
Lou Bright, General Counsel, Texas Wine & Grape
Growers Association
M L Calcote, Consultant, Republic National Distributing
Company
Nick Cannady, Attorney
Doug Davis, Vice President, Wholesale Beer Distributors of
Texas
Rick Donley, President, The Beer Alliance of Texas
Shana Gooch, Advisor, Office of the Governor
Alan Gray, Executive Director, Licensed Beverage
Distributors
Lance Lively, Executive Director, Texas Package Stores
Association
Jack Martin, Attorney, Jack Martin & Associates
Viveca Martinez, Advisor, Office of the Governor
Tyler Rudd, Consultant, California Wine Institute
Monday Rufus, Certified Public Accountant, Internal Auditor
Tom Spilman, Executive Vice President, Wholesale Beer
Distributors of Texas
Ralph Townes, Senior Vice President Licensed Beverage
Distributors/Glazers
Alicia Urdiales
Randy Yarbrough, Wholesale Beer Distributors of Texas

CALL TO ORDER

The meeting of the Texas Alcoholic Beverage Commission was called to order at 10:12 a.m. by Presiding Officer José Cuevas. Commissioner Melinda Fredricks was unable to attend the Commission meeting due to illness.

APPROVAL OF COMMISSION MINUTES OF OCTOBER 22, 2012

Presiding Officer José Cuevas called for approval of the Commission meeting minutes of October 22, 2012. Commissioner Steven Weinberg so moved to approve the minutes as written. Presiding Officer Cuevas seconded. The motion carried.

COMMISSION REPORT: ADMINISTRATOR AND AGENCY ACTIVITIES, BUDGET ISSUES, STAFF ACHIEVEMENTS, LEGISLATIVE ACTIVITIES

After welcoming the Commissioners back to Austin for another Commission meeting, Administrator Sherry Cook stated that the meeting was held off-site for additional space to accommodate the family and friends of the honored tenured awards recipients.

Administrator Cook began her report with significant agency activities. She announced the hiring of Ms. Vanessa Mayo as the Business Services Division's new Assistant Director. Administrator Cook stated that a formal ceremony honoring Ms. Mayo will take place at the January Commission meeting. Administrator Cook acknowledged that Business Services' Director Shelby Eskew is getting her team together just in time for the upcoming legislative session.

The next significant activity involved our Ports of Entry Division. POE Director Roland Luna participated in an Inaugural Trade Day in Dallas. Administrator Cook stated that Director Luna, along with six other agencies, attended an event hosted by Customs and Border Protection. Director Luna's presentation included training and information on personal importation, highlighting items that people can and cannot bring into the state. His presentation also focused on TABC's role and involvement with the Ports of Entry along the border of Texas. Director Luna stated that TABC had an integrate role to the success of the conference and anticipates other joint ventures with state and federal law enforcement entities.

Administrator Cook briefed the Commissioners on the internal audits as submitted by Monday Rufus, Certified Public Accountants and Consultants at the November Commission meeting. As requested by Commissioner Weinberg, Administrator Cook provided a timeline for the FY 2013 internal audits:

- Fixed Asset Management – November 2012
- Tax Administration POE – January 2013
- Cash Disbursements- March 2013
- Inspections – May 2013

Administrator Cook discussed the audit schedule and that it will conclude in the month of August with briefings on prior audits that were conducted. She stated these audits and their findings will be provided to the Commissioners' agendas throughout the year as they are completed.

Administrator Cook stated that the Licensing Division has completed its testing and is ready to launch the online renewals for the Miscellaneous class permits. She added that Director Harrison will be presenting on online renewals and also on the deployment of the Neubus scanners in the field offices later in the meeting.

Administrator Cook report focused on challenges within the agency. She anticipated that during the upcoming legislative session, there will be more alcohol related bills introduced. She stated topics of discussion related to third party sales, leveling the playing field and streamlining the process of how beer and wine are handled versus spirits. At the January Commission meeting, Administrator Cook will give a briefing on what bills are being filed and the possible impact they could have on the Agency. Administrator Cook advised that there will be challenges specifically to our agency relating to vacancies. She hopes to have a solid plan in place for filling those vacancies, with parts of that plan in motion before the start of the legislative session.

Administrator Cook stated that the Legislative Appropriations Request (LAR) was submitted to the Legislative Budget Board (LBB) very conservatively. In December, as the Agency receives the final rules, she is optimistic of the hard work ahead for her and her team. Administrator Cook addressed the key vacancies in the Licensing Division. . She commented that Commissioner Weinberg's inquiry on the length of time to process applications. Administrator Cook stated that the additional processing time is due in large part to these vacancies and the time it takes to train new employees. She anticipates that filling these licensing vacancies and the addition of the Neubus scanners into the regional offices will improve the processing of the applications.

Administrator Cook stated that the 2012 fiscal year Credit Law defaults ended with an increase in both the dollar amount as well as publications. She added that it is important to realize that although there has been an increase, compared to FY08 the numbers are significantly down. She stated we are seeing an increase however there we anticipate a leveling going forward into fiscal year 2013. She stated that the numbers will be closely monitored to see what is driving them and working with industry members on how we can stabilize this trend.

Administrator Cook reported that the Ports of Entry Division had a significant increase in revenue due to the fee increase of \$2.50. She stated that the actual collections and container stamps are down, but revenue is up. When compared to the same period last year, revenue fell due to the increase in fee. She also stated the violence along the border continues to impact the revenue stream.

Administrator Cook stated that the number of completed Seller Server training courses is up for 2012 compared to 2011. She added that these numbers are significantly driven by online training classes. She further stated that if going online means more people are seeking out the training, then the program has been a huge success. As a follow up to a discussion at the last Commission meeting, Administrator Cook presented a proposed schedule for the 2013 Commission meetings. At the last meeting there was discussion to move the meeting dates to every other month. The meetings would occur on the 4th Tuesday of every other month, with the exception of January and May which both have a Monday holiday before the scheduled Tuesday meeting. In these cases the meeting would be moved to the Thursday of the same scheduled week. Administrator Cook opened the floor for questions.

Commissioner Weinberg reserved his questions for later in the meeting.

Presiding Officer Cuevas commended Administrator Cook in performing a “fabulous job” in laying the foundation for the Agency’s preparation for the Legislative Session. He stated that he understands that the Agency’s vacancies are going to be a big issue; however, he feels that the Administrator has developed a good argument for where we are and what it takes to run this agency.

Administrator Cook’s report is supported by a PowerPoint presentation.
(Attachment 1)

**TEXAS ALCOHOLIC BEVERAGE COMMISSION OFFICERS ASSOCIATION
(TABCOA) HONORARY PRESENTATION TO THE COMMISSION**

Presiding Officer Cuevas called on Agent Alfredo Alvarez to make the TABCOA presentation.

Agent Alfredo Alvarez, president of the Texas Alcoholic Beverage Commission Officers Association (TABCOA) came forward to make a presentation to the Commission. Agent Alvarez began by congratulating the tenure award recipients and their families for their tenure and commitment to TABC. Agent Alvarez then introduced all the members of the TABCOA that were present at the Commission meeting.

Agent Alvarez stated that the TABCOA recognizes an outstanding enforcement agent and supervisor for their leadership qualities and support to the organization. Recipients are chosen by the members. The 2012 Enforcement Agent was Tricia Rutledge. The 2012 Enforcement Supervisor was Assistant Chief Earl Pearson. Agent Alvarez asked for Asst. Chief Pearson to come forward to receive his award. He stated that Asst. Chief Earl Pearson is not only highly respected in our agency, but he is also respected in the law enforcement community. Agent Alvarez presented the 2012 Enforcement Supervisor plaque to Assistant Chief Pearson.

Agent Alvarez then made a special presentation to the Commission. He expressed how much he appreciates all of the support the Association receives from both the Administration and the Commissioners. Agent Alvarez presented as a token of their appreciation a plaque to each Commissioner making them an honorary member of the TABCOA.

Presiding Officer Cuevas commented that a lot of the time an Agency states that their biggest asset is their employees, but yet don’t fulfill that role. He hoped that the Commissioners continue to look at our employees as our strongest asset and continue to move towards the idea that if we as leaders aren’t supporting our mission then we are failing in our responsibility to this organization.



Commissioner Steven Weinberg, Assistant Chief Earl Pearson, Presiding Officer José Cuevas, Members of the TABC Officers Association

PURSUANT TO GOVT.CODE §656.048, APPROVAL TO PUBLISH PROPOSED RULE 31.12, TRAINING AND EDUCATION

Presiding Officer Cuevas called upon Assistant General Counsel Martin Wilson for the presentation of the next agenda item. Assistant General Counsel Wilson stated that the rule relates to an internal matter. His explanation briefed the Commissioners on how the rule authorizes the expenditure of public funds for training and education of employees. Assistant General Counsel Wilson added that a policy is being developed for tuition reimbursement. He and the Human Resources Director Loretta Doty concurred that the start date will begin this summer for next fall. Assistant General Counsel Wilson explained that the Government Code requires agencies to have both a rule and a policy to address the rule. Presiding Officer Cuevas thanked Assistant General Counsel Wilson for his presentation.

Presiding Officer Cuevas called for a motion. Commissioner Weinberg moved for the approval to publish proposed rule 31.12, Training and Education. Presiding Officer Cuevas seconded and the motion passes.

TECHNOLOGY SUPPORT TO BUSINESS OPERATIONS

Presiding Officer Cuevas called on Assistant Administrator Ed Swedberg to make his presentation. Assistant Administrator Ed Swedberg presented an overview of the Agency's IT projects. He stated that as an IT Professional, he is very impressed by the quality and quantity of IT projects that this Agency undertakes. He stated that Information Resources Director Jay Webster and his team are at the forefront of developing and implementing IT solutions which enable the Agency's business areas to perform their missions more efficiently and effectively. Assistant Administrator Swedberg explained

that his presentation would discuss how these projects benefit the users as they carry out their day-to-day business operations of the agency.

Assistant Administrator Swedberg outlined the technology efforts:

- 1) Infrastructure projects which serve to primarily “Keep the Lights On”. Initiatives which provide the Agency with a more robust desktop, server, networking and information security capability;
- 2) Projects which “Support our Workforce” to provide Agency employees with the applications and tools necessary to carry out their basic functions of communicating, collaborating, storing and presenting information, training, and managing finances – both in the office and on the road;
- 3) Projects related to the core systems that Agency employees use to “Carry out the Agency’s Mission” in regulating the alcoholic beverage industry in Texas.

Assistant Administrator Swedberg stated that over the course of the next year, there will be some initiatives in the IT security that will include device encryption and the management of mobile device network access. He explained that the adoption of the SharePoint platform as the standard for how we present, store and share data has allowed us to migrate the Agency’s intranet to a modernized environment.

Assistant Administrator Swedberg announced that the web and video conferencing has been implemented. He stated that this option will provide our workforce with an alternative to travelling to attend meetings. He anticipates the web and video conferencing demonstration to be held at the January Commission meeting.

In the area of workforce support, Assistant Administrator Swedberg stated that Information Resources Director Jay Webster and his team have several efforts underway. He stated from a user perspective, are the Bring Your Own Device (BYOD) and Virtual Desktop projects will have a tremendous impact on the Agency. He added that these projects will allow our employees the convenience of having data, email and contacts in a centralized location while using an operating system that they are already familiar with. Assistant Administrator Swedberg noted that the advantages in having the virtual desktops higher level of security for a more efficient management of software licenses. He advised that testing will begin later this year with a reduction in cost to the Agency.

Assistant Administrator Swedberg stated that the agency is putting in place a new Learning Management System. He added that this will be a cloud-based product that will track employee training, automate the development of lesson plans and class content, develop computer-based learning courses, and automatically interface with TCLEOSE.

Assistant Administrator Swedberg discussed the SMART project and how it impacts the ability of the Agency’s enforcement, compliance and legal personnel to in performing their day to day operations. From the perspective of a TABC User, Assistant

Administrator Swedberg commented that the employee can log-in once through the Agency SMART portal to gain access to several systems and anticipates the system's capabilities to be expanded into other programs currently used within the agency. The Assistant Administrator stated that some of the new SMART functionality on line includes a Risk Assessment capability that allows an agent to determine the relative public safety risk of a permittee's location.

Assistant Administrator Swedberg stated that over the past several years, the agency has undertaken and completed an endeavor to digitize all licensing documents to support efficiency and cost savings for the Agency. He continued by discussing our on-line license renewals project. He stated that in May the agency expanded our customer service by allowing license and permit holders to renew Agent permits (A, BK and T) online, and just last month had migrated the capability to renew our 12 Miscellaneous permits on-line. He advised that the next permit group we plan to provide this convenience to our Mixed Beverage permittees in January. He stated that Licensing director Amy Harrison will provide a briefing on this hugely successful project following his presentation.

Assistant Administrator Swedberg stated the other completed transparency initiatives now enable the public to access and query our databases of approved labels and to search through our data to find license and permit status and violation history. He also added that in the near future, the agency will roll out an online application that will help prospective license and permit holders to identify the license/permit types that they should apply for and then provide them with the necessary prequalification package documents for execution. Assistant Administrator Swedberg advised that our public applications will migrate to the state's website domain: Texas.gov.

At the end of his presentation Assistant Administrator Swedberg pointed out other projects where our Business experts and IT professionals are collaborating to greatly improve the performance of this agency:

- 1) Within the Ports of Entry Division, we are very close to upgrading the Ports of Entry Tax Collection System (POETCS) to all our Tax Collection Officers to accept credit and debit cards for payment.
- 2) Within the Data Analytics and Reporting area, we will be creating customized dashboards for each group within the agency: individual, supervisor and executive. These dashboards will aggregate information from ARTS, SMART, Versa: Regulation and the Data Mart and present statistics, trends and key performance measures.

In closing, Assistant Administrator Swedberg gave explanation to where the agency is heading. He stated the TABC users will be able to get into the Agency's portal with a single log-in using a variety of desktop and portable devices. He also remarked that the public will be able to access via Texas.gov access to databases and applications using a variety of devices.

Commissioner Weinberg congratulated Assistant Administrator Swedberg on his excellent presentation of very complicated data.

Commissioner Weinberg quizzed Assistant Administrator Swedberg about the budget implications both positive and negative on all of these plans, past, present and future, specifically on future projects that are in the planning stages.

Commissioner Weinberg stated that he would like to know what efficiencies are created by these applications because ultimately the idea is to save money and has also requested a timeline with projected completion dates for these projects

Regarding "Bring Your Own Device" (BYOD), Commissioner Weinberg commented that he is in favor of this program. He stated that he also approves of having all data in a centralized location, as long as adequate security is in place.

Commissioner Weinberg mentioned that Assistant Administrator Swedberg was not employed by the Agency during the Strategic Planning Off-Site meeting back in April; however he stated that the major focus of the retreat was to look at the agency five years into the future. He added that information technology was the biggest issue that came out of that meeting. Commissioner Weinberg told Assistant Administrator Swedberg he appreciates that it looks like we are heading in that direction and that he appreciated his help and contribution to that goal.

Presiding Officer Cuevas agreed with Commissioner Weinberg that the Assistant Administrator's presentation was excellent. He stated that when Administrator Cook was looking as to where she wanted to take this Agency and what talents and skills were needed, he feels that she made the perfect decision.. He added that we have a lot of wonderful people in this agency to support him.

Assistant Administrator Swedberg's report is supported by a PowerPoint presentation (Attachment 2)

TECHNOLOGY SUPPORT TO BUSINESS OPERATIONS **Online Renewal Demonstration**

Presiding Officer Cuevas called on Director of Licensing Amy Harrison to make her presentation. Director of Licensing Amy Harrison began her presentation by explaining the steps of the online renewal process.

- creating an account and login
- choosing the license/permit for renewal
- submitting renewal information
- payment

Director Harrison explained that once logged in an individual can access any licenses and permits that are associated with that individual.

Features of the online process include:

- delegate the task of renewals to office personnel or licensing service
- complete multiple renewals
- 24/7 website support
- pay by credit card or electronic check
- print out renewal and payment summaries for their records

Director Harrison made the public announcement that the agency is ready to launch the 12 miscellaneous classes into the online renewal program. She added that the majority of the miscellaneous class holders reside out of state, some even out of the country. This makes the online option a very attractive alternative for them. Director Harrison explained that this online process brings great efficiencies to not only Licensing and the Business Services Divisions, but to the industry as well.

Director Harrison ended her presentation by thanking the agency leadership. She stated that without them, this would not have been possible. She added that both the Licensing and Information Resources Divisions are incredible groups of people.

Presiding Officer Cuevas thanked Director Harrison for her presentation.

Commissioner Weinberg commented that he was extremely pleased with the success of this project. Commissioner Weinberg asked if Director Harrison could offer a timeline for the implementation of this project. She responded that the next class that will be available online will be mixed beverage holders. Director Harrison advised that original applications will also be added to the online process. She stated that her vision for this project would eventually include having the certifications from cities, counties, and judges online.

Commissioner Weinberg questioned Director Harrison if the new applicant will stay go through the interview process when the applications are available online. She responded that yes, all applicants will still have to go through the interview process as they do now.

Presiding Officer Cuevas questioned Director Harrison as to which credit cards are accepted for payment online. She responded that most major credit cards are accepted as well as an electronic check. Both payment methods have fees associated with them.

- Credit Card – which carries a 2.75.% fee
- Electronic Check – which carries a 0.5 % fee

Director Harrison added that the industry normally pays by electronic check which provides a savings to them. Director Harrison stated that this payment arrangement encourages online participation. Commissioner Weinberg commented that the lower electronic check fee rate saves everyone a significant amount of money. Director Harrison concurred and stated that over 90% of the applications are using the electronic check option.

Presiding Officer Cuevas quizzed Director Harrison as to the disposition of the permits, is it apparent which permits need to be renewed. Director Harrison responded affirmatively, stating that the system displays permits in the order that they are set to expire. She stated that the industry recommended the creation of this feature.

Presiding Officer thanked Director Harrison for a very good job on her presentation.

Director Harrison's report is supported by a PowerPoint presentation.
(Attachment 3)

Before moving on to the next agenda item, Presiding Officer Cuevas recognized Commissioner Weinberg for comments. Commissioner Weinberg began his comments by stating that the agency has had the change in not only our Director, but also our Deputy Director and our Chief of Field Operations over a short period of time. He added that this type of management change in any agency can have many implications, both positive and negative.

Commissioner Weinberg commented that the Enforcement Division had not hit its quota for inspections in several years. Commissioner Weinberg stated that during this legislative session, there will be many discussions and opportunities regarding the Agency's budget and lowering performance targets that no longer have merit.

Commissioner Weinberg first addressed Enforcement and his concern surrounding a key performance measurement for the number of inspections we are required to obtain yet fall short. Commissioner Weinberg added that with the number of employees we have, we are doing as many inspections as we can do, but we are not where we need to be when it comes to inspections. Commissioner Weinberg stated that during this Legislative Session we will have many discussions regarding our budget. He also drew attention to the number of vacancies and his concern of whether or not we can get the job done with 60 positions short. He went on to point out we will need to be prepared for the tough questions by members of the Legislature regarding our vacancies.

Commissioner Weinberg discussed Licensing as his next topic. He stated that he is concerned that we are slipping in the number of days it takes to get an original application issued. He further added that four and a half years ago the number of days was 72. This number has been brought down considerably over the last few years, but is beginning to rise. Presently the number of days to issue a permit is above 49 days, which is an increase of 20% over the last few months. Commissioner Weinberg commented that if this is because we don't have enough people or trained people we need to get them.

Commissioner Weinberg moved onto a discussion on Human Resources. He stated that a lot of the issues we are having are due to being sixty employees short in an agency that is supposed to have just fewer than 700 employees. He stated that we have had our budget for 17 months and we are entering a new cycle with a new budget. He asked why are we still 60 employees behind?

Commissioner Weinberg's next topic was Compliance. He stated that during the last legislative session, the Legislature could not rationalize why the beer industry must pay

up front for purchases while distilled spirits were allowed to pay on credit. He added that there was a two week lag time between the delivery date of a bottle of liquor into a retail establishment and when payment was due. He stated that Assistant General Counsel Martin Wilson has begun the process on reducing the number of days by two days a year and currently it has been reduced to 6 days. Commissioner Weinberg stated that during Administrator Cook's presentation earlier today the delinquencies on deliveries of distilled spirits at retail establishments bottomed out at 10 days, but now is heading the other direction. He added that we need to correct it by making changes through legislation during this session.

Commissioner Weinberg stated that at the last Commission meeting we had discussed the possibility of changing our commission meeting schedule to every other month. He advised that he feels that this is not the right time to do this because we are going into a new Legislative Session with new management. He further stated that he would prefer to keep our schedule as it stands now and revisit the possibility of changing it until May, after the session.

Commissioner Weinberg requested a report on all of these issues at the January Commission meeting.

Administrator Cook responded to Commissioner Weinberg remarks by stating that we will definitely provide a report on these items at the January Commission meeting.

Administrator Cook stated that in regard to the inspection numbers, she stated that there were things over the last 4 years that did impact our inspection numbers, but the numbers we are seeing now is because of a conscious decision on our part to place our resources where they are needed. Inspecting establishments that are good actors 2-3 times a year is not the best place to use our resources.

As for our vacancies, Administrator Cook advised that while we have vacancies that we need to fill, we also need to remember that we are a regulatory agency and our focus is centered on our customers, and when we bring enforcement personnel into the agency we need to make sure they adapt to our culture and how we do business.

Presiding Officer Cuevas concurred with Administrator Cook. He advised that all of these items should come as no surprise because they have all been discussed before. He stated that this is a team effort and no one does anything by himself. He stated that if you ask the industry and permittees, 90-95% will say that TABC is a different agency and they are doing a good job. Presiding Officer Cuevas advised that we will continue in these efforts. He added that we do have a new team, he is very proud of our team, and he has no doubt that we will exceed everyone's expectation

TABC TENURED EMPLOYEES RECOGNITION

Presiding Officer Cuevas called for the next agenda item, the presentation of the tenure awards.

Director Shelby Eskew presented the tenure award to the Business Services Division Recipient.

<u>TABC EMPLOYEE</u>	<u>YEARS OF SERVICE</u>
Warren Sauer	20 years

Chief of Field Operations Robert Saenz presented the tenure awards to the Compliance and Enforcement Division recipients.

<u>TABC EMPLOYEE</u>	<u>YEARS OF SERVICE</u>
Gene Bowman	40 years
Karen Smithwick	25 years
William "Bill" Farquhar	35 years
Ricardo "Richard" Jauregui	30 years
Sharon Roberson	30 years
Doricela Howell	25 years
Charlotte Knox	25 years
Rion McCarthy	25 years
William "Bill" Allen	20 years
Laramie Mergerson	20 years

Director Roland Luna presented the tenure awards to the Ports of Entry Division recipients.

<u>TABC EMPLOYEE</u>	<u>YEARS OF SERVICE</u>
Frank Acosta	25 years
Rudy Johnson	25 years
Yolanda Gongaware	20 years
Maria Guadalupe Tonche	20 years
Araceli Viera	20 years

Director Amy Harrison presented the tenure awards to the Licensing Division Recipients.

<u>TABC EMPLOYEE</u>	<u>YEARS OF SERVICE</u>
Mary Kirby	30 years
Doris "Lori" Johnson	25 years
Beverly Baber	20 years
Maria Teresa "Terry" Centeno	20 years
Ruben Montgomery	25 years

Assistant Administrator Ed Swedberg presented the tenure award to the Tax & Label Approval Division Director.

TABC EMPLOYEE

YEARS OF SERVICE

Steve Greinert

25 years

Presiding Officer Cuevas congratulated all of the recipients on behalf of the Commission and the State of Texas. He stated that it is an honor to have you work for this agency and he wished them much success in the coming years. Presiding Officer Cuevas added that each recipient is an inspiration to what is really good about state employees and he stated that he wanted to take this opportunity to personally recognize them for the hard work they do for the state.



Assistant Administrator Ed Swedberg, Commissioner Steven Weinberg,
Chairman José Cuevas, Administrator Sherry Cook,
2012 TABC Tenure Award Recipients

RECEPTION TO HONOR TABC TENURED EMPLOYEES

Presiding Officer Cuevas announced that a reception to honor TABC tenured employees will be held in the foyer. He added that Executive Session will be convened following the reception.

EXECUTIVE SESSION TO CONSULT WITH LEGAL COUNSEL REGARDING PENDING AND ANTICIPATED LITIGATION AGAINST THE AGENCY AND TO DELIBERATE THE APPOINTMENT, EMPLOYMENT, EVALUATION, DUTIES OF THE POSITION OF ADMINISTRATOR AND/OR AUDITOR (Govt. Code §551.071, §2102.006(a) and §2102.007(a)(1), Texas Alcoholic Beverage Code §5.11)

Presiding Officer Cuevas announced the regular open session of the Texas Alcoholic Beverage Commission will be recessed at this time, 12:01 p.m., November 27, 2012 and an executive session will be held to consult with Legal Counsel regarding pending and anticipated litigation against the Agency and to deliberate the appointment, employment, evaluation, duties of the position of Administrator and/or Auditor (Govt. Code §551.071, §2102.006(a) and §2102.007(a)(1), Texas Alcoholic Beverage Code §5.11)

The Texas Alcoholic Beverage Commission has concluded its Executive session and is now in open regular session. The date is November 27, 2012 and the time is 12:53 p.m. No final action, decision or vote was made in Executive session.

