

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

**SEPTEMBER 27, 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 September 13, 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) **Joseph W. Troutman, Sr.**  
153 Main Street  
Bradford, Pennsylvania 16701-2171  
Hotel Liquor License No. H-6232  
LID 63618  
Docket No. 966 C.D. 2016 (McKean County)

Appeal to  
Commonwealth Court

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

Board Member Negra asked Rod Diaz, Chief Counsel, to explain this proposed action.

Mr. Diaz explained that this proposed action pertains to a nuisance bar case in which the Board voted to refuse renewal of the license. Following the Board’s refusal, the Licensee appealed to the Court of Common Pleas, which reversed the Board’s decision. Mr. Diaz indicated that the Office of Chief Counsel believes that the judge made some mistakes, particularly in refusing to consider a whole series of events that were related to the operation of the licensed business. Due to the deadlines involved for appealing, and because of the time delay between Board meetings, the Office of Chief Counsel filed a precautionary appeal with Commonwealth Court. The Office of Chief Counsel recommends continuing to pursue the appeal because of the errors that were made by the trial court.

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

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

**(2) Adoption of Revised Advisory Notice No. 16** Discount Pricing Practices

Board Member Negra asked Rod Diaz, Chief Counsel, to explain this proposed action.

Mr. Diaz explained that the PLCB occasionally will issue Advisory Notices providing guidance on certain issues or topics. Advisory Notice No. 16 pertains to discount pricing practices, and it was first issued many years ago. While numerous changes have been made to the Liquor Code and/or the PLCB’s Regulations regarding discount pricing practices over the years, Advisory Notice No. 16 has not been regularly updated to reflect all those changes. The revised version of Advisory Notice No. 16 that is now before the Board for consideration incorporates the necessary changes to make it accurate and up to date, such that it can once again be relied upon for guidance.

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

**Board Decision:** Unanimously agreed (3-0 vote) to Approve the Adoption of Revised Advisory Notice No. 16 – Discount Pricing Practices.

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

**(1) D & V Restaurants, LLC** Extension of License – Restaurant  
R-10386 (LID No. 72511) Case No. 17-9045  
216 South Highland Avenue  
Pittsburgh, Allegheny County

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 Extension of License.

- (2) **Edge Restaurant, Inc.** Notice of Change in Business Structure – Restaurant  
R-1390 (LID No. 48905) Case No. 17-9046  
Liberty Center  
74 West Broad Street  
Bethlehem, Northampton County

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

**Board Decision:** Unanimously agreed (3-0 vote) to Approve Notice of Change in Business Structure.

- (3) **PW South II, Inc.** Person-to-Person Transfer & Notice of Change in Business Structure – Restaurant  
**t/a Paddy Whacks**  
R-72 (LID No. 66466) Case No. 16-9006  
150-152 South Street and 601-605 South 2<sup>nd</sup> Street  
Philadelphia, Philadelphia County **HOLD – 6/28/17 SESSION**

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

Chairman Holden asked if there was anyone present for the Applicant, but there was no response.

**Board Decision:** Unanimously agreed (3-0 vote) to Refuse Transfer and Notice of Change in Business Structure.

- (4) **Sheetz, Inc.** Auction License – New & Requests for Interior Connections with Another Business & to Conduct Other Businesses on the Licensed Premises – Restaurant  
(LID No. 85433) Case No. 17-9039  
717 South Pike Road  
Buffalo Township  
Sarver, Butler County

**HOLD – 8/23/17 SESSION**

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

**Board Decision:** Unanimously agreed (3-0 vote) to Approve New License and Requests for Interior Connections with Another Business, to Conduct Another Business on the Licensed Premises, and Bulk Food Sales on Licensed Premises.

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

- (5) **King's Bar & Grill, Inc.** Renewal – District 5  
R-741 (LID No. 47825) Case No. 2017-47825  
11 Fleet Street  
Rankin  
Braddock, Allegheny County

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

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

- (6) **Vern N. Schalles** Conditional Licensing Agreement  
**t/a Circus Bar** Renewal – District 5  
R-9633 (LID No. 13910)  
7526 Center Street  
Swissvale  
Pittsburgh, Allegheny County

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

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

- (7) **TDG1107, Inc.** Conditional Licensing Agreement  
**t/a Hometown Bar and Grill** Renewal – District 1  
R-19510 (LID No. 57464) Case No. 2017-57464  
1007 Scalp Avenue  
Richland Township  
Johnstown, Cambria County

**HOLD – 7/19/17 SESSION**

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

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

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

There were 3 personnel actions presented for consideration.

- (1) **Marques Brown – Removal**
- (2) **Joseph Gilroy – Removal**
- (3) **Kimberly Lazur – 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) **Waste & Corrugated Cardboard Removal Renewal** – Provide hand pick-up service to remove waste & corrugated cardboard from approximately one hundred sixty-five (165) Fine Wine & Good Spirits stores in Philadelphia, Bucks, Chester, Delaware and Montgomery counties.

Procured via BPA 63014351 Option Year – VENDOR: **Modern Recycling Services** – TERM: One (1) year – **\$410,326.00 estimated cost.**

- (2) **North West Office Building (NWOB) Granite Step Repair** – Provide repairs, including re-setting the foundation, to the NWOB Capital Street entryway granite steps. Over time, rainwater and freezing precipitation, which enters through the caulk joints, has been washing away the base material under the steps which in turn, pushes and heaves the steps out of position. The steps require repairs to ensure the safety of the NWOB employees and visitors as well as to prevent damage to the NWOB by water entering the basement and affecting the foundation of the building.

Procured via DGS Job Order Contracting (JOC) Program – VENDORS: **Lobar Associates Inc. and The Gordian Group Inc. – \$102,431.45 estimated cost. Lobar Associates Inc. cost – \$92,480.54, The Gordian Group Inc. Administrative and Construction Management fees – \$9,950.91.**

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

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

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

Inter-Agency Charges:

- (1) **Department of General Services (DGS) Property Costs (JOB 7)** – Billing of \$208,823.06 for the FY 2016-17 Q4 “true-up” of Commonwealth property costs. This billing includes costs for the Northwest Office Building (NWOB) electricity charges, as well as prorated portions of the expenses for Capital Police services, City of Harrisburg Fire Protection and DGS’s maintenance costs.

The Bureau of Financial Management and Analysis has reviewed these charges and determined that they are reasonable based on billing methodology and previous experience.

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

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

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

- 1. **#2608 – 3532 Pittsburgh Road, Perryopolis Amendment**
- 2. **#6708 – 128 Old York Road, New Cumberland Amendment**
- 3. **#46XX – 260 Upland Square Drive, Pottstown New Store (replacing #4630)**

**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 Accepted**

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Bacardi USA Inc</u>	
Craigellachie 13 yr Single Malt Whiskey 750 ML	15
Grey Goose La Poire 750 ML	3

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

**Jim Beams Brands Co**

Bowmore 12 yr Single Malt Scotch 750 ML

10

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

**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>June 30, 2017</u>	<u>June 30, 2016</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 40,011,403	\$ 19,962,868
Investments - short term	189,402,604	275,395,461
Accounts and claims receivable, net	2,136,850	1,567,938
Due from other funds - Note 8	-	-
Merchandise inventories, net	254,916,713	244,158,953
Operating supplies	358,595	491,962
Prepaid expenses	3,082,918	-
Total current assets	489,909,083	541,577,182
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	19,816,479	19,557,620
Leasehold improvements	582,597	757,962
Machinery and equipment	47,112,135	51,584,832
Intangibles - internally generated software	29,508,013	20,559,499
Less: accumulated depreciation	61,236,089	53,564,994
Net depreciable capital assets	35,783,135	38,894,919
Total non-current capital assets	36,106,108	39,217,892
Total assets	\$ 526,015,191	\$ 580,795,074
Total deferred outflows of resources - Note 4	\$ 105,861,773	\$ 93,191,449
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Trade accounts payable	\$ 269,948,690	\$ 256,513,494
Other accounts payable	19,279,117	13,003,109
Accrued expenses	14,695,432	22,413,212
Self-insurance, workers' compensation - Note 6	6,739,857	7,771,965
Due to other funds - Note 8	5,933,219	4,842,657
Due to fiduciary funds - Note 8	1,628,252	2,947,966
Due to other governments - Note 8	492,484	888,403
Total current liabilities	318,717,051	308,380,806
Non-current liabilities:		
OPEB - Note 5	107,216,012	90,178,113
Self-insurance, workers' compensation - Note 6	42,256,546	39,287,287
Net pension liability - Note 4	477,443,490	449,175,699
Compensated absences - Note 1	18,904,788	19,506,861
Total non-current liabilities	645,820,836	598,147,960
Total liabilities	\$ 964,537,887	\$ 906,528,766
Total deferred inflows of resources - Note 4	\$ 19,817,976	\$ 5,636,121
<b><u>NET POSITION</u></b>		
Net investment in capital assets	\$ 36,106,108	\$ 39,217,892
Deficit	(388,585,007)	(277,396,256)
Total net position	\$ (352,478,899)	\$ (238,178,364)



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 June 30, 2017 and June 30, 2016  
(Unaudited)**

	<u>June 2016-17</u>	<u>June 2015-16</u>
Sales net of taxes	\$ 167,000,860	\$ 154,668,262
Cost of goods sold	<u>(117,966,982)</u>	<u>(106,344,011)</u>
Gross profit from sales	49,033,878	48,324,251
Operating (expenses):		
Retail operations	(34,201,432)	(24,326,561)
Marketing & merchandising	(838,447)	(397,506)
Supply chain	(1,196,590)	(767,506)
Wholesale operations	(124,910)	-
Information technology services	(1,362,868)	(2,488,309)
Regulatory affairs	(1,561,924)	(1,122,429)
Administration	(1,258,545)	(668,091)
Finance	(294,887)	(162,486)
Board & secretary	(449,262)	(10,120)
Legal	(264,461)	(316,792)
Commonwealth provided services - Note 2	<u>(1,111,059)</u>	<u>(975,685)</u>
Total	<u>(42,664,385)</u>	<u>(31,235,483)</u>
Operating profit	6,369,493	17,088,768
Other operating revenues (expenses):		
Enforcement fines	139,491	135,446
License fees	3,521,151	1,117,687
Miscellaneous	193,148	650,347
Administrative law judge	<u>(220,814)</u>	<u>(219,755)</u>
Total	<u>3,632,976</u>	<u>1,683,725</u>
Total operating income	10,002,469	18,772,492
Non-operating revenues (expenses):		
Interest income	191,158	133,852
Other	<u>(4,297)</u>	<u>218,277</u>
Total	<u>186,861</u>	<u>352,129</u>
Income before operating transfers	10,189,330	19,124,621
Operating transfers out:		
PSP enforcement - Note 3	(2,971,608)	(2,007,773)
Income after enforcement/before other transfers	<u>7,217,722</u>	<u>17,116,848</u>
Other operating transfers out:		
General fund - Note 3	(25,000,000)	(25,000,000)
Drug and alcohol programs - Note 3	(2,500,000)	(2,500,000)
Total	<u>(27,500,000)</u>	<u>(27,500,000)</u>
Change in net position	(20,282,278)	(10,383,152)
Total net position - beginning	<u>(332,196,621)</u>	<u>(227,795,212)</u>
Total net position - ending	<u>\$ (352,478,899)</u>	<u>\$ (238,178,364)</u>
Liquor tax	29,698,438	27,827,869
State Sales Tax	11,670,070	10,843,891
Local Tax	745,146	687,257
Taxes remitted to Dept.of Revenue PTD	<u>\$ 42,113,654</u>	<u>\$ 39,359,017</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 Twelve Months Ending June 30, 2017 and June 30, 2016**  
**(Unaudited)**

	<u>2016-17</u>	<u>2015-16</u>
Sales net of taxes	\$ 2,012,789,087	\$ 1,937,884,590
Cost of goods sold	<u>(1,390,882,364)</u>	<u>(1,332,285,510)</u>
Gross profit from sales	621,906,723	605,599,080
Operating (expenses):		
Retail operations	(400,020,196)	(375,905,446)
Marketing & merchandising	(14,792,217)	(12,549,629)
Supply chain	(10,418,668)	(8,236,744)
Wholesale operations	(1,193,681)	-
Information technology services	(33,086,472)	(32,521,478)
Regulatory affairs	(22,280,153)	(20,516,378)
Administration	(14,430,335)	(13,234,066)
Finance	(3,716,756)	(5,392,976)
Board & secretary	(6,144,528)	(5,049,620)
Legal	(3,066,932)	(3,358,611)
Commonwealth provided services - Note 2	<u>(13,436,645)</u>	<u>(15,532,205)</u>
Total	<u>(522,586,582)</u>	<u>(492,297,153)</u>
Operating profit	99,320,141	113,301,927
Other operating revenues (expenses):		
Enforcement fines	1,352,931	1,892,032
License fees	30,812,542	12,884,473
Miscellaneous income	2,020,451	3,595,285
Administrative law judge	<u>(2,622,807)</u>	<u>(2,490,903)</u>
Total	<u>31,563,117</u>	<u>15,880,887</u>
Total operating income	130,883,257	129,182,814
Non-operating revenues (expenses):		
Interest income	2,225,054	892,769
Other	<u>(106,249)</u>	<u>(127,528)</u>
Total	<u>2,118,805</u>	<u>765,241</u>
Income before operating transfers	133,002,062	129,948,055
Operating transfers out:		
PSP enforcement - Note 3	(28,106,852) <u>(28,106,852)</u>	(26,091,122) <u>(26,091,122)</u>
Income after enforcement/before other transfers	104,895,210	103,856,933
Other operating transfers out:		
General fund - Note 3	(216,695,746)	(100,000,000)
Drug and alcohol programs - Note 3	(2,500,000)	(3,328,043)
Total	<u>(219,195,746)</u>	<u>(103,328,043)</u>
Change in net position	(114,300,535)	528,890
Total net position - beginning	<u>(238,178,364)</u>	<u>(238,707,254)</u>
Total net position - ending	<u>\$ (352,478,899)</u>	<u>\$ (238,178,364)</u>
Liquor tax	361,856,317	348,055,772
State Sales Tax	142,005,398	135,581,351
Local Tax	9,060,399	8,687,993
Taxes remitted to Dept.of Revenue YTD	<u>\$ 512,922,114</u>	<u>\$ 492,325,116</u>

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

Following the presentation of the Financial Report, Board Member Negra expressed his gratitude to the PLCB's Executive Team and all PLCB employees for the excellent job that they are doing, which is reflected in this twelve-month report. He asked that everyone keep up the great work. Chairman Holden and Board Member Newsome agreed and joined in expressing their thanks as well.

**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, October 11, 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