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OREGON WINE BOARD MEETING MINUTES

MARCH 11, 2014 <<FINAL>>

LOCATION: LINFIELD COLLEGE, MCMINNVILLE, OREGON

Attendance

Board: Bill Sweat (Chairman), Leigh Bartholomew (Chair Emeritus), Ellen Brittan (Vice Chairwoman), David Beck (Treasurer), John Pratt, JP Valot, Doug Tunnell, Steve Thomson and Michael Donovan

Staff: Tom Danowski, Rose Cervenak, Dewey Weddington, Marie Chambers, Michelle Kaufmann, Margaret Bray and Charles Humble

Guest: Jana McKamey/Oregon Winegrowers Association

Call to Order

- Sweat called the OWB Board meeting to order at 9:01 a.m.

Board Minutes (Attachment)

Brittan moved for approval of the January 14, 2014 Board Meeting minutes. Beck seconded and the motion carried unanimously.

Oregon Wine Symposium Recap (Attachment)

- Danowski framed the discussion by refreshing the Board on the 2014-17 Strategic Plan imperatives and informed how OWS meets a couple of those imperatives.
 - Bray continued by stating how the Education Committee and OWB staff will continue to develop and grow the Symposium into the next year by communicating and marketing in a more targeted, effective and timely manner.
 - She continued that the long-term goal for OWS is to “become the premier northwest wine industry conference and trade show.”
- There was some discussion about how to improve traffic in the trade show. The general consensus was that overall, exhibitors were happy but traffic is always the biggest concern for vendors.
 - Pratt commented that the improvements to the trade show were remarkable this year and made it so much more valuable to the industry.
 - Sweat agreed that all the trade show vendors he spoke with were very enthusiastic about the improvements. He suggested that we consider consolidating all the “open” trade show time to 3-4 hour block of time rather than dispersing it throughout the day.
 - Brittan added that a number of vendors expressed that they thought OWS was a better trade show than Unified because we have more decision-makers, rather than just representatives from the larger companies.
- McKamey thanked the Board directors for taking the time to go around to vendors and thank them for participating in the 2014 show.
- Bray explained the Net Promoter calculation from the nearly 400 event surveys received so far and the significant improvement versus 2013.
- Chambers presented a preliminary financial impact report from the 2014 Symposium.

- Brittan commented that it was great that we generated more Symposium revenue overall and that the results reinforced the Board’s decision to more clearly distinguish OWB Educational seminar revenue from OWA trade show revenue.
- Regarding the financial impact of increased comp tickets on the bottom line, Brittan suggested we provide a questionnaire in advance of the event, “qualifying” the intent of each speaker. (i.e. whether or not they will be attending the Symposium as a participant or simply coming to serve on a panel or deliver a speech.)
- Donovan asked what the margin was for OWA member tickets vs. non-OWA member ticket revenue.
- **ACTION:** Bray will provide this information to the OWA Board when she delivers a final recap in the May 22 OWA Board meeting.

Finance Committee Report (Attachments)

- Beck reviewed the financial statements through February 28.
- Chambers commented that the reports are marked as “preliminary” because there may still be a few outstanding Symposium expenses. However, all the major expenses had been accounted for.
 - A question was asked if there was opportunity in the 2013-14 budget to compensate for OWB Symposium expenses in excess of revenue.
 - Chambers remarked that there are a few budgeted but not spent line items that could be re-allocated:
 - Marketing Research expense of \$20,000
 - Unallocated funds of \$26,000
 - Exec Director relocation expense of \$10,000
- Danowski acknowledged that Chambers is delivering financials within 5 working days of the month closing.
 - Brittan commented that there is a huge upside to getting financial information earlier.
- Tunnell asked if the reduction in staff travel expense was because export travel had been reduced.
 - Danowski responded that travel associated with export activity is covered by the federal MAP grant that OWB receives each year.
 - He also reflected that a year ago our travel cost tracking and budgeting was not as defined as it is now.

Tunnell moved that the Balance Sheet and P&L through February 28, 2014 be approved as submitted. Brittan seconded and the motion carried unanimously.

- Financial Review
 - Beck reminded the Board that a financial review was conducted in October 2013 and they were asked to review the OWB response to the findings of that review.
 - Sweat commented that he thought the report was very thorough and while the issues raised were not insignificant, the OWB response was appropriate.

Brittan moved that Board accept the response as submitted. Donovan seconded and the motion carried unanimously.

2014-15 Budget (Attachment)

- Danowski led the Board through the 2014-15 budget proposal, starting with the latest estimate of the current year's income and expense categories and then reviewing the material revenue and spending categories in the next fiscal year's proposed budget.
- He further commented that OWB is slightly increasing the percentage of spending dedicated to Marketing/Communications and at the same time, holding administrative overhead, as a percent of total expenses at 24% for next year.
- Chambers highlighted a few areas for the Board's information.
 - Communications compensation has been split between Marketing and Communications for the next fiscal year.
 - Pratt asked what percentage of the total, Marketing/Communications was last year.
 - Chambers confirmed that it was 42% vs. 44% this year.
 - In the Marketing category there has been an increase in the budget for Wines Fly Free program (which is going to be renewed) and for Oregon Wine Month.
- Brittan asked why there was no additional funding for an increase in educational programs, as the Strategic Plan indicates.
 - Danowski indicated that OWB will increase educational programs next fiscal year, as budget allows.
 - Sweat commented about leveraging some of the great educational opportunities that already exist in the industry in a sort of online "extension school."
 - Danowski acknowledged that the need and appetite for learning in our industry is the reason why education requires a dedicated Education manager on staff.

Tunnel moved to accept the 2014-15 OWB Budget, as presented. Bartholomew seconded and the motion carried unanimously.

- Danowski commented that the 2014-15 budget will be updated and presented at the October board meeting when 2014 harvest revenue projections are clearer and the 2013-14 financials are finalized. There will also be an update in early 2015, similar to the mid-fiscal-year budget reviews OWB staff has been delivering to the Board.

Marketing Committee Report

- Weddington gave an update on Oregon Wines Fly Free program.
 - Alaska Airlines is asking for OWB to provide continued support for the program by signing up wineries to participate in the program and helping them to market it to their customers.
 - Alaska Airlines is asking for an exclusive agreement, so Travel Oregon and/or OWB would not be able to scale the program to other airlines.
 - Travel Oregon is tying the Oregon Wines Fly Free program into a \$2.5M travel promotion.
 - To encourage OWA membership, Sweat suggested that perhaps we could conceive some sort of promotion that would allow OWA members to get MVP status on Alaska Airlines when they travel.
 - Weddington commented that in the FY2013-14 budget there is no funding for advertising in the Alaska Airlines Magazine Spring edition. However, there may be some unspent dollars in the Wine Month budget.
 - Brittan asked how we would measure success of the program.
 - Weddington commented that during the pilot program, Alaska Airlines said they were not able to measure success, but they must have had some metrics, otherwise they would not have agreed to expand the program

- He went on to say that OWB had over 250 wineries participate in the pilot program last year.
 - Danowski commented that OWB is working with Travel Oregon to see what data might be extracted from the B of A charging history at Oregon winery tasting rooms.
 - Oregon Wine Month
 - Danowski recapped some feedback that came from industry members regarding the Oregon Wine Month seminar at the Symposium and mentioned the response by Weddington.
 - Weddington commented on the graphic design process before the Oregon Wine Month collateral materials were finalized:
 - Began with a discussion with the distributors.
 - The design is intended to direct and empower consumers to choose “their” Oregon Wine.
 - The artwork is an evolution of last year’s art – intent was to continue a strong iconic graphic.
 - Pratt commented that he has received very positive feedback on the artwork during the Symposium.
 - Weddington commented that OWB discussed the female iconography in the artwork with a number of female industry members before settling on the final.
 - **ACTION: Oregon Wine Month final digital files will be linked in the next Grapevine on March 18 and provided to anyone who asks for them.**
 - Sweat asked if OWB is incorporating Superior Cellars in the marketing plan.
 - Weddington acknowledged that they would be receiving posters.
 - Kaufmann will be posting OWM activities throughout the state using the OWB social media feeds.
 - Sweat suggested OWB cooperate with markets/distributors in other states.
 - Weddington confirmed that OWB responded to a limited number of requests last year and will continue to reinforce with wineries.
 - Oregon Wine Experience App
 - Weddington gave a recap of the meetings introducing the App throughout the state with Cole Danehower.
 - He reported that the App will be live for about 3 months – during which time people can use it and provide feedback to OWB. At the end of the 3-month period, OWB will prioritize the content additions and/or edits. Once those additions/edits are made the App will be adapted for iPhone and then hopefully for Android, as budget allows.
 - Humble is working on a grant application to complete the project through this phase. There is currently \$30k built into the budget for 2014-15 and it may cover this phase, even if grant money does not come through.
 - Brittan asked what the feedback has been so far.
 - Weddington commented that he has received some feedback that first generation iPads will not accommodate the technology and others are anxious to have it on Android products.
 - There is positive feedback that the content truly represents “place, people and wine.”
 - He went on to say that he’s received some feedback from people wanting to know if/when/how to “plug in” specific winery content.
 - At this point, the App is not designed to do that. Wineries need to migrate to their own pitch/presentation.

- Brittan suggested webinars or other educational opportunities that could help inform people how to move from the App to a PowerPoint, so they could personalize the content in some way.
 - **ACTION: Humble to talk to StoryCode about some low cost options for migrating to another website and/or personalized presentation/pitch.**

Research and OWSCR Committee Reports (Attachment)

- Valot gave a recap of the first OWSCR meeting held on Feb. 24 in Portland.
- Beck commented that he thought the meeting was a good start and a frank discussion with OSU and the researchers.
- Bartholomew indicated that one of the first actions for the Committee will be to evaluate the pilot projects that were funded through the OWRI since the funding has almost run its course.
- There was a question about the Fermentation Sciences funding from last year.
- Beck commented that it appears that the first portion of funding (which will equal approximately \$600,000 over two years), may not have all been allocated to projects that furthered viticulture and enology research.
 - Brittan asked if OWSCR would have any oversight into the allocation of the next fermentation funding.
 - Bartholomew commented that OWSCR will be the oversight committee for that funding and other funding in the state.
 - Beck concluded that he has asked for an account of how the Fermentation Sciences funding was allocated.
- Research Committee
 - Beck gave a recap of the Research Committee meeting also held on Feb. 24 in Portland.
 - 2014-15 funding recommendations will be brought to the Board in May.
 - He went on to say that there are two research projects proposed by O.S.U. faculty (one from Dr. Tomasino and one from Dr. Qian) that the Research Committee referred to Steve Thomson, Chair of OWB's Marketing Committee for further consideration
 - There was some detailed discussion on ways to get research information out to the industry – similar to OSU's Grape Day, but in a more robust and thorough manner.
 - Bartholomew reported on a meeting she attended Feb. 12, 2014, as an example of how to get information out to the industry on research that is being funded: the Current Wine and Wine Grape Research Conference at UC Davis.
 - Bartholomew asked that the Board consider funding research grants for a little more than is currently allocated in the budget, if revenue estimates in September exceed projections.
 - Danowski gave a brief "bio" of Mark Chien/OWRI's incoming Program Coordinator
 - Tunnell commented that he would encourage Mr. Chien to get out in the vineyards and keep the level of bureaucracy to a minimum.

Oregon Wine History Archive (Grant Request Attachment)

- Bartholomew recapped the request for funding proposal to expand the archive to include Columbia Gorge, Columbia Valley and Walla Walla Valley AVAs.

- Brittan asked if there might be additional requests for funds or if this was the final installment.
 - Danowski responded that he has suggested that Rachael Woody/Linfield Archivist provide the Board with a more comprehensive overview of projected grant requests so that each one is not a surprise and OWB can budget more effectively.
- Tunnell, as a member of the Linfield Board commented on the current commitment the college has made to the Oregon wine industry and encouraged support for the funding.
- Sweat considered that the archive could be very useful to the OWB in the future.
- **ACTION:** Tunnel commented that perhaps OWB can use some of the video from the archive to bolster the Oregon Wine Experience App. Humble will follow up with Rachael Woody to see if there may be a sharing of information.

Donovan moved that the grant be funded for the requested \$15,000, no later than July 1, 2014. Beck seconded, Tunnel recused himself and the motion carried.

- **ACTION:** Danowski will determine whether the grant can be awarded in this fiscal year or awarded July 1, 2014 and expensed in the next fiscal year. He will follow-up with Linfield College regarding the Board's decision.

New Business

- Danowski announced that the Oregon Historical Society has designated June as the opening for their Oregon Wine History exhibit, entitled: "Clink, the History of Oregon Wine."
 - There will be a kick-off event the first week of June at OHS in Portland and OWB will notice the industry through the Grapevine.
 - Beck commented that there will be opportunities where consumers can taste wines in a tasting room within the Oregon Historical Society's exhibit and there will be opportunities for wineries to actually pour their wines in the tasting room.
- There was some discussion about the location for upcoming Board meetings in May and July and the Board decided to host the May 22 meeting in Portland and the July 31 meeting in Milton-Freewater. Specific locations are to be determined.

Sweat adjourned the OWB Board meeting at 11:19 a.m.

Sweat re-opened the OWB Board meeting at 11:30 a.m. and called for an *Executive Session under ORS192.660(2)(a)*. Under this provision only the Board and press are allowed to participate. Staff and guests were excused from the meeting.