

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM
Minutes of the July 9, 2013 Board Meeting
PA Department of Agriculture, Room 309
Harrisburg, Pennsylvania

Public notice of the July 9, 2013 Pennsylvania Wine Marketing and Research Program Board meeting was given on June 25, 2013, as stipulated by the Sunshine Law.

CALL TO ORDER

Karl Zimmerman, Chairman, called the meeting to order at 10:07 a.m. Board members in attendance (in addition to Mr. Zimmerman) included Carl Helrich, Bradley Knapp, John Landis, Joanne Levengood, Mario Mazza, Douglas Moorhead and Elwin Stewart. Also attending was Jennifer Eckinger, Pennsylvania Wine Association; Jamie Williams, Pennsylvania Wine Association; Ben Junkin, representing the Secretary of Agriculture; Brook Duer, Pennsylvania Department of Agriculture; Lela Reichart, Pennsylvania Department of Agriculture and Diane Belles, Accountant for the Program. Samantha Snyder, Pennsylvania Department of Agriculture, attended and record the minutes.

BOARD MEMBERS

Mr. Zimmerman acknowledged the reappointment of Mr. Landis and Mr. Moorhead and acknowledged the new appointment of Mr. Stewart.

BOARD NOMINATIONS

Mr. Zimmerman opened the floor for the election of Chairman.

RESOLUTION 2013.20 – NOMINATION OF CHAIRMAN – MR. HELRICH

Motion by: Bradley Knapp
To nominate Mr. Helrich as Chairman.

RESOLUTION 2013.21 – NOMINATION OF CHAIRMAN – MR. MAZZA

Motion by: John Landis
To nominate Mr. Mazza as Chairman.

RESOLUTION 2013.22 – CLOSE NOMINATIONS OF CHAIRMAN

Motion by: Douglas Moorhead
Seconded by: John Landis
Passed: Unanimously
To close nominations for Chairman of the Board.

Ballots were passed out to the eight (8) board members including Mr. Junkin who represents the Secretary of Agriculture (9th board member). These individuals listed their nomination on their ballot for Chairman. There were five (5) votes for Mr. Mazza and four (4) votes for Mr. Helrich. Mr. Mazza will now serve as Chairman of the Board.

Mr. Mazza opened the floor for the election of Vice Chairman.

RESOLUTION 2013.23 – NOMINATION OF VICE CHAIRMAN – MR. ZIMMERMAN

Motion by: Douglas Moorhead
To nominate Mr. Zimmerman as Vice Chairman.

RESOLUTION 2013.24 – NOMINATION OF VICE CHAIRMAN – MR. HELRICH

Motion by: Elwin Stewart
To nominate Mr. Helrich as Vice Chairman.

RESOLUTION 2013.25 – CLOSE NOMINATIONS OF VICE CHAIRMAN

Motion by: Bradley Knapp
Seconded by: John Landis
Passed: Unanimously
To close nominations for Vice Chairman of the Board.

Ballots were passed out to the eight (8) board members including Mr. Junkin who represents the Secretary of Agriculture (9th board member). These individuals listed their nomination on their ballot for Vice Chairman. There were five (5) votes for Mr. Helrich and four (4) votes for Mr. Zimmerman. Mr. Helrich was re-elected as Vice Chairman of the Board.

Mr. Mazza opened the floor for the election of Secretary-Treasurer.

RESOLUTION 2013.26 – NOMINATION OF SECRETARY-TRESURER – MR. LANDIS

Motion by: Bradley Knapp
To nominate Mr. Landis as Secretary-Treasurer.

RESOLUTION 2013.27– CLOSE NOMINATIONS OF SECRETARY-TREASURER

Motion by: Douglas Moorehead
Seconded by: Karl Zimmerman
Passed: Unanimously
To close nominations for Secretary-Treasurer of the Board.

Mr. Landis was re-elected as Secretary-Treasurer of the Board.

MINUTES

Minutes of the May 7, 2013 meeting were emailed to Board members for their review in advance of the meeting.

Mr. Duer stated that the words first offense shall be removed from the last sentence, third paragraph on page 2 (listed under the section for Comparison with PLCB Reporting Gallons) and replaced with 2011 assessment year. The motion (Resolution 2013.15) itself which is listed below that is correct.

