

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES

TUESDAY, MARCH 26, 2019

NORTHWEST OFFICE BUILDING, CONFERENCE ROOM 117, HARRISBURG, PA

Tim Holden, Chairman
Mike Negra, 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 – Jocelyln Hicks – Office of Regulatory Affairs

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve the previous Board Meeting Minutes of the March 13, 2019 meeting.

Motion Made: Board Member Negra
Seconded: Chairman Holden

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.

No comments.

NEW BUSINESS

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

(1) **City of DuBois** Municipal Petition for Exemption
Case No. 19-NE-02 from the Liquor Code Statute
..... Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve the Petition for Exemption for the period March 26, 2019 to March 26, 2022.

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

- (2) **Millcreek Township** Municipal Petition for Exemption
Case No. 19-NE-03 from the Liquor Code Statute
Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve the Petition for Exemption for the period May 16, 2019 to May 16, 2022.

- (3) **West Cornwall Township** Municipal Petition for Exemption
Case No. 19-NE-04 from the Liquor Code Statute
Quentin Tavern Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve the Petition for Exemption for the period April 29, 2019 to April 29, 2024.

- (4) **West Cornwall Township** Municipal Petition for Exemption
Case No. 19-NE-05 from the Liquor Code Statute
Fairview Golf Course Regarding Amplified Sound

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve the Petition for Exemption for the period April 29, 2019 to April 29, 2024.

- (5) **Smokin' Joe's Tobacco Shop, Inc.** Proposal to Allow for the
263 Willow Avenue Extension of the Liquor License
Honesdale, Pennsylvania 18431
Restaurant Liquor License No. R-2731
LID 83724

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve Extension of License with Amended Plans, Contingent upon Discontinuance of Appeal.

- (6) **Smokin' Joe's Tobacco Shop, Inc.** Proposal to Allow for the Transfer
2447 Elmira Street of the Liquor License
Sayre, Pennsylvania 18840
Restaurant Liquor License No. R-20530
LID 88186

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

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer Request and to Conduct Another Business on the Licensed Premises with Amended Plans, Contingent upon Discontinuance of Appeal.

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

(1) **Acme Markets, Inc.** Double Transfer & Request for
t/a The Frosted Mug Interior Connections with
R-2056 (LID No. 93359) Case No. 18-9094 Another Business - Restaurant
3200-09 Red Lion Road
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Request for Interior Connections with Another Business.

(2) **Brokenstraw Beverage, Inc.** Request to Conduct Another
t/a Pete's Beverage Business on the Licensed
D-3059 (LID No. 87832) Premises - Distributor
29100 Route 6
Brokenstraw Township
Youngsville, Warren County

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve Request to Conduct Another Business on the Licensed Premises.

(3) **Robert Daylida** Renewal - Restaurant
Barbara Daylida
t/a Daylida's Bar & Grill
R-3454 (LID No. 10983) Case No. 18-9121
313-315 Hanover Street
Warrior Run
Peely, Luzerne County

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

Motion Made: Board Member Negra

Chairman Holden asked if there was anyone present for the Licensee. There was no response.

Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Refuse Renewal.

- (4) **Perkiomen Restaurant, Ltd.** Renewal - Hotel
H-2075 (LID No. 64919) Case No. 18-9093
1 Main Street
Collegeville, Montgomery County

Motion Made: Board Member Negra

Chairman Holden asked if there was anyone present for the Licensee. There was no response.

Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Refuse Renewal.

- (5) **Pub It Always, Inc.** Place-to-Place Transfer &
t/a The Pub Notice of Change in Business
R-13395 (LID No. 49974) Case No. 18-9111 Structure - Restaurant
328 Court Street
Williamsport, Lycoming County

Motion Made: Board Member Negra

Chairman Holden asked if there was anyone present for the Licensee. There was no response.

Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Refuse Transfer and Notice of Change in Business Structure.

- (6) **Rosedale Enterprises, Inc.** Appointment of Manager –
t/a Phil's Rosedale Tavern Restaurant
R-17718 (LID No. 73320) Case No. 19-9006
459 Mountain Road
Georges Township
Uniontown, Fayette County

Motion Made: Board Member Negra

Chairman Holden asked if there was anyone present for the Licensee. There was no response.

Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Refuse Application.

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

- (7) **Yug Shakti, Inc.** Double Transfer & Request for
t/a Quick Food Mart Interior Connections with
R-4737 (LID No. 95293) Case No. 19-9002 Another Business - Restaurant
544 North Main Street
Wilkes Barre, Luzerne County

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve Transfer and Request for Interior Connections with Another Business.

- (8) **1701 Lim, Inc.** Renewal – District 10
R-10404 (LID No. 52108) Case No. 2018-52108
5527 Lansdowne Avenue
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve Renewal.

- (9) **Bartlett, Traynor & London, LLC** Renewal – District 2
t/a Harrisburg Midtown Arts Center
R-4643 (LID No. 61720) Case No. 2018-61720 **HOLD – 12/19/18 SESSION**
1110 North 3rd Street
Harrisburg, Dauphin County

Motion Made: Board Member Negra made a motion to Refuse Renewal.

Chairman Holden asked if there was anyone present for the Licensee. Francis X. O’Brien stated he was the attorney for the Licensee. He noted that the Licensee was previously being represented by another attorney. Attorney O’Brien stated that all the violations against his clients are technical in nature. He stated that Harrisburg Midtown Arts Center is a vital entity and a pillar of the community, having been given a one million dollar grant and being named Business of the Year. Attorney O’Brien stated that the Conditional Licensing Agreement that was presented to Licensee was a “ludicrous” one-size-fits-all and to refuse the renewal of the liquor license would be a travesty of justice.

Board Decision: Chairman Holden made a motion to Hold for Further Consideration.

- (10) **Doniel, Inc.** Renewal – District 10
R-3445 (LID No. 42702) Case No. 2018-42702
1264-66 South 22nd Street
Philadelphia, Philadelphia County

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

Motion Made: Board Member Negra
Seconded: Chairman Holden

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

- (11) **Cristian C. Foust** Conditional Licensing Agreement
t/a Campus Beer Distributor Renewal – District 8
D-13 (LID No. 38198) Case No. 2018-38198
3 North Iron Street
Bloomsburg, Columbia County **HOLD – 1/30/19 SESSION**

Motion Made: Board Member Negra
Seconded: Chairman Holden

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

- (12) **New M T, Inc.** Renewal – District 10
R-9161 (LID No. 28833) Case No. 2018-28833
1801 South 4th Street
Philadelphia, Philadelphia County

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Refuse Renewal.

- (13) **Tall Cedars, Inc.** Conditional Licensing Agreement
R-16689 (LID No. 18140) Case No. 2018-18140 Renewal – District 6
108 Main Street, P. O. Box 136
Donegal, Westmoreland County **HOLD – 2/13/19 SESSION**

Motion Made: Board Member Negra
Seconded: Chairman Holden

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

- (14) **Terri Associates, Inc.** Conditional Licensing Agreement
t/a Montour Beverages Renewal – District 8
D-490 (LID No. 4298) Case No. 2018-4298
1001-05 Broad Street
Montoursville, Lycoming County **HOLD – 2/13/19 SESSION**

Motion Made: Board Member Negra
Seconded: Chairman Holden

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

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

(15) **Scott E. Zimmerman**
Candi D. Zimmerman
t/a Zimmerman's Wholesale
D-3545 (LID No. 47930) Case No. 2018-47930
3304 William Penn Highway
Fermanagh Township
Mifflintown, Juniata County

Renewal – District 2

Motion Made: Board Member Negra
Seconded:

Board Decision: Hold for a Conditional Licensing Agreement.

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

Personnel Actions

There were 17 personnel actions presented for consideration.

