

FINAL MINUTES

Virginia Wine Board

July 18, 2007

Virginia Department of Forestry

Charlottesville, VA

Present

Rock Stephens

Luca Paschina

David King

Mills Wehner

Ruth Saunders

Dean Triplett

Jennifer McCloud

Absent

William Moses

Patrick Duffeler

Guests

Lindsay Potts

Chris Breiner

Denise Koff

Ann Heidig

Alex Papajohn

Neil Williamson

Emma Randel

Tonya Rideout

Chad Zakaib

Kent Lewis

Steve Jack

Nicki Bazaco

Carole Rogin

Willis Logan

Dave Robishaw, Staff

Opening Remarks

Vice Chairman Rock Stephens called the meeting to order at 11:00 AM and welcomed members and guests. David King was introduced as the new Board member and gave the Board a brief update on his winery and involvement with the industry.

Approval of the minutes from the June 13, 2007 meeting

Prior to the meeting, Dave Robishaw distributed the draft minutes from the June 13, 2007 meeting to the Board. After reviewing the minutes, Jennifer McCloud moved to accept the minutes as written. Dean Triplett seconded the motion, and with no further discussion, the minutes were approved as written.

Old Business

At the June 13, 2007 meeting, Rock Stephens and Jennifer McCloud were charged with gathering more information and working on a budget. Rock Stephens prepared a handout for the Board which is included in the minutes. The presentation reviewed the purpose of the Wine Board, including the Board's powers and duties. Also presented were interests, goals, and issues the Board needs to address. There was a review of "Vision 2015" which may be used as a blueprint to help keep the industry focused on its mission. This presentation also included a preliminary budget to be used as a starting point in the discussions. This generated a lengthy discussion among the Board. There was general consensus that the Board should help build unity within the industry where possible and that it was in the best interests of the industry to have effective winery and vineyard associations. The Board wanted to make sure that all marketing projects carry

a uniform theme and are done in a first class manner. Rock Stephens reviewed the idea of an independent contractor located in Richmond to serve as a Marketing Director as well as the concept of a simplified wine guide and an enhanced web site. This generated more discussions as the Board worked to understand the ramifications.

At this time, Rock Stephens and Dave Robishaw explained to the Board the reason why William Moses was not participating in the meeting via teleconferencing. The conditions of complying with the Freedom of Information Act made this too difficult. Likewise, there is no provision in the Wine Board statute to allow one Board member, who is unable to attend a meeting, to give his proxy to another member to utilize (as requested by Patrick Duffeler). A Board member must be present to vote.

The Virginia Wineries Association Marketing Proposal

The Virginia Wineries Association presented to the Board their draft fourth quarter financial report and their FY 08 Marketing Budget Proposal. Ann Heidig reviewed the reports and with Carol Rogin of Clarion Management, answered Board member questions on both the financials and the marketing budget. Ann Heidig felt the Wineries Association would continue to push forward with their programs no matter the level of funding from the Board.

At 1:45 PM, the Board took a recess and the meeting was reconvened at 1:55 PM

Public Comment

Denise Koff from Leisure Publishing addressed the Board regarding the new edition of the Wine Guide. Leisure produced the guide last year at a cost of just under \$200,000 and for FY2008 was asked to produce a less expensive guide. At the June 13, 2007 meeting Leisure submitted a proposal for \$155,000 and at this meeting submitted an additional option that would lower the cost to \$132,000. Denise felt in order to produce a good guide work would need to start no later than August. Her presentation generated another long discussion period where the Board debated wine guide issues including format, size, "quality versus quantity" and distribution. The Board was in agreement that it could no longer afford to spend as much money on future wine guides as they have spent in the past.

Formalize a marketing budget

At this point, the Vice Chair asked the Board to deliver a budget. The Board has approximately \$385,000 to allocate for marketing initiatives. Rock Stephens asked each Board member to list their top three (3) priorities for the marketing budget. The general consensus was the need for a marketing director to be housed in Richmond, followed by an improved web site and a quality wine guide. Also mentioned was the need for the Wineries Association to increase their membership in an effort for them to generate more money independent of money received from the Board.

At this point, the discussion centered on the Wine Guide. Dean Triplett handed out copies of an informal survey that he conducted regarding the 2007 wine guide. He contacted 80 wineries and received 33 replies. A copy of the survey is attached to

these minutes. The next issue before the Board was to fund distribution of the 2007 wine guides for the period 1 July 2007 through 31 December 2007. Ann Heidig told the Board it would take \$20,000 to complete distribution of the remaining 2007 wine guides.

David King moved to fund the Virginia Wineries Association \$20,000 to complete the fulfillment of the 2007 Wine Guide. Dean Triplett seconded the motion and with no further discussion, the motion passed.

Jennifer McCloud made a motion for the Virginia Wine Board to allocate up to \$175,000 for the purpose of hiring an independent contractor for the purpose of serving as Marketing Director and establishing a full time marketing office in Richmond per the subcommittee guidelines already discussed. David King seconded the motion and with no further discussion, a vote was taken. Rock Stephens, Mills Wehner, Jennifer McCloud, David King, Ruth Saunders, and Dean Triplett voted YES. Luca Paschina cast a NO vote. The motion passed. Rock Stephens and David King will work to write up a position description.

There was no decision made on the Wine Guide or the other marketing initiatives. Another meeting will be held as soon as possible to determine if the new marketing person would be the person to handle these duties this year.

Rock Stephens presented a budget request from the Virginia Vineyards Association. Every 3 years the Association will conduct an industry survey to determine the research priorities of the industry. The budget request was for \$1,115 to conduct the survey and the proposal is included in the minutes. Dean Triplett made a motion to fund the Vineyards Association for \$1,115 to conduct the survey, David King seconded the motion and with no further discussion, the motion passed.

Rock Stephens suggested to the Board another meeting was needed soon and a date in mid August is being scheduled.

With no further business before the Board, the Vice Chair adjourned the meeting at 3:55 PM.

Respectfully submitted,

John (Rock) Stephens, Chair

David Robishaw, Secretary