

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, OCTOBER 26, 2016
NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA

Tim Holden, Chairman
Mike Negra, Board Member
Michael Newsome, Board Member
John Metzger, Executive Director
Charlie Mooney, Chief Operating Officer
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 5, 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) **CITY OF ERIE** Municipal Petition for Exemption
Case No. 16-NE-20 from the Statute Regarding
Amplified Sound

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 Noise Exemption for a Period Extending from October 26, 2016 to October 26, 2021.

- (2) **HARRIS TOWNSHIP** Municipal Petition for Exemption
Case No. 16-NE-19 from the Statute Regarding
Amplified Sound

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Noise Exemption for a Period Extending from October 26, 2016 to October 26, 2021.

- (3) **Transferor: Club 700, Inc.** Application for Conversion of
499 East Uwchlan Avenue Suspension to Fine
Chester Springs, Pennsylvania 19425-000
Restaurant Liquor License No. R-10106
LID 38569

Transferee: 560 Wellington Square Associates, LLC
Eagleview Town Center
560 Wellington Square
Exton, Pennsylvania 19341-0000
Restaurant Liquor License No. R-10106
LID 81364

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 \$1,000.00.

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

(1) **19 Carson, LLC** Appointment of Manager –
R-358 (LID No. 68732) Case No. 16-9084 Restaurant
1831 East Carson Street
Pittsburgh, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

(2) **Acorn Markets, Inc.** Place-to-Place Transfer &
R-3883 (LID No. 66553) Requests for Interior Connections
109 North Oswayo Street, P. O. Box 681 with Other Businesses and to
Shinglehouse, Potter County 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 Other Businesses and to Conduct Another Business on the Licensed Premises.

(3) **Angelucci's Pizza, Inc.** New – Economic Development
t/a Anthony's Pizza & Grill Restaurant
EDR-44 (LID No. 73031) Case No. 16-9081
78 West Lancaster Avenue
Downingtown, Chester County **HOLD – 10/5/16 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve New Economic Development Restaurant Liquor License.

(4) **BCS691921, LLC** “Intermunicipal” Double
R-16371 (LID No. 81953) Transfer & Request for Interior
100 Grand Street Connections with Another
Hamburg, Berks County Business – 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 Request for Interior Connections with Another Business.

- (5) **Backyard BBQ N Grill, LLC** Person-to-Person Transfer –
R-917 (LID No. 72858) Case No. 16-9078 Restaurant
1695 State Route 940, P. O. Box 82
Hazle Township
Ebervale, Luzerne County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer Subject to Receipt of Applications and Fees, Including \$10,000 in Safekeeping Fees, Extending the Safekeeping Period Within Thirty (30) Days.

- (6) **Brown's CH, LLC** "Intermunicipal" Double
t/a Shoprite Transfer & Request for Interior
E-5010 (LID No. 82732) Connections with Another
25 East Germantown Pike Business – Eating Place
East Norriton Township Malt Beverage
East Norriton, Montgomery 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.

- (7) **Falcone Foods, LLC** Request to Conduct Another
R-4187 (LID No. 62083) Business on the Licensed
2016 West State Street Premises – Restaurant
Union Township
New Castle, Lawrence County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Conduct Another Business on the Licensed Premises.

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- (8) **Giant Eagle, Inc.** Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Restaurant
R-443 (LID No. 81642)
3247 East Carson Street
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.

- (9) **Giant Eagle, Inc.** “Intermunicipal” Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Restaurant
R-2882 (LID No. 82743)
800 Allegheny River Boulevard
Verona, 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.

- (10) **Giant Eagle, Inc.** Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Restaurant
R-3411 (LID No. 81609)
1081 Freeport Road
O’Hara 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.

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- (11) **Giant Eagle, Inc.**
t/a Bridgeville GetGo #3641
R-6215 (LID No. 82410)
3029 Washington Pike
South Fayette Township
Bridgeville, Allegheny County
- 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.

- (12) **Giant Eagle, Inc.**
R-19519 (LID No. 82693)
6400 Peach Street
Summit Township
Erie, Erie 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) **Giant Food Stores, LLC**
E-1228 (LID No. 81772)
255 Cumberland Parkway
Upper Allen Township
Mechanicsburg, Cumberland County
- “Intermunicipal” Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises – Eating Place Malt Beverage

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.

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- (14) **Giant Food Stores, LLC**
R-15734 (LID No. 81833)
4320 5th Street Highway
Muhlenberg Township
Temple, Berks 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.

- (15) **Giant Food Stores, LLC**
R-16377 (LID No. 81831)
301 Town Center Boulevard
Forks Township
Easton, Northampton 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.

- (16) **Giant Food Stores, LLC**
R-18437 (LID No. 82442)
721 West Sproul Road
Springfield Township
Springfield, Delaware County
- 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.

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- (17) **Jiya LTD, LLC** “Intermunicipal” Double
t/a Huntington Mills Beer & Deli Transfer & Request for Interior
R-19899 (LID No. 81987) Connections with Another
10 Waterton Road Business – Restaurant
Huntington Township
Shickshinny, Luzerne 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.

- (18) **Lee’s Hoagie House of Horsham, LLC** Conditional Licensing Agreement
E-4990 (LID No. 65831) Case No. 16-9070 Renewal – Eating Place
870-872 Easton Road Malt Beverage
Horsham Township
Horsham, Montgomery County **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.

- (19) **Lee’s Hoagie House of Horsham, LLC** Conditional Licensing Agreement
IB-4421 (LID No. 71145) Case No. 16-9071 Renewal – Transporter for
870 Easton Road Hire Class B
Horsham Township
Horsham, Montgomery County **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.

- (20) **Riveredge, Inc.** New – Hotel
H-6503 (LID No. 72357) Case No. 16-9080
2009 Bernville Road
Bern Township
Reading, Berks County

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Motion Made: Board Member Negra
Seconded: Board Member Newsome

Chairman Holden indicated that he has personally known the owner of Applicant for more than 25 years, and, for that reason, he was recusing himself from consideration of this matter.

Chairman Holden noted that representatives of Applicant were in attendance, and he asked whether anyone wished to comment on this matter.

Troy Damiano indicated that he wished to offer some comments on behalf of his uncle, George Limberiou, who is the owner of Applicant.

According to Mr. Damiano, Applicant has been a family-owned and operated business for many years. Applicant had previously held a liquor license starting in 1965, and operated successfully for many years without any issues at the Bern Township location. Applicant had hosted numerous political campaigns, weddings, graduation parties, and other special events over the years at the property. After years of successful operation, Applicant encountered problems with the sewer pipes running through the property, as those pipes were very old and had corroded away over time. The Township stepped in and required Applicant to take various corrective measures to address the problems. The sewage problems took approximately three years to fix and involved tens of thousands of dollars in expenses, which basically bankrupted the property. As a result of the problems with the property, Applicant was unable to get the taxes up-to-date, and there were issues with getting the necessary paperwork completed. However, Applicant is now in a better position and plans to operate the property as a banquet facility.

Mr. Damiano indicated that he was told it would be easier for Applicant to pursue a new hotel liquor license for the property instead of trying to revive its old liquor license, which is why Applicant decided to pursue that route. He questioned why the Board is now refusing to grant Applicant a license. He noted that there wasn't anything Applicant could do to prevent the bankruptcy problems that happened as a result of the unforeseen sewage issues, and that it is unfair for those problems to be held against Applicant in its attempt to obtain a new license.

Mr. Damiano conveyed that he is also concerned that the Board is basing its decision regarding the current application on past problems that had occurred at the Silo, a club that was located on the property but which was operated as a separately-licensed entity. He noted that, at the hearing that was held in this matter, all of the testimony focused on incidents that had occurred at the Silo, including a shooting in the parking lot. Mr. Damiano stated that the shooting involved two people who had a preexisting dispute which had nothing to do with the operation of the Silo. He added that regardless of what steps are taken by a licensee, you can't prevent those types of incidents from occurring.

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Mr. Damiano indicated that Applicant has no intentions of operating the club. He stated that Applicant only wishes to operate a banquet facility on the property. He added that Applicant would be willing to accept conditions imposed by the Board relative to its operation of the banquet facility and would even take steps to block off access to the building that was previously operated as the club, if necessary. Mr. Damiano explained that the banquet facility would be used to host weddings, graduation parties, baptismal or christening celebrations, conventions, and other similar events.

Chairman Holden asked Rod Diaz, Chief Counsel, if he wished to offer any response to Mr. Damiano's comments.

Mr. Diaz noted that the Board had already made its decision in this case, since the motion that was made by Board Member Negra to refuse the license had received a second from Board Member Newsome, and Chairman Holden had stated his intent to recuse. However, Mr. Diaz added that he would be more than happy to meet with Applicant's representatives after the meeting to explain the legal implications of the Board's decision and the possible options that still exist for Applicant.

Board Member Negra asked Mr. Diaz to explain the options to which he was referring.

Mr. Diaz explained that Applicant would have the right to take an appeal within 20 days with the Court of Common Pleas, which would conduct a *de novo* review of the matter. He also explained that the other option would be for Applicant to wait for some period of time, and then file a new application for a hotel liquor license to start the process over again. However, Mr. Diaz cautioned that this second option would likely involve the same issues that were encountered with the present application.

Board Decision: Unanimously agreed (2-0 vote) to Refuse New Hotel Liquor License. Chairman Holden recused himself from voting on this matter.

(21) **Shiv Beverage, Inc.** Double Transfer – Distributor
D-2743 (LID No. 72971) Case No. 16-9082
2911 Willow Street Pike
West Lampeter Township
Willow Street, Lancaster County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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- (22) **Swoyersville Six Packs To Go, LLC** “Intermunicipal” Double
R-17862 (LID No. 81394) Transfer & Request for Interior
1098 Main Street Connections with Another
Swoyersville, Luzerne 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.

- (23) **Civic & Social Club, Inc.** Renewal – District 4
CC-882 (LID No. 3047) Case No. 16-3047
2668 Alden Road, P. O. Box 196
Bryn Athyn, Montgomery County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra.

- (24) **Ivy’s, Inc.** Renewal – District 4
R-946 (LID No. 41601) Case No. 16-41601
879-881 Township Line Road
Abington Township
Elkins Park, Montgomery County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

- (25) **Profer, Inc.** Renewal – District 2
t/a Helen’s Tavern
R-3249 (LID No. 48024) Case No. 16-9033 **HOLD – 8/31/16 SESSION**
131 West Main Street
Upper Leacock Township
Leola, Lancaster County

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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.

- (26) **SCI Ventures, LLC** Conditional Licensing Agreement
t/a Sandy Creek Inn Renewal – District 5
R-15574 (LID No. 59247)
4813 Verona Road
Penn Hills Township
Verona, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

- (27) **Rosheema L. Thomas** Renewal – District 2
R-16347 (LID No. 64434) Case No. 16-9029
1412 Swatara Street
Harrisburg, Dauphin County **HOLD – 10/5/16 SESSION**

Motion Made: Board Member Newsome
Seconded:

Board Decision: Hold by Board Member Newsome.

- (28) **Joseph W. Troutman, Sr.** Renewal – District 7
t/a Hotel Holley
H-6232 (LID No. 63618) Case No. 16-9050 **HOLD – 10/5/16 SESSION**
153 Main Street
Bradford, McKean 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.

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

(29) Colonial House Inn, Inc. New Tavern Gaming License
t/a Riverside Lounge
R-18748 (LID No. 19664)
125 South Main Street
Montgomery, Lycoming County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve New Tavern Gaming License.

Following the vote on this matter, Chairman Holden asked Jerry Waters, Sr., Director of Regulatory Affairs, for an update on the total number of Tavern Gaming Licenses that have been approved by the Board. Mr. Waters indicated that, with the license that was just approved, a total of 54 Tavern Gaming Licenses have now been approved. Mr. Waters also noted that a total of 62 applications have been received, and, of those applications, 54 have been approved, 6 have been returned, and 2 are still pending.

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

Personnel Actions

- (1) Lesleatta Black – Affirm Removal**
- (2) David Dulansey – Removal**
- (3) Ariele Fleming – Affirm Removal**
- (4) Bryson Gauthney – Affirm Removal**
- (5) Thomas Golgan – Affirm Removal**
- (6) Jameel Hinton – Removal**
- (7) Melica Monyoukaye – Removal**
- (8) Donald Pearson – Removal**
- (9) Colleen Powell – Removal**
- (10) Chauntal Quinones – Affirm Removal**
- (11) Ryan Scarborough – Removal**

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- (12) **Tyler Shavers – Affirm Removal**
- (13) **Chynna Smyser – Affirm Removal**
- (14) **Alziah Taylor Clayton – Removal**
- (15) **Lori Uhler – 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 John Stiles, Director of Finance
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing*

- (1) **Senior Business Subject Matter Expert 2** – Provide assistance with various changes to the PLCB’s eCommerce site as required by Act 39.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Nine (9) months – \$165,375.60 estimated cost.

- (2) **Programmer 6 Staff Augmentation** – Provide support for Retail Sales Audit (RESA), Cash Management and General Ledger modules for the IBMS Financial Support team.

Procured via DGS Statewide Contract #6100030999 – VENDOR: OST, Inc. – TERM: Six (6) months – \$70,825.05 estimated cost.

- (3) **Cisco Smartnet Maintenance and Support** – Provide Cisco Smartnet hardware and software maintenance for the PLCB’s Cisco network components such as switches, routers, access points, and other appliances. These components are installed in Distribution Centers, Regional Offices, PLCB Central Office, and Point of Sale (POS) stores.

Procured via DGS Statewide Contract #4400011887 – VENDOR: ePlus – TERM: One (1) year – \$252,525.23 estimated cost.

- (4) **IBM Software Support** – Provide software subscription and support for several IBM packages which will allow the PLCB to obtain any patches or updates to the software as well as the ability to open a ticket with support. The support is for the following software: C-Compiler, WebSphere, Statistical Package for the Social Science (SPSS) and License Metric Tool (LMT).

Procured via DGS Statewide Contract #4400007363 – VENDOR: IBM Corporation – TERM: One (1) year – \$289,642.60 estimated cost.

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- (5) **Media Services** – The 2016 holiday alcohol-education campaign will use TV and radio PSA’s to promote the PLCB’s alcohol education social responsibility message by using two (2) messages from the “Call the Shots” campaign geared toward 21 to 29 year olds.

Procured via DGS Statewide Contract #4400011539 – VENDOR: Harmelin & Associates, Inc. – TERM: Two (2) months – \$280,437.83 estimated cost.

- (6) **IBM SPSS Modeler Software Subscription and Support** – Provide IBM SPSS Modeler Premium Concurrent User License + Software Subscription and Support to be used by PLCB Marketing and Merchandising within their analytics groups for product analysis, and also for specific scenarios such as special product lotteries.

Procured via DGS Statewide Contract #4400007363 – VENDOR: IBM – TERM: One (1) year – \$55,918.95 estimated cost.

- (7) **Philadelphia Police Department Services** – Provide an overtime detail of four (4) uniformed police officers in four (4) distinctively marked Philadelphia Police Department patrol cars to perform unscheduled security checks at various Fine Wine & Good Spirit stores throughout Philadelphia.

Procured via PO 63013340 Option Year – VENDOR: Philadelphia City Treasurer – Philadelphia Police Finance – TERM: One (1) year – \$856,440.00 estimated cost.

- (8) **Central Station Alarm Service for Region #2** – Furnish, install and maintain a leased 24-hour monitored Central Station Security alarm System in one hundred thirty-five (135) designated Fine Wine & Good Spirits Stores in Region #2.

Procured via Invitation for Bid #260313 – VENDOR: Security Systems of America – TERM: Five (5) years – \$367,880.00 estimated cost. Three (3) bids were received: Securitas Electronic Security - \$5,686,250.00; Legacy Services Group - \$7,345,140.00. Total cost includes \$69,800.00 for up to twenty-five (25) additional store installs with monthly monitoring plus up to thirty (30) wage rate hours of repairs.

- (9) **Material Handling System Maintenance Agreement for Distribution Center #1** – The purpose of this Change Order is to add an additional (third) conveyor mechanic to this contract to ensure that all corrective and preventative maintenance is accomplished on time. The system is thirteen (13) years old and needs significant preventative maintenance to maintain the current operating efficiency. The operating hours on the system are increasing and will continue to increase to service the WEP Licenses (ACT 39) which will have a direct correlation to the amount of preventative maintenance required. In addition there are major modifications required on the sorter and merge area as well as adding another pallet lane. With the addition of a third (3rd) mechanic we would be able to complete all required repairs and modifications while controlling mechanic overtime.

Procured via Change Order 1 to Contract 63011123 – VENDOR: Dematic Corporation – TERM: October 1, 2016 through March 31, 2018 – \$313,320.00 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.

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

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

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

1. **#2601 – 111 West Fayette Street, Uniontown
Amendment**
2. **#4306 – 2321 East State Street. Hermitage
Amendment**
3. **#5129 – 1446 Point Breeze Avenue, Philadelphia
Amendment**
4. **#9212 – 440 Penn Lincoln Drive, Imperial
Amendment**
5. **#2106 – 6560 Carlisle Pike, Mechanicsburg
Relocation in Same Center w/ Added Space**
6. **#06XX – 200 West First Street, Birdsboro
New Store**
7. **#0943 – 212 South State Street, Newtown
New Store (to replace #0909)**
8. **#54XX – 400 Terry Rich Boulevard, St. Clair
New Store (to replace #5401)**

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>Capital Wine and Spirits</u>	
Middle Sister Goodie Two Shoes Pinot Noir 750 ML	10
 <u>International Trade and Marketing</u>	
Saracco Moscato d’Asti 750 ML	8

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

2. Regular Recommended Delist Retail Reductions January 2017

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
 <u>Capital Wine and Spirits</u>	
Middle Sister Sweetie Pie Sweet Red 750 ML	6998
 <u>Southern Wine Spirits PA</u>	
Manatawny Still Works Small Batch Whiskey 750 ML	34602
 <u>Treasury Wine Est Amer Co</u>	
Sterling Vineyards VC Zinfandel 750 ML	9422

EFFECTIVE DATES: The transference to closeout will become effective October 30, 2016

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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>August 31, 2016</u>	<u>August 31, 2015</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 16,702,291	\$ 34,054,007
Investments - short term	285,073,546	224,175,416
Accounts and claims receivable, net	1,195,337	1,269,878
Due from other funds - Note 8	3,263	5,744
Merchandise inventories, net	257,738,717	231,537,294
Operating supplies	496,257	194,054
Prepaid expenses	300,000	3,065,251
Total current assets	561,509,411	494,301,644
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	51,381,394	44,653,080
Intangibles - internally generated software	21,403,512	30,904,538
Less: accumulated depreciation	54,831,393	59,196,304
Net depreciable capital assets	38,375,958	36,676,896
Total non-current capital assets	38,698,931	36,999,869
Total assets	\$ 600,208,342	\$ 531,301,513
Total deferred outflows of resources - Note 4	\$ 95,651,449	\$ 34,838,538
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 262,765,972	\$ 243,400,763
Other accounts payable	14,186,694	9,420,180
Accrued expenses	17,835,959	15,882,840
Self-insurance, workers' compensation - Note 6	8,771,965	8,816,604
Due to other funds - Note 8	5,000,595	2,990,545
Due to fiduciary funds - Note 8	2,071,052	1,486,288
Due to other governments - Note 8	618,431	513,214
Total current liabilities	311,250,668	282,510,434
Non-current liabilities:		
OPEB - Note 5	92,978,113	78,852,554
Self-insurance, workers' compensation - Note 6	39,287,287	42,109,251
Net pension liability - Note 4	455,815,699	368,485,050
Compensated absences - Note 1	19,506,861	20,092,247
Total non-current liabilities	607,587,960	509,539,102
Total liabilities	\$ 918,838,628	\$ 792,049,536
Total deferred inflows of resources - Note 4	\$ 6,016,121	\$ 3,402,223
<u>NET POSITION</u>		
Net investment in capital assets	\$ 38,698,931	\$ 36,999,869
Deficit	(267,693,889)	(266,311,577)
Total net position	\$ (228,994,958)	\$ (229,311,708)

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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 August 31, 2016 and August 31, 2015
(Unaudited)**

	<u>August 2016-17</u>	<u>August 2015-16</u>
Sales net of taxes	\$ 152,955,908	\$ 147,580,834
Cost of goods sold	<u>(106,349,840)</u>	<u>(102,869,438)</u>
Gross profit from sales	46,606,068	44,711,396
Operating (expenses):		
Retail operations	(33,381,111)	(29,558,290)
Marketing & merchandising	(595,197)	(1,510,258)
Supply chain	(789,590)	(570,125)
Wholesale operations	(50,000)	-
Information technology services	(2,502,022)	(2,406,021)
Regulatory affairs	(1,836,479)	(1,583,206)
Administration	(1,174,913)	(1,062,992)
Finance	(349,051)	(446,651)
Board & secretary	(557,428)	(477,342)
Legal	(261,269)	(269,309)
Commonwealth provided services - Note 2	<u>(1,000,017)</u>	<u>(1,414,228)</u>
Total	<u>(42,497,077)</u>	<u>(39,298,422)</u>
Operating profit	4,108,991	5,412,974
Other operating revenues (expenses):		
Enforcement fines	116,454	140,128
License fees	2,201,925	992,773
Miscellaneous income	94,189	202,047
Administrative law judge	<u>(228,498)</u>	<u>(202,733)</u>
Total	<u>2,184,070</u>	<u>1,132,215</u>
Total operating income	6,293,061	6,545,189
Non-operating revenues (expenses):		
Interest income	154,921	41,101
Other	<u>(30,068)</u>	<u>-</u>
Total	<u>124,853</u>	<u>41,101</u>
Income before operating transfers	6,417,914	6,586,290
Operating transfers out:		
PSP enforcement - Note 3	(2,043,310)	(1,929,413)
Income after enforcement/before other transfers	<u>4,374,604</u>	<u>4,656,877</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	4,374,604	4,656,877
Total net position - beginning	<u>(233,369,562)</u>	<u>(233,968,585)</u>
Total net position - ending	<u>\$ (228,994,958)</u>	<u>\$ (229,311,708)</u>
Liquor tax	27,461,077	26,708,820
State Sales Tax	10,699,749	10,398,584
Local Tax	671,843	665,511
Taxes remitted to Dept.of Revenue PTD	<u>\$ 38,832,669</u>	<u>\$ 37,772,915</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 Two Months Ending August 31, 2016 and August, 2015
(Unaudited)**

	<u>2016-17</u>	<u>2015-16</u>
Sales net of taxes	\$ 312,063,138	\$ 303,201,189
Cost of goods sold	<u>(216,733,178)</u>	<u>(210,317,339)</u>
Gross profit from sales	95,329,960	92,883,850
Operating (expenses):		
Retail operations	(65,654,245)	(61,719,666)
Marketing & merchandising	(1,806,476)	(2,296,555)
Supply chain	(1,406,998)	(1,101,257)
Wholesale operations	(100,000)	-
Information technology services	(5,609,032)	(5,100,314)
Regulatory affairs	(3,893,197)	(3,475,665)
Administration	(2,285,679)	(2,168,429)
Finance	(622,503)	(932,331)
Board & secretary	(1,068,506)	(1,028,205)
Legal	(458,009)	(659,930)
Commonwealth provided services - Note 2	<u>(2,063,428)</u>	<u>(2,818,024)</u>
Total	<u>(84,968,073)</u>	<u>(81,300,376)</u>
Operating profit	10,361,887	11,583,474
Other operating revenues (expenses):		
Enforcement fines	231,111	307,264
License fees	3,466,552	2,028,215
Miscellaneous income	293,781	402,853
Administrative law judge	<u>(443,200)</u>	<u>(425,827)</u>
Total	<u>3,548,244</u>	<u>2,312,505</u>
Total operating income	13,910,131	13,895,979
Non-operating revenues (expenses):		
Interest income	295,220	81,555
Other	<u>(28,577)</u>	<u>(393)</u>
Total	<u>266,643</u>	<u>81,162</u>
Income before operating transfers	14,176,774	13,977,141
Operating transfers out:		
PSP enforcement - Note 3	(4,993,368)	(4,581,595)
Income after enforcement/before other transfers	<u>9,183,406</u>	<u>9,395,546</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	9,183,406	9,395,546
Total net position - beginning	<u>(238,178,364)</u>	<u>(238,707,254)</u>
Total net position - ending	<u>\$ (228,994,958)</u>	<u>\$ (229,311,708)</u>
Liquor tax	56,193,908	54,799,866
State Sales Tax	21,899,312	21,333,534
Local Tax	1,373,446	1,346,979
Taxes remitted to Dept.of Revenue YTD	<u>\$ 79,466,666</u>	<u>\$ 77,480,379</u>

OTHER ISSUES

Transfer of Lottery Funds.....John Stiles, Director of Finance

In accordance with Section 207 (I) of Act 39 of 2016 this authorization request is for the transfer of \$8,936.98 from the State Stores Fund to the General Fund. The funds will satisfy the requirement of Act 39 which requires that “all proceeds retained by the Board as compensation for the sale of tickets, including incentive awards or bonuses, as well as credit for direct payment of prizes, shall be deposited into the General Fund” by transferring the commissions earned during the 1st quarter of FY 2016-17.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

Recognition of Jerry Waters, Sr., Director of Regulatory AffairsChairman Holden

Chairman Holden indicated that this would be the last public meeting for Jerry Waters, Sr., Director of Regulatory Affairs, since he announced that he will be retiring on November 4, 2016. Chairman Holden expressed his thanks to Mr. Waters for his many years of service to the PLCB. He noted that Mr. Waters has enjoyed a very impressive career with the PLCB, coming out of the academy as an enforcement officer and working his way up through the ranks over the years to become the Director of Regulatory Affairs. Chairman Holden stated that Mr. Waters has done one heck of a job leading the agency, and he wished Mr. Waters the best of luck for a long and happy retirement.

Board Member Negra also thanked Mr. Waters for his many years of service to the PLCB. On a personal note, Board Member Negra thanked Mr. Waters for teaching him and mentoring him when he first became a Board Member, and for helping him to continue to develop in that role during his time here. He commended Mr. Waters on his approach to their interactions in terms of knowing when to simply offer guidance and when to get tough with making certain recommendations. Board Member Negra expressed that he is very appreciative of everything that Mr. Waters has done for him personally in terms of helping to make his experience here positive.

Board Member Newsome also thanked Mr. Waters for his service to the PLCB. He stated that Mr. Waters knows how he feels about him, and that he is very appreciative of the relationship that they have developed. Board Member Newsome noted that he especially enjoyed the time that the two of them were able to spend together along with their spouses on a recent trip to Chicago. He added that he looks forward to maintaining the relationship that they have developed, even after Mr. Waters retires. Board Member Newsome offered Mr. Waters the best of luck in his retirement, and he encouraged Mr. Waters to limit himself to doing what he enjoys the most.

Mr. Waters responded by expressing his own thanks to Chairman Holden, Board Member Negra, and Board Member Newsome. He stated that he has greatly enjoyed his time working for the PLCB, which has been both challenging and rewarding. Mr. Waters noted that, as he looked around the room, he saw many of the people who have supported him and whom he had the privilege to work with over the years. He expressed his thanks and appreciation to those individuals and to all of his staff. Mr. Waters indicated that while he has enjoyed his career with the PLCB and working with everyone here, he is ready to start a new chapter

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in his life. He stated that he has the utmost confidence in his staff and the people here, including the fantastic executive team, to carry on in his absence. Mr. Waters again thanked everyone for their support and willingness to follow his leadership over the years.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, November 16, 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

ATTEST:

Secretary