

# PENNSYLVANIA LIQUOR CONTROL BOARD

## MEETING MINUTES

WEDNESDAY, DECEMBER 7, 2016

NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA

Tim Holden, Chairman  
Mike Negra, Board Member  
Michael Newsome, Board Member  
Charlie Mooney, Executive Director  
John Stark, Board Secretary

[Office of Chief Counsel](#)  
[Bureau of Licensing](#)  
[Bureau of Human Resources](#)  
[Bureau of Accounting & Purchasing](#)

[Office of Retail Operations](#)  
[Bureau of Product Selection](#)  
[Financial Report](#)  
[Other Issues](#)

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### PUBLIC MEETING – 11:00 A.M

Board Secretary John K. Stark indicated that a quorum of the Board was present and Chairman Holden called the meeting to order.

**CALL TO ORDER** ..... *Chairman Holden*

Pledge of Allegiance to the Flag

**OLD BUSINESS**.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the November 16, 2016 meeting.

**Motion Made:** Board Member Negra

**Seconded:** Board Member Newsome

**Board Decision:** Unanimously approved (3-0 vote) previous Board Minutes.

### **PUBLIC COMMENT ON AGENDA ITEMS**

There was no public comment on the printed agenda items.

### **NEW BUSINESS**

*From the Office of Chief Counsel* ..... *Rodrigo Diaz, Chief Counsel*

*None*

Note: Board Minutes are not officially approved until all required signatures are affixed.

*From the Bureau of Licensing ..... Tisha Albert, Director of Regulatory Affairs  
Director, Bureau of Licensing*

- (1) **The Barn, Inc.** New Amusement Permit –  
Restaurant  
R-11300 (LID No. 52696)  
18 Swamp Road  
Village at Newtown South  
Newtown Township  
Newtown, Bucks County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve New Amusement Permit.
  
- (2) **Discount Tobacco Shop, Inc.** Extension of License &  
Requests to Conduct Another  
Business on the Licensed  
Premises & Dual Employment –  
Restaurant  
R-8643 (LID No. 70174)  
1129 Main Street  
Blakely  
Peckville, Lackawanna County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve Extension of License and Requests to Conduct Another Business on the Licensed Premises and Dual Employment.
  
- (3) **McGuire’s Pub, Inc.** Appointment of Manager –  
Restaurant  
**t/a McGuire’s Pub**  
R-17708 (LID No. 64128) Case No. 16-9085  
130 West Centre Street  
Mahanoy City, Schuylkill County

**Motion Made:** Board Member Negra  
**Seconded:**

**Board Decision:** Hold by Board Member Negra for a Conditional Licensing Agreement.
  
- (4) **Sam 2 Enterprise, Inc.** Double Transfer – Restaurant  
R-8978 (LID No. 72489) Case No. 16-9095  
337 Spring Garden Street  
Philadelphia, Philadelphia County

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**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve Transfer.

- (5) **562-66 S. 19<sup>th</sup>, Inc.** Renewal – District 2  
**t/a Double D Neighborhood Bar & Grill**  
R-5634 (LID No. 38818) Case No. 16-9040  
562-66 South 19<sup>th</sup> Street  
Harrisburg, Dauphin County

**Motion Made:** Board Member Negra  
**Seconded:**

**Board Decision:** Hold by Board Member Negra for a Conditional Licensing Agreement.

- (6) **Bad-Cor, LLC** Renewal – District 4  
**t/a The Red Barn**  
R-11031 (LID No. 70077) Case No. 2016-70077  
646 North 8<sup>th</sup> Street, Rear  
Allentown, Lehigh County

**Motion Made:** Board Member Negra  
**Seconded:**

**Board Decision:** Hold by Board Member Negra for a Conditional Licensing Agreement.

- (7) **Jones & Bazuine, Inc.** Renewal – District 2  
**t/a Colonial Hotel & Restaurant**  
R-19998 (LID No. 54545) Case No. 16-9026  
106 North Front Street  
New Freedom, York County

**Motion Made:** Board Member Negra  
**Seconded:**

**Board Decision:** Hold by Board Member Negra for a Conditional Licensing Agreement.

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(8) **SA 814, Inc.** Conditional Licensing Agreement  
R-15011 (LID No. 68568) Case No. 2016-68568 Renewal – District 8  
86-88 Poplar Street  
Wilkes Barre, Luzerne County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve Renewal with Conditional Licensing Agreement.

(9) **York Best Food, LLC** Renewal – District 2  
**t/a Li’s Kitchen**  
E-2215 (LID No. 63459) Case No. 16-9025 **HOLD – 8/10/16 SESSION**  
287 West Market Street  
York, York County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

Chairman Holden asked if there was anyone present for the Applicant, but there was no response.

**Board Decision:** Unanimously agreed (3-0 vote) to Refuse Renewal.

*From the Bureau of Human Resources ..... Jason Lutcavage, Director of Administration  
Jennifer Haas, Director, Bureau of Human Resources*

Personnel Actions

- (1) Carson Blessing – Affirm Removal
- (2) Timothy Collier – Affirm Removal
- (3) Charles Franchini – Affirm Removal
- (4) Fredrick Gustafson – Removal
- (5) Ameer Hinton – Removal
- (6) Perry Isley – Affirm Removal
- (7) Louis Jackson – Affirm Removal
- (8) Jessie Madison – Five Day Suspension

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- (9) **Danni Malandro – Affirm Removal**
- (10) **Edward Ruskiewicz – Removal**
- (11) **Belitta Showell – Removal**
- (12) **Melissa Yobe – Affirm Removal**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve all Personnel Actions.

*From the Bureau of Accounting & Purchasing ..... Director of Finance  
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing*

- (1) **Product Specialist Staff Augmentation** – The purpose for adding a staff augmentation position is that it will help allow existing network employees and the manager to devote more time to projects and new initiatives such as redesigning and upgrading PLCB’s core networks, building an agency DMZ for Internet/Intranet web application access, deploying Copanet Wifi to POS stores, redesigning and rebuilding the agency and POS firewall rulesets, as well as troubleshooting complex connectivity, performance and routing issues.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$93,305.25 estimated cost.

- (2) **Database Administrator Staff Augmentation** – Provide database assistance to support the ERP and POS environments.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$90,759.15 estimated cost.

- (3) **System Administrator Staff Augmentation** – Provide database assistance to support the ERP, POS, warehouse environments and other Unix/Linux servers.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$59,678.10 estimated cost.

- (4) **Database Administrator Staff Augmentation** – Provide database assistance to support IBMS and POS environments.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$86,225.85 estimated cost.

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- (5) **Database Administrator Staff Augmentation** – Provide database assistance to support IBMS and POS environments.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$86,225.85 estimated cost.

- (6) **Product Specialist 3 Staff Augmentation** – Provide assistance with the Point-of-Sale (POS) production support. The support needed is specialized to the Oracle POS systems and a broad array of familiarity is needed to provide Level 2 support to stores.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$57,129.12 estimated cost.

- (7) **Senior Architect Staff Augmentation** – Provide assistance to the security team for security operations and vulnerability management of PLCB security tools, specifically Tenable Security Center and QRadar SEIM.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$93,802.05 estimated cost.

- (8) **Senior Business Subject Matter Expert 2 Staff Augmentation** – Provide an IBM Websphere Commerce support person to assist the PLCB with various changes to our eCommerce site. Existing work is implementing the one catalog, Tierny design style changes and Listrack integration to the site. Analysis, Design and Build work needs to begin on converting payment processing, via Payeezy, to Tokenization versus credit card on file for PCI compliance, adding shop by store and item inventory level functionality as well as future wine club enhancements, security patches, other functionality integration and work prioritized by marketing.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$109,720.35 estimated cost.

- (9) **Senior Business Subject Matter Expert 2 Staff Augmentation** – Provide an IBM Websphere Commerce support person to assist the PLCB with various changes to our eCommerce site. Existing work is implementing the one catalog, Tierny design style changes and Listrack integration to the site. Analysis, Design and Build work needs to begin on converting payment processing, via Payeezy, to Tokenization versus credit card on file for PCI compliance, adding shop by store and item inventory level functionality as well as future wine club enhancements, security patches, other functionality integration and work prioritized by marketing.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$109,720.35 estimated cost.

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

Chairman Holden asked if there were any questions regarding these proposed actions, but no questions were raised.

**Board Decision:** Unanimously agreed (3-0 vote) to Approve all Purchasing and Contracting Actions.

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*From the Office of Retail Operations..... Carl Jolly, Director of Retail Operations*

1. **#3907 – 333 South Cedar Crest Boulevard, Allentown  
Amendment**
2. **#4031 – 534 West Broad Street, Hazleton  
Amendment**
3. **#4803 – 1375 Blue Valley Drive, Pen Argyl  
Amendment**
4. **#5701 – 121 West Main Street, Dushore  
Amendment**
5. **#3520 – 1616 Nay Aug Avenue, Scranton  
Relocation in Same Center w/ Added Space**
6. **#46XX – 1831-35 East Ridge Pike, Upper Providence  
New Store (to replace #4645)**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

Chairman Holden asked if there were any questions regarding these proposed actions, but no questions were raised.

**Board Decision:** Unanimously agreed (3-0 vote) to Approve all Retail Operations Actions.

*From the Bureau of Product Selection .....Dale Horst, Director of Marketing & Merchandising  
 Joseph Puhalla, Director, Bureau of Product Selection*

**1. Regular Recommended Delist Retail Reductions January 2017**

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Philadelphia Distilling</u> XXX Shine Liber Tea Whiskey 80 Proof 750 ML	31378

EFFECTIVE DATES: The transference to closeout will become effective November 18, 2016

RECOMMENDED ACTION: We recommend the Board approve this action

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**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve all Bureau of Product Selection / Marketing Actions.



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**FINANCIAL REPORT** ..... *Michael J. Burns, Comptroller Operations, Office of Budget*

**Commonwealth of Pennsylvania  
Pennsylvania Liquor Control Board  
State Stores Fund  
Comparative Statement of Net Position  
(Unaudited)**

	<u>October 31, 2016</u>	<u>October 31, 2015</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 38,155,446	\$ 40,388,717
Investments - short term	293,131,510	245,549,397
Accounts and claims receivable, net	1,008,713	1,339,565
Due from other funds - Note 8	-	5,744
Merchandise inventories, net	291,036,454	270,918,732
Operating supplies	496,981	397,124
Prepaid expenses	<u>2,835,493</u>	<u>2,364,280</u>
Total current assets	<u>626,664,597</u>	<u>560,963,559</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	19,557,620	19,557,620
Leasehold improvements	864,825	757,962
Machinery and equipment	52,621,056	46,344,465
Intangibles - internally generated software	<u>22,586,130</u>	<u>26,186,873</u>
Less: accumulated depreciation	<u>55,408,102</u>	<u>55,694,432</u>
Net depreciable capital assets	<u>40,221,529</u>	<u>37,152,488</u>
Total non-current capital assets	<u>40,544,502</u>	<u>37,475,461</u>
Total assets	<u>\$ 667,209,099</u>	<u>\$ 598,439,020</u>
Total deferred outflows of resources - Note 4	\$ 98,111,449	\$ 38,638,538
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Trade accounts payable	\$ 301,186,059	\$ 279,598,006
Other accounts payable	14,559,616	12,165,204
Accrued expenses	22,985,599	21,312,755
Self-insurance, workers' compensation - Note 6	9,771,965	9,816,604
Due to other funds - Note 8	8,989,751	4,799,262
Due to fiduciary funds - Note 8	2,793,388	2,141,179
Due to other governments - Note 8	856,165	747,388
Total current liabilities	<u>361,142,543</u>	<u>330,580,398</u>
Non-current liabilities:		
OPEB - Note 5	95,778,113	81,052,554
Self-insurance, workers' compensation - Note 6	39,287,287	42,109,251
Net pension liability - Note 4	462,455,699	374,285,050
Compensated absences - Note 1	19,506,861	20,092,247
Total non-current liabilities	<u>617,027,960</u>	<u>517,539,102</u>
Total liabilities	<u>\$ 978,170,503</u>	<u>\$ 848,119,500</u>
Total deferred inflows of resources - Note 4	\$ 6,396,121	\$ 3,802,223
<b><u>NET POSITION</u></b>		
Net investment in capital assets	\$ 40,544,502	\$ 37,475,461
Deficit	<u>(259,790,578)</u>	<u>(252,319,626)</u>
Total net position	<u>\$ (219,246,076)</u>	<u>\$ (214,844,165)</u>

