

TEXAS ALCOHOLIC BEVERAGE COMMISSION
COMMISSION MEETING
MONDAY, FEBRUARY 24, 2003

The Texas Alcoholic Beverage Commission met on this date at 5806 Mesa Drive, Suite 185, Austin, Texas. Members present: John T. Steen, Jr., Chairman; Gail Madden and Kel Seliger, Members. Staff present: Jeannene Fox, Assistant Administrator; Lou Bright, General Counsel; Greg Hamilton, Chief of Enforcement; Denise Hudson, Director of Resource Management; Jim Johnson, Director of Information Resources and Buck Fuller, Director of Compliance. Present and recognized for the 2002 Allan Shivers, Jr. Awards: Employees of the Licensing Department; Gloria Villasenor, Resource Management Department and Russell Moore, San Marcos Enforcement. Present and recognized for 20 and above years of service to the agency: Roy Hale, Enforcement Headquarters; Whitney Myers, Compliance Headquarters; Santos Saldana, Compliance Headquarters; Laura Willingham, McAllen Enforcement and Robin Isbell, Amarillo Compliance. Visitors included: Randy Yarbrough, Wholesale Beer Distributors of Texas; Rick Donley, Beer Alliance of Texas; Robert Sparks, Licensed Beverage Distributors, Inc.; Fred Marosko, Texas Package Stores Association and Penny McLeskey, MGT of America.

The agenda follows:

1:30 p.m. - Call to order.

1. Presentation of the 2002 Allan Shivers, Jr. Awards.
2. Recognition of agency employees with 20 or more years of service.
3. Approval of minutes of January 13, 2003 and January 22, 2003 meetings; discussion, comment, possible vote.
4. Administrator's report:
 - a. discussion of staff reports;
 - b. recognitions of achievement;
 - c. discussion of management controls; and
 - d. IT update.
5. Fiscal stewardship of agency; discussion, comment, possible vote.
6. Acknowledge acceptance of \$5,000 from the Texas Package Stores Association pursuant to Texas Government Code, §575.003; discussion, comment, possible vote.
7. Public comment.

Announcement of executive session:

8. The commission will meet in executive session to:
 - a. consult with legal counsel pursuant to Texas Government Code, §551.071, regarding pending and anticipated legal claims against the commission; and
 - b. discuss the appointment, employment and duties of the administrator pursuant to Texas Government Code, §551.074(a)(1).

Continue open meeting.

9. Take action, including a vote if appropriate on topics listed for discussion under executive session.
10. Adjourn.

The meeting was called to order at 1:35 p.m. by Chairman Steen.

MR. STEEN: Good afternoon. I want to call to order the meeting of the Texas Alcoholic Beverage Commission on February 24, 2003. The first item on the agenda is the presentation of the 2002 Allan Shivers, Jr. Awards. These are the awards for excellence in public service that are now named after our distinguished former chairman, Bud Shivers. We've got an award in each of our divisions, and I believe that our general counsel, Lou Bright, will lead off with the regulatory division.

MR. BRIGHT: I will, Mr. Chairman and Members, with your kind permission. As you may know, Ms. Fox would normally do this. She is not among us because she is down at the capitol fighting the good fight. She has asked me to speak a few words about the award for the regulatory division.

The news from the regulatory division this year comes out of the licensing department, and one of the things that was most significant in the last couple of years is that in 2002, they had a 24 percent employee turnover, and the previous year they had a 50 percent employee turnover. That's just the kind of thing that provokes disaster in state government, and what you would expect to happen is that our licensing process would grind to a halt. That's not what actually happened this year. What they did, was the employees of that division put in 2,348 hours of overtime and comp time. They met and exceeded their performance measure of having 99 percent of their original applications processed within 14 days, and they did more than that. They issued a record number - well over 100,000 - of licenses and permits this year.

When you have a set of situations that causes you to expect disaster and you have instead an exemplary result, you have to ask yourself why, and the reason why this year was because of the willingness of the employees in the licensing department to come up with many personal sacrifices and donate their time on behalf of the people and on behalf of this agency and, most particularly, because of their capacity and their dedication to work together as a team.

While other divisions in this agency certainly contributed to this result, we notice that the people in the licensing department worked together superlatively. In other words, they lived up in this last year exactly to our highest aspirations at this agency.

So, when we ask ourselves who should be the employee of the year this year, we couldn't answer that question, because the employee of the year this year is the employees within the licensing department, and they have

all of our admiration for that.

MR. STEEN: Please come forward. We are going to present you an award and, Cheryl, tell them what we are going to do with these.

MS. LYLE: Denise?

MS. HUDSON: This is an award named after Bud Shivers for excellence in public service. We will be giving it to all of you. Right now, we don't have the names engraved on them, but as soon as we get your picture taken today, we will have them engraved.

