

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

WEDNESDAY, FEBRUARY 26, 2020
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 – Jay McGruder – Wholesale Operations

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the February 12, 2020 meeting.

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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) **PLCB v. UC Board of Review**

Petition for Allowance of Appeal
to Supreme Court

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

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chief Counsel Rodrigo Diaz explained that the case at issue involves an employee who applied for unemployment compensation benefits after being terminated for violating the agency’s policy with regard to accepting gratuities. An Unemployment Compensation (“UC”) Board of Review Referee determined that unlawful conduct had occurred and the employee was therefore not eligible for benefits. Following the UC Board of Review’s reversal of the Referee’s decision, the PLCB filed an appeal to the Commonwealth Court and the decision of the UC Board of Review was affirmed though it was also determined that no discrimination had occurred. Chief Counsel Diaz indicated that the Supreme Court is unlikely to take the case and recommended against filing a Petition for Allowance of Appeal.

Board Decision: Unanimously agreed (3-0 vote) Not to File Petition for Allowance of Appeal.

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

(1) **Capital A, Inc.** Renewal - Hotel
t/a Midway Hotel
H-2812 (LID No. 69914) Case No. 19-9050
2041 Broad Top Mountain Road
Carbon Township
Saxton, Huntingdon County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chairman Holden asked if there was anyone present from Capital A, Inc. There was no response.

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

(2) **Gettysburg Battlefield Brew Works, LP** Limited Distillery Additional
t/a Spirits of Gettysburg Distillery Board-Approved Location &
AL-20 (LID No. 69064) Request for Interior Connections
248 Hunterstown Road with Another Business –
Straban Township Limited Distillery
Gettysburg, Adams County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve Limited Distillery
Additional Board-Approved Location & Request for Interior
Connections with Another Business.

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

- (3) **K M Danna, LLC** New & Request for Interior
t/a Binah Winery Connection with Another
(LID No. 101562) Business - Limited Winery
905 Harrison Street, Suite 131
Allentown, Lehigh County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

- (4) **M&A Concepts, LLC** Appointment of Manager -
t/a Itri Wine Bar Economic Development
EDR 34844 (LID No. 83310) Case No. 19-9084 Restaurant
310 Mill Street
Bristol, Bucks County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chairman Holden asked if there was anyone present from M&A Concepts, LLC. There was no response.

Board Decision: Unanimously agreed (3-0 vote) to Refuse Application for Appointment of Manager Pending Completion of Probation and Payment of Restitution.

- (5) **Penn's Landing, LLC** New & Request for Interior
(LID No. 95777) Case No. 19-9072 Connections with Other
Cherry Street Pier Businesses – Public Venue
Columbus Boulevard at Cherry Street Restaurant
Philadelphia, Philadelphia County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve New License & Request for Interior Connections with Other Businesses.

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

(6) **900 Diamond, Inc.** Renewal – District 10
R-8250 (LID No. 61837) Case No. 2018-61837
901-903 West Diamond Street
Philadelphia, Philadelphia County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Hold for Conditional Licensing Agreement (Offer-in-Compromise).

(7) **Chris' Bar, Inc.** Conditional Licensing Agreement
t/a Ann's Chophouse Renewal – District 5
R-9810 (LID No. 59002) Case No. 2019-59002
2783 South Park Road
Bethel Park, Allegheny County **HOLD – 1/15/20 SESSION**

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

(8) **Salvatrice Conigliaro** Renewal - District 3
R-13944 (LID No. 63225) Case No. 2019-63225
59 North Second Street
Saint Clair, Schuylkill County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Chairman Holden recused himself based on the location of the applicant for renewal.

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal and Rescind Existing Conditional Licensing Agreement.

(9) **Halftime-Goodtime, Inc.** Renewal – District 10
R-2060 (LID No. 36592) Case No. 2018-36592
120 West Diamond Street
Philadelphia, Philadelphia County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Hold for Conditional Licensing Agreement (Offer-in-Compromise).

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

(10) Lotus Oil, Inc. REQUEST FOR RECONSIDERATION
D-2195 (LID No. 57607) Case No. 2019-57607 Renewal – District 5
303 East 6th Avenue
Tarentum, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Vacate Order to Refuse and Hold for Conditional Licensing Agreement.

(11) Lucky Deli, Inc. Renewal - District 10
t/a Lucky Deli
E-4724 (LID No. 80684) Case No. 2018-80684
24 North 52nd Street
Philadelphia, Philadelphia County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Hold for Conditional Licensing Agreement.

(12) Norwood Inn, Inc. Conditional Licensing Agreement
t/a Norwood Inn Renewal – District 5
R-3214 (LID No. 10872) Case No. 2019-10872
184 McCoy Road
Stowe Township
McKees Rocks, Allegheny County **HOLD – 1/29/20 SESSION**

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

(13) SR, Inc. Renewal – District 5
t/a Fundaze Back Bar
R-2912 (LID No. 72245) Case No. 2019-72245
2550 Brownsville Road
South Park Township
South Park, Allegheny County

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

Board Decision: Hold for 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*

There were 7 personnel actions presented for consideration.

- (1) **Rini Agosto – Removal**
- (2) **Phaedra Burton - Removal**
- (3) **Diamond Debnam – Removal**
- (4) **Edward Duley – Removal**
- (5) **Andrea Jones – Removal**
- (6) **Nichole Mitchell – Affirm Removal**
- (7) **Eriq Myers-Wilburn – Affirm Removal**

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

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

Procurement Actions:

- (1) **31 HP Ultra-Portable Convertible EliteBooks with Monitors** – Tablet/laptop convertibles needed for Regional and District Managers. These units will replace their current desktop computers with highly portable convertibles to improve operational efficiency by allowing the managers to stay connected and get work done while in stores and alternate work sites.

Procured via DGS Contract #4400017908 – VENDOR: HP Inc. – \$1,874.00 per unit cost for a total of **\$58,094.00 estimated cost.**

Motion Made: Board Member Isenhour
Seconded: Board Member Negra

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

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

Inter-Agency Charges:

- (1) **Office of Administration – HR Shared Services (Job 73)** – Billing of \$354,117.00 for the second quarter (Q2) of FY 2019-20 for OA’s HR-Enterprise Services (labor relations, employee benefits, training, etc.). The HR Shared Services charges for the first half of FY 2019-20 amount to \$753,067. The combined charges for HR Shared Services/SEAP and Civil Service billings for the first half of FY19-20 were \$10,728 less (-1.1%) than the charges for these services for the first half of last year.

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 Isenhour

Seconded: Board Member Negra

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

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

- 1. **39XX – 926 Airport Road, Allentown, PA
New Lease- Relocation of 3921**
- 2. **#46XX– Welsh Rd. & Dreshertown Rd. Upper Dublin, PA
New Lease- Relocation of 4606**
- 3. **14XX - Patton Crossings, State College, PA
New Lease- Relocation of 1405**
- 4. **2302- 128 South 69th Street, Upper Darby, PA
Lease Amendment**
- 5. **6312- 524 Front Street, Fredericktown, PA
Lease Amendment**
- 6. **9108- 8204 E. Roosevelt Blvd., Philadelphia, PA
Lease Amendment**

Motion Made: Board Member Isenhour

Seconded: Board Member Negra

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

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

*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>CASE COST</u>	<u>UNIT COST</u>	<u>REASON</u>
<u>Capital Wine and Spirits</u>			
Ballard Road Pinot Gris 750 mL			18
Ballard Road Pinot Noir 750 mL			18
Ballard Road Rose 750 mL			18
<u>Constellation Brands Inc</u>			
Kim Crawford Sauvignon Blanc 375 mL			18
<u>Majestic W S USA Inc</u>			
Rancho La Gloria Mango 1 L Can			18
Rancho La Gloria Margarita Lime 1 L Can			18
Rancho La Gloria Strawberry 1 L Can			18
<u>ViVino Selections</u>			
Adega de Vila Real Reserva 750 mL			18
JP Azeitao Rose 750 mL			18
Sobilane Cotes Catalanes Grenache Syrah 750 mL			18

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>Leadership Brands LLC</u>	
Tranz-fusion Light Vodka 355 mL	16
Tranz-fusion Vodka 355 mL	16
<u>Pennsylvania Pure Distilleries</u>	
BLY Daiquiri Cocktail 1 L	16
Boyd and Blair Blood Orange Cosmopolitan Cocktail 1 L	16
Boyd and Blair Cranberry Lime and Pomegranate Cocktail 1L	16
<u>Philadelphia Distilling</u>	
Bluecoat American Dry Gin 1.75 L	16

RECOMMENDED ACTION: We recommend the Board approve this action

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

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
16. PA Spirits
17. PA Wines
18. Licensee only
19. Probationary listing

3. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Kobrand Corp</u> Masi Tupungato Malbec Corvina Passo Doble Mendoza 750 mL	2073
<u>MHW LTD</u> Holla Vodka Pouch 80 Proof 750 mL	98088
<u>Millstone Spirits Group</u> Powderhorn Vodka 80 Proof 750 mL	2159
<u>Southern Glazers Wine and Spirits of PA</u> Pommery Brut Royal 750 mL	29553

EFFECTIVE DATE: The transference to closeout will become effective April 8, 2020

Motion Made: Board Member Isenhour

Seconded: Board Member Negra

Board Decision: Unanimously agreed (3-0 vote) to Approve all Product Selection 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>January 31, 2020</u>	<u>January 31, 2019</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 38,786,025	\$ 36,401,627
Investments - short term	302,943,134	295,701,802
Accounts and claims receivable, net	3,454,772	3,143,912
Due from other funds - Note 9	-	-
Merchandise inventories, net	249,310,639	247,800,819
Operating supplies	315,254	330,111
Prepaid expenses	<u>1,062,804</u>	<u>777,153</u>
Total current assets	<u>595,872,628</u>	<u>584,155,424</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,875,220	20,875,220
Leasehold improvements	341,826	612,301
Machinery and equipment	48,766,600	51,111,585
Intangibles - internally generated software	<u>23,740,618</u>	<u>28,551,172</u>
Less: accumulated depreciation	<u>64,625,775</u>	<u>70,947,457</u>
Net depreciable capital assets	<u>29,098,489</u>	<u>30,202,821</u>
Total non-current capital assets	<u>29,421,462</u>	<u>30,525,794</u>
Total assets	<u>\$ 625,294,090</u>	<u>\$ 614,681,218</u>
Total deferred outflows of resources - Notes 5, 6	\$ 163,949,630	\$ 88,350,800
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 303,815,122	\$ 307,143,205
Other accounts payable	30,320,054	27,998,864
Accrued expenses	22,596,808	21,139,560
OPEB - Note 6	8,994,000	11,976,000
Self-insurance, workers' compensation - Note 7	8,693,938	11,137,029
Due to other funds - Note 9	7,325,136	4,848,024
Due to fiduciary funds - Note 9	2,979,738	3,024,515
Due to other governments - Note 9	<u>781,444</u>	<u>801,606</u>
Total current liabilities	<u>385,506,240</u>	<u>388,068,803</u>
Non-current liabilities:		
OPEB - Note 6	493,237,000	781,379,000
Self-insurance, workers' compensation - Note 7	48,841,124	47,949,448
Net pension liability - Note 5	552,691,336	459,297,473
Compensated absences - Note 1	<u>21,598,132</u>	<u>20,809,984</u>
Total non-current liabilities	<u>1,116,367,592</u>	<u>1,309,435,905</u>
Total liabilities	<u>\$ 1,501,873,832</u>	<u>\$ 1,697,504,708</u>
Total deferred inflows of resources - Notes 5, 6	\$ 344,305,836	\$ 96,348,959
<u>NET POSITION</u>		
Net investment in capital assets	\$ 29,421,462	\$ 30,525,794
Deficit	<u>(1,086,357,410)</u>	<u>(1,121,347,443)</u>
Total net position	<u>\$ (1,056,935,948)</u>	<u>\$ (1,090,821,649)</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 January 31, 2020 and January 31, 2019
(Unaudited)

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 157,181,811	\$ 148,624,444
Cost of goods sold	<u>(107,905,596)</u>	<u>(102,978,258)</u>
Gross profit from sales	49,276,215	45,646,186
Operating (expenses):		
Retail operations	(31,371,677)	(34,550,906)
Marketing & merchandising	(1,927,771)	(552,261)
Supply chain	(571,370)	(1,061,251)
Wholesale operations	(154,198)	(154,444)
Information technology services	(2,254,312)	(3,329,264)
Regulatory affairs	(1,854,688)	(1,730,858)
Administration	(1,978,931)	(1,369,059)
Finance	(270,461)	(331,392)
Board & secretary	(463,291)	(414,594)
Legal	(358,183)	(308,006)
Commonwealth provided services - Note 2	<u>(2,596,628)</u>	<u>(1,127,995)</u>
Total	<u>(43,801,510)</u>	<u>(44,930,030)</u>
Operating profit	5,474,705	716,156
Other operating revenues (expenses):		
Enforcement fines	177,757	117,138
License fees	2,960,926	3,727,071
Miscellaneous income	183,607	1,281,821
Administrative law judge	<u>(248,943)</u>	<u>(292,319)</u>
Total	<u>3,073,347</u>	<u>4,833,711</u>
Total operating income	8,548,052	5,549,867
Miscellaneous revenues (expenses):		
Interest income	434,153	500,796
Other	<u>-</u>	<u>-</u>
Total	<u>434,153</u>	<u>500,796</u>
Income before operating transfers	8,982,205	6,050,663
Operating transfers out:		
PSP enforcement - Note 3	(2,391,272)	(2,167,572)
Net Income from operations	6,590,933	3,883,091
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	6,590,933	3,883,091
Total net position - beginning	<u>(1,063,526,881)</u>	<u>(1,094,704,740)</u>
Total net position - ending	<u>\$ (1,056,935,948)</u>	<u>\$ (1,090,821,649)</u>
Liquor tax	28,104,103	27,251,317
State Sales Tax	11,071,537	10,729,249
Local Tax	746,122	740,747
Taxes remitted to Dept.of Revenue YTD	<u>\$ 39,921,762</u>	<u>\$ 38,721,313</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 Seven Months Ending January 31, 2020 and January 31, 2019
(Unaudited)**

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 1,328,209,570	\$ 1,282,520,569
Cost of goods sold	<u>(903,189,923)</u>	<u>(872,800,775)</u>
Gross profit from sales	425,019,647	409,719,794
Operating (expenses):		
Retail operations	(219,338,465)	(233,748,399)
Marketing & merchandising	(7,502,888)	(9,482,807)
Supply chain	(4,605,030)	(4,633,481)
Wholesale operations	(972,086)	(1,076,420)
Information technology services	(16,298,861)	(18,843,690)
Regulatory affairs	(11,393,497)	(12,408,201)
Administration	(8,081,153)	(8,390,466)
Finance	(1,901,818)	(2,091,739)
Board & secretary	(2,130,802)	(2,713,848)
Legal	(2,183,057)	(2,118,498)
Commonwealth provided services - Note 2	<u>(9,934,402)</u>	<u>(7,696,594)</u>
Total	<u>(284,342,059)</u>	<u>(303,204,143)</u>
Operating profit	140,677,588	106,515,651
Other operating revenues (expenses):		
Enforcement fines	1,057,768	1,040,393
License fees	21,083,858	22,460,180
Miscellaneous income	1,970,371	3,038,850
Administrative law judge	<u>(1,683,601)</u>	<u>(1,698,951)</u>
Total	<u>22,428,396</u>	<u>24,840,472</u>
Total operating income	163,105,984	131,356,123
Miscellaneous revenues (expenses):		
Interest income	3,432,838	3,186,726
Other	<u>3,500</u>	<u>-</u>
Total	<u>3,436,338</u>	<u>3,186,726</u>
Income before operating transfers	166,542,322	134,542,849
Operating transfers out:		
PSP enforcement - Note 3	(18,291,574) <u>(18,291,574)</u>	(18,057,599) <u>(18,057,599)</u>
Net income from operations	148,250,748	116,485,250
Statutory Transfers:		
General fund - Note 4	(100,000,000)	(100,000,000)
Drug and alcohol programs - Note 4	-	-
Total	<u>(100,000,000)</u>	<u>(100,000,000)</u>
Change in net position	48,250,748	16,485,250
Total net position - beginning	<u>(1,105,186,696)</u>	<u>(1,107,306,899)</u>
Total net position - ending	<u>\$ (1,056,935,948)</u>	<u>\$ (1,090,821,649)</u>
Liquor tax	238,025,988	230,192,386
State Sales Tax	93,650,673	90,536,635
Local Tax	5,987,276	5,763,214
Taxes remitted to Dept.of Revenue YTD	<u>\$ 337,663,937</u>	<u>\$ 326,492,235</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, March 11, 2020 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 Isenhour, seconded by Board Member Negra, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary