

## **FINAL MINUTES**

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

April 7, 2023

### **Call to Order**

Jay Colston called the meeting to order at 10:36 a.m., with a quorum present.

### **Roll Call**

#### **Members Present in Person**

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

#### **Others Present in Person**

Staci Saunders, VWDC and VDACS

### **Introductions, Welcome, and Board Updates**

Dave Drillock of Fifty-Third Winery and Vineyard has joined the Board of Directors for VWDC, this being his first meeting. Existing members introduced themselves and gave a brief introduction with background.

Jay Colston made a motion to nominate a new VWDC Chairman to replace Courtney Mailey. Doug Zerbst nominated Stan Joynes. All in favor, Stan Joynes has been elected the new Chairman of the Virginia Winery Distribution Company.

### **Approval of Draft Minutes**

Copies of the agenda and draft minutes from the December 13, 2022, meeting were distributed in advance to all board members. Jay Colston moved to approve the minutes, Commissioner Guthrie seconded, all in favor. The minutes were approved.

### **Operations Report**

Ms. Saunders reviewed the report provided to the board to include updates for budget and expenditures, licensing, and all relevant sales data, through March 31, 2023. Sales are notably lower than this time last year. Mr. Joynes added that December – March are slower months. Additionally pointed out, 2022 has

been a slower year for the Virginia Wine Industry overall. During a recent Wine Board meeting, Annette Boyd of Virginia Wine Board Marketing Office cited that Virginia wine sales are down overall by 4%.

### **Licensing Update**

There have been seven new licenses issued since our last meeting in December and seven completed applications submitted to ABC for approval. There are currently eighteen applications pending information from wineries. There are 231 actively participating wineries.

### **Old Business**

#### **Marketing Proposals**

Proposals obtained from vendors for VWDC marketing efforts. The Board is sensitive to choose a firm that includes interaction with the wineries to gather feedback and requests to determine how best to serve and would like to possibly schedule a virtual call with the marketing companies to have a question-and-answer session. Mr. Joynes and Ms. Saunders will review together and report back to the board with comments and suggestions.

Mr. Zerbst suggests an annual meeting for wineries, with attendance strongly encouraged. Wineries should come prepared to share their requests and needs. This information should be used to direct our marketing efforts.

The direction of marketing will be discussed in greater length during the next meeting.

**Transaction Fees** – The new fee structure became effective April 1, 2023. All orders **submitted** April 1 and forward will be assessed the new fee structure of \$6 plus 1% of the invoice. Notices have been included in each monthly newsletter, and an additional notice was sent out as a reminder of the upcoming change.

#### **Tasting Events**

Mr. Joynes states there is a major educational project that we need to undertake with our members and through them, to their buyers. Mr. Joynes reflected on lessons learned during the RNDC events attended in 2022 and highlights that VWDC needs to attempt an event on our own to determine the unique requirements of an event. Several options were discussed, including the possibility of VWDC accompanying an upcoming RNDC event, to allow for VWDC to have a separate event while also benefiting from the resources provided by RNDC. Mr. Zerbst provided feedback on this topic and stated that Northern Virginia would be the best place to attempt an initial event, instead of Richmond, VA.

## Payments

**ACH** - The ACH payment functionality is active on the VWDC ordering site. There are a handful of retailers registered to use this functionality, but no sales have yet been processed. Monthly newsletters continue to contain this notification, along with instructions and a link to the YouTube video. Detailed instructions are also available under the “resources” tab of a licensee’s dashboard.

**Fintech** – Fintech ran a cross reference of our registered retailers and is reaching out to all that are actively registered with Fintech (298 retailers), to encourage payment of VWDC transactions. Fintech also provided updated information and enrollment options to share with retailers for ease of registration.

\*\*An email notice now goes out to new retailers, upon registration approval, providing payment options, instructions, and encouragement to use either Fintech or ACH in lieu of paper checks.

The board discussed the differences between the available payment options, and the costs associated with each. Fintech is the least costly payment method and efforts to encourage retailers to use Fintech should be a primary focus of our Marketing team.

**Annual Renewals** - Approximately 200 of the active wholesale licenses will be up for renewal on June 30, 2023. Per overwhelming feedback received by the wineries, it is preferred to receive a physical invoice rather than notification in the newsletter. An example invoice was provided in the board package. Ms. Saunders will distribute invoices via mail during the week of April 24, 2023.

## New Business

**Winery feedback** – VWDC received feedback from a member winery, suggesting an increase to the case limit for Virginia’s wineries, as well as an increase in frequency of payments from VWDC for completed transactions.

Case limits - The board discussed the case limit and confirmed this is a limit imposed by Virginia Code and any changes to this limit would need to be presented to the General Assembly for amendment to code. Additionally, the board reiterated the purpose of the VWDC as per Virginia Code 3.2-102.2 *as a public instrumentality exercising public and essential governmental functions to promote, develop, and sustain markets for licensed Virginia wineries and farm wineries*. The goal of VWDC is to help wineries to graduate out to a larger distributor. Mr. Joynes will circulate a letter of response. All agreed that the difference in cider and wine is a point for discussion.

VWDC winery payments - The board also discussed the possibility to increase the payment frequency to wineries. Ms. Saunders and Mr. Joynes will review with our software provider to explore options and costs/timelines associated.

## **Software Updates**

VWDC received a proposal for an upgraded ordering system from Tyler Technologies and the Board has this to review. The board discussed the uncertainty of the upcoming legislation pertaining to the Beer

Distribution bill and acknowledged that the operating system used for VWDC will need to be updated to align with the operating system created for the Beer Distribution Company, if funded and created by the General Assembly. Due to this unknown, VWDC will only proceed with programming changes related to system needs and possibly the ability to pay wineries twice per month at this time.

### **Member Education**

Wineries have expressed interest in understanding best practices to price their wine. Ms. Saunders provided a suggested workbook tool created by a wine business education company for review by the Board. After discussion, the Board agreed that we should continue to explore tools for one that best suits most of our partners, and the simpler, the better. The Board discussed several other options including a calculator that will assist wineries with determining appropriate pricing. Mr. Zerbst will share an example for the Board to review and provide feedback. Additionally, Commissioner Guthrie suggested that Virginia Cooperative Extension may be a source of valuable information. Ms. Saunders will reach out to inquire about available resources.

### **Public Comments**

There were no public comments.

### **Next Meeting Date**

To be determined, June 2023.

### **Adjourn**

Mr. Joynes adjourned the meeting.