The Commissioners of the Texas Alcoholic Beverage Commission met in Regular Session on Monday, May 15, 2006, at the Texas Alcoholic Beverage Commission, 5806 Mesa Drive, Suite 185, Austin, Texas.

**PRESIDING:**  
John T. Steen, Jr., Chairman

**COMMISSIONERS PRESENT:**  
Gail Madden  
Jose Cuevas, Jr.

**STAFF PRESENT:**  
Alan Steen, Administrator  
Glenda Baker, Assistant Chief of Enforcement  
Carolyn Beck, Public Information Officer, Executive  
Lou Bright, General Counsel, Legal Services  
Rick Cruz, Captain, Houston  
Debbie Dixon, Director, Education and Prevention  
Loretta Doty, Director of Human Resources  
Del Drake, Captain, Office of Professional Responsibility, Executive  
Dale Evans, Compliance Supervisor, Houston  
Jeannene Fox, Assistant Administrator  
Buck Fuller, Director of Compliance  
Amy Harrison, Director, Licensing  
Gary Henderson, Enterprise Operations Team Leader, Information Resources  
Joe Iagnemmo, Systems Support Specialist, Information Resources  
Linda Jackson, Administrative Assistant, Executive
CALL TO ORDER

Chairman John T. Steen, Jr., called the meeting of the Texas Alcoholic Beverage Commission (TABC) to order at 1:28 p.m.

APPROVAL OF COMMISSION MEETING MINUTES OF APRIL 17, 2006

Chairman Steen called for a motion to approve the TABC Commission meeting minutes of April 17, 2006. Commissioner Madden so moved, and Commissioner Cuevas seconded. The motion carried.

ADMINISTRATOR’S REPORT
Chairman Steen called upon Administrator Alan Steen to provide the Administrator’s Report.

**Sales to Intoxicated Persons (SIP) Operation Hearing/Update.** Administrator Steen provided a brief update on the April 17th hearing on TABC’s SIP operations. Information has been provided to the chairs and to the members of the Senate Committee on Criminal Justice and the House Committee on Licensing and Administrative Procedures addressing questions they had during the hearing.

**Sunset Recommendations.** Administrator Steen stated that TABC is making very good progress on the Sunset Advisory Commission recommendations. He provided a brief update on them, and he promised a detailed report of the status of each recommendation would be provided at the August Commission meeting.

**Versa.** Administrator Steen reported that there were only six issues remaining before TABC’s licensing model is fully in place. He and staff have been meeting with Versa representatives to finalize those issues. Versa has assured staff that they have adequate resources to complete the last six issues by the end of next month. Administrator Steen was pleased with the progress made with the system, noting that staff have worked closely with Versa to reduce the number of problems from nineteen to six. Commissioner Cuevas asked Administrator Steen about the issue of checking a box for the permit to be sent to another address; he asked if this would be part of the Versa project or a project in itself. Administrator Steen replied that this would be a project in itself.

**DISCUSSION OF TESTIMONY PRESENTED AT JOINT HOUSE AND SENATE COMMITTEE HEARING OF APRIL 17, 2006**

Chairman Steen confirmed with Administrator Steen, based on an earlier conversation he had with Administrator Steen, that the Commission would pass on the agenda item regarding the testimony presented at the joint committee hearing.

**APPROVAL OF INTERNAL AUDIT OF HUMAN RESOURCES SYSTEMS AND CONTROLS**

Chairman Steen called upon Russell Gregorczyk to present the internal audit of Human Resources Systems and Controls (*Attachment 1*).
Mr. Gregorczyk reported on the audit, stating that it was a very good audit report with only five minor recommendations. Some areas of the report he covered included:

- Clarification for employees on areas such as disability retirement and confidentiality of personnel files was needed. Management concurred to update the Human Resources Policy and Procedures Manual.

- Mr. Gregorczyk commended Ms. Doty and her staff for doing an excellent job in ensuring legal requirements regarding recruitment and selection processes were followed.

- A review should be done annually on the Fair Labor Standards Act (FLSA) classification of employees, along with documentation of the compliance with FLSA regulations relating to determination of exempt or non-exempt status. Management concurred with the recommendation and plans to complete a review of each employee’s FLSA status.

- There were several delinquent performance appraisals that were past their annual review dates. He stated that since this falls under the supervisor’s responsibility, such should be addressed in the supervisor’s evaluation to hold him/her accountable. He stated that the report of overdue evaluations provides a 60-day grace period, and the overdue evaluation report should be revised to indicate all past-due evaluations. Management concurred with the intent of the recommendation, but suggested that a 30-day grace period would be more appropriate. HRD agreed to update the overdue evaluation report to indicate evaluations are past due after a 30-day grace period, beginning June 2006.

