

**LLC Managing Committee Meeting Agenda
Conference Call**

Friday, January 13, 2017
1:00 PM

Committee Members (8):

Aaron Lange (CAWG Chair), Chair (January-December 2017)

John Aguirre (CAWG President), Tom Collins (ASEV Secretary/Treasurer), Nichola Hall (ASEV Board President), Dan Howard (ASEV Executive Director), Jim Kennedy (ASEV Past President), Bill Pauli (CAWG Past Chair), and Tom Slater (CAWG Director)

LLC Managing Committee Meeting Agenda

1. **Call to Order**
2. **Approval of January 13 Agenda**
3. **Approval of December 9 Meeting Minutes***
4. **Old Business**
 - a. Winery of the Year*
 - b. UC Davis, Foundation Plant Services Exhibit Contract Update
5. **New Business**
 - a. LLC Managing Committee – Jim Kennedy Ending Term
6. **Next Meeting Date and Time**
 - a. Tuesday, January 24, 9:00 AM – 10:00 AM, Sacramento Convention Center Room #103
 - b. Thursday, January 26, Noon – 1:30 PM, Capital Board Room, Hyatt Regency
7. **Adjournment**

**LLC Managing Committee Meeting Minutes
Conference Call**

Friday, December 9, 2016
3:00 PM

Committee Members Present

Jim Kennedy (ASEV Past President), Chair (January-December 2016)

John Aguirre (CAWG President), Nichola Hall (ASEV Board President), Dan Howard (ASEV Executive Director), Aaron Lange (CAWG Chair), Bill Pauli (CAWG Past Chair), and Tom Slater (CAWG Director)

Committee Members Not Present

Tom Collins (ASEV Secretary/Treasurer)

Others Present

Jenny Devine-Smith (CAWG Staff)

LLC Managing Committee Meeting Agenda

1. **Call to Order.** Jim Kennedy called the meeting to order at 3:09 PM.
2. **Approval of December 9 Agenda.** Nichola Hall moved to approve the December 9 agenda, seconded by Bill Pauli. Motion was approved.
3. **Approval of November 9 Meeting Minutes.** Nichola Hall moved to approve the November 9 minutes as amended, John Aguirre seconded. Motion was approved.
4. **Old Business**
 - a. **Meeting with the Sacramento Convention & Visitors Bureau.** Dan Howard confirmed the meeting time and date with the Sacramento Convention and Visitors Bureau to discuss the SCC remodel/construction. The meeting will take place on Tuesday, January 24, 9:00 AM – 10:00 AM. The time and date for the meeting has been scheduled and confirmed for Room 103 in Sacramento Convention Center.
 - b. **Winery of the Year.**
 - i. **Winer of the Year Details.**
 1. The committee discussed in detail the future of the Winery of the Year. John Aguirre reached out to Jon Moramarco to better understand the process of how the Winery of the Year was selected, by using Nielsen and tax paid data to California's BOE to help identify movements in volume of wine shipments for California wineries and he would then attribute that to the wineries and their various brands, and come up with an understanding of who was making a major play in the market in that given year, where did the winery have momentum and why. Last year, Michael David was recognized as Winery of the year, where the decision came down to Gallo and Michael David. Based on the analytics, both companies rose to the top, and it became a subjective decision by Jon Fredrikson.

2. There is no proprietary ownership of Winery of the Year. Jon Moramarco stated that if UW&GS wants to recognize a Winery of the Year, he would be supportive of how the committee would like to proceed. The following considerations of the committee are: do you want to have some recognition of a winery, what are the pros and cons, who would do the analytics, what would be the process that we would implement. John Aguirre's recommendation would be for Dan and he to work with one or two members off of the LLC Managing Committee to put together options for the full committee to consider. There is a concern with doing this in 2017, but to put together a recommendation for 2018.

ii. **Committee Discussion.**

1. Dan Howard asked if we were even the right group or entity to present this award going forward. Nichola Hall stated that based on the process and analytics that were used for this award, we are missing a big part of the entire process, that it looks like it is just on sales and volume, specifically within California. Look at beyond the sales and volume, but what the wineries are doing overall. John Aguirre stated that this does merit further discussion, specifically around a recommendation and an analysis. However, a lot of people look forward to what Jon has to say, we are left with a hole, then the question is, are we going to choose to fill the hole and how are we going to fill it.
2. Nichola Hall feels that we should leave it as is for 2017, without Winery of the Year, and take more control over the State of the Industry, and develop a better process. Aaron Lange understands the suggestions and feedback; he agrees with John that people enjoy this award and it makes news. It is a perfect time to host the award because the room is packed with the California wine industry, and if it is meaningful and meets the standards that we agree upon, then we need to consider continuing this opportunity. Bill Pauli feels that this is a big part of the program, particularly on the winery side, and it is also meaningful to the growers. It would be a mistake not having this segment, especially with the loss of Jon Fredrikson. No one has questioned how it has been determined in the past, and we should not mix it with other criteria or another matrix. It is based on productivity in terms of sales, marketing, distribution and growth. Tom Slater agrees with Bill Pauli and Aaron Lange, that we should keep this, however he also agrees with Nichola Hall's comments on how it should be awarded.

iii. **Proposed Motion.**

1. **Motion.** Bill Pauli would like to make a motion to continue the Winery of the Year award this year, at the 2017 UW&GS, and over the next couple of weeks, we come up with a general recommendation and process on how we proceed to make this selection and decide on how the award is presented. It can be done in a number of different ways. Tom Slater seconded the motion.
2. **Discussion.**
 - a. **Dan Howard:** There is concern with rushing into this decision, Unified needs to be very strategic about this, proposed that we push the award to 2018, due to the amount of time we have in order to pull this off properly. This is very California centric and we are a national symposium with international participation, and we need more time to flesh out the details His hesitation is having Unified present the award or setting a precedent of having the same speaker present the award.

- b. **John Aguirre:** Jon Moramarco has offered to work with us on the data and process. He could help with identify a Winery of the Year based on the same methodology as used in the past. The hesitation is also with who owns it, it is one thing to have an announcement based on the formula presented, and in the past Jon Fredrikson has owned this announcement. Does Unified own it and does Unified alienate anyone by picking among the population of wineries and saying that you are the special one, when we did not have the consequences when Jon Fredrikson did this on his own.
 - c. **Jim Kennedy:** If Jon Moramarco is willing to develop a winner based on the same methodology that Jon Fredrikson used in the past, we can then qualify how the award for the 2017 UW&GS was awarded, based on Jon Fredrikson's methodology. We then look at developing a new methodology for 2018.
 - d. **John Aguirre:** Jon Moramarco would be willing to present the Winery of the Year Award at the SOI, as Jon Fredrikson will be traveling.
 - e. **Nichola Hall:** She feels that if we have Jon Moramarco to present, then the audience will feel that Jon will be coming back year after year. She suggested having the past winner present, or possibly having the moderator present the award.
 - f. **Aaron Lange:** We can have Mike Veseth present the award, have a little fun with it, with Jon Moramarco present the data. This is a tradition we should continue.
3. **Vote on Motion:** Tom Slater seconded the motion, with one opposition, the motion was passed. John Aguirre will work with Jon Moramarco and the LLC Managing Committee to put together the recommendations. Aaron Lange feels that we should have a transparent process, John Aguirre and Dan Howard agrees and will work on the process.
 4. **Further Discussion:** The committee will reconvene before this is announced.
 5. **Other Issues with SOI:** The committee discuss the future of the other speakers on the SOI panel, and a few concerns surrounding the changes with Jon Fredrikson and other potential issues with a speaker's health and possibly not delivering dynamic presentations.

5. New Business

- a. **Appoint LLC Managing Committee Chair – CAWG Representative (January – December 2017).**
John Aguirre stated that Aaron Lange is gracious enough to step in as the new chair for the LLC Managing Committee. John Aguirre moved to approve the appointment of Aaron Lange as chair of the LLC Managing Committee for January – December 2017, Bill Pauli seconded the motion, the motion was approved.
- b. **UC Davis - Limitations of Damages Clause for the Vit & Enol Department and Foundation Plant Services (FPS).**
 - i. A situation has been brought forward with UC Davis and their exhibit space. There are two departments that exhibit: 1) Foundation Plant Services, and 2) Viticulture & Enology Department. Foundation Plant Services submitted a second contract and removed the

limitations of damages clause. The individual who signed the first contract was not authorized to do so. This makes the contract null and void. We are hoping that this issue will work itself out by combining the Viticulture & Enology Department and Foundation Plant Services contracts in to one. However, going forward, we will need a long-term solution that will work for everyone and that does not burden the show. Aaron Lange agrees and is against making any policy changes for just one person/group and not for everyone else.

- ii. This does however sound like this is something that could potentially be resolved. UC Davis is going look at creating one contract and if this is the case, it will comply with our policy standards. However, if they do not create one contract, then Dan Howard will inform UC Davis that we need to go to the attorneys to discuss further. Dan Howard will try to get as much information as he can from UC Davis.
- iii. Aaron Lange made a motion to wait and see if UC Davis comes forth with a combined agreement, which negates this issue. If they do not, Dan Howard will look into the issue further and if the issue cannot be resolved by Jan. 2, then they are not able to exhibit at Unified. The motion was seconded by Tom, motion approved.

6. **Next Meeting Date and Time.** The next LLC Managing Committee meeting will take in-person, Thursday, January 26, 12:00 PM – 1:30 PM, in the Capital Board Room at the Hyatt Regency.
7. **Adjournment.** Bill Pauli made a motion to adjourn the meeting, Aaron Lange seconded the motion and provided thanks to the current chair, Jim Kennedy. Motion was approved. The meeting was adjourned at 4:15 PM.

DATE January 12, 2017
TO Unified, LLC Managing Committee
FROM John Aguirre, CAWG President
RE Winery of the Year Recognition

Here follows an outline and discussion of a winery of the year announcement for the Wednesday morning State of the Industry session. Jon Fredrikson traditionally announced the winery of the year, as part of his presentation. With appropriate support, Mike Veseth, The Wine Economist, is prepared to make the announcement this year.

This proposal was developed in consultation with Jon Moramarco, BW 166, LLC and Mike Veseth.

- 1) Jon Moramarco is prepared to develop a list of wineries (9 – 12 wineries), with accompanying data and comments, that potentially merit winery of the year recognition. Key data used by Moramarco includes CA Board of Equalization shipment data and Nielsen data. In keeping with past practice, the list would be limited to California (where data is most readily available), but could be expanded to include Washington.
- 2) Moramarco would review the list of 9 – 12 wineries with the LLC Managing Committee. The Managing Committee would narrow the list of wineries to 3 – 4 candidates and provide that list to Mike Veseth and the State of the Industry session panelists.
- 3) State of the Industry session panelists, whoever they may be in a given year, would review and discuss the list of 3 or 4 winery candidates, and confidentially make a selection. Mike Veseth would make the surprise announcement at Unified; he's an excellent presenter and he would do this well.
 - a. ALTERNATIVE – Moramarco would develop the list of 9 – 12 wineries for Mike Veseth and the State of the Industry session participants to review and select from. The Managing Committee would have no role in selecting a Winery of the Year. The selection would be a function of participating panelists exclusively and would not be managed or owned in any way by the Unified. This is most consistent with past practice.
- 4) Mike would give appropriate recognition to Moramarco and BW 166, LLC for his research. No mention would be made of the LLC Managing Committee's role. This would all look like an organic part of the State of the Industry session.
- 5) Regardless of which option is chosen, the Unified Managing Committee would not know of the final selection.

In discussing this proposal with Mike Veseth, he thought the failure to announce a Winery of the Year would be a notable omission. He commented at the press briefing following the State of the Industry session, press invariably asked Jon Fredrikson to discuss the Winery of the Year selection. The Winery of the Year selection was often emblematic of important trends in the marketplace relating to brands, marketing strategy, varietal, taste profile, price points, etc.