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**Commonwealth of Pennsylvania**  
**Pennsylvania Liquor Control Board**  
**State Stores Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Net Position**  
**For The Month Ending October 31, 2016 and October 31, 2015**  
**(Unaudited)**

	<u>October 2016-17</u>	<u>October 2015-16</u>
Sales net of taxes	\$ 164,376,704	\$ 166,645,602
Cost of goods sold	<u>(114,921,534)</u>	<u>(115,074,605)</u>
Gross profit from sales	49,455,170	51,570,997
Operating (expenses):		
Retail operations	(34,303,807)	(33,821,108)
Marketing & merchandising	(1,657,873)	(1,612,809)
Supply chain	(762,108)	(598,218)
Wholesale operations	(246,401)	-
Information technology services	(3,113,114)	(2,607,448)
Regulatory affairs	(1,870,825)	(1,662,484)
Administration	(1,291,810)	(1,096,071)
Finance	(313,125)	(448,727)
Board & secretary	(474,866)	(491,262)
Legal	(181,805)	(288,489)
Commonwealth provided services - Note 2	<u>(1,170,633)</u>	<u>(1,513,200)</u>
Total	<u>(45,386,367)</u>	<u>(44,139,816)</u>
Operating profit	4,068,803	7,431,181
Other operating revenues (expenses):		
Enforcement fines	87,567	223,544
License fees	1,947,575	1,134,629
Miscellaneous	253,523	272,004
Administrative law judge	<u>(222,213)</u>	<u>(213,393)</u>
Total	<u>2,066,452</u>	<u>1,416,784</u>
Total operating income	6,135,255	8,847,965
Non-operating revenues (expenses):		
Interest income	173,498	43,523
Other	<u>-</u>	<u>(6,981)</u>
Total	<u>173,498</u>	<u>36,542</u>
Income before operating transfers	6,308,753	8,884,507
Operating transfers out:		
PSP enforcement - Note 3	(1,963,126)	(2,172,087)
Income after enforcement/before other transfers	<u>4,345,627</u>	<u>6,712,420</u>
Other operating transfers out:		
General fund appropriations - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	4,345,627	6,712,420
Total net position - beginning	<u>(223,591,703)</u>	<u>(221,556,585)</u>
Total net position - ending	<u>\$ (219,246,076)</u>	<u>\$ (214,844,165)</u>
Liquor tax	26,906,112	29,559,930
State Sales Tax	10,705,361	11,499,650
Local Tax	698,350	746,090
Taxes remitted to Dept.of Revenue PTD	<u>\$ 38,309,823</u>	<u>\$ 41,805,670</u>

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**Commonwealth of Pennsylvania**  
**Pennsylvania Liquor Control Board**  
**State Stores Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Net Position**  
**For The Four Months Ending October 31, 2016 and October 31, 2015**  
**(Unaudited)**

