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**OREGON WINE BOARD MEETING
MEETING MINUTES [FINAL]
SEPTEMBER 11, 2012
HELD BY CONFERENCE CALL**

Attendance

Board: Michael Donovan (Chair), David Beck, Leigh Bartholomew (Vice Chair), Terry Brandborg, Kara Olmo, Ellen Brittan and Doug Tunnell

Staff: Tom Danowski, Rose Cervenak, Dewey Weddington and Charles Humble

Absent: Bill Sweat (Treasurer) and Sam Tannahill (Chair Emeritus)

Call To Order

Donovan called the OWB Board meeting to order at 9:05 a.m.

Board Minutes

Tunnell moved to approve the July 31 Board Meeting minutes as presented. Bartholomew seconded and the motion carried unanimously.

August 10 Special Meeting Minutes

Brandborg moved to approve the August 10 Special Meeting Minutes as presented. Tunnell seconded, there was one abstention and the motion carried.

Communications & Website Re-launch Update

- Humble reported on the progress made so far to design a new OWB website. The current website was built in 2007 and has serious functionality and content mgmt. limitations.
- Beck applauded the emphasis on marketing and asked that a larger group be designated to review and react to the new version(s) prior to launch.
 - **ACTION:** Humble will include a larger group in the “soft launch” phase in November, and update the Board again on November 6.

Marketing Update

- Oregon Wine Month (OWM): May, 2013
 - Unwine'd, the Grand Tasting in Portland, will be scheduled for the last weekend in April, 2013 to kick off OWM
 - Weddington reported that the OWB marketing team is working with distributors who will print/disseminate information to retail outlets in advance of OWM.
 - In response to a question from Michael Donovan about expanding OWB's reach to distributors around the state, Weddington explained that OWB will be communicating with distributors across Oregon about OWM but is starting with Oregon's two largest distributors (Young's Market Co. and Southern-Odom) to get broader and more immediate access to larger retailers.
 - Weddington reported that *NOW Design* has been selected as the design agency for retail merchandising and sales collateral.

- Tunnell commented that the “young winemakers” group sounded very exciting and Weddington said that he was meeting with Christine Collier/Troon, to further clarify the criteria and the program details.
- **ACTION: Weddington to provide more details on OWM to the Board on Nov. 6 including details about the “Young Winemakers” program.**
- **OR Wine Industry Symposium**
 - Weddington delivered an update on planning for OWIS scheduled for Portland Feb. 19-20, 2013.
 - Donovan asked that OWB consider bringing in event management expertise to help manage OWIS this year. Weddington responded that he will be looking at event management resources and is considering a contractor such as *Scene Marketing*.
 - Tunnell also cautioned that speakers for Symposium ought to be selected for relevance to Oregon’s wine industry, which is somewhat unique since it’s built on small to mid-size wineries (e.g. many with about 5,000 cases of production annually). Tunnell commented that the current list of proposed speakers may not compel industry members to drive to Portland to hear them.
 - Danowski acknowledged that OWB should address that point when announcing the OWIS guest speakers to the industry and also give speakers direction as they tailor their remarks to the OWIS audience.
 - **ACTION: Weddington to update the Board on November 6 about further work on OWIS logistics, revenue forecasting, event management resources and program content.**

2011-12 Year-End Financial Review

- Beck asked when the next OWB financial audit is scheduled and encouraged that at a minimum, OWB engage a CPA for a year-end review (considering that interim Exec. Directors were in place for part of the year and a new permanent Executive Director was hired mid-year).
 - Walsh replied that the next financial review (required at the end of every biennium ending in an odd number), conducted by an independent CPA is scheduled following the 2012-2013 FY but we do not have to conduct an annual review.
 - **ACTION: Donovan asked the Finance Committee, and Karen Walsh to determine whether an audit (or financial review) should be conducted for the 2011-12 FY and report to the Board November 6 with a recommendation.**
 - **ACTION: Walsh and Cervenak to post the approved 2011-12 FYE P & L on OWB’s website.**

Beck moved to accept the 2011-12 FYE P&L statement as presented. Tunnell seconded and the motion carried unanimously.

Tunnell moved to accept the 2011-12 FYE Balance Sheet as presented. Beck seconded and the motion carried unanimously.

2012-13 Budget Presentation

- With regard to the estimated revenue (based on grape harvests), Brittan relayed some warnings about a “very light crop” in some areas, asking whether this was factored into revenue projections.
 - Bartholomew explained that the Finance Committee took the revenue currently payable to OWB from OLCC, \$513K, as a starting point – then they took 2010

and 2011, averaging the grape tonnage and tax revenues from both harvests, and multiplied it by the historical percentage (56%) of the annual tax which is paid in December to arrive at the revenue estimate for 2012-13. She suggested that the Finance Committee would reassess revenue after the 2012 crush as usual.

