PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM
Minutes of the July 8, 2014 Board Meeting
PA Department of Agriculture, Room 309
Harrisburg, Pennsylvania

Public notice of the July 8, 2014 Pennsylvania Wine Marketing and Research Program Board meeting was given on July 1, 2014, as stipulated by the Sunshine Law.

CALL TO ORDER

Mario Mazza, Chairman, called the meeting to order at 10:12 a.m. Board members in attendance (in addition to Mr. Mazza) included Carl Helrich, Bradley Knapp, John Landis, Joanne Levengood, Douglas Moorhead and Karl Zimmerman. Also attending was Jennifer Eckinger, Pennsylvania Wine Association; Jonathan Patrono, Pennsylvania Wine Association; Liz Diesel, Pennsylvania Wine Association; Gregory O'Loughlin, SWELL, LLC; Denise Gardner, Extension Enologist, Penn State Cooperative Extension Office; Michela Centinari, Assistant Professor of Viticulture, Penn State Cooperative Extension Office; Diane Belles, Accountant for the Program; Brook Duer, Pennsylvania Department of Agriculture; and Samantha Snyder, Pennsylvania Department of Agriculture. Jennifer D'Angelo attended and recorded the minutes.

BOARD NOMINATIONS

Mr. Mazza opened the floor for the election of officers.

RESOLUTION 2014.16 – ELECTION OF OFFICERS – CHAIRMAN, VICE CHAIRMAN AND SECRETARY-TREASURER

Motion by: Douglas Moorhead
Seconded by: Karl Zimmerman
Passed: Unanimously
To re-elect the following board members: Mr. Mario Mazza as Chairman, Mr. Carl Helrich as Vice Chairman and Mr. John Landis as Secretary-Treasurer.

MINUTES

Minutes of the May 6, 2014 meeting were emailed to Board members for their review in advance of the meeting.

RESOLUTION 2014.17 – ACCEPTANCE OF MAY 6, 2014 MINUTES

Motion by: Bradley Knapp
Seconded by: Douglas Moorhead
Passed: Unanimously
To accept the minutes of the May 6, 2014 meeting.

BOARD MEMBER SEATS

Mr. Duer informed Mr. Knapp, Ms. Levengood and Mr. Zimmerman that their official re-appointment letters will be signed by the Secretary soon. They are still members of the board even though the June 30th date has passed.

ASSESSMENT REPORTS

Ms. Snyder reviewed the Summary of Assessment Forms 2014 Year-To-Date. As of July 7, 2014, $85,940.90 has been collected from Pennsylvania wineries. There were 269 licensed wineries, 130 licensed wineries with no sales assessments reported, 139 producers with sales assessments and the number of producers paid was 158.

Ms. Snyder then reviewed the Assessment Income Analysis by Quarter. $51,122.88 was received in the first quarter of 2014, $33,099.40 was received in the second quarter and so far $1,718.62 was received in the third quarter of 2014 for a total of $85,940.90.

RESOLUTION 2014.18 – ACCEPTANCE OF ASSESSMENT REPORTS

Motion by: Karl Zimmerman
Seconded by: John Landis
Passed: Unanimously
To accept the assessment reports presented by Ms. Snyder.

DELINQUENTS

Ms. Snyder stated that 2011 has been closed out. No collection reports will be sent for 2011. Delinquent letters were sent to all non-payers for 2012. Approximately $3,000 has been collected from the non-payers. There's about $6,000 that still needs to be collected.

Mr. Duer informed board members that the exact amount owed for 2012 is $6,527 of known sales which were reported to the PLCB. This amount is due from 15 wineries. For the most part this consists of wineries that did not pay anything into the Program. The highest owed from one of the wineries is about $1,500 and the lowest assessment owed is about $53. There are a few wineries that paid into the Program but have underpaid.

Mr. Duer provided the board with options regarding the delinquents for 2012 and how we can proceed with obtaining the money owed. So far these 15 wineries received two letters but have not received a phone call from the Department.

The board members discussed different options and decided to mail registered/certified warning letters to the 15 delinquent wineries. The letter will be from the Department's Legal Office and will inform the winery that the next step in this delinquent process if the 2012 assessment is not paid is a letter sent to them from the District Justice Office. Phone calls will also be made to the wineries.

RESOLUTION 2014.19 – APPROVAL OF 2012 DELINQUENT REPORT

Motion by: Carl Helrich
Seconded by: Karl Zimmerman
Passed: Unanimously
To accept the 2012 delinquent report presented by Ms. Snyder and Mr. Duer.

