

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, APRIL 29, 2020
TELEPHONE CONFERENCE MEETING

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](#)

Notice: Anyone who wishes to comment on a printed agenda item prior to official action being taken must make that known to the Chairman or the Board Secretary in advance.

PUBLIC MEETING – 11:00 A.M

CALL TO ORDER *Chairman Holden*

Pledge of Allegiance to the Flag

Chairman Holden made an opening statement thanking everyone for their cooperation and understanding as the PLCB is dealing with COVID-19 and the need to meet in this telephonic fashion. As of today, 43,264 Pennsylvanians have been infected and unfortunately 1,716 have passed away. Pennsylvania is dealing with a very serious health hazard. Chairman Holden also took the time to congratulate and thank everyone on the PLCB team from the executive team, to their staff, to PLCB managers at all levels, to all PLCB clerks in the stores.

Chairman Holden stated that this has been very challenging and in mid-March, in consultation with the Governor's office, it was determined that PLCB stores needed to close for the health and safety of PLCB employees and for the health and safety of the public. As we all know, demand did not cease, but we are moving forward opening up. ECommerce was always part of the PLCB business plan, though a small one, that the PLCB is now growing. Certainly curbside was never part of the PLCB business plan, and it is remarkable what PLCB clerks and managers in stores were able to accomplish over the last few weeks. Chairman Holden once again thanked PLCB store employees.

Chairman Holden asked Elizabeth Brassell, Director of Policy and Communications, to speak regarding actual growth and total orders placed in the recent two weeks or ten days.

Elizabeth Brassell stated that the PLCB has had to adapt from standard operations during this unique time. When the PLCB reopened sales online at www.finewineandgoodspirits.com on April 1, 2020, on that initial day, the PLCB took less than 700 orders. Over the last 28 days, the PLCB took approximately 103,000 orders through online sales, totaling \$9.8 million in sales. In the 9 days since operating the PLCB curbside service beginning on April 20, 2020, starting at 176 stores and then expanding to 565 stores, these totals rose to 141,000 orders for approximately \$12.1 million in sales. Special Orders liquor sales beginning on April 22, 2020 through April 26, 2020 have incurred 290 licensee orders, totaling \$526,000 in sales. These PLCB operations have been supported while maintaining social distancing and sanitation guidelines and other public health best practices while protecting PLCB employees and customers.

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Board Member Negra and Board Member Isenhour also thanked PLCB employees for adapting to the issues of the day.

OLD BUSINESS*Secretary Stark*

A. Motion to approve previous Board Meeting Minutes of the April 15, 2020 meeting,

Motion Made: Board Member Negra

Board Member Negra approves this motion with one exception: page two, next to last paragraph, Board Member Negra misstated, “that between 50 and 60 suppliers have been requested and approved for price increases to be implemented in the next 30 days.” Board Member Negra clarified, “that between 50 and 60 SKUs have been requested and approved for price increases by suppliers to be implemented in the next 30 days.”

Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve previous Board Minutes, as amended.

PUBLIC COMMENT ON AGENDA ITEMS

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

The teleconference moderator confirmed that there were no callers.

NEW BUSINESS

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

(1) Limited Distilleries and Distilleries

Extension of Authority to Produce and Sell Hand Sanitizer

Chief Counsel Rodrigo Diaz stated that the question here is whether or not the Board wants to extend the authority for limited distilleries and distilleries to sell hand sanitizer. A licensee cannot engage in another business without Board approval. At the beginning of the COVID-19 public health emergency, TTB, the federal agency having authority over distilleries, amended its rule to allow distilleries to make hand sanitizer. TTB extended that authority, or waived certain of its rules through June 30, 2020. The Board, at its April 8, 2020 public meeting did the same thing.

Soon thereafter, the federal government passed the Coronavirus Aid, Relief and Economic Security Act which, among other things, gave additional flexibility for distilleries to produce hand sanitizer. As a result, TTB extended its waiver of its rule through December 31, 2020. The question before the

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Board is thus whether the Board also wishes to allow distilleries and limited distilleries to continue to produce hand sanitizer through December 31, 2020?

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve an Extension of Authority to Limited Distilleries and Distilleries to Produce and Sell Hand Sanitizer through December 31, 2020.

- (2) **Noble Stein Brewing LLC** Request to Deliver Items Along
Brewery License No. G-645 (LID 73099) with Beer
1170 Wayne Avenue, Unit G, Indiana, Pa.

Chief Counsel Rodrigo Diaz stated that the Liquor Code prohibits a manufacturer, importing distributor and distributor from delivering or transporting beer along with any other commodity without Board approval. A request was received from a manufacturer asking for approval to be able to deliver, along with beer, other items that it may already lawfully sell.

Chief Counsel Diaz stated that allowing the delivery of other items seems appropriate right now since on-premises consumption of food and alcohol is essentially prohibited. Chief Counsel Diaz further stated that if the Board is inclined to allow manufacturers of beer to deliver other products along with beer, the recommendation would be to approve that for all manufacturers of beer and further, to approve the delivery of any other item that the manufacturer can lawfully sell. Chief Counsel Diaz added that if the Board is inclined to put a date deadline on that as well, the Board may do so and take a look at it later if someone asks.

Board Member Negra asked if this would include wineries and distilleries.

Chief Counsel Diaz answered that wineries are included because under the Liquor Code, alcoholic cider, mead and fermented beverages are considered beer. Distilleries do not deliver malt or brewed beverages, so the issue is not relevant to them.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Authorize all Manufacturers to Transport Malt and Brewed Beverages Along with Other Items They Can Lawfully Sell, and to do so through December 31, 2020.

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(3) V Corners Beer Distributor LLC
Distributor License No. D-2780 (LID 72375)
127 West Fayette Street, Uniontown, Pa.

Request to Sell Protective Masks

Chief Counsel Rodrigo Diaz stated that this request is due to the COVID-19 public health emergency. Beer distributors and importing distributors are not currently allowed to sell items other than beer and some trade publications without express approval from the Board. Recently, the Board updated Advisory Notice No. 9 to provide guidance to distributors and importing distributors on what is permissible to sell.

As a result of the update that included hand sanitizer, the PLCB received a request from a distributor asking whether they may also sell protective masks. Chief Counsel Diaz stated that if the Board is inclined to let this distributor sell protective masks, it would be best to let all distributors and importing distributors sell protective masks. In fact, Chief Counsel Diaz recommended that the Board authorize all licensees to be able to sell protective masks, to eliminate piecemeal and repetitive requests for that authority. Since this is a COVID-19 type of request, Chief Counsel Diaz recommended that the Board may want to consider putting a time deadline at the end.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Authorize All Licensees, including Retailers and Manufacturers, to Sell Protective Masks to other licensees and to the public through December 31, 2020.

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

(1) EG Chester Springs Associates, Inc.
(LID No. 96188) Case No. 19-9040
Eaglepointe Village
570 Simpson Drive
Upper Uwchlan Township
Chester Springs, Chester County

New – Economic Development
Restaurant

Motion Made: Board Member Negra

Chairman Holden asked if there was anyone on the line from EG Chester Springs Associates, Inc. The teleconference moderator confirmed that no response was received.

Seconded: Board Member Isenhour

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

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After the Board had voted on this motion regarding EG Chester Springs Associates, Inc., as well as the Licensing agenda item # 2 regarding MLP Liquor, LLC, and had moved on to discuss Licensing agenda item #3 regarding Scaevola Culinary, LLC, the teleconference moderator stated that there were two callers seeking permission to speak. The Board agreed to allow their calls, as long as the subject matter was the agenda item then under consideration (i.e., Scaevola Culinary, LLC).

In fact, both callers wanted to speak about the vote that had already been taken regarding EG Chester Springs Associates, Inc. The Board agreed to hear the comments nonetheless, noting that there had been opportunity for public comment on agenda items at the beginning of the meeting and that there would also be opportunity for citizen comments at the end of the meeting.

The first caller, Sandra Fuel, from EG Chester Springs Associates, Inc., asked why the Board recommended the refusal of its new economic development restaurant license and what EG Chester Springs Associates can do about the refusal.

Chairman Holden stated that a hearing was held and it was recommended by the Hearing Examiner, the Bureau of Licensing and the PLCB's Office of Chief Counsel to refuse the license. There were concerns about EG Chester Springs not exhausting all their opportunities to get a license in Chester County. There were no offers made in writing. In addition, the Board had concerns about the reputation of the manager, and also about past history and tax issues.

Ms. Fuel stated that a new manager has been hired and asked if there is an appeal process.

Chief Counsel Rodrigo Diaz stated that EG Chester Springs has the right to appeal to the Court of Common Pleas within 20 days of the denial. If an appeal is taken, the Board will write a formal opinion in which the PLCB will articulate with specificity why the Board made the decision it did. EG Chester Springs has the right to appeal.

Ms. Fuel stated that EG Chester Springs has been continuing to operate and helping the community by donating thousands and thousands of dollars to food pantries. She stated that EG Chester Springs did try to exhaust all their opportunities by sending over 100 registered letters to licensee, but only received a few responses for licenses that cost in excess of one million dollars.

Chief Counsel Diaz stated that the legal standard is what was talked about at the hearing. The Board certainly just heard that she is helping the community, but the legal standard is still followed. Specifically, an economic development restaurant license is an exception to the rule in that a license must be obtained from the marketplace. The PLCB has no control over what the marketplace charges, and presumably everyone is subject to that same cost. Chief Counsel Diaz recommended that EG Chester Springs speak to an attorney who can advise what options are available in terms of pursuing an appeal or taking another action.

The Board then accepted late commentary from the second caller, Attorney Ed Taraskus, who stated he is representing EG Chester Springs. Mr. Taraskus stated that his client has made a substantial effort to look for a license, and further stated that the evidence at the hearing included that the manager would be replaced. Attorney Taraskus asked if there were any other concerns that the Board had with the application.

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Chairman Holden stated that past history and taxes were the main concerns, and further stated that the PLCB has reviewed this in detail, separately, and have already made their decision. Chief Counsel Diaz noted that Attorney Taraskus is well-equipped to guide his client through its options.

- (2) **MLP Liquor, LLC** New – Economic Development
Restaurant
(LID No. 97535) Case No. 19-9041
204-206 East Lincoln Highway
Coatesville, Chester County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Hold New Economic Development Restaurant, pending receipt of additional information.

- (3) **Scaevola Culinary, LLC** New – Economic Development
Restaurant
t/a Lione's Pizza
(LID No. 96329) Case No. 19-9042
116 Wallace Avenue
Downingtown, Chester County

Board Member Negra and Chairman Holden each asked Chief Counsel Rodrigo Diaz if a new economic development restaurant license is needed if the applicant is not moving to a new parcel of land, but just moving into a new location on the same parcel, such as in a strip mall. For example, if a Landlord moves a licensee from one end of a strip mall to the other end, Chairman Holden asked if this would still require a new license.

Chief Counsel Diaz explained that this is an application for a new economic development license. This applicant previously had a restaurant license. Chief Counsel Diaz further explained that an economic development restaurant license is non-transferrable, so any movement needs a new license. The statute requires a new application as there is no authority in the Liquor Code to transfer an economic development restaurant license from one location to another.

Board Member Negra expressed his concern that the applicant paid \$50,000 for an economic development restaurant license just two years ago and is only seeking to move on the same parcel of land. Board Member Negra stated that the statute on this should be reviewed and changed.

Chief Counsel Diaz clarified that a new address means it is a new location and therefore a new economic development restaurant license is necessary. Chief Counsel Diaz suggested that a new provision might be added to the Liquor Code that would authorize an economic

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development restaurant license to be exchanged for another in this type of situation. Board Member Isenhour noted that the statute requires a new license in the case under consideration.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

- (4) **Gateway Gettysburg Hotel Conference Center Partners, LP t/a Wyndham Hotel**
H-6039 (LID No. 55882)
95 Presidential Circle
Straban Township
Gettysburg, Adams County
- Requests to Delicense a Portion of the Licensed Premises & for Interior Connections with Another Business - Hotel

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Requests to Delicense a Portion of the Licensed Premises and for Interior Connections with Another Business.

- (5) **Radical Wine Company**
LK-457 (LID No. 99732)
511 Mahoning Drive
Mahoning Township
Lehighton, Carbon County
- Limited Winery Additional Board-Approved Location & Request for Interior Connections with Other Businesses – Limited Winery

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Limited Winery Additional Board-Approved Location and Request for Interior Connections with Other Businesses.

- (6) **Route 61 Events, Inc.**
R-15978 (LID No. 101368)
1437 State Route 61
Upper Augusta Township
Sunbury, Northumberland County
- “Intermunicipal” Double Transfer & Request for Interior Connections with Another Business - Restaurant

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve “Intermunicipal” Double Transfer and Request for Interior Connections with Another Business.

(7) **Caesar’s Tavern, Inc.** Renewal – District 5

R-9659 (LID No. 69289) Case No. 2019-69289
701 Penn Avenue
Turtle Creek, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Hold Renewal with Conditional Licensing Agreement and Offer-in Compromise terms.

(8) **GAJEJ, LLC** Renewal – District 5
t/a Gametime

R-3654 (LID No. 72534) Case No. 2019-72534
1620-22 Spring Garden Avenue
Pittsburgh, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Hold for a Conditional Licensing Agreement.

(9) **JACT, Inc.** Renewal – District 5
t/a Plaza Lounge

R-19297 (LID No. 87953) Case No. 2019-87953
995 Greensburg Pike
Wilkins Township
East Pittsburgh, Allegheny County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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(10) Lotus Oil, Inc.
D-2195 (LID No. 57607) Case No. 2019-57607
303 East 6th Avenue
Tarentum, Allegheny County

Conditional Licensing
Agreement
Renewal – District 5

HOLD – 2/26/20 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal with 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 8 Personnel Actions submitted for consideration.

- (1) William Baldwin – Removal**
- (2) Shiloh Diggs - Removal**
- (3) Dwayne Grogan – Removal**
- (4) James Kemp – Removal**
- (5) Megan McCauley – Removal**
- (6) Nadir Stewart - Removal**
- (7) Tasha Watkins – Removal**
- (8) Logan Weiser - Removal**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve the 8 Personnel Actions.

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*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) **PA Compute Services (PACS) Renewal** – Provide storage space for five server environments.

Procured via DGS Contract #4400014635 – VENDOR: **UNISYS** – TERM: One year for period July 1, 2020 through June 30, 2021 - **\$990,012.12 estimated cost.** This is a 2.5% decrease from last year’s cost of \$1,015,726.32.

Director of Finance, Michael Demko, stated that this procurement is for storage space for the PLCB computer system. Mr. Demko stated that the estimated annual cost is \$990,012.12 starting July 1, 2020 through June 30, 2021.

- (2) **Infrared Thermometers** – Provide 600 non-contact digital thermometers for use in Fine Wine & Good Spirit stores plus the Northwest Office building.

Procured via DGS Contract #4400018056 – VENDOR: **Global Supply USA - \$78,000.00** estimated cost. Ten suppliers were solicited, Global Supply is the only supplier with availability.

Director of Finance, Michael Demko, stated that this procurement is necessary to protect PLCB employees due to COVID-19 virus. Each location will receive thermometers and the price includes shipping.

- (3) **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: Four months for period May 4, 2020 through September 4, 2020 – **\$166,267.00 estimated cost.**

Director of Finance, Michael Demko, stated that this procurement is related to development of the new Adobe eCommerce site. The estimated cost of \$166,267.00 is for a four month period beginning May 4, 2020 through September 4, 2020.

Board Member Negra noted that the eCommerce piece was dramatically lowered through negotiation. Mr. Demko explained that the negotiated reduction was reached due to the contractor’s failure to perform up to PLCB standards and failure to meet PLCB project deadlines.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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Inter-Agency Charges:

- (1) **Department of Auditor General** – FY 2019-20 third quarter billing of \$687,510.74 was received from the Department of the Auditor General. The Auditor General’s charges for FY 2019-20 through Q3 are \$2,223,434 for a total year-to-date decrease of \$36,764 or -1.6% lower than 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 Negra
 Seconded: Board Member Isenhour

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

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

None

*From the Bureau of Product Selection Dale Horst, Director of Marketing & Merchandising
Tom Bowman, Director, Bureau of Product Selection*

None

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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>March 31, 2020</u>	<u>March 31, 2019</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 9,765,736	\$ 52,057,622
Investments - short term	261,393,983	207,718,621
Accounts and claims receivable, net	2,222,076	813,903
Due from other funds - Note 9	-	-
Merchandise inventories, net	202,171,751	254,343,067
Operating supplies	326,800	369,166
Prepaid expenses	573,977	826,755
	476,454,323	516,129,134
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	341,826
Machinery and equipment	49,018,178	49,381,778
Intangibles - internally generated software	24,201,899	21,241,832
	65,618,733	62,308,322
Less: accumulated depreciation	65,618,733	62,308,322
Net depreciable capital assets	28,818,390	29,532,334
Total non-current capital assets	29,141,363	29,855,307
Total assets	\$ 505,595,686	\$ 545,984,441
Total deferred outflows of resources - Notes 5, 6	\$ 164,955,631	\$ 88,270,800
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 238,110,992	\$ 299,981,719
Other accounts payable	28,883,882	28,164,939
Accrued expenses	23,791,799	21,332,282
OPEB - Note 6	8,994,000	11,976,000
Self-insurance, workers' compensation - Note 7	9,693,938	12,137,029
Due to other funds - Note 9	7,490,644	4,647,351
Due to fiduciary funds - Note 9	3,526,381	2,935,957
Due to other governments - Note 9	946,005	802,332
Total current liabilities	321,437,641	381,977,609
Non-current liabilities:		
OPEB - Note 6	464,173,000	781,379,000
Self-insurance, workers' compensation - Note 7	48,841,124	47,949,448
Net pension liability - Note 5	559,091,336	464,617,473
Compensated absences - Note 1	21,598,132	20,809,984
Total non-current liabilities	1,093,703,592	1,314,755,905
Total liabilities	\$ 1,415,141,233	\$ 1,696,733,514
Total deferred inflows of resources - Notes 5, 6	\$ 362,919,836	\$ 92,968,959
<u>NET POSITION</u>		
Net investment in capital assets	\$ 29,141,363	\$ 29,855,307
Deficit	(1,136,651,115)	(1,185,302,539)
Total net position	\$ (1,107,509,752)	\$ (1,155,447,232)

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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 March 31, 2020 and March 31, 2019
(Unaudited)

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 168,196,334	\$ 172,018,200
Cost of goods sold	<u>(112,741,908)</u>	<u>(117,053,396)</u>
Gross profit from sales	55,454,426	54,964,804
Operating (expenses):		
Retail operations	(30,740,843)	(33,340,992)
Marketing & merchandising	(1,140,769)	(1,953,148)
Supply chain	(498,299)	(633,702)
Wholesale operations	(154,119)	(152,892)
Information technology services	(2,857,676)	(2,468,058)
Regulatory affairs	(1,454,800)	(1,709,055)
Administration	(980,622)	(1,213,397)
Finance	(235,711)	(309,424)
Board & secretary	(336,678)	(371,143)
Legal	(316,724)	(356,402)
Commonwealth provided services - Note 2	<u>(1,102,997)</u>	<u>(1,199,511)</u>
Total	<u>(39,819,238)</u>	<u>(43,707,724)</u>
Operating profit	15,635,188	11,257,080
Other operating revenues (expenses):		
Enforcement fines	128,970	165,367
License fees	2,190,696	3,847,903
Miscellaneous income	324,299	450,932
Administrative law judge	<u>(215,051)</u>	<u>(221,039)</u>
Total	<u>2,428,914</u>	<u>4,243,163</u>
Total operating income	18,064,102	15,500,243
Miscellaneous revenues (expenses):		
Interest income	414,508	553,603
Other	<u>1,410</u>	<u>1,500</u>
Total	<u>415,918</u>	<u>555,103</u>
Income before operating transfers	18,480,020	16,055,346
Operating transfers out:		
PSP enforcement - Note 3	(2,232,066)	(2,394,361)
Net Income from operations	<u>16,247,954</u>	<u>13,660,985</u>
Statutory Transfers:		
General fund - Note 4	(85,100,000)	(85,100,000)
Drug and alcohol programs - Note 4	-	-
Total	<u>(85,100,000)</u>	<u>(85,100,000)</u>
Change in net position	(68,852,046)	(71,439,015)
Total net position - beginning	<u>(1,038,657,706)</u>	<u>(1,084,008,217)</u>
Total net position - ending	<u>\$ (1,107,509,752)</u>	<u>\$ (1,155,447,232)</u>
Liquor tax	30,630,504	31,050,099
State Sales Tax	12,057,497	12,213,563
Local Tax	755,615	803,739
Taxes remitted to Dept. of Revenue PTD	<u>\$ 43,443,616</u>	<u>\$ 44,067,401</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 Nine Months Ending March 31, 2020 and March 31, 2019
(Unaudited)

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 1,668,466,776	\$ 1,607,679,412
Cost of goods sold	(1,133,518,484)	(1,094,094,563)
Gross profit from sales	<u>534,948,292</u>	<u>513,584,849</u>
Operating (expenses):		
Retail operations	(279,373,300)	(297,951,240)
Marketing & merchandising	(9,514,333)	(13,212,795)
Supply chain	(5,822,358)	(5,838,333)
Wholesale operations	(1,264,068)	(1,374,092)
Information technology services	(21,730,358)	(24,201,323)
Regulatory affairs	(14,436,932)	(15,624,481)
Administration	(10,042,986)	(10,685,959)
Finance	(2,316,911)	(2,688,331)
Board & secretary	(2,820,320)	(4,640,215)
Legal	(2,769,885)	(2,750,605)
Commonwealth provided services - Note 2	(12,077,088)	(10,042,012)
Total	<u>(362,168,539)</u>	<u>(389,009,386)</u>
Operating profit	<u>172,779,753</u>	<u>124,575,463</u>
Other operating revenues (expenses):		
Enforcement fines	1,336,456	1,346,927
License fees	26,744,462	29,205,598
Miscellaneous income	2,655,519	2,753,581
Administrative law judge	(2,118,706)	(2,109,493)
Total	<u>28,617,731</u>	<u>31,196,613</u>
Total operating income	<u>201,397,484</u>	<u>155,772,076</u>
Miscellaneous revenues (expenses):		
Interest income	4,336,261	4,370,441
Other	4,910	1,500
Total	<u>4,341,171</u>	<u>4,371,941</u>
Income before operating transfers	<u>205,738,655</u>	<u>160,144,017</u>
Operating transfers out:		
PSP enforcement - Note 3	(22,961,711)	(23,184,350)
Net Income from operations	<u>182,776,944</u>	<u>136,959,667</u>
Statutory Transfers:		
General fund - Note 4	(185,100,000)	(185,100,000)
Drug and alcohol programs - Note 4	-	-
Total	<u>(185,100,000)</u>	<u>(185,100,000)</u>
Change in net position	<u>(2,323,056)</u>	<u>(48,140,333)</u>
Total net position - beginning	<u>(1,105,186,696)</u>	<u>(1,107,306,899)</u>
Total net position - ending	<u>\$ (1,107,509,752)</u>	<u>\$ (1,155,447,232)</u>
Liquor tax	299,303,329	288,623,659
State Sales Tax	117,778,385	113,526,376
Local Tax	7,516,539	7,276,870
Taxes remitted to Dept. of Revenue YTD	<u>\$ 424,598,253</u>	<u>\$ 409,426,905</u>

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

OTHER ISSUES

None

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

Lane Udis, a representative of MLP Liquor, LLC, asked the Board what additional financial information they were looking for in relation to its application for an Economic Development Restaurant license, which application the Board had voted to hold for additional information.

Chairman Holden stated that the PLCB’s Licensing department will reach out to him.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, May 13, 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 Negra, seconded by Board Member Isenhour, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary