

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, NOVEMBER 16, 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](#)

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 October 26, 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*

(1) **South Point, LLC**
t/a District Bar & Lounge
1014 North Third Street
Harrisburg, Pennsylvania 17102
Restaurant Liquor License No. R-4876
LID 57918
Citation No. 11-1824

Appeal of Adjudication and Order of
Administrative Law Judge

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

Michelle Fox, Executive Deputy Chief Counsel, was asked to explain the facts and circumstances surrounding this matter.

Ms. Fox began by noting that this matter involves a *nunc pro tunc* appeal, and then proceeded to explain the matter as follows. In 2011, the Pennsylvania State Police, Bureau of Liquor Control Enforcement issued a citation charging Licensee with violations of the Clean Indoor Air Act. An evidentiary hearing was held before an administrative law judge (“ALJ”) in May of 2012. In July of 2012, the ALJ issued an adjudication and order sustaining the charge and imposing a fine of \$200.00. Licensee initially failed to pay the fine within the required time period. In October of 2012, the ALJ issued a supplemental order suspending Licensee’s license for one day and continuing thereafter until the fine was paid. The ALJ recognized that the license was in safekeeping and deferred the suspension pending reactivation of the license. Licensee ultimately paid the fine in December of 2012.

More than three years subsequently lapsed with nothing happening. In March of 2016, the license was transferred to a new location. In June of 2016, the license was removed from safekeeping to be used at the new location. Upon becoming aware that the license was removed from safekeeping, a different ALJ issued another order setting the date for the one-day suspension to be served. Thereafter, Licensee filed an untimely appeal of that order, challenging the date that was chosen for the suspension. However, Licensee failed to present sufficient reasons to justify why the appeal was untimely filed. As a result, the Office of Chief Counsel recommended that the ALJ’s order be affirmed and that the matter be remanded to set a new suspension date since the suspension date that was previously set had already passed.

Board Member Negra questioned whether it would have been possible for Licensee to seek to have the suspension converted to a fine when the license was transferred.

Rod Diaz, Chief Counsel, responded by indicating that while the option of having a suspension converted to a fine is available for transfers involving a change in ownership, it is not available for transfers that only involve a change in location such as the one in this case.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Affirm ALJ and Remand for Imposition of New Suspension Date.

(2) **Uncle Toad’s Tavern, Inc.**
t/a Drinks
346-348 Center Avenue
West View, Pennsylvania 15229-1959
Restaurant Liquor License No. R-16385
LID 29724

Request to Rescind Conditional
Licensing Agreement.

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

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Refuse Request to Rescind Conditional Licensing Agreement.

Following the vote on this matter, Board Member Negra noted his understanding that Licensee would have the opportunity to come back in two years and ask again to have the Conditional Licensing Agreement rescinded.

Rod Diaz, Chief Counsel, confirmed that Board Member Negra's understanding was correct.

(3) **Transferor: R. J. H., Inc.**
2301 Frankford Avenue
Philadelphia, Pennsylvania 19125-2009
Restaurant Liquor License No. R-9114
LID 13602

Application for Conversion of
Suspension to Fine

Transferee: PJP Marketplace #5, LLC
8920 Frankford Avenue
Philadelphia, Pennsylvania 19136-0000
Restaurant Liquor License No. R-9114
LID 81459

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Conversion of Suspension to a Fine of \$3,000.00.

(4) **334 Kayla, Inc.**
334-36-38-40 East Lincoln Highway
Coatesville, Pennsylvania 19320-3410
Restaurant Liquor License No. R-11807
LID 62120

Request to Rescind Conditional
Licensing Agreement.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Rescind Conditional Licensing Agreement.

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- (5) **Nick’s Lake House, Ltd.** Request to Rescind Conditional Licensing Agreement.
 110 South Lake Drive
 P.O. Box 273
 Lake Harmony, Pennsylvania 18624-0273
 Hotel Liquor License No. H-5779
 LID 42748

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Terminate Conditional Licensing Agreement.

