

**OREGON WINEGROWERS' ASSOCIATION
MEETING MINUTES
DECEMBER 13, 2006**

Attendees: Kevin Chambers (President), Earl Jones (Secretary), Steve Girard (Vice President), David Adelsheim, Casey McClellan (Treasurer), Kara Olmo, Harry Peterson-Nedry, Scott Shull, John Weisinger.

Guest: Lee Mankin

Staff: Ted Farthing (Executive Director), Tara Anderson, Stephany Boettner, Sara Gourley, Katie Stoll.

Call to Order

Chambers called the meeting to order at 9:30am.

Minutes

Peterson-Nedry moved, Weisinger seconded to approve the minutes of the October 3, 2006 Oregon Winegrowers' Association Board meeting as written. Shull and McClellan abstained. Motion passed.

Legislative Positions

Distribution Channels – Oregon Direct Shipper Bill

Adelsheim moved, McClellan seconded to approve the proposal presented by OWA counsel for the Oregon wine direct shipment bill but exclude direct retail at this time at the request of the OLCC. The Board would not oppose inclusion of retail should they request to be subsequently added. Motion passed unanimously.

OLCC Surety Bond Bill

Weisinger moved, Girard seconded for OWA counsel to introduce the OLCC Surety Bond Bill in the 2007 Oregon legislative session. Motion passed unanimously.

Wine Warehouse Removals – Technical Corrections

Adelsheim moved, Shull seconded for the Wine Warehouse Removals addition to be made to ORS 471.242 as proposed by OWA counsel and to be introduced in the 2007 Oregon legislative session. Motion passed unanimously.

Cash vs. Credit

Regarding cash vs. credit, the OWA has sided with wholesalers in the past: beer and wine must sell for cash. However, some members prefer to operate on credit. If credit terms become legal, the OWA will seek that credit terms are favorable for all Oregon wineries, including small producers. No Board motion or vote on this subject.

Proposals to Lower Blood Alcohol Content

The Board favors the pursuit of repeat offenders rather than the reduction of the blood alcohol content limits.

Crush Permit

The Board concluded that the issue of growers not getting paid for their grapes will become an educational workshop topic instead of a 2007 Oregon legislative issue.

Skilled Migrant Workforce

The Board chooses not to take a position at this time on the requirements of collective bargaining by the skilled migrant workforce.

Land Use – Winery Resort in EFU Zoning

At this time the Board will not engage in the issue of allowing winery resorts in EFU zoning.

Vineyard Farm Dwellings

There is a proposal to change OAR 660-033-0153 to allow the building of a vineyard farm dwelling if the planted vineyard is likely to produce a grape crop with a commercial value of \$80,000 or more when the vines are bearing at full commercial production.

Weisinger moved, Jones seconded to table the proposal of vineyard farm dwellings until further information is gathered; this proposal is to be discussed at the January 9, 2007 Board meeting. Adelsheim abstained. Motion passed.
--

Southern Oregon Contiguous Land Bill

The Southern Oregon Contiguous Land Bill is not an issue for the Board at this time.

Governor's Measure 37 Proposal

OWA counsel will keep the OWA informed if a bill is drafted for the Governor's Measure 37 proposal.

Vineyard Land Trust

The OWA could propose a new "free-market" program to provide incentives for private landowners to protect and preserve the long-term viability of agricultural parcels for future vineyard operations. The Board concluded the next step would be to conduct case studies to further research the outcome of establishing a vineyard land trust.

Department of Revenue / Oak Wine Barrels

The OWA has argued that oak wine barrels, under existing law, should be treated as completely exempt from Oregon personal property taxation. The Oregon Department of Revenue concluded that oak wine barrels are not exempt as inventory under current law, but they did accelerate the depreciation schedule substantially.

Weisinger moved, Shull seconded that the Board instruct OWA counsel to pursue to completion that oak wine barrels be treated as exempt from personal property taxation. In favor: Peterson-Nedry, Jones, Shull, McClellan, Weisinger. Opposed: Adelsheim, Olmo, Chambers, Girard. Motion passed.

Chambers recessed the OWA meeting at 11:23am.

Chambers reopened the OWA meeting at 12:13pm.

OSU Institute as Highest Legislative Priority

McClellan moved, Peterson-Nedry seconded that the OWA declare the funding of the OSU Wine Institute as the industry's highest 2007 Oregon legislative session priority. Motion passed unanimously.

Oregon Department of Agriculture Budget

Adelsheim moved, Peterson-Nedry seconded that the OWA endorse the ODA's proposal for an Oregon agriculture sustainable research center and the two related ODA staff positions. In favor: Peterson-Nedry, Adelsheim, Shull, Olmo, Chambers. Opposed: Girard. Abstained: McClellan, Weisinger, Jones. Motion passed.

OWA Role in the Elective Process

The role of the OWA in the elective process is to position the wine industry so we can advance its legislative initiatives and block initiatives by others that would harm the industry. To achieve that positioning, the industry through OWA must engage in the political process.

We respect the right of individual members of our industry to support one candidate over another, but it is important for the OWA, on behalf of the entire wine industry, to establish and cultivate relationships with one or more legislators and legislative candidates who will cast votes critical to the industry's well-being.

Occasionally, as a means to this end, the organization will facilitate "meet and greet" sessions and/or fundraisers to give candidates an opportunity to meet directly with members of our industry. The goal in our political involvement is not to influence elections, but rather to position the industry with candidates.

The Board reserves the right to endorse specific candidates, positions or ballot measures by means of a Board vote if deemed necessary to assume a strong industry stance.

Weisinger moved, McClellan seconded to accept the OWA role in the elective process statement. Motion passed unanimously.

Proposed Labeling Regulations

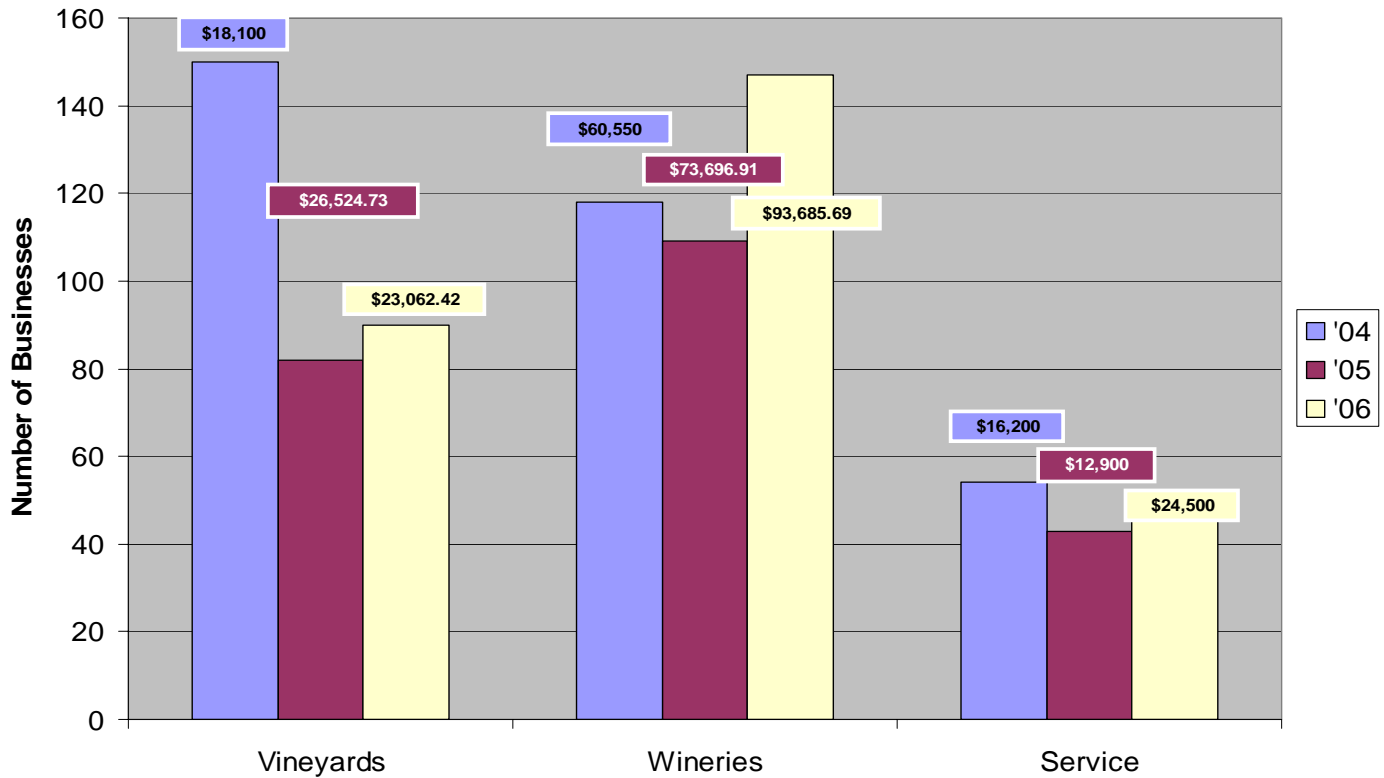
Reference Rules Proposed to Replace OAR 845-010-0905 through 845-010-0940

December 12, 2006.

Jones moved, Weisinger seconded that the document entitled "Rules Proposed to Replace OAR 845-010-0905 through 845-010-0940 December 12, 2006" is the proposal to be reviewed by the industry and with modifications as subsequently approved by the Board to be expeditiously submitted to the OLCC. Motion passed unanimously.

Membership Update

Farthing updated the Board on the status of OWA membership.



Approval of Budget

Farthing presented the following proposed OWA budget

'05-'06 Revenue: \$0K OWIS, \$121K dues
'06-'07 Revenue: \$5K OWIS, \$148K dues

	06-07 Bud
Lobbyist Fees	40,000
Gen Counsel Fees	38,000
Staff	54,000
General & Admin	9,000
Rent	7,000
Travel & Meetings	5,000
Total	153,000

McClellan moved, Shull seconded to approve the 2006-2007 operating budget as presented by Farthing. Motion passed unanimously.

Shipping and Reporting

Jones moved, Weisinger seconded that the OWA investigates services related to facilitating the direct shipment to consumers and reporting as a potential membership benefit. Motion passed unanimously.

Chambers recessed the OWA meeting at 1:20pm

Chambers adjourned the OWA meeting at 3:04pm