

Board Members Present

David King, Chairman
Len Thompson
Mitzi Batterson
Doug Fabboli
Steven Brown

Diane Flynt
Kirk Wiles
Patrick Duffeler, II
Bill Tonkins
Charles Green, Acting Commissioner

Guests / Staff

Margie Gehler, VDACS
Kendra Shifflett, VDACS
Stephanie Agee, VDACS
Charles Green, VDACS
Aubrey Rose, Rosemont Vineyards
Laura Pearson, VDACS
Jim Turpin, Virginia Wine Collective

Terrie Byrne
Rock Stephens,
Doug Pfeiffer
Laurie Aldrich, VWA
Annette Boyd, WMO
Bubba Beasley, Hydro Geo
Susan Kramer, WMO

I. Call to Order / Introductions - 10:00AM

II. Approval of Draft Minutes

The Minutes of the March 19-20, 2018 were reviewed and unanimously approved as presented.

III. Reports

Housekeeping Motion:

There was a motion made and unanimously approved to increase the expenditure increase on the (FY 17-18) Governor's Cup Gala from the Wine Marketing Office of up to \$5,000.

Financial Report – Margie Gehler presenting

Base appropriations for 2018-2019 is \$2,017,494.00. The research 1/3 is a minimum of \$672,498. The Marketing portion is at most \$1,344,996.00. The Board has already allocated \$583,440 in research for the current FY. There is approximately \$68,587.17 for the 2018-2019 Fiscal Year.

Margie Gehler will be leaving at the end of May 2018. In an effort to continue to provide financial support to the Wine Board, Acting Commissioner Green and Director of Administration Shifflett will work with Robin Hill in the Virginia Wine Distribution Corporation. *A motion was made and unanimously approved to allocate \$15,000 towards financial assistance from VDACS.*

- This is a \$5,000 increase to the \$10,000 that was approved in May.

National Grape Research Alliance (NGRA) – Rock Stephens presenting

Rock Stephens presented the case for the Board to continue their involvement with the National Grape Research Alliance (NGRA). Dues are \$10,000 and includes a place on the NGRA Board. Travel costs to the annual meetings are set at \$4,000. The appropriate and available person to

represent the Board will be determined at a later date. *A motion was made and approved to allocate a total of \$14,000 towards this effort.*

Liter Tax Collection – Kendra Shifflett presenting

Charles Green and Kendra Shifflett presented the breakdown of the Virginia Wine Promotions Fund.

Process:

- ABC track wine liter tax collections and cider markup using various reporting mechanisms (i.e. ABC store sales information, wholesale summary reports).
- Tax Revenue is transferred to the general fund per Code of Virginia and the Appropriation Act.
- ABC reports prior fiscal year wine liter tax collection attributable to sale of Virginia wine by farm wineries and ABC stores to the Department of Planning and Budget, House Appropriations Committee, and Senate Finance Committee.
- Budget Bill considered by the General Assembly includes a general fund appropriation directed to be transferred to Virginia Wine Promotion Fund
- The transfer Processed at the beginning of the fiscal year, and the appropriation is adjusted in each budget bill to reflect most recent figures.

FY 2017 Example:

Cider:

Cider Markup is 0.08 per liter.

Virginia Cider sold to retail outlets in FY 2017: 372,678.214 liters.

Cider markup due to be transferred to Virginia Wine Promotion Fund: \$29,814

Wine

Wine liter tax is 0.40 per liter.

Virginia Wine Source	Liters	Taxes
Farm Wineries	3,521,666.539	\$1,408,666.62
Distributors	1,353,025.574	\$541,510.23
ABC Stores	404,769.375	\$161,907.75
Total		\$2,111,784.60

The Virginia Department of Alcoholic Beverage Control mailed the following letter on 8/22/17 to the House Appropriations Committee, The Senate Finance Committee, the Director of Department of Planning and Budget and the Virginia Wine Board.:

Item 386 C of the 2016 Appropriations Act requires that the Alcoholic Beverage Control Board report for the prior fiscal year the dollar amount of total wine liter tax collections in Virginia. In FY 2017, the dollar amount of total wine liter tax collections in Virginia was \$39,948,020.41 Of that total, \$161,907.75 is attributable to the sale of Virginia wine in ABC stores, and \$2,111,784.60 is attributable to the sale of Virginia wine.

F. Out of the amounts in this Item, \$2,017,494 the first year and \$2,273,692 the second year from the general fund shall be deposited to the Virginia Wine Promotion Fund as established in Section 3.2-3005, Code of Virginia.

VDACS will work more closely with Virginia Alcoholic Beverage Control Authority (ABC) to be sure the collections make sense and to be sure the cider number is captured correctly.

Patrick Duffeler, II will serve as the liaison between the Wine Board and the Virginia Cider Maker's Association and will provide a discussion on cider collections to the Board at the next meeting.

Virginia Wineries Association (VWA) – Laurie Aldrich presenting.
Laurie's reports are available on BoardDocs.

2018-2019 Governor's Cup Seminar (Approved at \$25,000 in May 2018)
The 18-19 Seminar will have one session intended to include a recorded option, in addition to live streaming to remote locations. This will allow for a much wider audience. They will also include a Winemakers' Roundtable at the live-streamed seminar.

The Board made a motion and unanimously approved a no- cost extension for the Governor's Cup Education Grant from the 2017-2018 fiscal year until August of 2018.

Virginia Cider Makers Association (VCMA) – Laurie Aldrich presented reports that are available on Board Docs. Not sure who will be representing the Cider industry on the building code issue in the legislature.

Virginia Wine Collective (VWC – part of the VWA) – Jim Turpin
Jim Turpin presented a report that is available on BoardDocs.

- The Building Code Study has moved another step forward. The timeline is available on BoardDocs
- Jim discussed the Franchise Act and the assignment of territories with distributors. ABC is close to finalizing the form.

Virginia Wine Distribution Company (VWDC) - Report available on BoardDocs

Virginia Vineyard's Association (VVA) – Letter from N. Walsh available on BoardDocs
The Board encourages the VVA to develop a proposal in accordance with the regular grant process.

IV. Old Business

Grant Proposals

The Board heard the following proposals:

Interactions Between Grape Berry Moth and its Environment Affecting Pest Impact and Management Requesting \$50,896
D. Pfeiffer – VT

Determining the Current Distribution of Spotted Lanternfly in Virginia in the First Season Post-discovery. Requesting \$25,623 of unexpended prior year funding D. Pfeiffer – VT

- Reduce two students to one. New request for \$17,000

Relationship Between Soil pH and Fruit pH Requesting \$38,280 E. Beasley - HydroGeo

- Possible Budget Reduction by eliminating one site for a reduction to \$27,450

The Board unanimously approved to allow the budget adjustment proposed on BoardDocs by AgroSpheres for their 2017-2018 project.

Research Review Committee

The Board moved and unanimously approved to send the Research Review Committee suggestions including 1. to have the appropriate number of viticulture members 2. to attempt to have a core group that gains experience by staying together for more than one year and 3. to aggressively seek members from across the state. In addition, the Board will provide technology that will allow the committee to meet virtually. Diane Flynt will relay this information to the Committee.

Education Grant Proposals

Doug Fabboli will work with the VWA and their Professional Development project to better develop the education portion of these requests.

Discussion and Selection of Grants

The Board voted unanimously to fund the following:

Title	Organization	Lead	Amount
Interactions Between Grape Berry Moth and its Environment Affecting Pest Impact and Management	Virginia Tech	Pfeiffer	\$50,896
Determining the Current Distribution of Spotted Lanternfly in Virginia in the First Season Post-discovery	Virginia Tech	Pfeiffer	\$17,000
Relationship Between Soil pH and Fruit pH	HydroGeo Environmental	Beasley	\$27,450

Tabled items:

Improved Fermentation Management Strategies for Cider	Virginia Tech	Stewart, Amanda	\$50,709.00
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**Draft Minutes
May 15, 2018**

Virginia Wine Board

**King Family Vineyards
Crozet, VA**

Production from High Tannin Cultivars			
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* Tabled items and additional amounts of approved funding will be reconsidered in the event that additional appropriations are available to the Board in the current or following fiscal year.

V. New Business

Ringwood Boyd Marketing Budget Proposal

Marketing Grants:

A motion was made and unanimously approved to fund the following Virginia Wine Marketing Grants. These grants will be administered through the Wine Marketing Office:

Name of Proposal	Point of Contact	Amount	Region
Commonwealth Collective – SE Promotion	Ankida Ridge/Tamara Lucas	\$23,525.00	Central VA
Defining Monticello – AVA Mapping	Monticello Wine Trail	\$ 5,000.00	Central VA
Kroger POS – Oct VA Wine Month	Chateau Morrisette/Prince Michel	\$ 5,000.00	Statewide
Fauquier Mobile App	Fauquier Wine Council	\$ 9,350.00	Northern VA
Kegs & Barrels Wine & Craft Beer Festival	Salem/Roanoke Chamber of Commerce	\$ 2,650.00	Southwest VA
	Total:	\$45,525.00	

Branding:

A representative of Padilla presented the Virginia Wine Visual Identity System

Budget:

The motion was made and unanimously approved to fund the proposed Ringwood Boyd budget as follows.

Marketing Budget for FY 2018 & Proposed for FY 2019		
		Proposed 2019'
Staffing fees:		
	4 full time , 1 parttime staff	343,146.00
	increased part time hours	
Travel		14,000.00
Office Expenses		33,000.00
Winery Guide		200K
	Printing	35,000.00
	Design	15,000.00
	Shipping	20,000.00
		70,000.00
Website & Electronic Marketing		
	Website Enhancements	
	Upgrade Platfoirm	99,500.00
	Virginia Wine App	
	Blast emails (consumer & industry)	2,000.00
	Email hosting fees	250.00
	Web hosting	8,525.00
	Routine Maintainence	21,000.00
		131,275.00
Trade Relations		
	Wine Summit	-
	Virginia Wine Camp	47,000.00
	Oct. VA Wine Month POS/Promos	95,000.00
	DC Trade Mktg	20,000.00
	Southeast Trade Event Mktg	20,000.00
	First Lady Events	
	April Virginia Vineyard Month	25,000.00
	VA Wine Ambassador Prog.	8,000.00
	Roadshow Trade Tasting	
		215,000.00

Public Relations/Brand Development	Retainer(s) for PR assistance	48,000.00
	Meltwater media tracking	6,000.00
	Social Media Support	move in house
	Brand Materials Development	92,000.00
	Brand General	-
	Governor's Cup Marketing	35,000.00
	Governor's Cup Gala	36,000.00
	PBS Un-wine'd (VA Distribution)	-
	Photography	2,500.00
	Display Materials	-
		219,500.00
Wine Library		14,000.00
Advertising	Misc. Advertising	19,000.00
	Virginia Travel Guide	18,000.00
	Digital Advertising	15,000.00
		52,000.00
Other	Mktg Matching Grants	45,525.00
	VWA Marketing with a Mission	
	Economic Impact Survey	
	Governor's Office/Trade Missions	15,000.00
	Gov. Sig. Boxes	16,000.00
		76,525.00
Wine Board Mktg Office		1,168,446.00
VA Wine Board Mktg Budget Allocations		1,344,996.00
Total Wine Board Base Allocation		1,941,231.00

Board Members Terms

Three members terms expire 6/30/2018:

David King (not eligible to be re-appointed)

Patrick Duffeler II (eligible to be reappointed)

**Draft Minutes
May 15, 2018**

Virginia Wine Board

**King Family Vineyards
Crozet, VA**

Steven Brown (eligible to be re-appointed)

The VVA and VWA have submitted names of possible nominees to the Secretary of Agriculture and Forestry. Secretary Ring will work with the Secretary of the Commonwealth to review and appoint members for the expiring terms.

6. Public Comment - None

7. Next Meeting – TBD

8. Adjourn – 3:21 PM