RESOLUTION 2013.28 – ACCEPTANCE OF AMENDED MAY 7, 2013 MINUTES

Motion by: Bradley Knapp
Seconded by: John Landis
Passed: Unanimously
To accept the minutes of the May 7, 2013 meeting with the words first offense removed from above mentioned paragraph and replaced with 2011 assessment year.

FINANCIALS

Mr. Landis reviewed the prepared financial reports for fiscal year 2012-2013 and 2013-2014. The assessment income (\$150,000) is currently budgeted for 2013-2014 as the same for last fiscal year. For 2013-2014 fiscal year the Contingency Marketing Funds (Marketing and Enology) is listed as \$178,595.70 and the Contingency Research Funds (Viticulture) is listed as \$58,680.30.

RESOLUTION 2013.29 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: Karl Zimmerman

Seconded by: Douglas Moorhead

Passed: Unanimously

To accept financial reports for fiscal years 2012-2013 and 2013-2014.

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2013 Year-To-Date. As of July 2, 2013, \$43,659.76 has been collected from Pennsylvania wineries. There were 233 licensed wineries, 95 licensed wineries with no sales assessments reported, 138 producers with sales assessments and the number of producers paid was 119. Ms. Reichart then reviewed the Assessment Income Analysis By Quarter. In the first quarter of 2013, \$28,579.94 was received; \$15,079.82 was received in the second quarter for a total of \$43,659.76 collected and 250,497.94 gallons reported for 2013. 116.19% of what has been reported sales has been collected in assessment dollars.

RESOLUTION 2013.30 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: Bradley Knapp

Seconded by: John Landis

Passed: Unanimously

To accept the assessment reports presented by Ms. Reichart.

DELINQUENTS

The following documents were handed out to Board members: Compliance Report template, Assessment Collections Briefing and a spreadsheet with 2011 PWMRP (PDA) versus PLCB Reported Gallons. Mr. Duer stated that the spreadsheet will be collected from everyone due to the information only being preliminary. Mr. Duer informed the Board that the Compliance Report has already gone out to 19 wineries that paid nothing to the PWMRP (PDA) but reported gallons to PLCB.

Mr. Duer then explained the Assessment Collections Briefing. There are four categories for 2011 which are “non-payers”, “under-payers”, compliant license holders, and “over-payers”. Currently, there is no proper way to engage in any collection efforts for delinquent limited winery license holders for 2010. The 2011 Marketing Season Collections is as follows: the Compliance Report will be prepared and sent to all PA license holders reflecting what, if anything, they might owe. This process will continue each year. The Board voted to set the penalty for delinquents at the amount of their delinquency, with two exceptions: 1) if their delinquency is less than \$100, the penalty is still \$100; 2) if their delinquency is more than \$5,000, the penalty is \$5,000. The Board also voted to waive the penalty, for the 2011 collections efforts only, if the amount owed is paid within 30 days of the issuance of the Compliance Report.

Mr. Duer provided the Board with an explanation of the spreadsheet listing the 2011 PWMRP (PDA) versus PLCB Reported Gallons. This spreadsheet shows under-payments, over-payments and wineries whose information match exactly. Issues regarding this spreadsheet were discussed.

RESOLUTION 2013.31 – LETTER TO WINERIES LISTED AS “UNDER-PAYERS”

Motion by: Joanne Levensgood

Seconded by: Carl Helrich

Passed: Unanimously

A soft letter will be sent to all wineries listed as “under-payers” of \$100 or more. This letter will point out the discrepancy between the PLCB numbers and the PDA numbers asking for

payment or an explanation of the discrepancy. Within 30 days, in the absence of payment or verifiable satisfactory explanation for the discrepancy, the winery will then be considered delinquent and obligation will be based on the PLCB numbers that we received for 2011 and collection efforts shall proceed as per last month's motion (Resolution 2013.15).

Wineries listed as "over-payers" will be discussed at the September board meeting.

A follow-up meeting will be scheduled between the PWA and PDA to review the status of each winery. Mr. Landis and Mr. Moorhead will assist the PWA and PDA with this task.

PWA

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

- Legislative
- Festivals
- 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
 - Ongoing Committee Meeting
- PWA Member Forum
- Events
 - Annual Conference – March 3 at the Lancaster Convention Center
- Social Media

Ms. Eckinger stated that the PWA would like to make sure all standards are being met since the PWMRP is helping to fund the winery directory and part of the mobile website. Ms. Eckinger requested the input of the Board regarding the several wineries that may appear on the delinquent list. She asked the Board for their ruling as far as their inclusion on those particular projects. Currently, we have more than 10 wineries that are showing as not being active at all and not having an active license. The PWA looked on the PLCB website to identify if they were active or not. There are several wineries listed in safekeeping which means they will probably be opening– do we include them? There are also the wineries which could potentially be delinquent. What should the PWA do regarding those particular wineries?

Board members discussed the options regarding Ms. Eckinger's questions. It was decided that Ms. Eckinger will check with PDA on July 29, 2013 to see which of the wineries are still considered delinquent. The delinquent wineries (letters which were mailed to the 19 "non-payer" wineries) which are still considered delinquent will not be listed. Wineries listed as safekeeping – for the mobile site they can be added later on but for the winery directory they will not be listed. Wineries listed as not active – these wineries will not be included in the projects.

RESOLUTION 2013.32 – WINERIES LISTED IN PWMRP FUNDED PROJECTS

Motion by: Bradley Knapp
Seconded by: Carl Helrich
Passed: Unanimously

To exclude delinquent, non-reporters and not active wineries from being in any advertising funded project by the PA Wine Marketing and Research Program. Wineries which show a discrepancy between the Program (information reported to PDA) and PLCB are allowed to be listed in projects.

MARKETING

Mr. Mazza stated that the meetings have been very productive. Ms. Eckinger covered all the progress for marketing.

RESEARCH

Mr. Knapp stated that there is nothing new to report at this time.

SUBCOMMITTEES

Mr. Mazza stated that there are only two people serving on the Marketing Subcommittee – Mr. Moorhead and Mr. Mazza. There are three people serving on the Research Subcommittee – Mr. Knapp, Mr. Helrich and Ms. Levengood.

Board members discussed the addition of non-Board members serving on these subcommittees as stated in the Program Order. Mr. Helrich stated that the viticulture standing committee should include 3 (three) independent (non-winery-affiliated) wine grape growers.

RESOLUTION 2013.33 – DESIGNATED BOARD MEMBERS ON SUBCOMMITTEES

Motion by: Carl Helrich

Seconded by: John Landis

Passed: Unanimously

The following Board members will be on the Marketing Subcommittee: Mr. Mazza, Mr. Moorhead and Mr. Zimmerman. The following Board members will be on the Research – Enology Subcommittee: Ms. Levengood and Mr. Knapp. The following Board members will be on the Research – Viticulture Subcommittee: Mr. Helrich and Mr. Stewart.

Mr. Mazza stated that the Viticulture Subcommittee will work on trying to find non-winery-affiliated growers for representation in appropriate matters.

LEGISLATIVE UPDATE

Mr. Junkin informed the Board that the state budget passed. Agriculture overall did very well with the budget.

AMENDMENT REFERENDUM

Ms. Reichart stated that there is a checklist/timeline that was developed for the amendment referendum. A public hearing will need to be held prior to the amendment referendum voting period. Pending the outcome of the hearing we then begin the actual amendment referendum process. The hearing would be tentatively scheduled for September 27, 2013. The amendment referendum process would begin the beginning of 2014 with the voting period being March 3-17, 2014.

Mr. Duer stated that the reasoning behind the assessment increase will need to be discussed so the information can be relayed to the Secretary. Board members discussed outreach opportunities for informing the producers on what the Program has accomplished as well as projects that were funded.

NEXT BOARD MEETING

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

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:00 p.m.

RESOLUTION 2013.34 – ADJOURNMENT

Motion by: Douglas Moorhead

Seconded by: Karl Zimmerman

Passed: Unanimously

Respectfully Submitted:



Lela Reichart
August 8, 2013