

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, JANUARY 31, 2018
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 Stark announced that Chairman Holden would not be present at the meeting and that Board Member Newsome would be presiding over the meeting in Chairman Holden’s absence.

CALL TO ORDER*Board Member Newsome*

Pledge of Allegiance to the Flag

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the January 17, 2018 meeting.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to approve previous Board Minutes.

PUBLIC COMMENT ON AGENDA ITEMS

There was no public comment on the printed agenda items.

NEW BUSINESS

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From the Office of Chief CounselRodrigo Diaz, Chief Counsel

(1) **Transferor: Ace’s Inn, Inc.**
1241 Gap View Road
Dauphin, Pennsylvania 17018-9751
Restaurant Liquor License No. R-16274
LID 53114

Application for
Conversion of
Suspension to Fine

Transferee: Sheetz, Inc.
7970 Linglestown Road
Harrisburg, Pennsylvania 17112-0000
Restaurant Liquor License No. R-16274
LID 86445

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Conversion of Suspension to a
Fine of \$3,000.00.

(2) **Scott Manor, Inc.**
t/a The Bamboo Room
Rd. 1
P.O. Box 483
Olyphant, Pennsylvania 18447-9762
Restaurant Liquor License No. H-3540
LID 24662
Citation No. 16-1258

Appeal of Adjudication
and Order of
Administrative Law
Judge

Michelle Fox, Executive Deputy Chief Counsel, was asked to explain this proposed action.

Ms. Fox explained that the Pennsylvania State Police, Bureau of Liquor Control Enforcement (“BLCE”) issued a citation charging the Licensee with three counts: (1) not being a bona fide hotel because it had insufficient food on hand; (2) failing to maintain business records for a period of at least two years; and (3) failing to place its license into safekeeping while the licensed premises was closed for about seven months. An evidentiary hearing was held before an Administrative Law Judge (“ALJ”). Following the hearing, the ALJ sustained all three counts and imposed a fine of \$250.00 for each count (for a total fine of \$750.00). Thereafter, the Licensee filed a timely appeal.

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Ms. Fox indicated that there are two issues on appeal. The first issue is whether there is substantial evidence in the record to support the ALJ's decision relative to each count of the citation. As to the second and third counts, there is substantial evidence to support the ALJ's decision. Specifically, with regard to the second count, the proffered evidence established that the Licensee operated intermittently every two weeks and should have at least been able to produce some business records; however, it failed to do so. With regard to the third count, the proffered evidence established that the Licensee was closed steadily from December of 2015 to July of 2016 (approximately seven months) but failed to submit the license for safekeeping. As for the first count, the proffered evidence revealed that the Licensee was cited for having insufficient food on a day that it was otherwise closed for business for an extended period of time. Ms. Fox noted that neither the Liquor Code nor the PLCB's Regulations require licensees to maintain food on hand when they are closed for business.

The second issue on appeal is whether the ALJ committed an error of law by refusing to permit the Licensee's president to represent the Licensee and ask questions at the hearing. The ALJ refused to allow the Licensee's president to represent the Licensee at the hearing because the Department of State's website did not reflect that the individual in question was an officer for the Licensee. However, the PLCB's records reflect that the individual was the Licensee's president and that a notice of change in officers had been filed with the PLCB's Bureau of Licensing. Nevertheless, the Office of Chief Counsel believes that the ALJ was correct in refusing to allow Licensee's President to represent the Licensee at the hearing for a different reason. The PLCB's Regulations pertaining to proceedings before the Office of Administrative Law Judge defer to the General Rules of Administrative Practice and Procedure, which require that corporations be represented by an attorney in adversarial proceedings. Thus, the applicable regulations require that corporations be represented by attorneys at citation hearings before an ALJ.

Accordingly, the Office of Chief Counsel recommends: reversing the ALJ as to the first count and vacating the \$250.00 fine associated with such count; affirming the ALJ as to the second and third counts; and remanding the case to the ALJ to ensure compliance with payment of the remaining \$500.00 fine amount.

Board Member Negra asked Ms. Fox to clarify whether the Office of Chief Counsel's recommended result will resolve this matter in a way that the non-attorney representation issue does not impact the outcome.

Ms. Fox confirmed that, based on the recommended result, the non-attorney representation issue does not affect the outcome.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Reverse the ALJ as to Count One and Vacate the \$250.00 Fine Assessed at Count One; Affirm the ALJ as to Counts Two and Three; and Remand the Case to the ALJ to Ensure Compliance with Payment of the Remaining \$500 Fine Amount.

