

PENNSYLVANIA WINE MARKETING AND RESEARCH PROGRAM
Minutes of the September 11, 2012 Board Meeting
PA Department of Agriculture, Room 202
Harrisburg, Pennsylvania

Public notice of the September 11, 2012 Pennsylvania Wine Marketing and Research Program Board meeting was given on August 21, 2012, as stipulated by the Sunshine Law.

CALL TO ORDER

Karl Zimmerman, Chairman, called the meeting to order at 10:10 a.m. Board members in attendance (in addition to Mr. Zimmerman) included Carl Helrich, John Kramb, John Landis, Mario Mazza (via conference phone) and Douglas Moorhead. Lela Reichart attended, representing the Secretary of Agriculture. Also attending was Lynn Hammel, Dynamic Business Services; Jonathan Patrono, Pennsylvania Wine Association; 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; Samantha Snyder, Pennsylvania Department of Agriculture and Jennifer Leshner, Pennsylvania Department of Agriculture, recorded the minutes.

MINUTES

Minutes of the July 10, 2012 meeting were emailed to Board members for their review in advance of the meeting.

RESOLUTION 2012.35 – AMENDMENT TO JULY 10, 2012 MINUTES

Motion by: John Kramb

Seconded by: John Landis

Passed: Unanimously

Amendment to the minutes of the July 10, 2012 board meeting, Resolution 2012.25: Board members appointed to work on the PWA marketing initiative are John Kramb, Douglas Moorhead and Mario Mazza.

RESOLUTION 2012.36 – ACCEPTANCE OF AMENDED MINUTES

Motion by: John Kramb

Seconded by: Carl Helrich

Passed: Unanimously

To accept the minutes of the July 10, 2012 meeting as amended.

FINANCIAL REPORTS

Ms. Reichart stated that the financial transition took place on July 1 and unfortunately there were issues with different versions of QuickBooks. This issue is being worked on by inputting journal entries.

Ms. Hammel reviewed the following financial reports: Budget for 2012-2013 Fiscal Year, Profit and Loss for July through August 2012, and Balance Sheet as of September 10, 2012. Changes were made to the Budget for 2012-2013. Profit and Loss (July-August 2012): \$17,885.40 in assessments and \$38,740.55 in expenditures. Balance Sheet: Actual balance is \$328,268.20.

Mr. Landis discussed the options on what to do with some of the money in the account. Board members discussed the topic.

RESOLUTION 2012.37 – MOVING OF FUNDS

Motion by: John Landis

Seconded by: John Kramb

Passed: Unanimously

Keep enough money in cash account to cover expenses for two (2) months and remaining money to be moved to a money market account.

RESOLUTION 2012.38 – ACCEPTANCE OF FINANCIAL REPORTS

Motion by: Douglas Moorhead

Seconded by: Carl Helrich

Passed: Unanimously

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

AUDIT

Ms. Reichart informed the board that she spoke to the auditor regarding the June 30, 2012 audit. The audit is done and we will receive the reports by the end of the week. Ms. Reichart also has the Client Representative letter which will need to be signed by the Chairman and Secretary-Treasurer.

ASSESSMENT REPORTS

Ms. Reichart reviewed the Summary of Assessment Forms 2012 Year-To-Date. As of September 4, 2012, \$51,940.63 has been collected from Pennsylvania wineries. There were 216 licensed wineries, 94 licensed wineries with no sales assessments reported, 122 producers with sales assessments and the number of producers paid was 104. Ms. Reichart then reviewed the Assessment Income Analysis By Quarter. In the first quarter of 2012, \$17,897.81 was received, \$26,196.31 was received in the second quarter, \$7,846.51 received in the third quarter, for a total of \$51,940.63 collected and 395,009.78 gallons reported for 2012. 87.66% of what has been reported sales has been collected in assessment dollars.

Ms. Reichart updated the board regarding the cooperation with PDA and the PLCB regarding the number and status of licenses. The PLCB link for the "Welcome Kit" is currently broken. The PDA and PLCB IT staff are working together and the link should be fixed by the end of the week.

RESOLUTION 2012.39 – 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 delinquent wineries, non-registered delinquent wineries and non-registered wineries. There are 29 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 September 11, 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
- 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
- Woody Lodge Winery, LLC (pending – not approved yet per LCB)
- Blue Iris Wine Group (pending – not approved yet per LCB)
- Birdsong Winery, Inc. – *Delinquent and not registered*

SPECIALTY CROP BLOCK GRANT PROGRAM

Ms. Snyder introduced herself to the board and provided them with information regarding the Specialty Crop Block Grant Program. The average award amount from 2009-2012 for the Pennsylvania Wine Association is \$37,500. Four projects have been funded so far for an approximate total of \$150,000. For 2012, Pennsylvania has been awarded approximately \$1,000,000 for the entire program. This year PWA received \$32,000 for the rebranding of Pennsylvania wines and wineries as an agritourism destination.

PWA

Mr. Patrono reported on PWA activities:

- Legislative
- Seven Springs festival
- Farm Show
- Online Ramp
- Annual Conference – March 5
- Touring Guide
- Economic Impact report

- Governor's Residence
- Marketing – Conference call is scheduled for September 21 with Greg O'Loughlin and a face to face planning session is scheduled for October 25.

2-4-D

Board members discussed the issue with 2-4-D.

RESOLUTION 2012.40 – FORMAL LETTER TO THE SECRETARY OF AGRICULTURE REGARDING 2-4-D

Motion by: John Landis

Seconded by: John Kramb

Passed: Unanimously

New versions of 2-4-D are being sold. The board would like to write a letter to the Secretary of Agriculture regarding this. Vineyards are very susceptible to drift and whatever education, notices, etc. about these chemicals in PDA could assist in control the use of the substance.

RESEARCH UPDATE

Mr. Helrich informed the board that the Research Committee had a meeting with Mr. Crassweller in Biglerville regarding the variety trials. Mr. Helrich, Mr. Knapp, Mr. Jansen, Mr. Crassweller, Mr. Schupp and Ms. Halbrendt were involved in this meeting. Issues were discussed regarding the NE 1020 fruit plot. Some of the issues that were discussed include bird control/protection, pathological studies and harvesting. There should be no issues this year.

Board members discussed obtaining a report of this research project as well as other reports needed for the various projects the board funds.

WEBSITE

Ms. Reichart advised the board that PDA is currently working on a website for the PA Wine Marketing and Research Program as well as the other commodity programs. Ms. Leshar provided the board members with a snapshot of what the website currently looks like. The link for the PA Wine Marketing and Research Program can be accessed via the PDA website. Currently, the vision and mission is listed as the description for the program as well as Ms. Reichart's phone number and email address as contact information. More information will be added for the program including meeting minutes, marketing and research reports, annual reports, information regarding events (board meetings, board nominations and referendums), board member contact information, legislative documents and links to other websites.

RESOLUTION 2012.41 – PA WINE MARKETING AND RESEARCH PROGRAM WEBSITE

Motion by: Carl Helrich

Seconded by: Douglas Moorhead

Passed: Unanimously

Approval of the PA Wine Marketing and Research Program website by the Pennsylvania Department of Agriculture.

RESEARCH VITICULTURIST POSITION

Mr. Helrich advised the board that there was a meeting approximately three weeks ago at Penn State regarding the Research Viticulturist position. Attendees at the meeting included Mr. Helrich, Mr. Knapp, Dennis Calvin, Gary Thompson, Barbara Christ and Rich Marini. Mr. Helrich informed the board members that a proposal was created with a three year commitment from the PA Wine Marketing and Research Program with the first year being a \$75,000 commitment, second year \$50,000 and third year \$50,000. Total amount of \$175,000. This would be a faculty level position with a viticulture focus. A discussion took place among board members, Mr. Chien and Ms. Gardner regarding the Research Viticulturist position. Mr. Helrich informed the board members that a job description was created and submitted to Penn State. Mr. Chien read the specific program responsibilities of the position to the board members. Mr. Helrich informed the board that he was told that the PA Wine Marketing and Research Program would be a part of the interview process. Ms. Gardner stated that Penn State is expecting a person to start in this position in July 2013.

RESOLUTION 2012.42 – FUNDING OF \$175,000 TO PENN STATE FOR VITICULTURE RESEARCH POSITION CONTINGENT UPON A MUTUALLY AGREED UPON MOU

Motion by: Carl Helrich

Seconded by: John Kramb

In Favor: Douglas Moorhead, Mario Mazza (via conference call phone), Bradley Knapp (via Mr. Chien's cell phone), Joanne Levengood (via text message on Ms. Gardner's cell phone)

Abstained: Karl Zimmerman, John Landis

Passed: Passed with majority

This board commits \$175,000 across three years to Penn State in support of a viticulture research position contingent upon a mutually agreed upon memorandum of understanding.

Ms. Reichart asked if Mr. Knapp and Ms. Levengood could verify their votes for a matter of record via email. This is requested because these two board members were not present for the board meeting at 10:00 a.m.

NATIONWIDE INSURANCE

Ms. Reichart stated that the current General Liability Insurance policy costs \$615 annually. There are two different policies available regarding the Directors' and Officers' coverage which provides liability for employment related matters, breach of duty, and errors and omissions. The first option is a Claims Made policy (Great Western policy) which would cost \$885 annually. A claim must be reported while the policy is in force. If a claim comes to the attention of the board after the policy has expired there is no coverage. The second option is the USLI policy, being an occurrence policy. The USLI policy will provide coverage for a claim if the policy was in force at the time of the claim, no matter when the claim was discovered or made. The annual premium would cost \$991. Board members and volunteers would all be insured and employment practices coverage is included should the board ever take on dedicated staff.

Board members discussed the insurance and asked for additional information regarding the current coverage and Directors' and Officers' coverage that the board may need. Ms. Reichart will reach out to Nationwide Insurance and provide the board with more information regarding the policies.

LOGO

Board members discussed the new logo color options presented by Mr. Helrich.

RESOLUTION 2012.43 – NEW LOGO FOR THE PROGRAM

Motion by: Carl Helrich

Seconded by: John Landis

Passed: Unanimously

Approval of the light blue color option for the new logo for the PA Wine Marketing and Research Program.

RESOLUTION 2012.44 – SIGN FOR NEW LOGO

Motion by: John Kramb

Seconded by: John Landis

Passed: Unanimously

Approval that the board purchases a sign with the new logo so it can be placed in the conference room(s) at the PA Department of Agriculture.

NEXT BOARD MEETING

The next board meeting will be held on Tuesday, November 13, 2012 beginning at 10:00 a.m. at the Pennsylvania Department of Agriculture in Room 309.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:52 p.m.

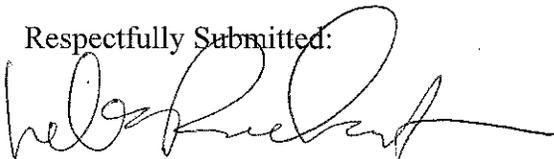
RESOLUTION 2012.45 – ADJOURNMENT

Motion by: Douglas Moorhead

Seconded by: Carl Helrich

Passed: Unanimously

Respectfully Submitted:



Lela Reichart

November 7, 2012