

BOARD MEETING MINUTES: July 20, 2023 ABC Headquarters

Call Meeting to Order at 9:10 a.m.

Attendees

Board Chair Tim Hugo
Board Member Greg Holland
Board Member William Euille
Board Member Mark Rubin
Board Member Bob Sledd
Chief Executive Officer, Travis Hill
Chief Government Affairs Officer, John Daniel
Chief of Law Enforcement, Tom Kirby
Chief Retail Operations Officer, Mark Dunham
Chief Administrative Officer, David Alfano
Chief Transformation Officer Elizabeth Chu
Deputy Secretary, Chris Curtis
Office of the Attorney General, Jim Flaherty
Director of Finance, Doug Robinson
Director of Human Resources John Singleton
Director of Real Estate Susan Johnson
Eric Moeller, CTO, Commonwealth of Virginia, Governor's Office
Tony Lee, Deputy CTO, Commonwealth of Virginia, Governor's Office
Executive Assistant, Kathleen LaMotte
Senior Paralegal, Helen Gordon
Senior Paralegal, Kristie Miles

Not in attendance:

Chief Digital and Brand Officer, Vida Williams
Chief Information Officer, Paul Williams

New Board Member

Board Chair Tim Hugo acknowledged the great public service of outgoing Vice-Chair Maria Everett and advised that at the Board's next meeting the Board will consider resolutions for Maria Everett and Beth Hungate-Noland. Mr. Hugo welcomed Robert (Bob) Sledd to the Board. Mr. Sledd, the former CEO of Performance Food Group, introduced himself and reviewed his past service to the Commonwealth and other Boards he was a part of.

Approval of Minutes

The board reviewed the minutes from the June 8, 2023 board meeting. Board Member Rubin provided changes to a scrivener's error on page 14. Board member Rubin moved to accept the minutes as amended, Board Member Holland seconded the motion. The motion passed on a roll-call vote of 5 – 0.

Approval of revised FMLA Policy

John Singleton, Director of Human Resources, reported that:

- The Virginia Department of Human Resource Management (DHRM) has made changes to how Agencies calculate a worker's available leave for FMLA. Previously, leave was considered based on the calendar year, and now will be calculated as a 12-month rolling period.

Mr. Hugo asked what the qualifications were for an employee to use this policy. Mr. Singleton replied that has not changed, the employee could use up to 12 weeks of unpaid leave and still have their job protected if they have been employed for 12 months and 1,250 hours prior to requesting to use FMLA.

Board Member Holland moved to approve the updated FMLA policy, this motion was seconded by Mr. Rubin. The motion passed on a roll-call vote of 5 – 0.

Approve Recommendations of Real Estate Committee

Mr. Hill reviewed the two new stores ABC may potentially pursue, along with a recommendation for relocation and a number of renewals.

Mr. Sledd asked how ABC considers new stores. Mr. Hill briefly reviewed some metrics considered by the Real Estate Committee and the Authority's rural location strategy.

Board Member Euille moved to accept the REC's recommendations for two new stores, Store 532 (McLean, the Shops at McLean) and Store 533 (Bristol – State Line Centre), one relocation, Store 055 (Manassas Davis Ford Crossing), and six renewals, Stores 068 (Harrisonburg, Garbers Crossing, 096 (Galax, Willow Place Shopping Center), 141 (Hillsville), 217 (Newport News, the Shoppes at Oyster Point), 256 (Virginia Beach, Hilltop North), and 365 (Clintwood, Food City Shopping Center. Board Member Rubin seconded the motion, and the Board adopted the recommendations of the REC on a roll-call vote 5– 0.

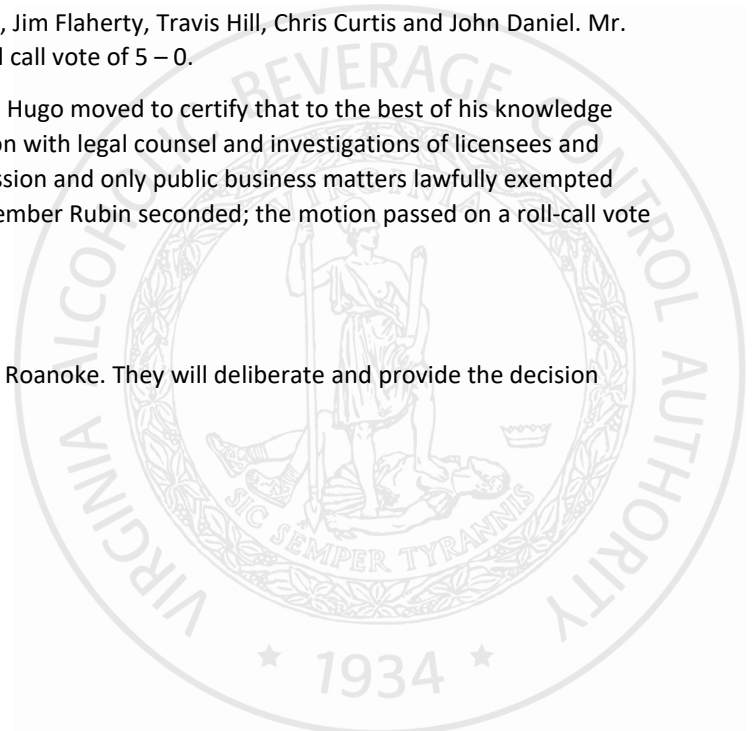
Closed Session

At 9:30 Mr. Hugo moved that the Board convene into closed session pursuant to lawfully exempted consultation with legal counsel 2.2-37.11(A)(8)(46) and information subject to exclusion investigation of licensees and permittees. Attending the closed session in full were all Board members, Jim Flaherty, Travis Hill, Chris Curtis and John Daniel. Mr. Euille seconded the motion, and the motion passed on a roll call vote of 5 – 0.

When the Board returned from Closed session at 10:00, Mr. Hugo moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but consultation with legal counsel and investigations of licensees and permittees discussed in the motion to convene in closed session and only public business matters lawfully exempted from open meeting requirements were discussed. Board Member Rubin seconded; the motion passed on a roll-call vote of 5 - 0.

Hearing

The Board heard the application regarding Tazma Lounge in Roanoke. They will deliberate and provide the decision within 30 days.



New Business

Approval of Board Orders for Archives (March – June 2023)

Senior Paralegal presented orders that were approved by the Board and by the delegated Authority of Travis Hill and John Daniel, which are presented to the Board in bulk for approval. With no questions from the panel, Mr. Euille moved to approve the Board Orders, and Mr. Rubin seconded the motion. The motion passed on a roll-call vote of 5 – 0.

Closed session

At 10:42 Mr. Hugo moved that the Board convene into closed session pursuant to lawfully exempted consultation with legal counsel 2.2-3711(A)(1)(46) to discuss the appeal hearing. Attending the closed session in full were all Board members, Jim Flaherty, Travis Hill, Chris Curtis and John Daniel. Mr. Euille seconded the motion, and the motion passed on a roll call vote of 5 – 0.

Return to Open Session

When the Board returned from Closed session at 11:21, Mr. Hugo moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but consultation regarding the appeal hearing as discussed in the motion to convene in closed session and only public business matters lawfully exempted from open meeting requirements were discussed. Board Member Euille seconded; the motion passed on a roll-call vote of 5 – 0.

Approval of FY2024 Budget

The Board heard from CEO Travis Hill, CAO Dave Alfano, Director of Finance Doug Robinson, and Eric Moeller and Tony Lee from the Governor's CTO office to discuss the proposed FY2024 Budget for the Authority. The Board considered two options; the budget originally presented at the June 8, 2023 meeting (Budget A), and a budget prepared with the advice of the Governor's CTO office with cuts to Authority spending to increase the funds returned to the Commonwealth (Budget B).

Mr. Rubin moved to approve Budget A with instructions to Authority Management to look for further costs savings. This motion was seconded by Mr. Euille.

Mr. Hugo made a substitute a motion to adopt Budget B, and was seconded by Mr. Sledd. The substitute motion failed on a vote of 2 – 3.

On the motion to adopt Budget A with further cuts, the motion carried on a vote of 3 – 2.

Mr. Hill remarked that there were several changes identified by Mr. Moeller's office that were non-controversial that the Authority would like to implement. Mr. Hugo directed Mr. Hill to bring the items forward at the next Board meeting.

Public Comment

Rick Wasmund, President of Virginia Distillers Association spoke in appreciation of the work and effort to hone in on profitability as a taxpayer. As a business owner understands short term profits and long-term gains, and outlined the importance of Virginia distillers to the economy by employing Virginians and utilizing raw materials from Virginia farmers. Mr. Wasmund only has one outlet for sales in Virginia, and feared a budget that cuts ABC store staff and outreach and information on Virginia products, consumers may not find out information on Virginia products on their own time. Cutting hours and staff wouldn't be good for Virginia Distilleries. ABC has done a tremendous job the past few years and Mr. Wasmund supports the relationship.

Mr. Sledd asked Mr. Wasmund what are ways the Authority could assist Virginia Distilleries.

Mr. Wasmund replied that the thing the Authority does well that he does not see in other states is fulfillment of orders in warehouse, on time payment, professionalism of enforcement, all that is good. He would like to see fewer legislative restrictions on the amount of alcohol that may be served to visitors to distilleries, some distillers would like that to be higher than the current restriction of 3 ounces. Mr. Wasmund values the good working relationship with the Authority, and hopes they may keep employees and continue to attract good people. He disagrees with some of the proposed cuts, the store employees are not overpaid and it might be better to invest in more pay to do a better job, such as attracting very knowledgeable, driven employees like in Chicago area private stores.

David Cuttino, the Chair of Virginia Spirits board which promotes Virginia Spirits spoke next. Mr. Cuttino works closely with the Authority to implement marketing budget. Mr. Cuttino read a statement of importance of Virginia Spirits to Virginia's agriculture, tourism, and restaurant industry, and remarked that the Authority is not just a profit center to General Fund. While Virginia Spirits is a small part of the Authority's budget, it is important, and he encouraged more growth and wanted to make sure the decisions have an outsize effect.

Tom Lisk of the Virginia Restaurant Lodging and Travel Association spoke on his longstanding partnership with Virginia ABC. Restaurants purchase 18 – 19% of all spirits from the Authority's stores. It is helpful for any business to look at their bottom line and trying to maximize profit, but when looking at reallocating priorities, please remember the impact on stakeholders. Businesses rely on the Virginia ABC to fill orders and industries that are dependent on you

Internal Audit Report

Mike Skrocki, the director of Internal Audit, reported on recently completed Audits and the plans for upcoming Audits this fiscal year.

CEO Report

Mr. Hill called the Board's attention to a recent summary suspension included in their packet.

Mr. Hugo asked about the store in Portsmouth that was closed due to violence outside the store. Mr. Dunham replied that the Authority is working with the landlord to exit the lease, and the Authority's legal department is working on the issue.

Board comments

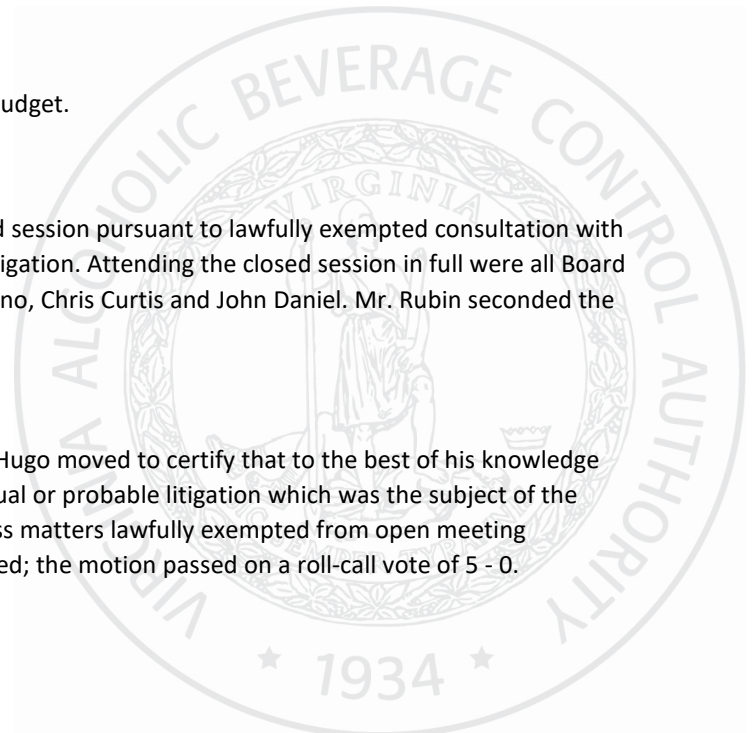
Mr. Rubin thanked all for allowing a civil discussion on the budget.

Closed session

At 2:30 Mr. Hugo moved that the Board convene into closed session pursuant to lawfully exempted consultation with legal counsel 2.2-3711(A)(7) to discuss actual or probable litigation. Attending the closed session in full were all Board members, Jim Flaherty, Travis Hill, Mark Dunham, Dave Alfano, Chris Curtis and John Daniel. Mr. Rubin seconded the motion, and the motion passed on a roll call vote of 5 – 0.

Return to Open Session

When the Board returned from Closed session at 3:00, Mr. Hugo moved to certify that to the best of his knowledge nothing was discussed in the closed sessions other than actual or probable litigation which was the subject of the motion to convene in closed session and only public business matters lawfully exempted from open meeting requirements were discussed. Board Member Euille seconded; the motion passed on a roll-call vote of 5 - 0.



Comments from the Board

Tuesday, September 12 – Board Meeting

Wednesday, November 1 – Board Meeting

Meeting Adjournment

Meeting adjournment at 3:00 p.m.