PUBLIC COMMENTS

Presiding Officer Cuevas opened the floor for comments before the Commission. No one came forward to address the Commission.

NEXT MEETING DATES: Thursday, January 24, 2013

ADJOURN

Presiding Officer José Cuevas called for a motion to adjourn. Commissioner Weinberg made a motion. Presiding Officer Cuevas seconded. The motion was made and seconded. The motion passes. Presiding Officer José Cuevas announced that the meeting was adjourned at 12:54 p.m.

Attachment 1

**Commission Report: Administrator and Agency
Activities, Budget Issues, Staff Achievements,
Legislative Activities**

Commission Report

Sherry Cook, Administrator
November 27, 2012



Significant Activities

- BSD has hired a new Assistant Director Vanessa Mayo
- POE Participated in an inaugural Trade Day in Dallas, hosted by Customs and Border Protection.

Agency Activities

FY 2013 Internal Audit Schedule

Internal Audit Schedule		
Fixed Asset Management	Nov. 2012 - Dec. 2012	Dec. 21, 2012
Tax Administration - POE	Jan. 2013 - Feb. 2013	Feb. 6, 2013
Cash Disbursements	Mar. 2013 - Apr. 2013	Apr. 25, 2013
Inspection Administration - Compliance	May 2013 - June 2013	Jun. 26, 2013
Follow-up-Review of Prior Audit Recommendations * Audit of Licensing Division-Revenue * Audit of Information Resource Division * Audit of Legal Services	July 2013 - Aug. 2013	Aug. 2013
Risk Assessment & Preparation of Audit Plan	Aug. 2013	Aug. 2013

Accomplishments

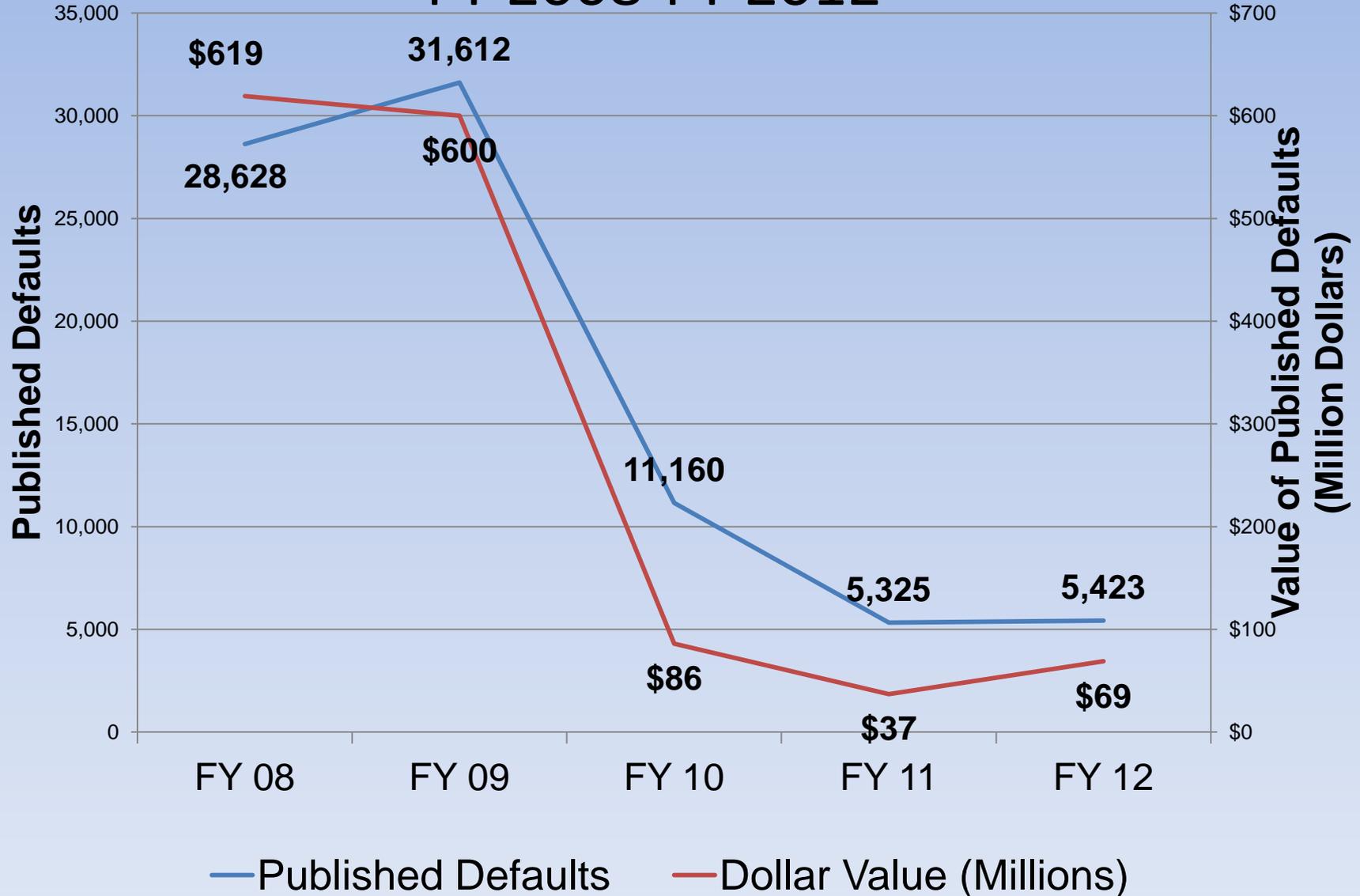
- Online renewals for Miscellaneous Classes have been tested and are ready for public announcement.
- Licensing has deployed Neubus scanners and trained all field personnel how to scan on site, eliminating the need to ship applications to a Neubus facility.

Challenges

- Legislative session is approaching. There is a strong early indicator that with industry and other concerns more alcohol bills may be introduced than the previous legislative session.
- Licensing has had significant vacancies. Recent new hires are still in the learning process which continues to affect the number of days to obtain an original license or permit.