The Commissioners asked for clarification regarding past-due performance evaluations. Loretta Doty explained some of the reasons for overdue evaluations, such as employees who are out on extended medical leave or when there are several employees who are hired “en masse” on a particular date within a division. **Recommendations were made by the Commissioners, such as:** structuring the evaluation times for those staff hired at one time, so that the evaluations are not due at the same time; providing adequate advance notice of upcoming due evaluations; and requiring the supervisor to document the reason or receive approval when it is determined that the evaluation will be late.
Chairman Steen emphasized the importance of executive management setting an example for others in completing staff evaluations on time.

After discussion and confirmation that the recommendations would be implemented, Chairman Steen called for a motion. Commissioner Madden moved that the Commission approve the internal audit of Human Resources Systems and Controls. Commissioner Cuevas seconded the motion. The motion carried.

HOMELAND SECURITY INTERNAL AUDIT UPDATE

Chairman Steen called upon Sam Smelser, Chief of Enforcement. Chief Smelser reviewed each of the nine recommendations and the status of each (Attachment 2). Following the update and discussion, Chairman Steen requested that a report on the Homeland Security internal audit recommendations be made at the Commission’s September meeting.

APPROVAL OF RESOLUTION IN SALUTE TO THE MEMORY OF JOSE ANTONIO NAVAR

Chairman Steen called upon Buck Fuller, Director of Compliance. Mr. Fuller explained that Jose Antonio Navar, Taxpayer Compliance Officer, passed away on April 8 after a courageous battle with cancer. He requested that the Commissioners approve the resolution, in memory of Mr. Navar. Chairman Steen asked Commissioner Madden to read the resolution (Attachment 3).

After reading the resolution, Commissioner Madden moved that the Commission approve the resolution, in memory of Jose Antonio Navar. Commissioner Cuevas seconded, and the motion carried.

Mr. Fuller stated that Mr. Navar’s family could not be in attendance at the Commission meeting; however, Mr. Fuller would present the resolution to the family in El Paso in the near future.

FISCAL STEWARDSHIP REPORT: TRAINING UPDATE

Chairman Steen called upon Loretta Doty, Director of Human Resources. Ms. Doty presented the fiscal stewardship report on the agency’s training activities (Attachment 4), as well as provided a brief update on the agency’s vacancies.
REGION 3 UPDATE

Chairman Steen called upon Rick Cruz and Dale Evans. Captain Cruz and Compliance Supervisor Evans presented the update on Region 3 (Attachment 5) together.

SECOND QUARTER PERFORMANCE MEASURES UPDATE

Chairman Steen called upon Sam Smelser, Chief of Enforcement; Amy Harrison, Director of Licensing; and Buck Fuller, Director of Compliance, noting that the presentation had been postponed from the last Commission meeting due to time constraints. The Directors presented a second quarter (December 2005 through February 2006) performance measures update for their divisions (Attachment 6).

APPROVAL TO PUBLISH PROPOSED AMENDMENTS TO RULE 45.121 RELATING TO DELINQUENT LIST

Chairman Steen called upon General Counsel Lou Bright. Mr. Bright discussed the proposed amendments (Attachment 7), relating to the delinquent list, suggested by the Package Store Association. The amendments would make handling of the delinquency list matters easier and more compliant with modern bookkeeping and business practices. Mr. Bright requested the Commission’s approval to publish the proposed amendments in the Texas Register in order to receive broader and more formal comments on them.

As no one signed up to provide public comment on the proposed amendments, Commissioner Cuevas moved that the Commission approve the publishing of the proposed amendments. Commissioner Madden seconded the motion. The motion carried.

PUBLIC COMMENT

Chairman Steen asked if anyone wished to provide public comment. As there were none, Chairman Steen began the announcement for the Executive Session.
EXECUTIVE SESSION

Chairman Steen announced that the regular open session of the Texas Alcoholic Beverage Commission would be recessed, the time being 2:51 p.m. on May 15, 2006, and an executive session would be held to consult with Legal Counsel regarding pending and anticipated litigation against the agency and to discuss the duties, responsibilities, and evaluation of the Chief of Enforcement, General Counsel, and Administrator, pursuant to Texas Government Code, §§551.071 and 551.074.

Chairman Steen announced that the Texas Alcoholic Beverage Commission had concluded its executive session and was in open session, the date being May 15, 2006, and the time, 5:10 p.m. No final action, decision, or vote was made in the executive session.

NEXT MEETING

Commissioner Madden asked if the Commission could meet on Tuesday, June 27, rather than Monday, June 26. It was agreed that the next meeting would be held on Tuesday, June 27, 2006, at 1:30 p.m.

ADJOURNMENT

Being no further business, Chairman Steen called for a motion to adjourn. Commissioner Cuevas so moved. Commissioner Madden seconded. The motion carried, and Chairman Steen announced that the meeting was adjourned.