- (6) **Delegation of Authority to Director, Office of Regulatory Affairs To Approve Applications** Delegation of Board Authority

Board Member Negra asked Rod Diaz, Chief Counsel, to explain the proposed delegation.

Mr. Diaz explained that a number of years ago the Board had delegated authority to the Director of Regulatory Affairs to approve certain licensing applications. He further explained that the proposed delegation will make several updates to the prior delegation, including giving the Director of Regulatory Affairs, and/or her assignees, the authority to approve most licensing applications submitted by grocery stores and convenience stores. Mr. Diaz indicated that this change will basically allow applications submitted by grocery stores and convenience stores to be treated the same as applications submitted by other retail licensees in terms of the review and approval process.

Chairman Holden commented that this delegation will likely result in the need for less hearings and allow future Board meetings to move along more quickly.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Delegation of Authority to the Director of Regulatory Affairs and/or Her Assignees as presented.

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

- (1) **Acme Markets, Inc.** “Intermunicipal” Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Restaurant
 R-10352 (LID No. 81742)
 400 Simpson Drive
 Upper Uwchlan Township
 Chester Springs, Chester County

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

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Requests for Interior Connections with Another Business and to Conduct Another Business on the Licensed Premises.

- (2) **Bottleneck K.O.P., LLC** "Intra-County" Double
t/a City Works Transfer – Restaurant
R-585 (LID No. 73397) Case No. 16-9094
King of Prussia Town Center
220 Main Street
Upper Merion Township
King of Prussia, Montgomery County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

- (3) **Earles Inn, Inc.** Appointment of Manager –
t/a Earles Inn Restaurant
R-16864 (LID No. 33752) Case No. 16-9091
2806 York Road
Straban Township
Gettysburg, Adams County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Refuse Application for Appointment of Manager.

Following the vote on this matter, Board Member Negra noted his understanding that the individual in question would still be eligible to work at the licensed establishment, just not as the Board-approved manager. Tisha Albert, Director of Regulatory Affairs, confirmed that Board Member Negra's understanding was correct.

- (4) **Giant Eagle, Inc.** "Intermunicipal" Double
R-7354 (LID No. 83147) Transfer & Requests for Interior
4900 Steubenville Pike Connections with Another
Kennedy Township Business & to Conduct Another
Pittsburgh, Allegheny County Business on the Licensed
Premises – Restaurant

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

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Requests for Interior Connections with Another Business and to Conduct Another Business on the Licensed Premises.

- (5) **Giant Eagle, Inc.** Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Restaurant
R-19989 (LID No. 82503)
7675 McKnight Road
Ross Township
Pittsburgh, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Requests for Interior Connections with Another Business and to Conduct Another Business on the Licensed Premises.

- (6) **Giant Food Stores, LLC** “Intermunicipal” Double Transfer & Requests for Interior Connections with Another Business, to Conduct Another Business on the Licensed Premises & Dual Employment – Restaurant
R-20049 (LID No. 81717)
1278 South Market Street
West Donegal Township
Elizabethtown, Lancaster County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Requests for Interior Connections with Another Business, to Conduct Another Business on the Licensed Premises and Dual Employment.

- (7) **High Hotels LTD/Patchway Holdings 207 LLC Joint Venture** Request to Sell Other Items on the Licensed Premises – Hotel
H-6493 (LID No. 71985)
4915 & 4925 Ritter Road
Mechanicsburg, Cumberland County

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

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Sell Other Items on the Licensed Premises.

- (8) **Maa Durga Beverages, LLC** “Intermunicipal” Double
R-18574 (LID No. 80974) Transfer & Request for Interior
160 Main Street Connections with Another
Slatington, Lehigh County Business – Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Request for Interior Connections with Another Business.

- (9) **PJP Marketplace #5, LLC** Double Transfer & Request for
R-9114 (LID No. 81459) Interior Connections with
8920 Frankford Avenue Another Business – Restaurant
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Request for Interior Connections with Another Business Subject to the Approval of the Fine Conversion.

