

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM
Minutes of the November 13, 2012 Board Meeting
PA Department of Agriculture, Room 309
Harrisburg, Pennsylvania

Public notice of the November 13, 2012 Pennsylvania Wine Marketing and Research Program Board meeting was given on November 5, 2012, 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 Carl Helrich, John Kramb, John Landis, Joanne Levengood, Mario Mazza and Douglas Moorhead. Lela Reichart attended, representing the Secretary of Agriculture. Also attending was Jamie Williams, Pennsylvania Wine Association; Jennifer Eckinger, Pennsylvania Wine Association; Mark Chien, Wine Grape Educator, Penn State Cooperative Extension Office; Denise Gardner, Extension Enologist, Penn State Cooperative Extension Office; Brook Duer, Pennsylvania Department of Agriculture, Erin Smith, Pennsylvania Department of Agriculture; Rebecca Gilpin and Lindsay Nestor, Pennsylvania Department of Agriculture and Jennifer Leshner, Pennsylvania Department of Agriculture, recorded the minutes.

MINUTES

Minutes of the September 11, 2012 meeting were emailed to Board members for their review in advance of the meeting.

RESOLUTION 2012.46 – ACCEPTANCE OF MINUTES

Motion by: Douglas Moorhead
Seconded by: John Landis
Passed: Unanimously
To accept the minutes of the September 11, 2012 meeting.

EXECUTIVE SESSION

FINANCIAL REPORTS

Ms. Reichart reviewed the following financial reports: Balance Sheet as of October 31, 2012 showing Total Liabilities and Equity of \$337,461.48. Profit and Loss for July through October 2012 showing \$42,389.26 in assessments and \$48,534.48 in expenditures.

RESOLUTION 2012.47 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: John Kramb
Seconded by: Mario Mazza
Passed: Unanimously
To accept the financial reports as presented by Ms. Reichart.

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2012 Year-To-Date. As of November 7, 2012, \$74,884.69 has been collected from Pennsylvania wineries. There were 219 licensed wineries, 90 licensed wineries with no sales assessments reported, 129 producers with sales assessments and the number of producers paid was 110. Ms. Reichart then reviewed the Assessment Income Analysis By Quarter. In the first quarter of 2012, \$17,897.81 was received,

\$26,300.26 was received in the second quarter, \$30,053.94 received in the third quarter, \$632.68 received in the fourth quarter, for a total of \$74,884.69 collected and 583,814.78 gallons reported for 2012. 85.51% of what has been reported sales has been collected in assessment dollars.

RESOLUTION 2012.48 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: Carl Helrich

Seconded by: John Landis

Passed: Unanimously

To accept the assessment reports presented by Ms. Reichart.

Ms. Reichart provided the board with an updated list of non-registered wineries and delinquent wineries. There are 29 non-registered wineries and two delinquent wineries.

DELINQUENT WINERIES

The following wineries are not registered or are listed as delinquent as of November 9, 2012:

- Raspberry Acres Winery, LLC
- 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
- R. Wine Cellars, LLC
- Pear Grove, LLC
- The Enginehouse Winery, LLC
- Joe & Kim Enterprises, LLC
- Glendale Valley Winery
- George Bogdanski
- Malacari Winery, LLC
- Frecons Cidery, Inc.
- Arundel Cellars, Inc.
- Little Catawissa Creek Winery, LLC
- Stone Bar Cellars, Inc.
- Birdsong Winery, Inc. – *Delinquent*
- Salford Valley Winery, LLC – *Delinquent*

PWA

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

- Legislative
- Farm Show
- Online Ramp
- Annual Conference – March 5
- Touring Guide
- Economic Impact report
- Marketing
 - The PA Wine Marketing Committee had a face to face planning session on October 25. Greg O’Loughlin is compiling a draft marketing plan for further review. A plan is should be ready by mid-January.
 - The PWA submitted a selection of wines to Vine Talk. PA and VA wines will be discussed and showcased on an upcoming episode of PBS show Vine Talk.
- Social Media

MARKETING UPDATE

Mr. Krumb informed the board that the meetings have been robust and meaningful. Mr. Krumb also mentioned his concern regarding the press releases. Mr. Mazza stated that the meetings have been very productive conversations and Mr. O’Loughlin has been very good at collating all of the conversations into something meaningful and structured. Ms. Eckinger stated that Mr. O’Loughlin is developing the draft for the marketing plan and the committee will have a chance to review it, discuss it, and make updates/changes. Mr. Krumb said that Mr. O’Loughlin has grasped the concept that we are a diverse industry in Pennsylvania. A discussion took place regarding what will be gained from the marketing plan.

RESEARCH UPDATE

Mr. Helrich passed out the Letter of Agreement between the Penn State College of Agricultural Services and the Pennsylvania Department of Agriculture – Wine Marketing and Research Board. This is a commitment for position support for the viticulturist position beginning July 1, 2013. The schedule and commitment for the viticulturist position by the PDA Wine Marketing and Research Board is as follows: Year 1 (FY 2013/2014) - \$75,000; Year 2 (FY 2014/2015) - \$50,000; Year 3 (FY 2015/2016) - \$50,000. Mr. Helrich informed the board that the position (job description) is being developed by Rich Marini. Penn State is considering this a primary research executer education appointment hoping the person will teach one class every other year (per discussion during the summer with Rich Marini the class would be a plant physiology course that would come from a viticulture aspect). Mr. Landis stated that board members should see the job description before the funds are approved and that the board is committed but still wants to see the job description. Mr. Helrich said that Penn State is not going to work on a job description and make it public until the Letter of Agreement is signed. Mr. Landis asked if this will legally commit the board to spend the money regardless of what the job description is like. Mr. Helrich said yes and stated as far as he knows when you hire a tenure track primary research designated person there is not a lot of leeway in the job description. It is a Ph.D. candidate who will do research at the university. Ms. Gardner stated that the job description will state whether it is tenure or not and also include percentages of teaching, outreach and research. She also informed the board that you can’t really control the research and that the board can fund what research they’re interested in. Mr. Chien stated that an Advisory Committee will be put together and the job description will list the expectations with a background in viticulture. Mr. Chien

strongly suggested that the Letter of Agreement be signed by the board. Mr. Duer stated that the place to put all the concerns is in the Letter of Agreement not the job description. He provided the board with an example of how the Commonwealth does agreements and that if the board didn't have any problems this way before then the board should be fine. Mr. Landis asked if it was possible to add a sentence in the Letter of Agreement that states this is a partnership and within the partnership we will work together to define the goals of the individual. Mr. Helrich said that the sentence that starts the second paragraph already states that. Mr. Kramb agreed with Mr. Helrich and stated that they don't want to restrict themselves too much by saying we're implied in there that we're going to be working together to define what will happen. If Penn State (in the opinion of this board) does not act in good faith we can say you're not meeting the terms of this agreement and we're not paying. Mr. Duer agreed with Mr. Kramb and stated that this is just a document which they cannot sue over and there is a lot of good faith between Penn State and the board.

RESOLUTION 2012.49 – ACCEPTANCE OF DOCUMENT

Motion by: John Kramb

Seconded by: Douglas Moorhead

Passed: Unanimously

To accept the document (Letter of Agreement) as is subject to a favorable legal opinion by PDA.

NATIONWIDE INSURANCE

Mr. Zimmerman stated that the board will wait for the agent to attend one of the meetings so questions can be asked directly.

DELINQUENTS/ASSESSMENT UPDATE

Mr. Duer provided an update on the delinquent wineries.

Licensed in 2010, registered, reported, owe a balance

Mellon Estates, Inc. - \$6.60

Gary L. Matson, Sr. - \$428.40

Gradman Brothers Holdings, LLC - \$48.60

Bartolai Enterprise, Inc. - \$258.30

Licensed in 2010, registered, but no or incomplete reporting

Not able to provide a definitive list as of today

Licensed in 2010, did not register (approximately four licensees, but verifying)

Gradman Brothers Holdings, LLC (Philadelphia)

Olio Ristorante, LLC (Bethlehem)

Stonehenge Winery and Vineyard (Mount Bethel)

Birdsong Winery (Dushore)

Mr. Duer stated that the LCB licensing process for 2013 will produce definitive reporting for 2011 and the final information will be known in January 2013. Mr. Duer said we are planning to do a mailing in January 2013 to all 2012 licensees. This mailing will basically say if you haven't been doing the monthly reporting online so we can get an accurate snapshot of your 2012 sales, here is the way you need to report your 2012 sales (possibly provide a paper form). If that doesn't happen then we would have to wait until January 2014 to get this information definitively through the LCB regulation process.

RESEARCH – ROB CRASSWELLER

Ms. Leshar asked Mr. Helrich if the contract process can be started for the research project proposed by Mr. Crassweller. Mr. Helrich stated that nothing can be done today and believes that the funds need to be voted on to be released and as of right now he does not have any documentation proving otherwise. This research project is still pending.

WEBSITE

Ms. Leshar provided an update on the website. Mr. Landis stated that there needs to be a yearly summary (projects being funded and activities that are going on) showing what the board supports. Possibly send this information out via email. Mr. Landis would like to get this information out to producers so they know where their investments are going. Mr. Helrich asked about the layout of the website to see if it could be more user friendly. Ms. Leshar stated that the Commonwealth follows guidelines for the website and the layout cannot be altered. Mr. Helrich asked if there could be a link on the payment page (LCB website which would then transfer to PDA to enter gallons) where if the producer wanted more information about the program they could click on it and it would take them to the PDA website for the program. Ms. Leshar will check with PDA's IT staff to see if that is possible.

ARR

Mr. Landis asked for feedback regarding Agriculture Rural Residential (ARR). A winery has approached him regarding holding special events at their winery and their township has refused to let them do that. The township informed the winery that holding special events is not consistent with wine agri-entertainment business. Board members and Ms. Eckinger discussed the topic.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, January 15, 2013 beginning at 10:00 a.m. at the Pennsylvania Department of Agriculture in Room 202.

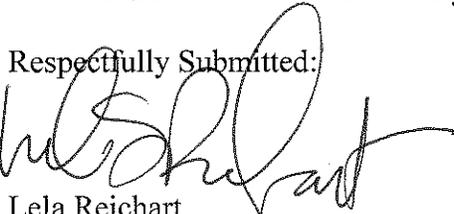
ADJOURNMENT

There being no further business, the meeting was adjourned at 12:19 p.m.

RESOLUTION 2012.50 – ADJOURNMENT

Motion by: John Landis
Seconded by: Mario Mazza
Passed: Unanimously

Respectfully Submitted:



Lela Reichart
December 18, 2012