- (1) **Zakira Adamson – Removal**
- (2) **Tatiana Brown – Affirm Removal**
- (3) **Darnell Butler – 5 Day Suspension**
- (4) **Devin Farless - Removal**
- (5) **Daniel Hanes – Affirm Removal**
- (6) **Angel Jordan – Removal**
- (7) **Brian Lopez – Affirm Removal**
- (8) **Victor Morales –Removal**
- (9) **Cassandra Pifer – Affirm Removal**
- (10) **Thurleen Reid –Removal**
- (11) **Jonathan Sparks – Affirm Removal**
- (12) **Ayinde Speight – Removal**
- (13) **James Stough – Affirm Removal**
- (14) **Tikeyah Thomas – Affirm Removal**
- (15) **Frank Thorne – Removal**

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

(16) Damien Wolfe – Removal

(17) Matthew Zelinsky - Removal

Motion Made: Board Member Negra
Seconded: Chairman Holden

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

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

Procurement Actions:

(1) Email Service Renewal – Provide Listrak software service to send millions of emails to customers and licensees. Software is to be implemented on the new E-Commerce platform to redesign email acquisition modal including advanced email segmentation as well as the following new services: shopping cart abandonment emails; product recommendations in emails; and, Listrak exchange to integrate Listrak sign-up with social platforms and product inventory alerts.
Procured via DGS Contract #44000018548 – VENDOR: **CDW-G** – TERM: Three years – **\$356,020.74 estimated cost.**

(2) Senior Business Subject Matter Experts Staff Augmentation – Provide a block of hours for Adobe subject matter expert(s) to continue with the development of the new E-Commerce site using Adobe Assets and Sites Cloud-based software. Also continue working on the development and integration of the Tierney/Genuine Marketing related deliverables into the new site. Similar functionality to the existing E-Commerce site will be developed in the new site as well. This includes but is not limited to; a more streamlined checkout process, improved search functionality, shop by store, automation of inventory for the E-Commerce fulfillment center in conjunction with our Store Inventory Management system, adding address verification, integration of our Retail Promotions, a new mobile application and other work prioritized by Marketing.

Procured via DGS Contract #4400014660 – VENDOR: **OST, Inc.** – TERM: Five months for the period 4/01/2019 through 8/31/2019 – **\$615,452.22 estimated cost.**

(3) Trintech ReconNET Retail Reconciliation Solution – ReconNET is the retail industry's leading reconciliation solution for daily reconciliation of POS/E-Commerce sales, including workflow driven "research" functionality to track/resolve discrepancies with the store/bank/credit card processor. Dataflow services pull bank and credit card data files daily and loading these files into their cloud-based reconciliation solution. SmartAnalysis is a solution to track and monitor all bank fees being charged to the PLCB by the banks that we deal with to ensure accurate billing/no overcharges for services to take place. Allows average of 250K transactions to be processed per month and pulls from 55 banks and 4 credit card processors.

Procured via DGS Contract #4400018548 – VENDOR: **CDW-G** – TERM: 36 months – **\$570,978.00 estimated cost** (Subscription \$151,120.00 per year for three-year total of \$453,360.00 and one-time Deployment and Activation fee of \$117,618.00). Contract documents including the software licensing agreements have not yet been negotiated with Trintech. This is expected to take

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

Several weeks. Furthermore, once documents are fully agreed between the parties, approval must be obtained from OA/COPPAR before a Purchase Order can be routed.

- (4) **Project Management Services** – Provide subject matter expertise, project management services and expert advice to Senior and Executive Management for the following PLCB projects: Enterprise Resource Planning, Transition and Change Management, DC Network Optimization Analysis and DC Request for Proposals, as well as related projects as deemed critical by Executive Management.

Procured via Sole Source – **VENDOR: Venger Consulting LLC** – **TERM: Two years** – **\$518,400.00 estimated cost.**

Motion Made: Board Member Negra

Seconded: Chairman Holden

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

Inter-Agency Charges:

- (1) **Office of Administration – HR Shared Services (Job 73)** – Billing of \$170,611 for the third quarter of FY 2018-19 for OA’s HR-Enterprise Services (labor relations, employee benefits, training, etc). The PLCB’s share of the billing is based on our average count of filled benefit-eligible (salary and wage) positions.

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: Chairman Holden

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

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

1. **#3914 – Mountainville Shopping Center, 1604 S. 4th Street, Allentown Amendment**
2. **#4804 – Stefko Shopping Center, 1844-A Stefko Boulevard, Bethlehem Amendment**
3. **#6403 – Hamlin Shopping Plaza, Route 590, Hamlin Amendment**
4. **#8131/#8261 – 140 W. Germantown Pike, Suite 100, Plymouth Meeting Amendment (Philadelphia ALJ Offices)**
5. **#8177 – 120 W. Germantown Pike, Suite 100, Plymouth Meeting Amendment (Philadelphia RAMP Office)**

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

**6. #0266 – 521 Beaver Street, Sewickley
New Lease (Premium Rebrand)**

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 vote) to Approve all Retail Operations Actions.

*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>REASON</u> |
|-------------------------------------------------------|---------------|
| <u>Banfi Products Corp</u> | |
| Natura Pinot Noir 750 ML | 2,3,9 |
| <u>Heaven Hill Brands</u> | |
| Lunazul El Humoso Tequila Blanc 750 ML | 3,12 |
| <u>Southern Wine Spirits PA</u> | |
| FitVine Pinot Cabernet Sauvignon 750 ML | 18 |
| FitVine Pinot Chardonnay 750 ML | 18 |
| FitVine Pinot Grigio 750 ML | 18 |
| FitVine Pinot Noir 750 ML | 18 |
| <u>Sutter Home Winery Inc</u> | |
| Three Thieves Chardonnay 750 ML | 18 |
| Three Thieves Pinot Grigio 750 ML | 18 |
| Three Thieves Pinot Noir 750 ML | 18 |
| <u>The Wine Group Inc</u> | |
| Cave and Cove Vineyards Cabernet Sauvignon 750 ML | 18 |
| Cave and Cove Vineyards Chardonnay 750 ML | 18 |
| Cave and Cove Vineyards Moscato 750 ML | 18 |
| Cave and Cove Vineyards Pinot Grigio/Colombard 750 ML | 18 |
| Cave and Cove Vineyards Red Blend 750 ML | 18 |

RECOMMENDED ACTION: We recommend the Board approve this action

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

2. Regular PA Preferred New Items Accepted

| <u>BRAND NAME AND SIZE</u> | <u>REASON</u> |
|----------------------------------------------------------------------------|---------------|
| <u>Pennsylvania Distilling Company</u> | |
| Pennsylvania Distilling Company First City Small Batch Vodka 750 ML | 8, 16 |
| Pennsylvania Distilling Company Founders Artisan Dry Gin 750 ML | 8, 16 |
| Pennsylvania Distilling Company Frontier Explorer's White Rum 750 ML | 8, 16 |
| Pennsylvania Distilling Company Old City White Rye Whiskey 750 ML | 8, 16 |
| Pennsylvania Distilling Company Pennsylvania Liberty Rye Whiskey 750 ML | 8, 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

Motion Made: Board Member Negra
Seconded: Chairman Holden

Board Decision: Unanimously agreed (2-0 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, 2019</u> | <u>February 28, 2018</u> |
|-------------------------------------------------|---------------------------|---------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash | \$ 38,120,273 | \$ 47,088,736 |
| Investments - short term | 276,631,550 | 215,024,617 |
| Accounts and claims receivable, net | 1,633,748 | 859,270 |
| Due from other funds - Note 8 | - | - |
| Merchandise inventories, net | 252,376,126 | 257,315,695 |
| Operating supplies | 362,415 | 212,323 |
| Prepaid expenses | 966,064 | 1,773,833 |
| Total current assets | <u>570,090,176</u> | <u>522,274,474</u> |
| Non-current assets: | | |
| Non-depreciable capital assets: | | |
| Land | 322,973 | 322,973 |
| Depreciable capital assets: | | |
| Building | 20,875,220 | 19,816,479 |
| Leasehold improvements | 341,826 | 612,301 |
| Machinery and equipment | 49,082,405 | 48,654,816 |
| Intangibles - internally generated software | 21,241,832 | 29,671,306 |
| Less: accumulated depreciation | 61,655,115 | 67,754,949 |
| Net depreciable capital assets | <u>29,886,168</u> | <u>30,999,953</u> |
| Total non-current capital assets | <u>30,209,141</u> | <u>31,322,926</u> |
| Total assets | <u>\$ 600,299,317</u> | <u>\$ 553,597,400</u> |
| Total deferred outflows of resources - Note 4,5 | \$ 88,310,800 | \$ 134,338,773 |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 282,955,402 | \$ 249,539,884 |
| Other accounts payable | 29,859,667 | 32,292,144 |
| Accrued expenses | 20,609,165 | 18,219,822 |
| OPEB - Note 5 | 11,976,000 | 17,767,000 |
| Self-insurance, workers' compensation - Note 6 | 11,637,029 | 10,739,857 |
| Due to other funds - Note 8 | 5,435,656 | 90,541,556 |
| Due to fiduciary funds - Note 8 | 2,676,061 | 2,477,290 |
| Due to other governments - Note 8 | 714,490 | 643,604 |
| Total current liabilities | <u>365,863,470</u> | <u>422,221,157</u> |
| Non-current liabilities: | | |
| OPEB - Note 5 | 781,379,000 | 841,082,000 |
| Self-insurance, workers' compensation - Note 6 | 47,949,448 | 42,256,546 |
| Net pension liability - Note 4 | 461,957,473 | 497,443,490 |
| Compensated absences - Note 1 | 20,809,984 | 18,904,788 |
| Total non-current liabilities | <u>1,312,095,905</u> | <u>1,399,686,824</u> |
| Total liabilities | <u>\$ 1,677,959,375</u> | <u>\$ 1,821,907,981</u> |
| Total deferred inflows of resources - Note 4,5 | \$ 94,658,959 | \$ 20,777,976 |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | \$ 30,209,141 | \$ 31,322,926 |
| Deficit | <u>(1,114,217,358)</u> | <u>(1,186,072,710)</u> |
| Total net position | <u>\$ (1,084,008,217)</u> | <u>\$ (1,154,749,784)</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, 2019 and February 28, 2018
(Unaudited)**

| | <u>2018-19</u> | <u>2017-18</u> |
|-----------------------------------------|---------------------------|---------------------------|
| Sales net of taxes | \$ 153,140,643 | \$ 148,442,921 |
| Cost of goods sold | <u>(104,240,392)</u> | <u>(101,151,134)</u> |
| Gross profit from sales | 48,900,251 | 47,291,787 |
| Operating (expenses): | | |
| Retail operations | (30,861,849) | (30,084,207) |
| Marketing & merchandising | (1,776,840) | (536,931) |
| Supply chain | (571,150) | (688,381) |
| Wholesale operations | (144,780) | (139,052) |
| Information technology services | (2,889,575) | (1,768,523) |
| Regulatory affairs | (1,507,225) | (1,489,560) |
| Administration | (1,082,096) | (1,156,417) |
| Finance | (287,168) | (292,515) |
| Board & secretary | (1,555,224) | (503,145) |
| Legal | (275,705) | (301,076) |
| Commonwealth provided services - Note 2 | <u>(1,145,907)</u> | <u>(1,028,001)</u> |
| Total | <u>(42,097,519)</u> | <u>(37,987,808)</u> |
| Operating profit | 6,802,732 | 9,303,979 |
| Other operating revenues (expenses): | | |
| Enforcement fines | 141,168 | 92,073 |
| License fees | 2,897,515 | 3,589,099 |
| Miscellaneous income | (736,201) | 621,041 |
| Administrative law judge | <u>(189,504)</u> | <u>(198,434)</u> |
| Total | <u>2,112,978</u> | <u>4,103,779</u> |
| Total operating income | 8,915,710 | 13,407,758 |
| Miscellaneous revenues (expenses): | | |
| Interest income | 630,112 | 317,040 |
| Other | <u>-</u> | <u>-</u> |
| Total | <u>630,112</u> | <u>317,040</u> |
| Income before operating transfers | 9,545,822 | 13,724,798 |
| Operating transfers out: | | |
| PSP enforcement - Note 3 | (2,732,390) | (2,395,354) |
| Net Income from operations | <u>6,813,432</u> | <u>11,329,444</u> |
| Statutory Transfers: | | |
| General fund - Note 3 | - | (85,100,000) |
| Drug and alcohol programs - Note 3 | - | - |
| Total | <u>-</u> | <u>(85,100,000)</u> |
| Change in net position | 6,813,432 | (73,770,556) |
| Total net position - beginning | <u>(1,090,821,649)</u> | <u>(1,080,979,228)</u> |
| Total net position - ending | <u>\$ (1,084,008,217)</u> | <u>\$ (1,154,749,784)</u> |
| Liquor tax | 27,381,173 | 26,675,349 |
| State Sales Tax | 10,776,178 | 10,489,832 |
| Local Tax | 709,917 | 709,059 |
| Taxes remitted to Dept.of Revenue PTD | <u>\$ 38,867,268</u> | <u>\$ 37,874,240</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, 2019 and February 28, 2018
(Unaudited)**

| | <u>2018-19</u> | <u>2017-18</u> |
|-----------------------------------------|---------------------------|---------------------------|
| Sales net of taxes | \$ 1,435,661,211 | \$ 1,386,349,622 |
| Cost of goods sold | <u>(977,041,166)</u> | <u>(946,017,072)</u> |
| Gross profit from sales | 458,620,045 | 440,332,550 |
| Operating (expenses): | | |
| Retail operations | (264,610,248) | (265,081,865) |
| Marketing & merchandising | (11,259,647) | (10,095,606) |
| Supply chain | (5,204,631) | (6,551,489) |
| Wholesale operations | (1,221,200) | (1,145,259) |
| Information technology services | (21,733,265) | (20,540,977) |
| Regulatory affairs | (13,915,426) | (13,797,819) |
| Administration | (9,472,562) | (9,886,336) |
| Finance | (2,378,906) | (2,583,700) |
| Board & secretary | (4,269,073) | (4,831,902) |
| Legal | (2,394,202) | (2,357,955) |
| Commonwealth provided services - Note 2 | <u>(8,842,502)</u> | <u>(9,340,382)</u> |
| Total | <u>(345,301,662)</u> | <u>(346,213,290)</u> |
| Operating profit | 113,318,383 | 94,119,260 |
| Other operating revenues (expenses): | | |
| Enforcement fines | 1,181,561 | 1,031,576 |
| License fees | 25,357,695 | 30,698,582 |
| Miscellaneous income | 2,302,649 | 2,142,084 |
| Administrative law judge | <u>(1,888,455)</u> | <u>(1,799,300)</u> |
| Total | <u>26,953,450</u> | <u>32,072,942</u> |
| Total operating income | 140,271,833 | 126,192,202 |
| Miscellaneous revenues (expenses): | | |
| Interest income | 3,816,838 | 1,802,071 |
| Other | <u>-</u> | <u>30,031</u> |
| Total | <u>3,816,838</u> | <u>1,832,102</u> |
| Income before operating transfers | 144,088,671 | 128,024,304 |
| Operating transfers out: | | |
| PSP enforcement - Note 3 | (20,789,989) | (19,719,201) |
| Net income from operations | <u>123,298,682</u> | <u>108,305,103</u> |
| Statutory Transfers: | | |
| General fund - Note 3 | (100,000,000) | (185,100,000) |
| Drug and alcohol programs - Note 3 | - | - |
| Total | <u>(100,000,000)</u> | <u>(185,100,000)</u> |
| Change in net position | 23,298,682 | (76,794,897) |
| Total net position - beginning | <u>(1,107,306,899)</u> | <u>(1,077,954,887)</u> |
| Total net position - ending | <u>\$ (1,084,008,217)</u> | <u>\$ (1,154,749,784)</u> |
| Liquor tax | 257,573,560 | 249,218,882 |
| State Sales Tax | 101,312,813 | 97,973,662 |
| Local Tax | 6,473,131 | 6,264,656 |
| Taxes remitted to Dept.of Revenue YTD | <u>\$ 365,359,504</u> | <u>\$ 353,457,200</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, April 17, 2019, 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 Chairman Holden, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

ATTEST:

Secretary