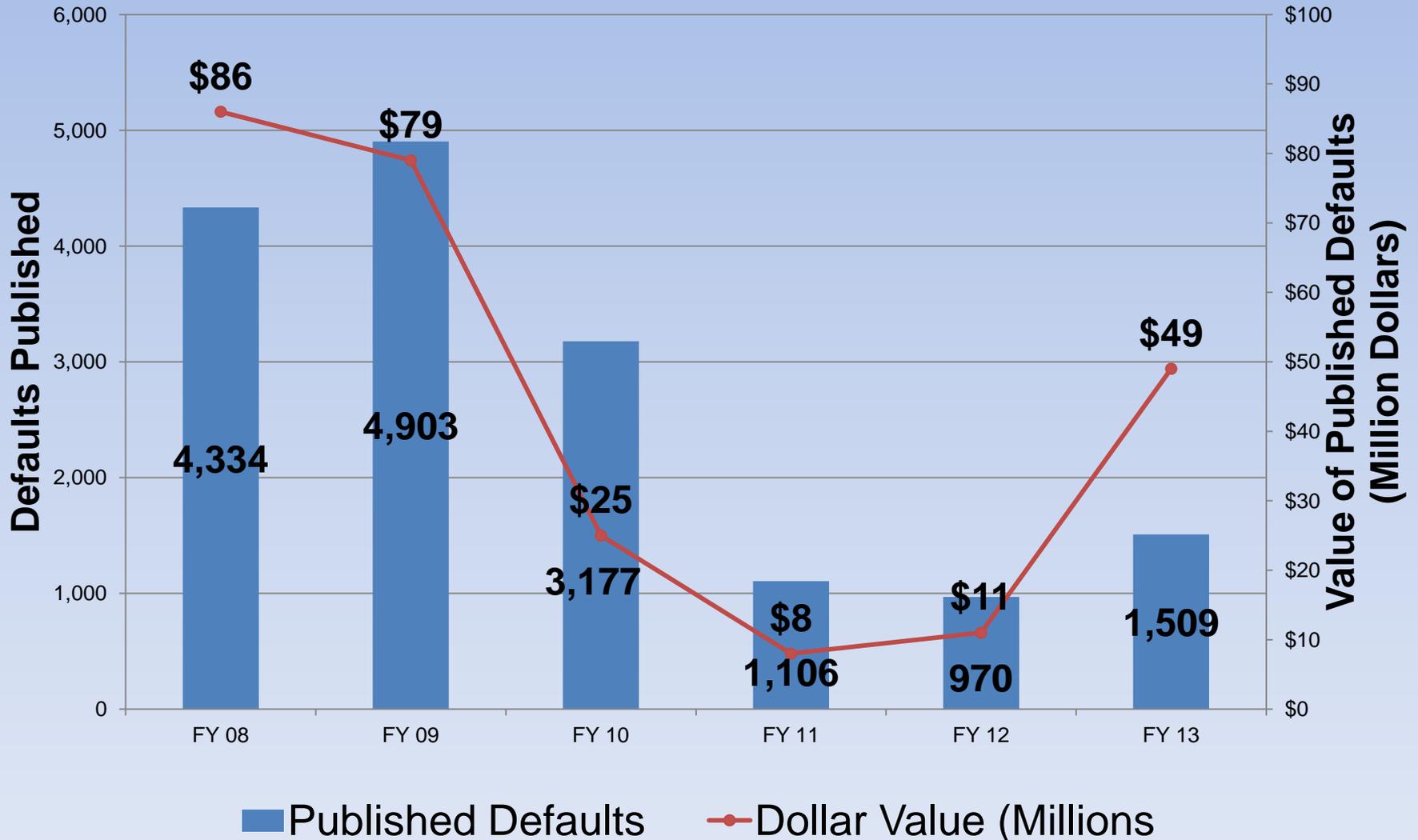
Trends: Published Credit Law Defaults

FY 2008-FY 2012



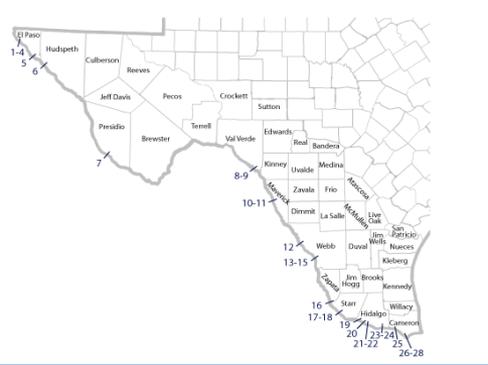
Trends: Credit Law Defaults

Sept-Oct of FY2008-FY2013



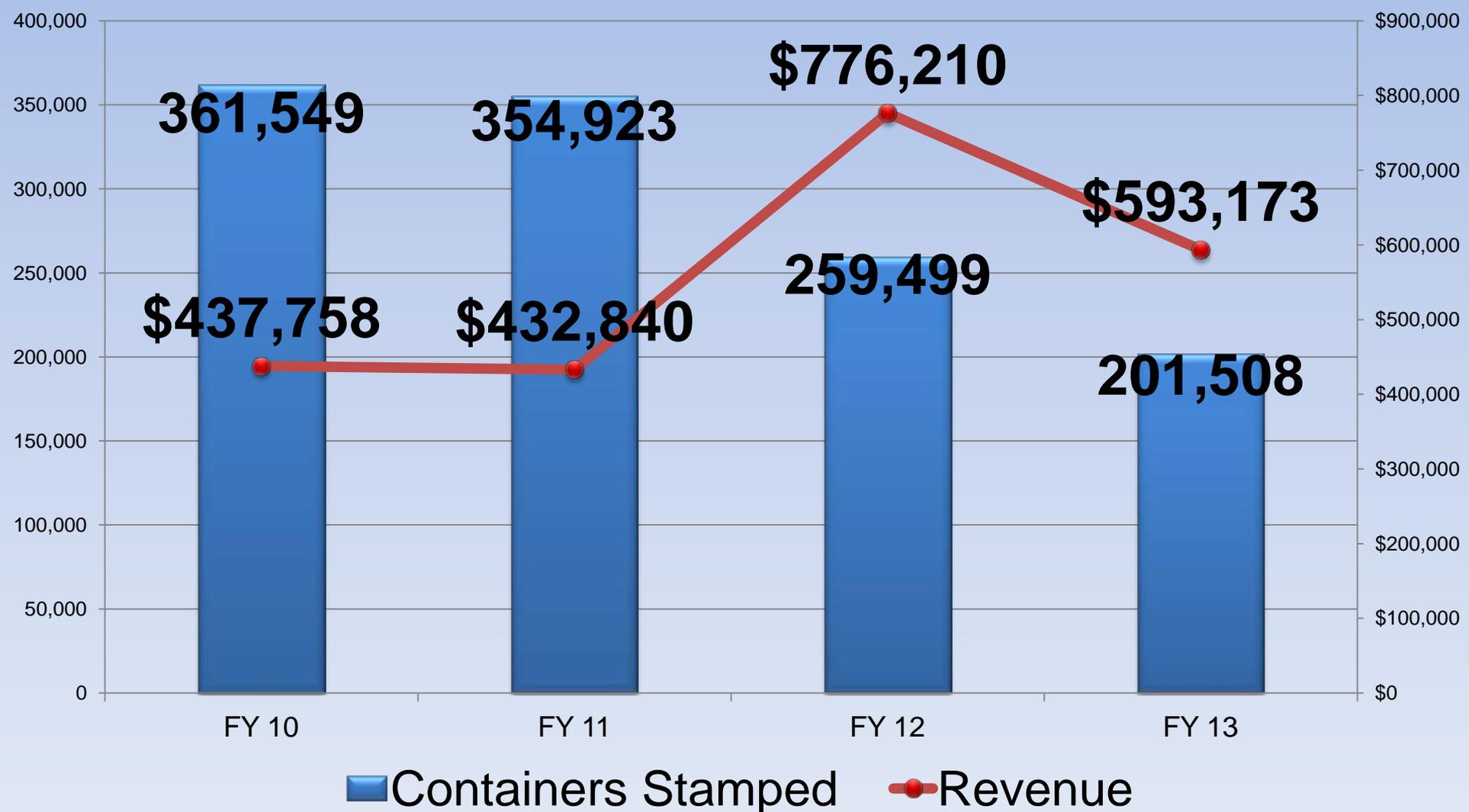
Trends: Ports of Entry Revenue

FY2008-FY2012



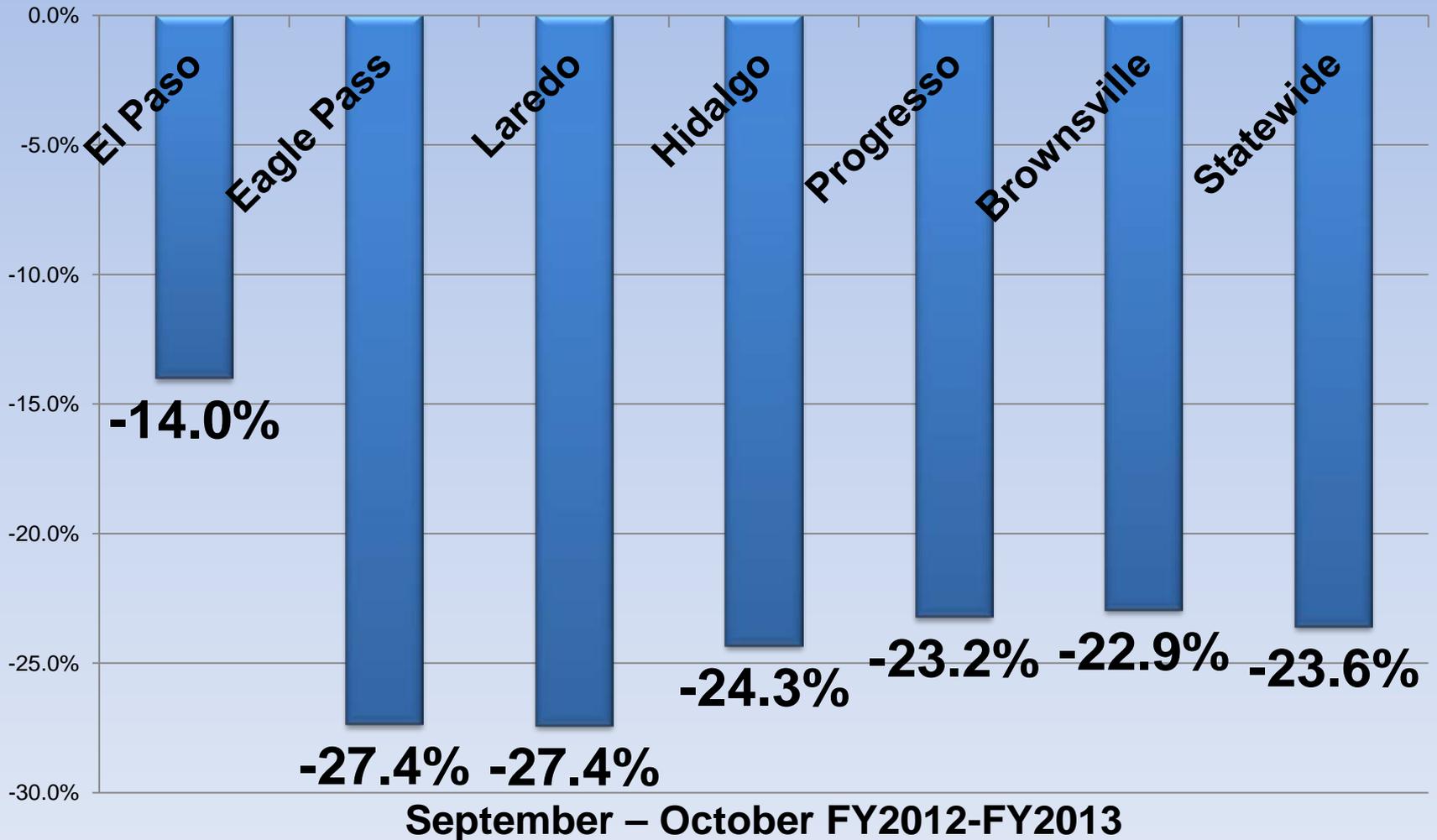
Trends: POE Containers Stamped & Revenue

Sept-Oct of FY10-FY13



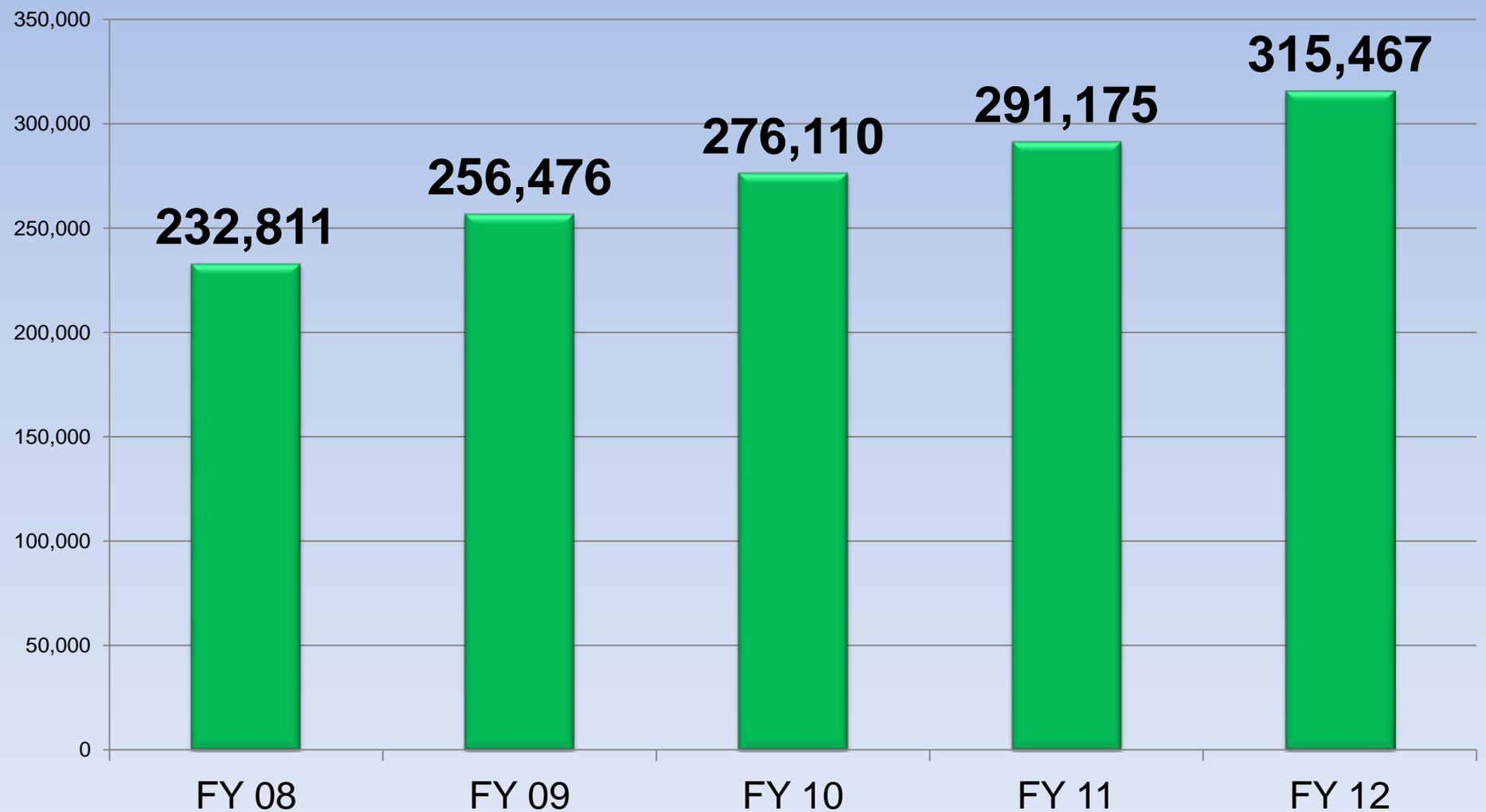
Trends: % Change in POE Revenue

Sept-Oct FY2012-FY2013



Trends: Persons Completing Approved Seller Training Courses

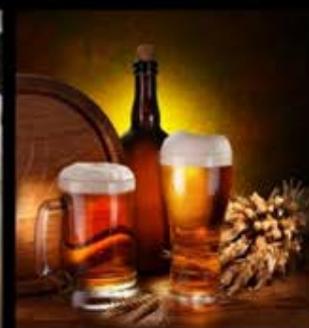
FY2008-FY2012



2013 Commission Meetings

- January – Tuesday 22nd or Thursday 24th
- March - Tuesday 26th
- May – Tuesday 28th or Thursday 30th
- July – Tuesday 23rd
- September - Tuesday 24th
- November – Tuesday 19th

Questions



Attachment 2

Proposed Rule §31.12, Training and Education

NOVEMBER 27, 2012 AGENDA, ITEM 5:**PROPOSED NEW §31.12, Training and Education of Commission Employees**

The Texas Alcoholic Beverage Commission (commission) proposes new §31.12, relating to Training and Education of Commission Employees. This rule is required by Government Code §656.048, Rules Relating to Training and Education, and by Government Code §656.102, Agency Policy.

Government Code §656.048 requires state agencies to adopt rules relating to: (1) the eligibility of the agency's administrators and employees for training and education supported by the agency; and (2) the obligations assumed by the administrators and employees receiving the training and education. The commission understands "administrators and employees" as used in Government Code §§656.041-656.104 to include everyone employed by the commission, including both supervisory and non-supervisory personnel, and uses the term "employee" to include both supervisory and non-supervisory personnel.

Government Code §656.044 provides that a state agency may use public funds to provide training and education for its administrators and employees if the training or education is related to the duties or prospective duties of the administrator or employee. Government Code §656.045 provides that a state agency may require an administrator or employee to attend a training or education program. Government Code §656.047 provides that a state agency may spend public funds as appropriate to pay the salary, tuition and other fees, travel and living expenses, training stipend, expense of training materials and other necessary expenses of an instructor, student or other participant in a training or education program. Government Code §656.102 provides that a state agency must adopt a policy governing the training of employees as well as the rules required by Government Code §656.048.

Government Code §§656.103 and 656.104 establish certain obligations for an employee receiving training and liability for costs if those obligations are not met.

This new section provides that state funds may be used by the commission for the education and training of its employees in accordance with Government Code §§656.041-656.104. It establishes certain restrictions on training and education that may be funded by the commission, addresses supervisory approval to receive the education and training, and clarifies that such education and training does not affect the at-will status of the employee.

Loretta Doty, Director of the Human Resources Division, has determined that for each year of the first five years that the section will be in effect there will be no fiscal impact on state or local government. The public funds that are available for the education and training of commission employees are already appropriated by the legislature and the rule merely authorizes those funds to be spent. The decision to spend those funds to provide education or training to any employee is an independent decision based on the particular circumstances relating to that employee and is guided by the commission's internal policies (which are required by Government Code §656.102).

The proposed new rule will have no fiscal or regulatory impact on micro-businesses and small businesses or persons regulated by the commission. There is no anticipated negative impact on local employment.

Loretta Doty, Director of the Human Resources Division, has determined that for each year of the first five years that the proposed amendment will be in effect, the public will benefit because, as the legislature has determined in Government Code §656.042, "programs for the training and education of state administrators and employees materially aid effective state administration".

Comments on the proposed new rule may be submitted in writing to Martin Wilson, Assistant General Counsel, Texas Alcoholic Beverage Commission, at P.O. Box 13127, Austin, Texas 78711-3127, or by facsimile transmission to (512) 206-3280. They may also be submitted electronically through the commission's public website at http://www.tabc.state.tx.us/laws/proposed_rules.asp. Comments received within 30 days following publication in the *Texas Register* will be considered and addressed in the preamble to the adopted rule pursuant to Government Code §2001.033, if the commission decides to adopt a rule in this proceeding.

If you wish to make oral comments on the proposed new rule, and if you wish to assure that the commission will respond to them formally under Government Code §2001.033, please contact Martin Wilson, Assistant General Counsel, at (512) 206-3489. If possible, please contact Mr. Wilson by e-mail (at martin.wilson@tabc.state.tx.us) to schedule a mutually convenient time for him to receive your oral comments. The commission's response to oral comments received by Mr. Wilson will be in the preamble to the adopted new rule, if the commission chooses to adopt a rule in this proceeding.

Martin Wilson, Assistant General Counsel of the Texas Alcoholic Beverage Commission, certifies that the proposed new rule has been reviewed by legal counsel and found to be within the agency's authority to adopt.

The proposed new rule is authorized by Government Code §656.048, which requires state agencies to adopt rules relating to the eligibility of the agency's employees for training and education supported by the agency and the obligations assumed by those employees receiving the training and education. The proposed new rule is also authorized by Alcoholic Beverage Code §5.31, which grants the commission the authority to prescribe and publish rules necessary to carry out the provisions of the Code.

The proposed new rule affects Government Code §§656.041-656.104 and Alcoholic Beverage Code §5.31.

§31.12. Training and Education of Commission Employees.

(a) The commission may use state funds in accordance with Government Code §§656.041-656.104 to provide training and education for its employees.

(b) Training or education provided pursuant to subsection (a) of this section shall be related to the employee's current position or prospective job duties within the commission.

(c) Commission employees may be required to complete training and/or education programs related to the employee's current or prospective job duties as a condition of employment.

(d) Participation in training or education programs requires the approval of the employee's supervisors prior to participation and is subject to the availability of funds in the commission's budget.

(e) The employee training and education program for the commission may include:

- (1) mandatory agency-sponsored training or education required for all employees;
- (2) training or education relating to technical or professional certifications and licenses;

- (3) training and education designed to promote employee development;
- (4) employee-funded external education;
- (5) commission-funded external education;
- (6) a tuition-reimbursement program; and

(7) such other training or education determined by the commission to be of benefit to the employee and the commission, and to promote effective state administration pursuant to Government Code §656.042.

(f) Approval to participate in any portion of the commission's training and education program shall not in any way: affect an employee's at-will employment status; constitute a guarantee or indication of continued employment; or constitute a guarantee or indication of future employment in a current or prospective position.

(g) Approval to participate in any training or education program may be withdrawn if the commission determines, in its sole discretion, that participation would negatively affect the employee's job duties or performance.

Attachment 3

Technology Support to Business Operations



Technology Support to Business Operations

Ed Swedberg
Assistant Administrator

November 27, 2012

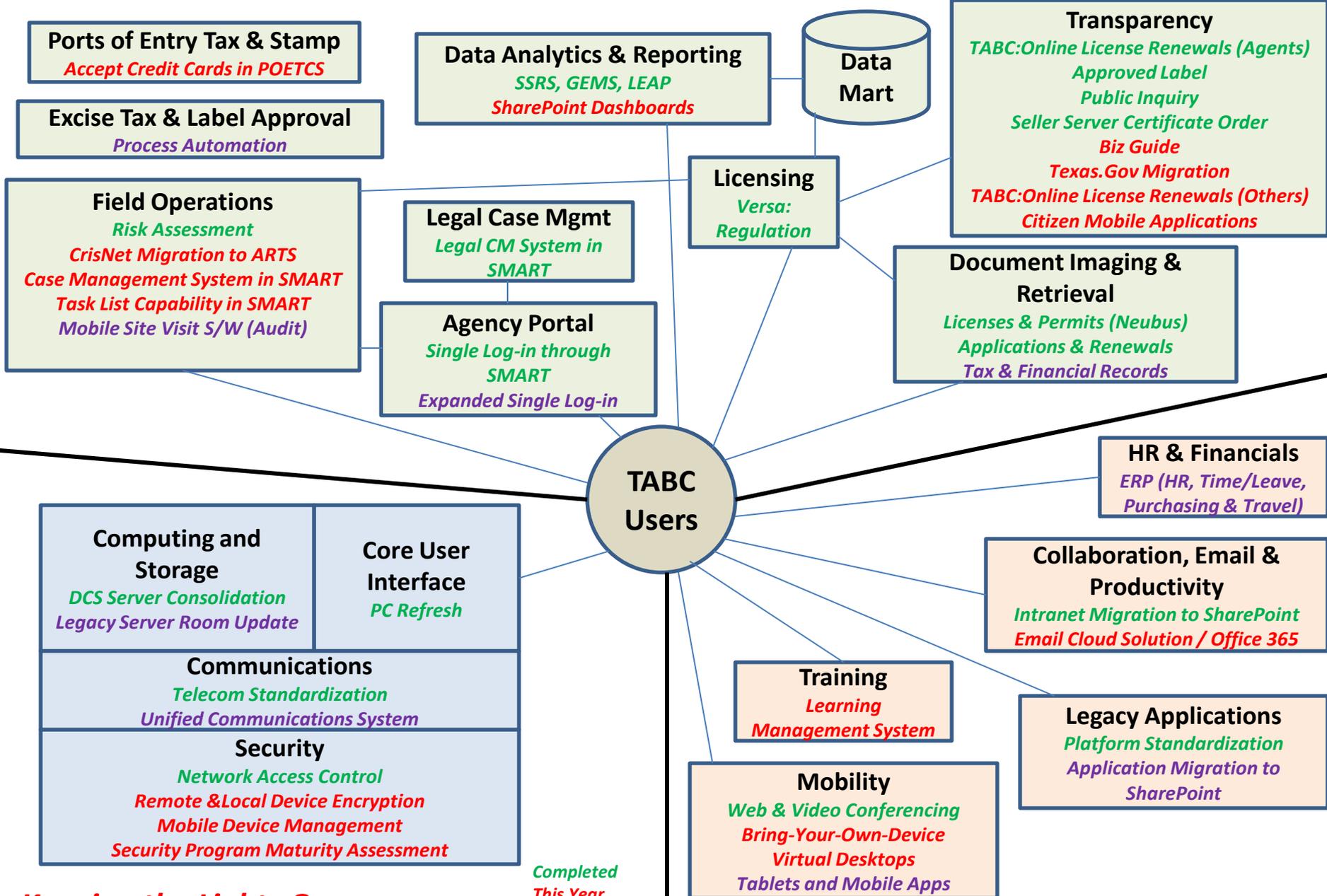


Agenda

- Technology Projects and Vision
 - Ed Swedberg
- On-Line Licensing Overview
 - Amy Harrison