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*From the Bureau of LicensingTisha Albert, Director of Regulatory Affairs
Barbara Peifer, Director, Bureau of Licensing*

(1) **Muse Paintbar, LLC** “Mixed-Use” Double Transfer &
t/a The Muse Paintbar Request to Conduct Another
R-15706 (LID No. 89714) Case No. 17-9073 Business on the Licensed
King of Prussia Town Center Premises - Restaurant
255 Main Street, Suite 150
Upper Merion Township
King of Prussia, Montgomery County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Requests to Conduct Another Business on the Licensed Premises Subject to Receipt of the Non-Commercial Lender Affidavit and the Complete Source of Funds being Verified.

(2) **3267 Cottman Enterprises, Inc.** Conditional Licensing
R-11190 (LID No. 59625) Case No. 2017-59625 Agreement
3267 Cottman Avenue Renewal – District 10
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal with New Conditional Licensing Agreement.

(3) **Ace and Summer, Inc.** Renewal – District 7
t/a Getaway Bar & Grille
R-3483 (LID No. 66687) Case No. 2017-66687
711 West Main Street
Sharpsville, Mercer County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal with Existing Conditional Licensing Agreement.

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- (4) **Boniko Corporation** Conditional Licensing Agreement
t/a Capri Homestead Renewal – District 5
R-13464 (LID No. 67584) Case No. 2017-67584
820 Amity Street
Homestead, Allegheny County **HOLD – 12/6/17 SESSION**
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (2-0 vote) to Approve Renewal with Conditional Licensing Agreement.
- (5) **The CocoRico Corp.** Renewal – District 5
t/a The Round Corner Cantina
R-14437 (LID No. 71375) Case No. 2017-71375
3718-20 Butler Street & 202 38th Street
Pittsburgh, Allegheny County
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (2-0 vote) to Approve Renewal with Existing Conditional Licensing Agreement.
- (6) **Hospitality Partners I, LLC** Renewal – District 2
t/a Max's
R-11866 (LID No. 54840) Case No. 2017-54840
17-27 North Second Street
Harrisburg, Dauphin County
- Motion Made:** Board Member Negra
Seconded: Board Member Newsome
- Board Decision:** Unanimously agreed (2-0 vote) to Approve Renewal with Existing Conditional Licensing Agreement.
- (7) **Kurtz House, Inc.** Renewal – District 3
t/a DeCarlo's Bar & Grill **HOLD – 8/23/17 SESSION**
R-7346 (LID No. 29419) Case No. 2017-29419
240-242 Penn Street
Reading, Berks County
- Motion Made:** Board Member Negra made a motion to Refuse Renewal.
Seconded: (No second was received for this motion.)

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Board Member Newsome asked if there was anyone present for the Applicant/Licensee, but there was no response.

New Motion Made: Hold by Board Member Newsome.
Seconded:

Board Decision: Hold by Board Member Newsome.

(8) **L & W Ventures, LLC** Conditional Licensing Agreement
R-11050 (LID No. 63497) Case No. 2017-63497
129 West Schwab Avenue
Whitaker, Allegheny County
Renewal – District 5
HOLD – 12/6/17 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal with New Conditional Licensing Agreement.

(9) **The Rock Entertainment, LLC** Conditional Licensing Agreement
R-305 (LID No. 70812) Case No. 2017-70812
2623-2625 Penn Avenue
Pittsburgh, Allegheny County
Renewal – District 5
HOLD – 10/11/17 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal with New Conditional Licensing Agreement.

(10) **WWJD, LLC** Renewal – District 6
t/a Aunt Jean's
R-5401 (LID No. 70453) Case No. 2016-70453
3 South Main Street
Masontown, Fayette County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement (Offer-in-Compromise Terms).

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

Personnel Actions

There were 15 personnel actions presented for consideration.

- (1) **Donald Bender – Removal**
- (2) **Shavonna Dean – Affirm Removal**
- (3) **Ikera Easley – Affirm Removal**
- (4) **Ashia Edwards – Removal**
- (5) **Emilie Elborno – Demotion**
- (6) **Deyanah Hosang – Affirm Removal**
- (7) **James Moore – Rescind Removal from 6/7/17**
- (8) **Stephanie Nelson – Affirm Removal**
- (9) **Michael Norris – Removal**
- (10) **Duvarol Prater – Removal**
- (11) **Alice Robinson – Removal**
- (12) **Justin Schaffold – Removal**
- (13) **Nazhim Suluki-Johnson – Affirm Removal**
- (14) **Evan Whitney – Affirm Removal**
- (15) **Evander Wright – Affirm Removal**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Personnel Actions.

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*From the Bureau of Accounting & Purchasing Oren Bachman, Director of Finance
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing
Mike Freeman, Director, Bureau of Financial Management & Analysis*

Procurement Actions:

- (1) **Lenovo M710 Desktop Units with Monitors** – Provide sixty-eight (68) Lenovo M710 desktop units with monitors with a four (4) year warranty to replace an aging population of desktops located at various locations throughout the state due to performance of older systems lacking as well as increased maintenance costs. Additional services need to be performed by supplier for this bundle due to install locations being outside the immediate vicinity of the PLCB team.

