

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, JUNE 26, 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 – Michelle Fox – Executive Deputy Chief Counsel

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the June 5, 2019 meeting.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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) **D. Kendo, Inc.** Appeal to Commonwealth Court
302 West Lincoln Highway
Coatesville, Pennsylvania 19320-3021
Restaurant Liquor License No. R-7821
LID 54657
Docket No. 2010-00388-CS (Chester County)

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

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Withdraw the Appeal with the Commonwealth Court.

- (2) **Jo Jo's Pizza and Pasta Company** Appeal to Commonwealth Court
2210 Aspen Drive
Mechanicsburg, Pennsylvania 17055
Economic Development Eating Place Malt Beverage License
LID 92149
Docket No. 2018-12448 (Cumberland County)

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Not Pursue an Appeal to Commonwealth Court.

- (3) **Loyal Order of Moose Lodge 842** Appeal of Adjudication and Order
1100 Sheller Avenue of Administrative Law Judge
Chambersburg, PA 17201-2940
License No. C-5246
LID 2424
Citation No. 18-1236

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Executive Deputy Chief Counsel Fox explained that in 2018, Licensee was cited for four Small Games of Chance violations. The Administrative Law Judge sustained two counts, part of a third, and dismissed one count. The Bureau of Liquor Control Enforcement appealed the count that was dismissed. The count at issue concerned whether Licensee violated a section of the Small Games of Chance Act that puts restrictions on what a club can do with the proceeds it obtains from its small games of chance.

The statute requires that no less than 60% of proceeds be paid for public interest purposes within one year of the calendar year in which the money was obtained. It also allows 40% of the proceeds obtained in a calendar year to be retained by the club, with a prohibition that the club cannot use it to pay a fine. In this case, the proceeds were obtained in 2017, so Licensee could use up to 40% for whatever it wanted and 60% or more had to be used for public interest purposes by December 31, 2018.

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Licensee used the 2017 proceeds to pay its mortgage, but came up with 60% for public interest purposes by the deadline. The Administrative Law Judge says there is no violation, but the Bureau of Liquor Control Enforcement states there is because Licensee cannot back-fill its 60% obligation by taking money from 2018 to pay its 2017 quota.

The Bureau of Liquor Control Enforcement raises a good point and it does appear that this is what Licensee did. However, since it was not clear from the evidence whether Licensee retained more than 40% of its proceeds in 2017 to pay the mortgage, Chief Counsel’s Office is recommending the Board vacate count one and remand this case back to the Office of Administrative Law Judge for findings on that issue.

Board Member Negra stated that it sounded like the issue was poorly written legislation. Executive Deputy Chief Counsel Fox agreed. Board Member Negra suggested that if Licensee would have put the money into escrow then they would have been able to provide proof of when they utilized the moneys.

Board Decision: Unanimously agreed (3-0 vote) to Vacate the Administrative Law Judge’s Decision as to Count One and Remand to Office of Administrative Law Judge for Further Proceedings.

(4) Delegation of Licensing Matters and Updated Objection Criteria Delegation

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Chief Counsel Rodrigo Diaz stated that the existing delegation to the Director of Regulatory Affairs was amended in 2017 to administratively approve certain applications in accordance with the Sunshine Act. It is being proposed that this delegation be amended again to allow the Board to review the applications involving interior connections to grocery stores, convenience stores, and department stores. This would give the Board opportunities to ensure consistency with current policies.

Board Decision: Unanimously agreed (3-0 vote) to Approve Amended Delegation of Licensing Matters.

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

- | | |
|---|---|
| <p>(1) 7-Eleven Sales Corporation
 t/a 7-Eleven
 (LID No. 95370) Case No. 19-9018
 2601 Penrose Avenue
 Philadelphia, Philadelphia County</p> | <p>Auction License – New &
 Request for Interior Connections
 with Another Business –
 Restaurant</p> |
|---|---|

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

- (2) **Blind Barber Philadelphia, LLC** Double Transfer, Request to
t/a Blind Barber Conduct Another Business on the
R-7318 (LID No. 97317) Licensed Premises & Conditional
1326 Chestnut Street Licensing Agreement –
Philadelphia, Philadelphia County Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Transfer with Conditional Licensing Agreement and Hold the Request to Conduct Another Business on the Licensed Premises.

