

**OREGON WINE BOARD
MEETING MINUTES
AUGUST 31, 2010
PORTLAND, OR**

Attendees: Sam Tannahill (Chair), David Adelsheim (Vice Chair), Kara Olmo (Chair Emeritus), Tim Kennedy (Treasurer), Leigh Bartholomew, David Beck, Terry Brandborg, Michael Donovan, Harry Peterson-Nedry
Staff: Lavonda Driskell, Stephany Boettner, Annie Cocchia, Lisa Stevens, Karen Walsh, Colu Henry

Call to Order

Tannahill called the OWB meeting to order at 11:24 am.

Minutes Approval

Beck moved, Donovan seconded that the Board approve the minutes from the May 25, 2010, OWB meeting. Motion passed unanimously.

Donovan moved, Beck seconded that the Board approve the minutes from the July 13, 2010, OWB meeting. Motion passed unanimously.

Action items

Tannahill lead the discussion on August action items. Cocchia confirmed she had identified individuals to form a subcommittee of the Research Committee. Tannahill updated the Board on his conversations with Jack Irvine and Wine Business Monthly for conducting a salary survey by job function for the Oregon wine industry. Tannahill proposed a subcommittee convene to identify scope and categories and then decide who to approach to conduct the survey for our industry's purpose. Beck, Peterson-Nedry, Bartholomew and Tannahill will form the subcommittee and set a target date of Jan/Feb 2011 to update the Board for approval.

Boettner reported outreach has begun to interested parties to explore creating an Oregon Wine Industry Archive. She will calendar a meeting and clearly communicate to partners what the expectations are. Board members suggested additional contacts to bring to the table.

OWRI update

Adelsheim reported a series of receptions for Neil Shay are scheduled to take place around the State to introduce him to the industry. He also noted Shay has a conference call scheduled on September 3 to identify meeting dates for the OWRI Advisory Committee for the next 12 months. Donovan mentioned Shay and his wife attended a festival in southern Oregon recently. Adelsheim agreed to arrange a meeting between Shay and the Oregon Wine Board staff.

Executive Director search update and timeline

Beck reported the Search Committee is in the process of refining the list of candidates. A search firm, Benchmark Consulting, was hired to vet candidates, and they have started the process of interviews.

Board retreat logistics and structure

Driskell outlined a list of potential venues for holding a Board retreat in December. The Board discussed it was critical to have a new Executive Director on board and chose to push the retreat to early 2011 to allow time for structuring a successful retreat. Following further discussion, it was agreed the Board would meet in southern Oregon January 30 – February 2, 2011.

Tannahill recessed the OWB meeting at 12:23 pm for lunch.

Tannahill reconvened the OWB meeting at 12:39 pm.

Year-end financial and budget process

Walsh reviewed the FY '09-10 year-end financials noting final revenue numbers exceeded estimates presented at the May Board meeting citing OLCC's efforts in collecting higher than anticipated grape assessments and wine tax. Reviewing Research expenses, Walsh noted two years of NG&W dues were paid in one fiscal year and Education expenses exceeded LE2 estimates due to additional symposium costs; however, Peterson-Nedry pointed out that OWIS offset this overage earning a profit of \$41k. Marketing expenses came in on target at \$45K. However, G&A numbers came in higher than expected citing retreat, equipment/maintenance, audit and large legal bills. Tannahill requested Walsh break out the Miscellaneous Administrative numbers going forward to explain where these monies are spent.

The Board turned its focus to the FY '10-11 proposed budget. Reviewing the proposed LE2 numbers presented by Walsh, Tannahill highlighted Revenue and the receipt of a \$92.5K ODA grant split over two fiscal years, but noted few other item changes from what the Board approved in May. Relative to Expenses, OWB will contribute \$10K to the Clean Plant Network and adjust Oregon Bounty involvement to the initial \$25K commitment. Additionally, media relations and website/online marketing each reflected a \$10K increase for OCSW promotions and to add an iPhone app as well as restore research capabilities back to original spend. Meetings and Communication reflected a slight increase to allow the Research Committee to hold a full day retreat.

The Board discussed the current practice of having a latest estimate (LE) column and agreed to end this format. Instead a budget will be set each fiscal year and changed if warranted by revenue adjustments. Walsh will add another column to the spreadsheet reflecting the original budget. Adelsheim requested Walsh also add the agreed upon carryover set by the Board following the ending balance.

Donovan motioned, Kennedy seconded that the Board accept the financial report (OWB Budget attached) as presented by Walsh today, August 31, 2010. Motion passed unanimously

Brochure distribution program

Boettner addressed recent concerns brought to the Board's attention by regional associations regarding the current brochure distribution program launched July 1. She explained the new program allows consumers to order free AVA maps/brochures via the Oregonwine.org website at no cost. These requests are funneled directly to the regional AVAs to fulfill. The program has produced significant increase in brochure orders and with that additional manpower hours and mailing costs that some AVAs were not prepared for. Although the larger associations are excited by the direct communication others are uncertain of their ability to continue in the program. Adelsheim, Peterson-Nedry and Donovan all spoke to these concerns expressed by their respective regional associations.

Tannahill asked Boettner to outline potential solutions. She recognized labor and postage are the concerns, so why not be more sustainable by keeping the database already developed and ask regions to forward consumers a .pdf brochure instead. This enables regional groups to continue to receive leads, but alleviates the cost of postage while significantly reducing manpower hours. After further discussion, the Board agreed this proposal was a solution recognizing that some brochures would need to be maximized for readability. The Board agreed OWB would make a small investment up front to engage a designer to explore the complexities of creating .pdfs; however, it would be the obligation of each regional group to produce and keep their .pdf brochure current. This information could then be used to set parameters for the AVAs to follow when creating their maps. Boettner will disseminate specifics to AVAs. Adelsheim encouraged Boettner to add this topic for further discussion at the planned organization meeting slated for January 2011.

Distributor Camp

Adelsheim briefly reviewed a proposal made in 2009 to hold a Distributor Camp inviting representatives to Oregon to educate them about our wines. The proposal outlined two options for touring the State and a third to expand the camp to include Washington wineries. No further action was taken until recently when Adelsheim and Peterson-Nedry reached out to distributors to understand what approach seemed to make more sense. Feedback from distributors agreed a three day event in Oregon would be fine; however, they could see the educational value of visiting both states and would support some of the costs of sending representatives to attend a longer event. Adelsheim and Peterson-Nedry followed these conversations with Washington wineries who expressed interest in a joint effort.

Adelsheim since learned the topic will be on the Washington Wine Commission agenda at their upcoming meeting and asked the Board to allow him to attend the WWC meeting to discuss possible creative options to facilitate moving this event forward. He was clear that his attendance at the meeting was for the purpose of discussing a potential event and that no approval was being given by the OWB Directors to move forward at this time. The Board agreed the OWB should have someone at the table.

OWIS 2011 update

Cocchia reported the OWIS 2011 Planning Committee met several times since May. Tannahill is working to secure an inspirational keynote speaker for the general session. Cocchia confirmed a Spanish speaking session will be included again this year expanding the program to include viticulture and enology sessions plus a docent lead trade show tour. Sponsorship registration opened in early August and to date 29 of the 30 spots have been sold. Additionally, there are only 10 exhibitor spots available out of 74. Cocchia noted this year, survey participants will access the presentation materials online rather than a CD mailing reducing the cost of postage and CD waste.

Tannahill asked the Board to consider options for a PAC fundraiser in conjunction with OWIS. Several suggestions were made by Board members, and Olmo proposed she work with a small group and Cocchia to discuss considerations for implementing a fundraiser at OWIS. She will report back to the Board at the November Board meeting.

AgStats

Adelsheim asked the Board to review rotational questions along with several new questions proposed for this year's AgStats questionnaire administered by Chris Mertz at the USDA's National Agricultural Statistics Service. The 2010 report will be administered at a cost of \$15K and a .pdf of the final report will be made available for distribution to the industry. Adelsheim asked Board members to get back to him should there be any questions or comments. Peterson-Nedry asked that we approach Mertz to consider including salary questions to the AgStats questionnaire for 2011.

Executive session

Tannahill recessed the OWB meeting at 3:05 pm to call an Executive Session under ORS192.660(2)(a) to hold discussions regarding employment of public officers, employees and agents. Under this provision only the Board and press are allowed to participate. Staff and guest were excused from the meeting.

Tannahill reconvened the OWB meeting 3:22 pm.

Tannahill adjourned the OWB meeting at 3:23 pm.

Oregon Wine Board Budget

	09-'10				10-'11			Comments
	Original Approved Budget	LE2' Board Approved Mar '10	Estimated Year End - shared with Board in May	ACTUAL YEAR END	Budget Approved 3.09.10	LE1 Board Approved May '10	Proposed LE2 For Board Review 8.31.10	
Beg. Balance (accrual)	259,365	322,348	322,348	322,348	183,066	183,066	246,011	
REVENUE								
Grape Assess. (\$25/ton)	965,000	1,015,000	951,141	974,375	1,120,000	955,000	955,000	
Wine Tax (2c/gal)	255,000	270,000	255,304	263,166	280,000	265,516	265,516	
Symposium/Wkshp Rev	217,000	222,000	251,224	257,244	222,000	235,000	235,000	
Export Participation Fees	15,000	28,000	24,000	24,040	13,000	13,000	13,000	
Brochure rev	2,000	2,000	4,229	4,481	600			
Oregon Bounty Rev.	11,000	0	0	0	0	0	0	
OCSW Fees	15,000	12,000	13,013	15,738	15,000	15,000	15,000	
ODA/VAPG/RBEG Rev	0	10,000	10,000	10,000		47,500	\$92,500 ODA grant, split over two FYs	
Other Income	8,000	2,000	1,576	1,570	2,000	1,500	1,500	
MAP Grant (USDA export pgm)	341,558	360,136	360,136	360,136	350,488	350,488	350,488	
Total Revenue	1,829,558	1,921,136	1,870,623	1,910,750	2,003,088	1,835,504	1,883,004	
EXPENSES								
Research								
Mktg Research & Stats	23,000	43,000	41,163	36,663	45,000	40,000	40,000	
Eno & Vit Research	210,000	211,978	211,978	211,978	245,000	240,000	240,000	
Clean Plant Network/Fdn Block	0	10,000	10,000	10,000	10,000	0	10,000	
Misc. Research	5,000	14,000	18,878	19,421	12,500	8,000	8,000	
Urgent Solutions	0	1,500	1,500	1,500				
Institute	15,000	15,000	15,000	15,000	15,000	10,000	15,000	
Total Research	253,000	295,478	298,519	294,562	327,500	298,000	313,000	
Education								
Symposium	187,000	203,000	209,628	210,521	203,000	208,000	208,000	
Workshops			5,258			3,000	3,000	
Total Education	187,000	203,000	214,886	215,779	203,000	211,000	211,000	
Marketing								
Media Relations	55,000	50,000	50,000	48,258	60,000	40,000	50,000	Increase for OCSW programming for grant match
Collateral/Materials/Branding	10,000	10,000	10,000	9,520	5,000	0	0	
Export / NWWC	396,000	417,578	412,709	410,506	407,930	403,061	403,061	
Tourism	40,000	77,500	80,000	79,611	27,500	15,000	27,500	Keep Bounty whole
Website / Online Mktg	40,000	40,000	40,000	40,121	50,000	30,000	40,000	Add ipone app - return search term to base spending
Sustainable Ag. / OCSW	40,000	45,000	45,000	45,001	35,000	24,000	71,500	Addition of ODA grant - split over two FYs
Trade/Distribution	0	0	0	0	30,000	0	0	
Total Marketing	581,000	640,078	637,709	633,017	615,430	512,061	592,061	\$47,500 is ODA grant funds + \$10,000 for matching funds
General & Administrative								
Meetings & Communication	20,000	18,000	25,907	25,594	18,000	15,000	16,000	add lunch for research committee meetings
Employee Comp/Benefits/Taxes	690,000	652,000	649,486	649,450	725,000	629,020	629,020	
Equipment & Maintenance	38,000	30,000	33,098	33,166	32,000	32,000	32,000	
Office Rent	43,000	41,000	38,677	36,949	44,000	44,000	44,000	
Staff T&E	35,000	43,000	43,164	39,375	48,000	40,000	40,000	
Miscellaneous Administrative	50,000	55,000	58,459	59,195	50,000	50,000	50,000	
New Director Search	0	0	10,000	0	0	10,000	10,000	\$20K total, shared between OWA and OWB
Total G&A	876,000	839,000	858,791	843,729	917,000	820,020	821,020	
Total Expenses	1,897,000	1,977,556	2,009,905	1,987,087	2,062,930	1,841,081	1,937,081	
End Balance (accrual)	191,923	265,928	183,066	246,011	123,224	177,489	191,934	

¹ LE = Latest Estimate, revised throughout the year to adjust to revenue fluctuations, industry needs and market conditions.