

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM

Minutes of the March 26, 2013 Board Meeting

PA Department of Agriculture, Room 309

Harrisburg, Pennsylvania

Public notice of the March 26, 2013 Pennsylvania Wine Marketing and Research Program Board meeting was given on March 14, 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 and Douglas Moorhead. Lela Reichart attended, representing the Secretary of Agriculture. Also attending was Jennifer Eckinger, Pennsylvania Wine Association; Liz Diesel, Pennsylvania Wine Association – Marketing Committee; Jenny Zimmerman, Pennsylvania Wine Association – Marketing Committee; Gregory O’Loughlin, SWELL, LLC; Mark Chien, Wine Grape Educator, Penn State Cooperative Extension Office; Denise Gardner, Extension Enologist, Penn State Cooperative Extension Office; Ben Junkin, representing Executive Deputy Secretary Michael Pechart; Brook Duer, Pennsylvania Department of Agriculture; Joyce Rigby, HACC; Diane Belles, Accountant for the Program; and Samantha Snyder, Pennsylvania Department of Agriculture. Jennifer Leshner, Pennsylvania Department of Agriculture, recorded the minutes.

MINUTES

Minutes of the January 15, 2013 meeting were emailed to Board members for their review in advance of the meeting.

The words personal injury shall be removed from the paragraph (fifth line) regarding Nationwide Insurance. The Directors’ and Officers’ Liability insurance does not cover personal injury per the Department’s Legal Counsel Mr. Duer.

RESOLUTION 2013.08 – ACCEPTANCE OF AMENDED JANUARY 15, 2013

MINUTES

Motion by: Carl Helrich

Seconded by: Mario Mazza

Passed: Unanimously

To accept the minutes of the January 15, 2013 meeting with the words personal injury removed from the paragraph (fifth line) regarding Nationwide Insurance.

FINANCIALS

Mr. Landis introduced Diane Belles as the new accountant for the Program. Ms. Belles explained that the budget is now in an excel format which she discussed with Mr. Landis and she also explained the new budget information that is listed. Suggestions for the budget sheets will be discussed at future meetings.

RESOLUTION 2013.09 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: Mario Mazza

Seconded by: Carl Helrich

Passed: Unanimously

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

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2012 Year-To-Date. As of March 25, 2013, \$138,284.75 has been collected from Pennsylvania wineries. There were 224 licensed wineries, 75 licensed wineries with no sales assessments reported, 149 producers with sales assessments and the number of producers paid was 138. 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, \$58,579.28 received in the fourth quarter, for a total of \$138,284.75 collected and 978,588.38 gallons reported for 2012. 94.21% of what has been reported sales has been collected in assessment dollars. So far \$18,537.56 has been collected in the first quarter of 2013.

Ms. Reichart asked the board if they approve of deleting the Out-of-State Wineries table listed on the Assessment Income Analysis By Quarter report. Board members agreed with the deletion of the table.

RESOLUTION 2013.10 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: Bradley Knapp

Seconded by: John Landis

Passed: Unanimously

To accept the assessment reports presented by Ms. Reichart.

Ms. Reichart also informed the board that the Department of Agriculture will be working with Ms. Eckinger on comparing reports received from the LCB. We should receive the report from the LCB in mid-April. Mr. Duer added that when we receive the 2011 definitive numbers from the LCB then we can reengineer the entire process which will start to become a much better focus.

Ms. Reichart provided the board with an updated list of registered wineries with no transactions and delinquent wineries. There are 30 registered wineries with no transactions and six delinquent wineries.

DELINQUENT WINERIES

The following wineries are registered but have no transactions or are listed as delinquent as of March 26, 2013:

REGISTERED – NO TRANSACTIONS

- 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
- Ten Gallon Hat Winery, LLC
- Raymond E. Marshalek
- Woody Lodge Winery LLC
- Malacari Winery, LLC
- Frecons Cidery, Inc.
- Arundel Cellars, Inc.
- Little Catawissa Creek Winery, LLC
- Stone Bar Cellars, Inc.

DELINQUENT

- Birdsong Winery, Inc.
- Salford Valley Winery, LLC
- Big Creek Vineyard, Ltd.
- Gary L. Matson, Sr.
- French Creek Ridge Vineyards, LLC
- Gradman Brothers Holdings, LLC

HACC

Ms. Rigby informed board members that most of the classes for the program are online. Students also attend camps since all courses can't be taught 100% online. A brief summary was given regarding the camps and courses. HACC is requesting funding in the amount of \$13,706.27 to cover travel costs for instructors to conduct hands-on "wine camps" and also to promote the program and recruit future PA winemakers. The timeline for these projects would be for the following year (not including this summer). Board members discussed the proposal and decided to table the proposal until the meeting in May.