Carrying Out Our Mission

TABC Technology Projects

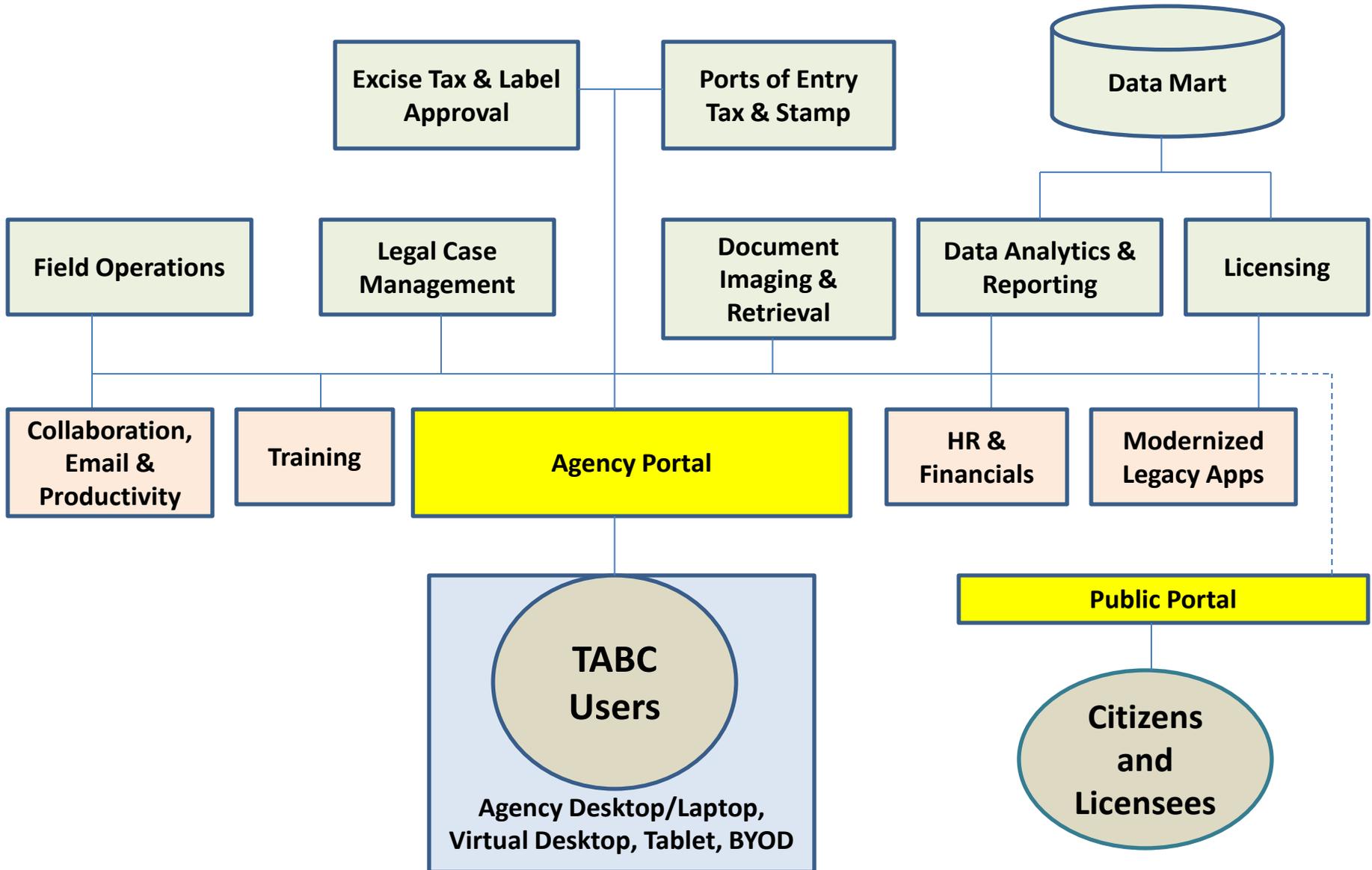


Keeping the Lights On

Completed
This Year
Next Biennium

Supporting Our Workforce

TABC Technology Vision



Attachment 4

TABC Online Renewal Demonstration

The background features several large, white, abstract, torn-paper-like shapes that create a dynamic, high-contrast visual. The shapes are irregular and jagged, resembling torn edges or stylized figures. The text is centered over this background.

TABC Online Renewal Demonstration

Login Page



TABC:Online

Public Services Main Menu

Fields marked with an asterisk (*) are required.

Public Services

[Public License Search](#)

[Certificate Inquiry](#)

Licensee or Existing Applicant Services

* User ID:

* Password:

Log On

[Forgot your password?](#)

General Services

[Registration](#)



This system may be unavailable on Tuesdays between 6:00pm to 11:00pm (CST) for maintenance. We apologize for any inconvenience.

Click on the License/Permit You Wish to Renew

Main Menu

Welcome to the TABC's Online Renewal Application system. You will swear that your online application is correct and truthful under the law. Once submitted and all fees due are paid, an employee of the TABC accepts your application as a notary of the State of Texas.

Please follow the screen instructions to renew each license or permit. You will be directed to the Texas.gov Web site for payment by credit card or an automatic bank withdrawal. For further information, visit Texas.gov or contact them at 800-399-2969 or visit the [TABC Home Page](#).

You may complete each online application and return to this page to "Pay For Online Applications" to pay for all applications at one time.

Payment is required before your license or permit will be renewed. Prior to payment, you will be redirected to the Texas.gov website, a third party. Texas.gov will charge a fee for their services.

Press the appropriate hyperlink below for the function or license/permit you wish to renew.

An ⇒ before the license or permit indicates delegated authority to renew.

Functions

[View User Profile](#)

[Pay For Online Applications](#)

[Application Status Inquiry](#)

[Authorized Representative](#)

Licensee Permit with Pending Renewals - Click each to renew

[A #750875](#)

Exp. Date: 11/25/2012

POUNDS, PAULY J

[BK #750876](#)

Exp. Date: 11/25/2012

POUNDS, PAULY J

Your License(s) and License Number(s)

Thank you for using our online system.

Online Application Payment

A #750875

Logged in as POUNDS, PAULY

Online Application Payment

Select the applications and/or miscellaneous charges you wish to pay for and press "Next" to continue.

Press "Show Fee Details" to show a breakdown of the fee amounts.

Press "Main Menu" to return to the main menu.

Application Number	Description	License Number	License Type	Applicant Name	Fee
2608801	Renew "A" Permit	750875	Agent's Permit	POUNDS, PAULY J	\$114.00 <input checked="" type="checkbox"/>

Payment Method

- Credit Card
- ACH (Direct debit payment from your financial institution)



Next

Show Fee Details

Main Menu

This system may be unavailable on Tuesdays between 6:00pm to 11:00pm (CST) for maintenance. We apologize for any inconvenience.

Application Summary



Application Summary

5/8/12 10:44 AM

Page 1 of 1

License/Permit: A 750875
Application: RENEW "A" PERMIT
Application Date: 05/08/2012 (MM/DD/YYYY)

Applicant Information

First Name: PAULY
Middle Name: J.
Last Name: POUNDS
Birthdate: 01/01/XXXX (MM/DD/YYYY)
Social Security Number: XXX-XX-2233

Addresses

Mailing Address

Address: 1111 MAIN DRAG
GREGG
LONGVIEW, TX
756063244

Phone Number: 5555555555
Extension:
E-mail Address:
Cell/ Mobile

License and Permit Fees

A License Fee	\$20.00
A Surcharge	\$94.00
TABC Amount Due	\$114.00

Payment Summary

Retain For Your Records



Online Payment Summary

Amount Paid: 117.39
Authorization Number:
Batch Trace Number 458114716UAT

Misc Charge / Application Number	Description	Board / Applicant Name	Fee	Trace Number
A-2608801	Renew "A" Permit	POUNDS, PAULY J.	114.00	458114716UAT

Texas.gov price:

117.39

**COPY MUST BE DISPLAYED ON PREMISES UNTIL NEW LICENSE/PERMIT ARRIVES. IF
PAYMENT WAS MADE FOR A RENEWAL LICENSE/PERMIT, A COPY OF THIS PAYMENT
SUMMARY MUST BE DISPLAYED ON PREMISES UNTIL NEW LICENSE/PERMIT ARRIVES.
UNTIL THAT TIME, YOUR RENEWAL APPLICATION IS CONSIDERED PENDING.**

The Future of Online Renewals

Miscellaneous Class Types

- Airline Beverage Permit (AB), Carrier's Permit (C), Industrial Permit (I), Local Industrial Alcohol Manufacturer's Permit (LI), Market Research Packager's Permit (MR), Passenger Train Beverage Permit (PT), Promotional Permit (PR), Out of State Winery Direct Shipper's Permit (DS), Non-Resident Seller's Permit (S) and Non-Resident Manufacturer's License (BS).

Mixed Beverage (MB) and
Mixed Beverage Restaurant
with a Food and Beverage
Certificate (RM)
Coming Soon!

Efficiencies to Permit/License Holder

- No Postage
- No Notary
- No Sales Time Loss
- 24/7 Accessibility

Efficiencies to TABC

- No Longer a Manual Process
- Automatic Summary Image Upload
- No Physical Deposits
- Time and Cost Efficiencies

CERTIFICATION

REGULAR COMMISSION MEETING

10:00 a.m. – November 27, 2012

Holiday Inn Austin Midtown
6000 Middle Fiskville Road
Austin, TX 78752



TABC

TEXAS ALCOHOLIC BEVERAGE COMMISSION

service ★ courtesy ★ integrity ★ accountability

STATE OF TEXAS

COUNTY OF TRAVIS

This certifies that the attached is a true copy of the proceedings of the Texas Alcoholic Beverage Commission meeting held on November 27, 2012.

A handwritten signature in black ink that reads "Sherry K. Cook".

Sherry Cook
Administrator

Sworn and subscribed before me this the 18th day of April 2013.

A handwritten signature in black ink that reads "Gloria Darden Reed".

Gloria Darden Reed
Notary in and for Travis County

