

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM
Minutes of the May 8, 2012 Board Meeting
PA Department of Agriculture, Room 309
Harrisburg, Pennsylvania

Public notice of the May 8, 2012 Pennsylvania Wine Marketing and Research Program Board meeting was given on April 24, 2012, as stipulated by the Sunshine Law.

CALL TO ORDER

Karl Zimmerman, Chairman, called the meeting to order at 10:08 a.m. Board members in attendance (in addition to Mr. Zimmerman) included Carl Helrich, Bradley Knapp, John Kramb, John Landis and Douglas Moorhead. Lela Reichart attended, representing the Secretary of Agriculture. Also attending were David Baker, Comptroller's Office; Yimei (Annie) Lin, Comptroller's Office; Jennifer Eckinger, Pennsylvania Wine Association; Mark Chien, Wine Grape Educator, Penn State Cooperative Extension Office; Denise Gardner, Extension Enologist, Penn State Cooperative Extension Office; Virginia Smith, Penn State University, Ben Junkin, representing Executive Deputy Secretary Michael Pechart; Jessica Neel, Pennsylvania Department of Agriculture and Jennifer Leshner, Pennsylvania Department of Agriculture, recorded the minutes.

MINUTES

Minutes of the March 13, 2012 meeting were mailed and emailed to Board members for their review in advance of the meeting.

RESOLUTION 2012.12 – ACCEPTANCE OF MINUTES

Motion by: Douglas Moorhead

Seconded by: Carl Helrich

Passed: Unanimously

To accept the minutes of the March 13, 2012 meeting.

FINANCIAL REPORTS

Mr. Baker reviewed the financial reports for the period of July 1, 2011 to April 30, 2012, noting that as of April 30, 2012, Net Income was \$49,209.79, Total Equity was \$322,458.39.

RESOLUTION 2012.13 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: Carl Helrich

Seconded by: John Kramb

Passed: Unanimously

To accept the financial reports as prepared by Mr. Baker.

Mr. Baker and Ms. Lin informed the board members of a check returned from the bank for Bartolai Enterprises, Inc. for \$300 due to non-sufficient funds. There was an \$8 fee due to the check being returned. Board members discussed the issue of this non-sufficient check and the appropriate steps to seek payment.

RESOLUTION 2012.14 – REQUEST OF PAYMENT FROM BARTOLAI ENTERPRISES, INC.

Motion by: John Kramb
Seconded by: Bradley Knapp
Passed: Unanimously

To send a letter to Bartolai Enterprises, Inc. requesting payment in the amount of \$300 including the \$8 fee due to the company's check being returned due to non-sufficient funds.

A plan regarding any future non-sufficient checks will be discussed at the July 10, 2012 board meeting when the new accounting services personnel will be present.

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2011 Year-To-Date. As of April 26, 2012, \$136,807.50 has been collected from Pennsylvania wineries and \$1,790.28 has been collected from out of state wineries which gives a grand total of \$138,597.78. There were 204 licensed wineries, 55 licensed wineries with no sales assessments reported, 149 producers with sales assessments and the number of producers paid was 144. Ms. Reichart also reviewed the Summary of Assessment Forms 2012 Year-To-Date. As of April 26, 2012, \$10,994.90 has been collected from Pennsylvania wineries and \$0.00 has been collected from out of state wineries. There were 204 licensed wineries, 96 licensed wineries with no sales assessments reported, 108 producers with sales assessments and the number of producers paid was 79. Ms. Reichart then reviewed the Assessment Income Analysis By Quarter. In the first quarter of 2011, \$4,778.45 was received, \$31,439.14 was received in the second quarter, \$27,610.42 was received in the third quarter, and \$72,979.49 was received in the fourth quarter. That is a total of \$136,807.50 collected and 957,563.53 gallons reported for 2011. 95.25% of what has been reported sales has been collected in assessment dollars. \$10,994.90 was collected in the first quarter of 2012, 114,763.51 gallons were reported and 63.87% of what has been reported sales has been collected in assessment dollars.

RESOLUTION 2012.15 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: Douglas Moorhead
Seconded by: John Landis
Passed: Unanimously

To accept the assessment reports presented by Ms. Reichart.

Ms. Reichart informed the board that the money received from out of state wineries will be returned with a letter noting that any future money received for the program would not be appropriate and that it would be considered a voluntary payment.