Board Member Negra noted that the Fine Conversion had already been approved earlier in the meeting.

- (10) **Rooney’s Pub at Datesman Station, LLC** “Intermunicipal” Double
t/a Rooney’s Pub at Datesman Station, LLC Transfer – Restaurant
R-20095 (LID No. 73360)
8911 River Road
White Deer Township
New Columbia, Union County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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

- (11) **Spangler’s Beverage, LLC**
t/a Rossville Beer Distributors
D-2758 (LID No. 71790)
P. O. Box 7
Warrington Township
Rossville, York County
- Request to Sell Other Items on the
Licensed Premises – Distributor
- HOLD – 6/29/16 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Sell Local Produce on the Licensed Premises.

- (12) **Weis Markets, Inc.**
R-18991 (LID No. 80612)
431 Dublin Pike
Bedminster Township
Perkasie, Bucks County
- “Intermunicipal” Double
Transfer & Requests for Interior
Connections with Another
Business & to Conduct Another
Business on the Licensed
Premises – Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer and Requests for Interior Connections with Another Business and to Conduct Another Business on the Licensed Premises.

- (13) **2335, Inc.**
t/a Degen’s Restaurant
R-172 (LID No. 9252) Case No. 16-9028
743 East Market Street
York, York County
- Conditional Licensing Agreement
Renewal – District 2
- HOLD – 8/31/16 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

- (14) **7049 JOA, Inc.**
R-18498 (LID No. 41926) Case No. 15-9189
7049-51 Terminal Square
Upper Darby Township
Upper Darby, Delaware County
- Conditional Licensing Agreement
Renewal – District 11

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

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

(15) **B Real Ent., Inc.** Renewal – District 6
t/a Fat Eddies
R-9679 (LID No. 58751) Case No. 2016-58751
1219 Merchant Street
Ambridge, Beaver County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

(16) **Niel Enterprises, LLC** Renewal – District 2
R-509 (LID No. 66833) Case No. 16-9041
1701 Derry Street
Harrisburg, Dauphin County **HOLD – 9/14/16 SESSION**

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.

(17) **Orion Restaurant Group, Inc.** Renewal – District 4
H-6134 (LID No. 64012) Case No. 2016-64012
62 Broadway
Bangor, Northampton County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

(18) **Orion Restaurant Group III, Inc.** Renewal – District 4
t/a Tally Ho Tavern
R-8825 (LID No. 68341) Case No. 2016-68341
205 West 4th Street
Bethlehem, Northampton County

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

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for an Amended Conditional Licensing Agreement.

(19) **Rosheema L. Thomas**
R-16347 (LID No. 64434) Case No. 16-9029
1412 Swatara Street
Harrisburg, Dauphin County

Renewal – District 2

**HOLD – 10/5/16 & 10/26/16
SESSIONS**

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) **Demetrius Bullock – Affirm Removal**
- (2) **Sean Flanagan – Removal**
- (3) **Noel Hancock – Removal**
- (4) **Wyndaya Harris – Affirm Removal**
- (5) **Nicholas Held – Affirm Removal**
- (6) **Kennesha Kirkland – Affirm Removal**
- (7) **Charles Mannings – Affirm Removal**
- (8) **Kadijah Niblack – Removal**
- (9) **Darinel Pinzon – Removal**
- (10) **Alfred Tennant – Affirm Removal**
- (11) **April Turner – Affirm Removal**

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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) **Furniture for Store #4648** – New center table and wall units for Fine Wine & Good Spirits Store #4648 in Collegeville.

Procured via DGS Statewide Contract #4400013989 – VENDOR: TC Millwork – \$91,729.07 estimated cost.

- (2) **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.

- (3) **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.

- (4) **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.

- (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) **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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- (7) **Furniture for Store #2341** – New center table and wall units for Fine Wine & Good Spirits Store #2341 in Newton Square.

Procured via DGS Statewide Contract #4400013989 – VENDOR: TC Millwork – \$93,233.69 estimated cost.

- (8) **Mystery Shopping Services** – Provide mystery shopping services to assess the current level of customer service in Fine Wine and Good Spirit stores and measure the effectiveness of the customer service training program through an ongoing mystery shopper evaluation process.

Procured via PO 63014731 Option Year – VENDOR: Business Index Group DBA National Shopping Service – TERM: One (1) year – \$138,006.00 estimated cost.

- (9) **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.

- (10) **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.

- (11) **Zapfix Software Support for Linux** – Provide support for Zapfix software that automates testing of the entire retail system which will save PLCB resources and time.

Procured via DGS Statewide Contract #4400007199 – VENDOR: Dell Marketing – TERM: One (1) year – \$240,602.90 estimated cost.

- (12) **Point-of-Sale Registers** – Provide thirty-five (35) IBM 4800-784 Point-of-Sale (POS) registers with accessories that will be used for upcoming new Fine Wine & Good Spirits stores as well as additional registers for stores during the holiday season.

Procured via Invitation for Bid #260318 – VENDOR: Connie Driscoll Associates – \$112,805.00 estimated cost. Three (3) bids were received: Pomeroy IT Solutions Sales – \$182,726.45; NewBold Corporation – \$123,208.75.

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Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Purchasing and Contracting Actions Nos. 1, 7, 8, and 12. Purchasing and Contracting Actions Nos. 2, 3, 4, 5, 6, 9, 10, and 11 were held for further review by Board Member Negra. Board Member Negra noted his understanding that the actions being held involve staff augmentations for various technology-based systems or applications, and he indicated that he would like the opportunity to obtain and review more information about the continuing need for the requested staffing, the associated costs, and long-term planning relative to the same.

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

1. **#0215 – 1601 Liberty Avenue, Pittsburgh Amendment**
2. **#1302 – 1215 North Street, Jim Thorpe Amendment**
3. **#1513 – 552 Lancaster Avenue, Berwyn Amendment**
4. **#2107 – 3760 Market Street, Camp Hill Amendment**
5. **#4614 – 119 West City Avenue, Bala Cynwyd Replacement Lease**
6. **#02XX – 1020 Village Center Drive, Tarentum New Store**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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

1. Regular New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Chef Sous LLC</u> Keep it Simple Syrup 375 ML	12

2. Regular PA New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Boardroom Spirits LLC</u> Boardroom Vodka 750 ML	8
<u>Manatawny Still Works</u> Manatawny Still Works Keystone Whiskey 750 ML	8

RECOMMENDED ACTION: We recommend the Board approve this action

New Items – Recommended Listings

Reason Codes

1. Strong marketing support
2. High brand recognition
3. Line/Size extension of successful brand
4. Trade up opportunity
5. Growing category
6. Growing segment
7. National rollout
8. Niche item / Limited distribution
9. High dollar profit potential
10. Trade out
11. High quality for the value
12. Innovative product/flavor
13. High sales through other PLCB channels (Luxury, Online, SLO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests

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3. Regular Recommended Delist Retail Reductions January 2017

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Capital Wine and Spirits</u> XO G Pinot Noir 4 187 ML	8867
<u>D'Andrea W L Imports</u> Pacific Coast Cider Hard Apple Cider 651 ML	8896
<u>High Falls Operating Co LLC</u> Seagram's Escapes Fruit Punch Wine Cooler 4 331 ML Seagram's Escapes Grape Fizz Wine Cooler 4 331 ML	9432 9433
<u>Johnson Estate Winery</u> Johnson Estate Liebestropfchen 1.5 L	8699
<u>Luxco Inc</u> Kentucky Pete's Cask Apple Cider 4 355 ML Kentucky Pete's Just Apple Cider 4 355 ML	8394 8397
<u>Majestic W S USA Inc</u> Le Brun Cidre Organic 750 ML	9906
<u>Presque Isle Wine Cellars</u> Presque Isle Wine Cellars Blushing Heron 1.5 L	1467

