

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM

Minutes of the July 10, 2012 Board Meeting

**PA Department of Agriculture, Room 309
Harrisburg, Pennsylvania**

Public notice of the July 10, 2012 Pennsylvania Wine Marketing and Research Program Board meeting was given on June 25, 2012, as stipulated by the Sunshine Law.

CALL TO ORDER

Karl Zimmerman, Chairman, called the meeting to order at 10:05 a.m. Board members in attendance (in addition to Mr. Zimmerman) included Carl Helrich, Bradley Knapp, John Kramb, John Landis, Joanne Levengood, Mario Mazza and Douglas Moorhead. Lela Reichart attended, representing the Secretary of Agriculture. Also attending was Lynn Hammel, Dynamic Business Services; Jennifer Eckinger, Jonathan Patrono, Jamie Williams and Sam Landis, Pennsylvania Wine Association; Denise Gardner, Extension Enologist, Penn State Cooperative Extension Office; Dr. Kathleen Kelley, Penn State University, Ben Junkin, representing Executive Deputy Secretary Michael Pechart; James Baxter, HACC; Jessica Neel and Brian Clements, Pennsylvania Department of Agriculture and Jennifer Leshner, Pennsylvania Department of Agriculture, recorded the minutes.

MINUTES

Minutes of the May 8, 2012 meeting were emailed to Board members for their review in advance of the meeting.

RESOLUTION 2012.21 – ACCEPTANCE OF MINUTES

Motion by: John Kramb

Seconded by: Carl Helrich

Passed: Unanimously

To accept the minutes of the May 8, 2012 meeting.

FINANCIAL REPORTS

Mr. Landis informed the board that he and Ms. Hammel worked together on the proposed budget. Ms. Reichart stated that the switch to Dynamic Business Services was officially made last week. A discussion took place regarding moving some of the funds of the Program to some kind of account where there would be a return on the investment.

RESOLUTION 2012.22 – FUNDS BEING MOVED TO AN INTEREST BEARING ACCOUNT

Motion by: John Landis

Seconded by: Bradley Knapp

Passed: Unanimously

Mr. Landis and Ms. Hammel will work together to move some of the funds into an interest bearing account.

Ms. Hammel reviewed the financial reports prepared by Comptroller Operations for the period of July 1, 2011 to June 30, 2012, noting that as of June 30, 2012, Total Assets was \$360,166.99, Net Income was \$70,358.10, and Total Equity was \$343,606.70. Ms. Hammel then reviewed the Profit and Loss Budget Performance.

RESOLUTION 2012.23 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: Bradley Knapp

Seconded by: Carl Helrich

Passed: Unanimously

To accept the financial reports as presented by Ms. Hammel.

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2012 Year-To-Date. As of July 3, 2012, \$28,562.81 has been collected from Pennsylvania wineries. There were 204 licensed wineries, 86 licensed wineries with no sales assessments reported, 118 producers with sales assessments and the number of producers paid was 94. Ms. Reichart then reviewed the Assessment Income Analysis By Quarter. In the first quarter of 2012, \$17,897.81 was received, \$10,665.00 was received in the second quarter, for a total of \$28,562.81 collected and 253,969.00 gallons reported for 2012. 74.98% of what has been reported sales has been collected in assessment dollars.

On June 20, 2012 the Department of Agriculture sent delinquent letters to 15 producers with a due date response of July 13 for payment and assessment numbers. 14 letters were sent to producers who made partial payments and one letter was sent to a producer who has not paid anything on their reported sales. Legal action will follow the July 13 deadline.

RESOLUTION 2012.24 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: John Kramb

Seconded by: Mario Mazza

Passed: Unanimously

To accept the assessment reports presented by Ms. Reichart.

Ms. Reichart provided the board with an updated list of delinquent wineries, non-registered delinquent wineries and non-registered wineries. There are 28 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 July 5, 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.
- Jackson Square Vineyard, LLC

- Dustin Martin Porta/Porta Wines
- Douglas Mankovich/Shadow Vineyard
- Red Bandana Winery, LLC
- Blue Marble Beverages, LLC
- Redemption Spirits, LLC
- R. Wine Cellars, LLC
- Pear Grove, LLC
- The Enginehouse Winery, LLC
- Joe & Kim Enterprises, LLC
- Juniata Valley Winery
- Glendale Valley Winery
- Good Intent Cider, LLC
- Alpa and Omega Winery, Inc.
- Ten Gallon Hat Winery, LLC
- Raymond E. Marshalek
- Birdsong Winery, Inc. – *Delinquent and not registered*

HACC

Mr. Baxter, Interim Provost and Vice President of Academic Affairs provided the board with an update on HACC and expressed his gratitude for the support from the Program. Board members discussed past funded projects, programs at HACC as well as future funding.

PSU

Dr. Kelley informed the board that she has been at PSU since 2001 and has done a lot of work with fruit and vegetable crops. She discussed wine research, research conducted in New Zealand as well as proposals submitted to the program.

PWA

Mr. Sam Landis introduced himself and informed the board that PWA would like to discuss some initiatives and history. Mr. Jonathan Patrono stated that there are three points to discuss – improve the PA Wine Marketing Committee working relationship, improve PWA/WMRB relations, and a proposal of a marketing consultant. The consultant would work with the marketing committee representatives from both boards. The proposal will include strategic planning sessions, the development of goal alignment, long range marketing plan, an operational component, recommendations to the joint marketing committee regarding roles and contributions, measurement process, mapping of strategic issues, SMART goals, and seeking input from wineries and customers as needed. Ms. Eckinger provided background information about Greg O’Loughlin who has over a decade of marketing and brand strategy experience. Board members and PWA discussed the information regarding the consultant as well as future marketing efforts.

Ms. Reichart stated that the Department of Agriculture located a document dated back to 2003 regarding the vision, mission, goals and strategies of the program. The vision of the Pennsylvania wine and grape industry is to be recognized as the premium East Coast wine appellation. The mission of the Pennsylvania Wine Marketing and Research Program is to work in support of this vision by promoting an increase in the quality, profitability and consumer awareness of Pennsylvania wines. In addition, Pennsylvania’s educational programs, and research and marketing efforts will be of the quality and effectiveness that support and enhance our vision.

RESOLUTION 2012.25 – APPOINTMENT OF THREE MEMBERS TO WORK ON MARKETING INITIATIVE

Motion by: John Kramb

Seconded by: Carl Helrich

Passed: Unanimously

To appoint three board members to work with PWA on the discussed marketing initiative.

BOARD NOMINATIONS

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

RESOLUTION 2012.26 – ELECTION OF CHAIRMAN

Motion by: John Landis

Seconded by: John Kramb

Passed: Unanimously

To re-elect Mr. Zimmerman as Chairman of the Board.

RESOLUTION 2012.27 – CLOSE NOMINATIONS OF CHAIRMAN

Motion by: Douglas Moorhead

Seconded by: John Landis

Passed: Unanimously

To close nominations for Chairman of the Board.

RESOLUTION 2012.28 – ELECTION OF VICE CHAIRMAN

Motion by: John Kramb

Seconded by: John Landis

Passed: Unanimously

To re-elect Mr. Helrich as Vice Chairman of the Board.

RESOLUTION 2012.29 – CLOSE NOMINATIONS OF VICE CHAIRMAN

Motion by: Douglas Moorhead

Seconded by: John Landis

Passed: Unanimously

To close nominations for Vice Chairman of the Board.

RESOLUTION 2012.30 – ELECTION OF SECRETARY-TREASURER

Motion by: Douglas Moorhead

Seconded by: Bradley Knapp

Passed: Unanimously

To re-elect Mr. Landis as Secretary-Treasurer of the Board.

RESOLUTION 2012.31 – CLOSE NOMINATIONS OF SECRETARY-TREASURER

Motion by: John Kramb

Seconded by: Carl Helrich

Passed: Unanimously

To close nominations for Secretary-Treasurer of the Board.

Board members discussed which individuals shall be on the Marketing Committee. The following board members will be on the Marketing Committee: Mario Mazza, Douglas Moorhead and John Kramb. Bradley Knapp, Carl Helrich and Joanne Levengood remain on the Research Committee.

RESEARCH UPDATE

Mr. Knapp discussed the wine grape trials from Robert Crassweller's project. Mr. Knapp also discussed the proposal received from Robert Crassweller for the Maintenance of Wine Grape Cultivar Trials in Pennsylvania. The amount requested for funding is the same as last year - \$15,000 and the duration of the project is from July 1, 2012 – June 30, 2013.

RESOLUTION 2012.32 – PROPOSAL FROM PSU – ROBERT CRASSWELLER

Motion by: Bradley Knapp

Seconded by: John Landis

Passed: Unanimously

To fund the project, Maintenance of Wine Grape Cultivar Trials in Pennsylvania, from the Pennsylvania State University, Robert Crassweller, in the amount of \$15,000, contingent upon the meeting with Robert Crassweller and also including documentation on the agreement.

TOURIST ORIENTED DIRECTIONAL SIGNS

Ms. Eckinger explained that the Tourist Oriented Directional (TOD) Signs are the small blue, logo signs (these are directional signs with a white legend on a blue background). For those interested in obtaining signage for their area, please go to the following website: www.palogo.org or contact Loisrae Graybill at 877-272-1332.

OUT OF STATE PAYMENTS

Ms. Reichart stated that we have ceased in accepting out of state checks. Out of state checks were returned along with a letter stating that any future checks received would be considered voluntary.

2012-2013 BUDGET

Mr. Landis discussed the proposed 2012-2013 budget. A 5% growth was estimated in revenue for next fiscal year which would be \$150,000. At this point there is no grant money showing. Projected Expenses for General Overhead Budget will be completed at a later date. Changes and deletions are as follows: Shared Operational Expense: PSU Enologist Educator – the board discussed and this line item will be removed. Marketing and Enology Budget: Report Wine/Grape Economic Impact on PA – line item will be increased from \$15,000 to \$16,000; PSU Research – Wine faults, aroma, etc. line item shall be renamed PSU Enologist Research; Wine Quality Program – Support for Enologist line item shall be renamed PA Wine Quality Initiative; remove line item Equipment for Wine Quality Program; remove line item PSU Research – Wine Trial Crassweller. Viticulture Budget: remove line item HACC Education Program; \$14,117 shall be budgeted for line item Evaluation of Vapor Gard.

RESOLUTION 2012.33 – ACCEPTANCE OF 2012-2013 BUDGET

Motion by: Carl Helrich

Seconded by: John Kramb

Passed: Unanimously

To accept the 2012-2013 budget with the proposed amendments.

OTHER BUSINESS

Mr. Landis stated that the board needs to have a standard way of reporting so the program's information can reach the producers. A discussion took place regarding a website for the program as well as getting information out to producers via email. Ms. Reichart informed the board that there are different ways to get the program's information out to producers. Some examples include an annual newsletter and annual report. Ms. Reichart also stated about a future website for commodity programs.

Board members discussed the three logo options presented by Mr. Helrich. The majority of board members prefer option three with a change in colors. This logo for the program would be used when recognized by PSU.

Ms. Reichart informed the board that the Department of Agriculture received the contract between the auditor, Lewis Barlett Klees, PC, and the Pennsylvania Wine Marketing and Research Program. She will discuss the contract with Mr. Zimmerman and obtain his signature.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, September 11, 2012 beginning at 10:00 a.m. at the Pennsylvania Department of Agriculture in Room 202. A future board meeting is scheduled for Tuesday, November 13, 2012.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:30 p.m.

RESOLUTION 2012.34 – ADJOURNMENT

Motion by: Bradley Knapp
Seconded by: Joanne Levengood
Passed: Unanimously

Respectfully Submitted:



Lela Reichart

August 22, 2012