Ms. Reichart explained that PDA personnel met with Ms. Eckinger regarding reconciliation of the LK licenses. A list was compiled which included seven wineries which reported sales to PLCB but did not register and report to PDA. Two of these wineries are fairly new – Bovine Wines, Inc. and Wapiti Ridge Wine Cellars, Inc. The other five wineries on the list include Birdsong Winery, Northern Heritage Estate, Inc., John J. Ross, Sand Hill Winery, LLC, and Enginehouse 25 Wines, LLC. PDA will provide the Legal Office with this information so

appropriate action may be taken. Ms. Eckinger updated the board regarding the information/reports obtained from PLCB and the comparison of wineries from the list from PDA. A specific timeframe on the report from PLCB would make the comparison easier and more accurate.

Ms. Reichart provided the board with an updated list of delinquent wineries, non-registered delinquent wineries and non-registered wineries. There are 30 non-registered wineries, one winery that is not registered and delinquent and one winery that is delinquent.

DELINQUENT WINERIES

The following wineries are not registered including one listed as delinquent and one listed as not registered and delinquent as of April 26, 2012:

- Buddy Boy Winery & Vineyard – *Delinquent*
- Northern Heritage Estate, Inc.
- John J. Ross
- Sand Hill Winery, LLC
- Patone Cellars, Inc.
- Enginehouse 25 Wines, LLC
- Stonehenge Winery and Vineyard
- Bovine Wines Incorporated
- Olio Ristorante, LLC
- This Life Forever, Inc.
- Northern Wine & Spirits, Inc.
- Wapiti Ridge Wine Cellars, Inc.
- Joe Perry's, Inc.
- J & D Cellars, LLC
- Jackson Square Vineyard, LLC
- Dustin Martin Porta/Porta Wines
- Douglas Mankovich/Shadow Vineyard
- Red Bandana Winery, LLC
- Blue Marble Beverages, LLC
- Redemption Spirits, LLC
- Rebellion Ciderworks, LLC
- R. Wine Cellars LLC
- Pear Grove LLC
- The Enginehouse Winery LLC
- O'Donnell Winery LLC
- Joe & Kim Enterprises LLC
- Webb Winery LLC
- Juniata Valley Winery
- Glendale Valley Winery
- Good Intent Cider LLC
- Alpa and Omega Winery, Inc.
- Birdsong Winery, Inc. – *Delinquent and not registered*

PWA ACTIVITIES

Ms. Eckinger reported on PWA activities:

- PSATS
- Restore Appropriations
- Direct Shipping
- Provide RAMP Training
- PLCB Reporting
- Economic Impact Report
- Tourism Day
- Travel Writer Event
- Festivals: Longwood Gardens, Split Rock and Seven Springs
- Website

MARKETING

Ms. Eckinger informed the board that the Marketing Committee had the opportunity to meet with Pavone. The Marketing Committee requested three marketing ideas to be presented from Pavone. Ideas were presented and the Marketing Committee provided feedback. This information was shared with Pavone and they are working on revisions based on the feedback.

A grant was submitted to the Department of Agriculture for the USDA grant on rebranding efforts for rebranding of Pennsylvania wine.

Ms. Eckinger provided the board with information regarding the Drink Local Wine Conference as well as feedback from other states.

Board members discussed marketing of Pennsylvania wines.

Ms. Reichart spoke of the importance of the PA Preferred program and informed the board members that the Pennsylvania Department of Agriculture will be hiring a full-time staff person for this position who will start May 21.

RESEARCH

Mr. Helrich reminded board members of the upcoming Pennsylvania Wine Marketing and Research Program Research Summit in State College on May 23. Registration fee is \$25 per person. There is a request for funds from the Pennsylvania Wine Marketing and Research Program in the amount of \$2,500.00 to help cover costs.

RESOLUTION 2012.16 – FUNDING FOR PA WINE MARKETING AND RESEARCH PROGRAM RESEARCH SUMMIT

Motion by: John Landis

Seconded by: John Krumb

Passed: Unanimously

To fund the Pennsylvania Wine Marketing and Research Program Research Summit scheduled for May 23, 2012 in State College in the amount of \$2,500.00.

Mr. Knapp informed the board of a proposal received from the Pennsylvania Quality Assurance Group (PQA) for a project titled "The Genesis and Conservation of Aromatics from Grape to Wine and their Descriptive Analysis: Two Days with Alain Razungles". The amount requested in matching funds is \$3,000.00.

RESOLUTION 2012.17 – FUNDING FOR PA QUALITY ASSURANCE GROUP

Motion by: John Kramb

Seconded by: John Landis

Passed: Unanimously by those board members who were eligible to vote.

The following board members abstained: Carl Helrich, Brad Knapp, Douglas Moorhead, John Kramb

To fund the Pennsylvania Quality Assurance Group's (PQA) project "The Genesis and Conservation of Aromatics from Grape to Wine and their Descriptive Analysis: Two Days with Alain Razungles" up to \$3,000.00 with a single ticket price.