Procured via Request for Quote #20180111 against DGS Statewide Contract #6100026342 – VENDOR: **CDW-G** – \$981.10 per unit cost for a total **\$66,714.80 estimated cost**. All qualified suppliers on the DGS contract were solicited for quotes. The selection criteria is based on a Best Value Determination and CDW-G was selected as the best value for the agency quoting the lowest cost.

- (2) **Lenovo M710 Desktop Units with Monitors** – Provide one hundred seventy (170) Lenovo M710 desktop units with monitors with a four (4) year warranty to replace an aging population of desktops located in the Northwest Office Building (NWOB) and the immediate area due to performance of older system lacking as well as increased maintenance costs. Additional services are not required for this bundle since they are local replacements and being handled by the PLCB team.

Procured via Request for Quote #20180112 against DGS Statewide Contract #6100026342 – VENDOR: **CDW-G** – \$822.36 per unit cost for a total **\$139,801.20 estimated cost**. All qualified suppliers on the DGS contract were solicited for quotes. The selection criteria is based on a Best Value Determination and CDW-G was selected as the best value for the agency quoting the lowest cost.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Procurement Actions.

Inter-Agency Charges:

- (1) **Civil Service Commission (SCSC) Services (Job 46)** – Billing of \$502,939.50 for SCSC services for January – June 2018. The billing was based on the PLCB’s average filled salary and wage position headcount (5,149) for the six-month period of May/2017 through October/2017. This billing is \$13,975.43 (+2.8%) higher than last year’s bill of \$488,964.07 due to an increased average complement count (5,149 vs 5,060) and a slight rate increase (+1.1%).

The Bureau of Financial Management and Analysis has reviewed these charges and determined that they are reasonable based on billing methodology and previous experience.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Inter-Agency Charges.

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

1. #0307 – 206 North Warren Avenue, Apollo
Closing
2. #0605 – 45 Constitution Boulevard, Kutztown
Amendment
3. #4508 – Jay Park Plaza, 288 Dartmouth Drive, Marshalls Creek
Amendment
4. #4810 – 3926 Linden Street, Suite 11, Bethlehem
Amendment
5. #4902 – 9345 State Road 61, Coal Township, Shamokin
Amendment
6. #5201 – 106 West Harford Street, Milford
Amendment
7. #6311 – 327 Third Street, California
Amendment
8. #02XX – 4074 William Penn Highway, Monroeville
Temporary Relocation of #0227
9. #2001 – 900 Water Street, Meadville
Rebrand / Additional Space
10. #0709 – 3415 Pleasant Valley Boulevard, Altoona
New Lease / Rebrand

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Retail Operations Actions.

*From the Bureau of Product Selection Dale Horst, Director of Marketing & Merchandising
Tom Bowman, Director, Bureau of Product Selection*

1. Regular New Items Accepted

| <u>BRAND NAME AND SIZE</u> | <u>REASON</u> |
|--|---------------|
| <u>Arundel Cellars and Brewing Co.</u> | |
| Arundel Cellars Young Love 750 ML | 8 |
| Arundel Cellars Wild Child 750 ML | 8 |

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Bacardi USA Inc

| | |
|--|----|
| Aberfeldy 12-year Single Malt Whiskey 750 ML | 5 |
| Bacardi Coconut 1.75 L | 3 |
| D'usse Brandy 375 ML | 3 |
| Martini and Rossi Bitter 750 ML | 10 |

Capital Wine and Spirits

| | |
|---|---------|
| 6th Sense Syrah 750 ML | 1,4,6 |
| Corralejo Anejo Tequila 750 ML | 3 |
| Francis Coppola Sofia 750 ML | 1,3,4,6 |
| Hell Cat Maggie Irish Whiskey 750 ML | 5 |
| Leda the Truffle Hunter Barbera D'Asti 750 ML | 6,9 |
| Tommasi Pinot Grigio 750ml | 5,6 |
| ViNO Pinot Grigio 750 ML | 1,6 |

CBL Wine Company LLC

| | |
|---|---|
| Vicio Artisanal Mezcal 750 ML | 5 |
| Gorgeous Vodka Montana Gluten Free 750 ML | 8 |

Constellation Wines US

| | |
|---|----------|
| Robert Mondavi Private Selection Chardonnay Aged in Bourbon Barrel 750 ML | 1,2,3,12 |
|---|----------|

Diageo Americas Inc

| | |
|-----------------------------------|---|
| Crown Royal Vanilla Whisky 1.75 L | 3 |
|-----------------------------------|---|

The Edrington Group USA LLC

| | |
|-----------------------------------|---|
| The Glenrothes Sherry Cask 750 ML | 6 |
|-----------------------------------|---|