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

RECOMMENDED ACTION: We recommend the Board approve this action

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>September 30, 2016</u>	<u>September 30, 2015</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 28,900,423	\$ 24,272,984
Investments - short term	298,276,258	242,710,654
Accounts and claims receivable, net	1,026,890	1,245,447
Due from other funds - Note 8	3,263	5,744
Merchandise inventories, net	266,446,289	242,866,556
Operating supplies	538,173	245,551
Prepaid expenses	<u>3,265,321</u>	<u>2,714,765</u>
Total current assets	<u>598,456,617</u>	<u>514,061,701</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	19,631,994	19,557,620
Leasehold improvements	864,825	757,962
Machinery and equipment	52,098,802	44,819,955
Intangibles - internally generated software	<u>22,507,704</u>	<u>31,250,487</u>
Less: accumulated depreciation	<u>54,645,931</u>	<u>59,985,130</u>
Net depreciable capital assets	<u>40,457,394</u>	<u>36,400,894</u>
Total non-current capital assets	<u>40,780,367</u>	<u>36,723,867</u>
Total assets	<u>\$ 639,236,984</u>	<u>\$ 550,785,568</u>
Total deferred outflows of resources - Note 4	\$ 96,881,449	\$ 36,738,538
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 291,541,806	\$ 252,311,016
Other accounts payable	11,725,766	7,694,157
Accrued expenses	20,090,395	16,669,454
Self-insurance, workers' compensation - Note 6	9,271,965	9,316,604
Due to other funds - Note 8	5,508,668	3,855,106
Due to fiduciary funds - Note 8	2,346,141	1,559,705
Due to other governments - Note 8	711,314	533,324
Total current liabilities	<u>341,196,055</u>	<u>291,939,366</u>
Non-current liabilities:		
OPEB - Note 5	94,378,113	79,952,554
Self-insurance, workers' compensation - Note 6	39,287,287	42,109,251
Net pension liability - Note 4	459,135,699	371,385,050
Compensated absences - Note 1	19,506,861	20,092,247
Total non-current liabilities	<u>612,307,960</u>	<u>513,539,102</u>
Total liabilities	<u>\$ 953,504,015</u>	<u>\$ 805,478,468</u>
Total deferred inflows of resources - Note 4	\$ 6,206,121	\$ 3,602,223
<u>NET POSITION</u>		
Net investment in capital assets	\$ 40,780,367	\$ 36,723,867
Deficit	<u>(264,372,070)</u>	<u>(258,280,452)</u>
Total net position	<u>\$ (223,591,703)</u>	<u>\$ (221,556,585)</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 September 30, 2016 and September 30, 2015
(Unaudited)

	<u>September 2016-17</u>	<u>September 2015-16</u>
Sales net of taxes	\$ 158,023,658	\$ 145,236,574
Cost of goods sold	<u>(108,912,695)</u>	<u>(97,964,791)</u>
Gross profit from sales	49,110,963	47,271,783
Operating (expenses):		
Retail operations	(32,563,838)	(28,609,769)
Marketing & merchandising	(1,584,566)	(1,100,898)
Supply chain	(1,061,427)	(686,723)
Wholesale operations	(50,000)	-
Information technology services	(2,795,285)	(3,149,148)
Regulatory affairs	(1,832,274)	(1,629,621)
Administration	(1,183,297)	(1,136,158)
Finance	(313,783)	(474,454)
Board & secretary	(561,805)	(453,625)
Legal	(272,749)	(272,812)
Commonwealth provided services	<u>(1,249,459)</u>	<u>(1,411,792)</u>
Total	<u>(43,468,483)</u>	<u>(38,925,000)</u>
Operating profit	5,642,480	8,346,783
Other operating revenues (expenses):		
Enforcement fines	100,327	157,322
License fees	1,968,758	993,814
Miscellaneous	(76,210)	177,171
Administrative law judge	<u>(217,291)</u>	<u>(218,785)</u>
Total	<u>1,775,584</u>	<u>1,109,522</u>
Total operating income	7,418,064	9,456,305
Non-operating revenues (expenses):		
Interest income	155,948	39,951
Other	<u>(11,687)</u>	<u>393</u>
Total	<u>144,261</u>	<u>40,344</u>
Income before operating transfers	7,562,325	9,496,649
Operating transfers out:		
PSP enforcement - Note 3	(2,159,070)	(1,741,526)
Income after enforcement/before other transfers	<u>5,403,255</u>	<u>7,755,123</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	5,403,255	7,755,123
Total net position - beginning	<u>(228,994,958)</u>	<u>(229,311,708)</u>
Total net position - ending	<u>\$ (223,591,703)</u>	<u>\$ (221,556,585)</u>
Liquor tax	28,246,951	25,944,950
State Sales Tax	10,985,006	10,092,732
Local Tax	707,863	657,707
Taxes remitted to Dept.of Revenue PTD	<u>\$ 39,939,820</u>	<u>\$ 36,695,388</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 Three Months Ending September 30, 2016 and September 30, 2015
(Unaudited)**

	<u>2016-17</u>	<u>2015-16</u>
Sales net of taxes	\$ 470,086,796	\$ 448,437,763
Cost of goods sold	<u>(325,645,873)</u>	<u>(308,282,130)</u>
Gross profit from sales	144,440,923	140,155,633
Operating (expenses):		
Retail operations	(98,218,083)	(90,329,435)
Marketing & merchandising	(3,391,043)	(3,397,452)
Supply chain	(2,468,425)	(1,787,980)
Wholesale operations	(150,000)	-
Information technology services	(8,404,316)	(8,249,462)
Regulatory affairs	(5,725,471)	(5,105,287)
Administration	(3,468,976)	(3,304,587)
Finance	(936,286)	(1,406,786)
Board & secretary	(1,630,312)	(1,481,830)
Legal	(730,758)	(932,742)
Commonwealth provided services	<u>(3,312,887)</u>	<u>(4,229,815)</u>
Total	<u>(128,436,557)</u>	<u>(120,225,376)</u>
Operating profit	16,004,366	19,930,257
Other operating revenues (expenses):		
Enforcement fines	331,439	464,586
License fees	5,435,311	3,022,028
Miscellaneous income	217,571	580,024
Administrative law judge	<u>(660,492)</u>	<u>(644,612)</u>
Total	<u>5,323,829</u>	<u>3,422,026</u>
Total operating income	21,328,195	23,352,283
Non-operating revenues (expenses):		
Interest income	451,168	121,506
Other	<u>(40,264)</u>	<u>-</u>
Total	<u>410,904</u>	<u>121,506</u>
Income before operating transfers	21,739,099	23,473,789
Operating transfers out:		
PSP enforcement - Note 3	(7,152,438)	(6,323,120)
Income after enforcement/before other transfers	<u>14,586,661</u>	<u>17,150,669</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	14,586,661	17,150,669
Total net position - beginning	<u>(238,178,364)</u>	<u>(238,707,254)</u>
Total net position - ending	<u>\$ (223,591,703)</u>	<u>\$ (221,556,585)</u>
Liquor tax	84,440,859	80,744,816
State Sales Tax	32,884,318	31,426,266
Local Tax	2,081,309	2,004,686
Taxes remitted to Dept.of Revenue YTD	<u>\$ 119,406,486</u>	<u>\$ 114,175,768</u>

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OTHER ISSUES

Recognition of New Executive Team MembersChairman Holden

Chairman Holden announced that the PLCB has three new additions to its Executive Team—Charlie Mooney, Executive Director; Tisha Albert, Director of Regulatory Affairs; and Doug Hitz, Director of Wholesale Operations. Chairman Holden noted that these individuals have a considerable number of years of service with the PLCB: Mr. Mooney—35 years; Ms. Albert—26 years; and Mr. Hitz—10 years. Chairman Holden expressed his well wishes to all of these individuals and indicated that he and the other Board members are looking forward to working with them in their new roles.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, December 7, 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.

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

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ATTEST:

Secretary