BOARD NOMINATIONS

Ms. Reichart informed the board members that the terms of Carl Helrich and Salvatore Maiolatesi will expire on June 30, 2012. Mr. Helrich is interested in seeking re-nomination for another three-year term and Mr. Maiolatesi has declined to seek re-nomination for another term. Letters and nomination forms will be mailed to producers within the next two weeks.

NATIONWIDE INSURANCE

Mr. Zimmerman stated that there was an invoice received for an insurance policy with Nationwide Insurance. Ms. Leshar looked through pervious meeting minutes noting that the board made a motion approving to purchase a \$1,000,000 liability insurance policy in March 2004. Conversations regarding adding Officers' and Directors' Liability Insurance transpired in 2009 but a motion was never carried out to obtain this additional coverage. It would cost an additional \$300 (approximately) annually to add this coverage. Board members discussed the current general liability insurance as well as adding the Officers' and Directors' Liability Insurance coverage.

RESOLUTION 2012.18 – ADD OFFICERS' AND DIRECTORS' LIABILITY INSURANCE

Motion by: Carl Helrich

Seconded by: John Kramb

Passed: Unanimously

To approve the purchase of the Officers' and Directors' Liability Insurance coverage.

2012-2013 BUDGET

Mr. Landis discussed the upcoming 2012-2013 budget and stated that he will work with Ms. Eckinger regarding the marketing and Mr. Knapp on the research portion. The budget will then be reviewed at the July meeting.

NEW ACCOUNTING SERVICE

Ms. Reichart discussed the new accounting service, Dynamic Business Services. A motion is needed to hire Dynamic Business Services followed by the agreement signed and dated by the Chairman. The following is a breakdown of the responsibilities of Dynamic Business Services:

Operations Responsibilities

Weekly

- Invoice Processing
- Cash Receipts Processing

Monthly

- Financial Statement Preparation
- Bank Reconciliations
- Marketing Account
- Interest Posting

Quarterly

- Financial Statement Preparation
- Attend Board Meetings and Present Financial Statements

Annually

- Financial Statement Preparation
- Attend Board Meeting and Present Financial Statements
- Independent Audit

Set-up and transfer responsibilities include:

- Initial Set-up and Transfer of All Pertinent Financial Data
- Attend Meetings with PA Bureau of Market Development
- Attend Meetings with State Comptrollers
- Attend Meeting with Independent Auditor

Initial Retainer: \$672

Effective May 1, 2012 through June 30, 2012

Annual Contract Price: \$6,432 Invoiced on a monthly basis

Terms of Agreement: July 1, 2012 through June 30, 2013

RESOLUTION 2012.19 – APPROVAL OF NEW ACCOUNTING SERVICES - DYNAMIC BUSINESS SERVICES

Motion by: Bradley Knapp

Seconded by: Douglas Moorhead

Passed: Unanimously

To approve the new accounting services between the Pennsylvania Wine Marketing and Research Program and Dynamic Business Services.

OTHER BUSINESS

Mr. Landis reminded board members of the letter that was received during the referendum and informed them that he and Mr. Knapp responded to the letter. Mr. Landis mentioned the

program providing an annual report or year-end summary to producers. Mr. Chien asked if the other commodity programs have a website and offered to do the website for the program.

RESOLUTION 2012.20 – WEBSITE FOR PA WINE MARKETING AND RESEARCH PROGRAM

Motion by: Carl Helrich
Seconded by: Douglas Moorhead
Passed: Unanimously
To have Mr. Chien design a website for the Pennsylvania Wine Marketing and Research Program.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, July 10, 2012 beginning at 10:00 a.m. at the Pennsylvania Department of Agriculture in Room 309. Future board meetings are scheduled for Tuesday, September 11, 2012 and Tuesday, November 13, 2012.

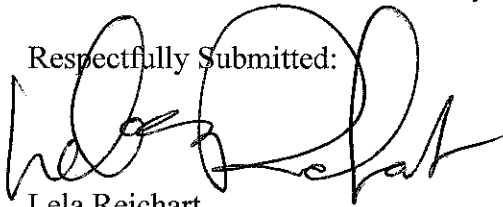
ADJOURNMENT

There being no further business, the meeting was adjourned at 12:38 p.m.

RESOLUTION 2012.20 – ADJOURNMENT

Motion by: John Kramb
Seconded by: Bradley Knapp
Passed: Unanimously

Respectfully Submitted:



Lela Reichart
June 15, 2012