Heaven Hill Distilleries Inc

| | |
|-----------------------------------|------|
| Henry McKenna Bourbon 1.75 L | 6,11 |
| Admiral Nelson Vanilla Rum 1.75 L | 3 |

Jim Beam Brands Co

| | |
|---|-------|
| Old Overholt Bonded Straight Rye Whiskey 750 ML | 3 |
| Basil Hayden's Dark Rye 750 ML | 2,3,5 |
| Sauza Blue Reposado Gold Tequila 750 ML | 3 |

Luxco Inc

| | |
|--------------------------------------|---|
| Lady Blight Cherry Spiced Rum 1.75 L | 3 |
| Exotico Reposado Tequila 750 ML | 3 |

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Majestic W S USA Inc

| | |
|---|--------|
| Fantini Cerasuolo 750 ML | 5,6 |
| Sea Pearl Sauvignon Blanc 750 ML | 5,6 |
| Casa Ferreirinha Esteva 750 ML | 5 |
| Negroni Cocktail 1 L | 5 |
| Joseph Carr Cabernet Sauvignon Paso Robles 750 ML | 1,3,10 |

MHW LTD

| | |
|--|---|
| Twisted Shottz Chain Party Pack 3.0 375 ML | 8 |
|--|---|

North Wales Wines

| | |
|---|-------|
| Apothic Rose 750 ML | 1,2,3 |
| Barefoot Rose 1.5 L | 1,2,3 |
| Chateau Souverain Cabernet Sauvignon 750 ML | 3 |
| Dark Horse Double Down Red Blend 750 ML | 2 |
| Dark Horse Zinfandel 750 ML | 5 |
| Prophecy Cabernet Sauvignon 750 ML | 1,2,3 |
| Prophecy Rose Vin de France 750 ML | 1,2,3 |

Paterno Imports LTD

| | |
|---|---------|
| Il Poggione Brancato Rose Wine Rosato di Toscana 750 ML | 1,2,3 |
| Loveblock Pinot Gris Marlborough 750 ML | 1,2,3,5 |
| Riazul Anejo Tequila 80 Proof 750 ML | 1,2,3 |

Pernod Ricard USA

| | |
|--|----|
| Olmecca Altos Plata 1.75 L | 6 |
| Kenwood Sauvignon Blanc Sonoma County 750 ML | 3 |
| Del Maguey Vida Mezcal 750 ML | 11 |

Piedmont Distillers Inc

| | |
|---------------------------------------|---|
| Midnight Moon American Whiskey 750 ML | 3 |
|---------------------------------------|---|

Sazerac Company Inc

| | |
|-------------------------------|---|
| Corazon Blanco Tequila 750 ML | 6 |
| Wheatley Vodka 750 ML | 8 |

SL Wines LTD

| | |
|--|---------|
| 14 Hands Hot to Trot Run Wild Red Blend 750 ML | 2 |
| Chateau Ste Michelle Dry Riesling 750 ML | 1,2,3,5 |
| Eroica Riesling 750 ML | 1,2,3,5 |

Southern Wine Spirits PA

| | |
|----------------------------------|-------|
| Baron Herzog Chenin Blanc 750 ML | 1,4,6 |
|----------------------------------|-------|

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| | |
|--|----------|
| Bivio Pinot Grigio 750 ML | 2,3 |
| Bota Box Nighthawk Black Cabernet Sauvignon 3 L | 5,6 |
| Bully Hill Vineyards Sweet Walter Red Wine 1.5 L | 5,6 |
| Chateau La Gordonne Rose 750 ML | 5,6 |
| Domaine Royal de Jarras Pink Flamingo 750 ML | 2,3 |
| FrappaChata. Iced Coffee 1.75 L | 2,3 |
| Gazela Rose 750 ML | 5,6 |
| Gnarly Head Sauvignon Blanc 750 ML | 5,6,11 |
| Mulderbosch Cabernet Sauvignon Rosé 750 ML | 1,2,3 |
| Ole Smoky White Lightnin' Moonshine 750 ML | 1,2,3 |
| Sobieski Vodka 375 ML | 3 |
| Stella Rosa Pink 750 ML | 1,2,3,10 |

Sutter Home Winery

| | |
|---------------------------------|-------|
| Ménage à Trois Decadence 750 ML | 1,2,3 |
|---------------------------------|-------|

Treasury Wine Estates

| | |
|--|---------|
| 19 Crimes Hard Chardonnay 750 ML | 1,2,3 |
| 19 Crimes The Uprising Red Wine 750 ML | 5,6 |
| Beringer Main and Vine Cabernet Sauvignon 750 ML | 1,2,3 |
| Beringer Main and Vine Chardonnay 750 ML | 1,2,3 |
| Beringer Main and Vine Dry Rose 1.5 L | 1,2,3 |
| Sterling Vintner's Collection Rose 750 ML | 1,2,3,5 |

Vintage Imports Inc

| | |
|--------------------------------------|-----------|
| Decoy Zinfandel Sonoma County 750 ML | 1,2,3,4,6 |
|--------------------------------------|-----------|

The Wine Group

| | |
|-------------------------------|-------|
| Chloe Rose 750 ML | 1,2,3 |
| Cupcake Vineyards Rose 750 ML | 3 |

Western Spirits Beverage Co

| | |
|-------------------------------|---|
| Bird Dog Peach Whiskey 1.75 L | 3 |
|-------------------------------|---|

William Grant & Sons

| | |
|-----------------------------------|---|
| Tullamore Dew Irish Whiskey 50 ML | 3 |
|-----------------------------------|---|

RECOMMENDED ACTION: We recommend the Board approve this action

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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 February 2018

| <u>BRAND NAME AND SIZE</u> | <u>CODE</u> |
|--|--------------------|
| <u>Bacardi USA Inc</u> | |
| Bacardi Oakheart Spiced Rum 200 ML | 1053 |
| Cedilla Liqueur 750 ML | 5713 |
| <u>Banfi Products Corp</u> | |
| Riunite Blackberry Merlot 1.5 L | 5392 |
| Riunite Trebbiano Moscato 1.5 L | 3758 |
| <u>Capital Wine and Spirits</u> | |
| Chateau La Paws Chardonnay 750 ML | 9418 |
| Chateau La Paws P Noir 750 ML | 9419 |
| Daily's Peach On The Beach Pouch 296 ML | 9886 |
| Fetzer Riesling 750 ML | 7193 |
| The Great American Wine Company Cabernet Sauvignon 750 ML | 9420 |
| Great American Wine Red 750ML | 7514 |
| The Great American Wine Company Sauvignon Blanc 750ML | 1198 |
| Little Penguin Chardonnay 1.5 L | 9394 |
| Little Penguin Pinot Noir 1.5 L | 8600 |
| Rosenblum Cellars Contra Costa Zinfandel 750 ML | 9707 |
| Rosenblum Cuvee Zinfandel 750 ML | 8537 |
| Russian Standard Original Vodka 750 ML | 4986 |
| <u>CBL Wine Company LLC</u> | |
| C'est la Vie Pinot Noir Syrah 750 ML | 6354 |

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Orleans Hill Cote Zero Organic 750 ML 8268

Constellation Wines US

Arbor Mist White Pear Pinot Grigio 1.5 L 3349

Paul Masson Grande Amber Apple Brandy 750 ML 1426

Svedka Clementine Vodka 750 ML 9600

D'Andrea W L Imports

Andretti Sangiovese Napa Valley 750 ML 6346

Villa Andretti Cabernet Sauvignon 750 ML 8627

Villa Andretti Chardonnay 750 ML 8443

Villa Andretti Merlot 750 ML 8446

Diageo Americas Inc

Johnnie Walker Red Scotch 200 ML 1066

Peligroso Silver Tequila 750 ML 8923

Hauser Estate Inc

Hauser Estate Winery Abe's Apple Wine 750 ML 9426

Heaven Hill Distilleries Inc

Evan Williams Cinnamon Whiskey 750 ML 8368

J Lohr Wines

J Lohr Falcon's Perch Pinot Noir Monterey County 750 ML 7548

Jackson Family Fine Wines

Nielson Byron Pinot Noir 750 ML 3520

Silver Palm Cabernet Sauvignon North Coast 750 ML 7073

Jim Beam Brands Co

Cruzan Dark Rum 750 ML 8384

Jim Beam Maple Whiskey 750 ML 7046

Pinnacle Citrus Vodka 750 ML 3046

Skinnygirl White Peach Margarita Prepared Cocktail 750 ML 4609

Luxco Inc

Pearl Cucumber Vodka 750 ML 9093

Rebel Yell American Whiskey 90 Proof 750 ML 9569

Rebel Yell Small Batch Reserve Bourbon 90.6 Proof 750 ML 8726

Majestic W S USA Inc

Artesa Carneros Chardonnay 750 ML 8036

Artesa Pinot Noir Carneros 750 ML 6780

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|---|-------|
| Coldcock American Herbal Whiskey 750 ML | 36694 |
| Gravel Bar Alluvial Red 750 ML | 9448 |
| Hayes Valley Chardonnay 750 ML | 3931 |
| Hayes Valley Merlot 750 ML | 4510 |
| Joseph Carr Cabernet Sauvignon Napa Valley 750 ML | 7645 |
| Saintsbury Chardonnay 750 ML | 9068 |

MWH LTD

| | |
|--------------------|------|
| Golia Vodka 750 ML | 6513 |
|--------------------|------|

Moet Hennessy USA

| | |
|--------------------------------|------|
| Belvedere Mango Passion 750 ML | 7682 |
|--------------------------------|------|

North Wales Wines

| | |
|------------------------------------|------|
| Brancaia Tre Red Wine Blend 750 ML | 7111 |
| Columbia Chardonnay 750 ML | 8477 |
| Columbia Red Blend 750 ML | 9015 |
| Las Rocas Red Blend 750 ML | 6003 |

Palm Bay Imports Inc

| | |
|---|------|
| Cavit Red Blend 750 ML | 9065 |
| Darnley's View Gin 750 ML | 9066 |
| Jean Luc Colombo Les Abeilles Red Wine Rhone 750 ML | 5163 |
| Principato Pinot Grigio 1.5 L | 3963 |
| R Pannier Muscadet 750 ML | 7731 |

Pernod Ricard USA

| | |
|--|------|
| Jacobs Creek Shiraz 1.5 L | 6164 |
| Seagram's Pineapple Twisted Gin 750 ML | 9054 |

Proximo Spirits Inc

| | |
|-------------------------------------|------|
| Three Olives Blueberry Vodka 750 ML | 9172 |
| Three Olives Peach Vodka 750 ML | 9509 |

Sazerac Company Inc

| | |
|---|------|
| Dr. McGillicuddy's Apple Pie Liqueur 750 ML | 6107 |
| Maui Blue Hawaiian Schnapps 750 ML | 7526 |
| Nikolai 90 Proof Vodka 750 ML | 5827 |
| Tijuana Sweet Heat 750 ML | 1273 |

Serralles USA LLC

| | |
|-------------------------|------|
| Death's Door Gin 750 ML | 1047 |
|-------------------------|------|

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SL Wines LTD

| | |
|------------------------------------|------|
| Two Vines Cabernet Sauvignon 1.5 L | 8395 |
| Two Vines Riesling 750 ML | 6765 |

Southern Wine Spirits PA

| | |
|---|------|
| Bota Box Redvolution 500 ML | 7801 |
| Brown Jug Bourbon Cream Liqueur 750 ML | 1276 |
| Buena Vista Count Red 750 ML | 8569 |
| Buena Vista Pinot Noir 750 ML | 8067 |
| Devotion Vodka 750 ML | 3619 |
| Irony Cabernet Sauvignon 750 ML | 9543 |
| Noble Vines The One 750 ML | 7204 |
| Skyy Infusions Pineapple Vodka 750 ML | 9919 |
| Tippy Cow Vanilla Cream Liqueur 750 ML | 9119 |
| Grand Marnier Raspberry Peach Liqueur 750 ML | 7379 |
| Skyy Infusions Vodka Coastal Cranberry 750 ML | 9534 |

Stoli Group USA LLC

| | |
|------------------------------------|------|
| Stolichnaya 100 Proof Vodka 750 ML | 7430 |
|------------------------------------|------|

The Wine Group Inc

| | |
|--|------|
| Drops of Jupiter Red Blend 750 ML | 7225 |
| M D 20 20 Red 1.5 L | 6335 |
| Save Me San Francisco California 37 Cabernet Sauvignon 750 ML | 9146 |
| Save Me San Francisco Soul Sister Pinot Noir 750 ML | 9150 |

The Wine Merchant LTD

| | |
|-------------------------------------|-------|
| Cristalino Cava Extra Dry 750 ML | 8646 |
| Western Honey Pepper Whiskey 750 ML | 34473 |

Treasury Wine Est Amer Co

| | |
|--------------------------------------|------|
| BV Coastal Estates Chardonnay 750 ML | 5502 |
| BV Coastal Estates Pinot Noir 750 ML | 7949 |

Vintage Imports Inc

| | |
|---|------|
| Sileni Sauvignon Blanc Marlborough 750 ML | 9169 |
|---|------|

Vivino Selections

| | |
|-------------------------|------|
| Santos Lima Lab Red 3 L | 8661 |
|-------------------------|------|

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W J Deutsch Sons LTD

Yellow Tail Cabernet Sauvignon Merlot 750 ML

9362

EFFECTIVE DATE: The transference to closeout will become effective February 26, 2018

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve all Bureau of Product Selection/ Marketing Actions.

Following the vote on this matter, Board Member Negra asked Dale Horst, Director of Marketing and Merchandising, to clarify whether the items being delisted would remain available for purchase through the PLCB's e-commerce website, www.finewineandgoodspirits.com, so the PLCB can sell its remaining inventory of those items.

Mr. Horst responded by confirming that the delisted items would still be offered for sale on the PLCB's e-commerce website to allow for depletion of remaining inventory.

