

12-4-2012

## Oregon Wine Board Meeting Minutes December 4, 2012

Oregon Wine Board

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### Recommended Citation

Oregon Wine Board, "Oregon Wine Board Meeting Minutes December 4, 2012" (2012). *Oregon Wine Board Documents*. Meeting Minutes. Submission 39.

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**OREGON WINE BOARD**  
**MEETING MINUTES [FINAL]**  
**DECEMBER 4, 2012**  
**LOCATION: OSU FOOD INNOVATION CENTER**

**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, Juan Pablo Valot (Observer: Director-2013), Steve Thomson (Observer: Director-2013, by phone)

**Staff:** Tom Danowski, Rose Cervenak, Charles Humble & Dewey Weddington

**Guests:** Bill Boggess/Oregon State University, David Adelsheim, Greg Jones/Southern Oregon University, Scott Shull/Chair, Nominations Committee, Akemi Harima, April Yap-Hennig/Hawks View Cellars

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**Call To Order**

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

**Board Minutes**

Bartholomew moved that the November 6 minutes be approved. Tannahill seconded, Tunnell abstained and the motion carried.

**2013 Executive Committee Nominations**

Bartholomew nominated Ellen Brittan for Executive Committee membership and the position of OWB Treasurer, Sweat seconded and there was some discussion.

- Beck noted that after having recently reviewed OWB policies, the Board is required to have a secretary; that person is a member of the Exec. Committee.
- Bill Sweat agreed to serve, if voted in by the Board, as OWB Secretary.
- After discussion, the motion for the following 2013 Executive Committee slate carried unanimously:
  - Leigh Bartholomew: Chair
  - Bill Sweat: Vice-Chairman and Secretary
  - Ellen Brittan: Treasurer
  - Michael Donovan: Chair Emeritus

**2013 Board Membership**

- The Nominating Committee submitted six names to the Governor for four positions. Two of those names (Michael Donovan and Leigh Bartholomew) were submitted for re-appointment to the Board.
  - The Governor appointed four Board Members for three-year terms expiring Dec., 2015 – Steve Thomson/EVP for Sales and Marketing at the King Estate Winery and Juan Pablo Valot/Winemaker at Silvan Ridge. Leigh Bartholomew and Michael Donovan were also re-appointed.

**OWB International Marketing**

- Weddington introduced Akemi Harima as the new OWB contractor for marketing and media relations in Japan.
  - He went on to say that working with Harima allows OWB to be more efficient and align more closely with the Washington State Wine Commission which also works with Harima.
- Harima gave a brief summary of her background and qualifications for the role.
  - Her company is Kobe International located in Kobe, Japan.
    - Her company's business is two-fold – as an importer of selected wines and as a marketing contractor for regional producer organizations.
  - Prior to starting her own business, she worked for the Agricultural Trade Office in Japan for 10 years.

### OWIS Planning Update

- There are 8 sponsorships still available for Symposium.
  - Weddington handed out a list of current exhibitors and sponsors and the group brainstormed a few businesses to contact for sponsorship opportunities.
- In 2013 a few additional sponsorships were added, so even though we have 8 that are still available, we are very close to matching last year's revenue mark.
- There is also additional tradeshow space in 2013 and we have already surpassed the number of exhibitors for 2012.
- Donovan asked if Davis Wright Tremaine would have visibility at the Symposium this year, citing that they do extensive work for OWB/OWA, some of which is not compensated. OWIS is an opportunity to recognize DWT's added value to OWB.
  - Weddington responded that they are committed to a presence on the trade show floor and are on the agenda of presenters as well.
  - Tannahill also suggested we should offer a similar level of sponsorship to CFM and Weddington acknowledged that we have.
- Weddington also reviewed the schedule for the two days and mentioned that the Spanish language session is much improved this year. The Erath Family Foundation is sponsoring the Spanish language session this year and that has allowed us to expand the content for the Spanish speaking audience with the help of an interpretive service (who also reduced their fees).

### Website Update and Media Tour Recap

- Humble explained that the soft launch of the new website has slipped about a week.
- So far, more than half of the winery profiles in the old Explorer function have been migrated to the new website location.
- To date, there have been relatively few issues with functionality, as wineries update their profiles on the new site.
- We are beginning to see what the functionality of the new site is now and we're looking at a soft launch in December where we'll push out the new site to the industry under a private URL and allow members to use it, before going public. Then we will launch publicly in January to coincide with some online advertising coming out in *Food & Wine* magazine.
- Humble then gave a demo of the features of the new site. He also demonstrated how the site would look in a mobile format.
- Donovan asked if he could send the "beta" site to the Board so they could begin to go through it prior to the soft launch.
  - **ACTION: Humble to send out the private URL to the Board in advance of the soft launch to industry members.**

- Tannahill asked if the new site will still have the grape matching service and Humble replied that it would be updated and available on the new site in the second phase.
- Donovan clarified for the Board that the new site does not include a “commerce” function, enabling online wine sales, and Humble indicated that he’s only had two comments on this and addressed it by explaining that on the new site you can more easily navigate directly to wineries’ websites by simply clicking on their profile.
- Humble also mentioned that eventually we will be able to sell advertising on the site – sometime during phase two.

#### OWRI Report on Current Status and Future Direction (Bill Boggess)

- Bill Boggess, Executive Associate Dean of the College of Agricultural Sciences at Oregon State University gave a brief summary on his background/role at OSU – he is currently serving as interim director at OWRI.
  - Boggess gave an update on the original OWRI funding status - \$2M pledged and \$1.4M has actually come in – \$600K outstanding, \$1M on hand. Last year OSU spent about \$220k of Foundation funds.
  - Historically, \$364k has been spent of the \$2M pledged.
  - Legislature originally approved \$500k/year operating budget for the OWRI, however this annual amount has decreased somewhat due to the state’s overall budget constraints.
  - OWRI has funded five pilot research projects.
  - Looking ahead
    - OWRI is refining a long-term vision and research goals as a result of the strategic planning effort conducted last spring.
    - Once that vision and research goals are drafted, it will go through the technical committee and then the policy board.
    - Boggess believes these are critical steps to take before recruiting a new director to lead OWRI.
  - Boggess summarized that he is trying to articulate a clear/shared vision for the OWRI, trying to make sure they have everyone on the same page and that he expects the group’s behavior to be that of a “powerful group.” He is going through the same process with the policy board to build those relationships as well.
  - He is focused on:
    - Building relationships.
    - Getting internal groups working together.
    - Procuring additional resources that are critical to meeting the aspirations that they all have.
    - Doing it all in a way that will help in the recruiting effort for a new director.
- David Adelsheim summarized some areas of concern that he is hearing, which have to do with the Oregon Wine Board and OWRI –
  - Most amorphous is the relationship between the industry and OWRI and how the four entities (OWB, OWB’s Research Committee, OWRI’s Policy Board and the OWRI Technical Committee) that exist purport to have a role influencing viticulture & enology research. Clarity is needed so that the industry knows with whom to talk about their interests and concerns so that OSU (Boggess) and OWRI staff know who represents the industry.
  - There is a lot of confusion in the minds of the industry, and on the OSU side as well, about how best to move forward to fulfill OWB’s legislative research mandate and without OSU having to give up management of OWRI.

- Danowski mentioned that Ted Baseler/Ste. Michelle Wine Estates, and WSU's Thomas Henick-Kling have been instrumental in procuring the funding and legislative support for WSU's new wine science center and said there are exploratory conversations going on to determine if, and how, a research partnership between OSU and WSU can be developed
  - OSU president, Dr. Ed Ray thinks this is a great idea and suggested Bill Boggess be the point person from OSU for this combined effort.
  - WSU is also in favor of somehow joining forces working through Dean Dan Bernardo and Dr. Thomas Henick-Kling.
  - Boggess suggested that they should come up with a way to team up – WSU has a viticulture/enology degree and professors who teach those topics – but they don't have the same horticulture or food science programs as OSU.
  - Boggess said he would pursue this and report back soon.
- Donovan asked how the search for a new OWRI director was going.
  - He recalled that Bill Nelson's recommendation was that the new director be a researcher who also has Director-level responsibilities rather than the other way around.
  - Boggess said the staffing model was awaiting further discussion with OWRI's Policy Board and within OSU on what essential elements the position description for a permanent director would include.
- Donovan also mentioned that OWB had been discussing their relationship with OWRI and looking for ways to strengthen and clarify that relationship. One of the thoughts was to consider a resolution in favor (in principle) of the funding request that OSU made of the state legislature.
  - Boggess then summarized two proposals that were submitted for the Governor's biennial budget.
    - \$1.0M for fermentation sciences (wine, beer, dairy products)
    - \$2.5M for Viticulture & Enology projects (with some industry matching investment including OWB funding)
  - Donovan recalled that the second proposal had been positioned as having the "wine industry's" support – however the first time the Board heard about it was in November.
  - He then asked if there was a consensus to move in that direction (consider a resolution in favor of legislative funding requests), then we would need to adjourn OWB meeting and discuss within the context of OWA Board.
- Tannahill mentioned that in the last Policy Board meeting during which members discussed the grants, there was "serious" discussion about the status of OWRI's recruitment efforts for a new permanent director. He asked Bill Boggess to address the timeline for that.
  - Boggess followed up on the three areas brought up by David Adelsheim, one of which was a new director
    - Regarding WSU, they are excited about the possibilities for partnership on V & E research too.
    - Regarding a new director – he believes this is a Policy Board conversation. He went further to say he did not believe OSU has a position yet on this. He reiterated that in the last meeting he was hearing that there was no clarity from the industry on what that position description looks like.
  - Beck observed that before that question can really be answered – there needs to be a consensus on what the direction and ultimate goals (of OWRI) are before we move forward on the search for a new director.

- Tannahill mentioned that one way to get at these core questions was to “officialize” an ad hoc committee that’s been meeting fairly regularly. He floated the idea of how this ad hoc committee would operate with Ted Casteel (Policy Board Chair) and he thought it could be an interesting idea. The committee would consist of OWRI Policy Board members, OWB Board members and any other interested parties, but would essentially be a committee under the OWB structure.
- He also suggested that there is a need to streamline the research grant review process into one committee – OWRI Tech Committee and the OWB Research Committee could come together.

*Donovan recessed the OWB Board meeting at 10:41 a.m. so the OWA Board could discuss the OSU legislative funding proposals.*

*Donovan reconvened the OWB Board meeting at 11:35 a.m.*

#### Annual Ag Stats Survey Report (Dr. Greg Jones)

- Southern OR University’s report is finished and will be distributed to the Board
  - Dr. Greg Jones worked with a group of students at SOU’s Research Center: SOURCE, to take up the winery census project since USDA was no longer a cost-effective provider for OWB’s annual survey.
  - SOU researchers constructed the census form to be similar to prior years.
  - Mailed it out to 660 winery owners.
  - One point of confusion for folks is that the vineyard survey came out at a different time versus past years
    - USDA could not share their background data from historical census files with SOU due to confidentiality. That is one reason it took quite a lot of time to procure the data.
- There were assorted challenges to getting the data. Many people don’t want to provide their data – particularly their sales data which is viewed as proprietary.
  - SOURCE got an overall return of 38%. However, among the state’s Top 50 wine producers they achieved a 60% return rate and among the Top 20 producers they got an 80% response rate.
  - They are still getting surveys back
- The data analysis went well.
- Most common response was that the survey form itself was too long.
- Greg Jones said he believes the data is a good representation of 2011. But the big discussion/question is what to do about 2012.
  - Need to come up with the right content and the right process.
  - He suggested that poor response rates may be largely due to communication issues – how do you let people know that this data will benefit them?
- Sweat suggested that we spend some of our time (and resources) mapping to other sources of data and consequently we can shorten the survey.
  - OLCC is the most likely partner for this type of survey.
- Danowski suggested the following:
  - Incentivize members to fill out the survey (e.g. drawings for 2014 OWIS tickets)
  - Continue to reinforce why this survey is critical to communicating the successes and growth potential of our industry as well as to procuring grant money.
- Tannahill asked if there was a way to fill it out online.

- Jones responded that they looked at that and could not find anything that wasn't very costly that could handle the complexity of the survey – so they did create a fillable PDF.
- **ACTION (suggested by Jones): We need to edit the census form, begin a communications effort, provide results from 2011 and outline the process for gathering 2012 data by the February, 2013 Symposium.**

#### Nominating Committee Report (Scott Shull)

- Shull made a presentation with suggested changes to how the nominating committee is selected and how they could re-structure some of their processes to make recommendations annually to the Governor's office.
- Tannahill reminded the Board that over the course of the past year we have restructured all the committees and suggested the Executive Committee consider Shull's recommendations and bring a proposal to the Board.
- Danowski suggested the Board table this issue until Jesse Lyon/Davis Wright Tremaine is in attendance during the OWA meeting.

#### Budget Report and Financial Statement Review

- Sweat reported that employee compensation costs reflect the fact that the Executive Director is being paid fully by the OWB and Jana McKamey is partially being paid by OWB right now too as her time is partially dedicated to OWB projects. However, it will ultimately be reimbursed by OWA.
- Staff travel spending is over budget because travel commitments are now normalizing and are slightly higher than a year ago (when interim co-Executive Directors were in place). In addition, we moved rental car expenses to that category. This line item will be reviewed and re-forecasted at mid-year and adjusted as necessary for January-June, 2013.

Tannahill moved to approve the financials as presented. Beck seconded and the motion carried unanimously.

Donovan introduced Juan Pablo Valot/Director-2013 who joined the meeting late.

*At 12:57 p.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.*

*Donovan reconvened the OWB Board meeting at 4:02 p.m. to discuss a temporary credit facility for OWA.*

Brittan moved to approve a temporary credit facility to OWA for payment of operating expenses; the facility is not to exceed \$35,000; with an interest rate of Prime +1 (3.25% + 1% = 4.25%) compounded monthly. This facility has a termination date of February 28, 2013. Brandborg seconded and the motion carried unanimously.

*Donovan adjourned the OWB Board meeting at 4:07 p.m.*