MR. STEEN: Ms. Hudson, do we put something gold on these?

MS. HUDSON: Right, there will be a gold star in the center with the licensing department engraved on it.

COMMISSIONERS: Congratulations.

LICENSING DEPARTMENT: Thank you.

MR. STEEN: Mr. Bright, well spoken.

MR. BRIGHT: Thank you.

MR. STEEN: Our next Allan Shivers, Jr. Award for Excellence in Public Service will be presented by Denise Hudson on behalf of the resource management division.

MS. HUDSON: In 2002, the agency began a new program of administering grants. Often the voice behind this program is Gloria Villasenor. She is the one that usually has the first contact with the people calling and wanting information over the telephone about the grants and what's going on. She has done a great job in teaching people how to apply for the grants. She's taken over the responsibility of handing out all of the mini grants in *Shattered Dreams*. It's oftentimes her positive attitude that gets us through some of those rough times as we learn about these new programs and initiatives. Congratulations.

MR. STEEN: Would you like to say anything or at least introduce the people that are with you today?

MS. VILLASENOR: This is my mom, Gloria Senior - I'm Gloria Junior - and this is my dad, Rudy Alaniz.

COMMISSIONERS: Congratulations.

MS. VILLASENOR: Thank you.

MR. STEEN: The final Allan Shivers, Jr. Award for Excellence in Public Service for the enforcement division will be presented by Chief Greg Hamilton.

MR. HAMILTON: I'd like to introduce Russell Moore out of our Austin district. He works the San Marcos outpost office. His wife is here, and his mother and father are here, also.

MR. MOORE: And my brother is here, too. We chartered a bus.

MR. HAMILTON: We also have the supervisors here. We've got Captain David Ferrero out there, and we have his sergeant, Pete Champion, in the back there and his partner.

Russell Moore is from the San Marcos office and he uses his calm and non-confrontational attitude to achieve the TABC goal of voluntary compliance. Russell is always available to provide assistance to fellow agents, support staff and supervisors. Recently, there has been a great emphasis in reducing the error rate in the application process so that the licensing department can put out 100,000 licenses and permits. Russell was one of the people who assisted in accomplishing that. Russell has been successful in reducing his error rate and helping other outpost agents as well. At least a few times each month, he meets with outpost agents and helps review their applications. By this unselfish work attitude, Russell has helped the overall error rate. Russell has received many compliments and thank you letters for his educational efforts in Project SAVE and *Shattered Dreams*. He was directly and indirectly responsible for all the *Shattered Dreams* programs in Hays, Caldwell and Guadalupe counties, for a total of seven programs in the last three years.

I salute you, Russell, for employee of the year in the enforcement division.

COMMISSIONERS: Congratulations.

MR. MOORE: Thank you.

MR. STEEN: Next, we are going to recognize agency employees with 20 or more years of service then, I believe, we are going to go into an executive session. That will give you all an opportunity to exit. You can come back for the remainder of the meeting if you like, but I think you all would probably like to get back to work. Do you have a reception going on?

MS. HUDSON: Yes.

MR. STEEN: Good.

Let's move to the recognition of agency employees for their years of service. Chief, you want to take the first person on the list?

MR. HAMILTON: Yes. The first individual is Roy Hale. Would you come forward? Roy is a program specialist in the enforcement headquarters office, and he wears many hats. He handles a broad range of responsibilities from implementation and monitoring of major programs to the preparation of the division's operating budget and coordination of strategic planning activities. He initially began his career with TABC in the administrative services division in 1978 and was selected as Employee of the Year in 2001. Roy received his master's from one of the great universities, Southwest Texas State University, and I would like to congratulate Roy on his 20 years of outstanding service to the TABC and the State of Texas.

COMMISSIONERS: Congratulations.

MR. HALE: Thank you.

MR. HAMILTON: The next individual is Laura Willingham. Laura is an administrative technician in our McAllen enforcement office and was employed in January of 1983 as a part-time secretary in McAllen and, within six months, became full-time. Laura's duties were expanded to include application processing, and she was promoted to administrative technician in 1990. Her supervisor commented on her recent evaluation, "Laura is an employee that I can surely depend on. She takes her responsibilities and assignments very seriously." Congratulations to Laura for 20 years of service.

COMMISSIONERS: Congratulations.

MS. WILLINGHAM: Thank you.

MR. STEEN: Where is Mr. Fuller? Is he here? Come forward, please.

MR. FULLER: Mr. Chairman, Members, I'd like to recognize Whitney Myers from the compliance department. Whitney is currently an administrative technician and was employed in our department as a temporary employee in 1983 and subsequently was moved to regular status. Whitney was born in El Paso and moved to Austin when she was three years old, and she calls Austin her home now. The majority of the 20 years that Whitney has been

with the department has been with the credit law section; however, in May of last year, Whitney was transferred from credit law into a position requiring dual responsibilities involving ports of entry and seller training support duties. Whitney is a dedicated and valued employee, and we rely on her many times to do many different tasks and functions. We appreciate all that Whitney does for us, and we congratulate her on 20 years of service. Standing with her is Diana Gonzalez, our assistant director of compliance.

