

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, OCTOBER 17, 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*Member Newsome*

Pledge of Allegiance to the Flag – Christopher Grim, Information Technology, POS Support Team

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the September 26, 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

From the Office of Executive Director *Charlie Mooney*

Transfer to General Fund:

The Office of Budget requests a transfer of \$100,000,000 in the month of November 2018 from the State Stores Fund to the General Fund.

The transfer of this prescribed amount of \$100,000,000 will be processed, as authorized in Expenditure Symbol Notification Number 18-044.

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 (2-0 vote) to the Transfer of \$100,000,000.

From the Office of Chief CounselRodrigo Diaz, Chief Counsel

- (1) **Syndicate Real Estate, Inc.**
899 Pennsylvania Avenue
Monaca, Pennsylvania 15061-1807
Hotel Liquor License No. H-3592
LID 65412
Docket No. 193 MD 2018 (Beaver County)

Appeal to
Commonwealth Court

Rodrigo Diaz, Chief Counsel, was asked to explain this case.

Mr. Diaz explained that the renewal for the Licensee was refused under the Nuisance Bar citation program. There was an appeal filed by the Licensee to the Court of Common Pleas of Beaver County for reconsideration. The Court decided that the infraction was not serious enough in nature to warrant the refusal of renewing the liquor license for said Licensee. Therefore, the Office of Chief Counsel recommends not appealing to the Commonwealth Court even though we do not agree with the Court of Common Pleas' decision

Board Member Negra asked when the upcoming renewal is for this Licensee. Tisha Albert, Director of Regulatory Affairs, stated that the renewal will be in two years.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Not Appeal to Commonwealth Court

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

- (1) **1747 Beer & Wine, LLC**
(LID No. 92676) Case No. 18-9073
1621 West Cumberland Street
West Lebanon Township
Lebanon, Lebanon County

Auction License – New &
Request for Interior
Connections with Another
Business - Restaurant

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Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Request for Interior Connections with Another Business.

- (2) **Chelten Market, Inc.** Double Transfer & Request for Interior Connections with Another Business - Restaurant
R-5533 (LID No. 86509) Case No. 17-9083
176-82 West Chelten Avenue
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Request for Interior Connections with Another Business.

- (3) **JOIDA, Inc.** “Intermunicipal” Place-to-Place Transfer - Restaurant
t/a Angry Anvil
R-12063 (LID No. 38271) Case No. 18-9075
200 West 1st Street, Suite 5
Birdsboro, Berks County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Albert DeGennaro, Esquire, attorney for the Licensee, made an appearance at the Board Session. Once the motion was made by Board Member Negra, attorney DeGennaro stated that he did not need to make any comments.

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer.

- (4) **MSP II, Corp.** Double Transfer & Requests for Interior Connections with Another Business & Dual Employment - Restaurant
t/a Corner News
R-6216 (LID No. 94459)
1000 Providence Road
Scranton, Lackawanna County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Requests for Interior Connections with Another Business and Dual Employment.

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- (5) **Sheetz, Inc.**
t/a Sheetz #181
R-18310 (LID No. 93117) Case No. 18-9055
820 South Eagle Valley Road
Boggs Township
Bellefonte, Centre County
- REQUEST FOR RECONSIDERATION**
Double Transfer & Requests for Interior Connections with Another Business & to Conduct Another Business on the Licensed Premises - Restaurant

Rodrigo Diaz, Chief Counsel, was asked to speak on this matter. Mr. Diaz stated that the Board had previously denied the application for reconsideration. He further stated that there has been three weeks between the last board meeting and this one, and in that time, the Licensee has filed an appeal to the Court of Common Pleas.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Refuse to Reconsider (Reaffirms the Refusal of Transfer and Requests for Interior Connections with Another Business and to Conduct Another Business on the Licensed Premises).

- (6) **Sheetz, Inc.**
t/a Sheetz #128
R-20768 (LID No. 93541)
499 Adams Street
Rochester, Beaver County
- Request to Sell Other Items on the Licensed Premises - Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve Request to Sell Other Items on the Licensed Premises.

