

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, FEBRUARY 1, 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](#)

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 January 18, 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) **JSMG, INC.**
3589 Richmond Street
Philadelphia, Pennsylvania 19134-6120
Restaurant Liquor License No. R-5058
LID 53000
Docket No. 1560 August 2016 Term (Philadelphia Co.)

Proposed Conditional
Licensing Agreement to
Allow for Renewal of Liquor
License

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 Renewal with Conditional Licensing Agreement.

- (2) **RWV, INC.** Proposed Conditional
1101 Pittsburgh Street Licensing Agreement to
Springdale, Pennsylvania 15144-1724 Allow for Renewal of Liquor
Restaurant Liquor License No. R-8734 License
LID 51752
Docket No. 1406 C.D. 2016 (Commonwealth Court)

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

- (3) **Oh Donna's, Inc.** Request to Rescind
523 Virginia Avenue Conditional Licensing
Rochester, Pennsylvania 15074-1837 Agreement
Restaurant Liquor License No. R-20650
LID 83459

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

- (4) **4004 Spruce Street Corporation** Appeal of Adjudication and
4000-04 Spruce Street Order of Administrative Law
Philadelphia, Pennsylvania 19104 Judge
Restaurant Liquor License No. R-13584
LID 52236
Citation No. 14-0853

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Michelle Fox, Executive Deputy Chief Counsel, was asked to explain the facts and circumstances surrounding this matter.

Ms. Fox began by noting that this matter is very similar to a case that was decided by the Board several months ago. She explained that, with regard to this matter, approximately three years ago, the Licensee was cited by the Pennsylvania State Police, Bureau of Liquor Control Enforcement (“BLCE”). The citation included two counts. The first count charged the Licensee with selling or furnishing alcoholic beverages after 2:00 a.m. The second count charged the Licensee with permitting patrons to possess and/or remove alcoholic beverages from that part of the premises habitually used for the service of alcoholic beverages after 2:30 a.m. An evidentiary hearing was held before an Administrative Law Judge (“ALJ”) approximately one year later in June 2015, and more than a year after that, in October 2016, the ALJ issued an adjudication sustaining both counts of the citation. The ALJ ordered the Licensee to pay a combined fine of \$1,250.00 (\$1,000.00 for the first count and \$250.00 for the second count). The Licensee subsequently filed a timely appeal. On appeal, the Licensee argues that the ALJ’s findings of fact are not supported by substantial evidence.

As to the first count, during the hearing, a BLCE officer testified that he and other officers observed, through a window, the Licensee’s bartender serve a single bottle of beer at 2:16 a.m., and then serve a six-pack of beer at 2:19 a.m. The BLCE officer also testified that, upon entering the premises, he requested to see the Licensee’s sales receipts, and such receipts showed that sales of alcoholic beverages had occurred at 2:21 a.m. and 2:24 a.m. The Licensee’s owner and bartender both testified that the sales were made prior to 2:00 a.m., even though the transactions were not closed out or entered into the register until a later time. However, both of the Licensee’s witnesses also acknowledged that the Licensee’s policy at the time of the incident was to sell or give beer to employees at the end of their shift and after 2:00 a.m. Thus, Ms. Fox explained that there is clearly substantial evidence in the record to support the ALJ’s finding as to the first count.

With regard to the second count, the BLCE officer testified that when he entered the premises at 2:33 a.m., he observed approximately ten people sitting or standing around socializing in the restaurant area, and most of them were in possession of alcoholic beverages. Upon questioning, the Licensee’s bartender informed the officer that the people remaining on the premises were the Licensee’s employees and employees of the adjacent video arcade, which shares common ownership with the licensed establishment. Ms. Fox explained that, under the applicable laws, if employees are not actively engaged in cleaning or performing their employment duties, they are considered patrons. Ms. Fox further indicated that because of this, there is also substantial evidence in the record to support the ALJ’s finding as to the second count.

Ms. Fox ultimately explained that even if the Board disagreed with the ALJ, it is bound by the appellate standard of review, and the ALJ’s findings are supported by substantial evidence. As such, the Office of Chief Counsel recommended that the ALJ’s decision be affirmed on both counts. Ms. Fox noted that the Licensee has already paid the fine in this instance.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Affirm ALJ.

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(5) **Betty Cauler v. State Civil Service Commission (PLCB)** Petition to Intervene
Commonwealth Court Docket No. 5 C.D. 2017

Board Member Negra asked Rod Diaz, Chief Counsel, if he wished to offer any explanation regarding this matter.

Mr. Diaz briefly explained that this is a civil service matter involving a former employee, and the PLCB has the right to intervene in such matters. He further stated that because of the specific allegations being made in this instance, it is in the PLCB’s interest to intervene.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to File Petition to Intervene.

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

(1) **41-43 E. Princess St., Inc.** Renewal – Restaurant
R-18970 (LID No. 62208) Case No. 16-9096
41-43 East Princess Street
York, York County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

(2) **Jones’ Corner, Inc.** Renewal – District 2
R-15789 (LID No. 25382) Case No. 16-9042
428 Harrisburg Street
Swatara Township
Steelton, Dauphin County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for an Amended Conditional Licensing Agreement.

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- (3) **O.D.'s Place, Inc.** Renewal – District 2
E-2579 (LID No. 5574) Case No. 16-9044
1500 Market Street
Harrisburg, Dauphin County

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

- (4) **O.D.'s Plantation, Inc.** Renewal – District 2
R-17606 (LID No. 18794) Case No. 16-9043
1601 Sycamore Street
Harrisburg, Dauphin County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Hold by Board Member Negra for a Conditional Licensing Agreement.

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

Personnel Actions

- (1) **Michelle Brodie - Removal**
- (2) **Charlisa Coleman – Removal**
- (3) **Kurt Hall – Removal**
- (4) **Carmesha Tull –Removal**
- (5) **Aneena Wright – Removal**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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*From the Bureau of Accounting & Purchasing Oren Bachman, Director of Finance
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing*

- (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 PO 63013477 Option Year – **VENDOR:** Thomas R. Miller, Esquire – **TERM:** One (1) year – \$200,000.00 estimated cost.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Purchasing and Contracting Action.

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

- 1. **#0915 – 3900 New Falls Road, Bristol Amendment**
- 2. **#1512 – 215 Lancaster Avenue, Malvern Amendment**

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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
Director, Bureau of Product Selection*

1. Regular New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>6 Degree Tequila LLC</u> 6 Degree Tequila Reposado 750 ML	4,5,6
<u>Bacardi USA Inc</u> Bacardi Banana 750 ML	2,3,7

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Banfi Products Corp

Frontera Pinot Noir 1.5 L	3
Little Black Dress Rose 750 ML	3,5
Riunite Sangria 1.5 L	5,2

Capital Wine and Spirits Inc

Notorious Pink Rosé 750 ML	5
Seagram's Ruby Red Grapefruit Vodka 750 ML	2,3

Castle Brands USA Corp

Jefferson's The Manhattan Barrel Finish Bourbon Cocktail 750 ML	2,12
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Constellation Wines U S

7 Moons Red Blend 750 ML	6
Paul Masson Apple Brandy 750 ML	3,5
Ravage Cabernet Sauvignon 750 ML	6
Ravage Dark Red Blend 750 ML	6
SVEDKA Blue Raspberry Vodka 750 ML	2,3
Woodbridge Red Blend 1.5 L	2,3

Diageo Americas Inc

Baileys Almande Liqueur 750 ML	3
Captain Morgan Loco Nut Rum 750 ML	2,3,7

G.L Mezzetta

Mezzetta Cocktail Onions 16 OZ	3
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Harvest Ridge Winery

Harvest Ridge Winery Red No. 47 750 ML	8
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Heaven Hill Distilleries Inc

Elijah Craig Small Batch Bourbon 1.75 L	3
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Jim Beam Brands Co

EFFEN Green Apple Vodka 750 ML	2,3,7
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Keystone State Wine and Spirit LLC

Confession Low Calorie Organic Blood Orange Bliss 750 ML	12
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Kobrand Corp

Masi Tupungato Passo Doble Rosso di Argentina 750 ML	4,11
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Leonard Kreuzsch Inc

Leonard Kreuzsch Rhein Riesling 750 ML	3
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Luxco Inc

Rebel Yell Small Batch Reserve Kentucky Straight
Bourbon Whiskey 750 ML 2,6

Majestic W S USA Inc

Cavalry Bourbon 750 ML 5,6
Josh Cellars Rose 750 ML 3,5
Nicolas Rose de Pinot Noir 750 ML 5

Michael Skurnik Wines

The Chard Project Chardonnay 750 ML 13
The Pinot Project Pinot Noir 750 ML 13

Mountain Laurel Spirits LLC

Dad's Hat Pennsylvania Straight Rye Whiskey 750 ML 2,3,4

North Wales Wines

Barefoot Sangria 1.5 L 3,5
Barefoot Sangria 750 ML 3,5,
Carnivor Zinfandel 750 ML 3
Dark Horse Pinot Grigio 750 ML 3

Palateur Imports

Charles Tort Old Vines Cotes du Rhone 750 ML 11

Park Street Imports LLC

Straw Boys Vodka 750 ML 6,12

Paterno Imports LTD

The Federalist 1776 Sonoma County Chardonnay
750 ML 3,6
Cecchi Sangiovese 750 ML 3

Pernod Ricard USA

Absolut Lime Flavored Vodka 750 ML 12

Premier Innovations Group

The Gin Foundry – Europa London Dry Gin 750 ML 12

Proximo Spirits Inc

Old Camp American Peach Pecan Whiskey 750 ML 1

Redemption Spirits LLC

Blu Frog Vodka 750 ML 12

Southern Wine Spirits PA

Barkan Classic Chardonnay 750 ML 4,15

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CUMA Organic Malbec 750 ML	11,5,6
Dr. Loosen Riesling Dr L QBA 750 ML	2,9,13
Espolon Blanco Tequila 1.75 L	2,3,5
Gnarly Head 1924 Double Black Red Wine Blend 750 ML	3,6
JaM Cellars Butter Chardonnay 750 ML	13
Listel Rose 750 ML	2,5,6
Mezzacorona Vigneti Cliffhanger Vineyards Proprietary Red Blend Dolomiti 750 ML	3,9
Mezzacorona Vigneti Cliffhanger Vineyards Pinot Grigio Trentino DOC Pinot Grigio 750 ML	3,9
<u>Sutter Home Winery</u>	
Joel Gott Merlot 750 ML	3,6
Menage a Trois Gold 750 ML	3,6
Seaglass Pinot Noir Santa Barbara County 750 ML	3,6
Sutter Home Cabernet Sauvignon 500 ML	3
Sutter Home Chardonnay 500 ML	3
Sutter Home Pinot Grigio 500 ML	3
<u>The Wine Group Inc</u>	
Love Noir Pinot Noir 750 ML	6
<u>The Wine Merchant LTD</u>	
Canoe Ridge Vineyard The Expedition Red Blend Horse Heaven Hills 750 ML	3,6
The Loop New Zealand Marlborough Sauvignon Blanc 750 ML	5
<u>Treasury Wine Est Amer Co</u>	
19 Crimes Shiraz 750 ML	3
Chateau St Jean Bijou Rose 750 ML	3,5
Matua Pinot Noir Rose 750 ML	3,5
<u>W J Deutsch Sons LTD</u>	
Clancy's Red Barossa 750 ML	10
Redemption Bourbon 750 ML	10
<u>Western Spirits Beverage Co</u>	
Bird Dog 10 Year Old Very Small Batch Bourbon Whiskey 750 ML	3,6

RECOMMENDED ACTION: We recommend the Board approve this action

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New Items – Recommended Listings

Reason Codes

1. Strong marketing support
2. High brand recognition
3. Line/Size extension of successful brand
4. Trade up opportunity
5. Growing category
6. Growing segment
7. National rollout
8. Niche item / Limited distribution
9. High dollar profit potential
10. Trade out
11. High quality for the value
12. Innovative product/ flavor
13. High sales through other PLCB channels (Luxury, Online, SLO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests

2. Regular Recommended Delist Retail Reductions April 2017

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Bacardi USA Inc</u>	
Bacardi Rum Island Iced Tea Prepared Cocktail 1.75 L	6039
<u>Banfi Products Corp</u>	
Bolla Cabernet Sauvignon 750 ML	8472
<u>Biagio Cru Estate Wine</u>	
Lolailo Sangria 1.5 L	9703
Lolailo White Sangria 1.5 L	6307
<u>Boutique Wine Collection</u>	
Six Hats Cabernet Sauvignon 750 ML	7455
Six Hats Chardonnay 750 ML	7450
<u>Brown Forman Corp</u>	
Canadian Mist Canadian Whisky 750 ML	4086
<u>Capital Wine and Spirits Inc</u>	
Predator Cabernet Sauvignon 750 ML	8864
Bonterra Riesling 750 ML	3334
Bonterra Zinfandel 750 ML	7464
Great American Chardonnay 750 ML	7513
Montes Sauvignon Blanc 750 ML	5993
Fetzer Merlot 750 ML	7028

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Dailys Thick and Spicy Bloody Mary – Non-Alcohol 1 L 30157

Constellation Wines US

Svedka Citron Vodka 750 ML 6667
Svedka Orange Cream Vodka 750 ML 6388
Arbor Mist Peach Chardonnay 1.5 L 5104
Red Guitar Tempra Garnacha 750 ML 7066

D'Andrea W L Imports

Villa Sorono Moscato 1.5 L 9217

Diageo Americas Inc

Ciroc Vodka 200 ML 8387
Gordon's Vodka 750 ML 5519

Jackson Family Fine Wines

Kendall Jackson Avant Red 750 ML 8369
Murphy Goode Pinot Noir 750 ML 3382

Jim Beam Brands Co

Sauza 901 Silver Tequila 750 ML 3435
Skinnygirl Bare Naked Vodka 750 ML 4602

Luxco Inc

Old Ezra Brooks 7 yr. 750 ML 8400

Majestic W S USA Inc

Kunde Estate Chardonnay 750 ML 5682
Leaf Vodka Alaskan Glacial Water 750 ML 8431
Hayes Valley Zin 750 ML 7625
La Merika Chardonnay Central Coast 750 ML 3933
Santa Julia Cabernet Sauvignon Reserva 750 ML 6522
Roku Riesling 750 ML 8254
White Mule Farms Spodee White Wine 500 ML 7680

North Wales Wine

New Amsterdam Orange Vodka 750 ML 7697

Palm Bay Imports Inc

Mazzei Badiola 750 ML 8526
Blue Fish Sweet Riesling 750 ML 4874
Cavit Merlot 4 - 187 ML 4143
Cavit Riesling 4 - 187 ML 9858
S A Prum Essence Riesling 750 ML 9593

Paterno Imports LTD

Seven Daughters Red 750 ML 3419

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Pernod Ricard USA

Deadbolt 750 ML	7159
Graffigna Centenario Elevation 750 ML	7746

Proximo Spirits Inc

Jose Cuervo Cinge 750 ML	7925
Three Olives Marilyn Monroe Strawberry Vodka 750 ML	6578

Sazerac North America Inc

Imperial Blended Whiskey 750 ML	5035
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Southern Wine Spirits PA

Cherry Tart Chardonnay 750 ML	9105
Mohua Sauvignon Blanc Marlborough 750 ML	7812
Veramonte Cabernet Sauvignon 750 ML	6144
Bota Box Merlot 500 ML	7800

Sutter Home Winery

Menage A Trois Rose 750 ML	16106
Fancy Pants Pinot Grigio 750 ML	7842
Fancy Pants Red 750 ML	7843

The Wine Merchant LTD

House Wine Cabernet Sauvignon 3 L	8639
Ponga Pinot Noir 750 ML	7880
House Wine Red 750 ML	5656

Vintage Imports Inc

Peirano Merlot 750 ML	7899
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Vivino Selections

Lab White 750 ML	7910
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W J Deutsch Sons LTD

Yellow Tail Res Shiraz 750 ML	9026
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Wine of Japan Import Inc

Takara Plum Wine 1.5 L	4177
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RECOMMENDED ACTION: We recommend the Board approve this action

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.

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

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

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 67,919,345	\$ 52,895,130
Investments - short term	354,988,868	332,252,871
Accounts and claims receivable, net	1,752,487	2,229,344
Due from other funds - Note 8	-	5,744
Merchandise inventories, net	252,898,379	231,100,608
Operating supplies	347,985	527,225
Prepaid expenses	<u>2,339,247</u>	<u>1,713,701</u>
Total current assets	<u>680,246,311</u>	<u>620,724,623</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	19,557,620	19,557,620
Leasehold improvements	864,825	757,962
Machinery and equipment	46,914,800	47,723,056
Intangibles - internally generated software	<u>28,329,441</u>	<u>24,389,185</u>
Less: accumulated depreciation	<u>56,885,077</u>	<u>55,229,534</u>
Net depreciable capital assets	<u>38,781,609</u>	<u>37,198,289</u>
Total non-current capital assets	<u>39,104,582</u>	<u>37,521,262</u>
Total assets	<u>\$ 719,350,893</u>	<u>\$ 658,245,885</u>
Total deferred outflows of resources - Note 4	\$ 100,571,449	\$ 42,438,538
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 300,793,519	\$ 287,496,810
Other accounts payable	20,728,343	16,290,777
Accrued expenses	17,266,848	15,536,067
Self-insurance, workers' compensation - Note 6	10,771,965	10,816,604
Due to other funds - Note 8	5,992,816	5,744,498
Due to fiduciary funds - Note 8	1,839,495	1,151,326
Due to other governments - Note 8	<u>579,682</u>	<u>416,122</u>
Total current liabilities	<u>357,972,668</u>	<u>337,452,204</u>
Non-current liabilities:		
OPEB - Note 5	98,578,113	83,252,554
Self-insurance, workers' compensation - Note 6	39,287,287	42,109,251
Net pension liability - Note 4	469,095,699	380,085,050
Compensated absences - Note 1	<u>19,506,861</u>	<u>20,092,247</u>
Total non-current liabilities	<u>626,467,960</u>	<u>525,539,102</u>
Total liabilities	<u>\$ 984,440,628</u>	<u>\$ 862,991,306</u>
Total deferred inflows of resources - Note 4	\$ 6,776,121	\$ 4,202,223
<u>NET POSITION</u>		
Net investment in capital assets	\$ 39,104,582	\$ 37,521,262
Deficit	<u>(210,398,989)</u>	<u>(204,030,368)</u>
Total net position	<u>\$ (171,294,407)</u>	<u>\$ (166,509,106)</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 December 31, 2016 and December 31, 2015
(Unaudited)**

	<u>December 2016-17</u>	<u>December 2015-16</u>
Sales net of taxes	\$ 261,242,153	\$ 247,984,832
Cost of goods sold	<u>(176,276,897)</u>	<u>(166,952,190)</u>
Gross profit from sales	84,965,256	81,032,642
Operating (expenses):		
Retail operations	(37,267,167)	(32,503,897)
Marketing & merchandising	(1,102,821)	(802,452)
Supply chain	(858,745)	(555,714)
Wholesale operations	(132,982)	-
Information technology services	(3,517,968)	(3,469,937)
Regulatory affairs	(1,914,284)	(1,671,385)
Administration	(1,206,793)	(1,127,174)
Finance	(299,590)	(477,446)
Board & secretary	(509,993)	(415,482)
Legal	(329,845)	(272,785)
Commonwealth provided services - Note 2	<u>(1,105,854)</u>	<u>(1,346,191)</u>
Total	<u>(48,246,042)</u>	<u>(42,642,463)</u>
Operating profit	36,719,214	38,390,179
Other operating revenues (expenses):		
Enforcement fines	105,816	140,103
License fees	2,398,887	1,202,541
Miscellaneous	183,482	553,022
Administrative law judge	<u>(220,981)</u>	<u>(221,386)</u>
Total	<u>2,467,204</u>	<u>1,674,280</u>
Total operating income	39,186,418	40,064,459
Non-operating revenues (expenses):		
Interest income	216,600	49,551
Other	<u>-</u>	<u>-</u>
Total	<u>216,600</u>	<u>49,551</u>
Income before operating transfers	39,403,018	40,114,010
Operating transfers out:		
PSP enforcement - Note 3	(3,062,902)	(2,895,481)
Income after enforcement/before other transfers	<u>36,340,116</u>	<u>37,218,529</u>
Other operating transfers out:		
General fund - Note 3	(8,937)	-
Drug and alcohol programs - Note 3	-	-
Total	<u>(8,937)</u>	<u>-</u>
Change in net position	36,331,179	37,218,529
Total net position - beginning	<u>(207,625,586)</u>	<u>(203,727,635)</u>
Total net position - ending	<u>\$ (171,294,407)</u>	<u>\$ (166,509,106)</u>
Liquor tax	46,683,704	44,086,595
State Sales Tax	18,363,771	17,174,514
Local Tax	1,052,519	1,015,045
Taxes remitted to Dept.of Revenue PTD	<u>\$ 66,099,994</u>	<u>\$ 62,276,154</u>

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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For The Six Months Ending December 31, 2016 and December 31, 2015
(Unaudited)**

	<u>2016-17</u>	<u>2015-16</u>
Sales net of taxes	\$ 1,075,995,139	\$ 1,030,236,578
Cost of goods sold	<u>(740,957,022)</u>	<u>(705,309,646)</u>
Gross profit from sales	335,038,117	324,926,932
Operating (expenses):		
Retail operations	(203,565,413)	(186,645,042)
Marketing & merchandising	(7,672,143)	(7,247,685)
Supply chain	(4,832,683)	(3,524,008)
Wholesale operations	(661,895)	-
Information technology services	(18,376,161)	(17,195,779)
Regulatory affairs	(11,557,847)	(10,466,717)
Administration	(7,111,340)	(6,599,647)
Finance	(1,867,673)	(2,780,035)
Board & secretary	(3,133,897)	(2,816,383)
Legal	(1,475,675)	(1,725,413)
Commonwealth provided services - Note 2	<u>(6,696,709)</u>	<u>(8,429,219)</u>
Total	<u>(266,951,436)</u>	<u>(247,429,928)</u>
Operating profit	68,086,681	77,497,004
Other operating revenues (expenses):		
Enforcement fines	644,412	993,192
License fees	12,112,293	6,256,043
Miscellaneous income	730,149	1,652,874
Administrative law judge	<u>(1,323,342)</u>	<u>(1,292,047)</u>
Total	<u>12,163,512</u>	<u>7,610,062</u>
Total operating income	80,250,193	85,107,066
Non-operating revenues (expenses):		
Interest income	1,037,136	263,231
Other	<u>(45,023)</u>	<u>(6,981)</u>
Total	<u>992,113</u>	<u>256,250</u>
Income before operating transfers	81,242,306	85,363,316
Operating transfers out:		
PSP enforcement - Note 3	(14,349,412) <u>(14,349,412)</u>	(13,165,168) <u>(13,165,168)</u>
Income after enforcement/before other transfers	66,892,894	72,198,148
Other operating transfers out:		
General fund - Note 3	(8,937)	-
Drug and alcohol programs - Note 3	-	-
Total	<u>(8,937)</u>	<u>-</u>
Change in net position	66,883,957	72,198,148
Total net position - beginning	<u>(238,178,364)</u>	<u>(238,707,254)</u>
Total net position - ending	<u>\$ (171,294,407)</u>	<u>\$ (166,509,106)</u>
Liquor tax	193,314,805	184,732,846
State Sales Tax	75,826,906	71,931,677
Local Tax	4,710,835	4,528,659
Taxes remitted to Dept.of Revenue YTD	<u>\$ 273,852,546</u>	<u>\$ 261,193,182</u>

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

OTHER ISSUES

Announcement for Ratification of a Board Action.....Chairman Holden

The following Board Action approved on January 25, 2017 was decided by Notational Voting after the adjournment of the Board’s last public meeting.

Chairman Holden, Member Negra and Member Newsome unanimously agreed (3-0 vote) to approve the transfer of \$73,300,000 from the State Stores Fund to the General Fund by January 31, 2017 as requested by the Governor’s Budget Office.

The transfer of the prescribed amount of \$73,300,000 has been processed, as authorized in Expenditure Symbol Notification Number 16-085.

Transfer of Lottery Funds.....Oren Bachman, Director of Finance

In accordance with Section 207 (I) of Act 39 of 2016, this authorization request is for the transfer of \$150,186.99 from the State Stores Fund to the General Fund. The funds will satisfy the requirement of Act 39 which requires “all proceeds retained by the Board as compensation for the sale of tickets, including incentive awards or bonuses, as well as credit for direct payment of prizes, shall be deposited into the General Fund” by transferring the commissions quarterly during the fiscal year.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, February 15, 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.

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

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