



DRAFT MINUTES

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

June 24, 2024

Call to Order

Stan Joynes called the meeting to order at 1:00 p.m., with a quorum present.

Roll Call

Members Present in Person

Stan Joynes, Valley Road Vineyards
Kenneth Tambaschi, Republic National Distributing Company
Dave Drillock, Fifty-Third Vineyard and Winery
Jay Colston III, Virginia Imports

Members Participating Remotely

Joseph Guthrie, VDACS Commissioner

Others Present in Person

Staci Saunders, VWDC and VDACS
Dakota Rust, VBDC and VDACS
Justin Bell, Office of the Attorney General
Jacob French, Intern, Office of the Attorney General
Bradley Copenhaver, Principal, Meadowview Strategies
Doug Zerbst, Republic National Distributing Company

Announcement of Remote Participation

Mr. Joynes announced Commissioner Guthrie joined the meeting remotely from Radford, VA. Per the VWDC's policy, as permitted by § 2.2-3700, Code of Virginia, Mr. Guthrie joined remotely because he was over 60 miles from the meeting location. Mr. Guthrie notified VWDC Chair Stan Joynes via email earlier today. Mr. Guthrie joined via Microsoft Teams and was heard by all meeting participants. Likewise, Mr. Guthrie confirmed that he could hear all the meeting participants.



Approval of Draft Minutes

Copies of the agenda and draft minutes from the March 21, 2024 meeting were distributed in advance to all Board members. Dave Drillock moved to approve the minutes, and Ken Tambaschi seconded; all were 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 June 11, 2024. As of this date, expenses total \$317,923. The VWDC will carry a cash balance for system enhancements and marketing events.

Licensing Update

Eleven licenses have been approved since the March 2024 Board meeting. The new VWDC members are 600 Vineyard and Winery, Chatham Vineyards, LLC, Fleetwood Farm Winery, Muddy Paws Winery, Otium Cellars, Ramiisol Vineyards LLC, Resolution Winery, The New River Vineyard & Winery, Wilderness Run Vineyards, Forever Farm and Vineyard, and Stone Mountain Vineyards.

Six applications have been submitted for ABC approval, while seventeen are awaiting documents to be submitted by wineries for application completion.

Financial Highlights

Ms. Saunders reviewed the financial highlights for fiscal year 2024 as of June 13, 2024. Sales total **\$5,351,049**, cases sold totals **43,635**, and transaction count totals **8,790**.

The year-over-year review shows that annual sales are returning to levels before COVID. Additionally, the quantity of cases sold is higher, with fewer transactions, suggesting a larger transaction size versus the quantity of transactions.

Ms. Saunders notified the Board that Cobbler Mountain Cellars reached the 3,000-case limit for the year.

Cobbler Mountain Cellars is the top seller for fiscal year 2024, and Wegmans in Charlottesville is the top buyer.

Old Business/Updates

SevenFifty / Provi

Ms. Saunders could not negotiate the annual membership fee to \$1,000 and canceled this yearly subscription.

COD Transaction Fees

Ms. Saunders shared that she met with VA ABC to discuss the possibility of assessing a fee to retailers who pay by paper check. Per Virginia Code 3VAC5-30-30, it is unlawful to charge an amount above the invoice price of alcohol. Additionally, requiring a licensee to pay using EFT only is unlawful.

Bank fees

Ms. Saunders notified the Board that the lockbox services end on July 1, 2024. She and VBDC Operations Manager Dakota Rust have purchased the necessary equipment and have begun processing COD payments in-house. Per the request in March, Ms. Saunders shared the financial impacts of using the bank's lockbox services to process checks. While COD transactions represent roughly half of the payments received, the costs of this service represent 81% of overall banking costs. The use of in-house processing will significantly save funds in fiscal year 2025. Mr. Colston asked how many checks are processed weekly and how smooth the process is. Ms. Saunders and Mr. Rust reported processing roughly 50 checks per week, as the lockbox is still in effect until July 1.

VWDC Licensing Costs

Per the Board's request during the March 2024 meeting, Ms. Saunders reported that the average cost of new applications is \$650 each. The Board discussed why VWDC's policy was initially adopted to have VWDC absorb these upfront costs and whether this should continue. Mr. Guthrie suggested the Board will discuss this and possibly motion to vote during the September 2024 meeting. Mr. Joynes asks for a motion to add this topic to the September agenda. Mr. Colston motioned, and Mr. Tambaschi seconded, all in favor. Ms. Saunders will add this topic of discussion to the agenda for the September 2024 meeting.

VWDC Bylaws & MOA

Mr. Bell and Mr. Joynes have reviewed and revised the bylaws. This draft is provided to the Board for review during the meeting. The updates were discussed, and questions were answered. Mr. Joynes asked if there was a motion to approve the Bylaws with changes identified during the discussion. Mr. Colston motioned, and Mr. Tambaschi seconded. All were in favor, and the Bylaws were approved.

Ms. Saunders presented the Memorandum of Agreement for the upcoming year, noting no changes from the previous year. The Board reviewed the various tasks provided by VDACS, and Ms. Saunders provided an overview of workflow processes, oversight provided, etc. Mr. Joynes asked for a motion to approve. Mr. Colston motioned to approve; Mr. Drilllock seconded. All in favor. The MOA is approved for the upcoming year.

Policy Manual

Ms. Saunders made the requested updates for the Board, including a summary of each policy document. The Board asked for this compilation of policies to be located on the VWDC website and accessible to the public and Board members alike.

New Member Onboarding

Ms. Saunders created a document for new Board Members to acclimate to VWDC policies and procedures. These documents are included on the VWDC website under Employee Portal.

Additionally, Mr. Bell reported that several large training events will be geared towards all new members of Virginia Boards. The training will cover, at minimum, the Conflicts of Information and Freedom of Information Act laws. The Secretary of the Commonwealth has selected some dates in July and August. The Board of Administrators will communicate the dates and locations of the upcoming sessions.

Federal Filing Requirements

Mr. Bell reported that he is working with an attorney from McGuireWoods on federal reporting requirements that may or may not apply to VWDC; however, the attorney is taking some personal time to deal with an ill family member. Mr. Bell reported that she is now dealing with a staff shortage but has promised an update this week or next with advice for proceeding.

VWDC Logo / Trademark

Mr. Bell shared that he is working with Robin McVoy in the Office of the Attorney General on intellectual property matters of interest to VWDC. He estimates that it should be completed within sixty days and cost roughly \$500.

New Business

Fiscal Year 2025 Budget

Ms. Saunders presented the proposed budget for the upcoming fiscal year. The Board discussed the various items. Mr. Joynes asked for a motion to approve. Mr. Colston motioned; Mr. Drillock seconded. All in favor. The proposed budget is adopted.

Public Comments

There were no public comments.

Next Meeting Date

September 18, 2024, @ 1:00 p.m.

Adjourn

Mr. Joynes adjourned the meeting at 2:33 p.m.