FINANCIALS

Ms. Belles reviewed the prepared financial reports for fiscal year July 1, 2013 – June 30, 2014. She informed board members that the information listed on the financial reports cannot be verified until she receives the June 30 bank statements. Total assessments received for the period was

$176,048.47. $351.75 was received from delinquents which makes a total of $176,400.22 of total income received. Total General Overhead Expense is $8,692.32 and Shared Operational Expense Commitments is $9,183.00. The line item for New Market Initiatives PWA/WMRB for $150,000.00 has been paid but in financial statements you do not recognize the expense until the work has been completed. As of the end of June $143,216.93 of the work has been completed. The Estimated Cash Carryover is $337,630.99.

PROJECTED BUDGET FOR FISCAL YEAR 2014-2015

Mr. Landis stated that the assessment increase of .15 cents to .20 cents is factored into the projected revenue. This estimated budget amount for the .20 cents is for the period of January 1, 2015 – June 30, 2015. The assessment income for the 2014-2015 fiscal year is estimated to be $200,000.

Mr. Landis asked for an update regarding the following line items/projects:

Viticulture/Wine Grape Educator (item B)

Mr. Helrich stated that we are getting closer to knowing when this should happen.

Determination of Foxy/Native Aroma Carryover Part 1 and Native Aroma Carryover in V. Vinifera Wines Part 2 (item D)

Ms. Gardner will follow up with Penn State.

Wine Grape Trial with Dr. Rob Crassweller (item A)

Mr. Knapp stated that they reached out to Dr. Crassweller but he has not responded. Dr. Crassweller still has not produced the commitment letter. Mr. Knapp will request the information/documentation from Dr. Crassweller again. This information/documentation is needed in order for Mr. Knapp to set the conditions of the project so that Mr. Duer can start the actual contract. Board members discussed the project and other issues regarding the wine grape trial project.

PSU Viticulture Researcher position

Mr. Landis has reached out to Penn State but has been unsuccessful in finding the correct individual who can assist with the invoicing of this position. His request is that Penn State invoice the Program on a quarterly basis for the next three years. Mr. Landis asked the board to approve this process of having quarterly invoices and also asked for suggestions on who he can contact. Mr. Helrich stated that he will contact Dr. Christ regarding the invoicing.

RESOLUTION 2013.20 – ACCEPTANCE OF FINANCIAL REPORTS AND PROJECTED BUDGET

Motion by: Douglas Moorhead
Seconded by: Karl Zimmerman
Passed: Unanimously

To accept financial reports for fiscal year 2013-2014 and the projected budget for fiscal year 2014-2015.

RESOLUTION 2013.21 – INVOICING OF THE PSU VITICULTURE RESEARCHER

Motion by: John Landis
Seconded by: Carl Helrich
Passed: Unanimously

The board will fulfill the obligation of the PSU Viticulture Researcher position by paying on a quarterly basis for the next three years. The start date is July 1, 2014. The amounts will be $75,000 this year, $50,000 the next year and $50,000 the following year. This will fulfill the obligation of the MOU between the Pennsylvania Wine Marketing and Research Program and the Pennsylvania State University.

PWA

Ms. Eckinger reported on PWA activities:

- Legislative
- Festivals
- Marketing
    - Committee Meeting Schedule
    - Tourism Outreach + Co-Op Program
- PR Efforts
- Social Media

MARKETING CAMPAIGN PERFORMANCE BRIEF

Mr. O'Loughlin provided the board members with a summary of the campaign as well as provided them with the activity during the period of April 15 – July 6.

MARKETING AND RESEARCH SUBCOMMITTEES

Board members discussed the individuals who are currently on the marketing and research (viticulture and enology) committees. Mr. Landis inquired about having additional people on the subcommittees who are currently not on the board. Board members will look for individuals to add to the subcommittee who are non-winery related viticulture people.

RESOLUTION 2014.22 –MARKETING AND RESEARCH (VITICULTURE AND ENOLOGY) SUBCOMMITTEES

Motion by: Carl Helrich
Seconded by: Karl Zimmerman
Passed: Unanimously

The following board members will be on the marketing subcommittee: Mario Mazza, Douglas Moorhead and Karl Zimmerman; viticulture subcommittee members are Carl Helrich and Elwin Stewart; and enology subcommittee members are Bradley Knapp and Joanne Levengood. These subcommittee seats are for a one year term and will be reevaluated in July 2015.

SUBCOMMITTEE RESEARCH UPDATED

Mr. Helrich informed board members that he has been in contact with Penn State regarding the Viticulture Wine/Grape Educator position. Currently, Penn State is reviewing their budget and cannot move on this position. Board members discussed the importance of this position to the wine industry.

HACC

Mr. Mazza stated that he has not heard anything back from HACC. Invoices have not been received for their project from last year and no additional information was provided regarding their current

proposal. Ms. D'Angelo stated that she has been in contact with HACC (regarding the invoices) and is waiting for Linda Whipple to return from vacation.

RESOLUTION 2014.23 – HACC PROPOSAL FOR 2014-2015
Motion by: Bradley Knapp
Seconded by: Karl Zimmerman
Passed: Unanimously
The proposal from HACC for the fiscal year 2014-2015 will not be funded.

Ms. D'Angelo will contact Linda Whipple informing her that this proposal was denied due to insufficient information.

REGIONAL MARKETING EVENTS PROPSAL – PA WINE LAND WEEK
Mr. O'Loughlin provided the board members with an overview of the proposal. The PWA Marketing Committee withdrew their proposal for the *Drink Local Wine* conference and decided to hold a coordinated and statewide marketing and promotions event. The PWA is creating plans to hold *PA Wine Land Week* as a promotional kick-off to Harvest Season and PA Wine Month 2015. The money requested for this proposal is to promote/advertise the event. The estimated total cost is $60,000. The PWA is requesting $30,000 in support from the Program.

RESOLUTION 2014.24 – PA WINE LAND WEEK
Motion by: Bradley Knapp
Seconded by: Douglas Moorhead
Passed: Unanimously
To earmark up to $30,000 in matching funds for the PA Wine Land Week for the 2015-2016 fiscal year.

USDA NIFA SCRI GRANT PROPOSAL – INDUSTRY INPUT
Ms. Gardner, Ms. Centinari and Mr. Elias are working with Cornell and Virginia Tech universities to do another multi-state grant proposal (USDA-SCRI). The grant proposal is to study how nitrogen use in the vineyard impacts the vineyard ecosystem, vine growth, fruit composition, wine composition, and the economic sustainability of Northeastern vineyards.

The viticulture research would potentially focus on the following: 1) understanding the impact of type of nitrogen and mode of nitrogen application (foliar, soil, through cover crops) on fruit composition and wine characteristics and 2) determining the least expensive method for maintaining vine size in relation to nutrition and 3) understanding the environmental impact of nitrogen use and the economic costs (e.g. long-term costs of soil degradation) that pair with environmental impacts in vineyards.

The enological side of nutrient management would potentially focus on the following objectives: 1) understanding the role of nutrients in inoculated and spontaneous fermentations, 2) assessing the role nitrogen plays in determining varietal and off-flavor characters during primary fermentation, and 3) evaluating the use of DAP vs. other complex nutrients.

Ms. Gardner handed out surveys to the board members asking for their input.

COMMUNICATION IMPROVEMENTS

Mr. Mazza prepared a draft of a letter which summarizes the numerous research projects and marketing efforts that the Program has funded. He asked for suggestions, comments or feedback. The purpose of this letter is to update the wine industry on what the Program has been doing in terms of funding and supporting as well as the results from that. Mr. Mazza would like the letter mailed, sent through PWA's mailing list as well as using the blog that Ms. Gardner maintains.

2013 FINANCIAL AUDIT

Ms. Snyder informed board members that the auditor, Mr. Neal Lewis, just dropped off the 2013 audit report. There were no findings. The copy of the audit report was provided to each board member.

Mr. Lewis recommended that the board does not put the beginning cash balance on the budget line under the expenditures.

RESOLUTION 2014.25 – ACCEPTANCE OF AUDIT REPORT

Motion by: Carl Helrich
Seconded by: Karl Zimmerman
Passed: Unanimously
To accept the 2013 financial audit report prepared by Mr. Neal Lewis.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, September 2, 2014 possibly via conference call. A future board meeting will be held at the PA Department of Agriculture in Room 309 on Tuesday, November 18, 2014.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:05 p.m.

RESOLUTION 2014.26 – ADJOURNMENT

Motion by: John Landis
Seconded by: Carl Helrich
Passed: Unanimously

Respectfully Submitted:

Samantha Snyder
August 22, 2014