	<u>2016-17</u>	<u>2015-16</u>
Sales net of taxes	\$ 634,463,500	\$ 615,083,365
Cost of goods sold	<u>(440,567,407)</u>	<u>(423,356,735)</u>
Gross profit from sales	193,896,093	191,726,630
Operating (expenses):		
Retail operations	(132,521,890)	(124,150,543)
Marketing & merchandising	(5,048,916)	(5,010,261)
Supply chain	(3,230,534)	(2,386,199)
Wholesale operations	(396,400)	-
Information technology services	(11,517,430)	(10,856,909)
Regulatory affairs	(7,596,297)	(6,767,771)
Administration	(4,760,786)	(4,400,659)
Finance	(1,249,412)	(1,855,513)
Board & secretary	(2,105,178)	(1,973,092)
Legal	(912,562)	(1,221,230)
Commonwealth provided services - Note 2	<u>(4,483,519)</u>	<u>(5,743,015)</u>
Total	<u>(173,822,924)</u>	<u>(164,365,192)</u>
Operating profit	20,073,169	27,361,438
Other operating revenues (expenses):		
Enforcement fines	419,006	688,130
License fees	7,382,886	4,156,657
Miscellaneous income	471,093	852,028
Administrative law judge	<u>(882,705)</u>	<u>(858,005)</u>
Total	<u>7,390,280</u>	<u>4,838,810</u>
Total operating income	27,463,449	32,200,248
Non-operating revenues (expenses):		
Interest income	624,667	165,029
Other	<u>(40,264)</u>	<u>(6,981)</u>
Total	<u>584,403</u>	<u>158,048</u>
Income before operating transfers	28,047,852	32,358,296
Operating transfers out:		
PSP enforcement - Note 3	(9,115,564)	(8,495,207)
Income after enforcement/before other transfers	<u>18,932,288</u>	<u>23,863,089</u>
Other operating transfers out:		
General fund appropriations - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	18,932,288	23,863,089
Total net position - beginning	<u>(238,178,364)</u>	<u>(238,707,254)</u>
Total net position - ending	<u>\$ (219,246,076)</u>	<u>\$ (214,844,165)</u>
Liquor tax	111,346,971	110,304,745
State Sales Tax	43,589,679	42,925,916
Local Tax	2,779,659	2,750,776
Taxes remitted to Dept.of Revenue YTD	<u>\$ 157,716,309</u>	<u>\$ 155,981,437</u>

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**OTHER ISSUES**

*Announcement for Ratification of a Board Action.....Chairman Holden*

The following Board Action approved on November 16, 2016 was decided by Notational Voting after the adjournment of the Board’s last public meeting.

The Zapfix Software Support for Linux is a software renewal that automates testing of the entire retail system which saves PLCB resources and time. This renewal would have expired before the next scheduled Board Meeting.

Chairman Holden, Member Negra and Member Newsome unanimously agreed (3-0 vote) to approve this procurement action request via DGS Statewide Contract for a term of one year in the estimated amount of \$240,602.90 to Dell Marketing.

*Recognition of Employees .....Chairman Holden*

Chairman Holden announced that there were numerous employees in attendance at the meeting whom he wished to recognize. Chairman Holden first recognized the PLCB’s three Regional Managers, who are responsible for supervising the PLCB Fine Wine & Good Spirits Stores operating within their respective regions: Jeffrey (“Jeff”) Stepp, Regional Manager for Region 1; Jerome (“Jerry”) Yeager, Regional Manager for Region 2; and Maurice (“Mo”) Thomas, Regional Manager for Region 3. Chairman Holden also recognized Barbara (“Bobbi”) Peifer, who was recently appointed as the PLCB’s new Director of Licensing. Finally, Chairman Holden recognized the PLCB’s new Licensing Analysts, who were in attendance as part of their training. Chairman Holden thanked all of these individuals for being in attendance and for their hard work and commitment to serving the PLCB.

**CITIZEN COMMENT/BUSINESS FROM THE FLOOR**

None.

**NEXT BOARD MEETING**

**The next meeting of the PLCB will be a formal meeting on Wednesday, December 21, 2016 beginning at 11:00 A.M. Prior to the public meeting, there will be an Executive Session to discuss matters of personnel and to engage in non-deliberative informational discussions, some of which are regarding actions and matters which have been approved at previous public meetings.**

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**ADJOURNMENT**

On a motion by Board Member Negra, seconded by Board Member Newsome, the meeting was adjourned.

The foregoing actions are hereby officially approved.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

ATTEST:

\_\_\_\_\_  
Secretary