

**OREGON WINE BOARD
MEETING MINUTES
MAY 6, 2008
PORTLAND, OREGON**

Attendees: Harry Peterson-Nedry (Chair) Kara Olmo via teleconference (Vice Chair), Steve Girard (Chair Emeritus), David Adelsheim, Pat Dudley, Earl Jones, Lee Mankin via conference phone, Sam Tannahill.

Staff: Ted Farthing (Executive Director), Stephany Boettner, Hannelore Buckenmeyer, Sara Gourley, Katie Stoll

Guests: Chris Serra, LIVE; Stirling Fox, Stirling Wine Grapes; Heidi Yates, Carlton Winemakers Studio, Victor Sanchez, Inkwell Creative; Anita Azarenko, Oregon State University, Ed Fus, Three Angles Vineyard

Call to Order

Peterson-Nedry called the OWB meeting to order at 12:40pm.

Minutes Approval

Girard moved Mankin seconded to approve the minutes of the March 25, 2008 OWB Board meeting. Motion passed unanimously.

Peterson-Nedry left the meeting at 1:30pm.

Marketing Program Update

Farthing presented the following marketing program update:

All Budget Figures in US\$000

<i>Raise prestige and desirability of OR grapes & wine</i>			<i>Attract targeted consumers to tasting rooms/winery websites</i>			<i>Facilitate quality distribution in the UK, Japan and Canada</i>		
Program	LE2	Target	Program	LE2	Target	Program	LE2	Target
Media Relations	65	100	Collateral Materials	5	75	UK	175	250
Web Production	15	15	Tourism	70	100	Japan	115	175
Online Marketing	15	100	Web Production	0	35	Canada	35	100
OCS	25	215	Online Marketing	0	100	China	0	50
Photography	0	50						
	120	480		75	310		325	575

- Developed objectives, strategies and tactics from the ground up with considerable input from Marketing Committee/industry
- Most programs remain underleveraged - world-caliber factories without adequate fuel
- To maximize ROI, we need to invest much further in current strategic programming and leverage

fully before we add other components

The Board agreed.

Research 2008-2009 Project Review

Farthing informed the board of the 2008-2009 research projects that the Board will be funding.

PI	Proposal Title	Reviewer Category	08-09	
			Prelim	Final
Greg Jones	Climate and Variety Monitoring - Rogue	Breeding, Germplasm, and Evaluation	\$11,861	\$11,861
Greg Jones	Climate and Variety Monitoring - Umpqua	Breeding, Germplasm, and Evaluation	\$11,568	\$11,568
Michael Qian	cover crops on flavor	Cultural Practices	\$32,655	\$30,000
Patricia Skinkis	Cover Crop Management and Grape Quality	Cultural Practices	\$34,094	\$30,000
Vaughn Walton	Integrated management strategies and bio	Pest Management	\$45,767	\$28,000
Marcus Buchanan	Southern Oregon Irrigation Guidelines	Cultural Practices	\$14,785	\$14,785
James Osborne	Impact of Saccharomyces and non-Saccharo	Enology	\$36,230	\$33,000
Patricia Skinkis	Leaf Removal for Disease Control/Quality	Cultural Practices	\$38,390	\$35,000
Jocelyn Millar	Mealybug pheromones	n/a		\$15,000
David Mills	Wine microbe T-RFLP databases	n/a		\$20,000

Total 2007-2008 \$225,350 \$229,214

Farthing collaborated with other funding agencies to jointly fund three projects. On the West Coast Oregon is viewed as a respectable partner in funding viticulture and enology research projects.

Budget Revisions

Farthing presented the attached OWB budget.

Jones moved Dudley seconded to adopt the 2007-2008 Latest Estimate 3 OWB budget. Motion passed unanimously.

OVID

Buckenmeyer updated the Board on OVID. The past sixteen months have been spent making OVID a functional, value-added tool. One of OVID's functions includes producing the necessary paperwork for Oregon Department of Agriculture pesticide reporting if growers enter all of their spray information. Furthermore, OVID is integrated with the LIVE scorecard. OVID's programmer met with individual growers to train and educate them on how to use OVID; feedback was very positive and stated that OVID is a useful tool. After these changes are made OVID

will be ready for a re-launch; the timeline for this is approximately three months. The issue of who owns OVID was raised since the program has received grant money from the United States Department of Agriculture.

OSU Research / Institute Update

Anita Azarenko updated the Board on the following:

- The Oregon Wine Institute has received \$1.835 million in pledges and/or donations. There is a draft description of the director's position being worked on; this will be shared with the Board at the June 2008 meeting.
- Oregon State University (OSU) is seeking candidates for the open horticulture-viticulture entomologist position until May 30, 2008.
- The open research viticulture position is being discussed; Azarenko has a list of the OWB Research Committee and will include this committee in the discussions.
- Azarenko shared the current horticulture & food science research program, reference attached.
- Azarenko shared Patty Skinkis' curriculum vitae, reference attached. Skinkis' work at OSU is impressive given the short time she's been here.

The Board commented that the OWB Research Committee represents the entire state. All grape growing regions need to know that OSU research and extension staff is supportive of the entire state.

Peterson-Nedry returned at 3:51pm.

LIVE Winery Certification Program

Chris Serra presented LIVE's Winery Certification Program to the Board. Winery certification will take one vintage cycle to complete. For example, if a winery enrolls prior to October 2008 and completes certification requirements during the winter months, then their 2008 vintage would be considered LIVE certified. There is potential that a) custom crush facilities serving many brands and b) wineries purchasing substantial portions of their fruit could be excluded from becoming LIVE certified – they would need at least 25% of the fruit they process to be certified to earn LIVE certification. Serra commented that the certification program is not static and based on feedback LIVE is willing to consider some changes.

The point was raised that wineries may have resistance with writing a check to both LIVE and OCS for certification. LIVE is a certifying agency that does no marketing. The objective of OCS is to inform consumers of wines that are LIVE, organic and biodynamic certified. The main initial objective of OWB staff is making sure wineries are well informed of the various OCS benefits.

Peterson-Nedry adjourned the meeting at 5:05 pm

OWB Budget

	06-'07			'07-'08				'08-'09	Comments
	Revised Budget	LE 2 May '07	Actual	Budget Feb '07	LE 1 Aug '07	LE 2 Jan '08	LE 3	Budget Feb. '08	
Req. Balance (accrual)	292,012	292,012	292,012	191,369	305,856	305,856	305,856	251,653	
REVENUE									
Grape Assess. (\$25/ton)	855,000	805,000	836,991	1,015,000	970,000	950,000	950,000	990,000	
Wine Tax (2c/gal)	235,000	244,000	242,850	240,000	245,000	245,000	255,000	255,000	
Program Revenue	126,600	145,000	144,094	135,000	155,000	239,000	288,000	190,000	
VAPG Revenue	234,170	234,170	243,673	256,500	246,997	272,797	265,000	247,850	Timing shift for reimbursement from USDA
Risk Mgmt. Revenue	0	50,000	50,000	0	0	0	0	0	
Other Income	6,000	7,500	9,614	7,000	10,000	10,000	24,000	10,000	Includes \$12,500 from TOWER for OVID
MAP Grant Revenue	193,000	193,000	193,000	193,000	275,000	250,000	250,000	250,000	
Total Revenue	1,649,770	1,678,670	1,720,222	1,846,500	1,901,997	1,966,797	2,032,000	1,942,850	
EXPENSES									
Research & Education									
Mktg Research & Stats	67,500	71,804	71,805	35,000	35,000	15,000	26,500	30,000	IMPACT needs to be coded here; Added \$10K for Ag Eco Impact Study
Eno & Vit Research	135,000	130,000	129,522	200,000	200,000	205,000	215,000	225,000	Added \$10K Foundation Block
Urgent Solutions	20,000	20,000	0	25,000	45,000	45,000	45,000	25,000	Park in TOWER if not used
OVID	30,000	80,000	81,544	30,000	30,000	30,000	42,500	10,000	
Education	130,000	112,000	112,643	140,000	135,000	155,000	153,000	160,000	
Total Res & Ed	382,500	413,804	395,514	430,000	445,000	450,000	482,000	450,000	
Marketing									
Media Relations	151,000	35,000	35,132	80,000	80,000	65,000	65,000	50,000	
Collateral & Materials		244,461	201,946		5,000	5,000	15,000	50,000	Added Oregon wine office suite (bus. Cards, letterhead, templates, etc.)
Export / NWWC	234,000	237,000	236,332	234,000	325,000	325,000	295,000	300,000	
Tourism	120,000	33,000	33,206	85,000	70,000	70,000	60,000	40,000	Underfunded - need promotion to move brochure, drive Explorer traffic
Website / Online Mktg.	179,350	178,350	177,920	70,000	70,000	30,000	50,000	15,000	Add itinerary planner & integrate rest & lodging; need traffic promotion
Road Show / Other VAPG	0	0	0	166,000	158,450	235,000	290,000	40,000	Shifting expenses forward, to be reflected in a lower '08-'09 LE1
Total Marketing	691,850	733,250	689,975	635,000	708,450	730,000	775,000	495,000	
Sustainable Agriculture									
Total Sustainable Ag	10,000	10,000	10,000	15,000	35,000	35,000	60,000	225,000	Add \$12.0 cert standards + \$5 GHG initiative
General & Administrative									
Meetings & Comm	20,000	21,000	22,123	20,000	25,000	25,000	18,000	20,000	
Employee Comp	474,000	451,196	449,580	580,000	610,000	610,000	570,000	635,000	Delayed new hire
Equip & Maint	30,000	32,500	32,118	20,000	30,000	35,000	35,000	35,000	
Office Rent	19,500	22,000	21,958	23,000	31,000	31,000	31,000	35,000	
Board, Industry & Staff T&E	35,000	32,000	28,251	40,000	40,000	35,000	38,000	40,000	
Misc Admin	80,000	56,000	55,704	75,000	75,000	70,000	77,203	65,000	IT/server repair and maintenance; higher DOJ fees
Total G&A	658,500	614,696	609,734	758,000	811,000	806,000	769,203	830,000	
Total Expenses	1,742,850	1,771,750	1,705,222	1,838,000	1,999,450	2,021,000	2,086,203	2,000,000	
End Balance (accrual)	198,932	198,932	307,012	199,869	208,403	251,653	251,653	194,503	

(Target reserve is 30% of previous 3 yrs. avg. tonnage receipts, for FY '08 - '09 this is approx. \$200K)