

PENNSYLVANIA LIQUOR CONTROL BOARD
MEETING MINUTES
LISTEN TO THE RECORDING

WEDNESDAY, FEBRUARY 24, 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](#)

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

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

Chairman Holden made an opening statement thanking everyone for their continued cooperation and understanding as the PLCB is dealing with COVID-19 and the need to meet in this telephonic fashion. He reiterated the need for caution and suggested that Board meetings will likely continue to be conducted telephonically for the foreseeable future.

OLD BUSINESS.....*Secretary Stark*

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

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve previous Board Minutes.

PUBLIC COMMENT ON AGENDA ITEMS

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

The teleconference moderator confirmed that there was one caller.

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Attorney Daniel Conlon introduced himself and stated that he represents Emlenton Brew Haus. He then explained that he is in support of the approval of his client’s application. Attorney Conlon stated that the bowling lanes in question are a part of the original construction of the building, which is over 100 years old. He stated that he believed this is a not a separate business and that the proposed operation of the bowling alley with the brewery are in compliance with liquor regulations and the Liquor Code. Attorney Conlon asked for approval regarding his client’s application.

Chairman Holden thanked Attorney Conlon and stated that his comments would be taken into consideration.

NEW BUSINESS

From the Office of Chief CounselRodrigo Diaz, Chief Counsel

None

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

(1) **Boardroom Spirits, LLC** Limited Distillery Additional
AL-47 (LID No. 71239) Board-Approved Location &
575 West Third Street Requests for an Interior
Lansdale, Montgomery County Connection with Another
Business & to Conduct Another
Business on the Licensed
Premises – Limited Distillery

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve additional Board-approved location & requests for an interior connection with another business & to conduct another business on the licensed premises.

(2) **Dandy Mini Marts, Inc.** “Intermunicipal” Double
R-14917 (LID No. 103116) Case No. 20-9043 Transfer & Request for Interior
Routes 706 & 409 Connections with Another
Wyalusing Township Business - Restaurant
Camptown, Bradford County

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Board Member Negra made a motion to approve the transfer and request for interior connections with another business. There was no second; rather, Board Member Isenhour made a motion to hold the matter.

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Agreed (2-1 vote) Hold

- (3) **Emlenton Brew Haus, LLC** New & Request to Conduct
t/a Emlenton Brew Haus Another Business on the
(LID No. 104708) Licensed Premises - Brewery
610 Main Street
Emlenton, Venango County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve new license and request to conduct another business on the licensed premises.

- (4) **Gerrity's Supermarket, Inc.** Extension of License &
R-2663 (LID No. 65371) Case No. 20-9050 Request for Interior
1782 North Keyser Avenue Connections with Another
Scranton, Lackawanna County Business – Restaurant

Board Member Negra made a motion to approve the extension of license and request for interior connections with another business. There was no second; rather, Board Member Isenhour made a motion to hold the matter.

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Agreed (2-1 vote) Hold

- (5) **The Giant Company, LLC** Extension of License &
R-32568 (LID No. 81772) Case No. 20-9039 Request for Interior
255 Cumberland Parkway Connections with Another
Upper Allen Township Business - Restaurant
Mechanicsburg, Cumberland County

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Board Member Negra made a motion to approve the extension of license and request for interior connections with another business. There was no second; rather, Board Member Isenhour made a motion to hold the matter.

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Agreed (2-1 vote) Hold

- (6) **The Giant Company, LLC** Extension of License &
R-35594 (LID No. 86292) Case No. 20-9037 Request for Interior
700 Nutt Road Connections with Another
Phoenixville, Chester County Business - Restaurant

Board Member Negra made a motion to approve the extension of license and request for interior connections with another business. There was no second; rather, Board Member Isenhour made a motion to hold the matter.

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Agreed (2-1 vote) Hold

- (7) **Grovedale Winery and Vineyard, Inc.** Extension of License &
t/a Grovedale Winery Request for Interior
LK-248 (LID No. 59027) Connections with Another
62 Vineyard View Lane Business – Limited Winery
Wyalusing Township
Wyalusing, Bradford County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve extension of license & request for interior connections with another business.

- (8) **One Beer Stop Distributor, Inc.** Double Transfer - Distributor
t/a One Beer Stop
D-67 (LID No. 97706) Case No. 20-9013
4274 Adams Avenue
Philadelphia, Philadelphia County

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

- (9) **Sister Suds, LLC** New & Requests to Retain
(LID No. 101919) Case No. 20-9024 Other Employment - Distributor
322 Buchanan Trail
Ayr Township
McConnellsburg, Fulton County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve new license & requests to retain other employment.

- (10) **Wegmans Food Markets, Inc.** Extension of License &
R-9258 (LID No. 67426) Case No. 20-9038 Request for Interior
500 Montgomery Mall Connections with Another
Montgomery Township Business – Restaurant
North Wales, Montgomery County

Board Member Negra made a motion to approve the extension of license and request for interior connections with another business. There was no second; rather, Board Member Isenhour made a motion to hold the matter.

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Agreed (2-1 vote) Hold

- (11) **Wegmans Food Markets, Inc.** Extension of License &
R-13797 (LID No. 60960) Case No. 20-9051 Request for Interior
3900 Tilghman Street Connections with Another
Allentown, Lehigh County Business - Restaurant

Board Member Negra made a motion to approve the extension of license and request for interior connections with another business. There was no second; rather, Board Member Isenhour made a motion to hold the matter.

Motion Made: Board Member Isenhour
Seconded: Chairman Holden

Board Decision: Agreed (2-1 vote) Hold

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- (12) **1400 N 3rd Enterprises, Inc.** Conditional Licensing Agreement
t/a Third Street Café Renewal – District 2
R-223 (LID No. 64506) Case No. 2020-64506
1400 North 3rd Street
Harrisburg, Dauphin County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with conditional licensing agreement.

- (13) **Saino Masala, Inc.** Conditional Licensing Agreement
H-1419 (LID No. 85975) Case No. 2020-85975 Renewal – District 2
3500-3502 Walnut Street
Susquehanna Township
Harrisburg, Dauphin County

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 presented for consideration.

- (1) **Heather Balsano – Affirm Removal**
- (2) **Steven Bell - Removal**
- (3) **Brooke Haywood - Removal**
- (4) **Chestine Johnson – Removal**
- (5) **Brian Lee – Removal**
- (6) **Robert Master – Removal**
- (7) **David Morson - Removal**
- (8) **Tania Vincent – Affirm Removal**

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

*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) **Five Senior Business Subject Matter Experts Staff Augmentation** – Adding hours and extending end date to 6/30/2021 for IBM WebSphere Commerce development expertise to support the current WebSphere E-Commerce Fine Wine and Good Spirits 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 time frame.

Procured via DGS Contract #4400014660 – **VENDOR: OST, Inc.** – **TERM:** Four months for the period 3/1/2021 through 6/30/2021 – **\$337,404.62 estimated cost.**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

Inter-Agency Charges:

- (1) **Department of Auditor General** – FY 2020-21 second quarter billing of \$812,322.16 from the Department of the Auditor General. The charge for FY 2020-21 Q2 services is \$76,160 (+10.3%) more than last year's billing and is based on actual audit hours for October, November and December, which were slightly higher (+1.0%). The FY 2020-21 YTD billings are \$1.378 million for a \$157,560 (-10.3%) decrease as compared to last year's billings of \$1.536 million for Q1 & Q2.
- (2) **Office of Administration – HR Shared Services (Job 73)** – Billing of \$300,900.00 for the third quarter (Q3) of FY 2020-21 for OA's HR-Enterprise Services (labor relations, employee benefits, training, etc) for October through December. The Q3 billing represents 1.6% of Job 73's total \$18.3 million billing to Commonwealth agencies, and the PLCB's year-to-date billings are \$88,104 (+8.7%) higher 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.

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

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

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

- (1) #1118 – Geistown Shopping Center, 2451 Bedford Street, Johnstown
Amendment
- (2) #9118 – Ivyridge Shopping Center, 7146 Ridge Avenue, Philadelphia
Amendment
- (3) #26XX – New Hope Commons, 99 Matthew Drive, Uniontown
New Store (consolidation of #2601 & #2610)
- (4) #51XX – Grays Ferry Shopping Center, 3007 Grays Ferry Avenue, Philadelphia
New Store (relocation of #5143)

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Member Negra requested an explanation from Executive Director Michael Demko as to the repetitive nature of the second item listed above. Executive Director Demko stated that this agenda item, which was previously listed on the agenda for the February 10 meeting, was being resubmitted based on negotiation with a landlord and an adjustment to certain language. Executive Director Demko affirmed that though details with regard to financing and square footage had not been modified, a decision was made to resubmit the agenda item in the interest of transparency.

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

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

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1. Regular New Items Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
 <u>Anheuser Busch LLC</u>	
Drinkworks Paradise Collection Rum Punch 4x50 mL	3, 8
Drinkworks Pomegranate Elderflower Spritzer 4x50 mL	3, 8
 <u>Kobrand</u>	
Louis Jadot Couvent des Jacobins Pinot Noir Bourgogne 750 mL	18
 <u>The Wine Group</u>	
Sun Pop Peach Moscato 750 mL	18
Sun Pop Strawberry Moscato 750 mL	18
Sun Pop Tropical Moscato 750 mL	18
 <u>USA Wine West LLC</u>	
Tiny Pink Bubbles Rosé Prosecco DOC 750 mL	18

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA New Item Accepted

<u>BRAND NAME AND SIZE</u>	<u>REASON</u>
 <u>Leadership Brands LLC</u>	
Liberty Pole Spirits Rye Whiskey 92 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

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- 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>Capital Wine and Spirits</u> Corvo Rosa Rosé 750 mL	98309
<u>Pernod Ricard USA</u> Campo Viejo Rosé 750 mL	98454
<u>SMT Acquisitions LLC</u> Valdo Rosé Brut Sparkling Italy 750 mL	98305
<u>Southern Glazers Wine and Spirits of PA</u> Grao Vasco Dao Vinho Tinto 750 mL	98310
<u>Treasury Wine Estates</u> 19 Crimes Chardonnay 375 mL Aluminum Bottle	98530

EFFECTIVE DATE: The transference to closeout will become effective March 26, 2021

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 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>January 31, 2021</u>	<u>January 31, 2020*</u>
ASSETS		
Current assets:		
Cash	\$ 52,133,588	\$ 38,786,025
Investments - short term	287,933,127	302,943,134
Accounts and claims receivable, net	7,908,079	3,454,772
Due from other funds - Note 9	-	-
Merchandise inventories, net	220,205,779	249,310,639
Operating supplies	401,925	315,254
Prepaid expenses	1,246,287	1,062,804
	<hr/>	<hr/>
Total current assets	569,828,785	595,872,628
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	21,009,026	20,875,220
Leasehold improvements	197,771	341,826
Machinery and equipment	48,972,184	48,766,600
Intangible - internally generated software	27,055,409	23,740,618
Intangible - right to use leases - Note 10	293,274,083	314,601,980
	<hr/>	<hr/>
Less: accumulated depreciation	98,505,425	95,165,081
Net depreciable capital assets	292,003,049	313,161,163
Total non-current capital assets	292,326,022	313,484,136
	<hr/>	<hr/>
Total assets	\$ 862,154,807	\$ 909,356,764
	<hr/>	<hr/>
Total deferred outflows of resources - Notes 5, 6	\$ 149,294,769	\$ 163,949,630
LIABILITIES		
Current liabilities:		
Trade accounts payable	\$ 319,100,000	\$ 303,815,122
Other accounts payable	25,200,554	30,320,054
Accrued expenses	23,777,413	22,596,808
OPEB - Note 6	2,082,000	8,994,000
Self-insurance, workers' compensation - Note 7	9,095,210	8,693,938
Due to other funds - Note 9	8,995,269	7,325,136
Due to fiduciary funds - Note 9	3,353,052	2,979,738
Due to other governments - Note 9	922,446	781,444
Right to use liabilities - Note 10	24,046,104	49,279,874
	<hr/>	<hr/>
Total current liabilities	416,572,047	434,786,114
Non-current liabilities:		
OPEB - Note 6	475,416,000	493,237,000
Self-insurance, workers' compensation - Note 7	47,995,269	48,841,124
Net pension liability - Note 5	478,753,020	552,691,336
Compensated absences - Note 1	24,809,043	21,598,132
Right to use liabilities - Note 10	239,377,467	237,255,919
	<hr/>	<hr/>
Total non-current liabilities	1,266,350,799	1,353,623,511
	<hr/>	<hr/>
Total liabilities	\$ 1,682,922,846	\$ 1,788,409,625
	<hr/>	<hr/>
Total deferred inflows of resources - Notes 5, 6	\$ 349,466,238	\$ 344,305,836
NET POSITION		
Net investment in capital assets	\$ 292,326,022	\$ 313,484,136
	<hr/>	<hr/>
Deficit	(1,313,265,530)	(1,372,893,203)
	<hr/>	<hr/>
Total net position	\$ (1,020,939,508)	\$ (1,059,409,067)

*The fiscal year (FY) 2019-20 comparative information is adjusted to recognize the estimated impact of GASB Statement No. 87 which has been implemented for the FY 2020-21 reporting period. Under GASB 87, operating leases previously expensed based on payment schedules are reported as assets with associated liabilities for future lease payments. Additionally, certain FY 2019-20 operating expenses and miscellaneous revenues have been reclassified to Cost of Goods Sold and Sales respectively to provide comparability with the FY 2020-21 presentation.

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

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 162,320,508	\$ 157,219,713
Cost of goods sold	<u>(112,291,376)</u>	<u>(107,993,644)</u>
Gross profit from sales	50,029,132	49,226,069
Operating (expenses):		
Retail operations	(31,574,001)	(31,212,074)
Marketing & merchandising	(2,021,296)	(1,927,771)
Supply chain	(511,519)	(571,370)
Wholesale operations	(135,786)	(154,198)
Information technology services	(2,428,106)	(2,253,816)
Regulatory affairs	(1,394,405)	(1,854,604)
Administration	(819,132)	(1,978,561)
Finance	(198,721)	(270,461)
Board & secretary	(427,719)	(462,970)
Legal	(297,277)	(358,183)
Commonwealth provided services - Note 2	<u>(1,287,646)</u>	<u>(2,596,628)</u>
Total	(41,095,608)	(43,640,636)
Operating profit/(loss)	8,933,524	5,585,433
Other operating revenues (expenses):		
Enforcement fines	39,995	177,757
License fees	952,433	2,960,926
Miscellaneous income	162,624	145,705
Administrative law judge	<u>(223,392)</u>	<u>(241,551)</u>
Total	931,660	3,042,837
Total operating income/(loss)	9,865,184	8,628,270
Miscellaneous revenues (expenses):		
Interest income (expense)	(351,664)	16,489
Other	<u>14,020</u>	<u>-</u>
Total	(337,644)	16,489
Income/(Loss) before operating transfers	9,527,540	8,644,759
Operating transfers out:		
PSP enforcement - Note 3	(2,030,497)	(2,391,272)
Net Income/(Loss) from operations	7,497,043	6,253,487
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	7,497,043	6,253,487
Total net position - beginning	(1,028,436,551)	(1,065,662,554)
Total net position - ending	<u>\$ (1,020,939,508)</u>	<u>\$ (1,059,409,067)</u>
Liquor tax	30,274,724	28,104,103
State Sales Tax	11,934,795	11,071,537
Local Tax	706,945	746,122
Taxes remitted to Dept.of Revenue PTD	<u>\$ 42,916,464</u>	<u>\$ 39,921,762</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 Seven Months Ending January 31, 2021 and January 31, 2020
(Unaudited)

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 1,369,534,231	\$ 1,328,458,890
Cost of goods sold	<u>(923,053,833)</u>	<u>(903,443,760)</u>
Gross profit from sales	446,480,398	425,015,130
Operating (expenses):		
Retail operations	(218,764,694)	(218,651,120)
Marketing & merchandising	(7,926,646)	(7,502,888)
Supply chain	(4,503,961)	(4,605,030)
Wholesale operations	(926,013)	(972,086)
Information technology services	(15,660,147)	(16,298,366)
Regulatory affairs	(9,899,151)	(11,392,907)
Administration	(5,654,549)	(8,078,561)
Finance	(1,651,109)	(1,901,818)
Board & secretary	(1,832,045)	(2,130,532)
Legal	(2,117,113)	(2,183,057)
Commonwealth provided services - Note 2	<u>(8,964,703)</u>	<u>(9,934,402)</u>
Total	<u>(277,900,130)</u>	<u>(283,650,767)</u>
Operating profit/(loss)	168,580,268	141,364,363
Other operating revenues (expenses):		
Enforcement fines	645,732	1,057,768
License fees	15,301,518	21,083,858
Miscellaneous income	1,261,297	1,721,051
Administrative law judge	<u>(1,584,588)</u>	<u>(1,674,628)</u>
Total	<u>15,623,958</u>	<u>22,188,049</u>
Total operating income/(loss)	184,204,226	163,552,412
Miscellaneous revenues (expenses):		
Interest income (expense)	(2,323,972)	513,291
Other	<u>14,020</u>	<u>3,500</u>
Total	<u>(2,309,952)</u>	<u>516,791</u>
Income/(Loss) before operating transfers	181,894,274	164,069,203
Operating transfers out:		
PSP enforcement - Note 3	(17,084,325)	(18,291,574)
Net Income/(Loss) from operations	<u>164,809,949</u>	<u>145,777,629</u>
Statutory Transfers:		
General fund - Note 4	(100,000,000)	(100,000,000)
Drug and alcohol programs - Note 4	-	-
Total	<u>(100,000,000)</u>	<u>(100,000,000)</u>
Change in net position	64,809,949	45,777,629
Total net position - beginning	(1,085,749,457)	(1,105,186,696)
Total net position - ending	<u>\$ (1,020,939,508)</u>	<u>\$ (1,059,409,067)</u>
Liquor tax	245,083,477	238,025,988
State Sales Tax	96,635,096	93,650,673
Local Tax	5,431,958	5,987,276
Taxes remitted to Dept.of Revenue YTD	<u>\$ 347,150,531</u>	<u>\$ 337,663,937</u>

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OTHER ISSUES

Transfer to General Fund.....Michael Demko, Executive Director

The Office of Budget requests a transfer of \$42.6 million dollars to be transferred from the State Stores Fund to the General Fund in the month of March 2021. The Finance team will schedule when this transfer will occur.

This transfer of the prescribed amount of \$42,600,000 will be processed as authorized in Expenditure Symbol Notification Number 20-039.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve Transfer to General Fund.

Enterprise Resource Planning (ERP) – Detailed Design and Supporting Software.....Michael Demko, Executive Director

Following a three-week planning phase, the PLCB is ready to begin a four-month detailed design phase of the ERP project that will define the solution components (process, technology and data) required to enable the overall Oracle cloud ERP solution for PLCB. This phase will include decisions to inform data standards and structures, technical architecture, configurations, integrations, testing and business transformation, including change management. The design phase will result in detailed business process designs and an implementation project plan for releases 1 (financials) and 2 (master data management, wholesale business processes, retail business processes and a replacement for the current Licensee Online Order Portal).

Five ordering documents and related purchase orders have been executed against the PLCB's existing contract purchase agreement No. 63017408 with Oracle:

- *Services costs* for the detailed design phase are fixed, deliverables-based and total \$8,616,000.
- Software ordering documents also had to be executed to support the detailed design phase, although actual costs of these agreements will be determined as the project becomes more defined.
 - *Oracle ERP Fusion Cloud amendment* to the Blueprint ERP Fusion Cloud ordering document provides for the software as a service (SaaS) technical infrastructure to support the base ERP system for up to 36 months, plus an additional two option years with price holds. Fees under this agreement cannot exceed \$4,175,844.75.
 - *Oracle Commerce Cloud ordering document* provides for the SaaS technical infrastructure to support both B2B and B2B e-commerce sites for up to 36 months, plus an additional two option years with price holds. Fees under this agreement cannot exceed \$960,479.99 and will be paid quarterly in arrears based on usage.

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- *Oracle Retail Cloud ordering document* provides for the SaaS technical infrastructure to support the Fine Wine & Good Spirits retail network for up to 36 months, plus an additional two option years with price holds. Fees under this agreement cannot exceed \$11,511,499.94 and will be paid quarterly in arrears based on usage.
- *Oracle Platform as a Service and Infrastructure as a Service ordering document* provides credits for up to 12 months to use against a menu of about 200 cloud services that may be determined as necessary to the project. This ordering document is funded to a not-to-exceed amount of \$582,000

Director of Policy & Communications Elizabeth Brassell, after having been invited by Board Member Negra to provide an update with regard to the status of the ERP project, explained that the ordering documents which appear above constitute contract vehicles which have been executed since the last Board meeting. Director Brassell stated that the first services agreement is associated with a design phase that commenced recently and will last approximately four months. The agreement, which totals approximately \$8.6 million, authorizes detailed exploration and design with regard to the first release and subsequent releases for the project. The other four agreements, totaling approximately \$17.2 million, are associated with technical infrastructure necessary to facilitate design as well as to ultimately build and implement the ERP system. Director Brassell noted that the software support agreements, while significantly more costly than the design phase services agreement, will be effective for three years and the cost noted represents for all three years.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

The teleconference moderator confirmed that there were no callers.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, March 10, 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.

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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