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Oregon Wine Board Meeting Minutes November 6, 2012

Oregon Wine Board

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**OREGON WINE BOARD MEETING
MEETING MINUTES [FINAL]
NOVEMBER 6, 2012
LOCATION: OFFICES OF DAVIS WRIGHT TREMAINE**

Attendance

Board: Michael Donovan (Chair), Bill Sweat (Treasurer), David Beck, Leigh Bartholomew (Vice Chair), Terry Brandborg, Sam Tannahill (Chair Emeritus), Kara Olmo (by phone), Ellen Brittan and Doug Tunnell (by phone)

Staff: Tom Danowski, Rose Cervenak, Dewey Weddington, Karen Walsh, Michelle Kaufmann and Charles Humble

Call To Order

Donovan called the OWB Board meeting to order at 9:05 a.m.

Board Minutes

Beck requested a change in wording regarding the amount OWB contributes to the Small Fruits Consortium each year. It should read “\$3,000 contribution was approved for the consortium.” (The contribution does not include travel expenses).

Beck then moved that the September 11 minutes be approved as amended. Bartholomew seconded, Tannahill and Sweat abstained and the motion carried.

Governor Kitzhaber’s Asia Trade Mission

- Donovan reported on his experience during the Asian trip with representatives of various other Oregon agricultural industries including the potato and dairy industries as well as the Oregon Department of Revenue and other purely governmental agencies.
- While in Asia, (Shanghai, Hong Kong and Tokyo) Donovan concluded that Oregon owns a very small portion of the import business in Asia and the French own almost 100% of it.
 - He gave an example of Oregon wines holding 6 out of 1,000 spaces on a shelf in a large retail outlet.
- Over the last two quarters, Asia has seen an approximate 20% reduction in overall wine sales. However, interest in Oregon wines remains very high.
- Every importer Donovan spoke with across Asia, mentioned “price” as a sticking point – Oregon wines are perceived as “too expensive.”
- Our representation/participation in Asian trade shows is seen as inconsistent – it was suggested multiple times that we find a way to have a presence every year at the larger trade events to build awareness.
- Donovan provided some data and learnings from his time in Japan:
 - Total number of cases imported into Japan was 8,965
 - There are few better educated consumers than those in Japan
 - More than 10,000 certified sommeliers
 - Orca is the largest Oregon wine importer in Japan and Donovan shared some materials he got from recent Tokyo tastings (Orca-sponsored) that he attended while there.
- Donovan will participate in the OWB export workshop scheduled on Dec. 6 and will provide a more detailed report at that time.

2013 Board Nominations Update

- Scott Shull (Nominations Committee Chair) will attend the Dec. 4 Board meeting to provide a detailed update on the appointment process for 2013 Board directors.
- The committee made a recommendation of six potential Board directors for four open positions – Bartholomew and Donovan are two of the six and are up for re-appointment.

- Danowski checked in with Kendall Clawson (Governor Kitzhaber's Executive Appointments Director) on Nov. 5 and she expects to announce the Governor's appointments by the end of November.
- OWB has notified everyone who both applied and was nominated by the committee.
- **ACTION: Danowski to clarify and confirm term expiration dates for all current OWB Directors and report back at the Dec. 4 Board meeting.**

Website Launch Update & Social Media Overview

- Kaufmann presented a slide deck on the social media OWB uses to generate awareness for events and activities across the Oregon wine industry.
- Beck urged the OWB communications and marketing team to keep in mind that we need to connect our social media and marketing efforts to a metric(s).
- Danowski clarified, that an individual businesses' marketing toolbox is so diverse with tools – and OWB invests in social media to influence awareness and availability. Top of mind awareness leads to brand trial and hopefully to preference and repeat purchases.
- Humble gave a brief overview of the new OWB website features and communications plan for rolling out the site. He indicated that wineries will receive their temporary password the week of Nov. 5 and can begin populating their winery profile information.
- **ACTION: Board would like to discuss how to promote the sale of the wine country license plates at the Dec. 4 Board meeting.**

International Marketing Activity Update

- Weddington gave a brief update on the status of OWB marketing contractors in London and Japan.
 - OWB will continue to work with Hilltop (Mike Coveney) through the end of 2013 and then re-evaluate our annual spending level and program commitments after the January London trade tasting.
 - OWB is transitioning to a new events and media relations partner in Japan. We will begin a new contractor relationship effective immediately with Akemi Harima who is based in Osaka and has extensive history with the Washington State Wine Commission, as well as serving as the Japanese importer for Adelsheim Vineyard, Solena and Witness Tree Vineyard.
- Weddington introduced the Export Advisory Committee he's put into place to help shape key export decision-making in the future. The committee consists of Michael Donovan/RoxyAnn (OWB Chair), Steve Thomson/King Estate, Howard Rossbach/Firesteed, Shirley Brooks/Elk Cove and Catherine Douglas/Adelsheim.
- In a brief recap of the recent Oregon takes Vancouver event held in September, Weddington said the team would take what they learned and consider bringing the same type of event to Toronto in 2013, ultimately alternating Vancouver and Toronto – the two largest markets in Canada for Oregon wine.
- VAPG (Value Added Producer Grant)
 - Weddington explained that this grant is specific to China and OWB decided to pursue grant funds for China in 2013, based on interest expressed by wineries, consumers and importers about expanding Oregon's presence in China.
 - Tunnell asked for clarification on how the VAPG funds differ from the \$350k MAP grant.
 - Weddington explained that the MAP funds are allocated to current FY2012-13 activities such as ProWein and the VAPG funds are specific to activities in China. He also commented that BCI (Bryant Christie) managed the grant application process and advised Oregon on the strategy to pursue for these additional funds.
 - The total amount available through the VAPG is just under \$300k (\$100k for each of the next three years).
 - We will not know the outcome of our application until January or later.
 - If we receive the VAPG funds, we are disqualified from applying for the same grant again.

OWRI Policy Board Update

- Beck gave an update that the OWRI is now headed by Bill Boggess, OSU Associate Dean/College of Agriculture. He has engaged a consultant (Bill Nelson) to assess the status of OWRI and make recommendations about the future strategic direction of OWRI.
- Beck has reviewed the summary by Bill Boggess of Bill Nelson’s report and provided these details:
 - The consultant’s report reflects OSU-centric point of view.
 - There were no solutions posed to the structural problems that have plagued the OWRI in recent months and years.
 - It’s clear that OWRI needs a director, but he/she will likely come from within OSU and will largely serve the role of a coordinator.
 - OWRI’s access to research funds is increasingly limited as they spend down their reserve.
 - They will allocate funds primarily to ongoing projects – preferring multi-year awards.
 - There appears to be some interest in asking the OWB Research Committee to serve a function as a review “tool” for OWRI.
 - This is of interest to us because it helps coordinate our funding;
 - But a problem as well, since OSU may expect OWB to contribute its research funds entirely to OWRI.
 - There also appears to be interest at OWRI in encouraging a direct relationship between OSU’s Business College and OWB for marketing projects and market research.
 - The two most important conclusions Beck made after reading the summary:
 - Research that OWRI does, must be of special relevance to the Oregon wine industry.
 - Bill Boggess said explicitly that “academic access and credibility of our research constitutes our (OWRI) strategic spine.”
 - Given that we are dedicated to funding the best projects with outcomes specific to Oregon winegrowing challenges (regardless of the academic institution), I recommend that we (OWB) need to continue to manage our own research budget.
 - Beck strongly urged that OWB’s position be that OWRI be accorded a level of independence in the University that assures its success and visibility.
 - There is an effort by OSU to find funds in the legislature in the coming session to fund OWRI and the proposal to do that presupposes a substantial commitment of \$800k (over two years) from the Oregon Wine Board.
 - Danowski sent a letter to OSU (Bill Boggess) to make sure that there is no confusion about our intentions with respect to a financial commitment to OWRI. They acknowledged that they received the letter and understand OWB will make no donations to OWRI in 2012-13.
 - **ACTION: Danowski to invite Bill Boggess (and David Adelsheim, an OWRI Policy Board member) to our Dec. 4 Board meeting.**
 - **NOTE: Danowski, Donovan and other OWB Directors will be attending the Nov. 20 OWRI Policy Board meeting scheduled by Ted Casteel.**

Budget Report and Financial Statement Review

- A majority of the OWB Directors stated that their harvest is down from last year, by an estimated 10-20% versus 2011.
 - OWB will re-evaluate the current year budget in Feb., 2013, after confirming financials for the first half of the year.
- Sweat reminded the Board that we are looking at this (FY2012-13) as an “investment” year and to expect the cash balances on the statements to come down.

Beck moved to accept the financials as presented, Brittan seconded and the motion carried unanimously.

Staff Time Allocation Report

- Walsh presented the first month’s tracking of staff time (October, 2012) and the Board indicated they would like to see this report on a quarterly basis with reconciliation of any staff time and payroll expense charged to OWA by OWB employees.

- Beck provided his own take on the report and presented a spreadsheet/format that he would like Walsh to use as a template for the quarterly reports in order to more clearly communicate OWB staff expenses to our membership.
- **ACTION: Cervenak to look into a time and activity program that OWB might be able to use to record time and associated costs.**

2013 Board Meeting Schedule

- Danowski presented a proposed 2013 Board meeting schedule and asked for input from the Directors about their availability on the proposed meeting dates.
 - Tannahill asked that we change the September meeting date to September 10.
 - **ACTION: Returning Directors will check their calendars and contact Cervenak if they have conflicts with any dates proposed.**
 - **ACTION: Cervenak to research locations for 2013 Board meetings to be held outside of Portland.**

Donovan adjourned the OWB meeting at 11:20 a.m.

At 11:26 a.m. Donovan called for an Executive Session under ORS192.660(2)(a). Under this provision only the Board and press are allowed to participate. Staff and guests were excused from the meeting.