

WILLAMETTE VALLEY VINEYARDS INC  
Form DEF 14A  
May 13, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Schedule 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

Willamette Valley Vineyards, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Notice of the Annual Meeting of Stockholders

To be held: Sunday, July 10, 2016

Dear Shareholders,

You are cordially invited to the 2016 Annual Meeting of Shareholders (“Annual Meeting”) of Willamette Valley Vineyards, Inc., which will be held at our winery at 8800 Enchanted Way S.E., Turner, Oregon 97392, on Sunday, July 10, 2016, beginning at 1:00 p.m., local time. The Annual Meeting will be held for the following purposes:

1. To consider and vote upon a proposal to elect nine members to our Board of Directors with staggered terms ending at the annual meetings in 2017, 2018 and 2019;
2. To ratify the appointment by the Board of Directors of Moss Adams LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2016; and
3. To transact such other business as may properly come before the meeting or any postponements or adjournments of the meeting.

The foregoing items of business are more fully described in the proxy statement (the “Proxy Statement”) that accompanies this Notice.

Our Board of Directors fixed May 10, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any postponements or adjournments of the meeting, and only shareholders of record at the close of business on that date are entitled to this notice and to vote at the Annual Meeting. A list of shareholders entitled to vote at the Annual Meeting will be available at the meeting and at our offices for ten days prior to the meeting.

We hope that you will use this opportunity to take an active part in our affairs by voting on the business to come before the Annual Meeting, either by executing and returning the enclosed proxy ballot or by casting your vote in person at the meeting. An electronic version of the 2016 Proxy and Annual Report is available at this web address: [wvv.com/annualmeeting](http://wvv.com/annualmeeting). Whether or not you plan to attend in person, please sign, date and return your Proxy using one of the methods outlined in the Proxy Statement – internet, regular mail, or telephone. The prompt return of your proxy card will assist us in preparing for the Annual Meeting. If you receive more than one proxy card because you own shares registered in different names or addresses, each proxy card should be completed and returned.

BY ORDER OF THE BOARD OF  
DIRECTORS

/s/ Jim Bernau  
Jim Bernau  
President and Chairperson of the  
Board of Directors

Turner, Oregon  
May 16, 2016



PROXY STATEMENT  
for the  
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 10, 2016

1. INTRODUCTION

1.1 General

This proxy statement (the “Proxy Statement”) and the accompanying proxy ballot are being furnished to the shareholders of Willamette Valley Vineyards, Inc., an Oregon corporation (the “Company”), as part of the solicitation of proxies by the Company’s Board of Directors (the “Board” or the “Board of Directors”) from shareholders of record of outstanding shares of the Company’s common stock, no par value (the “Common Stock”), for use in voting at the Company’s Annual Meeting of Shareholders to be held on July 10, 2016 at 1:00 PM at Willamette Valley Vineyards, 8800 Enchanted Way SE, Turner, Oregon 97392 and at any adjournments or postponements thereof (the “Annual Meeting”).

Important Notice Regarding the Availability of Proxy Materials  
for the Shareholder Meeting to be Held on July 10, 2016

Pursuant to rules of the Securities and Exchange Commission (the “SEC”), we have elected to provide internet access to our proxy statement and annual report rather than distributing hardcopies of the meeting materials. This reduces postage, printing expense and paper waste and is part of our efforts to eliminate unnecessary expenses and conserve the environment. This Proxy Statement is available at [wvv.com](http://wvv.com) by clicking on the “Investor Relations” tab or [wvv.com/annualmeeting](http://wvv.com/annualmeeting). In accordance with SEC rules, our proxy materials posted on our website under the “Investor Relations” tab do not contain any cookies or other tracking features.

At the Annual Meeting, shareholders will be asked to consider and vote upon the following:

- (i) To elect nine members of the Board of Directors with staggered terms ending at the annual meetings in 2017, 2018 and 2019;
- (ii) To ratify the appointment by the Board of Directors of Moss Adams LLP as the independent registered public accounting firm of the Company for the year ending December 31, 2016; and
- (iii) To transact such other business as may properly come before the meeting or any adjournments thereof.

The Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting (the “Notice of Internet Availability”), which contains information as to how shareholders can access this Proxy Statement and a proxy ballot, is first being mailed to the Company’s shareholders on or about May 16, 2016.

Your vote is important. Accordingly, whether or not you plan to attend the Annual Meeting, please sign and return the proxy ballot as soon as possible. Shares can be voted at the Annual Meeting only if the holder is present in person or by proxy. If you receive more than one proxy card because your shares are registered in different names or at different addresses, please sign and return each such proxy so that all of your shares will be represented at the Annual Meeting.

