

**OREGON WINE BOARD  
MEETING MINUTES  
DECEMBER 7, 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

**Guests:** Michelle Gall, Scott Simpson, Moss-Adams; Neil Shay, OWRI

**Staff:** Jeanette Morgan (Executive Director), Lavonda Driskell, Stephany Boettner, Annie Cocchia, Lisa Stevens, Karen Walsh

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### Call to Order

Tannahill called the OWB meeting to order at 9:00 am.

### Minutes Approval

Beck moved, Peterson-Nedry seconded that the Board approve the minutes from the November 2, 2010, OWB meeting. Kennedy abstained; Bartholomew and Brandborg were not present to vote. Motion passed.
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### Audit Results

Walsh introduced Scott Simpson and Michelle Gall with Moss-Adams to present an overview of their audit of the Oregon Wine Board as of and for the biennium ended June 30, 2009. Simpson explained the Secretary of State Audit's Division hired Moss-Adams to audit financial statements prepared by each of the 12 semi-independent state agencies. Moss-Adams reported, in their opinion, the financial statements present fairly, in all material respects, the respective financial position and changes in financial position of the governmental activities and the general fund of the Oregon Wine Board as of June 30, 2009, and for the biennium then ended in conformity with accounting principles.

Bartholomew and Brandborg arrived at 9:10 am.

Simpson reported Moss-Adams issued, as part of their report, a material weakness citing there was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. They recommended management and the Board assess the adequacy of the design of its policies and procedures related to preparation of financial statements and design appropriate controls as necessary to rectify inadequacies. He noted this comment was issued to all 12 semi-independent state agencies.

Walsh commented the majority of the semi-independent state agencies had met and planned to engage an independent audit firm to help prepare and review their annual financial statements and provide training on GAAP procedures. She expects to have a firm identified by June 30, 2011. Simpson acknowledged this would be an acceptable solution. Morgan will prepare a statement in response to the audit report and send to the Secretary of State's Audit Division as well as a copy to Business Oregon.

Gall briefly reviewed for the Board Moss-Adams' independent audit report of the Oregon Wine Board's financial statements stating compensated absences were not accrued prior to 2007; however, the Board changed its policy in 2008 and accruals have been recorded since.

Kennedy proposed the Board and staff consider preparing a management's discussion and analysis (MD&A). Simpson agreed such a report would be useful and noted it would require an analysis of assets owned for a four year period, revenues and expenses, disclose economic outlook projecting forward next several years.

The Board thanked Simpson and Gall for their time today, and they left the meeting at 9:37 am.

Tannahill proposed this discussion as well as the decision to request an audit versus a review be regulated to a subcommittee to present a recommendation to the Board at the April 2011 meeting. Walsh will contact Moss-Adams to discuss costs associated with conducting an audit versus a review.

### **Distributor Camp**

Adelsheim reported the Washington Wine Commission appointed three members of their commission to a taskforce and Tannahill appointed Donovan, Peterson-Nedry and Adelsheim to represent the OWB. The first meeting is scheduled for Dec 17<sup>th</sup> in Seattle. There appears to be interest by WWC in moving the discussion forward. Adelsheim reported Buckenmeyer researched potential sources of grant funds to organize for the Board to explore. He will forward the summary to Morgan.

### **Oregon Wine Industry Archive**

Adelsheim reported a number of organizations participated in a meeting to explore interest in establishing an Oregon wine industry archive. There was consensus among the participants in developing a Guiding Committee. The first order of business will be to develop the scope of work and potential cost. Boettner will identify a date in March to reconvene and communicate next steps to the Guiding Committee

Shay arrived at 10:06 am.

### **January Board Retreat**

Tannahill and Morgan proposed changing the Board retreat structure and moving the meeting location to Portland to minimize travel costs. Morgan will pursue appropriate venue space and communicate specifics to the Board. She will also draft an agenda for Board review in the next couple of weeks.

### **OWB 2011 Calendar Review**

Driskell distributed a tentative board schedule for discussion. Morgan also proposed Board meetings are held in collaboration with regional meetings. The Board customarily holds every other meeting in Portland and discussed travel to Milton-Freewater, Roseburg and the Eugene/Corvallis area in 2011. Tannahill asked the Board to review the dates and respond with any comments or changes.

### **Research Committee RFP**

Cocchia reported the Research Committee met on November 23 in Eugene to review the 2011-2012 Research RFP. The RFP was forwarded to the Board for review. Olmo requested minutes reflect the Board passed the Research RFP on November 30, 2010.

Earl Jones and Chris Martin joined the meeting via teleconference at 10:47 am. Jones wished to convey to the Board concerns expressed by his industry neighbors that their warm climate region was not being fairly represented by the Research RFP. Following Board discussion, they agreed measures could be taken to enhance tele-communication and visual technology to encourage active participation by all regions to address their respective needs. The Research Committee anticipates working closely with the Oregon Wine Research Institute and will look at increasing the amount of viticulture proposals.

Tannahill suggested the March Research Committee meeting be rescheduled to occur in conjunction with the Oregon Wine Industry Symposium in February where a large number of the industry would be able to attend. It was tentatively discussed to occur Monday, February 21, from 8:30a – 12:00p.

Tannahill recessed the OWB meeting at 11:55 am for lunch.

Tannahill reconvened the OWB meeting at 12:15 pm.

### **Symposium Review**

Bray reviewed the 2011 Oregon Wine Industry Symposium schedule with the Board noting keynote speakers, breakout sessions and expansion of Spanish language courses. Bray also reviewed award nominations submitted by industry members and honorees were selected by the Board to be acknowledged at the Industry Awards Dinner to be held February 22nd.

Tannahill recessed the OWB meeting 12:49 pm.

Tannahill reconvened the OWB meeting at 2:54 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 regular meeting 3:24 pm with staff present.

Tannahill acknowledged a new Director, Bill Sweat of Winderlea Vineyard, will join the Board in January 2011 and recognized Harry Peterson-Nedry for his support of the wine industry as his term concludes December 31, 2010.

Tannahill adjourned the OWB meeting at 3:30 pm.