Virginia ABC Board Meeting Minutes
September 30, 2026

Call Meeting to Order

Attendees

Board Chair, Tim Hugo
Board Vice Chair, Mark Stepanian
Board Member, Lisa Jennings
Board Member, Jack Kerrigan
Board Member Lucretia Mason-Underdue
ACEO, Tom Kirby
Deputy Secretary, Chris Curtis
GC, LaTonya Hucks Watkins
CFO, Dave Alfano
CHR, John Singleton
Office of the Attorney General, Elizabeth Peay
Senior Paralegal, Helen Gordon
Sales Audit Lead Analyst, Martha Jackson

Board Appeal Hearing

- The Board appeal hearing began at 9:35 a.m. and the Board moved into closed session at 9:56 a.m. for deliberations.
- In the matter of Victory Rivers, LLC v. VA ABC, Vice Chair Stepanian, motioned to substantiate the charge, but to modify the initial decisions dated June 9, 2026. The motion was seconded by Board Member Kerrigan and passed unanimously (5-0).

Opening Remarks

- Chair Hugo opened the Board meeting at 10:35 a.m.

New Business - Board Approval

Approve Minutes from August 13, 2026 Board Meeting:

- Vice Chair Stepanian made a motion to approve the minutes as written.
- Board Member Jennings seconded the motion.
- The Chair called roll; all members voted aye, the August 13, 2026 meeting minutes are approved as written.

Financial Update:

- CFO Alfano reviewed the July and August financial results.
- July highlights:
    - Store and on-line sales in July of $117.8M are $1.6M or 1.4% above budget but $1.3M or 1.1% less than the prior year.
    - Net Revenues of $100.7M are $1.5M or 1.5% above budget.
    - Compared to July 2026, net revenues declined by $1.0M or 1.0%.
    - Operating expenses of $23.9M were consistent with prior month run rates and were favorable to budget by $2.5M or 9.5% mainly due to unfilled budgeted positions across the Authority.
    - July net profits of $20.5M are $3.4M or 19.9% above budget.

- August highlights:
  - Store and on-line sales in August of $112.0M are $3.0M or 2.6% below budget and $8.0M or 6.7% less than the prior year.
  - Net Revenues of $95.7M are $2.5M or 2.5% below budget.
  - Compared to August 2025, net revenues declined by $6.8M or 6.6%, highlighting the continued volatility across the spirits industry.
  - Operating expenses of $24.5M are favorable to budget by $2.0M or 7.5%, mainly due to unfilled budgeted positions.
  - August Net Profits of $17.7M are $1.0M or 6.0% above budget.

  August YTD
  - YTD store and on-line sales of $229.8M are $1.4M or 0.6% below budget and $9.4M or 3.9% less than the prior year.
  - YTD net revenues of $196.4M are below budget by $0.9M or 0.5%.
  - Year-over-year net revenues are down $7.8M or 3.8%.
  - YTD Net Profits of $38.1M are $4.4M or 13.0% favorable to budget.

- Vice Chair Stepanian asked about the number of open positions. CFO Alfano will provide specific details by division in future Board meeting materials.
- CFO Alfano, indicated that ABC has a lower number of filled positions due to ongoing efficiencies and normal retail turnover. ABC has also experienced employees moving to other state agencies for increases in salary and greater teleworking flexibility.
- Chair Hugo, asked if ABC is changing the telework policy?
- ACEO Kirby, responded that roughly three weeks ago, ABC implemented two days of teleworking on Tuesdays and Fridays to ensure ABC remained accessible to the public.
- Chair Hugo, stated that he's in favor of telework days and asked if the new telework schedule has helped with retention?
- CHR Singleton, stated it's a little too early to tell yet. Last fiscal year, we lost 15 employees to other state agencies and, so far this fiscal year, we have lost 5 to other state agencies, all spanning around other agencies offering more telework then we've been offering and that is the reason we went in the opposite direction to give an additional day versus having everyone come back five days.
- Chair Hugo, I know Tom that you were sought out during this past NABCA meeting for what Virginia has done with Spirit Palooza. Clearly this was a big topic of conversation.
- ACEO Kirby, we presented three different times at the NABCA Board meeting in Michigan. We presented to the IAC, which is the Industry Advisory Committee. The discussion highlighted how Spirit Palooza moved the needle by ½ a percentage point on overall sales. The industry really wanted us to present on that. The theme you will hear from the industry members is that the supplier community liked the proactive approach that Virginia ABC has in trying to move this needle and they want us to share our approach with other control states to see if they are willing to adopt a similar approach.
- ACEO Kirby, discussed the Virginia Beach Superstore (Spirits at the Beach). This store has over 12,000 square feet and was relocated from an existing store in the same Virginia Beach shopping center. We also closed another Virgina beach store and consolidated these two stores into a superstore.
- ACEO Kirby, a couple of callouts in this store; this store features over 4,000 skus, versus a typical store that carries 1500-1800 skus. ABC also had the law change to allow ABC to sell barware in an effort to capture incremental sales.

- CFO Alfano, the official grand opening was held September 17, 18 and 19. Sales for the first 30 days have been very favorable reflecting nearly a 28% increase when comparing the sales to a similar time period for the store in that same shopping center.
- ACEO Kirby, we hosted an event with Guy Fieri here at our headquarters. We had about 400 people here, local news, Richmond Times Dispatch. Lots of energy from customers, generated nearly $27,000.
- Chair Hugo, are you going to try to keep a lot of open positions?
- ACEO Kirby, if a position is vacated today, we talk to manager about what the job entails, does the job description cover what they were doing to make sure we have the right description. If we decide to backfill the position, we go through HR to make sure we are offering a reasonable pay rate; maybe we can hold the position for 3 months and have some savings. Maybe we don't need to fill it immediately.
- Board Member Jennings, I feel like the Board could benefit from some information on this. Going back to the earlier conversation on staffing and open positions, maybe next month you could e-mail us your staffing schedule that you've sent us in the past by division. We want to see your staffing load; what does it look like, what will it look like in the future, that would be really helpful for us. As we talk about positions, in these summaries, we noticed the number of positions hired at higher salaries. So, in terms of hiring, what are your policies and procedures for hiring? I would like to see these in advance. The policies and procedures around the hiring function, how often do you evaluate the market value of pay scales, how far on the scale do you bring people, some actual data lined up to these policies. Position changes, as you have internal staff, actual changes that are actual policy and those that require approval. How often do you do your internal DOL reviews. Make sure we are equally applying the policy across the board. Last thing, in terms of how you set your positions on that scale. Make this an agenda item to discuss later. I will send you notes on what I would like to see. We don't know everything but it's more about fact and we need some background to know how you do this. At one point, you brought us how you assess position levels. Then we could have a conversation about the data we received and not really review of the data we received.
- ACEO Kirby, I think we'd like to do a full presentation. Our last evaluation of pay and positions was 5 years ago. That's why I want to do the full presentation.
- Board Member Jennings, I see these very outsized raises and I suspect that the jobs were not graded properly before but we need to know why they are so high. You can do the high turnover jobs first and if the job never turns over, it's not as important in a presentation. I want to know what are the drivers? For example, I asked for more statistics on the IT call center. I would say you are overstaffed. When you look at all of these things in a very scrubbed view, it is easy to make decisions that aren't accurate. Make sure the standards are more in line and tied to staffing. I think the Board doesn't want to jump into those conversations.
- ACEO Kirby, we will look into it.
- Chair Hugo, Ms. Jennings, you expressed concern and we are trying to make sure the budget works well.
- Vice Chair Stepanian, I agree that we should do what we talked about executing at store level and that has to continue. We have talked about it for a long time but a lot of our store footprints are outdated. We did a footprint refresh in Carytown. I am curious if our real estate and marketing teams are working to update the other stores?
- Chair Hugo, how about cannabis? Have you heard any more about cannabis? It's still up-in-the-air legislatively.
- GC Hucks-Watkins, I do not have any sentiment either way. What I do know is, as part of the budget language that was approved, the Secretary of Public Safety is going to be responsible for drafting a

Memorandum of Understanding (MOU) in collaboration with Virginia ABC and the Cannabis Control Authority to address illicit cannabis.

- ACEO Kirby, the Cannabis Control Authority is currently hiring and staffing for cannabis, similar to ABC agents, but they're staffing for cannabis people to license and inspect the dispensaries that they have. So, the enforcement will be over there, not here. That is what's in the law right now. It has been a huge undertaking and I just wanted to flag that for you.
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Comments from the Board

- Board Member Jennings, I just want to thank the staff. I think you all really have stepped up and tried really hard to get us everything we asked for and I appreciate that. I know everybody else does too. Thank you, thank you all.
- Vice Chair Stepanian, I'll just add, Tom, I really love your growth mindset. I mean, Spirit Palooza was great, and I like that. You keep trying to defy the odds.

Public Comments

- Chair Hugo, any comments from the public?

Closed Session

- Vice Chair Stepanian made a motion for the Board to move into closed session.
- Board Member Kerrigan seconded the motion.
- The Chair called roll; all members voted "aye".
- The Board moved into closed session at 12:07 p.m.

Meeting Adjournment

Meeting adjourned at: 12:25 p.m.