- (3) **Chicken Hill Distillery & Brewing, LLC** Request to Sell Other Items
AL-38623 (LID No. 93247) on the Licensed Premises –
277 Fairview Road Limited Distillery
Fox Township
Kersey, Elk County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Request to Sell Approved Retail Items on the Licensed Premises and Hold for All Other Items That Have Not Been Previously Approved.

- (4) **Red Canoe, LLC** Request for an Interior
t/a Mount Gretna Craft Brewery Connection with Another
G-32223 (LID No. 83064) Business – Brewery
2701 Horseshoe Pike
South Londonderry Township
Palmyra, Lebanon County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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- (5) **7 Huntingdon, Inc.** Renewal – District 4
R-2609 (LID No. 64697) Case No. 2018-64697
7 Huntingdon Pike
Rockledge, Montgomery County
- Motion Made:** Board Member Negra
Seconded:
- Board Decision:** Hold for Amended Conditional Licensing Agreement.
- (6) **Bar Game I, LLC** Renewal – District 10
R-7141 (LID No. 65510) Case No. 2018-65510
3800 Lancaster Avenue
Philadelphia, Philadelphia County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (3-0 vote) to Approve Renewal.
- (7) **Chueder Enterprises, Inc.** Request for
R-1622 (LID No. 91998) Case No. 2018-91998 Reconsideration
2004 North Front Street Renewal – District 10
Philadelphia, Philadelphia County
- Motion Made:** Board Member Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (3-0 vote) to Reconsider and Rescind Refusal, and Approve Renewal with Existing Conditional Licensing Agreement.
- (8) **JJ Beer, LLC** Renewal – District 4
D-2982 (LID No. 67515) Case No. 2018-67515
240 South Easton Road
Cheltenham Township
Glenside, Montgomery County
- Motion Made:** Board Member Negra
Seconded:
- Board Decision:** Hold for Conditional Licensing Agreement.
- (9) **Jones & Bazuine, Inc.** Conditional Licensing
t/a Colonial Hotel & Restaurant Agreement
R-19998 (LID No. 54545) Case No. 2018-54545 Renewal – District 2
106 North Front Street
New Freedom, York County **HOLD – 4/17/19 SESSION**

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

(10) Liu's Torresdale, Inc. Renewal – District 10
R-11256 (LID No. 66672) Case No. 2018-66672
5500 Torresdale Avenue
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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

Personnel Actions

There were 22 personnel actions presented for consideration.

- (1) David Anobile – Affirm Removal**
- (2) John Black – 5 Day Suspension**
- (3) Ian Brandt – Affirm Removal**
- (4) Bruce Bryk –Removal**
- (5) Michael Fallon – 5 Day Suspension**
- (6) Marilyn Gomez – Affirm Removal**
- (7) Caroline Green – Affirm Removal**
- (8) Nifece Hall - Removal**
- (9) Shay Kochin – Removal**
- (10) Kazmin Lewis – Affirm Removal**
- (11) Karen Malson – Removal**
- (12) Turquoise McCain – Affirm Removal**

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- (13) **William Pendergrass – Removal**
- (14) **Jessica Peters – Affirm Removal**
- (15) **Brydia Pigford - Removal**
- (16) **Nykia Robinson – Removal**
- (17) **Toni Sarti - Demotion**
- (18) **Kayla Sovko – Affirm Removal**
- (19) **Mary Walker – Removal**
- (20) **Shaniyah Williams – Affirm Removal**
- (21) **Kristin Wilson - Removal**
- (22) **Mary Wintruba-Kail - Removal**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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

Procurement Actions:

- (1) **Veritas NetBackup Software Maintenance Renewal** – Veritas NetBackup is the software responsible for backing up PLCB server data which protects data on approximately 340 servers and 30 databases.

Procured via DGS Contract #4400004253 – **VENDOR: Carahsoft Technology Corp.** – **TERM:** One year - **\$52,202.87 estimated cost** which represents a 8.68% decrease under last year’s cost of \$57,163.37.

- (2) **Hearing Examiner Services** – Represent the Board in the capacity of a hearing examiner.

Procured via Sole Source – **VENDOR: Richard M. Rosenbleeth, Esquire** – **TERM:** One year - **\$75,000.00 estimated cost.**

- (3) **Senior Business Subject Matter Experts Staff Augmentation** – Provide a block of hours for Adobe subject matter expert(s) to continue with the development of the new E-Commerce site using Adobe Assets and Sites Cloud-based software. Also continue working on the development and integration of the Tierney/Genuine Marketing related deliverables into the new site. Similar functionality to the existing E-Commerce site will be developed in the new site as well. This includes but is not limited to; a more streamlined checkout process, improved search functionality,

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shop by store, automation of inventory for the E-Commerce fulfillment center in conjunction with our Store Inventory Management system, adding address verification, integration of our Retail Promotions, a new mobile application and other work prioritized by Marketing.

Procured via DGS Contract #4400014660 – VENDOR: **OST, Inc.** – TERM: Six months for the period 7/29/2019 through 1/24/2020 – **\$482,440.40 estimated cost.**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Accept all Procurement Actions.

Inter-Agency Charges:

- (1) **Integrated Enterprise System (IES) Billing (Job 920)** – The FY 2018-19 billing is for \$1,938,592.90 to reimburse the Executive Offices for the PLCB’s estimated share of costs for the Commonwealth’s integrated ERP system (SAP) based on prior-year usage/activity of SAP modules. The PLCB’s billing includes \$100,998 to correct for last year’s under-billing, (i.e. – for the “true-up” adjustment for FY 2017-18 actual transaction activity).
- (2) **Office of Administration – HR Shared Services (Job 73)** – Billing of \$170,610.75 for the fourth 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. The total billings for FY 2018-19 were \$682,443 for this new inter-agency charge.

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 Isenhour

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. **#0903 – 8794 Easton Road, Suite 1, Ottsville
Amendment**
2. **#0933 – Buckingham Green, 4950 Old York Road, Holicong
Amendment**
3. **#1506 – Ashbridge Shopping Center, 861 East Lancaster Avenue, Downingtown
Amendment**
4. **#2513 – East Erie Plaza Shopping Center, 828 East Sixth Street, Erie
Amendment**
5. **#3001 – Widewaters Commons, 55 Sugar Run Road, Suite 105, Waynesburg
Amendment**

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**6. #4615 – 26 East Fourth Street, East Greenville
Amendment**

**7. #9718 – Second City Church, 251 Verbeke Street, Harrisburg
Parking Agreement**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

*From the Bureau of Product SelectionDale 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>Banfi Products Corporation</u> Sartori Love Story Pinot Noir 750 ML	3
<u>Brown Forman Corp</u> Woodford Reserve Double Oaked Bourbon 375 ML	3
<u>Capital Wine and Spirits Inc</u> Chateau Recougne Bordeaux Superior 750 ML	4, 11
<u>CBL Wine Company LLC</u> Fuyu Japanese Blended Whisky 750 ML Jelly Jar Red Blend 750 ML	5 5
<u>Jim Beam Brands Co</u> Haku Vodka 750 ML Jim Beam Peach Whiskey 750 ML	10 2
<u>Keystone Imports</u> Chateau de la Font du Loup Chateauneuf du Pape 750 ML	4, 9, 11
<u>Leadership Brands</u> Clonakilty Port Cask Finish Irish Whiskey 750 ML	5
<u>Luxco Inc</u> Ezra Brooks Kentucky Straight Bourbon Whiskey 200 ML	3

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Majestic Wine and Spirits

Fattoria di Magliano Heba Morellino di Scansano DOC 750 ML	4, 11
Layer Cake Chardonnay 750 ML	3
Licor 43 Liqueur 50 ML	2, 9

North Wales Wines

Fleur de Mer Rose 750 ML	5, 6
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Palm Bay Imports Inc

Bribon Anejo Tequila 750 ML	10
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Pernod Ricard USA

Absolut Juice Apple Vodka 750 ML	7
Absolut Juice Strawberry Vodka 750 ML	7

Pip Imports and Domestic LLC

Christopher Michael Red Blend Washington 750 ML	2, 4
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Proximo Spirits Inc

Jose Cuervo Especial Silver Tequila 375 ML	3
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Sazerac Company Inc

Torada White Tequila 1 L	18
Zachariah Harris Whiskey 1 L	18

Sazerac North America Inc

Skol Vodka 1 L	18
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Southern Wine Spirits PA

Bota Box Nighthawk Gold Chardonnay 3 L	3
Hazlitt 1852 Vineyards Red Cat Dark 750 ML	3
On the Rocks RTD Cocktails Effen Cosmopolitan 200 ML	18
On the Rocks RTD Cocktails Hornitos Margarita 200 ML	18
On the Rocks RTD Cocktails Larios Aviation 200 ML	18
Pusher's British Navy Rum 750 ML	11
Querciabella Chianti Classico 750 ML	4, 11
Rodney Strong Symmetry Meritage Red Wine 750 ML	3, 4
Stella Rosa Ruby Rose Grapefruit Moscato 750 ML	2, 3, 9

Stoli Group USA LLC

Stoli Crushed Strawberry Vodka 750 ML	10
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Sutter Home Winery Inc

Seaglass Sauvignon Blanc 750 ML	3
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The Wine Group

Cupcake Vineyards Moscato 750 ML	1, 2, 3, 9
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Verity Wine Partners
 Hedges Family Estate CMS Red Blend Columbia Valley 750 ML 2, 4

Western Spirits Beverage Company LLC
 Bird Dog Black Cherry Whiskey 750 ML 10

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Preferred New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Lang Beverage Company</u> Lang's Gin 750 ML	16
<u>Majestic W S USA Inc</u> Resurgent Custom Cask Bourbon Whiskey 750 ML	16
<u>MHW LTD</u> Holla Lemon's End Vodka 750 ML	16
Holla Sweetfire Jalapeno Vodka 750 ML	16
Holla Vodka 750 ML	16
<u>Nissley Vineyards</u> Nissley Vineyards Strawberry Kiss 375 ML	17
<u>Reading Distilling Guild</u> Reading Distilling Guild Vodka 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, SO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests
16. PA Spirits

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- 17. PA Wines
- 18. Licensee only
- 19. Probationary listing

3. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Bacardi USA Inc</u>	
Havana Club Anejo Classico Rum 750 ML	1522
<u>Capital Wine and Spirits</u>	
Coppola Rosso and Bianco Rosso 750 ML	5383
HillBilly Bourbon Whiskey 750 ML	2206
<u>Constellation Wines U S</u>	
Arbor Mist Cherry Red Moscato 1.5 L	7515
Black Velvet Reserve Canadian Whisky 750 ML	8350
R Mondavi Napa Chardonnay 750 ML	8651
Ravens Wood Zen of Zin Zinfandel Old Vine 750 ML	7664
<u>DAndrea W L Imports</u>	
Golia Vodka 750 ML	6513
<u>Diageo Americas Inc</u>	
Haig Club Single Scotch Whisky 750 ML	34486
Smirnoff Sourced Cranberry Apple Vodka 750 ML	1517
<u>Fetzer Vineyards</u>	
Frontera Shiraz 1.5 L	4887
<u>Halo Wines and Spirits</u>	
eLunes Peach Moscato 750 ML	7539
<u>Jim Beam Brands Co</u>	
Cruzan Dark Rum 750 ML	8384
Effen Green Apple Vodka 750 ML	1760
Effen Raspberry Vodka 750 ML	2232
Effen Vodka 750 ML	5101
Skinnygirl Cabernet Sauvignon 750 ML	7972
<u>Lasorda Family Wines LLC</u>	
Lasorda Family Cabernet Sauvignon 750 ML	2230
Lasorda Family Chardonnay 750 ML	2231
<u>Leonard Kreusch Inc</u>	
Leonard Kreusch Riesling 750 ML	2057

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Majestic W S USA Inc

Bodegas Franco Espanolas Tempranillo Crianza Rioja 750 ML	7588
Dialed In Red 750 ML	3925
Eppa Suprafruta White Sangria 750 ML	1166
Hahn Chardonnay Monterey County 750 ML	7623
Hahn Chardonnay Santa Lucia Highlands 750 ML	7622
Hob Nob Red Blend 750 ML	5922
James E. Pepper 1776 Straight Rye 750 ML	1268
Luxardo Maraschino Liqueur 375 ML	2234
Voga Moscato 750 ML	5977

MHW LTD

Bols Pomegranate Liqueur 1 L	2239
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Nawrocki Imports LLC

New Holland Beer Barrel Bourbon 750 ML	1525
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North Wales Wines

Andre Cold Duck 750 ML	4961
Bridlewood Pinot Noir 750 ML	3624
Dancing Bull Sauvignon Blanc 750 ML	9967
Gallo Livingston Cellars Burgundy 3 L	6350
Gallo Family Vineyards Sweet Red 1.5 L	3582
Naked Grape Harvest Red 3 L	7483
Red Rock Winemakers Merlot 750 ML	3650
Redwood Creek Cabernet Sauvignon 1.5 L	6635

Palm Bay Imports Inc

Los Amantes Joven Mezcal 750 ML	3605
Principato Cabernet Merlot 1.5 L	7733

Paterno Imports LTD

Sanford Chardonnay Sta Rita Hills 750 ML	1187
Two Hands Shiraz 750 ML	6055

Pernod Ricard USA

Absolut Elyx Vodka 750 ML	9052
Jacob's Creek Merlot 750 ML	5662
Jacob's Creek Pinot Noir 750 ML	9174

Sazerac North America Inc

99 Apples Schnapps 750 ML	7015
Wave Grape Vodka 750 ML	9542

SMT Acquisitions LLC

Travaglini Red 750 ML	7380
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Southern Wine Spirits PA

Clos de Nouys Demi Sec Vouvray 750 ML	7802
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Fat Cat Pinot Grigio 750 ML	3177
RumChata FrappaChata Iced Coffee Ready to Drink 1.75 L	2149
Heidsieck Blue Top Brut 750 ML	45245
Mr and Mrs T's Fiery Pepper Bloody Mary Mix 1.75 L	1538
Ocean Vodka Organic 750 ML	9461
Realemon Shapes Lemon Juice 133.08 ML	9306
Wild Shot Mezcal Silver 750 ML	3987
<u>Stoli Group USA LLC</u>	
Stolichnaya Strasberi Vodka 750 ML	2538
<u>Sutter Home Winery</u>	
Hopes End Red Blend 750 ML	2275
<u>The Wine Group Inc</u>	
Big House White 3 L	8628
Fish Eye Shiraz 1.5 L	8595
Flipflop Cabernet Sauvignon 750 ML	6186
Trapiche Malbec 750 ML	9940
<u>The Wine Merchant LTD</u>	
Beach House Pinot Grigio 750 ML	1225
Colosi Nero D'Avola 750 ML	7872
Rib Shack Red Blend 750 ML	6680
<u>Treasury Wine Estates</u>	
Lindeman's Rich Red Bin 55 1.5 L	9617
<u>Vintage Imports Inc</u>	
Cune Rioja Crianza 750 ML	9621
<u>W J Deutsch Sons LTD</u>	
Yellow Tail White Sparkling Wine 750 ML	6456
<u>Western Spirits Beverage Co</u>	
Bird Dog Kentucky Bourbon 750 ML	2282
<u>Winebow Inc</u>	
Casa Lapostolle Sauvignon Blanc 750 ML	9659
Rough Rider Straight Bourbon Whisky Double Casked 750 ML	1285

EFFECTIVE DATE: The transference to closeout will become effective July 26, 2019

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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FINANCIAL REPORT *Andrew Cameron, Comptroller Operations, Office of Budget*

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

	<u>May 31, 2019</u>	<u>May 31, 2018</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 46,620,259	\$ 59,168,349
Investments - short term	213,482,449	200,757,052
Accounts and claims receivable, net	1,565,433	1,280,789
Due from other funds - Note 8	-	-
Merchandise inventories, net	254,338,477	262,949,249
Operating supplies	315,708	889,263
Prepaid expenses	285,089	574,164
Total current assets	<u>516,607,415</u>	<u>525,618,866</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,875,220	20,119,383
Leasehold improvements	341,826	612,301
Machinery and equipment	48,619,826	48,998,783
Intangibles - internally generated software	21,723,244	25,990,043
Less: accumulated depreciation	<u>63,080,796</u>	<u>65,909,508</u>
Net depreciable capital assets	<u>28,479,320</u>	<u>29,811,002</u>
Total non-current capital assets	<u>28,802,293</u>	<u>30,133,975</u>
Total assets	<u>\$ 545,409,708</u>	<u>\$ 555,752,841</u>
Total deferred outflows of resources - Note 4, 5	\$ 88,190,800	\$ 135,208,773
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 279,276,671	\$ 282,722,484
Other accounts payable	26,787,048	34,151,056
Accrued expenses	16,494,024	23,638,329
OPEB - Note 5	11,976,000	-
Self-insurance, workers' compensation - Note 6	13,137,029	12,239,857
Due to other funds - Note 8	2,512,405	565,798
Due to fiduciary funds - Note 8	1,811,353	3,494,189
Due to other governments - Note 8	493,716	940,005
Total current liabilities	<u>352,488,246</u>	<u>357,751,718</u>
Non-current liabilities:		
OPEB - Note 5	781,379,000	858,849,000
Self-insurance, workers' compensation - Note 6	47,949,448	42,256,546
Net pension liability - Note 4	469,937,473	504,943,490
Compensated absences - Note 1	20,809,984	18,904,788
Total non-current liabilities	<u>1,320,075,905</u>	<u>1,424,953,824</u>
Total liabilities	<u>\$ 1,672,564,151</u>	<u>\$ 1,782,705,542</u>
Total deferred inflows of resources - Note 4, 5	\$ 89,588,959	\$ 21,137,976
<u>NET POSITION</u>		
Net investment in capital assets	\$ 28,802,293	\$ 30,133,975
Deficit - Note 9	<u>(1,157,354,895)</u>	<u>(1,143,015,879)</u>
Total net position	<u>\$ (1,128,552,602)</u>	<u>\$ (1,112,881,904)</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 May 31, 2019 and May 31, 2018
(Unaudited)

	<u>2018-19</u>	<u>2017-18</u>
Sales net of taxes	\$ 184,523,579	\$ 174,214,861
Cost of goods sold	<u>(125,812,695)</u>	<u>(118,237,908)</u>
Gross profit from sales	58,710,884	55,976,953
Operating (expenses):		
Retail operations	(33,506,853)	(32,640,608)
Marketing & merchandising	(239,101)	(2,330,419)
Supply chain	(531,357)	(701,206)
Wholesale operations	(178,060)	(150,379)
Information technology services	(2,323,369)	(3,183,934)
Regulatory affairs	(1,974,019)	(1,749,338)
Administration	(1,253,531)	(1,106,168)
Finance	(334,981)	(326,596)
Board & secretary	(377,472)	(466,809)
Legal	(360,101)	(307,888)
Commonwealth provided services - Note 2	<u>(1,420,077)</u>	<u>(974,537)</u>
Total	<u>(42,498,921)</u>	<u>(43,937,882)</u>
Operating profit	16,211,963	12,039,071
Other operating revenues (expenses):		
Enforcement fines	137,256	144,668
License fees	2,781,561	5,199,386
Miscellaneous income	297,199	132,157
Administrative law judge	<u>(244,305)</u>	<u>(239,556)</u>
Total	<u>2,971,711</u>	<u>5,236,655</u>
Total operating income	19,183,674	17,275,726
Miscellaneous revenues (expenses):		
Interest income	483,782	291,796
Other	<u>-</u>	<u>(4,206)</u>
Total	<u>483,782</u>	<u>287,590</u>
Income before operating transfers	19,667,456	17,563,316
Operating transfers out:		
PSP enforcement - Note 3	(3,551,787)	(2,670,715)
Net Income from operations	<u>16,115,669</u>	<u>14,892,601</u>
Statutory Transfers:		
General fund - Note 3	-	-
Drug and alcohol programs - Note 3	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	16,115,669	14,892,601
Total net position - beginning, 2017-18 restated - Note 9	<u>(1,144,668,271)</u>	<u>(1,127,774,505)</u>
Total net position - ending	<u>\$ (1,128,552,602)</u>	<u>\$ (1,112,881,904)</u>
Liquor tax	33,083,819	31,401,632
State Sales Tax	13,010,455	12,339,095
Local Tax	856,879	817,135
Taxes remitted to Dept.of Revenue PTD	<u>\$ 46,951,153</u>	<u>\$ 44,557,862</u>

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

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

	<u>2018-19</u>	<u>2017-18</u>
Sales net of taxes	\$ 1,957,676,302	\$ 1,893,176,225
Cost of goods sold	<u>(1,332,609,587)</u>	<u>(1,290,063,999)</u>
Gross profit from sales	625,066,715	603,112,226
Operating (expenses):		
Retail operations	(364,982,701)	(361,883,846)
Marketing & merchandising	(15,018,854)	(14,362,716)
Supply chain	(7,107,847)	(8,911,192)
Wholesale operations	(1,711,797)	(1,587,476)
Information technology services	(28,815,846)	(28,235,383)
Regulatory affairs	(19,357,435)	(18,823,866)
Administration	(13,098,986)	(13,447,491)
Finance	(3,338,250)	(3,544,859)
Board & secretary	(5,410,558)	(6,233,815)
Legal	(3,426,058)	(3,284,615)
Commonwealth provided services - Note 2	<u>(12,559,569)</u>	<u>(12,755,244)</u>
Total	<u>(474,827,901)</u>	<u>(473,070,503)</u>
Operating profit	150,238,814	130,041,723
Other operating revenues (expenses):		
Enforcement fines	1,680,771	1,379,402
License fees	35,688,666	43,110,798
Miscellaneous income	3,254,218	2,894,639
Administrative law judge	<u>(2,584,996)</u>	<u>(2,484,950)</u>
Total	<u>38,038,659</u>	<u>44,899,889</u>
Total operating income	188,277,473	174,941,612
Miscellaneous revenues (expenses):		
Interest income	5,368,006	2,626,174
Other	<u>(706,242)</u>	<u>18,750</u>
Total	<u>4,661,764</u>	<u>2,644,924</u>
Income before operating transfers	192,939,237	177,586,536
Operating transfers out:		
PSP enforcement - Note 3	(29,084,940)	(27,413,553)
Net Income from operations	<u>163,854,297</u>	<u>150,172,983</u>
Statutory Transfers:		
General fund - Note 3	(185,100,000)	(185,100,000)
Drug and alcohol programs - Note 3	-	-
Total	<u>(185,100,000)</u>	<u>(185,100,000)</u>
Change in net position	(21,245,703)	(34,927,017)
Total net position - beginning, 2017-18 restated - Note 9	<u>(1,107,306,899)</u>	<u>(1,077,954,887)</u>
Total net position - ending	<u>\$ (1,128,552,602)</u>	<u>\$ (1,112,881,904)</u>
Liquor tax	351,234,198	340,308,231
State Sales Tax	138,149,412	133,777,293
Local Tax	8,907,530	8,626,917
Taxes remitted to Dept.of Revenue YTD	<u>\$ 498,291,140</u>	<u>\$ 482,712,441</u>

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

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, July 17, 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.

ADJOURNMENT

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

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary