

Virginia ABC Board Meeting Minutes

July 16, 2026

Call Meeting to Order

Meeting called to order at 9:32 a.m.

Attendees

Board Chair, Tim Hugo
Board Vice Chair, Mark Stepanian
Board Member, Lisa Jennings
Board Member, Dr. Lucretia Mason-Underdue
CEO, Dale Farino
Deputy Secretary, Chris Curtis
CGC, LaTonya Hucks Watkins
COO, Tom Kirby
CFO, Dave Alfano
CHR, John Singleton
Office of the Attorney General, Flora Hezel
Senior Paralegal, Helen Gordon
Sales Audit Lead Analyst, Martha Jackson

Board Appeal Hearing

- The hearing began at 9:39 a.m. and the Board recessed at 10:11 a.m. for deliberations.
- In the matter of Junction Bakery, Board Member Jennings motioned to substantiate the charge and uphold the initial decision dated March 31, 2026. The motion was seconded by Vice Chair Stepanian and passed unanimously (4-0).
- The Board moved out of closed session at 10:25 am and moved to the Boardroom for their meeting.

Opening Remarks

- Chair Hugo opened the session at 10:37 a.m. by thanking Former Member Holland for his service to the Commonwealth and to ABC. The Chair also welcomed new Board Member Dr. Lucretia Mason-Underdue to the Board.
- Board Member Mason-Underdue introduced herself and stated that her background is in community health and education.

New Business - Board Approval

Approve Minutes from June 3, 2026 Board Meeting

- Chair Hugo asked if there were any questions or amendments to the June 3, 2026 meeting minutes.
- Board Member Jennings stated that in the financial review section, the phrase “subsidized pricing” should read “subventive pricing” in the first sentence.
- Board Member Jennings made a motion to amend the minutes of June 3, 2026 with the above correction. Vice Chair Stepanian seconded the motion. The Chair called roll. All members voted “aye”. The June 3, 2026 Board meeting minutes will be revised per Board Member Jennings’ suggestion.
- Board Member Jennings made a motion to approve the minutes as amended. Vice Chair Stepanian seconded the motion. The Chair called roll. All members voted, “aye”. The minutes are approved as amended.

Tobacco Regulations

- CGC Hucks-Watkins stated that she has been working on a draft of regulations for tobacco. HB308 included an enactment clause that the Board shall promulgate regulations to implement the provisions of this act by December 1, 2026.
- Board Member Jennings, just to confirm, there will be some moment when this comes back to us to affirm before it is promulgated though, right?
- CGC Hucks-Watkins, yes, that is accurate.

Virginia ABC Board Meeting Minutes

July 16, 2026

- Vice Chair Stepanian made a motion to move forward with the draft as revised with the updated code section. Board Member Jennings seconded the motion. The Chair called roll; all members voted “aye”.

Marketing Update (Kirby)

- COO Kirby, the Spirits Palooza event ran from June 2 to June 4, 2026. The three-day event was completely designed and marketed by ABC.
- The strong partnership we had with our suppliers allowed us to get unheard of discounts and hard-to-find products.
- We created excitement to drive customers to our stores by the creative use of text messages; our marketing department added 12,000 additional texters to our account.
- We had brand ambassadors, supplier and vendor partners who gave away swag, provided tastings.
- We have not seen a significant drop in sales since the event and that was something we feared. We also didn't see a noticeable trend in “pantry filling”.
- COO Kirby advised Spirits Palooza was a test. What type of disruption and chaos did we cause? There were some lessons learned. We increased one product by 1000%. We were worried a little about doing this but by Friday morning, we were sold out.
- Vice Chair Stepanian, two years ago suppliers were talking about the siloing attitude here. Had ABC not broken down those silos, you would not have been able to get an event like this to take off and be nimble. In the face of all the challenges right now, doing nothing was not a good idea either. You had to do something. I like the disruption. I think the team deserves a big hand of applause and I hope our suppliers are happy and want to fund this.
- COO Kirby also summarized our marketing for the World Cup; We took in some additional products specially labelled or made for the World Cup event. The World Cup started about three days after the Spirits Palooza ended. We pulled all of the products for the World Cup event into one area of the store to allow for concentrated attention on the products.

Financial Update (Alfano)

- CFO Alfano presented the May 2026 month and year-to-date financial results.
- May Net Revenues of \$104.3M were \$5.3M or 4.8% below budget due to ongoing pressures in the spirits industry.
- May Operating Expenses of \$24.9M were favorable to budget by \$0.9M or 3.5%, consistent with prior month run rates.
- May net profits of \$21.5M were \$1.0M or 4.4% below budget driven by the reduction in revenue and partially offset by favorable operating expenses.
- CFO Alfano reviewed the sales results from the June 4 – 6 Spirits Palooza event which resulted in sales of \$22.7M which was an increase of \$7.1M versus the prior year same days.
- Spirits Palooza improved ABC's annual sales performance by 0.5% in just three days.
- CFO Alfano asked the Board for approval of ABC's amended FY 2027 budget due to the 3.5% pay increase. The FY 2027 budget approved by the Board in June reflected the impact of a 3.0% state pay increase. The revised budget reflects the additional costs to cover the increase to the 3.5% pay increase approved for all state employees in the approved state budget.
- Board Member Jennings, as an independent agency, you were not obligated to pay this. I indicated previously that 2028 was way too late to build that system in for pay-for-performance. Blanket raises are not a method for success. You must speed up your efforts to get the pay-for-performance system updated. A lot of agencies are very limited by the legislation, but we are not. I will vote for this today because we got caught flat-footed.
- Board Member Jennings indicated other agencies with pay-for performance in place, do not have an obligation to pay this raise. It lets you transform your business into a pay-for-performance environment. You have a lot of awesome people here who will earn it.

Virginia ABC Board Meeting Minutes

July 16, 2026

- CHR Singleton, we have already started working on this with our compensation and retail teams after taking your comments to heart at the last meeting. Hopefully we can get it out by the end of the fiscal year, but we are working diligently on it. I don't have a definitive date on it yet.
- Board Member Jennings made a motion to approve the financial update. Vice Chair Stepanian seconded the motion. The Chair called roll. All members voted "aye". The financial update is approved.

Legislative Update (Hucks-Watkins)

- CGC Hucks-Watkins, many of the ABC related bills that were passed and signed by the Governor remained the same throughout the process. The Budget Bill contained an enactment clause related to the implementation of a retail cannabis market.
- Chair Hugo, do you anticipate you'll have to hire additional people to accomplish this goal? I mean normally you need to pick up additional people to accomplish a new goal.
- COO Kirby, we need to meet to iron out exactly what is being requested of us. We did receive tobacco this year but that did come with funding for additional staffing. There is a possibility there may be some efficiencies between tobacco and cannabis. We will work collaboratively.
- COO Kirby indicated that ABC is focused on the tobacco piece right now as there is funding and a timeline there. We have set up a licensing structure for licensees; we have worked with the Attorney General's Office on all things tobacco related and are continuing to work with them. You will see an overlap on tobacco enforcement into other matters. That is where our focus has been and now that this new bill has gone into effect, we will be shifting with that collaborative approach on cannabis.

Comments from the Board

- There were no further comments from the Board.

Public Comments

- There were no comments from the public.

Closed Session

- Deputy Secretary Curtis stated that the Board would need to move into closed session to discuss matters, under the Virginia Freedom of Information Act exempt from open meeting requirements under the "consultation with legal counsel" exemption contained in Virginia Code §2.2-3711(A)(8). The following non-members will be in attendance with the Board: Chris Curtis, Flora Hezel, LaTonya Hucks-Watkins, Dale Farino, Tom Kirby, Dave Alfano and John Singleton.
- Vice Chair Stepanian made a motion to move into closed session. Board Member Mason-Underdue seconded the motion. The Chair called roll. All members voted "aye".
- The Board moved into closed session at 11:29 a.m.
- The Board came out of closed session at 11:52am.

Meeting Adjournment

Meeting adjourned at: 11:55am

Next meeting: August 13, 2026