

VIRGINIA WINE BOARD
Virginia Wine Marketing Office
Richmond, VA
September 02, 2015
FINAL MINUTES

Present

David King
Doug Fabboli
Patrick Duffeler

Chris Blosser
Diane Flynt
Len Thompson

Mitzi Batterson
Steven Brown

Absent

Bill Tonkins

Secretary Haymore

Guests

Sam Towell
David Robishaw
Susan Wagner
Katie Hellebush
Jim and Betsy Dolphin

Amy Ciarametaro
Melissa Ball
Jennifer Cavedo
Sharon Johnson
Greg Richards

Annette Boyd
Margie Gehler
Justin Bell
Laurie Aldrich
Teri Cofer Bierne

Call to Order

At 10:30, Chairman King called the meeting to order and welcomed the Board and guests.

Approval of the minutes from the last meeting

Prior to the meeting, the minutes from the last meeting were posted on Board Docs for the Board to review. After a typo correction, Len Thompson moved to approve the minutes as presented, Chris Blosser seconded, and with no further discussion, the minutes were approved.

Updates

Patrick Duffeler spoke with Senator Norman about legislation supporting the industry. In the short term, support may be limited but Senator Norman is willing to work on economic development issues something going forward.

The Hantzmon Weibel report is ready to be disseminated. Chairman King felt there is useful information in the report and should be posted with the other projects. David Robishaw will post this and all final research proposals at one time. Len Thompson moved to post all reports on industry web sites, Doug Fabboli seconded and with no further discussion, the motion passed.

Financial Report

Prior to the meeting, the financials were posted on Board Docs for the Board review. Margie Gehler gave the report to the Board. Margie reviewed the comprehensive spreadsheet and discussed the remaining balances and carry overs.

The rent was increased for this fiscal year. Mitzi Batterson moved to pay the increased rent, Doug Fabboli seconded, and with no further discussion, the motion passed.

Research RFP Process

Chairman King reviewed the letter from Emily and her research committee. The committee needs more members, especially those with an enology background. The Wine Marketing Office will send out a note to look for more volunteers to serve on the committee. Doug Fabboli will be the liaison between the Board and review committee.

The review committee suggested funding Dr. Pfeiffer's spotted wing drosophila project for \$40,300.14. David Robishaw will contact Dr. Pfeiffer and confirm that he can do the proposal at the funded amount. Doug Fabboli moved to approve funding this project, Mitzi Batterson seconded, and with no further discussion, the motion passed.

David Robishaw went over another suggested method of approving research proposals. The entire proposal is posted on Board Docs. After going over the methodology, David answered Board questions.

At this time, the Board skipped down to a discussion on the strategic plan in order to better implement the new research methodology. Chris Blosser had a suggested change to Objective 1 of the Strategic Plan.

"Increase the amount of vineyard acreage to meet market demand by 2020 with a goal of 100% Virginia grapes being used in all Virginia Farm Winery licensee production"

Doug Fabboli moved to change Objective 1 and use Chris Blosser's wording. Diane Flynt seconded, and the Board discussed the proposed change. After reviewing the change, Chairman King called for a vote and the motion passed.

Going back to the proposed methodology for handling research proposals, Doug Fabboli will work with David Robishaw on wording for what goes out to those submitting proposals, emphasizing quality, education, enology, economic viability. Chairman King moved to go forward with the new method of doing the RFP, Len Thompson seconded, and with no further discussion, the motion passed.

Virginia Wine Council

Katie Hellebush gave the report for the VWC. This report is posted on Board Docs

Virginia Vineyards Association

Bill Tonkins was not in attendance but the Virginia Vineyards report is posted on Board Docs. Len Thompson mentioned the VVA would try to get a speaker on the agenda at the winter meeting to discuss the new results from work on Pierce's Disease.

Virginia Wineries Association

Laurie Aldrich gave the report for the VWA, which is also posted on Board Docs. The Garden Club of Virginia pulled out of a preplanned marketing event, but they did reimburse the VWA for money they spent. Because the Garden Club backed out, the Virginia Wineries Association will not use their \$10,000 matching grant. Now there is an opportunity to contract with a speaker who specializes in helping wineries with their marketing, including improving their tasting room experience, employee training, etc. This speaker would be willing to do the training for \$10,000. Diane Flynt suggested passing along some additional topics for the speaker to address. Doug Fabboli suggested charging an attendance fee to offset the cost of the speaker. **Mitzi Batterson moved to move \$10,000 from the Matching Grant fund and up to another \$5,000 to pay for Elizabeth Slater of "In Short Marketing" to speak to the industry. Diane Flynt seconded, and with no further discussion, the motion passed.** The Virginia Wineries Association will arrange the details and report back to the Board.

Comments from Secretary Haymore

Deputy Secretary Towell was in attendance in place of Secretary Haymore who was out of state. Secretary Towell was grateful for the work of the Board.

Old Business

Commercial Grape Report

The Wine Marketing Office is not made up of trained statisticians, and the data coming into the Wine Marketing Office is skewed because the wineries are not submitting accurate information. Chairman King just asked the Board to consider what impact doing the grape report has on the work load for Wine Marketing Office, and then what impact the report has on the price of grapes and the sustainability of the vineyards. Several Board members shared their thoughts, and after discussion, the Wine Marketing Office will prepare the grape report as usual.

Wine Marketing Office

Marketing Report

Before the WMO began their report, Katie Hellebush volunteered to attend the economic development meeting in Pittsylvania County to promote the need for more grapes.

Annette gave the report for the Wine Marketing Office. All the material for the Marketing Report is posted on Board Docs. The goals of the WMO include building the Virginia Wine Brand, driving trade sales and traffic to wineries, and reassess the Wine Marketing Office work load.

The WMO reviewed the wine sales for the past year. Some of the data indicating sales are “flat” may be attributed to the “flat” productions. However, sales of wine through winery tasting rooms have increased by more than 4% and our market share of “premium” wine (bottles \$10 and higher) is much higher, between 16% and 24%.

The Wine Marketing Office conducted an industry survey and had almost 100 wineries respond. Producing the Winery Guide was the most valuable marketing service the Wine Marketing office provides. After the Guide, the survey revealed that the industry web site was the next most important marketing tool. The industry wanted the office to continue their public relations efforts, wanted the Wine Marketing Office to expand their participation in related industry events, and increase marketing efforts to expand sales in the Washington DC area.

Tourism is up in Virginia, mainly due to “culinary tourism”, focusing on travel to wineries, breweries, cideries, distilleries, and restaurants. There is still tremendous interest in the “food movement”

Chris Blosser moved to send the Board into closed session. Chris Blosser stated: “Mr. Chairman, I move that this meeting be recessed and the Virginia Wine Board immediately reconvene in closed session for the purpose of consultation with legal counsel as permitted by §22.2-3711.(A)(7) of the Code of Virginia. The following non-members will be in attendance to reasonably aid in the consideration of the topic: Melissa Ball, VDACS Commodity Board Manager and David Robishaw, Wine Board Program Manager. Diane Flynt seconded the motion, and with no further discussion, the motion passed, and the Board went into close session

Chris Blosser moved to exit from closed session and the motion was seconded by Len Thompson. With no further discussion, the motion passed. The Board reconvened in open session at 1:55 PM

Chairman David King read the following statement.

WHEREAS, the Wine Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act: and WHEREAS, §2.2-3712 of the Code of Virginia requires a certification by the Wine Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE BE IT RESOLVED the Wine Board hereby certifies that, to the best of each member’s knowledge, (i)only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii)only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Wine Board.

A roll call vote of Wine Board members certifying the Board only discussed matters approved for the closed session is as follows:

Doug Fabboli	AYE	Mitzi Batterson	AYE
Len Thompson	AYE	Chris Blosser	AYE
David King	AYE	Steven Brown	AYE
Diane Flynt	AYE	Patrick Duffeler	AYE

Chris Blosser moved to settle the matter discussed in Closed Session as Counsel recommended. Len Thompson seconded, and with no further discussion the motion passed.

At this point, Annette continued with her Wine Marketing Office report.

The V-2 Camp was very popular and well received.

The 2016 Virginia Wine Summit is planned for April 3-5 at the Salamander Resort, which should attract more Northern Virginia/DC/Baltimore coverage and interest.

The Public Relations outreach is having a positive effect. The wineries feel the WMO is helping them increase awareness and as a result, more sales. There have been many recent positive articles on the Virginia Wine industry.

The WMO is still supporting International Wine marketing efforts, including the Governors Trade mission in June

The “Roadshow”, reaching out to distributors, wineries, retailers, and restaurateurs, was successful in initiating new wine sales. The Roadshow was held in Washington DC, Virginia Beach, and Richmond.

Other marketing efforts include a web site redesign and upcoming launch with many new features. There will be more images, data, and will be compatible with multiple mobile technologies. This is a huge web site with thousands of pages, so the WMO will work to make the language on the site consistent.

The 2015 “October Virginia Wine Month” will shift and focus on the trade, including partnering with ABC to do in-store wine tastings.

New Office Space

The Wine Marketing Office will have to be out of this building by December of 2016. The Wine Marketing Office is actively looking at new spaces and will be present options to the Board at an upcoming meeting

Matching Grants/Garden Week

Someone with Historic Garden Week objected to their partnership with the Wine Marketing Office, feeling it was inconsistent with their mission and values. This was the reason they backed out of their agreement but did send a check to the Virginia Wineries Association for the expenses incurred.

Winery and Wine selections for events

The Wine Marketing Office has to choose how wineries are chosen, and which wines are poured at certain events. How a wine or winery is chosen varies by event. Jim and Betsy Dolphin from Delaplane Cellars shared their thoughts on this process with the Board. This is a complicated process and the Wine Marketing Office will work to improve their procedures and make the process more inclusive.

Wine Guide

The Wine Marketing Office proposal to reduce and phase out the Wine Guide is listed on Board Docs. The Guide is still popular with the wineries, and this can be discussed at a future meeting. The Wine Marketing Office suggested to the Board that Wine Guides NOT be shipped to Welcome Centers and replaced with rack cards. Wine Guides would still be printed and shipped to other users. This will save the Board approximately \$15,000 plus shipping. Len Thompson suggested being proactive and telling the wineries what is going on. Chris Blosser moved to send rack cards to Welcome Centers for this year, seconded by Diane Flynt, and with no further discussion, the motion passed

Proposed Changes in the operation of the Wine Marketing Office

Chairman King began discussion with the question of whether the Wine Marketing Office has reached its manageable limits. Steven Brown moved to approve the proposed changes in the WMO as presented by Annette. Len Thompson seconded the motion, and with no further discussion, the motion passed.

Chris Blosser moved to send the Board into closed session. Chris Blosser stated: "Mr. Chairman, I move that this meeting be recessed and the Virginia Wine Board immediately reconvene in closed session for the purpose of consideration and discussion of the performance of the independent marketing contractor as permitted by §2.2-3711(A)(1) of the Code of Virginia. The following non-members will be in attendance to reasonably aid in the consideration of the topic: Justin Bell, Attorney General's Office and David Robishaw, Board Program Manager". Diane Flynt seconded the motion, and with no further discussion, the motion passed and the Board went into closed session.

Chris Blosser moved to exit from closed session and the motion was seconded by Len Thompson. With no further discussion, the motion passed. The Board reconvened in open session at 4:20 PM.

Chairman David King read the following statement.

WHEREAS, the Wine Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act: and WHEREAS, §2.2-3712 of the Code of Virginia requires a certification by the Wine Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE BE IT RESOLVED the Wine Board hereby certifies that, to the best of each member’s knowledge, (i)only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies and (ii)only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Wine Board.

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Doug Fabboli	AYE	Mitzi Batterson	AYE
Len Thompson	AYE	Chris Blosser	AYE
David King	AYE	Steven Brown	AYE

The Board will request the Wine Marketing Office report on how the changes are being implemented at the next meeting.

New Business

Steven Brown shared information on an overlay idea with David King. Based on that, David King has discussed this idea with Jean Case from Early Mountain and asked her to do some strategic thinking that might suggest ways to move forward on this concept. David King suggested one idea might be for Jean Case and her foundation make a proposal for the Board.

At this point, the Board had a brief discussion about the current “state of the industry”, including the difficult labor situation and potential issues in the next General Assembly.

Next meeting and adjourn

Next meeting is tentatively set for Charlottesville on December 2, 2016. With no other business, the meeting adjourned at 4:55PM