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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>December 31, 2017</u> | <u>December 31, 2016</u> |
|--|---------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash | \$ 99,119,282 | \$ 67,919,345 |
| Investments - short term | 226,053,412 | 354,988,868 |
| Accounts and claims receivable, net | 2,922,063 | 1,752,487 |
| Due from other funds - Note 8 | - | - |
| Merchandise inventories, net | 243,643,877 | 252,898,379 |
| Operating supplies | 454,703 | 347,985 |
| Prepaid expenses | <u>2,228,689</u> | <u>2,339,247</u> |
| Total current assets | <u>574,422,026</u> | <u>680,246,311</u> |
| Non-current assets: | | |
| Non-depreciable capital assets: | | |
| Land | 322,973 | 322,973 |
| Depreciable capital assets: | | |
| Building | 19,816,479 | 19,557,620 |
| Leasehold improvements | 612,301 | 864,825 |
| Machinery and equipment | 48,321,934 | 46,914,800 |
| Intangibles - internally generated software | <u>29,587,200</u> | <u>28,329,441</u> |
| Less: accumulated depreciation | <u>66,336,367</u> | <u>56,885,077</u> |
| Net depreciable capital assets | <u>32,001,547</u> | <u>38,781,609</u> |
| Total non-current capital assets | <u>32,324,520</u> | <u>39,104,582</u> |
| Total assets | <u>\$ 606,746,546</u> | <u>\$ 719,350,893</u> |
| Total deferred outflows of resources - Note 4 | \$ 107,601,773 | \$ 100,571,449 |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 319,783,531 | \$ 300,793,519 |
| Other accounts payable | 35,264,728 | 20,728,343 |
| Accrued expenses | 17,753,678 | 17,266,848 |
| Self-insurance, workers' compensation - Note 6 | 9,739,857 | 10,771,965 |
| Due to other funds - Note 8 | 4,949,318 | 5,992,816 |
| Due to fiduciary funds - Note 8 | 2,109,620 | 1,839,495 |
| Due to other governments - Note 8 | 583,536 | 579,682 |
| Total current liabilities | <u>390,184,268</u> | <u>357,972,668</u> |
| Non-current liabilities: | | |
| OPEB - Note 5 | 858,849,000 | 98,578,113 |
| Self-insurance, workers' compensation - Note 6 | 42,256,546 | 39,287,287 |
| Net pension liability - Note 4 | 492,443,490 | 469,095,699 |
| Compensated absences - Note 1 | <u>18,904,788</u> | <u>19,506,861</u> |
| Total non-current liabilities | <u>1,412,453,824</u> | <u>626,467,960</u> |
| Total liabilities | <u>\$ 1,802,638,092</u> | <u>\$ 984,440,628</u> |
| Total deferred inflows of resources - Note 4 | \$ 20,537,976 | \$ 6,776,121 |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | \$ 32,324,520 | \$ 39,104,582 |
| Deficit**** | <u>(1,141,152,269)</u> | <u>(210,398,989)</u> |
| Total net position | <u>\$ (1,108,827,749)</u> | <u>\$ (171,294,407)</u> |

****Effective July 1, 2017, the PLCB implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This standard established new standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The State Stores Fund Net Position changed by a total of \$(751,632,988) as a result of implementing GASB 75.

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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 December 31, 2017 and December 31, 2016
(Unaudited)

| | <u>December 2017-18</u> | <u>December 2016-17</u> |
|--|-----------------------------|-----------------------------|
| Sales net of taxes | \$ 260,879,254 | \$ 261,242,153 |
| Cost of goods sold | <u>(173,843,892)</u> | <u>(176,276,897)</u> |
| Gross profit from sales | 87,035,362 | 84,965,256 |
| Operating (expenses): | | |
| Retail operations | (35,379,320) | (37,267,167) |
| Marketing & merchandising | (584,055) | (1,102,821) |
| Supply chain | (1,186,985) | (858,745) |
| Wholesale operations | (166,343) | (132,982) |
| Information technology services | (2,556,565) | (3,517,968) |
| Regulatory affairs | (2,314,752) | (1,914,284) |
| Administration | (1,252,182) | (1,206,793) |
| Finance | (323,941) | (299,590) |
| Board & secretary | (921,054) | (509,993) |
| Legal | (292,043) | (329,845) |
| Commonwealth provided services - Note 2 | <u>(1,456,504)</u> | <u>(1,105,854)</u> |
| Total | <u>(46,433,744)</u> | <u>(48,246,042)</u> |
| Operating profit | 40,601,618 | 36,719,214 |
| Other operating revenues (expenses): | | |
| Enforcement fines | 148,752 | 105,816 |
| License fees | 4,319,468 | 2,398,887 |
| Miscellaneous income | 432,254 | 183,482 |
| Administrative law judge | <u>(214,118)</u> | <u>(220,981)</u> |
| Total | <u>4,686,356</u> | <u>2,467,204</u> |
| Total operating income | 45,287,974 | 39,186,418 |
| Non-operating revenues (expenses): | | |
| Interest income | 167,820 | 216,600 |
| Other | <u>-</u> | <u>-</u> |
| Total | <u>167,820</u> | <u>216,600</u> |
| Income before operating transfers | 45,455,794 | 39,403,018 |
| Operating transfers out: | | |
| PSP enforcement - Note 3 | (3,641,053) | (3,062,902) |
| Income after enforcement/before other transfers | <u>41,814,741</u> | <u>36,340,116</u> |
| Other operating transfers out: | | |
| General fund - Note 3 | - | (8,937) |
| Drug and alcohol programs - Note 3 | - | - |
| Total | <u>-</u> | <u>(8,937)</u> |
| Change in net position | 41,814,741 | 36,331,179 |
| Total net position, beginning 2017-18 restated - Note 9 | <u>(1,150,642,490)</u> | <u>(207,625,586)</u> |
| Total net position - ending | <u>\$ (1,108,827,749)</u> | <u>\$ (171,294,407)</u> |
| Liquor tax | 46,988,390 | 46,683,704 |
| State Sales Tax | 18,458,830 | 18,363,771 |
| Local Tax | 1,078,568 | 1,052,519 |
| Taxes remitted to Dept.of Revenue PTD | <u>\$ 66,525,788</u> | <u>\$ 66,099,994</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 Six Months Ending December 31, 2017 and December 31, 2016
(Unaudited)**

| | <u>2017-18</u> | <u>2016-17</u> |
|--|----------------------------------|----------------------------------|
| Sales net of taxes | \$ 1,095,396,423 | \$ 1,075,995,139 |
| Cost of goods sold | <u>(746,578,184)</u> | <u>(740,957,022)</u> |
| Gross profit from sales | 348,818,239 | 335,038,117 |
| Operating (expenses): | | |
| Retail operations | (200,326,608) | (203,565,413) |
| Marketing & merchandising | (7,678,333) | (7,672,143) |
| Supply chain | (5,804,411) | (4,832,683) |
| Wholesale operations | (855,210) | (661,895) |
| Information technology services | (16,294,043) | (18,376,161) |
| Regulatory affairs | (10,623,874) | (11,557,847) |
| Administration | (7,477,397) | (7,111,340) |
| Finance | (1,941,461) | (1,867,673) |
| Board & secretary | (3,816,836) | (3,133,897) |
| Legal | (1,754,902) | (1,475,675) |
| Commonwealth provided services - Note 2 | <u>(7,044,657)</u> | <u>(6,696,709)</u> |
| Total | <u>(263,617,732)</u> | <u>(266,951,436)</u> |
| Operating profit | 85,200,507 | 68,086,681 |
| Other operating revenues (expenses): | | |
| Enforcement fines | 807,935 | 644,412 |
| License fees | 22,810,537 | 12,112,293 |
| Miscellaneous income | 1,426,049 | 730,149 |
| Administrative law judge | <u>(1,349,771)</u> | <u>(1,323,342)</u> |
| Total | <u>23,694,750</u> | <u>12,163,512</u> |
| Total operating income | 108,895,257 | 80,250,193 |
| Non-operating revenues (expenses): | | |
| Interest income | 1,300,226 | 1,037,136 |
| Other | <u>14,290</u> | <u>(45,023)</u> |
| Total | <u>1,314,516</u> | <u>992,113</u> |
| Income before operating transfers | 110,209,773 | 81,242,306 |
| Operating transfers out: | | |
| PSP enforcement - Note 3 | (14,925,635) <u>(14,925,635)</u> | (14,349,412) <u>(14,349,412)</u> |
| Income after enforcement/before other transfers | 95,284,138 | 66,892,894 |
| Other operating transfers out: | | |
| General fund - Note 3 | (100,000,000) | (8,937) |
| Drug and alcohol programs - Note 3 | - | - |
| Total | <u>(100,000,000)</u> | <u>(8,937)</u> |
| Change in net position | (4,715,862) | 66,883,957 |
| Total net position, beginning 2017-18 restated - Note 9 | <u>(1,104,111,887)</u> | <u>(238,178,364)</u> |
| Total net position - ending | <u>\$ (1,108,827,749)</u> | <u>\$ (171,294,407)</u> |
| Liquor tax | 197,186,293 | 193,314,805 |
| State Sales Tax | 77,508,693 | 75,826,906 |
| Local Tax | 4,851,834 | 4,710,835 |
| Taxes remitted to Dept.of Revenue YTD | <u>\$ 279,546,820</u> | <u>\$ 273,852,546</u> |

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OTHER ISSUES

None

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, February 14, 2018 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