

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM
Minutes of the May 7, 2013 Board Meeting
PA Farm Show Complex and Expo Center, Delaware Conference Room
Harrisburg, Pennsylvania

Public notice of the May 7, 2013 Pennsylvania Wine Marketing and Research Program Board meeting was given on April 26, 2013, as stipulated by the Sunshine Law.

CALL TO ORDER

Karl Zimmerman, Chairman, called the meeting to order at 10:09 a.m. Board members in attendance (in addition to Mr. Zimmerman) included Bradley Knapp, John Landis, Joanne Levengood, Mario Mazza and Douglas Moorhead. Lela Reichart attended, representing the Secretary of Agriculture. Also attending was Jennifer Eckinger, Pennsylvania Wine Association; Jamie Williams, Pennsylvania Wine Association; Mark Chien, Wine Grape Educator, Penn State Cooperative Extension Office; Stan Sowinski, Endless Mountains Grape Growers; Bryan Hed, The Pennsylvania State University (via conference call); Jared Smith, The Pennsylvania State University; Robert Crassweller, The Pennsylvania State University; Brook Duer, Pennsylvania Department of Agriculture; Diane Belles, Accountant for the Program; Samantha Snyder, Pennsylvania Department of Agriculture and Thomas Mainzer, III, Pennsylvania Department of Agriculture. Jennifer Leshar, Pennsylvania Department of Agriculture, recorded the minutes.

MINUTES

Minutes of the March 26, 2013 meeting were emailed to Board members for their review in advance of the meeting.

RESOLUTION 2013.13 – ACCEPTANCE OF MINUTES

Motion by: Mario Mazza
Seconded by: John Landis
Passed: Unanimously
To accept the minutes of the March 26, 2013 meeting.

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2012 Year-To-Date. As of April 30, 2013, \$139,020.05 has been collected from Pennsylvania wineries. There were 227 licensed wineries, 77 licensed wineries with no sales assessments reported, 150 producers with sales assessments and the number of producers paid was 139. Ms. Reichart then reviewed the Assessment Income Analysis By Quarter. In the first quarter of 2012, \$17,900.06 was received, \$26,300.26 was received in the second quarter, \$35,505.15 received in the third quarter, \$59,314.58 received in the fourth quarter, for a total of \$139,020.05 collected and 977,443.38 gallons reported for 2012. 94.82% of what has been reported sales has been collected in assessment dollars. So far \$25,026.11 has been collected in the first quarter of 2013.

RESOLUTION 2013.14 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: John Landis
Seconded by: Douglas Moorhead
Passed: Unanimously
To accept the assessment reports presented by Ms. Reichart.

COMPARISON WITH PLCB REPORTED GALLONS

Ms. Reichart reported that PWA obtained a report from the PLCB which includes reported 2011 gallons by wineries. PDA and PWA met to cross reference the 2011 reported gallons to the PLCB and the PA Wine Marketing and Research Program.

Mr. Duer informed the board that there were 19 wineries that reported to the PLCB but did not report to the PA Wine Marketing and Research Program (these wineries are not even in our system). The total gallons from those 19 wineries (non-payers) is approximately 39,000 which accounts for about \$6,000. This does not make up the major difference between the two reports. The major difference is from those wineries (under-payers) that reported a higher number to PLCB but reported and paid a lesser number to the Program. Mr. Duer stated that with this information there are two categories: The non-payers and the under-payers. The under-payers could account for about \$30,000. Mr. Duer also stated that PDA's IT will have to do some changes to the current report so more accurate figures can be compared with PLCB's report for the under-payers.

Mr. Duer handed out a draft of a letter that will be sent to the 19 wineries (non-payers) who held a license in 2011 with the PLCB but do not show in our system. The under-payers will also receive the same letter as soon as PDA's IT staff provides a better report. Mr. Duer explained the penalty process to board members. Board members and Mr. Duer discussed the penalties and the proposed letter. It was agreed upon that the twenty (20) day period listed in the letter will be changed to thirty (30) days. This time period is referring to the amount of days a winery has to pay their debt to the Program. A civil action will be filed to collect the debt, and any other amounts due under law, if the debt is not paid within the thirty (30) day period. It was also discussed to waive the penalty fee if the debt is paid within the thirty (30) days and that this "forgiveness" will not be offered after the first offense.

RESOLUTION 2013.15 – LEGAL ACTION AGAINST DELINQUENT PRODUCERS

Motion by: Bradley Knapp

Seconded by: Douglas Moorhead

Passed: Unanimously

The PA Wine Marketing and Research Program authorizes the Department of Agriculture to do the following: Pursue collection of delinquent producer charges on the condition that there will be no minimum that is not going to be pursued, penalties will be added on equivalent to the actual delinquency, everyone will have a chance to pay within 30 days of the initial letter and have the penalty waived on this one occasion for the year 2011 - after that there will be no waiving of the penalty.