MS. MYERS: She's my stand-in mother, and I'd like her to be in the picture.

COMMISSIONERS: Good. Congratulations.

MS. MYERS: Thank you.

MR. FULLER: At this time, I'd like to recognize Santos Saldana. Santos was employed with the TABC in 1983 as a ports of entry inspector in Brownsville, Texas. In January of 1997, he was promoted to the director of programs responsible for directing the operations of the ports of entry section, and he currently serves in that capacity. As a ports of entry inspector, Santos was stationed at seven ports of entry, including various bridges in Brownsville, Progreso, Hidalgo and Roma. Santos and his wife, Elda, have two children, Sandy and Olivia. Santos has a great sense of humor. He brings a lot to our department and our agency. He can be counted on to help in any capacity, and we rely on him tremendously. If you will remember a few years ago, we had the "Love Bug" virus. Santos spread that around the agency. He has done an excellent job of developing communications with the TABC and federal agencies along the border, and we congratulate Santos for his 20 years of service at the TABC.

COMMISSIONERS: Congratulations.

MR. SALDANA: Thank you.

MR. FULLER: At this time, I'd like to recognize Robin Isbell. Robin received a BBA from Texas Tech University and presently holds an Auditor IV position in the Amarillo compliance office. He began his career with TABC 30 years ago as an auditor in the headquarters office. After a brief assignment in Austin, Robin was promoted and transferred to Dallas; however, most of the past 27 years of his employment have been in the Amarillo office. Robin and his wife, Judy, have two daughters, Robin and Jana, and they also have one granddaughter, Emily. Robin is a reliable and dedicated employee, and we refer to him often for many tasks and assignments. He is a real team player, and we congratulate Robin for 30 years.

COMMISSIONER: Congratulations.

MR. ISBELL: Thank you.

MR. STEEN: I might read this. He's got a letter from the governor. It's dated January 29, 2003, and it says:

“Greetings to James Isbell.

“Congratulations as the Texas Alcoholic Beverage Commission honors you for your 30 years of service to the State of Texas. Texans are fortunate to have state employees who strive to serve in the workplace. Public servants who put Texas first by demonstrating dependability, initiative and stewardship of our tax dollars reflect a positive image for our state. They are to be commended for such excellence.

“Anita joins me in sending best wishes on this special occasion.

“Sincerely, Rick Perry, Governor of Texas.”

MR. ISBELL: Thank you so much.

MR. STEEN: Mr. Fuller, thank you. Chief Hamilton?

MR. HAMILTON: I have one more. Harlan Naylor was unable to attend, but I would like to read a little about Harlan in the record. Harlan Naylor began his law enforcement career with TABC in December 1972 as an inspector assigned to the Dallas office. In 1977, Agent Naylor was transferred to the Vernon outpost of the Wichita Falls office where he progressed through the agent ranks to his current rank of Agent V. As noted by his supervisor, “Agent Naylor has pride in his work and the agency that he works for.” I'd like to congratulate Agent Naylor for 30 years of service and dedication to law enforcement.

MR. STEEN: Chief, will you convey to him the thanks and congratulations from the commission?

MR. HAMILTON: Sure.

MR. STEEN: Thank you.

If you all agree, we are going to change the order on the agenda and move the executive session up to now. Is that all right, Mr. Bright?

MR. BRIGHT: That's perfectly all right.

MR. STEEN: The commission will now go into executive session to consult with legal counsel pursuant to Texas Government Code, Section 551.071, regarding pending and anticipated legal claims against the commission and to discuss the appointment, employment and duties of the administrator pursuant to Texas Government Code, Section 551.074(a)(1).

The commission convened in executive session at 2:00 p.m. and reconvened in open meeting at 3:53 p.m.

MR. STEEN: The commission meeting of February 24, 2003 is now back in open session. During executive session no votes were taken, no final decisions were made. We will now take up those matters deliberated for final consideration.

MS. MADDEN: I'd like to make a motion. I move that Jeannene Fox be appointed assistant administrator, and that she be compensated consistently with our discussion in executive session during the period that she is serving in the absence of an administrator.

MR. SELIGER: Second.

MR. STEEN: Any discussion? All in favor, say aye.

MS. MADDEN: Aye.

MR. SELIGER: Aye.

MR. STEEN: Aye. The motion carries. Ms. Fox, you will work that out?

MS. FOX: Yes, sir. I will take care of that.

MR. SELIGER: Mr. Chairman, also related to our discussion in executive session regarding the appointment of a new administrator, I move that the commission retain MGT of America to help the commission in the search for and selection of a new administrator.

