

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, MARCH 22, 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 March 8, 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) **Alina, Inc.**
60 East Baltimore Avenue
Clifton Heights, Pennsylvania 19018-2301
Restaurant Liquor License No. R-10927
LID 83912

Request to Rescind
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 Request to Rescind Conditional Licensing Agreement Effective Upon Approval of Pending Transfer.

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

(1) **Brian, Inc.** Request for Hearing After
R-4998 (LID No. 72293) Case No. 16-9072 Administrative Cancellation –
5007 Frankford Avenue Person-to-Person Transfer –
Philadelphia, Philadelphia County Restaurant

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

(2) **M&A Concepts, LLC** New – Economic Development
t/a ITRI Wine Bar Restaurant Liquor
(LID No. 83310) Case No. 17-9002
310 Mill Street
Bristol, Bucks County

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve New Economic Development Restaurant Liquor License.

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

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

Personnel Actions

- (1) Ernest Alston - Removal
- (2) Ricki Barner – Removal
- (3) Tanya Brown – Affirm Removal
- (4) Timothy Burkey – Removal
- (5) Anthony Carilli – Affirm Removal
- (6) Lenora Core – Five Day Suspension
- (7) Tyrone Geary – Affirm Removal
- (8) Darren Hartnett – Affirm Removal
- (9) Glenn Macartney, Jr. – Affirm Removal
- (10) William Miller – Removal
- (11) Danyell Moore – Affirm Removal
- (12) Colleen Morrissey – Affirm Removal
- (13) Shannon Neal – Affirm Removal
- (14) Raymond Russ – Affirm Removal
- (15) Ghaiha Samba – Affirm Removal
- (16) Tamika Sea – Affirm Removal

Motion Made: Board Member Negra
Seconded: Board Member Newsome

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

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

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

- (1) **RIMS Software Support and Maintenance** – Provide software maintenance and support including 24/7 help desk services for the Robocom Inventory Management System (RIMS) software installed at the PLCB’s three (3) distribution centers.

Procured via Exercise Option Year Four – VENDOR: Avantce RSI LLC – TERM: One (1) year – \$220,727.00 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. **#3920 – 1325 Chestnut Street, Emmaus Amendment**
- 2. **#4001 – 2136 Wilkes-Barre Township Market Place, Wilkes-Barre Amendment**
- 3. **#37XX – 3300-3350 Wilmington Road, New Castle New Store / Relocation (to replace #3708)**

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
Tom Bowman, Director, Bureau of Product Selection*

1. Regular New Items

BRAND NAME AND SIZE

REASON

Jim Beam Brands Co

Old Grand Dad Straight Bourbon Whiskey 1.75 L

3

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

Remy Cointreau USA

Remy Martin 1738 Accord Royal Cognac 375 ML 3

Southern Wine Spirits PA

J. Wray Jamaica Gold Rum 750 ML 10

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA Spirits New Items

BRAND NAME AND SIZE

REASON

Five Saints Distilling

Five Saints Savory Tuscan Style Gin 750 ML 8

Five Saints Vodka 750 ML 8

Five Saints White Whiskey 750 ML 8

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

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

3. Regular Recommended Delist Retail Reductions April 2017

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Lasorda Bros Distributors</u>	
Lasorda Chianti DOCG 750 ML	4521
Lasorda Pinot Grigio 750 ML	4522
<u>McCormick Distilling Co</u>	
Platte Valley Fireshine 750 ML	9469
<u>Palm Bay Imports Inc</u>	
Boulard Calvados VSOP Brandy 200 ML	8507

EFFECTIVE DATES: The transference to closeout became effective March 13, 2017

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.

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

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>February 28, 2017</u>	<u>February 29, 2016</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 28,959,346	\$ 35,241,114
Investments - short term	242,069,161	245,035,909
Accounts and claims receivable, net	1,609,794	1,152,985
Due from other funds - Note 8	-	-
Merchandise inventories, net	257,285,382	224,449,355
Operating supplies	286,474	1,126,280
Prepaid expenses	<u>2,348,031</u>	<u>1,195,276</u>
Total current assets	<u>532,558,188</u>	<u>508,200,919</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	47,207,229	50,047,486
Intangibles - internally generated software	<u>28,333,610</u>	<u>22,886,615</u>
Less: accumulated depreciation	<u>58,639,857</u>	<u>54,267,212</u>
Net depreciable capital assets	<u>37,323,427</u>	<u>38,982,471</u>
Total non-current capital assets	<u>37,646,400</u>	<u>39,305,444</u>
Total assets	<u>\$ 570,204,588</u>	<u>\$ 547,506,363</u>
Total deferred outflows of resources - Note 4	\$ 103,031,449	\$ 46,238,538
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 235,256,897	\$ 222,523,757
Other accounts payable	23,429,280	12,930,101
Accrued expenses	17,429,826	15,647,536
Self-insurance, workers' compensation - Note 6	11,771,965	11,816,604
Due to other funds - Note 8	4,168,735	5,288,397
Due to fiduciary funds - Note 8	1,980,230	1,459,327
Due to other governments - Note 8	589,353	504,269
Total current liabilities	<u>294,626,286</u>	<u>270,169,991</u>
Non-current liabilities:		
OPEB - Note 5	101,378,113	85,452,554
Self-insurance, workers' compensation - Note 6	39,287,287	42,109,251
Net pension liability - Note 4	475,735,699	385,885,050
Compensated absences - Note 1	<u>19,506,861</u>	<u>20,092,247</u>
Total non-current liabilities	<u>635,907,960</u>	<u>533,539,102</u>
Total liabilities	<u>\$ 930,534,246</u>	<u>\$ 803,709,093</u>
Total deferred inflows of resources - Note 4	\$ 7,156,121	\$ 4,602,223
<u>NET POSITION</u>		
Net investment in capital assets	\$ 37,646,400	\$ 39,305,444
Deficit	<u>(302,100,730)</u>	<u>(253,871,859)</u>
Total net position	<u>\$ (264,454,330)</u>	<u>\$ (214,566,415)</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 Month Ending February 28, 2017 and February 29, 2016
(Unaudited)**

	<u>February 2016-17</u>	<u>February 2015-16</u>
Sales net of taxes	\$ 145,226,191	\$ 146,012,208
Cost of goods sold	<u>(100,488,373)</u>	<u>(101,897,842)</u>
Gross profit from sales	44,737,818	44,114,366
Operating (expenses):		
Retail operations	(30,771,383)	(29,186,528)
Marketing & merchandising	(1,362,600)	(925,218)
Supply chain	(843,836)	(615,017)
Wholesale operations	(78,264)	-
Information technology services	(2,567,350)	(2,542,938)
Regulatory affairs	(1,758,330)	(1,696,440)
Administration	(1,178,980)	(1,098,988)
Finance	(297,725)	(403,348)
Board & secretary	(493,450)	(389,350)
Legal	(265,415)	(343,555)
Commonwealth provided services - Note 2	<u>(1,317,228)</u>	<u>(1,364,586)</u>
Total	<u>(40,934,561)</u>	<u>(38,565,968)</u>
Operating profit	3,803,257	5,548,398
Other operating revenues (expenses):		
Enforcement fines	115,633	155,413
License fees	2,583,873	1,392,720
Miscellaneous	(24,679)	244,094
Administrative law judge	<u>(204,144)</u>	<u>(187,098)</u>
Total	<u>2,470,683</u>	<u>1,605,129</u>
Total operating income	6,273,940	7,153,527
Non-operating revenues (expenses):		
Interest income	248,924	94,643
Other	<u>-</u>	<u>-</u>
Total	<u>248,924</u>	<u>94,643</u>
Income before operating transfers	6,522,864	7,248,170
Operating transfers out:		
PSP enforcement - Note 3	(2,047,697)	(2,179,997)
Income after enforcement/before other transfers	<u>4,475,167</u>	<u>5,068,173</u>
Other operating transfers out:		
General fund - Note 3	(23,300,000)	-
Drug and alcohol programs - Note 3	-	-
Total	<u>(23,300,000)</u>	<u>-</u>
Change in net position	(18,824,833)	5,068,173
Total net position - beginning	<u>(245,629,497)</u>	<u>(219,634,588)</u>
Total net position - ending	<u>\$ (264,454,330)</u>	<u>\$ (214,566,415)</u>
Liquor tax	25,986,136	25,791,882
State Sales Tax	10,223,913	10,047,596
Local Tax	678,064	662,720
Taxes remitted to Dept.of Revenue PTD	<u>\$ 36,888,112</u>	<u>\$ 36,502,199</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 Eight Months Ending February 28, 2017 and February 29, 2016
(Unaudited)**

	<u>2016-17</u>	<u>2015-16</u>
Sales net of taxes	\$ 1,356,027,198	\$ 1,312,039,315
Cost of goods sold	(935,520,345)	(902,586,408)
Gross profit from sales	420,506,853	409,452,907
Operating (expenses):		
Retail operations	(266,891,701)	(248,720,728)
Marketing & merchandising	(10,223,732)	(9,178,686)
Supply chain	(6,515,456)	(5,126,187)
Wholesale operations	(823,232)	-
Information technology services	(23,115,848)	(21,986,959)
Regulatory affairs	(15,211,185)	(13,723,699)
Administration	(9,497,775)	(8,729,025)
Finance	(2,483,030)	(3,442,497)
Board & secretary	(4,169,935)	(3,586,423)
Legal	(2,007,887)	(2,335,243)
Commonwealth provided services - Note 2	(9,121,416)	(11,243,575)
Total	<u>(350,061,197)</u>	<u>(328,073,022)</u>
Operating profit	70,445,656	81,379,885
Other operating revenues (expenses):		
Enforcement fines	857,753	1,352,105
License fees	17,041,014	8,576,116
Miscellaneous income	797,720	2,023,796
Administrative law judge	(1,750,587)	(1,674,155)
Total	<u>16,945,900</u>	<u>10,277,862</u>
Total operating income	87,391,556	91,657,747
Non-operating revenues (expenses):		
Interest income	1,521,761	434,144
Other	(45,022)	(11,381)
Total	<u>1,476,739</u>	<u>422,763</u>
Income before operating transfers	88,868,295	92,080,510
Operating transfers out:		
PSP enforcement - Note 3	(18,535,324)	(17,939,671)
Income after enforcement/before other transfers	<u>70,332,971</u>	<u>74,140,839</u>
Other operating transfers out:		
General fund - Note 3	(96,608,937)	(50,000,000)
Drug and alcohol programs - Note 3	-	-
Total	<u>(96,608,937)</u>	<u>(50,000,000)</u>
Change in net position	(26,275,966)	24,140,839
Total net position - beginning	(238,178,364)	(238,707,254)
Total net position - ending	<u>\$ (264,454,330)</u>	<u>\$ (214,566,415)</u>
Liquor tax	244,245,508	235,692,446
State Sales Tax	95,671,332	91,832,152
Local Tax	6,039,962	5,843,523
Taxes remitted to Dept.of Revenue YTD	<u>\$ 345,956,802</u>	<u>\$ 333,368,121</u>

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

OTHER ISSUES

Transfer to General Fund.....Oren Bachman, Director of Finance

The Office of Budget requests the transfer of \$23,300,000 in April 2017 from the State Stores Fund to the General Fund.

The transfer of this prescribed amount of \$23,300,000 will be processed, as authorized in Expenditure Symbol Notification Number 16-085.

Motion Made: Board Member Negra
Seconded: Board Member Newsome

Board Decision: Unanimously agreed (3-0 vote) to Approve the Requested Transfer to the General Fund.

Following the vote on this matter, Board Member Negra asked Oren Bachman, Director of Finance, for clarification of the exact timing for the transfer.

Mr. Bachman indicated that the schedule calls for a transfer by April 7, 2017.

Chairman Holden then asked Mr. Bachman for an update as to the total dollar amount of transfers to the General Fund for this fiscal year.

Mr. Bachman responded by indicating that, with the transfer that was just approved, the total dollar amount transferred to the General Fund for the current fiscal year is now approximately \$170 million.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

None.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, April 5, 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