

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, DECEMBER 4, 2019

NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA

Tim Holden, Chairman
Mike Negra, Board Member
Mary Isenhour, Board Member
Charlie Mooney, Executive Director
John Stark, Board Secretary

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

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

PUBLIC MEETING – 11:00 A.M

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

CALL TO ORDER *Chairman Holden*

Pledge of Allegiance to the Flag – Angel Elwell - Wholesale Operations

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the November 13, 2019 meeting.

Motion Made: Board Member Isenhour

Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 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 Chief Counsel*Rodrigo Diaz, Chief Counsel*

- | | |
|--|------------|
| (1) Delegation of Licensing Matters and Updated Objection Criteria | Delegation |
|--|------------|

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

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chief Counsel Rodrigo Diaz explained that the Board has the authority to delegate certain actions and that occasional review of delegations by the Board has taken place. In light of the fact that an issue has arisen recently affecting applications which involve interior connections with other businesses, a decision was made earlier this year to require Board review and approval of all such applications. The proposed delegation allows the Bureau of Licensing to approve a subset of applications involving interior connections, such as those wherein portions of a licensed premises are fully contiguous, unless the Bureau of Licensing desires Board review or that a hearing be held to establish additional facts.

Board Decision: Unanimously agreed (3-0 vote) to Amend Existing Delegation to the Director of Regulatory Affairs.

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

(1) **Aaron Food Mart, Inc.** Double Transfer & Request for
R-21281 (LID No. 99642) Interior Connections with
708 Main Street Another Business - Restaurant
Duryea, Luzerne County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

(2) **Audubon Hotels 2, LLC** New & Request to Sell Other
t/a Tru by Hilton Audubon Valley Forge Items on the Licensed Premises –
(LID No. 98894) Hotel
825 Forge Avenue
Lower Providence Township
Audubon, Montgomery County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

(3) **BFS Foods, Inc.** “Intermunicipal” Double
t/a BFS Foods 41 Transfer & Request for Interior
R-11374 (LID No. 100942) Connections with Another
270 East Roy Furman Highway Business - Restaurant
Franklin Township
Waynesburg, Greene County

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

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant's plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

- (4) **Bo99brewery, LLC** (LID No. 98634)
901-925 North Delaware Avenue
Philadelphia, Philadelphia County
- New & Request for an Interior Connection with Another Business - Brewery

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve New License & Request for an Interior Connection with Another Business.

- (5) **D&D USA, LLC**
t/a MJ Food Mart
E-285 (LID No. 98335)
22 West Main Street
Newport Township
Glen Lyon, Luzerne County
- Extension of License & Request for Interior Connections with Another Business – Eating Place Malt Beverage

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve Extension of License & Request for Interior Connections with Another Business.

- (6) **Giant Food Stores, LLC**
R-32568 (LID No. 81772)
255 Cumberland Parkway
Upper Allen Township
Mechanicsburg, Cumberland County
- Extension of License & Request for Interior Connections with Another Business - Restaurant

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant's plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

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- (7) **Giant Food Stores, LLC** Extension of License &
R-35594 (LID No. 86292) Request for Interior
700 Nutt Road Connections with Another
Phoenixville, Chester County Business - Restaurant

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant's plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

- (8) **JMLS, Inc.** "Intermunicipal" Double
t/a Myst Transfer - Restaurant
R-20125 (LID No. 97913) Case No. 19-9058
34 Susquehanna Street
Jim Thorpe, Carbon County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

- (9) **Mallard Markets, Inc.** "Intermunicipal" Double
R-18965 (LID No. 97596) Case No. 19-9061 Transfer & Request for Interior
161 South 2nd Street Connections with Another
Lehighton, Carbon County Business – Restaurant

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chairman Holden asked if there was anyone present from Mallard Markets, Inc. There was no response.

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

- (10) **REMEKA, LLC** Double Transfer & Requests for
t/a D & J's Beer & Tobacco Interior Connections with
D-1819 (LID No. 99569) Another Business & to Retain
1238 Scalp Avenue Other Employment - Distributor
Richland Township
Johnstown, Cambria County

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

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer & Requests for Interior Connections with Another Business & to Retain Other Employment.

- (11) **Revel Spirits, LLC** Request to Sell Other Items on the
t/a Mountain Top Distillery Licensed Premises – Limited
AL-7 (LID No. 90364) Distillery
5451 State Route 654
Bastress Township
Williamsport, Lycoming County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

- (12) **SB Charters Grocery, Inc.** “Intermunicipal” Double
R-13254 (LID No. 100691) Transfer & Request for Interior
Tusca Plaza Connections with Another
4935 Tuscarawas Road Business - Restaurant
Brighton Township
Beaver, Beaver County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

- (13) **SDGA Enterprises, LLC** Renewal - Restaurant
t/a Skyvue
R-2325 (LID No. 60108) Case No. 19-9037
3230 Lebanon Church Road
West Mifflin, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chairman Holden asked if there was anyone present from SDGA Enterprises, LLC. There was no response.

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

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(14) **Sheetz, Inc.**
t/a Sheetz #22
R-13994 (LID No. 100234)
208 Haynes Street
Johnstown, Cambria County

“Intermunicipal” Double
Transfer & Request for Interior
Connections with Another
Business - Restaurant

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

(15) **Sheetz, Inc.**
t/a Sheetz #27
R-16782 (LID No. 100664)
1500 Graham Avenue
Windber, Somerset County

“Intermunicipal” Double
Transfer & Request for Interior
Connections with Another
Business - Restaurant

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

(16) **Sheetz, Inc.**
t/a Sheetz #99
E-5197 (LID No. 99890)
325 Freeport Street
New Kensington, Westmoreland County

“Intermunicipal” Double
Transfer & Request for Interior
Connections with Another
Business – Eating Place
Malt Beverage

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

(17) **Sheetz, Inc.**
t/a Sheetz #299
R-13424 (LID No. 100790)
1931 Butler Pike
Springfield Township
Grove City, Mercer County

“Intermunicipal” Double
Transfer & Request for Interior
Connections with Another
Business - Restaurant

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Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

(18) **Sheetz, Inc.** “Intermunicipal” Double
t/a Sheetz #343 Transfer & Request for Interior
R-15301 (LID No. 99544) Connections with Another
1101 O’Neill Highway Business - Restaurant
Dunmore, Lackawanna County

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

(19) **Sheetz, Inc.** “Intermunicipal” Double
t/a Sheetz #451 Transfer & Requests for
R-18585 (LID No. 99689) Interior Connections with
11104 Grindstone Hill Road Another Business & to Rescind
Antrim Township Conditional Licensing
Greencastle, Franklin County Agreement – Restaurant

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

(20) **Sheetz, Inc.** “Intermunicipal” Double
t/a Sheetz #549 Transfer & Request for Interior
R-20874 (LID No. 100943) Connections with Another
249 Pittsburgh Road Business - Restaurant
Butler Township
Butler, Butler County

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

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Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

- (21) **TH Minit Markets, LLC** Conditional Licensing Agreement
t/a Turkey Hill Minit Market #89 Double Transfer & Request for
R-16089 (LID No. 96184) Case No. 19-9027 Interior Connections with
216 Pike Street Another Business – Restaurant
Port Carbon, Schuylkill County

HOLD – 9/25/19 SESSION

Motion Made: Board Member Isenhour

Seconded: Board Member Negra

Chairman Holden recused himself based on the fact that he is familiar with all the individuals associated with this application.

Board Decision: Agreed (2-0 vote) to Approve Transfer & Request for Interior Connections with Another Business with Conditional Licensing Agreement.

- (22) **TH Minit Markets, LLC** Person-to-Person Transfer &
t/a Turkey Hill Minit Market #229 Request for Interior
R-35873 (LID No. 100633) Connections with Another
1565 Bunting Street Business - Restaurant
Norwegian Township
Pottsville, Schuylkill County

Motion Made: Board Member Isenhour

Seconded: Board Member Negra

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

- (23) **Two Farms, Inc.** “Intermunicipal” Double
t/a Royal Farms Transfer & Request for Interior
R-19622 (LID No. 100271) Connections with Another
5031 Horseshoe Pike Business - Restaurant
Caln Township
Downingtown, Chester County

Motion Made: Board Member Isenhour made a motion to send the application at issue to a hearing to obtain additional information. Board Member Negra dissented and stated that he believed the applicant’s plans meet current criteria.

Board Decision: Chairman Holden seconded the motion made by Board Member Isenhour and affirmed that it would pass based on a 2-1 vote.

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- (24) **Amy 3241, Inc.** Conditional Licensing Agreement
R-1148 (LID No. 73002) Case No. 2018-73002 Renewal – District 10
3241 Kensington Avenue
Philadelphia, Philadelphia County **HOLD – 10/17/19 SESSION**

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

- (25) **Legion Memorial Association of Versailles Township** Conditional Licensing Agreement
CC-4693 (LID No. 3723) Case No. 2019-3723 Renewal – District 5
Pennsylvania Avenue
Capital Street, White Oak **HOLD – 10/9/19 SESSION**
McKeesport, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

- (26) **The Lounge on Verona, LLC** Renewal – District 5
R-15608 (LID No. 66791) Case No. 2019-66791
4343 Verona Road
Penn Hills Township
Verona, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Hold for Conditional Licensing Agreement.

- (27) **Mach's Gut Candle Barn, Inc.** Conditional Licensing Agreement
t/a Mach's Gut Beer Barn Renewal – District 3
D-225 (LID No. 72504) Case No. 2019-72504
1468 Route 61 Highway South **HOLD – 9/11/19 SESSION**
North Manheim Township
Pottsville, Schuylkill County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

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(28) Main Street Bar & Billiards, LLC Renewal – District 5
R-10439 (LID No. 80802) Case No. 2019-80802
604 Main Street
Sharpsburg
Pittsburgh, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Hold for Amended Conditional Licensing Agreement.

(29) Ricky 7165, Inc. Renewal – District 10
R-13573 (LID No. 71348) Case No. 2018-71348
7165 Torresdale Avenue
Philadelphia, Philadelphia County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chairman Holden asked if there was anyone present from Ricky 7165, Inc.. There was no response.

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

(30) Wiegand’s Café, Inc. Renewal – District 5
t/a Wiegand’s Café
R-452 (LID No. 25713) Case No. 2019-25713
656 Center Avenue
West View
Pittsburgh, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Hold for Conditional Licensing Agreement.

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

Personnel Actions:

There were 14 personnel actions presented for consideration.

- (1) Brianna Best – Removal**
- (2) Wakia Bracy – Affirm Removal**

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- (3) **David Coopie - Removal**
- (4) **James Corolla – Removal**
- (5) **Richard Edwards - Removal**
- (6) **Shirlett Hockey – Removal**
- (7) **Daniel Holshue – 5 Day Suspension**
- (8) **Andrea Jones - Demotion**
- (9) **Frank Jordan – Removal**
- (10) **Ciani Moore – Affirm Removal**
- (11) **Brandon Morgan – Rescind Removal**
- (12) **Edward Stewart – Affirm Removal**
- (13) **Devin Strickler – Affirm Removal**
- (14) **Turquoise Watkins – Affirm Removal**

Motion Made: Board Member Isenhour

Seconded: Board Member Negra

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

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

Procurement Actions:

None

Inter-Agency Charges:

- 1) **Department of Auditor General** – FY 2019-20 first quarter billing of \$799,760.94 from the Department of the Auditor General. This billing reflects actual audit hours and associated charges for July, August, and September.
- 2) **Department of General Services (DGS) Property Costs (JOB 7)** – Billing of \$109,844.95 for FY 2019-20 first quarter for Commonwealth property costs for the Northwest Office Building (NWOB), including electricity charges, Capital Police services, and the City of Harrisburg Fire Protection.

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- 3) **Office of Administration – IT Shared Services** – Billing of \$255,750.00 for the second quarter of FY 2019-20 for OA’s IT Enterprise Technology Essential Services. This billing is for enterprise-wide infrastructure, network, security, enterprise data center (EDC) and service desk costs.

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 Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve all Inter-Agency Charges.

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

- 1. **#1512 – Lincoln Court Shopping Center, 215 Lancaster Avenue, Malvern Amendment**
- 2. **#2219 – 333 Market Street, Harrisburg Amendment**
- 3. **#4003 – 2161 Memorial Highway, Dallas Expansion (Adding 899 sq. ft.)**

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

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

1. Regular New Items Accepted

| <u>BRAND NAME AND SIZE</u> | <u>REASON</u> |
|---|---------------|
| <u>Bacardi USA Inc</u> | |
| Martini and Rossi Bianco Vermouth 1 L | 2, 3, 12 |
| <u>Capital Wine and Spirits Inc</u> | |
| Grazie Mille Red Blend 750 mL | 18 |
| O Organics Cabernet Sauvignon Organic Wine 750 mL | 18 |
| O Organics Chardonnay Organic Wine 750 mL | 18 |
| O Organics Pinot Noir Organic Wine 750 mL | 18 |
| Yes Way Rose Cans 1 L | 18 |

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Grapes and Barley LLC

Winemaker's Selection Cabernet Franc 750 mL 18

North Wales Wine

Wohler Bridge Russian River Valley Chardonnay 750 mL 18

Wohler Bridge Russian River Valley Pinot Noir 750 mL 18

Southern Wine Spirits PA

Belle Isle Blood Orange Premium Moonshine 750 mL 10

Valdo Floral Rose Brut Sparkling Wine 750 mL 19

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Preferred New Items Accepted

BRAND NAME AND SIZE

REASON

Heritage Spirits LLC

Stoll and Wolfe Pennsylvania Rye Whiskey 90 Proof 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
19. Probationary listing

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3. Regular Recommended Delist

| <u>BRAND NAME AND SIZE</u> | <u>CODE</u> |
|--|-------------|
| <u>Better World Spirits Inc</u> | |
| Mango Libre Mango Lime Mint Sparkling Cocktail 12 Pack 10 Proof 4260 mL | 16929 |
| Ruby Star Blood Orange Peach and Ginger Sparkling Cocktail 12 Pack 10 Proof 4260 mL | 16818 |
| <u>The Levecke Corporation</u> | |
| Conciere Amaretto Liqueur 30 Proof 1 L | 410 |
| Conciere Bourbon 80 Proof 1 L | 98013 |
| Conciere Brandy 80 Proof 1 L | 414 |
| Conciere Coffee Liqueur 30 Proof 1 L | 419 |
| Conciere Gold Rum 80 Proof 1 L | 412 |
| Conciere Scotch 80 Proof 1 L | 421 |
| Conciere Spiced Rum 70 Proof 1 L | 417 |
| Conciere Tequila Gold 80 Proof 1 L | 416 |
| Conciere Whiskey 80 Proof 1 L | 420 |
| <u>Southern Wine Spirits PA</u> | |
| Belle Isle Premium Moonshine 100 Proof 750 mL | 2993 |

EFFECTIVE DATE: The transference to closeout will become effective January 5, 2020

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

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

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

| | <u>October 31, 2019</u> | <u>October 31, 2018</u> |
|---|---------------------------|---------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash | \$ 37,181,953 | \$ 53,945,392 |
| Investments - short term | 321,551,587 | 267,843,556 |
| Accounts and claims receivable, net | 2,424,365 | 1,063,719 |
| Due from other funds - Note 8 | - | - |
| Merchandise inventories, net | 287,017,660 | 286,683,219 |
| Operating supplies | 277,746 | 505,544 |
| Prepaid expenses | <u>1,868,869</u> | <u>1,448,022</u> |
| Total current assets | <u>650,322,180</u> | <u>611,489,452</u> |
| Non-current assets: | | |
| Non-depreciable capital assets: | | |
| Land | 322,973 | 322,973 |
| Depreciable capital assets: | | |
| Building | 20,875,220 | 20,875,220 |
| Leasehold improvements | 341,826 | 612,301 |
| Machinery and equipment | 48,765,030 | 48,866,824 |
| Intangibles - internally generated software | <u>22,577,775</u> | <u>26,867,582</u> |
| Less: accumulated depreciation | <u>63,347,311</u> | <u>69,252,376</u> |
| Net depreciable capital assets | <u>29,212,540</u> | <u>27,969,551</u> |
| Total non-current capital assets | <u>29,535,513</u> | <u>28,292,524</u> |
| Total assets | <u>\$ 679,857,693</u> | <u>\$ 639,781,976</u> |
| Total deferred outflows of resources - Notes 4, 5 | \$ 162,440,631 | \$ 88,470,800 |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 331,850,761 | \$ 305,776,016 |
| Other accounts payable | 28,856,263 | 26,490,261 |
| Accrued expenses | 25,194,355 | 23,735,901 |
| OPEB - Note 5 | 8,994,000 | 11,976,000 |
| Self-insurance, workers' compensation - Note 6 | 7,193,938 | 9,637,029 |
| Due to other funds - Note 8 | 6,079,949 | 4,672,830 |
| Due to fiduciary funds - Note 8 | 3,823,600 | 3,538,013 |
| Due to other governments - Note 8 | <u>1,021,882</u> | <u>922,725</u> |
| Total current liabilities | <u>413,014,748</u> | <u>386,748,775</u> |
| Non-current liabilities: | | |
| OPEB - Note 5 | 536,833,000 | 781,379,000 |
| Self-insurance, workers' compensation - Note 6 | 48,841,124 | 47,949,448 |
| Net pension liability - Note 4 | 543,091,336 | 451,317,474 |
| Compensated absences - Note 1 | <u>21,598,132</u> | <u>20,809,984</u> |
| Total non-current liabilities | <u>1,150,363,592</u> | <u>1,301,455,906</u> |
| Total liabilities | <u>\$ 1,563,378,340</u> | <u>\$ 1,688,204,681</u> |
| Total deferred inflows of resources - Notes 4, 5 | \$ 316,384,836 | \$ 101,418,959 |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | \$ 29,535,513 | \$ 28,292,524 |
| Deficit | <u>(1,067,000,365)</u> | <u>(1,089,663,388)</u> |
| Total net position | <u>\$ (1,037,464,852)</u> | <u>\$ (1,061,370,864)</u> |

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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ending October 31, 2019 and October 31, 2018
(Unaudited)**

| | <u>2019-20</u> | <u>2018-19</u> |
|---|---------------------------|---------------------------|
| Sales net of taxes | \$ 180,436,115 | \$ 171,655,492 |
| Cost of goods sold | <u>(124,867,034)</u> | <u>(117,907,512)</u> |
| Gross profit from sales | 55,569,081 | 53,747,980 |
| Operating (expenses): | | |
| Retail operations | (30,480,783) | (33,264,388) |
| Marketing & merchandising | 726,983 | (1,023,042) |
| Supply chain | (890,811) | (2,069,257) |
| Wholesale operations | (170,845) | (155,595) |
| Information technology services | (1,904,909) | (2,064,669) |
| Regulatory affairs | (1,467,876) | (1,962,023) |
| Administration | (1,071,036) | (1,167,769) |
| Finance | (288,157) | (280,781) |
| Board & secretary | (301,227) | (706,201) |
| Legal | (324,047) | (299,411) |
| Commonwealth provided services - Note 2 | <u>(1,078,903)</u> | <u>(1,102,635)</u> |
| Total | <u>(37,251,611)</u> | <u>(44,095,771)</u> |
| Operating profit | 18,317,470 | 9,652,209 |
| Other operating revenues (expenses): | | |
| Enforcement fines | 153,834 | 257,903 |
| License fees | 2,896,056 | 2,731,705 |
| Miscellaneous income | 291,827 | 371,516 |
| Administrative law judge | <u>(248,367)</u> | <u>(242,543)</u> |
| Total | <u>3,093,350</u> | <u>3,118,581</u> |
| Total operating income | 21,410,820 | 12,770,790 |
| Miscellaneous revenues (expenses): | | |
| Interest income | 516,992 | 447,257 |
| Other | <u>-</u> | <u>-</u> |
| Total | <u>516,992</u> | <u>447,257</u> |
| Income before operating transfers | 21,927,812 | 13,218,047 |
| Operating transfers out: | | |
| PSP enforcement - Note 3 | (2,318,502) | (2,438,870) |
| Net Income from operations | 19,609,310 | 10,779,177 |
| Statutory Transfers: | | |
| General fund - Note 3 | - | - |
| Drug and alcohol programs - Note 3 | - | - |
| Total | <u>-</u> | <u>-</u> |
| Change in net position | 19,609,310 | 10,779,177 |
| Total net position - beginning | <u>(1,057,074,162)</u> | <u>(1,072,150,041)</u> |
| Total net position - ending | <u>\$ (1,037,464,852)</u> | <u>\$ (1,061,370,864)</u> |
| Liquor tax | 32,400,528 | 30,468,985 |
| State Sales Tax | 12,744,292 | 11,972,796 |
| Local Tax | 856,030 | 811,921 |
| Taxes remitted to Dept.of Revenue YTD | <u>\$ 46,000,851</u> | <u>\$ 43,253,702</u> |

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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Four Months Ending October 31, 2019 and October 31, 2018
(Unaudited)**

| | <u>2019-20</u> | <u>2018-19</u> |
|---|---------------------------|---------------------------|
| Sales net of taxes | \$ 693,398,103 | \$ 667,558,436 |
| Cost of goods sold | <u>(474,290,146)</u> | <u>(456,035,395)</u> |
| Gross profit from sales | 219,107,957 | 211,523,041 |
| Operating (expenses): | | |
| Retail operations | (122,200,791) | (130,441,194) |
| Marketing & merchandising | (3,027,949) | (5,193,964) |
| Supply chain | (2,756,875) | (3,560,963) |
| Wholesale operations | (551,011) | (595,532) |
| Information technology services | (9,492,081) | (10,647,155) |
| Regulatory affairs | (6,294,107) | (7,359,477) |
| Administration | (4,017,204) | (4,797,114) |
| Finance | (1,185,662) | (1,166,875) |
| Board & secretary | (1,157,554) | (1,683,657) |
| Legal | (1,222,343) | (1,235,486) |
| Commonwealth provided services - Note 2 | <u>(4,653,080)</u> | <u>(4,248,458)</u> |
| Total | <u>(156,558,657)</u> | <u>(170,929,875)</u> |
| Operating profit | 62,549,300 | 40,593,166 |
| Other operating revenues (expenses): | | |
| Enforcement fines | 611,663 | 619,351 |
| License fees | 11,891,709 | 12,499,291 |
| Miscellaneous income | 1,100,823 | 1,204,196 |
| Administrative law judge | <u>(970,827)</u> | <u>(950,272)</u> |
| Total | <u>12,633,368</u> | <u>13,372,566</u> |
| Total operating income | 75,182,668 | 53,965,732 |
| Miscellaneous revenues (expenses): | | |
| Interest income | 2,091,289 | 1,749,751 |
| Other | <u>-</u> | <u>-</u> |
| Total | <u>2,091,289</u> | <u>1,749,751</u> |
| Income before operating transfers | 77,273,957 | 55,715,483 |
| Operating transfers out: | | |
| PSP enforcement - Note 3 | (9,552,113) | (9,779,448) |
| Net Income from operations | 67,721,844 | 45,936,035 |
| Statutory Transfers: | | |
| General fund - Note 3 | - | - |
| Drug and alcohol programs - Note 3 | - | - |
| Total | <u>-</u> | <u>-</u> |
| Change in net position | 67,721,844 | 45,936,035 |
| Total net position - beginning | <u>(1,105,186,696)</u> | <u>(1,107,306,899)</u> |
| Total net position - ending | <u>\$ (1,037,464,852)</u> | <u>\$ (1,061,370,864)</u> |
| Liquor tax | 124,238,621 | 119,484,901 |
| State Sales Tax | 48,876,076 | 46,990,130 |
| Local Tax | 3,158,512 | 3,031,978 |
| Taxes remitted to Dept.of Revenue YTD | <u>\$ 176,273,209</u> | <u>\$ 169,507,009</u> |

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OTHER ISSUES

*Pennsylvania Malt and Brewed Beverages Industry Promotion Board.....Elizabeth Brassell,
Director of Policy and Communications*

Act 39 of 2016 created the Pennsylvania Malt and Brewed Beverages Industry Promotion Board and authorized the PLCB to approve up to \$1 million annually for development and marketing of the Pennsylvania beer industry. The Pennsylvania Fiscal Code also allows for unallocated beer grant funds to be made available in subsequent years. The Pennsylvania Malt and Brewed Beverages Industry Promotion Board has recommended 20 grant projects totaling \$1.3 million for PLCB approval. The grant projects are intended to increase the production of Pennsylvania-made malt and brewed beverages and enhance the Pennsylvania beer industry through promotion, marketing, and research-based programs and projects.

| | Grant Project | Grantee | Grant Amount |
|----------|---|--|---------------------|
| A | <i>Beer Tourism Grant for the Craft Beer Trail of Greater Philadelphia:</i> Grant will allow Visit Philadelphia to market and promote greater Philadelphia’s craft beer and breweries in order to boost Philadelphia and Pennsylvania’s image as one of the country’s top destinations for craft beer; generate positive economic impact by driving visitation to Pennsylvania breweries; increase the number of breweries people visit; and increase the amount of money people spend at regional breweries. This grant builds upon a similar grant issued for October 2019 through June 2020 and extends funding through June 2021. | Visit Philadelphia | \$150,000 |
| B | <i>Increasing the Participation of the Black Community in PA Craft Beer:</i> Increase the awareness, knowledge, and experience of black people in craft beer and support and promote the Pennsylvania beer industry by offering educational opportunities (workshops, site visits, trainings) to drinkers, hop growers, and potential brewers in black communities in the greater Pittsburgh area. | Black Brew Culture (Amber Epps Consulting & Mike Potter) | \$130,350 |
| C | <i>Poured in Pennsylvania, The Series:</i> This series will follow the same themes, stories, and creative approach as the documentary <u>Poured in Pennsylvania</u> , funded through a previous grant cycle. The series – featuring 16 to 20 episodes, each 30 to 45 minutes in length and digitally distributed via Amazon Prime – will explore the state’s craft beer industry, including its impact in agriculture, tourism, and the economy in order to both educate viewers and spur beer tourism throughout Pennsylvania. | GK Visual, LLC | \$120,000 |

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| D | <i>Development of a Quality Testing Program to Support Pennsylvania Raw Materials and Malt Beverages:</i> Creation of the first analytical lab dedicated solely to malt beverages in Pennsylvania, which will improve accessibility to affordable testing for farmers and brewers, provide assistance and education in quality production for farmers and manufacturers, and empower businesses to respond to quality concerns and build their own quality programs. | University of the Sciences in Philadelphia Brewing Science Program | \$97,299 |
| E | <i>Grain Drying Proposal to Increase Quality and Production of Pennsylvania Malting Barley:</i> Development of an economical, carbon-neutral drying process that will support increased production of Pennsylvania malting barley, prevent malting-quality barley from being rejected due to moisture levels, and increase the amount of Pennsylvania-grown malting barley available to Pennsylvania malt houses, all without impacting premiums paid to Pennsylvania farmers. | CNC Malting Co. | \$88,640 |
| F | <i>Use of Wheat and Rye Middlings (Four Milling Byproducts) in Beer Brewing:</i> Middlings, a byproduct of polished flour production typically sold as animal feed, present a potential low-cost solution for brewers to preserve grain flavors in lower-ABV beers. This research initiative will explore best practices for utilizing these grain byproducts during the brewing process, including full-scale testing with local brewpubs. | Ryan Elias, Penn State College of Agricultural Sciences | \$83,790 |
| G | <i>Use of β-Glucosidase Enzymes to Improve Flavor and Aroma Yield from Hops:</i> Evaluate the use of glucosidases to increase flavor and aroma extraction from hops during several stages in the brewing process. As consumer interest in heavily hopped beers grows, this research has the potential to provide the Pennsylvania brewing industry with a novel way to reduce hop costs while maintaining hop flavor and aroma quality and intensity. | Ryan Elias, Penn State College of Agricultural Sciences | \$82,840 |
| H | <i>Pittsburgh Brewers Guild Update and Expansion:</i> Expand upon the 30+-member PBG's foundation and increase industry awareness and beer tourism across the Pittsburgh region by updating the Pittsburgh Brewery Guide and website and re-launching Pittsburgh Craft Beer Week. | Pittsburgh Brewers Guild | \$75,000 |
| I | <i>Allegheny County Craft Brewery Tourism Campaign:</i> A public relations and marketing campaign to increase awareness of Pittsburgh's craft brewery scene in out-of-market audiences and attract new visitors to the 30+ breweries in the Allegheny | Visit Pittsburgh | \$75,000 |

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| | County region. Tactics will include participation in an out-of-market craft beer event to promote the Pittsburgh brewery scene, development of a library of photo and video assets showcasing Pittsburgh’s brewing industry, a craft brewery tourism press tour, and digital and social media advertising. | | |
| J | <i>Pennsylvania Brewing Symposium:</i> Expansion of the one-day Brewing Symposium hosted by Brewers of Pennsylvania for the last five years to a two-day professional development event, inviting presenters and attendees to share research and experiences, gain insight, discuss the science and business of brewing, and network. Past grant recipients will be invited to deliver updates on their research and findings to the Pennsylvania brewing industry. | Brewers of Pennsylvania | \$71,000 |
| K | <i>Craft Beer Value Chain Development: Expanding Hops Processing in Western Pennsylvania:</i> A first-of-its-kind-in-Pennsylvania research and development/outreach and education project aiming to increase the market share of local hops in Pennsylvania’s craft brewing industry by increasing the shelf life of locally sourced hops through improved processing and storage methods, increasing brewers’ access to local hops, and expanding local hop growing. | Maria Graziani, Penn State College of Agricultural Sciences | \$56,258 |
| L | <i>Gluten-Free Beer Production in Pennsylvania Using Unmalted Grains:</i> Evaluation of the use of unmalted grains and enzyme supplementation for several non-barley/wheat gluten-free grains in order to develop best practices for producing sufficient levels of fermentable sugars and free amino nitrogen for gluten-free beers. | Darrell Cockburn, Penn State College of Agricultural Sciences | \$53,514 |
| M | <i>Education and Marketing of Grain/Malt Produced for Commonwealth Brewed Beverages:</i> Strengthening of the grain and malt value chain in Pennsylvania through enhancement of two events that continue to grow each year: the Philadelphia Grain & Malt Symposium, a technical conference and networking event showcasing Pennsylvania brews using local grains and malts, and the Malt-A-Palooza field day, an education and marketing event celebrating local agriculture and featuring malter demonstrations, brewer expositions, farmer education, and entertainment. | Deer Creek Malthouse | \$47,561 |

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| N | <i>Lake Erie Ale Trail Craft Beer Week and Special Event Marketing Campaign Expansion:</i> Grow Lake Erie beer tourism at 12 member breweries and events through increased marketing for Lake Erie Ale Trail special events and growth of Lake Erie Ale Trail beer enthusiast membership. Marketing efforts will broaden appeal to men and women in expanded markets (Cleveland, Pittsburgh, and Buffalo, in addition to northwest Pennsylvania) and will employ traditional and new marketing strategies. | Lake Erie Ale Trail | \$44,500 |
| O | <i>Butler County Beer Box:</i> Purchase of a custom BoxPop 20-foot shipping container to be branded and used as a portable bar at 12 or more events throughout the county in order to grow awareness of and beer tourism among 10 participating breweries. | Butler County Tourism & Convention Bureau | \$40,000 |
| P | <i>Cumberland Valley Beer Trail Marketing & Visitation Increase:</i> Enhance promotion of the 29-location Cumberland Valley Beer Trail through eye-catching advertising wraps on 20 full-time rideshare vehicles for three months (mid-June through mid-September) in Washington, D.C., and Philadelphia, in order to increase the sale of malt and brewed beverages produced in Cumberland County and the surrounding region and increase sales and visitation to other businesses in the area through beer tourism. | Cumberland Area Economic Development Corporation | \$35,000 |
| Q | <i>Meeting of the Malts: The Growler Awards:</i> Expansion of The Meeting of the Malts, the signature annual event of the Brewers of Pennsylvania, transforming the traditional panel discussion, beer pairing dinner, and beer festival into an industry awards event including all beer entities within the Commonwealth and serving as the primary meeting place to celebrate the successes of the Pennsylvania craft beer industry and discuss industry challenges and trends. | Brewers of Pennsylvania | \$25,000 |
| R | <i>Educating Agricultural Producers on Legal Considerations Associated with Hops Production on Leased Land:</i> Through creation of educational materials, this project will address commodity-specific legal issues, including lease preparation, of concern to agricultural producers considering undertaking or continuing cultivation of hops, thereby increasing hops cultivated in Pennsylvania and increasing agricultural and beer industry economic development. | Ross Pifer, Penn State Center for Agricultural and Shale Law | \$13,998 |

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| S | <i>Cultivation of Two Unique Pennsylvania Varieties of Hops on Sonco Pipe Trellis System:</i> Purchase of the Sonco Pipe trellis system to compare its cost-effectiveness and durability for hop growing in comparison to conventional Larch poles, along with propagation of two unique Pennsylvania hop varieties. | Douglas Clayton, Hop Stop Farm | \$5,184.20 |
| T | <i>Construction of an Economical and Efficient Hop Dryer:</i> Grant funds will be used to build an efficient and inexpensive hop dryer that will be able to handle 700 to 800 pounds of wet hops every 12 hours. Assuming the project is successful, mass production of this affordable dryer would allow growers with 2 to 3 acres of hops to avoid significant start-up costs associated with commercially available dryers. | Douglas Clayton, Hop Stop Farm | \$3,821 |

Motion Made: Board Member Isenhour made a motion to approve all grant projects with the exception of Items N & O.

Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve all grant projects with the exception of Items N & O.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, December 18, 2019 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 Isenhour, seconded by Board Member Negra, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary