



FINAL MINUTES

Virginia Winery Distribution Company (VWDC)
Republic National Distributing Company
14038 Washington Highway
Ashland, VA 23005

December 20, 2023

Call to Order

Stan Joynes called the meeting to order at 1:10 p.m., with a quorum present.

Roll Call

Members Present in Person

Doug Zerbst, Republic National Distributing Company
Stan Joynes, Valley Road Vineyards
Jay Colston, Virginia Imports, Ltd
Dave Drillock, Fifty-Third Winery & Vineyard
Joseph Guthrie, VDACS Commissioner

Others Present in Person

Scott Laws, Office of the Attorney General
Justin Bell, Office of the Attorney General

Others Present via Remote Participation

Staci Saunders, VWDC and VDACS
Ashley Reed, VDACS

Approval of Draft Minutes

Copies of the agenda and draft minutes from the September 21, 2023, meeting were distributed in advance to all Board members. Commissioner Guthrie moved to approve the minutes, and Doug Zerbst seconded, all in favor. The minutes were approved.

Operations Report

Ms. Saunders reviewed the Operations Budget Report provided to the board, including updates for budget and expenditures, licensing, and all relevant sales data through November 30, 2023. As of this date, expenses total \$137,515. This includes the remainder of costs to Big Spoon, the annual marketing fee to Flair Communication, monthly hosting fees from Tyler Technologies, the annual maintenance fee from Tyler Technologies, bank fees, licensing fees, and salary expenses.

Licensing Update

Twelve licenses have been approved since the September 2023 Board meeting. The new winery members are Arterra Wines, Cincinnatus Vineyards, Dobbins Hollow Winery and Cidery, Dogwood & Thistle Wine Company, Flying Fox Vineyards, Hillcrest Vineyard and Winery LLC dba Hazy-Mountain Vineyards, Jefferson Vineyards LLC, Loudoun Cider House, Rosemond Vineyards, Star Party Winery, The Craft of Brewing, and Water's Edge Winery.

Three applications have been submitted to ABC and are awaiting approval, while sixteen are pending receipt of documents from wineries to submit part 2. Under the new process, seven are pending documents before Part 1 is submitted.

Sales Updates

Year-over-year comparison shows as of December 15th, 2023. Compared to years past, wine sales are down while mead and cider continue to increase.

Old Business

ABC License Application Process

Ms. Saunders reviewed the restructured VWDC process to require the completed application documents before submitting them to ABC and paying any associated fees. This new process has potentially saved VWDC \$1,170 in application fees for wineries that might not submit the documents required to complete the application. Ms. Saunders also provided the Board with the average application cost. Based on the variable rate of the Posting and Publishing aspect, the average application cost is roughly \$655.

Board Member Terms

It was discovered that the staggering of Board member terms has gotten off track. Ms. Saunders researched each Board member's term beginning and created a chart to show the beginning and end of each term. Justin Bell reviewed the findings prior to the meeting. Mr. Bell provided an overview of the board terms in the Virginia Code.

Mr. Bell suggests that the wholesaler representative appointed to replace Doug Zerbst should be appointed during the June 2024 Board meeting with a term expiration of June 30, 2027. Doug is continuing service from his previous term as part of a holdover doctrine and will provide his recommendation for the replacement.

Bylaws and Memorandum of Agreement (MOA)

Justin Bell reviewed the MOA, and confirmed it is updated as is. He presented a rough draft of updates to the Bylaws during the meeting. The Board reviewed and suggested several updates. Mr. Bell will make suggested changes and present during the March 2024 meeting for final review.

Federal Filing

Mr. Bell is reviewing VWDC's tax responsibilities for filing IRS Form 990 annually and the necessary filing for an exception to this annual requirement. He recommended retaining a Charitable Tax Expert to identify the required paperwork and handle the form to file for the exception based on VWDC performing a government function. Mr. Bell requested the Board's approval to seek outside counsel and approval for costs not to exceed \$10,000. Mr. Joynes made the motion to approve an initial not to exceed cost of \$10,000. The Board approved.

VWDC Logo Registration

Mr. Bell is working with his technology and procurement division, which believes the new Virginia Winery Distribution Company logo is unique enough to protect. VWDC can proceed with registration. As part of the registration work, a search of the database must be done to confirm no duplicates exist. This search can be done in the house of the OAG or by a selected outside counsel to conduct the required research. The Board approves Mr. Bell to move forward with using in-house counsel (OAG) to conduct the required database research.

Bank Fees

Ms. Saunders will provide details of banking fees incurred for review to determine if charges are excessive.

New Business

VWDC Promotional Idea

Logistics – Mr. Joynes suggested contracting a company to handle deliveries for interested wineries. The Board discussed the idea, including costs, permitting separate space, VA ABC applicable regulations required, and whether this would conflict with other wholesalers. The Board will continue to gather information for consideration and discussion.

System Updates

COD Fees - During a previous meeting, the Board discussed the possibility of imposing a fee on retailers who pay with a paper check during delivery. Ms. Saunders acquired an estimated cost of \$8,000 from Tyler Technologies for this workflow. After deliberation, the Board concluded that it would be more sensible to incorporate this feature in a future upgrade rather than spending funds on a single item.

Public Comments

There were no public comments.

Next Meeting Date

March 21, 2023 @ 1:00 p.m.

Adjourn

Mr. Joynes adjourned the meeting at 2:53 p.m.