

Allan Hancock College

Viticulture & Enology Foundation



AGENDA

Board of Directors

Quarterly Meeting

September 20, 2017

3:30 PM

Captain's Room
Building B
Room B-102

Allan Hancock College Viticulture & Enology Foundation


AGENDA

Board of Directors

Quarterly Meeting

Wednesday, September 20, 2017 – 3:30 PM

 Captain's Room B-102, Building B

	<u>Page</u>	<u>Est. Time</u>
1. Call to Order		3:30 PM
2. Public Comment		
<p>The section of the agenda is intended for members of the public to address the board on items involving the foundation. Public comment not pertaining to specific agenda items is welcome under public comment. <i>Please note that Board members are prohibited by the Brown Act from responding to comments made regarding topics not on the official agenda.</i> Testimony on specific agenda items will be welcome during consideration of the item by the Board. When public testimony is completed regarding a specific agenda item, discussion is then confined to board members only. This practice is in accordance with laws governing Board of Directors public meetings.</p>		
3. Action Items		3:30 PM
3.A. Approval of June 21, 2017 Annual Meeting Minutes	3	
<p>A recommendation to approve the minutes of the June 21, 2017 annual meeting.</p>		
3.B. Approval of Scholarship Gifts	6	
<p>A recommendation to approve two student scholarships from CoastHills Community Foundation and CoastHills Credit Union.</p>		
3.C. Approval of Pricing	7	
<p>A recommendation to price new wine releases.</p>		
3.D. Acceptance of Donations	10	
<p>A recommendation to accept the donations received.</p>		

	<u>Page</u>	<u>Est. Time</u>
4. Information Items		4:00 PM
4.A. Financial Report	11	
A report on year-to-date financial data ending June 30, 2017.		
4.B. Winery Inventory Report	14	
A report on inventory as of June 30, 2017.		
5. New Business/Oral Reports		4:20 PM
6. Adjournment		4:30 PM

The next regular meeting of the Board of Directors will be held on December 13, 2017 at 3:30 PM.

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the President's Office at (805) 922-6966 ext. 3245. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.

Kevin G. Walthers, Ph.D.
Foundation President

ALLAN HANCOCK COMMUNITY COLLEGE
Viticulture & Enology Foundation



Minutes
Board of Directors
Annual Meeting
Wednesday, June 21, 2017

Alfredo Koch, President
Larry Lahr, Vice President
Michael Black, Treasurer
Richard Mahon, Ph.D., Secretary
Kevin G. Walthers, Ph.D., Board Member

Allan Hancock College
Captain's Room, B-102, Building B
800 South College Drive, Santa Maria, CA 93454

1. Call to Order

Alfredo Koch called the meeting to order at 3:30 p.m. with the following directors present: Michael Black, Alfredo Koch, Richard Mahon, and Kevin Walthers.

Absent: Larry Lahr

Also present: Keli Seyfert, Linda Reed (note taker)

2. Public Comment

No public comment was made.

3. Action Items

3.A. Approval of April 12, 2017 Meeting Minutes

On a motion by Richard Mahon, seconded by Kevin Walthers, the Foundation board voted to approve the minutes of the April 12, 2017 board meeting as submitted.
(Ayes: Black, Koch, Mahon, Walthers; Noes: None; Absent: Lahr; Abstentions: None)

3.B. Election of Directors and Officers

On a motion by Richard Mahon, seconded by Kevin Walthers, the Foundation board approved the election of the following directors and officers: Kevin Walthers, President; Larry Lahr, Vice President; Michael Black, Treasurer; Richard Mahon, Secretary; and Alfredo Koch, Director.
(Ayes: Black, Koch, Mahon, Walthers; Noes: None; Absent: Lahr; Abstentions: None)

3.C. Determination of Date, Time and Place of Regular Board Meetings

On a motion by Kevin Walthers, seconded by Richard Mahon, the board approved holding regular meetings at 3:30 p.m. on September 20, 2017, December 13, 2017, and March 21, 2018, and holding the annual meeting at 3:30 p.m. on June 20, 2018.
(Ayes: Black, Koch, Mahon, Walthers; Noes: None; Absent: Lahr; Abstentions: None)

3.D. Acceptance of Donations

On a motion by Kevin Walthers, seconded by Michael Black, the board accepted the donation of 150 Touriga Nacional dormant vines from Wonderful Nurseries LLC. (Ayes: Black, Koch, Mahon, Walthers; Noes: None; Absent: Lahr; Abstentions: None)

4. Information Items

4.A. Financial Report

Michael Black reviewed the balance sheet and the income statement for the period ending May 31, 2017. The healthy fund balance includes recent donations. The cost of goods sold in inventory will be reflected in the final year-end financials.

4.B. Winery Inventory Report

Michael Black reviewed the inventory report as of May 31, 2017, which now reflects the cost per bottle ranging from \$1.53 to \$4.10, calculated through the cost accounting process. Costs being allocated may not be the same as a commercial winery, since we do not have all the same costs. It does not include depreciation and overhead. The land is leased for \$400. The other anomaly is that we had to value inventory at the end of last year and took direct expenses of \$18,250 to come up with a cost per bottle. We had to start with those numbers, which could impact costing on some of the bottles. It will become a better picture going forward. Dr. Walthers noted a formula error throughout. It needs work. Will restate it from 6/30/16 when we finalize year-end.

4.C. Recent or Upcoming Events

Dr. Walthers reviewed recent and upcoming events in 2017. The spring wine sale brought in \$2,000. Scratch Kitchen in Lompoc has expressed an interest in partnering on a food/wine event to benefit the foundation.

4.D. Wine Pricing/New Releases/Labels

Michael Black reported approved pricing of \$25 for Albarino and \$22 for Torrontes, which most colleges sell between \$12 and \$25. Alfredo Koch said that Albarino is not that common, so they elevated the price. Torrontes is very unique, and ours may be the only Torrontes grapes planted in California. Dr. Walthers commented that \$25 seems high and should perhaps be priced at \$12 to \$19. Alfredo added that a limited quantity was produced, and we offer student and case discounts. It is labeled with old label.

4.E. Inventory Valuation and Cost Accounting

Michael Black reported that staff has implemented the process costing and can now develop inventory valuations at cost, as well as calculate the cost of goods sold. At the next meeting we could show spreadsheets used to come up with valuations, a fairly elaborate process. We will get better costing with better information. We had to get production info from winery software, and its accuracy is important. The consultant was very helpful. The next step is to modify the financials to include the cost of goods sold. He commended Keli, Bruce, and the winery staff on a job well done.

4.F. Proposed Viticulture and Enology Foundation Winery Business Plan

Alfredo Koch presented a second draft for the board's review and discussion. Recommendations include adding other wine industry professionals to the foundation board; increasing sales and promotional efforts; hiring a full-time lab assistant and four student workers; continuing with fundraisers; improving the tasting room experience with tents, seating, and umbrellas.

Dr. Walthers requested a calendar flow chart similar to PCPA's that would show when everything happens in the vineyard and winery, a mix of activities, a different timeline for whites, reds, and sparkling, starting with the fiscal year as of July 1. This will help determine the cost of each activity. Michael Black noted that the program is currently on the traditional academic cycle. Perhaps we should look at an alternative, similar to PCPA and public safety, that supports the program's production cycle.

Dr. Koch spent part of his sabbatical in California, Oregon and Washington. We have some of the largest wineries around here who could help our program if we incorporate them.

Dr. Walthers stated there is no question we are teaching our students well, but we need a business plan. If you need \$85,000 per year in salaries, where does it come from? Michael Black talked about student workers, or those who want to learn during non-traditional times. PCPA brings in interns and pays a stipend for the experience of building a resume, like Work Study. We could offer a similar program for vineyard work and roll it into the harvest. Production should be made a part of the curriculum as much as possible. The agriculture program also needs stable and ongoing enrollment.

The full-time position was discussed--whether it should be a classified lab assistant or a supervisory exempt position. Strong Workforce dollars can be used. We would have to negotiate with CSEA re flexible hours and a shift differential for weekends if classified. We could look into creating a temporary supervisor position in summer. It is important for Alfredo to know about everything and have some control.

5. New Business/Oral Reports

None.

6. Adjournment

Dr. Walthers adjourned the meeting at 5 p.m.

7. The next regular board of directors meeting will be held on Wednesday, September 20, 2017 at 3:30 PM in the Captain's Room, Building B.

Richard Mahon
Foundation Secretary



To: Board of Directors	ACTION ITEM
From: Richard Mahon	Date: September 20, 2017
	Item Number: 3.B.
	Enclosure(s): Page 1 of 1

BACKGROUND

In November 2016, CoastHills Community Foundation and CoastHills Credit Union presented a check for \$65,000 to the college for the AHC Viticulture & Enology Foundation (V&E Foundation). In their letter was reference to the college continuing next year (2018-2019) the AG scholarships from a portion of these proceeds.

The first gift from CoastHills allocated \$2,500 (2 scholarships for \$1,250 each) for 2015-2016 and \$2,500 (2 scholarships for \$1,250 each) for 2016-2017, was approved by the V&E Foundation board on December 15, 2015.

FISCAL IMPACT

Balance of the V&E fund that holds the original contribution will be reduced by \$2,500 as funds are disbursed in the 2018-19 academic year.

RECOMMENDATION

Staff recommends the board approve the awarding of scholarships to two students (one each in agriculture and viticulture and enology) in the amount of \$1,250 each in spring 2018 to support continuing students in the 2018-19 academic year.



To: Board of Directors	ACTION ITEM
From: Alfredo Koch, Ph.D., Board Member	Date: September 20, 2017
	Item Number: 3.C.
	Enclosure(s): Page 1 of 3

BACKGROUND

The question of pricing of wines comes up regularly as new varietals and annual releases come online.

FISCAL IMPACT

Dependent on board decision.

RECOMMENDATION

Possibilities for pricing to direct customer, retailers and wholesalers

Scenario 1

	Inventory	Price Retail (incl tax)	Price Retail no tax	Price Wholesale 40%	Price Retailers 50%
2014					
Pinot noir	927	\$18.00	\$16.67	\$6.67	\$8.33
Pinot noir 1.5L	6	\$36.00	\$33.33	\$13.33	\$16.67
Syrah SBC	264	\$18.00	\$16.67	\$6.67	\$8.33
Red Wine	127	\$16.00	\$14.81	\$5.93	\$7.41
2012					
White Wine	476	\$7.50	\$6.94	\$2.78	\$3.47
2015					
Albarino	89	\$25.00	\$23.15	\$9.26	\$11.57
Torrontes	516	\$22.00	\$20.37	\$8.15	\$10.19
Chardonnay	471	\$15.00	\$13.89	\$5.56	\$6.94
Pn Rose	1150	\$15.00	\$13.89	\$5.56	\$6.94
Pinot Noir	1296	\$18.00	\$16.67	\$6.67	\$8.33
Syrah	359	\$18.00	\$16.67	\$6.67	\$8.33
Sparkling	410				
2016					
Pinot noir	2340	\$18.00	\$16.67	\$6.67	\$8.33
Chardonnay	834	\$15.00	\$13.89	\$5.56	\$6.94

Pinot Rose	984	\$15.00	\$13.89	\$5.56	\$6.94
Syrah	1056	\$20.00	\$18.52	\$7.41	\$9.26
Torrontes		\$22.00	\$20.37	\$8.15	\$10.19
Albarino		\$25.00	\$23.15	\$9.26	\$11.57
Malbec	612	\$15.00	\$13.89	\$5.56	\$6.94
Cab Sauv	480	\$16.00	\$14.81	\$5.93	\$7.41

This would be a normal scenario for commercial winery that would like to expand in the market with a price to wholesaler of 40% and to retailers of 50% of retail sale price.

The second option is a one recommended to start with because the discount to retailers and wholesalers is lower, giving the option to occasionally offer special discounts.

Scenario 2

	Inventory	Price Retail (incl tax)	Price Retail no tax	Price Wholesale 50%	Price Retailers 60%
% of retail px					
2014					
Pinot noir	927	\$18.00	\$16.67	\$8.33	\$10.00
Pinot noir 1.5L	6	\$36.00	\$33.33	\$16.67	\$20.83
Syrah SBC	264	\$18.00	\$16.67	\$8.33	\$10.42
Red Wine	127	\$16.00	\$14.81	\$7.41	\$9.26
2012					
White Wine	476	\$7.50	\$6.94	\$3.47	\$4.34
2015					
Albarino	89	\$25.00	\$23.15	\$11.57	\$14.47
Torrontes	516	\$22.00	\$20.37	\$10.19	\$12.73
Chardonnay	471	\$15.00	\$13.89	\$6.94	\$8.68
Pn Rose	1150	\$15.00	\$13.89	\$6.94	\$8.68
Pinot Noir	1296	\$18.00	\$16.67	\$8.33	\$10.42
Syrah	359	\$18.00	\$16.67	\$8.33	\$10.42
Sparkling	410				
2016					
Pinot noir	2340	\$18.00	\$16.67	\$8.33	\$10.42
Chardonnay	834	\$15.00	\$13.89	\$6.94	\$8.68
Pinot Rose	984	\$15.00	\$13.89	\$6.94	\$8.68
Syrah	1056	\$20.00	\$18.52	\$9.26	\$11.57
Torrontes		\$22.00	\$20.37	\$10.19	\$12.73
Albarino		\$25.00	\$23.15	\$11.57	\$14.47
Malbec	612	\$15.00	\$13.89	\$6.94	\$8.68
Cab Sauv	480	\$16.00	\$14.81	\$7.41	\$9.26

The advantage of possibility one is that it increases the profitability of the retailer and provides more incentive to carry our wines.

The advantage of possibility two is that it leaves us with a little margin for extra expenses.

Our discounts could be as follows:

Suggested discounts

Students	50%	
Faculty	20%	
Wine Club	25%	
Family wines	30%	Buy 6 cases mix and match
Holidays	30%	Buy 30 cases+ with packaging
Case discount	20%	Buy 1 case mix and match

The student discount is intended to increase affordability among any AHC student.

Discount for Faculty to provide extra incentive to buy our wines and support our program.

Wine club discount is matching wineries club discount.

Family wines is a quantity discount for 6 cases or more.

Holidays is a promotion for end of the year presents for AHC staff and faculty and business in the community for year-end presents.



To: Board of Directors	ACTION ITEM
From: Kevin Walthers, President	Date: September 20, 2017
	Item Number: 3.D.
	Enclosure(s): Page 1 of 1

BACKGROUND

On August 13, 2017, Amcor Flexibles, Inc., of American Canyon, California donated assorted bottled caps and assorted Stelvin closures for use in the winery.

On August 10, 2017, M.A. Silva USA of Santa Rosa, California donated 3,200 wine bottle corks for use in the winery.

On August 4, 2017, Heyes Filters Incorporated of Torrance, California donated acid and caustic membrane cleaners for use in the winery.

On July 17, 2017, Halter Ranch Vineyard of Paso Robles, California donated 75 cases of Flint SC glass and 143 cases of 8615 AG SC glass for use in the winery.

On July 13, May 31 and May 4, 2017, Crop Production Services, Inc. of Santa Maria, California donated various chemicals for use in the student vineyard.

FISCAL IMPACT

None.

RECOMMENDATION

It is recommended that the Viticulture & Enology Foundation Board of Directors approve the donations as listed above.



AHC Viticulture & Enology Foundation



To: Board of Directors	INFORMATION ITEM
From: Michael Black, Treasurer	Date: September 20, 2017
	Item Number: 4.A.
	Enclosure(s): Page 1 of 3

BACKGROUND

Attached are the balance and income sheets for the AHC Viticulture and Enology Foundation as of June 30, 2017.

AHC Viticulture & Enology Fdtn
Balance Sheet
As of June 30, 2017

Assets

Rabobank Checking	87,593
Inventory-Bulk Wine	24,405
Inventory-Bottled Wine	16,722
Deferred Crop Costs	9,648
Total Assets:	138,369

Liabilities

Accounts Payable	6,816
Sales Tax Payable	476
Due to Other Funds	25
Total Liabilities:	7,317

Fund Balance

Fund Balance, July 1	72,996
Current Income(Loss)	58,055
Total Fund Balance:	131,051
Total Liabilities and Fund Balance:	\$138,369

AHC Viticulture & Enology Foundation
Income Statement
As of June 30, 2017

Revenue	Contributed Gifts/Grants/Endw	67,254
	Non-Cash Contributions	12,395
	Other Local Revenues	300
	Net Revenue	79,949
Wine Operations	Sales & Commissions	29,639
	Less: Returns & Allowances	-17
	Less: Sales Discounts	-8,241
	Net Sales	21,381
	Less: Cost of Goods Sold	-8,377
	Gross Profit	13,004
	Total Revenues:	92,953
Expenditures	Technology Supplies	137
	Office/Operational Supplies	6,022
	In-Kind Supply Contribution	12,289
	Inventory Allocation Expense	-40,867
	Printing	2,669
	Food Supplies	917
	Indep Contractor (Individuals)	940
	Service Contracts (Businesses)	21,338
	Off-Site-Conference/Bus Exp	1,283
	Non-Tech Licenses,Permits,Fees	1,061
	Insurance	100
	Technology Services	200
	Facility Leases	200
	Land Lease	800
	Technology Hosting Services	47
	In Kind-Legal Fees	106
	Misc Operating Expenses	2,120
	Fngprnt/Bckgrnd/Psy Tst/Poly	22
	District/College Support	20,226
	Postage/Express Services	55
	Advertising	1,950
	Merchant Fees	457
	Cash Over and Short	-4
	Equipment	2,831
	Total Expenditures:	34,898
	Net Income(Loss)	58,055
Fund Balance	Fund Balance, July 1	72,996
	Current Balance:	\$131,051



To: Board of Directors	INFORMATION ITEM
From: Michael Black, Treasurer	Date: September 20, 2017
	Item Number: 4.B.
	Enclosure(s): Page 1 of 2

BACKGROUND

Attached is the inventory report as of June 30, 2017.

Allan Hancock College Viticulture & Enology Foundation

Board Inventory Report

Fiscal Year 2017

July 1, 2016 - June 30, 2017

Vintage/Varietal	FY17 Beginning Inventory	Minus: YTD Sales	Minus: YTD Donations	Minus: YTD Tasting	Plus/Minus: YTD Adjustments	Plus: YTD Inventory Additions	FY17 Ending Inventory	Cost per Bottle	FY17 Ending Inventory Cost Value
2012 White Wine	816	-222	-59	-17	-11	0	507	\$ 1.53	\$ 775.71
2014 Blanc de Noir (Sparkling Wine)	0	0	0	0	0	402	402	6.87	2,763.35
2014 Cabernet Sauvignon Paso Robles	5	-3	-1		-1	0	0	3.69	0.00
2014 Chardonnay Barrels	240	-125	-86	-16	-13	0	0	3.38	0.00
2014 Chardonnay Stainless Steel	32	0	-4	-1	-27	0	0	2.80	0.00
2014 Pinot Noir AHC (Estate SBC)	1905	-419	-360	-23	-31	0	1072	3.38	3,623.36
2014 Pinot Noir Magnum	21	-8	-4	0	-3	0	6	5.00	30.00
2014 Pinot Noir Rose	224	-127	-61	-13	-23	0	0	2.80	0.00
2014 Red Wine Paso Robles(Bordeaux)	439	-210	-76	-15	-3	0	135	3.00	405.00
2014 Syrah AHC (Estate Syrah)	0	0	0	0	0	0	0	0.00	0.00
2014 Syrah SBC	856	-288	-155	-24	7	0	396	3.38	1,338.48
2014 Torrontes Rose	10	-4	-5	0	-1	0	0	3.38	0.00
2015 Albarino	0	-19	-7	-1	0	120	93	1.81	168.33
2015 Chardonnay	0	0	0	0	0	60	60	2.08	124.65
2015 Pinot Noir	0	-193	-152	-12	-12	792	423	1.76	743.30
2015 Pinot Noir Rose	648	-25	-30	-10	-2	1,824	1,824	1.76	3,205.95
2015 Syrah	0	0	0	0	-1	360	359	1.78	640.46
2015 Torrontes	436	-12	-1	-5	11	0	429	2.80	1,201.20
Total Number of Bottles	5,632	-1,655	-1,001	-137	-110	3,558	6287		
Cost Value Totals	\$ 16,754.25	\$ (4,682.39)	\$ (2,942.70)	\$ (389.35)	\$ (362.62)	\$ 8,345.09	\$ 16,722.28		\$ 16,722.28