- (7) **9241 PW Welsh, LLC**
t/a Paddy Whacks
R-11481 (LID No. 58087) Case No. 2016-58087
9241-43 Roosevelt Boulevard Rear
Philadelphia, Philadelphia County
- Conditional Licensing Agreement
Renewal – District 10
- HOLD – 8/1/18 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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- (8) **L and K Beverages, LLC** Renewal – District 4
D-3624 (LID No. 58906) Case No. 2018-58906
718 North 13th Street
Allentown, Lehigh County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold for a Conditional Licensing Agreement.

- (9) **PMP Mann, Inc.** Renewal – District 6
t/a Main Street Bar
R-14642 (LID No. 50615) Case No. 2018-50615
1607 Main Street
Aliquippa, Beaver County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold for a Conditional Licensing Agreement.

- (10) **Pulaski Literary & Athletic Association** Renewal – District 6
CC-3246 (LID No. 1555) Case No. 2018-1555
1180 Summerlea Avenue
Washington, Washington County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold for a Conditional Licensing Agreement.

- (11) **Station 33, Inc.** Renewal – District 8
t/a Station 33
R-3992 (LID No. 28301) Case No. 2016-28301 **HOLD – 8/22/18 SESSION**
29-31 East Diamond Avenue
Hazleton, Luzerne County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Member Newsome asked if there was anyone from the licensee.
There was no response.

Board Decision: Unanimously agreed (2-0 vote) to Refuse Renewal.

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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 13 personnel actions presented for consideration.

- (1) William Brewer – Affirm Removal
- (2) Shyheed Chambers – Affirm Removal
- (3) Sharnell Folkes-Carter – Removal
- (4) Ginger Garrity – Affirm Removal
- (5) Ross Icenhour – Removal
- (6) Ellerson Jackson III – Removal
- (7) Delores Johnson – Affirm Removal
- (8) Sherie Lowry – Affirm Removal
- (9) Dominique Peters – Removal
- (10) Tanner Pryce – Affirm Removal
- (11) Rita Redmond – Removal
- (12) Matthew Shank – Affirm Removal
- (13) Brian Swinton – Affirm Removal

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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

Procurement Actions:

- (1) **HP Standard ProBook 640 G4 Laptops with Docking Stations** – Provide one hundred eighty-five (185) HP ProBook 640 G4 laptop units and docking stations with a four (4) year warranty to replace an aging population of laptops located in the Northwest Office Building (NWOB) and the immediate

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area due to performance of older systems 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 DGS Statewide Contract #4400017908 – VENDOR: **HP Inc.** – \$1,251.96 per unit cost for a total **\$231,612.60 estimated cost.**

- (2) **Chairs, Tables and Filing Cabinets for Bureau of Licensing and Alcohol Education** – Provide one-hundred three (103) Hon Ignition task chairs, twenty-six (26) guest chairs, twenty (20) five (5)-drawer lateral filing cabinets, seven (7) two (2)-drawer lateral filing cabinets and sixteen (16) tables for offices and printers for the Bureau of Licensing and Alcohol Education.

Procured via DGS Statewide Contract #4400016568 – VENDOR: **The HON Company** – **\$67,189.82 estimated cost** which includes installation cost of \$2,950.00.

- (3) **Furniture for Store #0709** – Wall units for premium rebrand of existing Fine Wine & Good Spirits Store #0709 in Altoona.

Procured via DGS Statewide Contract #4400013989 – VENDOR: **TC Millwork** – **\$63,301.97 estimated cost.**

- (4) **Project Manager Staff Augmentation** – Provide support on internal and customer facing initiatives primarily for increased operating income, consumer experience, and technical efficiency. Specific project assignments include Point of Service, new e-Commerce website, Data Governance and other agile-based initiatives.

Procured via DGS Statewide Contract #4400014660 – VENDOR: **OST, Inc.** – TERM: Eight (8) months for the period 10/29/2018 through 6/30/2019 – **\$140,056.00 estimated 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) **Office of Administration (OA) State Employee Assistance Program (SEAP) Billing (Job 101)** – This billing is for \$189,625 to reimburse OA for the PLCB’s share of costs for the Commonwealth’s SEAP program for FY 2018-19, (\$3.18M). These costs are allocated among Commonwealth departments based on their OA authorized complement counts on July 1, 2018.
- (2) **Office of Administration – HR Shared Services (Job 73)** – Billing of \$170,611 for the first quarter of FY 2018-19 for OA’s HR-Enterprise Services (labor relations, employee benefits, training, etc). The PLCB’s share of the billing is based on our average count of filled benefit-eligible (salary and wage) positions.

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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.

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

1. **#5408 – 888 Gordon Nagle Trail, Pottsville
Amendment**
2. **#46XX – 900 Forge Avenue, Audubon
New Licensee Service Center**
3. **#6308 – 102 Four Coins Drive, Canonsburg
New Licensee Service Center**
4. **#02XX – 350 Oliver Avenue, Pittsburgh
Relo/Consolidation 0207 & 0230**
5. **#0936 – Town Center S.C., 300 Town Center, New Britain
Closing**
6. **#1526 – 785 Starr Street, Phoenixville
Closing**
7. **#5102 – 4346 Frankford Avenue, Philadelphia
Closing**

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

BRAND NAME AND SIZE

REASON

Bacardi USA Inc

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Bacardi Black Rum 1.75 L 2, 3

North Wales Wines

La Marca Prosecco 187 ML 18

Philadelphia Distilling

Bluecoat American Dry Gin 50 ML 2, 3

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Spirits New Items

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Hewn Spirits LLC</u>	
Dark Hollow Bourbon Whiskey 750 ML	16
New Moon Moonshine Corn Whiskey 750 ML	16
Red Barn Rye Whiskey 750 ML	16
Shipmate Gold Rum 750 ML	16

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
16. PA Spirits
17. PA Wines
18. Licensee only

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3. Regular Recommended Delist

BRAND NAME AND SIZE

CODE

Remy Cointreau USA Inc

Rene Junot Red Wine 1.5 L

4661

EFFECTIVE DATE: The transference to closeout will become effective November 16, 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.

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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>July 31, 2018</u>	<u>July 31, 2017</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 56,028,621	\$ 55,519,488
Investments - short term	200,845,221	187,349,096
Accounts and claims receivable, net	553,523	2,215,525
Due from other funds - Note 8	831,247	2,143
Merchandise inventories, net	259,378,697	253,078,363
Operating supplies	716,301	326,168
Prepaid expenses	<u>811,903</u>	<u>2,724,717</u>
Total current assets	<u>519,165,513</u>	<u>501,215,500</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,818,064	19,816,479
Leasehold improvements	612,301	582,597
Machinery and equipment	48,315,559	47,200,212
Intangibles - internally generated software	<u>25,990,043</u>	<u>29,508,013</u>
Less: accumulated depreciation	<u>67,389,423</u>	<u>62,114,935</u>
Net depreciable capital assets	<u>28,346,544</u>	<u>34,992,366</u>
Total non-current capital assets	<u>28,669,517</u>	<u>35,315,339</u>
Total assets	<u>\$ 547,835,030</u>	<u>\$ 536,530,839</u>
Total deferred outflows of resources - Note 4	\$ 88,590,800	\$ 132,308,773
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 258,988,296	\$ 261,178,008
Other accounts payable	29,841,212	27,235,954
Accrued expenses	17,140,966	16,330,244
OPEB - Note 5	11,976,000	17,767,000
Self-insurance, workers' compensation - Note 6	8,137,029	7,239,857
Due to other funds - Note 8	4,293,719	3,727,660
Due to fiduciary funds - Note 8	2,345,740	2,088,358
Due to other governments - Note 8	<u>640,579</u>	<u>557,519</u>
Total current liabilities	<u>333,363,541</u>	<u>336,124,600</u>
Non-current liabilities:		
OPEB - Note 5	781,379,000	841,082,000
Self-insurance, workers' compensation - Note 6	47,949,448	42,256,546
Net pension liability - Note 4	443,337,473	479,943,490
Compensated absences - Note 1	<u>20,809,984</u>	<u>18,904,788</u>
Total non-current liabilities	<u>1,293,475,905</u>	<u>1,382,186,824</u>
Total liabilities	<u>\$ 1,626,839,446</u>	<u>\$ 1,718,311,424</u>
Total deferred inflows of resources - Note 4	\$ 106,488,959	\$ 19,937,976
<u>NET POSITION</u>		
Net investment in capital assets	\$ 28,669,517	\$ 35,315,339
Deficit	<u>(1,125,572,092)</u>	<u>(1,104,725,127)</u>
Total net position	<u>\$ (1,096,902,575)</u>	<u>\$ (1,069,409,788)</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 July 31, 2018 and July 31, 2017
(Unaudited)**

	<u>2018-19</u>	<u>2017-18</u>
Sales net of taxes	\$ 161,508,786	\$ 157,971,626
Cost of goods sold	<u>(109,478,606)</u>	<u>(108,629,132)</u>
Gross profit from sales	52,030,180	49,342,494
Operating (expenses):		
Retail operations	(33,165,273)	(32,736,624)
Marketing & merchandising	(1,621,652)	(1,524,611)
Supply chain	(547,452)	(817,434)
Wholesale operations	(147,135)	(119,476)
Information technology services	(2,602,640)	(2,364,312)
Regulatory affairs	(2,057,198)	(1,878,976)
Administration	(1,139,629)	(1,137,337)
Finance	(302,511)	(313,498)
Board & secretary	(355,919)	(500,491)
Legal	(355,748)	(326,479)
Commonwealth provided services - Note 2	<u>(971,267)</u>	<u>(1,018,193)</u>
Total	<u>(43,266,424)</u>	<u>(42,737,431)</u>
Operating profit	8,763,756	6,605,063
Other operating revenues (expenses):		
Enforcement fines	162,756	124,071
License fees	3,686,935	3,800,196
Miscellaneous income	147,808	188,132
Administrative law judge	<u>(239,549)</u>	<u>(226,962)</u>
Total	<u>3,757,950</u>	<u>3,885,437</u>
Total operating income	12,521,706	10,490,500
Non-operating revenues (expenses):		
Interest income	404,252	186,442
Other	<u>-</u>	<u>1,200</u>
Total	<u>404,252</u>	<u>187,642</u>
Income before operating transfers	12,925,958	10,678,142
Operating transfers out:		
PSP enforcement - Note 3	(2,521,634)	(2,133,043)
Income after enforcement/before other transfers	10,404,324	8,545,099
Other operating transfers out:		
General fund - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	10,404,324	8,545,099
Total net position, beginning	<u>(1,107,306,899)</u>	<u>(1,077,954,887)</u>
Total net position - ending	<u>\$ (1,096,902,575)</u>	<u>\$ (1,069,409,788)</u>
Liquor tax	28,587,095	28,763,533
State Sales Tax	11,243,685	11,312,319
Local Tax	705,882	701,968
Taxes remitted to Dept.of Revenue YTD	<u>\$ 40,536,662</u>	<u>\$ 40,777,820</u>

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OTHER ISSUES

*Transfer of Lottery Funds.....Koppolu Ravindraraj
Director, Bureau of Accounting & Purchasing*

Requesting Board authorization to transfer from the State Stores Fund to the General Fund lottery commissions of \$250,022.87 earned during the 1st quarter of fiscal year 2018-19.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (2-0 vote) to Approve the Transfer of Lottery Funds.

Presentation to the Safety TeamCharlie Mooney, Executive Director

Office of Administration has recognized those agencies whose efforts have resulted in achieving success in reducing reported injuries:

The Liquor Control Board achieved a 29% decrease in incidents over the past five years with the implementation of a Job Safety Observation Program, with a focus on new hires and developing safety talks focused on the top causes of injuries.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, October 31, 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.

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ADJOURNMENT

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

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary