

## **FINAL MINUTES**

Virginia Winery Distribution Company (VWDC)  
102 Governor Street  
Richmond, VA 23219  
June 23, 2020

This meeting was held electronically via WebEx on Tuesday, June 23, 2020 during the Governor's declared state of emergency due to the COVID-19 pandemic making it unsafe for the public body to assemble in a single location. A recording of the meeting is available:

VWDC Board Meeting-20200623 1718-1 [View](#) Password - 2aMEMRcp

### **Call to Order**

Robin Hill called the VWDC Board meeting to order at 1:39 p.m.

### **Roll Call**

#### **Members Present**

Jewel Bronaugh, VDACS Commissioner  
Randy Phillips, Chairman  
Jay Colston  
Courtney Mailey  
Doug Zerbst

#### **Others Present**

Justin Bell, OAG  
Annette Boyd, Virginia Wine Marketing Office  
Carol Brown, VADCS  
Kevin Clay, Big Spoon Co.  
Burnie Gaskill, VA ABC  
Morgan Guthrie, Virginia Wine Wholesalers Association  
Robin Hill, VWDC and VDACS  
Susan Kramer, Virginia Wine Marketing Office  
Anna Pendleton, Virginia Wine Marketing Office  
Kate Pyle, Big Spoon Co.  
John Sanderson, Virginia Interactive  
Kendra Shifflett, VDACS

### **Approval of Draft Minutes**

Copies of the agenda and draft minutes were distributed in advance to all board members. Robin Hill asked if there were questions about the minutes. There being none, Ms. Hill called for a vote to adopt the minutes as presented. After the roll call for votes and all members voting yes, the minutes were approved as presented.

## **Operations Report**

Ms. Hill shared her desktop with participants and provided the Operations budget and expense report as of May 31, 2020. Ms. Hill highlighted that \$16,000 remained for ABC new licenses and renewals and on June 22 VWDC paid \$36,000 for the remaining licenses that needed to be renewed as of June 30. Three winery partners have asked to surrender their licenses. VWDC recouped \$20,000 of the license fees by payment reductions to the wineries of \$12,950 and the balance received by check payments from the wineries. An email will be sent to the winery partners letting them know that their renewal licenses will be released to them once VWDC receives payment as agreed upon during the March 10 meeting. VWDC continues to receive payments from the wineries on a daily basis. Ms. Hill reported VWDC also continues to pay Virginia Interactive for the work they are doing with software development. The current remaining funds are \$40,000 and Mr. Sanderson from Virginia Interactive will provide an update on the items we are working on. There are also marketing expenses of \$24,000 and Big Spoon Co. will provide a presentation. We pay \$6,600 for the SevenFifty program, Mr. Sanderson will provide an update and Ms. Annette Boyd will provide some information. VWDC has not processed the bank fees for Fintech and iControl at this time. The funds for the bank fees are included in our committed expenses of \$10,000. Remaining expenses include the salary and benefits for Ms. Hill and expenses for the part-time Finance Intern who assists with processing the checks. The current total expenses paid are \$261,871 as of May 31, 2020. The additional expenses coming for the end of the year will be about \$60,000. Software costs will be paid in the new fiscal year once the work is completed. Ms. Hill asked if there were questions about the budget and expenses. There were no questions.

## **Licensing Update**

Ms. Hill continued with the licensing update. Ms. Hill reported VWDC issued nine new winery licenses since the last meeting and 28 pending wineries have completed Part – 1 of the application process. Ms. Hill advised that she is working with Mr. Gaskill to delete non-responsive VWDC applicants who have been inactive after six months unless the wineries indicate continued interest.

## **Financial Highlights**

Ms. Hill provided financial highlights as of June 17. Ms. Hill reported VWDC has sales of \$3.7 million, 29,971 cases sold and 7,848 transactions. VWDC sales comprised of 77% wine, 20% cider, and 3% mead. Sales by varietal include \$776,878 in Blend, \$749,126 in Apple, \$249,947 in Chardonnay, \$230,779 in other and \$172,555 in Chambourcin.

Currently, the top five sellers are Blenheim Vineyards, Old Hill Cider, Veritas Vineyard, Bluestone Vineyard and CrossKeys Vineyard. Top buyers include Wegmans locations, Virginia Wine Merchants, Well Hung Vineyard, Valley Pike Farm Market, Charley's Waterfront Café, Mermaid Winery at the Beach and Veritas Vineyard. Ms. Hill asked if there were questions about this information. There were no questions.

Ms. Hill directed the meeting participants to review the VWDC Sales by Winery report and VWDC Sales by Case reports. She advised the Sales by Winery Report is in alphabetical order to provide easy access to view sales for a specific winery. The grand total of sales is \$3.7 million. As the final piece of the operations report, Ms. Hill provided the Sales by Case Report. Ms. Hill advised that the Sales by Case Report is presented by calendar year instead of fiscal year. Mr. Hill noted that Old Hill Cider is close to

the 3,000 case limit due to their great relationship with Costco. Ms. Hill Robin asked if there were any questions. There were no questions.

### **Budget**

Ms. Hill reviewed the proposed budget for FY 20-21. With a total appropriation of \$241,565, non-general funds remaining of approximately \$24,335 from the prior year is high because it includes expenses we will pay Virginia Interactive upon completion of projects. The \$50,000 in projected revenue collections is based on six dollars per transaction for active licenses. The license fee renewals budgeted amount of \$42,000 is based on the number of active winery licenses that will expire on June 30.

VWDC has a total budget of \$357,900. The spending plan includes license fee renewals of \$58,540 to cover existing licenses as well as new winery licenses. \$11,000 for system maintenance fees and webhosting, software development costs of \$50,000 including some funds that were not paid to Virginia Interactive in the prior fiscal year. We budget \$30,000 for marketing, \$6,600 for SevenFifty. Bank fees of \$10,000 include bank fees from SunTrust, Fintech and IControl. The spending for the liability Insurance plan remains at \$750, as does \$1,000 for travel to winery related activities. There is \$40,000 for administrative costs to VDACS, \$5,500 for legal notices, \$128,000 for salary and benefits for Ms. Hill, \$4,510 for a finance intern who assists with processing checks. There is \$1,000 for office supplies and miscellaneous expenses, and \$11,000 for NGF Reserve. These items bring the total proposed spending plan to \$357,900. Chairman Phillips asked if there were questions about the budget as presented. There were no questions. Chairman Phillips motioned that the budget be adopted as presented. Mr. Zerbst seconded the motion. After a verbal roll call vote, the Board passed the new budget for the fiscal year 2021.

### **Old Business**

Kevin Clay, Big Spoon Co. gave a presentation about Big Spoon and their client base, as well as marketing project efforts for VWDC. Mr. Clay offered a recap of 2019-2020 VWDC services provided since collaborating with VWDC as well as social media and email campaign management deliverables planned for FY 2021. Mr. Clay informed the group Big Spoon Co. manages the social media platforms for VWDC that include an Instagram channel and a Facebook channel with content curation for both channels posted three times per week. Big Spoon also continues to provide email campaign management with use of Mailchimp to provide information via winery-facing newsletters, retail-facing newsletters, as well as sending out additional information from Ms. Hill via Mailchimp as needed. Additionally, VWDC continues to use the print collateral developed by Big Spoon Co. by sending to new wineries via email who have registered to be part of the VWDC program.

With the three core audiences identified, Big Spoon's marketing program will continue focusing on reaching wineries, retailers, and consumers where they are. Due to COVID-19, the industry tasting event planned for 2020 was canceled and a new date is to be determined. Big Spoon Co. will use the funds resulting from the cancelled tasting event to create a new public facing website. The website will allow VWDC to make updates as needed. VWDC will own the content. Through the new website, stories of Virginia's Winemakers can be told through monthly blog posts. Ms. Hill will have access to update the website. Mr. Clay provided information on the marketing value of social media advertising by showing an example of how a \$25

marketing investment for a Facebook ad can increase engagement by 1,000 percent. Mr. Clay provided a breakdown of the monthly budget of \$2,500 for Big Spoon Co. The costs include \$250 for website maintenance, \$250 for content creation, \$1,650 for social media management, \$350 for email campaign management. Additional costs Mr. Clay asked to consider are \$49.95 for Mailchimp subscription, \$100 for social media advertising, and \$220 per year for a Squarespace subscription. Mr. Clay asked if there were any questions. Mr. Zerbst asked for a real life example of investing \$25 on social media. Mr. Clay responded with demonstrating the increased numbers of reactions, comments, shares, clicks, and reach for a Facebook post. Ms. Hill commented on the work Big Spoon Co. is doing for VWDC adding that the communication with the winery partners is a huge help. Especially during this time of COVID-19 response, the newsletters and emails have received favorable reactions from the wineries.

Chairman Phillips asked Annette Boyd her thoughts about if Big Spoon Co. and the work with VWDC dovetail or compliment the work of the Virginia Wine Marketing Office. Ms. Boyd responded absolutely. Ms. Boyd added there are opportunities for working much closer with VWDC for October promotions with Virginia wineries now that VWDC has a strong social media presence and regular communications. This opens up a world of opportunities.

Ms. Boyd spoke about building an excellent avenue and platform to reach buyers with SevenFifty. Ms. Boyd shared that Ms. Hill submitted a proposal for a matching grant and May 4, The Virginia Wine Board awarded VWDC \$3,300 as part of the Virginia Marketing Fund Grant Program. The grant will partially fund the VWDC SevenFifty distributor program. The Virginia Wine Region bought the month of October on the SevenFifty website for advertising that will bring awareness to Virginia wines. The ads will reach 78,000 buyers by use of 150,000 search ads targeted at 19 states. There will also be a landing page on the SevenFifty website to run promotional incentives for purchasing Virginia wines. Ms. Mailey asked about the possibility of having a week for Cider in November. Ms. Boyd said she would check with SevenFifty and start that conversation. Chairman Phillips thanked Ms. Boyd.

John Sanderson from Virginia Interactive provided the board with an updated on ongoing streams of work for VWDC. The first stream of work is support and reporting. This includes assisting Ms. Hill with reports she may need during the year including on demand reports. The second stream of work is mobile payments. Since SunTrust does not accept mobile deposits for VWDC, we will use mobile e-commerce payments. The e-commerce payments are similar to Fintech. Ms. Hill is testing the e-commerce payment system. The third stream of work is SevenFifty Integration. The SevenFifty is close to being ready for rollout. Soon after, the Virginia Interactive integration will proceed. The challenge with the SevenFifty/Virginia Interactive integration is SKU numbers. The fourth stream of work is iControl. The iControl project is currently in development and we have no established target date.

Chairman Phillips asked what the problem is with the mobile deposits to Mr. Sanderson. Mr. Sanderson described issued with VWDC's bank and the mobile deposits option. Ms. Hill responded there was already an understanding of the bank's inability to provide the service, so the plan was to have Virginia Interactive build an alternative. Mr. Sanderson added that the mobile deposit piece needs to be easy and complete with very little room for misunderstanding. Chairman Phillips asked for timelines for completion of Virginia Interactive streams of work. Mr. Sanderson stated that the SevenFifty integration will be ready next week and mobile payments will be ready one month after testing.

Ms. Mailey asked if winery partners would have access to the SevenFifty system to update their information and is there room for photographs. Ms. Hill said she would contact the SevenFifty staff for that information.

Chairman Phillips commented that the efforts with Big Spoon Co., Virginia Interactive, and SevenFifty launches VWDC into a new direction improving efficiency and adds advocacy to our efforts for the wineries. Chairman Phillips added he is optimistic about the efforts VWDC is taking.

Mr. Zerbst shared a look at how winery information is posted/viewed on the SevenFifty website.

**New Business**

There was no new business to discuss.

**Next Meeting Dates**

Suggested dates – September 22 or September 29.

**Adjourn**

Chairman Phillips adjourned the meeting at 2:40 p.m.