PWA

Ms. Eckinger reported on PWA activities:

- Legislative
- Wine Competition
- Annual Conference
- Festivals
- Online Ramp
- Marketing
- PWA Member Forum
- License to Steal
- Social Media

PENNSYLVANIA WINES MARKETING PRESENTATION

Mr. O'Loughlin presented the marketing plan to board members. The following is a summary of the presentation: The first objective is to increase customer adoption (2014-2016), the second objective is to increase independent editorial coverage (2014-2016) and the third objective is to increase the participation of wineries in statewide experience marketing (2013-2016). Strategies: 1) PWA will re-energize PA Wines branding with a new identity, including, but not limited to a new PA Wines logo and complementary slogan. 2) Strengthen our digital and mobile connections – PA Wines Mobile. 3) Educate and inspire customers to go further – PA Wines Welcome Centers. 4) Fall and Spring Advertising and PR Campaigns – Pennsylvania Wine Land. The timeline is as follows for 2013-2014: Establish measurement and evaluation program – Summer/July; PWA/PA Wines Re-branding – Summer/July; eNews Redux – Fall/October; PA Wines Mobile Website – Fall/October; Advertising and PR Campaign – Fall/October and Spring/May; Winery Welcome Centers – Winter/January. Monitoring and Evaluation for 2013: Establishing baselines for customer adoption (sales) and press/editorial coverage and recruiting 30 wineries for ongoing measurement. Monitoring and Evaluation for 2014-2016: PWA Performance Sub-Committee tracking progress and making recommendations for optimization and 30 wineries will continue to act as a marketing “Think Tank for ongoing PWA/PA Wines promotions. The PWA is requesting a total of \$300,000 through Fiscal Year 2015 to support advertising and promotional efforts on behalf of Pennsylvania Wines (FY 2014: \$150,000 and FY 2015: \$150,000). PWA’s Investment for Fiscal Year 2013 is \$150,000 as well as \$150,000 for Fiscal Year \$150,000.

Board members commented and asked questions regarding the new marketing plan. Board members will vote on funding at the next board meeting scheduled for May.

RESEARCH

Mr. Helrich informed board members that the Research Committee received three proposals so far.

AMENDMENT REFERENDUM

Mr. Mazza discussed initiating an amendment referendum for the Program. The amendment would be for a five cent per gallon increase on the current assessment to PA producers. Mr. Duer discussed what would be listed on the voting ballot and Ms. Reichart informed board members that all affected producers are eligible to vote. Board members, PWA and the Department of Agriculture discussed options of the amendment referendum as well as outreach to wineries.

RESOLUTION 2013.11 – INITIATE PROCESS FOR AMENDMENT REFERENDUM

Motion by: Mario Mazza

Seconded by: Carl Helrich

Passed: Unanimously

For the Program to submit a letter to the Secretary of Agriculture seeking an amendment referendum for a five cent increase.

RESEARCH PROPOSAL TIMELINE

Ms. Leshner informed board members that April 12 is the deadline for research proposals.

BOARD NOMINATIONS

Ms. Reichart informed board members that terms expire June 30 for Mr. Landis and Mr. Moorhead. There is a seat vacant due to the resignation of Mr. Kramb. Ms. Reichart stated that the board nomination process will begin mid-April and asked board members if there were suggestions on any producers wanting to sit on the board. Mr. Mazza stated that Mr. Elwin Stewart of Happy Valley Winery is interested in serving on the board.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, May 7, 2013 beginning at 10:00 a.m. at the Pennsylvania Department of Agriculture.

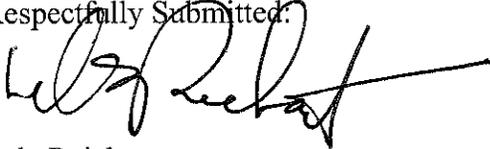
ADJOURNMENT

There being no further business, the meeting was adjourned at 12:42 p.m.

RESOLUTION 2013.12 – ADJOURNMENT

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

Respectfully Submitted:



Lela Reichart
April 18, 2013