

Virginia ABC Board Meeting Minutes

January 15, 2025

Call Meeting to Order

Meeting called to order at 9:01 a.m.

Attendees

Board Chair Tim Hugo
Board Vice-Chair Mark Stepanian
Board Member Greg Holland *
Board Member William Euille
Board Member Lisa Jennings
CEO Dale Farino
GAO, John Daniel
COO, Tom Kirby
CAO, David Alfano
Chief Human Resource Officer, John Singleton
Deputy Secretary, Chris Curtis
Office of the Attorney General, Elizabeth Peay
Executive Assistant, Kathleen LaMotte
Info Security Governance Risk & Compliance Mgr, Diane Enroughty
* Mr. Holland arrived at 9:08

Opening

- Chair Hugo called the Board meeting to order.

New Business – Board Approval

Approve Minutes From December 3, 2024 Board Meeting

- Vice-Chair Stepanian made a motion to approve the minutes as written. Board Member Jennings seconded the motion. The motion passed on a roll-call vote of 4 – 0.

Approve New Policy

- Diane Enroughty introduced the Information Security Program Management Policy. This policy is adjusted to the current, standardized format for the Authority. It includes new definitions and clearly defined roles and responsibilities for best practices. This policy was reviewed by Gartner and is a product of collaboration between IT Directors and Executive Management. This policy is based on the National Institute of Standards and Technology (NIST) Framework.
- The Board had no questions about the policy. Chair Hugo remarked that the NIST Standards can be difficult to achieve.
- Board Member Euille moved to approve the Information Security Program Management Policy. Mrs. Jennings seconded the motion, and the motion passed on a roll-call vote of 4 – 0.

December 2025 Financial Performance

Mr. Alfano reported that:

- The Board was supplied the most recent financial data through December of 2024.
- The Store and on-line revenues for the month of October were \$160.5 million; \$6.1 million below budget. The Authority remains diligent in keeping costs low. Net profits of \$35 million in December were \$1.4 million or 3.0% favorable to budget primarily due to lower than budgeted operating expenses. The Authority continues to leave open positions unfilled, and aggressively manage spending.
- December of 2023 contained one more Friday and one more Saturday than December of 2024. These days of the week are the highest sale days for the Authority. The year-over-year comparison has a variance of \$9.2 million.
- Net revenues are down \$12 million below budget principally due to lower store sales. Variable and Fixed administrative costs are both favorable to budget by \$5.9 and \$5.2 respectively.
- Mr. Stepanian asked if the Authority has looked at same store sales by category. Mr. Alfano replied that ABC is seeing declines in tequila and bourbon, although they are still leading growth. Mr. Kirby added that Brown Foreman is laying off 700 people, and strong headwinds continue in the industry.
- Mr. Hugo relayed that at the recent NABCA conference, he received many positive comments from suppliers regarding the direction of the Authority. New Hampshire has also had success in creating superstores that create more revenue. Mr. Hugo is unable to attend the NABCA conference in May, and advised Board members to advise if they would like to attend.
- Mr. Farino added that at the recent NABCA event, an industry trend update advised that states should be forecasting flat growth. Virginia continues to outperform other control states for seven of the last twelve months.
- Mr. Hugo added that control states outperform other states, and there is not much of an interest from suppliers to have control states moved to be privatized.

General Assembly Update

Mr. Daniel shared the Legislative Matrix, which will be available to Board Members through SharePoint. This tracks legislative efforts that may have impact to the Authority. Board members were encouraged to reach out to Mr. Daniel with any questions.

Board Member Comments

Mr. Euille shared an article from the Financial Times entitled “Shares of alcohol makers fall after cancer warning”. NABCA and DISCUS are working on some talking points that will be circulated in the future.

Public Comments

None received.

Closed Session

At 9:40 a.m., Mr. Euille moved that the Board enter closed session Virginia Code §2.2 37.1(A)(8) to receive the advice of counsel regarding actual or probable litigation. Mrs. Jennings seconded. The motion passed on a roll call vote of 5 – 0. Attending the closed session in full were Tim Hugo, Mark Stepanian, Greg Holland, William Euille, Lisa Jennings, Dale Farino, John Daniel, Elizabeth Peay, and Chris Curtis.

Hearings

The Board had hearings in the matters of Club Truth Comedy LLC and Alta Orsa Winery.

Return to Open Session

The Board returned to open session at 11:15 a.m. A motion was made by Member Jennings and seconded by Member Euille to return to open session. The motion passed on a roll call vote of 5-0.

Adjournment

- The Chair adjourned the meeting at 11:16 a.m.

DRAFT