

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

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WEDNESDAY, DECEMBER 1, 2021
TELEPHONE CONFERENCE MEETING

Tim Holden, Chairman
Mike Negra, Board Member
Mary Isenhour, Board Member
Michael Demko, 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

CALL TO ORDER *Acting Chairman Negra*

Pledge of Allegiance to the Flag

Acting Chairman Mike Negra indicated that, due to travel schedules, the meeting was being conducted by teleconference only; however, he affirmed that the meeting scheduled for December 15, 2021 would take place in the Northwest Office Building.

Board Secretary John K. Stark indicated that a quorum of the Board was present.

OLD BUSINESS.....*Secretary Stark*

- A. Motion to approve previous Board Meeting Minutes of the November 10, 2021 meeting.

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve previous Board Minutes.

PUBLIC COMMENT ON AGENDA ITEMS

The Board has reserved 10 minutes for Public Comment on printed agenda items.

Attorney John Rodgers identified himself and stated that he was associated with two Licensing matters on the meeting's agenda, namely item no. 5 involving S & M Beverages, LLC and item no. 11 involving Food Express Beer & Deli, Inc. He called attention to the renewal objection pertaining to Food Express Beer & Deli and indicated that prior to COVID restrictions becoming effective, his client had only been the subject of minor violations. He explained that an individual had been playing a video game of skill in the establishment in violation of licensee's policy as a result of a manager's indiscretion. Attorney Rodgers asked that his client's license be renewed and offered to answer any questions the Board may have had.

Acting Chairman Negra stated that he was familiar with the case Attorney Rodgers discussed. Both he and Board Member Isenhour indicated that they had no questions for Attorney Rodgers.

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Jim Stenson then identified himself as being associated with L&M Distributions and Logistics in Philadelphia and stated that his business is a bailee-for-hire and transporter-for-hire licensee. He inquired as to if and how he might be able to access formal communication regarding the upcoming closure of a distribution center.

Acting Chairman Negra requested that either Executive Director Michael Demko or Chief Counsel Rodrigo Diaz address Mr. Stenson’s inquiry. Chief Counsel Diaz asked Mr. Stenson to confirm that he was seeking information in the interest of a business relationship, and Mr. Stenson responded by stating that his business provides deliveries for companies such as Wegmans and that certain facts would be helpful for planning purposes.

Executive Director Michael Demko affirmed that a plan is being executed to advise vendors and customers as to the consequences of the expiration of the lease for the distribution center but nonetheless suggested that Mr. Stenson provide contact information so someone from the agency could reach out to him.

NEW BUSINESS

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

- | | |
|---|---|
| <p>(1) North End Wanderers Athletic Assn.
 308 Woodlawn Ave
 Bethlehem Pa 18018-2628
 Club Liquor License No. C-3432
 LID 1618
 Citation No. 20-1229</p> | <p>Appeal from the Adjudication and Order of
 Administrative Law Judge.</p> |
|---|---|

At Acting Chairman Negra’s request, Chief Counsel Diaz provided the following background on this matter: the Licensee had been cited for numerous violations, most involving the Local Option Small Games of Chance Act and, in lieu of a hearing, had submitted a waiver in agreement with the Bureau of Liquor Control Enforcement (“BLCE”). This waiver included an admission of the facts in the citation and acquiescence to the recommended penalty, with an understanding that the Administrative Law Judge (“ALJ”) was not bound by that recommendation. Such action is typically taken to save the time and expense related to having a hearing but also involves relinquishing the right to appeal. The ALJ had indicated to both the Licensee and BLCE several times that while the waiver was being accepted, he nonetheless retained the authority to impose a penalty determined at his discretion, a condition which the Licensee acknowledged.

The ALJ ultimately imposed a fine of \$3,500.00 as well as a ninety-day Small Games of Chance license suspension and a three-day liquor license suspension, a penalty to which the Licensee objected via the appeal. In addition to the Board having the authority to dismiss the appeal based on the Licensee’s submission of the aforementioned waiver, the penalty was within the parameters of the ALJ’s authority. Since the Board cannot alter a penalty on appeal, Chief Counsel Diaz affirmed that the recommendation from his office was that the appeal be dismissed.

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Acting Chairman Negra inquired as to whether the Licensee would have the right to appeal through the Court of Common Pleas, and Chief Counsel Diaz stated that the Licensee could attempt to do so, but suggested that this action would likely be futile in light of the Licensee having originally waived the right to appeal and the courts having historically upheld waivers. Chief Counsel Diaz then emphasized that the Board would not be able to modify the penalty at issue and that the Licensee was aware of the fact that the actual imposed penalty could be different from the anticipated imposed penalty.

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to affirm Administrative Law Judge.

- (2) **Mac's Convenience Stores, LLC** Proposed Conditional Licensing Agreement
701 West Chestnut Street
Washington, Pennsylvania 15301-4623
Restaurant Liquor License No. R-13594
LID 65833

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve renewal with conditional licensing agreement.

Chief Counsel Diaz requested the Board to validate that filing and seconding motions would constitute voting during this meeting. Board Member Isenhour confirmed the process.

- (3) **Logan's Roundhouse, LLC** Request for Rescission of Conditional Licensing Agreement
104-106 North 2nd Street
St. Clair, Pennsylvania 17970-1030
Restaurant Liquor License No. R-15757
LID 95155

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve request for rescission of conditional licensing agreement.

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Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve transfer.

- (5) **S & M Beverages, LLC** Double Transfer & Request for
t/a S & M Beverages Interior Connections with
D-3225 (LID No. 106046) Another Business - Distributor
906 3rd Street
Whitehall Township
Whitehall, Lehigh County

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve transfer and request for interior connections with another business.

- (6) **Sophea, Inc.** Place-to-Place Transfer –
R-1185 (LID No. 87566) Case No. 21-9028 Restaurant
2100 South 19th Street
Philadelphia, Philadelphia County

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve transfer.

- (7) **The Union Craft House, LLC** Notice of Change in Business
t/a The Union Craft House Structure - Restaurant
R-3103 (LID No. 98369) Case No. 21-9034
610 North Main Street
Taylor, Lackawanna County

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve notice of change in business structure.

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- (8) **CDAX, Inc.** Conditional Licensing Agreement
t/a Keystone Motel Renewal – District 3
H-5815 (LID No. 61324) Case No. 2021-61324
4880 West Lincoln Highway
West Sadsbury Township
Parkesburg, Chester County
HOLD – 9/22/21 SESSION
- Motion Made:** Acting Chairman Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (2-0 vote) to approve renewal with conditional licensing agreement.
- (9) **William Callahan** Renewal – District 6
t/a Buffalo Bill’s Roadhouse
R-11071 (LID No. 34215) Case No. 2020-34215
2301 Freeport Road
New Kensington, Westmoreland County
- Motion Made:** Acting Chairman Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold for conditional licensing agreement.
- (10) **Center Stage Comedy, L.P.** Renewal – District 10
R-6572 (LID No. 54334) Case No. 2020-54334
2031-33 Sansom Street
Philadelphia, Philadelphia County
- Motion Made:** Acting Chairman Negra
Seconded: Board Member Isenhour
- Board Decision:** Unanimously agreed (2-0 vote) to approve renewal.
- (11) **Food Express Beer & Deli, Inc.** Renewal – District 8
t/a Food Express Beer & Deli
R-15319 (LID No. 84097) Case No. 2020-84097
1545 West Front Street
Berwick, Columbia County
- Motion Made:** Acting Chairman Negra
Seconded: Board Member Isenhour
- Board Decision:** Hold for conditional licensing agreement.

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- (12) **Germantown Nest No. 1624 Order of Owls** Renewal – District 10
CC-1820 (LID No. 1085) Case No. 2020-1085
1712 Walnut Street, 2nd Floor, P. O. Box 30391
Philadelphia, Philadelphia County

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve renewal with existing conditional licensing agreement.

- (13) **High Tides Investors, LLC** Renewal – District 11
R-10275 (LID No. 67829) Case No. 2019-67829
1067 & 1031 Totem Road
Bensalem Township
Bensalem, Bucks County

HOLD – 10/27/21 SESSION

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve renewal with conditional licensing agreement.

- (14) **Real Fresh, Inc.** Renewal – District 10
R-4085 (LID No. 66494) Case No. 2020-66494
Two Commerce Square
2001 Market Street
Philadelphia, Philadelphia County

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve renewal.

- (15) **Rockwells Restaurant, Inc.** Renewal – District 4
t/a Rockwell's Restaurant
R-19688 (LID No. 48446) Case No. 2020-48446
120 Gravel Pike
Green Lane, Montgomery County

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Hold for amended conditional licensing agreement with offer-in-compromise conditions.

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

Personnel Actions

There were 17 personnel actions presented for consideration.

- (1) Joanne Egan – Affirm Removal
- (2) Sara Hillen – Affirm Removal
- (3) Curtis Hosey - Removal
- (4) Sharia Johnson – Affirm Removal
- (5) Savannah King – Affirm Removal
- (6) Tammyjo Krsek – Removal
- (7) Fatima Leaphart – Affirm Removal
- (8) Mosha Martin – Affirm Removal
- (9) Antwon McMillan – Affirm Removal
- (10) Nicholas Pelton – Affirm Removal
- (11) Caroline Roberson – Affirm Removal
- (12) Migdalia Santiago – Affirm Removal
- (13) Aaron Sauers – Affirm Removal
- (14) Cathy Snider - Removal
- (15) Charmaine Walton – Removal
- (16) Christian Watts – Affirm Removal
- (17) Chaketa Wilson – Removal

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve all Personnel Actions.

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

Procurement Actions:

- (1) Marketing and Media Buying Services Renewal** - In March of 2019, the PLCB began a 3-year contract with Tierney Communications to handle the creative marketing for Fine Wine & Good Spirits and media buying for both Fine Wine & Good Spirits and Alcohol Education.

Of the original \$40M contract, Alcohol Education was allocated \$3.84M for media buying and \$36.16M was allocated for creative marketing services and media buying for Fine Wine & Good Spirits.

At the end of FY21-22, assuming full exhaustion of the budgeted/increased spend amounts, an estimated \$7.95M will be remaining on the FW&GS Purchase Order while Alcohol Education will be slightly under budget by an estimated \$2.7K.

	FW&GS		Alcohol Education	
	Allocated/Approved	Spent	Allocated/Approved	Spent
FY- 19- 20 - Creative	\$ 5,900,000.00	\$ 2,737,471.12		
FY- 19- 20 - Media	\$ 7,810,000.00	\$ 5,171,937.30	\$ 1,499,103.51	\$ 1,499,103.51
FY 20-21 - Creative	\$ 5,643,000.00	\$1,999,664.12		
FY- 20- 21 - Media	\$ 7,700,000.00	\$6,267,373.55	\$ 1,100,000.00	\$ 1,097,570.89
FY21-22 - Creative	\$3,000,000	\$ 3,000,000.00		
FY21-22 - Media	\$ 9,031,950.00	\$ 9,031,950.00	\$ 1,240,618.86	\$ 1,240,618.86
Totals	\$ 39,084,950.00	\$ 28,208,396.09	\$ 3,839,722.37	\$ 3,837,293.26
Contracted Amount		\$ 36,160,000.00		\$ 3,840,000.00
Difference		\$ (7,951,603.91)		\$ (2,706.74)
			Contract Carryover	\$ (7,954,310.65)

The current contract expires March 19, 2022, but the contract allows for an additional four-year extension in any month or year increment.

Based on the successful partnership to date, we would like to extend the current contract with Tierney Communications two additional years to March 19, 2024.

The overall contract will end with a budget surplus or carryover of \$7,954,310.65, which is not enough to fund two additional years of work. Therefore, we are requesting an additional \$22,809,493.85 for both creative execution and media to be budgeted as the table below indicates.

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2-Year Extension			
Estimated Spends	FW&GS	Alcohol Education	
FY22-23 - Creative	\$ 3,000,000.00	\$ 500,000.00	
FY22-23 - Media	\$ 9,935,145.00	\$ 1,600,000.00	
FY23-24 - Creative	\$ 3,000,000.00		
FY23-24 - Media	\$ 10,928,659.50	\$ 1,800,000.00	
Total Budget Needed	\$ 26,863,804.50	\$ 3,900,000.00	
		Combined Budget needs	\$ 30,763,804.50
		Less Contract Carryover	\$ 22,809,493.85

Procured via BPAs 63018494 and 63018501 Option Years – **VENDOR: Tierney Communications** – **TERM:** Two years for period March 20, 2022 through March 19, 2024 - **\$22,809,493.85 estimated cost.**

Acting Chairman Negra asked for more background and called on Elizabeth Brassell, Director of Policy and Communications, to talk about the Marketing and Media Buying Services.

Elizabeth Brassell stated that 3 years ago in March of 2019, following a competitively bid RFP process, a contract was awarded to Tierney Communications to handle the creative marketing for Fine Wine & Good Spirits as well as the media buying for both the Fine Wine & Good Spirits and Alcohol Education marketing efforts. That original contract had a three-year base term with an option to extend up to four years. The contract is coming to an end in March 2022 and they are seeking to extend it now for two of the four extension years.

The original contract was for \$40,000,000, which included \$36,000,000 for Fine Wine & Good Spirits and \$3,800,000 for Alcohol Education. That entire allocated amount was not spent and there is a surplus carryover of approximately \$8,000,000. To cover the next two years, which would include creative services for Fine Wine & Good Spirits and Alcohol Education (because the prior creative services contract for Alcohol Education expired this past October), as well as media buying for Fine Wine & Good Spirits and Alcohol Education, they are seeking an additional \$22,800,000 to be added to the extension. It provides a 10 percent year-over-year growth factor for the media budget. This does take into account the money that wasn't spent in the original contract term and covers both the creative and media buying for retail brand marketing and Alcohol Education

Acting Chairman pointed out that there aren't any dramatic increases in advertising, only a miniscule amount from a percentage standpoint of sales in our advertising.

Ms. Brassell agreed with his point and went on to say that the PLCB is way below the industry average for other beverage alcohol marketing or retail marketing as far as advertising when it relates to total sales.

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- (2) Comprehensive Security Services for Fine Wine & Good Spirits Stores and Other PLCB Facilities** – This Contractor will provide comprehensive security services to the PLCB’s Fine Wine & Good Spirits (“FW&GS”) stores and other PLCB Facilities as requested. Comprehensive services include fully integrated security systems, 24-hour centrally located monitoring, and security guards at all required PLCB Facilities. The selected Contractor is expected to provide all equipment necessary to perform the services, including installation and ongoing maintenance services of the security system.

Procured via Request for Proposal – **VENDOR: Allied Universal Security Services** – **TERM:** Five Years - not to exceed **\$70,000,000.00** for five years. Cost includes the installation of cameras and alarm systems at all stores, ongoing monitoring and maintenance of the same, and posting of guards at all locations.

Acting Chairman Negra called on Executive Director, Michael Demko for more background on the Comprehensive Security Services for Fine Wine & Good Spirits stores and other facilities, acknowledging that they have been working on this project for a long time.

Michael Demko stated there was an RFP issued and this was the selected bidder. The contract was negotiated by PLCB Legal and covers all retail stores, including LSCs, with security cameras, alarms and guards for the stores. The contract provides for guards to all stores, however. Mr. Demko explained that it is not the intention to use guards in all stores. The contract provides for flexibility. This is a five-year contract with Allied Universal Security Services. Mr. Demko went on to thank the RFP committee as well as Legal for working to get this item to the Board for approval.

- (3) Northwest Office Building (NWOB) Roof Drain Repairs** – This work needs to be completed to repair the drains located on the NWOB rooftops. There are currently several drains that have failed and are leaking, allowing water to infiltrate the building causing damage to the ceilings. Due to the age of the building and the failure of the several drain stated previously we will be replacing the others proactively. This will prevent any future ceiling damage and time consuming repairs by the maintenance team.

Procured via DGS Job Order Contracting (JOC) Program – **VENDOR: Lobar Associates Inc. and The Gordian Group Inc. - \$52,137.96 estimated cost** (Lobar Associates Inc. construction cost - \$49,821.27; and The Gordian Group Inc. Administrative fees – \$2,316.69).

- (4) Philadelphia Police Department Services Renewal** – Provide uniformed police officers, driving distinctively-marked Philadelphia Police Department patrol cars, to randomly drive by and enter specific PLCB Fine Wine & Good Spirits stores throughout Philadelphia on a daily basis in order to have a more effective and meaningful crime deterrent environment.

Procured via PO 63019484 Option Year Two – **VENDOR: Philadelphia City** – **TERM:** One year for period 1/01/2022 through 12/31/2022 - **\$856,053.00 estimated cost.** Option year to be exercised at 10/01/2021 rate increase for police officers from \$81.25 to \$83.29.

Acting Chairman Negra asked for background on the Philadelphia Police Department Services contract and once again called on Executive Director, Michael Demko.

Michael Demko stated that this agenda item is for another year of contracted service with the Philadelphia Police Department. He gave a background as referenced in the printed agenda item,

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noting that police visits to stores pursuant to this contract are tracked for the sake of compliance. Mr. Demko further noted that, based on past history, this randomized police presence has successfully reduced the number of robberies in the Philadelphia area stores. In the past year, there has only been one robbery and that occurred after the store had closed. Mr. Demko referred back to the compliance tracking of the Philadelphia police department as well as the store managers. A monthly report is generated that goes over what is happening, as well as any incidents that occurred. He noted that the police do respond when there are break-ins and, during the riots in 2020, they ensured the safety of employees and even guarded the stores until maintenance teams were able to board them up.

- (5) **Java Developers Staff Augmentation** - This purchase request is for a block of hours for up to three Java developer resources. They will be performing needed analysis, design, development and implementation of components for the agencies Oracle ERP upgrade. Primarily the work will pertain to Reports, Interfaces, Extensions and Workflows and any additional work identified and assigned to them by PLCB IT staff related to the Release 1 and 2 phases of the project.

Procured via DGS Contract #4400024749 – VENDOR: **OST Inc.** – TERM: Three months for period 1/01/2022 through 4/1/2022 - **\$132,345.20 estimated cost.**

- (6) **WebSphere Commerce Staff Augmentation** - This purchase request is for additional hours for four resources that are needed to support the current WebSphere E-Commerce Fine Wine and Good Spirit site on the Azure WebSphere Commerce Version 8 platform. This platform provides additional security, system monitoring and resource scalability. Work includes production issue support, functional changes requested by the business and other commerce related updates that will be occurring during this timeframe.

Procured via DGS Contract #4400024749 – VENDOR: **OST Inc.** – TERM: Six months for period 1/01/2022 through 6/30/2022 - **\$392,490.80**

- (7) **HVAC Service** – Provide unit inspections, preventative maintenance and corrective service to the heating, ventilation and air conditioning systems located within the Northwest Office Building.

Procured via IFB #260370 – VENDOR: **\$86,595.00 estimated cost** which includes \$46,595.00 labor and \$40,000.00 parts.

Motion Made: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve all Procurement Actions.

Inter-Agency Charges:

- (1) **Office of Administration – IT Shared Services** – Billing of \$1,235,350 for the FY 2021-22 Q2 billing for OA’s IT Enterprise Technology Essential Services. This billing is for enterprise-wide infrastructure, network, security, enterprise data center (EDC) and service desk costs. The LCB’s charge represents 1.6% of the total \$78.6M OA- IT Shared Services billing.

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(2) Office of Comptroller Operations – Net billing amount of \$992,445.33 for the first quarter of FY 2021-22 from the Office of Comptroller Operations, which includes a “true-up” credit of \$9,773.51 for FY 2020-21’s estimated fourth quarter billing. The billing represents charges for actual services for July, August and September.

(3) Department of General Services (DGS) Property Costs (JOB 7) – Billing of \$115,307.28 for the first quarter of FY 2021-22 for Commonwealth property costs. This is for the property costs for the Northwest Office Building (NWOB), which includes direct costs paid by DGS (electricity charges), as well as prorated expenses for Capital Police services, City of Harrisburg Fire Protection.

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: Acting Chairman Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve the Inter-Agency Charges.

From the Office of Retail Operations.....Michael Demko, Executive Director

None

From the Bureau of Product SelectionTom Bowman, Director of Product Selection

VENDOR – ITEM NAME

BOARD ACTION REQUESTED

Various
Various
Various

- 1. Regular New Items Accepted
- 2. Regular PA New Item Accepted
- 3. Regular Recommended Delist

1. Regular New Items Accepted

BRAND NAME AND SIZE

REASON

Southern Glazers Wine and Spirits of PA

Bota Box Nighthawk Black Cabernet Sauvignon Bourbon Barrel Aged 500 mL	2, 3
Bota Box Nighthawk Black Lush Pinot Noir 500 mL	2, 3
Bota Box Nighthawk Gold Buttery Chardonnay 500 mL	2, 3

RECOMMENDED ACTION: We recommend the Board approve this action

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2. Regular PA New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
<u>County Seat Spirits LLC</u> Zero G Vodka 80 Proof 750 mL	16
<u>Red Pump Spirits LLC</u> Jefferson Peach Liqueur 40 Proof 750 mL	16

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
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>Diageo Americas Inc</u> Captain Morgan Apple Smash Rum 60 Proof 750 mL	131
<u>Majestic W S USA Inc</u> Paua Rock Pinot Noir Central Otago 750 mL	98815
<u>Pernod Ricard USA</u> Campo Viejo The Red Blend 750 mL	98800
<u>Southern Glazers Wine and Spirits of PA</u> Conundrum Sparkling Rosé Methode Champenoise 750 mL	98131

EFFECTIVE DATE: The transference to closeout will become effective December 31, 2021

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Motion Made: Acting Chairman Negra

Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (2-0 vote) to approve all Product Selection 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>October 31, 2021</u>	<u>October 31, 2020*</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 53,076,121	\$ 52,779,962
Investments - short term	349,602,435	291,956,380
Accounts and claims receivable, net	7,000,096	7,659,171
Due from other funds - Note 9	-	-
Merchandise inventories, net	236,168,224	244,755,434
Operating supplies	502,417	571,903
Prepaid expenses	<u>1,867,318</u>	<u>2,216,078</u>
Total current assets	<u>648,216,611</u>	<u>599,938,928</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	10,691,986	20,875,220
Leasehold improvements	209,134	197,771
Machinery and equipment	47,535,062	49,511,484
Intangible - internally generated software	38,469,608	23,009,213
Intangible - right to use leases - Note 10	<u>335,728,741</u>	<u>280,940,299</u>
Less: accumulated depreciation	<u>134,425,001</u>	<u>83,964,426</u>
Net depreciable capital assets	<u>298,209,530</u>	<u>290,569,561</u>
Total non-current capital assets	<u>298,532,503</u>	<u>290,892,534</u>
Total assets	<u>\$ 946,749,114</u>	<u>\$ 890,831,462</u>
Total deferred outflows of resources - Notes 5, 6	\$ 201,121,247	\$ 135,678,069
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 367,328,098	\$ 330,594,450
Other accounts payable	23,372,593	19,940,489
Accrued expenses	18,618,605	17,256,606
OPEB - Note 6	-	18,874,000
Self-insurance, workers' compensation - Note 7	6,298,715	7,595,210
Due to other funds - Note 9	7,559,029	7,268,453
Due to fiduciary funds - Note 9	2,294,887	2,049,993
Due to other governments - Note 9	629,151	492,425
Right to use liabilities - Note 10	<u>52,835,345</u>	<u>38,182,463</u>
Total current liabilities	<u>478,936,423</u>	<u>442,254,089</u>
Non-current liabilities:		
OPEB - Note 6	485,631,000	438,083,000
Self-insurance, workers' compensation - Note 7	60,900,982	47,995,269
Net pension liability - Note 5	467,981,428	470,152,920
Compensated absences - Note 1	25,995,401	24,809,043
Right to use liabilities - Note 10	<u>212,298,615</u>	<u>225,876,075</u>
Total non-current liabilities	<u>1,252,807,426</u>	<u>1,206,916,307</u>
Total liabilities	<u>\$ 1,731,743,849</u>	<u>\$ 1,649,170,396</u>
Total deferred inflows of resources - Notes 5, 6	\$ 337,828,864	\$ 380,992,338
<u>NET POSITION</u>		
Net investment in capital assets	\$ 33,398,543	\$ 26,833,996
Deficit	<u>(955,100,895)</u>	<u>(1,030,487,199)</u>
Total net position	<u>\$ (921,702,352)</u>	<u>\$ (1,003,653,203)</u>

* The prior fiscal year (FY) 2020-21 comparative Net investment in capital assets and Deficit amounts are adjusted to include the Right to use liabilities associated with Intangibles - right to use leases as part of Net investment in capital assets, and excluding them from Deficit. The adjustments did not affect Total net position.

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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 October 31, 2021 and October 31, 2020
(Unaudited)

	<u>2021-22</u>	<u>2020-21</u>
Sales net of taxes	\$ 201,484,692	\$ 196,067,300
Cost of goods sold	<u>(143,361,973)</u>	<u>(133,147,112)</u>
Gross profit from sales	58,122,719	62,920,188
Operating (expenses):		
Retail operations	(28,460,370)	(31,003,417)
Marketing & merchandising	(827,847)	(996,366)
Supply chain	(327,671)	(737,015)
Wholesale operations	(109,404)	(131,304)
Information technology services	(1,850,032)	(2,673,604)
Regulatory affairs	(1,050,176)	(1,494,499)
Administration	(687,819)	(827,828)
Finance	(179,900)	(206,164)
Board & secretary	(1,025,984)	(192,180)
Legal	(357,082)	(271,210)
Commonwealth provided services - Note 2	<u>(1,766,890)</u>	<u>(2,035,460)</u>
Total	<u>(36,643,175)</u>	<u>(40,569,047)</u>
Operating profit/(loss)	21,479,544	22,351,141
Other operating revenues (expenses):		
Enforcement fines	79,024	198,199
License fees	1,892,651	2,476,767
Miscellaneous income	613,812	225,449
Administrative law judge	<u>(235,629)</u>	<u>(229,318)</u>
Total	<u>2,349,858</u>	<u>2,671,097</u>
Total operating income/(loss)	23,829,402	25,022,238
Miscellaneous revenues (expenses):		
Interest income (expense)	(375,288)	(325,489)
Other	<u>-</u>	<u>-</u>
Total	<u>(375,288)</u>	<u>(325,489)</u>
Income/(Loss) before operating transfers	23,454,114	24,696,749
Operating transfers out:		
PSP enforcement - Note 3	(3,359,535)	(3,531,897)
Net Income/(Loss) from operations	<u>20,094,579</u>	<u>21,164,852</u>
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	20,094,579	21,164,852
Total net position - beginning	<u>(941,796,931)</u>	<u>(1,024,818,055)</u>
Total net position - ending	<u>\$ (921,702,352)</u>	<u>\$ (1,003,653,203)</u>
Liquor tax	36,057,494	35,027,115
State Sales Tax	14,191,195	13,798,886
Local Tax	888,842	821,631
Taxes remitted to Dept.of Revenue PTD	<u>\$ 51,137,531</u>	<u>\$ 49,647,632</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 Four Months Ending October 31, 2021 and October 31, 2020
(Unaudited)**

	<u>2021-22</u>	<u>2020-21</u>
Sales net of taxes	\$ 781,429,702	\$ 733,336,785
Cost of goods sold	<u>(543,678,438)</u>	<u>(495,937,917)</u>
Gross profit from sales	237,751,264	237,398,868
Operating (expenses):		
Retail operations	(113,598,797)	(121,829,344)
Marketing & merchandising	(2,379,347)	(3,668,406)
Supply chain	(1,389,584)	(2,902,986)
Wholesale operations	(442,820)	(524,461)
Information technology services	(7,772,857)	(8,859,789)
Regulatory affairs	(5,007,573)	(5,777,105)
Administration	(2,911,693)	(3,154,677)
Finance	(696,643)	(1,019,765)
Board & secretary	(2,791,121)	(903,491)
Legal	(1,417,235)	(1,177,535)
Commonwealth provided services - Note 2	<u>(5,210,405)</u>	<u>(5,466,222)</u>
Total	<u>(143,618,075)</u>	<u>(155,283,781)</u>
Operating profit/(loss)	94,133,189	82,115,087
Other operating revenues (expenses):		
Enforcement fines	339,205	472,284
License fees	5,561,924	11,298,402
Miscellaneous income	2,142,123	729,932
Administrative law judge	<u>(942,958)</u>	<u>(879,960)</u>
Total	<u>7,100,294</u>	<u>11,620,658</u>
Total operating income/(loss)	101,233,483	93,735,745
Miscellaneous revenues (expenses):		
Interest income (expense)	(1,525,845)	(1,276,809)
Other	<u>46,420</u>	<u>-</u>
Total	<u>(1,479,425)</u>	<u>(1,276,809)</u>
Income/(Loss) before operating transfers	99,754,058	92,458,936
Operating transfers out:		
PSP enforcement - Note 3	(10,168,072) <u>(10,168,072)</u>	(10,362,682) <u>(10,362,682)</u>
Net Income/(Loss) from operations	89,585,986	82,096,254
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	89,585,986	82,096,254
Total net position - beginning	<u>(1,011,288,338)</u>	<u>(1,085,749,457)</u>
Total net position - ending	<u>\$ (921,702,352)</u>	<u>\$ (1,003,653,203)</u>
Liquor tax	140,096,360	131,456,754
State Sales Tax	55,128,433	51,871,184
Local Tax	3,412,128	3,019,537
Taxes remitted to Dept.of Revenue YTD	<u>\$ 198,636,921</u>	<u>\$ 186,347,475</u>

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OTHER ISSUES

None

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

Caller Jim Stenson of L&M Distribution and Logistics wanted to confirm that he could provide his contact information for follow-up and Chief Counsel Diaz confirmed.

Caller Christopher Hess stated that he is new to the process of liquor license transfers and has not been provided information on the status of his application for LID 107724. Acting Chairman Mike Negra stated that the Director of Regulatory Affairs, Tisha Albert, was present on the call and asked if she could possibly give some insight on where this license transfer application is in the process. Ms. Albert provided Mr. Hess with her direct email address and stated that she would review the matter and get in touch with him. Chief Counsel Rod Diaz asked if this was an application for Roscoe’s Sports Bar and Mr. Hess affirmed.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, December 15, 2021 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 Acting Chairman Negra, seconded by Board Member Isenhour, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary