Virginia ABC Board Meeting Minutes
May 6, 2026

Call Meeting to Order

Meeting called to order at 9:00 a.m.

Attendees

Board Chair, Tim Hugo
Board Vice-Chair, Mark Stepanian
Board Member, Greg Holland
Board Member, Lisa Jennings (via Teams)
Board Member, Jack Kerrigan (via Teams)
CEO, Dale Farino
Deputy Secretary, Chris Curtis
CGC, LaTonya Hucks Watkins
COO, Tom Kirby
CFO, Dave Alfano
Office of the Attorney General, Elizabeth Peay
Douglas Robinson, Director of Finance
Ralph Addei, Assistant Budget Director
Senior Paralegal, Helen Gordon
Sales Audit Lead Analyst, Martha Jackson

Opening Remarks

- Chair Hugo opened the meeting by recognizing Michael Martz participating online from the public. The Chair also recognized that Board Members Jennings and Kerrigan were attending online but three Board members; Tim Hugo, Mark Stepanian and Greg Holland, were attending in person to meet the quorum requirements.

New Business – Board Approval

Approve Minutes from March 31, 2026 Board Meeting

- Chair Hugo stated that Board Member Jennings had some suggested revisions to the March 31, 2026 Board meeting minutes.
- Board Member Jennings stated that she did have two suggestions Board member Jennings first suggested revision - "suggested consideration of offering discounts for cash and debit card users to encourage a switch to less expensive payment systems like credit cards and resulting fees". Board Member Jennings advised that she was not looking to reward people for doing their job, but to encourage the sales culture if you meet stretch goals, how do you recognize the staff? The suggested revision is -"Board Member Jennings suggested a method to recognize and reward store staff for meeting stretch sales goals."
- Chair Hugo asked if there were any questions. There being none.
- Board Member Jennings made a motion to amend the minutes as described. Board Member Holland seconded the motion.
- Chair Hugo asked if there were any further discussion. There being none, roll call was taken. All members voted aye. The revision to the March 31, 2026 minutes were approved.
- Chair Hugo then asked for a motion to approve the minutes as revised.
- Board Member Jennings made a motion to approve the minutes as revised. Vice-Chair Stepanian seconded the motion.
- Chair Hugo asked if there were any further discussion. There being none, roll call was taken. All members voted aye and the minutes were approved as revised.

New Business – Board Information

Financial Update:

- CFO Alfano presented the March 2026 financial results and remaining FY 2026 financial forecast.
- ABC is projecting to achieve the full-year profit transfer commitment of $230.3M despite lower than anticipated store and on-line sales of $20.0M, and the $2.0M expense impact of an unbudgeted state-wide bonus of $1,500 per employee.
- To achieve this objective, ABC managed operating expenses resulting in $5.2M expense underruns.

Marketing Update:

- COO Kirby, My first topic I'd like to cover is the pre-planned events that we do. We have the kick-off for the summer on Memorial Day weekend. Another sale will be June 18-20 for Father's Day. We are hosting a large event the beginning of June and calling it Spirit Paloosa.
- Chair Hugo, You said you were going to text or email everyone but how many of those do we send out?
- COO Kirby, we have 80,000 people who have given us their telephone numbers.
- Chair Hugo, or a POS upgrade, do you need money from the General Assembly?
- CEO Farino, Yes, a new POS system costs somewhere in the $20-30 million dollar range.
- Board Member Jennings, - You can buy all the text data for the state without paying 30 million dollars. Household levels, the age, propensity….all of that data is available.
- COO Kirby, We can certainly do a takeaway to see if there are other ways we can capture emails other than what we're already doing. I understand the ask but that data is also FOIA'able.
- Mrs. Peay, I would have concerns with you doing much more for a public agency.
- CGC Hucks-Watkins, The data we are collecting is voluntarily given, so I would be concerned about a public agency blasting them with emails after their voluntary information.

The Board adjourned at 10:00 a.m. to preside over the Board Appeal hearings.

Board Appeal Hearing(s)

- In the matter of TRIBROOK GRILL v. VA ABC – Board Member L. Jennings motioned to substantiate the charge and affirm the initial decision dated October 29, 2025. The motion was seconded by G. Holland and passed with a 3-2 vote.
- In the matter of HYDE SOCIAL v. VA ABC – Board Member L. Jennings motioned to substantiate the charge and affirm the initial decision dated January 2, 2026. The motion was seconded by M. Stepanian and passed unanimously.

Closed Session

- Deputy Secretary Curtis proposed moving into closed session to discuss the appeal hearings and deliberate on the Board's decisions. This meeting included non-Board members Elizabeth Peay, Kristie Miles, Dale Farino, Chris Curtis, and LaTonya Hucks-Watkins.
- Vice Chair Stepanian made a motion to move into closed session. Board Member Holland seconded the motion.
- There being on further discussion, roll call was taken and all members voted aye. The Board moved into closed session at 11:57 a.m.

Board Member Kerrigan left the Board Meeting at 12:25p.m.

Public Session

Chair Hugo proposed that the Board move back into open session to continue the discussion of their agenda.

The Board was back in open session at 12:46 p.m.

Preliminary Budget Review FY27

- CFO Alfano reviewed the preliminary FY 2027 budget noting that the budget was modeled using a 3% sales decline versus the full-year FY 2026 sales forecast. The preliminary FY2027 budget reflects the impact from uncontrollable cost increases due to ongoing inflationary impacts to salaries, healthcare, transportation, utilities and rental rates.
- Board Member Holland, is ABC paying for healthcare benefits? Does the state pay nothing?
- CFO Alfano, ABC covers about 90% of the cost and the employee pays 10%. ABC will be paying a higher portion with the changes this year as opposed to the employee. We have estimated that increase to be 13%.
- Chair Hugo, are you thinking we need to forecast a higher than the 3% decline?
- Vice Chair Stepanian, I said earlier I am never in favor of forecasting a more active decline.
- Board Member Jennings,. I cannot see under promised and over delivered as appropriate in any way. If you have strong data to show that that is a likely scenario, then we should be considering what that economic number is and the sources that you got that from. There may be a number of places that you rely on for economic data but 3% sounds like a big decline, even with all the markets competing with us. If the figures are correct, then it seems that there should be a direct expense response to respond to those losses. As far as the employment expenses going up, especially worker's compensation, you are sharing all of that projection with all of Virginia, correct?
- CFO Alfano, our understanding is that this is specific to Virginia ABC claims.
- Board Member Jennings, I am never a fan of embracing declines. . I think this is all a very good effort on your part, but I don't think you can rely on these numbers. We don't have any idea what is going to happen in some of these areas; cannabis, workers compensation, unions, etc. I'm still seeing a significant opportunity on either the expense side or the revenue side.
- COO Kirby, I think it's important to put some context out there about what we are planning for. We have forecasted a 1% decline for 2026. The General Assembly is expecting a forecast for us by June 30th. We have been sticking at around 1% decrease in sales but now we're at a 2% decline. There is no one that believes that decline will turn around in the near future. This is unprecedented times in the alcohol industry.
- Chair Hugo, is there any thought that you'll get any revenue out of enforcement of cannabis?
- Vice Chair Stepanian, right now we know we are going to get the cost but no revenue.
- CFO Alfano, there is money coming in on the tobacco side. The Jule settlement and tobacco licensing fees offset our expenses. It's the cannabis one that right now we have a cost estimate but no determination definitively on any income to ABC.
- Board Member Holland, is the 21% increase in the enforcement budget related to cannabis? Is it just hiring more people?
- CEO Farino, we are down 28-30 personnel in enforcement.
- COO Kirby, we are only filling our authorized spots. We have 31 approved BLE positions that we deferred last year and this year to meet the budget we have but we need to fill those positions. We are concerned about what might be asked of us because we don't have an abundance of staff here. We have less staff now than we had 15 years ago.
- Board Member Holland, y'all have done a great job of holding expenses down but y'all can't get any leaner.

- Board Member Jennings, the expense side is where you are getting hurt and that's why I think you have to list them so you can show them that we have nowhere to go in internal reductions.
- COO Kirby, the increases have been rent increases, and salary increases from the state.
- CEO Farino, on the revenue side, I think we are in the 3-3 ½% range is where I think we should end up.
- Board Member Jennings, you need to put together revenue lines and then we can look at it and try to figure out where we might be. In the end, revenue changes and growth and expenses are an estimate. I think we should be very careful about shrinking the top line and ballooning the bottom line. If we overestimate the degradation, it looks like we're padding the budget. If you have strong facts that back up this, show them.
- CEO Farino, we've done some modeling and know it's not 100% accurate, but if there is cannabis legislation passed this year, we can see our sales dipping another 1-2% as people experiment in cannabis.
- CEO Farino, we could come on June 3rd and be right where we are today. When we look at GACRE in the Fall, we can revisit our current forecast.
- CEO Farino, DISCUS has published a 2026 economic forecast.
- CFO Alfano indicated that a formal budget recommendation will be presented at the June 3 ABC Board meeting after impacts from pending legislative and the state budget details are finalized.

Comments from the Board
There were no further comments.

Public Comments
Deputy Secretary Curtis proposed that the Board move into closed session.

Vice-Chair Stepanian made a motion to move into closed session. The motion was seconded by Member Holland. There being no further discussion, roll call was taken; all members voted aye. The Board moved into closed session at 1:50 p.m.

Closed Session
The Chair proposed that the Board move out of closed session.

Board Member Jennings made a motion to move out of closed session. Board Member Holland seconded the motion. There being no further discussion, roll call was taken, all members voted aye. The Board moved out of closed session at 2:08 p.m.

Meeting Adjournment
CEO Farino stated there was no further business for the Board. The next Board meeting will be held on June 3rd.

Meeting adjourned at: 2:09 p.m.

Next meeting: June 3, 2026