

**PENNSYLVANIA LIQUOR CONTROL BOARD**  
**MEETING MINUTES**

**WEDNESDAY, AUGUST 2, 2017**  
**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](#)

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**PUBLIC MEETING – 11:00 A.M**

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

**CALL TO ORDER** ..... *Chairman Holden*

Pledge of Allegiance to the Flag

**OLD BUSINESS**.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the July 19, 2017 meeting.

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously approved (3-0 vote) previous Board Minutes.

**PUBLIC COMMENT ON AGENDA ITEMS**

There was no public comment on the printed agenda items.

**NEW BUSINESS**

*From the Office of Chief Counsel* .....*Rodrigo Diaz, Chief Counsel*

(1) **118-122 Market Street, LLC**  
118-122 Market Street  
Philadelphia, Pennsylvania 1106-3015  
Restaurant Liquor License No. R-4994  
LID 63260

Request to Modify  
Conditional Licensing  
Agreement

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

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

(2) **Country Fair, Inc.**  
1449 West 8<sup>th</sup> Street  
Erie, Pennsylvania 16502-1073  
Restaurant Liquor License No. R-8656  
LID 81706

Request to Retain Employee

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve Request to Retain Employee.

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

(1) **Browns Fox Street, LLC**  
**t/a Shoprite of Fox Street**  
R-6 (LID No. 85011)  
2800 Fox Street  
Philadelphia, Philadelphia County

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

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

(2) **GAJE Downtown Development, L.P.**  
**t/a Wingate**  
(LID No. 84931)  
909 Chestnut Avenue  
Altoona, Blair County

New & Request to Sell Other Items on the Licensed Premises - Hotel

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

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- (3) **My Four Ladies of O’Shay’s, LLC** Person-to-Person Transfer –  
R-10239 (LID No. 84103) Case No. 17-9032 Restaurant  
140 Barto Road  
Washington Township  
Barto, Berks County

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

- (4) **White Twp. Inn & Lanes, Inc.** Conditional Licensing Agreement  
**t/a White Township Inn** Renewal – District 6  
R-17867 (LID No. 18976) Case No. 2016-18976  
2518 Clayton Road  
White Township  
Beaver Falls, Beaver County

**HOLD – 3/8/17 SESSION**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

**Board Decision:** Unanimously agreed (3-0 vote) to Approve Renewal with 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) **Keili Branche – Removal**
- (2) **Dustin Carosiello - Removal**
- (3) **Hassan Drago – Affirm Removal**
- (4) **Karianne Fath – Removal**
- (5) **Thomas Houser - Removal**
- (6) **Tymere Jacobs-Jones – Affirm Removal**
- (7) **Jamekia Johnson – Affirm Removal**
- (8) **Corey Jones – Removal**

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- (9) **Nicholas Mack – Affirm Removal**
- (10) **Lynn Sholes – Removal**
- (11) **Rachel Tatano – Affirm Removal**
- (12) **Kareema White – Removal**
- (13) **Renee Willochell – Rescind Removal**
- (14) **Morgan Witherspoon – Affirm Removal**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

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

Procurement Actions:

- (1) **Hearing Examiner Services** – Represent the Board in the capacity of a hearing examiner for administrative hearings conducted in the Commonwealth of Pennsylvania regarding matters which the Board shall adjudicate as required.

Procured via Sole Source – **VENDOR: John A. Mulroy, Esquire** – **TERM: One (1) year**  
– **\$150,000.00 estimated cost.**

- (2) **Media Services** – The 2017/18 alcohol-education campaign will use radio, social media, online, print and TV to promote the PLCB’s alcohol education prevention of underage drinking message by using multiple messages from the “Know When, Know How” campaign geared toward parents and influencers of children ages eight (8) to twelve (12) years.

Procured via DGS Statewide Contract #4400011539 – **VENDOR: Harmelin & Associates, Inc.**  
– **TERM: One (1) year** – **\$750,000.00 estimated cost.**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

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Inter-Agency Charges:

- (1) **Department of Administration (OA) Service Now charge** – Billing of \$122,908.32 for July 1, 2017 through June 30, 2018. This billing is for the PLCB’s 207 ServiceNow user-licenses that were active as of May 31, 2017.
- (2) **Department of General Services (DGS) Vehicle Purchases (Job 66)** – Billing of \$66,475.00 for the purchase of a 2017 Ford F650 super duty XL van for the PLCB’s Bureau of Facilities Maintenance.

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 (3-0 vote) to Approve all Actions Involving Inter-Agency Charges.

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

- 1. **#0294 – Olympia Shopping Center, 4313 Walnut Street, Suite 1250, McKeesport Amendment**
- 2. **#4507 – Routes 115 and 940, Blakeslee Amendment**
- 3. **#6101 – Seneca Street Plaza, 50 Seneca Street, Oil City Amendment**
- 4. **#6307 – 2038 Smith Township Road, Burgettstown Amendment**
- 5. **#0928 – 118 North Flowers Mill Road, Langhorne Premium Rebrand w/Added Space**
- 6. **#23XX – 1067 West Baltimore Pike, Media New Store**

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

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*From the Bureau of Product 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>
 <b><u>Brown Forman Corp</u></b>	
Jack Daniel's Core Rye Whiskey 1 L	3
 <b><u>C Jacquin ET CIE Inc</u></b>	
Jean Boulaine Melon Liqueur 1 L	9
Original Bartenders Cocktail Coconut Rum Cream 750 ML	9
Original Bartenders Cocktail Cosmo 750 ML	9
Original Bartenders Cocktail Long Island Ice Tea 750 ML	9
Original Bartenders Cocktail Margarita 750 ML	9
Original Bartenders Cocktail Mojito 750 ML	9
Original Bartenders Cocktail Pina Colada 750 ML	9
Original Bartenders Cocktail Strawberry Margarita 750 ML	9
 <b><u>North Wales Wines</u></b>	
Dark Horse Rose 750 ML	3
Barefoot Rose 750 ML	3
New Amsterdam Lemon-Flavored Vodka 1.75 L	7
New Amsterdam Lemon-Flavored Vodka 750 ML	7
 <b><u>Southern Wine Spirits PA</u></b>	
Wild Turkey Bourbon 1.75 L	3
 <b><u>The Wine Group Inc</u></b>	
Franzia Moscato 5 L	7

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

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- 11. High quality for the value
- 12. Innovative product/flavor
- 13. High sales through other PLCB channels (Luxury, Online, SLO)
- 14. Underrepresented category/segment
- 15. Hole in selection – consumer/store requests

**2. Regular Recommended Delist Retail Reductions August 2017**

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>North Wales Wines</u>	
New Amsterdam Citron Flavored Vodka 1.75 L	7692
Viniq Liqueur 750 ML	7951
Viniq Ruby Liqueur 750 ML	9048
New Amsterdam Citron Vodka 750 ML	7122
Viniq Liqueur 375 ML	9047
<u>Pernod Ricard USA</u>	
Malibu Red Rum 750 ML	5178

EFFECTIVE DATES: The transference to closeout becomes effective August 7, 2017

**Motion Made:** Board Member Negra  
**Seconded:** Board Member Newsome

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

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

None

**OTHER ISSUES**

*Employee Recognition*.....*Chairman Holden*

Robert Galey, Computer Operations Night Shift Supervisor: 35 years of Commonwealth Service

Chairman Holden announced that the Board wished to recognize Robert Galey, Computer Operations Night Shift Supervisor, for his 35 years of service to the Commonwealth. Chairman Holden, along with Board Members Negra and Newsome, thanked Mr. Galey for his many years of service and presented him with a commemorative, framed certificate.

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## **CITIZEN COMMENT/BUSINESS FROM THE FLOOR**

David Wojnar, Vice President for State Government Relations for DISCUS, offered comments regarding the PLCB's plan to raise prices on certain items.

Prior to offering his comments, Mr. Wojnar expressed his gratitude for the relationship that exists between the PLCB and DISCUS. He noted that although there is not always agreement on every issue, there is a good working relationship. He thanked the PLCB for the invitation and opportunity to offer comments at the meeting.

Mr. Wojnar proceeded to offer the following comments:

DISCUS has some concerns about a letter that the PLCB sent out to suppliers on July 20, 2017 regarding price adjustments on certain items. DISCUS understands the pressure that the PLCB is under to generate additional revenues for the Commonwealth. However, DISCUS is concerned about the manner in which the PLCB is approaching the legislative changes allowing for flexible pricing and the timing of when the proposed price adjustments are planned to be made effective.

The suppliers that DISCUS represents are in regular contact with the PLCB on a weekly, and, in some cases, a day-to-day basis. Given that regular contact with the PLCB, the suppliers were surprised when they received the July 20, 2017 letter regarding the planned price increases. The timing of these changes will jeopardize the upcoming holiday season for suppliers.

Considering the PLCB's position of being a monopoly in Pennsylvania, DISCUS feels that there needs to be a more open and cooperative process between the PLCB and suppliers when price changes are being considered. Maine is a good example to follow. Maine was contemplating price changes on liquor items and sent a letter to suppliers 60 days in advance of when the changes were to take effect. Maine also specifically provided for a ten-day comment period during which suppliers could respond and offer feedback. Maine then dialed the proposed price changes back somewhat based on the comments and feedback that it received.

A more formalized process providing notice and setting forth certain guidelines to follow would be appreciated by suppliers of the PLCB. This would enable communications to be made in written form rather than DISCUS having to come and make these types of presentations.

DISCUS believes that the PLCB is doing a great job with its rebranding efforts, both in terms of making changes to existing stores and opening new stores. DISCUS believes that the way to generate more revenue is by opening more stores.

There are a variety of discussions that are ongoing, and proposed legislation that is circulating, in the Legislature that would increase the number of retail outlets in Pennsylvania. DISCUS would like the PLCB to wait until later in the legislative session to see what happens with any of legislative changes being considered before moving forward. Price hikes will only serve to hurt consumers, and the timing of these increases is bad. DISCUS asks that the PLCB work with the Legislature and the industry to find the best solution. Again, DISCUS believes that a better path to increasing revenue would be to open additional stores or outlets; opening around 900 to 1,000 more stores would generate an additional \$100 million in sales.



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Chairman Holden responded by stating the following:

Look, I am not going to get into a debate with the General Assembly. Act 39 was clear in giving the PLCB the right to negotiate prices and that is exactly what the PLCB has done. It was clear to get away from the formula which basically let the suppliers set the retail price, and it allows us to set the retail price and negotiate what we pay to suppliers. We held a series of negotiations with suppliers, beginning in September or October of last year. Dale Horst and his team in Marketing had over 70 meetings with suppliers, and the Board had over 20 meetings with suppliers trying to negotiate the best prices possible. That's an ongoing process and will be perpetual. The cases that you were talking about that will go into effect at the end of August, on August 28<sup>th</sup>, is about 422 out of our 10,000 products (but out of our 2,500 products on which the PLCB can negotiate prices). The PLCB has done its research on this, and it's not punitive. A review of the retail prices for these items from our surrounding states was involved, as well as a review of each product in comparison to its competitors in the same category, and the market's ability to bear the increase. The increase on most products will be about \$1.00. We will continue to work with the industry. We will negotiate, and we want to negotiate to get the best prices for the citizens of Pennsylvania. Governor Wolf and the leaders of the General Assembly want us to be in charge of what we are paying. You know how it was for 80 years; it is not that way now. We will look to continue to work with you, but we are moving forward at this time.

Mr. Wojnar responded by indicating the following:

DISCUS simply asks that a better process of communicating price changes be implemented. The July 20, 2017 letter was communicated in such a way that it conveyed this was a done deal and that the decision had already been made. Again, Maine is a good example to follow with giving suppliers a comment period and then considering supplier feedback before moving forward. The PLCB should adopt a similar approach. This would help to eliminate some of the guess work and accusations that are now being made. There needs to be better communications outside of the negotiation process.

Board Member Negra offered the following comments.

In response to your comments, there has been an ongoing discussion or process occurring since last September when negotiations with suppliers began. The PLCB respects the rights of suppliers, and understands that suppliers have the right to set their prices when selling to the PLCB. The PLCB has and will continue to negotiate with suppliers to try to get better prices on products when acquiring them. If there is room for the PLCB to reduce its prices as a result of those negotiations, the PLCB will and, in some instances, has done so. However, the PLCB now has the right to set its own prices. It's not like the way it used to be where suppliers could set the retail prices based on the formula, although the formula still exists outside of the top 150 brands. The PLCB had meeting after meeting with these suppliers, but made no headway. Given the need inside the building and throughout the agency due to rising costs of employee benefits and so forth, a lot of this is out of the PLCB's hands, and it is something that needs to be done. This is the first time in more than 20 years that the PLCB has raised prices on its own. As stated earlier, the PLCB has performed market analyses relative to these products and believes the market can handle the increases. Our suppliers and our consumers are important to us. We will continue to analyze our pricing moving forward.

Board Member Newsome indicated that he agrees with the comments offered by Chairman Holden and Board Member Negra. In addition, he offered the following comments:

As you know, the PLCB has a very capable executive team. If there are suggestions regarding ways to improve going forward, the executive team will incorporate those suggestions. In this instance, there were extensive communications between the PLCB and suppliers regarding pricing issues, and the changes being

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discussed should not have come as any surprise to suppliers. The suppliers had asked for one full weeks' notice, and the PLCB gave six weeks' notice. So, the PLCB gave more notice than what had been requested. The PLCB has considered ways to improve throughout this process, and the PLCB will take your concerns into account in the future.

**NEXT BOARD MEETING**

**The next meeting of the PLCB will be a formal meeting on Wednesday, August 23, 2017 beginning at 11:00 A.M. Prior to the public meeting, there will be an Executive Session to discuss matters of personnel and to engage in non-deliberative informational discussions, some of which are regarding actions and matters which have been approved at previous public meetings.**

**ADJOURNMENT**

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

The foregoing actions are hereby officially approved.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Member

\_\_\_\_\_  
Member

ATTEST:

\_\_\_\_\_  
Secretary