- Bartholomew said their assessment was that the 2012 harvest may be on the low side of normal, realizing that only 1/2 of that revenue (plus the remaining half still payable from the 2011 harvest) will comprise the FY 2012-13 revenue base as noted above.
- **ACTION: Finance Committee will do a mid-year review (January, 2013 at latest) of 2012-13 revenues and expenses.**
- While reviewing the proposed budget, Bartholomew clarified that the “vineyard study” and the “winery sales study” are two different surveys now that USDA funding was cut for the NASS report which had formerly incorporated both.
- A question was asked about revenue to OWB from OR wine country license plate sales:
 - Humble replied that revenue from the license plate sales is administered by *Travel Oregon* in the form of grants that we can apply for. Plate sales do not generate revenue for OWB.
- Beck asked when marketing co-op awards would be made to AVA’s if the Board approved new funding for 2013-14. Danowski replied that if a total amount is to be proposed, it would be presented for Board approval no later than March, 2013.
- Bartholomew asked if it was possible to see a profit for marketing events like Unwine’d, indicating that the difference between event expenses and revenues seemed large:
 - Weddington indicated that one way to reduce losses on events such as these, is to raise participation fees. However, we do not want to price too many wineries out of event opportunities. He also noted that with regard to Unwine’d last year, less than half of the tickets were sold at full price. In 2013, we’ll be looking at ways to reduce discounting and effectively increase participation revenues.
 - Bartholomew stated that overall for 2012-13 there is an increase in marketing spending, a smaller, but still meaningful increase in research investment and a decrease in the percentage of revenue allocated to administrative costs. Our total expense is greater by \$100k than in any of the 4 previous years. In part because of OWB’s line of credit. \$75k of the available credit facility from Umpqua Bank has been previously approved by the Finance Committee to be counted towards the Reserve Requirement in 2012-13. However, no part of that available credit line is projected to be utilized. The OWB budget is in deficit however due to some one-time expenses in 2012-13. In previous Board meetings, it was agreed that OWB should occasionally consider an investment spending posture, as we are adopting in 2012-13, while still fulfilling the Reserve Requirement.
 - Donovan commented that he agrees that is why we have the Letter of Credit, but reminded the Board that next year we probably won’t be able to continue forward with the same level of spending increases. The LOC should be accessed cautiously since an outstanding balance can be called at any time by Umpqua Bank.
- Brittan commented, and Danowski acknowledged, that the website development costs are an example of a significant one-time expense affecting the 2012-13 budget that delivers benefits across future years.
- Bartholomew indicated that the Board needs to discuss its commitment to OWRI, since there is no donation planned in for 2012-13.
 - Danowski indicated that OWRI has asked for an update on OWB’s planned donations. The remaining amount from OWB’s 2008 Statement of Intent is \$105k.

- **ACTION: Danowski will draft a response to OWRI for Board review.**
- Donovan recalled that the OWB commitment was made as a “backstop” if OSU Foundation fundraising efforts came up short – but they appear to have done very little fundraising.
- Beck reiterated that the OWB wants OWRI to be successful, but OWB needs to see that OWRI is committed to their own success as well.
 - 5000 category (Viticulture and Enology Research)
- After polling several experienced growers regarding the miscellaneous research contributions OWB has historically made, Beck contributed the following:
 - 5300 – Small Fruits Consortium – everyone agreed that it’s a “must fund. We get a substantial return on our investment.” \$3,000 contribution was approved for the consortium.
 - 5250 – Clean Plant Network –After discussion, it was recommended that OWB not make a contribution in 2012-13.
 - NGWI – No funding was recommended.
- **ACTION: Travel expenses for Oregon representatives at the Small Fruits National Conference is to be funded from the 2012-13 OWA budget reducing that line item in OWB’s budget from \$7,000 to \$3,000 for 2012-13.**
- 6800 category (Market Research)
 - Bartholomew asked if we should list these projects under the larger Research account category instead of Marketing.
 - Beck responded that since the category (6800) refers to the NASS survey, also known as AGstats, it should remain under Marketing since it’s consumer-focused rather than scientific research.
- Danowski summarized that the end of year deficit for FY 2012-13 will now be updated to \$90k rather than \$99k deficit – and the Finance Committee will commit to a mid-year review of the budget as noted previously.
 - **ACTION: Walsh to make appropriate changes to the FY 2012-13 budget (as outlined above) and provide the final version to Board and OWB staff.**
- Brittan commented that if you look at this budget as having a “one-time investment” for the website, and the \$25k contingency, it should be close to balanced in 2013-14.

Beck moved to accept the proposed FY 2012-13 OWB budget as amended. Brittan seconded and the motion carried unanimously.

Governor’s trade mission

- Danowski gave an update on planning for the Governor’s mission to Asia, (Shanghai, Hong Kong & Tokyo) October 15-25, 2012. Michael Donovan will be attending on behalf of the Oregon Wine Industry and welcomes any suggestions or contacts the Board would refer.
- **ACTION: Bartholomew will provide contact information for Archery Summit’s sales person in Shanghai.**

Donovan adjourned the OWB meeting at 11:11 a.m.

At 11:12 a.m. Donovan 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.