1.2 Solicitation, Voting and Revocability of Proxies

The Board of Directors has fixed the close of business on May 10, 2016 as the record date for the determination of the shareholders entitled to notice of and to vote at the Annual Meeting. Accordingly, only holders of record of Common Stock at the close of business on such date will be entitled to vote at the Annual Meeting, with each such share entitling its owner to one vote on all matters properly presented at the Annual Meeting. On the record date, there were

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5,790 registered and/or beneficial holders holding 5,005,716 shares of Common Stock. The presence, in person or by proxy, of a majority of the total number of outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting.

Shareholders can vote on matters that properly come before the Annual Meeting in one of four ways:

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Voting by mail:

Shareholders may vote by marking, signing and dating the proxy card and mailing it in the enclosed, prepaid and addressed envelope or otherwise mailing it to the Company at our mailing address on the cover page of this Proxy Statement prior to the Annual Meeting.

Voting in person at the meeting.

Shareholders may also vote in person at the meeting. However, shareholders who hold their shares in street name (in the name of a bank or some other nominee), must request and receive a legal proxy from the record owner prior to the meeting in order to vote at the meeting.

Voting on the Internet.

Shareholders may vote their shares of Common Stock by going to [otrtransfer.com/olink](http://otrtransfer.com/olink) and following the instructions. Shareholders should have their proxy card in hand when accessing the website.

Voting by Telephone.

Shareholders may vote by calling the toll-free number listed on the proxy card from any touch-tone telephone and following the instructions. Shareholders should have your proxy card in hand when calling.

Shareholders, who own their shares through a brokerage account or in other nominee form, should follow the instructions received from the record holder to see which voting methods are available.

Each enclosed proxy gives discretionary authority to the persons named therein with respect to any amendments or modifications of the Company proposals and any other matters that may be properly proposed at the Annual Meeting. The shares represented by all valid unrevoked proxies returned in time to be voted at the Annual Meeting will be voted in accordance with the instructions marked therein. **EXECUTED BUT UNMARKED PROXIES WILL BE VOTED FOR THE ELECTION OF THE DIRECTORS NAMED IN THE PROXY AND FOR THE RATIFICATION OF THE COMPANY'S AUDITORS.** If any other matter(s) properly comes before the Annual Meeting, the proxies solicited hereby will be exercised in accordance with the reasonable judgment of the proxy holders named therein. If the meeting is adjourned or postponed, your shares will be voted by the proxy holders on the new meeting date as well, unless you have revoked your proxy instructions before that date. Under Oregon law, shareholders are not entitled to dissenters' rights with respect to any of the proposals set forth in this Proxy Statement.

The presence of a shareholder at the Annual Meeting will not automatically revoke such shareholder's proxy. A shareholder may, however, revoke a proxy at any time prior to its exercise by filing a written notice of revocation with, or by delivering a duly executed proxy bearing a later date to: Company Secretary, Willamette Valley Vineyards, Inc., 8800 Enchanted Way S.E., Turner, Oregon 97392, or by attending the Annual Meeting and voting in person. Attending the Annual Meeting in and of itself will not revoke previously given proxies. In order to be effective, all revocations and later-filed proxies not delivered in person at the Annual Meeting must be delivered to the Company at the address listed above not later than 5:00 p.m. local time, on Friday, July 8, 2016. A shareholder who attends the meeting need not revoke a previously executed proxy and vote in person unless the shareholder wishes to do so. All valid, unrevoked proxies will be voted at the Annual Meeting.

A proxy marked as abstaining will be treated as present for the purpose of determining whether there is a quorum for the Annual Meeting, but will not be counted as voting on any matter as to which abstinence is indicated. If a quorum exists, directors are elected by a plurality of the votes cast by the shares entitled to vote, while action on a matter other

than the election of directors is approved if the votes cast by the shares entitled to vote favoring the action exceed the votes cast opposing the action. Consequently, assuming the presence of a quorum, abstentions will not affect the results of the matters to be affected at the Annual Meeting.

A Broker "non vote," which occurs when a broker or other nominee holder, such as a bank, submits a proxy representing shares that another person actually owns, and that person has not given voting instructions on a non-routine matter or matters to the broker or other nominee holder, will be treated as present for purposes of determining whether there is a quorum for the Annual Meeting. Pursuant to applicable regulations if a shareholder does not give voting instructions to his/her broker, such broker will not be permitted to vote the shareholder's shares of Common Stock with respect to Proposal 1 described in this Proxy Statement. We expect that banks and brokers will be allowed to exercise discretionary authority for beneficial owners who have not provided voting instructions with respect to the vote to ratify the Company's selected independent registered public accounting firm in Proposal 2.

The Company will pay the cost of its proxy solicitation. In addition to the use of the mails, proxies may be solicited personally, by telephone or by email by directors, officers and employees of the Company, who will not be specially compensated for such activities. Your cooperation in promptly completing and returning the enclosed proxy to vote your shares of Common Stock will help to avoid additional expense.

If you are a shareholder of record and you plan to attend the Annual Meeting, please indicate this when you vote. If you are a beneficial owner of shares of Common Stock held by a bank, broker or other nominee, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from the bank, broker, or other nominee, are examples of proof of ownership. If you want to vote in person your shares of Company's Common Stock held in street name, you will have to obtain a proxy, executed in your favor, from the holder of record. You may be asked to provide proof of identification to gain entry to the Annual Meeting.

### 1.3 Directors and Executive Officers

The following table sets forth the names of each of our executive officers, each of the members of the Board of Directors, and each such person's position with the Company and age. Our bylaws permit our Board of Directors to establish by resolution the authorized number of directors, which shall be between two and 11 directors. The Board is currently comprised of nine members. Each current director is a nominee for election as a director.

Name	Group Number	Position(s) with the Company	Age
James W. Bernau (3)	I	Chairperson of the Board, President and Director	62
Craig Smith (2)(3)	II	Secretary and Director	69
Richard F. Goward Jr.		Chief Financial Officer	61
James L. Ellis (3)	III	Director	71
Sean M. Cary (2)	I	Director	43
Christopher Sarles (1)	I	Director	51
Betty M. O'Brien (1)	II	Director	73
Stan G. Turel (2)(3)	II	Director	68
Jonathan Ricci (1)	III	Director	48
Heather Westing	III	Director	57

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

(3) Member of the Executive Committee

All directors hold office until the end of their term's respective annual meeting of shareholders or until their successors have been elected and qualified. The Board is divided into three groups (I, II, and III). Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, that each director initially appointed to Group I shall serve for an initial term expiring at our first annual meeting of stockholders following the Annual Meeting; each director initially appointed to Group II shall serve for an initial term expiring at our second annual meeting of stockholders following the Annual Meeting; and each director initially appointed to Group III shall serve for an initial term expiring at our third annual meeting of stockholders following the Annual Meeting.

Except for Mr. Goward's stepdaughter who is married to Mr. Smith's son, there are no family relationships among any of our current directors or executive officers. Executive officers are appointed by the Board of Directors and serve at

the pleasure of the Board of Directors. Set forth below is additional information as to each director and executive officer of the Company.

James W. Bernau – Mr. Bernau has been President and Chairperson of the Board of Directors of the Company since its inception in May 1988. Mr. Bernau, an Oregon winegrower, originally established Willamette Valley Vineyards as a sole proprietorship in 1983, and he co-founded the Company in 1988 with Salem grape grower, Donald Voorhies. From 1981 to September 1989, Mr. Bernau was Director of the Oregon Chapter of the National Federation of Independent Businesses (“NFIB”), an association of 15,000 independent businesses in Oregon. Mr. Bernau has served as the President of the Oregon Winegrowers Association and the Treasurer of the association’s Political Action Committee (PAC) and Chair of the Promotions Committee of the Oregon Wine Advisory Board, the State of Oregon’s agency dedicated to the development of the industry. In March 2005, Mr. Bernau received the industry’s Founder’s Award for his service. Mr. Bernau’s qualifications to serve on the Company’s Board of Directors include his more than 30 years of leadership of the Company and his industry experience and contacts.

Craig Smith, MBA, JD – Mr. Smith has served as a director since October 2007 and as Secretary since 2009. For over 20 years Mr. Smith served as the Vice President/Chief Financial Officer of Chemeketa Community College in Salem, Oregon. He was an Adjunct Professor at the Atkinson Graduate School of Management at Willamette University, as well as Managing Partner of Faler, Grove, Mueller & Smith, a large local CPA firm. He has served on many State of Oregon commissions and as the Board Chairperson for many of the local non-profit and educational institutions including the Salem Keizer School Board, Chemeketa Community College Board of Education, Oregon State Fair Council, State Fair Dismissal Appeals Board, Mid-Willamette Valley Council of Governments, Oregon School Boards Association and the United Way. Mr. Smith is a member of the Oregon State Bar and a retired Certified Public Accountant. Mr. Smith's qualifications to serve on the Company's Board of Directors include his financial and accounting experience.

Richard F. Goward Jr., CPA, CMA, MBA – Mr. Goward has been the Company's Chief Financial Officer since May of 2013. Prior to being appointed, Mr. Goward served as Chief Financial Officer for Oregon's largest city, the City of Portland, a position he retired from after serving from April 2010 to May 2013. From June 1997 to April 2010, Mr. Goward served as Chief Financial Officer at Salem-Keizer Public Schools, the second largest school district in the State of Oregon. From November 1986 to June 1997, Mr. Goward worked at Chemeketa Community College as manager of the Business Office and Director of Auxiliary Services. Mr. Goward has also worked as a partner in Faler, Grove, Mueller & Smith CPAs, has 26 years of experience as an officer in the United States Navy and Navy Reserve; retiring at the rank of Captain, for 20 years was an Adjunct Professor in Accounting at Willamette University's Atkinson Graduate School of Management and has served on many community boards and committees. Mr. Goward is licensed as a CPA in the State of Oregon and is a Certified Management Accountant. He holds a Bachelor of Science Degree in Business from Oregon State University and a Master of Business Administration from Willamette University.

James L. Ellis – Mr. Ellis has served as a director since July 1991. Mr. Ellis retired from full time duties with the Company in July of 2009. He currently serves as the Company's ombudsman and works part-time on selected projects. Mr. Ellis previously served as the Company's Director of Human Resources from 1993 to 2009. He was the Company's Secretary from 1997 to 2009, and Vice President /Corporate from 1998 to 2009. From 1990 to 1992, Mr. Ellis was a partner in Kenneth L. Fisher, Ph.D. & Associates, a management-consulting firm. From 1980 to 1990, Mr. Ellis was Vice President and General Manager of R.A. Kevane & Associates, a Pacific Northwest personnel-consulting firm. From 1962 to 1979, Mr. Ellis was a member of and administrator for the Christian Brothers of California, owner of Mont La Salle Vineyards and producer of Christian Brothers wines and brandy. Mr. Ellis' qualifications to serve on the Company's Board of Directors include his prior experience as a member of the Company's senior management, as well as more than 40 years of business experience.

Sean M. Cary – Mr. Cary has served as a director since July 2007. Mr. Cary is the Chief Financial Officer of Pacific Excavation, Inc., a Eugene, Oregon based heavy and civil engineering contractor. Previously, Mr. Cary served as the CFO of CBT Nuggets, LLC, the Corporate Controller of National Warranty Corporation, the CFO of Cascade Structural Laminators and prior to that as Controller of Willamette Valley Vineyards. Mr. Cary served in the U.S. Air Force as a Financial Officer. Mr. Cary holds a Master of Business Administration degree from the University of Oregon and a Bachelor of Science Degree in Management from the U.S. Air Force Academy. Mr. Cary's qualifications to serve on the Company's Board of Directors include his financial and accounting expertise.

Christopher L. Sarles – Mr. Sarles has served as a director since January of 2015. Mr. Sarles is the President/CEO of Oregon Fruit Products, a position he has held since July of 2014. From May of 1998 until June of 2014 Mr. Sarles worked in various executive capacities in Columbia Distributing/Young's Market, most recently as Executive Vice President of Sales from 2011 to 2014. From 1987 to 1995 he was President/Chief Operating Officer of Alehouse Distributing Company in Seattle Washington. Mr. Sarles has been actively involved in the wine industry, been a speaker on Wine Industry issues, and served as President of the Oregon Beer and Wine Wholesalers Association. He

holds a Bachelor of Science degree in Business Marketing from Oregon State University. Mr. Sales is qualified to serve on the Company's Board of Directors as a result of his many years of executive experience in the alcohol distribution industry.

Betty M. O'Brien – Ms. O'Brien has served as a director since July 1991. Ms. O'Brien is co-owner of Elton Vineyards L.L.C., a commercial vineyard located in Eola Hills in Yamhill County, Oregon and established in 1983. Ms. O'Brien was the Executive Director of the Oregon Wine Board from 2001 to 2004. Ms. O'Brien was employed by Willamette University as its Director of News and Publications from 1988 to 2000. She is a member of the Oregon Winegrowers Association, having previously served as its President and Treasurer and as a director. Ms. O'Brien is chairman of the Wine Studies Program Advisory Committee at Chemeketa Community College (CCC). She headed a wine industry task force developing a new wine marketing program and curriculum leading to a two-year degree at CCC. She taught Wine Marketing classes there for seven years. Ms. O'Brien served as Chair of the Board of Directors of LIVE (Low Input Viticulture and Enology). She was president of the Eola-Amity Hills Winegrowers Association in 2014-15. Ms. O'Brien and her husband received a 2010 Oregon Wine Industry Outstanding Service Award. Ms. O'Brien's qualifications to serve on the Company's Board of Directors include her industry experience and contacts.

Stan G. Turel – Mr. Turel has served as a director since November 1994. Mr. Turel is President of Turel Enterprises, a real estate management company managing his own properties in Oregon, Washington and Idaho and is president of Columbia Pacific Tax in Bend, Oregon. Prior to his current activities, Mr. Turel was the Principal and CEO of Columbia Turel, (formerly Columbia Bookkeeping, Inc.) a position which he held from 1974 to 2001. Prior to the sale of the company to Fiducial, one of Europe's largest accounting firms, Columbia had approximately 26,000 annual tax clients including approximately 4,000 small business clients. Additionally Mr. Turel successfully operated as majority owner of two cable TV companies during the 80's and 90's which were eventually sold to several public corporations. Mr. Turel is a pilot, author, was a former delegate to the White House Conference on Small Business and held positions on several state and local Government committees. Mr. Turel's qualifications to serve on the Company's Board of Directors include his more than 20 years of accounting and business management experience.

Heather Westing – Ms. Westing has served as a director since March 2016. Ms. Westing owns several real estate developments, restaurant and financial companies in Oregon. She is the former owner of The Subway Group – franchisor agency for over 350 Subway Restaurants and served on Subway's Worldwide Advisory Board. Ms. Westing is an active member in the Oregon Angel Fund, and oversees the Westing Family Foundation. Previously, Ms. Westing owned an advertising and marketing agency, with offices in Eugene, Portland and Bend. She has also owned and operated a 50-acre farm of filberts, grass seed and Christmas trees. She served on Umpqua Bank's Regional Board of Advisory and The Oregon Bach Festival's Board of Directors. She is a Lifetime Alumni of University of Oregon, where she studied finance and real estate. Ms. Westing's qualifications to serve on the Company's Board of Directors include her extensive business experience and expertise in marketing.

Jonathan Ricci – Mr. Ricci has served as a director since March 2016. Mr. Ricci is currently the President of Stumptown Coffee Roasters in Portland, Oregon. Prior to joining Stumptown in 2013, he was a managing partner in the First Beverage Group for several years. He served as CEO at Jones Beverage, and prior to that was Director of Customer Marketing at Columbia Distributing for seven years. Mr. Ricci was raised in Oregon, graduating with a degree in Education from Oregon State University. He was formerly the head of the OSU Alums and also served as a Trustee of the OSU Foundation. Mr. Ricci is serving on Portland's 2020 strategic effort to meet that population's challenges. Mr. Ricci's qualifications to serve on the Company's Board of Directors include his beverage industry and public company experience.

#### 1.4 Board and Committee Meeting Attendance

The Board of Directors met four times during 2015. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of each committee on which each director served.

#### 1.5 Annual Meeting Attendance

Although we do not have a formal policy regarding attendance by members of the Board of Directors at our annual meeting of shareholders, directors are encouraged to attend the annual meetings. All of our then current directors attended the Company's 2015 annual meeting of shareholders.



## 1.6 Independence

The Board of Directors has determined that each of our directors other than Mr. Bernau and Mr. Ellis is “independent” within the meaning of the applicable rules and regulations of the SEC and the director independence standards of The NASDAQ Stock Market, Inc. (“NASDAQ”), as currently in effect. Furthermore, the Board of Directors has determined that each of the members of the Compensation and Audit Committees of the Board of Directors is “independent” under the applicable rules and regulations of the SEC and the director independence standards of NASDAQ, as currently in effect. The Board of Directors does not have a separate standing Nominating Committee. Consistent with NASDAQ rules, only independent directors participate in meetings where the Board of Directors meets as the Nominating Committee. The independent directors held two meetings in 2015.

## 1.7 Committees of the Board of Directors

### Compensation Committee

The Board of Directors has appointed a Compensation Committee, which reviews executive compensation and makes recommendations to the full Board regarding changes in compensation, and also administers the Company's 1992 Stock Incentive Plan. Executive officers do not play a role in determining executive compensation. The Compensation Committee does not delegate any of its duties, and it may use consultants in determining executive compensation. The Compensation Committee met once in person in 2015. In accordance with its Charter, the Compensation Committee reviewed the current compensation for the CEO and it approved the 2014 performance bonus of \$126,176 for the Company's CEO (see section “Executive Compensation”). The Compensation committee did not engage the services of a compensation consultant in 2015. The members of the Compensation Committee are Betty M. O'Brien, Chair, Christopher Sarles and Jonathan Ricci. All members of the Compensation Committee are independent under the applicable rules and regulations of the SEC and the director independence standards applicable to compensation committee members of the NASDAQ Stock Market, as currently in effect. A copy of the Compensation Committee's charter can be found on the Company's website, [www.wvv.com](http://www.wvv.com).

### Audit Committee

The Company has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The members of the Audit Committee are Craig Smith, Sean Cary and Stan G. Turel. All members of the Audit Committee are independent as defined under the applicable rules and regulations of the SEC and the director independence standards of the NASDAQ Stock Market, as currently in effect. The Audit Committee oversees our financial reporting process on behalf of the Board of Directors and reports to the Board of Directors the results of these activities, including the systems of internal controls that management and the Board of Directors have established, our audit and compliance process and financial reporting. The Audit Committee, among other duties, engages the independent public accountants retained as the registered public accounting firm, pre-approves all audit and non-audit services provided by the independent public accountants, reviews with the independent public accountants the plans and results of the audit engagement, considers the compatibility of any non-audit services provided by the independent public accountants with the independence of such auditors and reviews the independence of the independent public accountants. Mr. Smith is designated by the Board of Directors as the “audit committee financial expert” under SEC rules. The Audit Committee conducted four meetings in the year ended December 31, 2015 and each meeting was attended by at least 75% of the committee members. A copy of the Audit Committee charter can be found at our website, [www.wvv.com](http://www.wvv.com).

### Audit Committee Financial Expert

Craig Smith serves as the Audit Committee's "financial expert" as defined in applicable SEC rules and NASDAQ listing standards. Mr. Smith is independent as defined under the applicable rules and regulations of the SEC and the director independence standards of the NASDAQ Stock Market, as currently in effect.

### Nominating Committee Functions

The Board of Directors performs the function of a nominating committee for selecting nominees for election as directors. Given its size, the Board believes that it performing this function is a pragmatic and realistic approach. Consistent with NASDAQ rules, the independent members of the Board of Directors select and recommend to the full Board of Directors for approval nominees for director positions. The Board then determines whether to approve of such nominations and present them to the Company's shareholders for election to the Board of Directors. In seeking nominees, the Board looks for qualified candidates that will meet the oversight and financial expertise needs of the Company. The Board also looks for nominees who will meet the independent qualifications necessary to meet current standards of independence. While not maintaining a specific policy on Board diversity requirements, the Board believes that diversity is an important factor in determining the composition of the Board and, therefore, seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board. The Board, functioning as nominating committee, annually evaluates the Board's composition. This evaluation enables the Board to update the skills and experience they seek in the Board as a whole, and in individual directors, as the Company's needs evolve and change over time and to assess the effectiveness of efforts at pursuing diversity.

Nominations of candidates by shareholders of the Company to be considered by the Board for membership on the Board of Directors may be submitted if such nominations are made pursuant to timely notice in writing to the Company's Secretary. For more information, please see the information provided under the heading "Shareholder Proposals and Nominations" below. The current nominees were selected by the independent members of the Board of Directors, which nominees were ratified by the entire Board of Directors. The Company does not currently have a charter or formal policy with respect to the consideration of director candidates recommended by shareholders. The reason for not having such a formal policy is that the current approach has functioned well and therefore no formal policy has been deemed necessary.

### Executive Committee

In 1997 the Board appointed an Executive Committee, its members are: James Bernau, James Ellis, Craig Smith and Stan Turel. One of the principle charters of the Executive Committee is to review and approve all proposed purchases over \$50,000.00. The Executive Committee did not meet in 2015.

### 1.8 Leadership Structure of Board of Directors

Currently, the Company's President, Mr. Bernau, also serves as its Chairperson of the Board. The Board believes the interests of all shareholders are best served at the present time through a leadership model with the same person holding the positions of President and Chairperson of the Board.

The Company's President possesses an in-depth knowledge of the Company, its operations, and the array of challenges to be faced, gained through over 30 years of successful experience in the industry. The Board believes that these experiences and other insights put the President in the best position to provide broad leadership for the Board as it considers strategy and as it exercises its fiduciary responsibilities to its shareholders.

Further, the Board has demonstrated its commitment and ability to provide independent oversight of management. All directors other than Mr. Bernau and Mr. Ellis are independent, and all of the members of each of the Compensation and Audit Committees are independent. Each independent director may call meetings of the independent directors, and may request agenda topics to be added or dealt with in more detail at meetings of the full Board or an appropriate Board committee.

1.9 Role of Board of Directors in Risk Oversight

The entire Board and each of its standing committees are involved in overseeing risk associated with the Company. The Board monitors the Company's governance by regular review with management and outside advisors. The Board and the Audit Committees monitor the Company's liquidity risk, regulatory risk, operational risk and enterprise risk by regular reviews with management and external auditors and other advisors. In its periodic meetings with the independent accountants, the Audit Committee discusses the scope and plan for the audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs. As part of its responsibilities as set forth in its charter, the Compensation Committee reviews the Company's executive compensation program and the associated incentives to determine whether they present a significant risk to the Company. Based on this review, the Compensation Committee concluded that the Company's compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company.

## 1.10 Director Compensation

The following table sets forth information concerning compensation of the Company's directors other than Mr. Bernau for the fiscal year ended December 31, 2015:

Name	Fees Earned  or Paid in Cash	Stock Awards	Option Awards (1)	Non-equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred		All Other Compensation	Total
					Compensation Earnings	Compensation		
James L. Ellis	\$ 3,600	-	-	-	-	-	\$ 8,100	\$ 11,700
Sean M. Cary	4,200	-	-	-	-	-	-	4,200
Christopher L. Sarles	2,200	-	-	-	-	-	-	2,200
Craig Smith	4,100	-	-	-	-	-	-	4,100
Betty M. O'Brien	3,650	-	-	-	-	-	-	3,650
Stan G. Turel	4,900	-	-	-	-	-	-	4,900

(1) There were no option awards granted to the Company's directors in the fiscal year ended December 31, 2015. There were no option awards outstanding for any director, other than Mr. Bernau, as of December 31, 2015.

Other compensation for James L. Ellis includes a monthly stipend for ongoing consultation services as well as serving as administrator of any potential employee complaint that might rise to the Board level.

The members of the Board received cash compensation for their service on the Board in 2015, and were reimbursed for out-of-pocket and travel expenses incurred in attending Board meetings. As a result of FASB ASC Topic 718, Stock Compensation, which requires all share-based payments to be recognized as expenses in the statement of operations based on their fair values and vesting periods, the Company does not intend to, for the foreseeable future, issue stock options to the members of the Board for their service.

In January 2009 the Board, upon recommendation of the Compensation Committee, who had sought outside counsel regarding revision of the Company's Board Compensation Plan, adopted the final version of the revised WVV Board Member Compensation Plan. Under the terms of the revised plan, any Board member may elect not to receive any or all of the compensation components. The Board also reserved the right to suspend this plan at any time on the basis of prevailing economic conditions and their impact on the company. The basic elements of the revised plan are: \$1,000 yearly stipend for service on the Board, \$500 per Board meeting attended in person, \$250 per Board meeting via teleconference, \$200 per committee meeting in person and \$100 per committee meeting via teleconference. A set per diem for expenses associated with meeting attendance, as well as a yearly wine allowance were also approved.

## 1.11 Communications to the Board of Directors

The Board of Directors welcomes and encourages shareholders to share their thoughts regarding the Company. Towards that end, the Board of Directors has adopted a policy whereby all communications should first be directed to

the Company's Secretary at Willamette Valley Vineyards, Inc., 8800 Enchanted Way SE, Turner, OR 97392. The Secretary will then distribute a copy of the communication to the Chairman of the Board, the Chairperson of the Audit Committee and the Company's outside counsel. Based on the input and decision of these persons, along with the entire Board of Directors if it is deemed necessary, the Company will respond to the communication. Shareholders should not communicate directly with any other individual officer or director unless requested to do so.

1.12 Code of Ethics

The Company adopted a code of ethics applicable to its Chief Executive Officer, CFO/Controller and other finance leaders, which is a "code of ethics" as defined by applicable rules of the SEC. Amendments to the code of ethics or any grant of a waiver from a provision of the code of ethics requiring disclosure under applicable SEC rules, if any, will be disclosed on our website at, [www.wvv.com](http://www.wvv.com).

Any person may request a copy of the code of ethics, at no cost, by writing to us at the following address:

Willamette Valley Vineyards, Inc.  
Attention: Corporate Secretary  
8800 Enchanted Way SE  
Turner, OR 97392

## 2. EXECUTIVE COMPENSATION

### 2.1 Summary Compensation Table

The following table sets forth certain information concerning compensation paid or accrued by the Company, to or on behalf of the Company's principal executive officer, James W. Bernau and Chief Financial Officer, Richard F. Goward Jr., for the fiscal years ended December 31, 2015 and December 31, 2014. No other executive officer of the Company other than Mr. Bernau and Mr. Goward received total compensation in 2015 in excess of \$100,000, and thus disclosure is not required for any other person. Summary compensation information is as follows:

Name, Principal Position	Year	Salary	Bonus	Stock Awards	Option Award	Nonqualified		Other Comp.*	Total
						Non-equity Incentive Plan Compensation	Deferred Earnings		
Bernau, James W., President, Chief Executive	2015	\$ 256,389	\$ 128,195	\$ -	\$ -	\$ -	\$ -	\$ 51,862	\$ 436,446
Bernau, James W., President, Chief Executive	2014	\$ 252,351	\$ 126,176	\$ -	\$ -	\$ -	\$ -	\$ 45,334	\$ 423,861
Goward, Richard F. Jr Chief Financial Officer	2015	\$ 106,134	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 21,817	\$ 137,951
Goward, Richard F. Jr Chief Financial Officer	2014	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,350	\$ 115,350

\* All other compensation includes Company payments for medical insurance, value of lodging, Board of Director stipends, life insurance payments and Company 401(k) matching contributions.

### 2.2 Bernau Employment Agreement

The Company and Mr. Bernau are parties to an employment agreement dated August 3, 1988 as amended on February 20, 1997, in January of 1998, in November 2010, and again on November 8, 2012. Under the amended agreement, Mr. Bernau is paid an annual salary of \$235,000 with annual increases tied to increases in the consumer price index. Mr. Bernau's bonus is calculated as a percentage of Company net income before taxes; 5% on the first \$1.5 million of pre-tax income, and 7.5% on the pre-tax net income over \$1.5 million, not to exceed 50% of Mr. Bernau's base salary. Additionally, Mr. Bernau participates in the employer sponsored 401(k) plan. Pursuant to the terms of the employment agreement, the Company is to provide Mr. Bernau with housing on the Company's property. Mr. Bernau resides in the estate house, free of rent, which is also used to accommodate overnight stays for Company guests. Mr. Bernau resides in the residence for the convenience of the Company and must continue to reside there for the duration

of his employment in order to provide additional security and lock-up services for late evening events at the Winery and Vineyard. The employment agreement provides that Mr. Bernau's employment may be terminated only for cause, which is defined as non-performance of his duties or conviction of a crime.

### 2.3 Goward Employment Agreement

The Company and Mr. Goward are parties to an employment agreement dated April 16, 2013 as amended on July 15, 2015. Under the agreement Mr. Goward is paid an annual salary of \$122,269 and is reviewed annually for potential meritorious awards. Additionally, Mr. Goward receives the equivalent of a board stipend for Board meetings outside of the normal working schedule. Mr. Goward also participates in the employer sponsored 401(k) plan.



## 2.4 Stock Options

In order to reward performance and retain high-quality employees, the Company has, in the past, granted stock options to its employees. The Board believes that equity-based compensation ensures that the Company's employees, directors and distributors have a continuing stake in the long-term success of the Company. The Company has a stock incentive plan, originally created in 1992, most recently amended in 2001. However, no additional grants may be made under the plan. Options were typically issued under the plan at a per share exercise price equal to the closing price as reported by the Nasdaq Capital Market at the time the option was granted, and accordingly, will only have value if the Company's stock price increases. The options vest to the employee over time. All options have an individual vesting schedule and a term of ten years, except in the case of shareholders who hold a 10% or more of Company stock, in which case the term is 5 years and the grant price must be 10% over market on the day of grant. Three months following termination of the employee's employment with the Company, any and all unexercised options terminate. The Company is not currently granting new options and does not intend to do so at this time.

## 2.5 Outstanding Equity Awards at Fiscal 2015 Year End

The following table summarizes the outstanding equity award holdings held by our named executive officers. The amounts are not stated in thousands. As indicated above, disclosure is not required for any other executive officer. No stock awards were held by any of our named executive officers as of December 31, 2015

Name, Principal Position	Number of Securities Underlying Unexercised Options Exercisable	Option Exercise Price (\$)	Option Expiration Date
Bernau, James W., Chief Executive Officer	56,000	\$ 3.24	7/20/2016

## 2.6 Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to beneficial ownership of the Company's Common Stock as of May 12, 2016, by (i) each person who beneficially owns more than 5% of the Company's Common Stock, (ii) each Director of the Company, (iii) each of the Company's named executive officers, and (iv) all directors and executive officers as a group. Except as indicated in the footnotes to this table, each person has sole voting and investment power with respect to all shares attributable to such person.

Unless otherwise noted, the address of each beneficial owner listed in the table is 8800 Enchanted Way SE Turner, OR 97392.

Number of Shares Outstanding	Percent of Shares
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