MS. MADDEN: Second.

MR. STEEN: Any discussion? All in favor, say aye.

MR. SELIGER: Aye.

MS. MADDEN: Aye.

MR. STEEN: Aye. The motion carries. Ms. Fox and Mr. Bright, if you will get together with Ms. McLeskey and work through the terms and conditions of that relationship.

MS. FOX: Yes, sir.

MR. STEEN: Thank you.

Let's move to the approval of the minutes of the January 13, 2003 and January 22, 2003 meetings.

MS. MADDEN: I so move.

MR. SELIGER: Second.

MR. STEEN: Any discussion? All in favor, say aye.

MS. MADDEN: Aye.

MR. SELIGER: Aye.

MR. STEEN: Aye. The motion carries. The minutes are approved.

Ms. Fox, do you have an administrator's report?

MS. FOX: No. Due to the hour, I will forego that report, and we can move on to the next item.

MR. STEEN: Before we do that, should we take up item six?

MS. FOX: Yes. Lou will be doing that.

MR. STEEN: Why don't we get that out of the way if there is no objection?

MR. BRIGHT: We should, Mr. Chairman and Members. As you know, we have engaged in a series of partnerships over the last year or so that produce public service announcements and things like that. We have partnered with trade associations and others. As a part of that in the past, the Texas Package Stores Association donated 5,000 dollars to us to be applied to those purposes which, in fact, we did.

The law says that you must acknowledge receipt of that gift in an open

meeting and the purposes therefore, so the staff suggests that you acknowledge the fact that we received 5,000 dollars from the Package Stores Association to be used in our public service announcements on the Dallas Cowboys Radio Network.

MS. MADDEN: I move that we accept it.

MR. SELIGER: Second.

MR. STEEN: Any discussion? All in favor, say aye.

MS. MADDEN: Aye.

MR. SELIGER: Aye.

MR. STEEN: Aye. The motion carries. Fred is not here today?

MR. SELIGER: We wore Fred out.

MR. BRIGHT: He had to be elsewhere.

MR. STEEN: Tell him thank you from all of us. We really appreciate it.

MR. BRIGHT: I will do so.

MR. STEEN: Now, we have a report?

MS. FOX: Yes, we have a staff report from Jim Johnson. Jim, I will tell you that you have until four-fifteen.

MR. JOHNSON: Got it.

At this time, Jim Johnson gave a PowerPoint presentation titled "State of TABC Technology." An overview of the presentation included "Where We Are"; "The Way Ahead"; "Potential Obstacles" and "Roadmap."

MS. MADDEN: Thank you for your presentation. We are going to legislators all the time trying to get it funded, so we will just have to keep our fingers crossed, but you certainly highlighted the need today and we appreciate that.

MR. STEEN: Where you talked about the extremely high risk if not done with the right people with the right process and with the right technology, what risk are you talking about?

MR. JOHNSON: Primarily, project failure. When you talk about the three key ingredients in any system's engineering type of project, obviously the people are key. The other part about the process is literally an engineering roadmap for those people to follow so they know what they should be doing at any given point. You almost think of it as a road in terms of time - where they should be along that road at any given time during the project and, finally, you've got to be careful about the technology. You can select a technology set that looks really great and even looks really cheap, and you can either get what you pay for or get something that your development staff can't implement. Then there are probably about 100 different renditions of problems in each one of those categories. I would be glad to elaborate on those at a time that you choose. I think risk is probably the key area in any project that management needs to be the most aware of. The good news is that it's something we've planned for and we do what's called risk mitigation. If we see we are getting into trouble, we have a backup plan to get us out of trouble. Primarily, it's to avoid cost overruns and not deliver two or three years after you say you are actually going to do it.

MR. STEEN: Thank you so much for your presentation.

MR. JOHNSON: Thank you.

MR. STEEN: In terms of the fiscal stewardship of the agency, Ms. Hudson, can we delay that to the next meeting? We have some time constraints.

MS. HUDSON: Most certainly.

MR. STEEN: Good.

In terms of public comment, I don't have anybody signed up. Is there anybody that wanted to speak?

Before we adjourn, I want to publicly acknowledge and thank Jeannene Fox for the good work that she has been doing. I accompanied her over to the legislature, and she's been diligently working on behalf of the agency. Ms. Fox, you are really doing three jobs in the absence of an administrator, including your old job. I just want to tell you how much we appreciate it, and we know how hard you are working.

MS. FOX: Thank you.

MR. SELIGER: I move, Mr. Chairman, we adjourn.

MS. MADDEN: Second.

MR. STEEN: All in favor, say aye.

MR. SELIGER: Aye.

MS. MADDEN: Aye.

MR. STEEN: Aye. The meeting is adjourned.

The meeting adjourned at 4:13 p.m.