FINANCIALS

Ms. Belles reviewed the financial statements for 2013-2014. The Estimated Carryover of \$360,167.00 listed on the first page has been changed to \$421,371.00 as of April 30, 2013. The project submitted by Endless Mountains Grape Growers needs to be added in the amount of \$2,540. Changes to the budget will take place after the board approves/disapproves the projects being presented today. Mr. Landis stated that the \$25,090.47 listed as Contingency Research Funds should be about \$45,000.00.

RESOLUTION 2013.16 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: Bradley Knapp

Seconded by: Mario Mazza

Passed: Unanimously

To accept the financial reports as prepared by Ms. Belles.

PWA

Mr. Williams and Ms. Eckinger reported on PWA activities:

- Legislative
- Annual Conference – March 3, 2014
- Festivals
 - Longwood Gardens – June 1
 - Split Rock – June 22 and 23
 - Seven Springs
- Online Ramp
- Marketing
 - Re-branding
 - “PA Wine Land” Brainstorm
 - Mobile Website
 - “Band of 30” Sales and Welcome Center Program
 - Wine Guide and PA Wines Regions
 - May Committee Meeting
- PWA Member Forum
- Events
 - Drink Local Wine Blogger Conference
 - License to Steal
 - PSATS
 - PATT
 - Washington D.C. Media Event
- Social Media

2013-2014 RESEARCH, MARKETING AND EDUCATIONAL PROPOSALS

Proposals for wine research, marketing and education for 2013-2014 funding consideration were presented. The following research proposals were considered:

Research

- 1) Evaluation of Vapor Gard for Sour and Bunch Rot Control of Wine Grapes in Pennsylvania
Bryan Hed, The Pennsylvania State University, \$10,067
- 2) The Effects of Rainfall on Fungicide Residue Concentrations, Redistribution, and Efficacy
Bryan Hed, The Pennsylvania State University, \$4,900
- 3) The Investigation of Co-Inoculation for Acid Maintenance in Red Hybrid and Vitis vinifera
Wine Grape Varieties
Denise Gardner, The Pennsylvania State University, \$11,000
- 4) Maintenance of Wine Grape Cultivar Trials in Pennsylvania
Robert Crassweller, The Pennsylvania State University, \$18,000

- 5) Determination of Foxy/Native Aroma Carryover in Pennsylvania Vitis Vinifera Wines
Ryan Elias, The Pennsylvania State University, \$39,941

Marketing

- 1) Pennsylvania Wines Marketing Plan
The Pennsylvania Winery Association / Greg O'Loughlin, SWELL, \$150,000
- 2) Investigating Consumer Use and Reaction to Pennsylvania Wineries Use of Social Media Tools
Kathleen Kelley, The Pennsylvania State University, \$23,109

Educational

- 1) Proposal to Enhance HACCC's Enology and Viticulture Program
Lori Fair, Dean, Academic Affairs, HACCC, \$13,706.27
- 2) Cold Hardy Variety Seminar and Field Workshop
Stan Sowinski, Endless Mountains Grape Growers, \$2,540

Mr. Chien provided board members and other attendees with a tentative agenda for the 2013 PA Wine Marketing and Research Board Symposium which is scheduled for May 22.

EXECUTIVE SESSION

RESOLUTION 2013.17 – EXECUTIVE SESSION

Motion by: Mario Mazza
Seconded by: John Landis
Passed: Unanimously
For meeting to go into Executive Session.

RE-CONVENE TO GENERAL SESSION

RESOLUTION 2013.18 – ACCEPTANCE OF PROPOSALS AND OTHER PROJECT

Motion by: Douglas Moorhead
Seconded by: Mario Mazza
Passed: Unanimously

That the board fund the above proposals in 2013-2014 in the following amounts and conditions:

RESEARCH: Proposal #1 for full amount of \$10,067, # 2 for full amount of \$4,900, #3 for full amount of \$11,000 with the condition that the submitter look in to finding a lower price for the \$5,000 equipment listed as the Bottle Filler/Screw Capper, #4 in the amount of \$15,000, and #5 in the amount of \$25,000.

MARKETING: Proposal #1 for full amount of \$150,000, #2 will not be funded.

EDUCATIONAL: Proposal #1 in the amount of \$6,000 with the condition that the funding be directed towards wine camps and #2 in the amount of \$1,250.

OTHER PROJECT: Statewide Directory will be funded at \$40,000.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, July 9, 2013 beginning at 10:00 a.m. at the Pennsylvania Department of Agriculture. Future board meetings are scheduled for Tuesday, September 3, 2013 and Tuesday, November 12, 2013 at the Pennsylvania Department of Agriculture.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:33 p.m.

RESOLUTION 2013.19 – ADJOURNMENT

Motion by: Bradley Knapp
Seconded by: Douglas Moorhead
Passed: Unanimously

Respectfully Submitted:



Lela Reichart
May 30, 2013