

Oral History Center
The Bancroft Library

University of California
Berkeley, California

David Pearson

David Pearson: Napa Wine on the Global Stage

The Napa Valley Vintners Oral History Project

Interviews conducted by
Martin Meeker
in 2019

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David Pearson, “David Pearson: Napa Wine on the Global Stage,” conducted by Martin Meeker in 2019, Oral History Center, The Bancroft Library, University of California, Berkeley, 2019.



David Pearson
Photo courtesy of Napa Valley Vintners

David Pearson is CEO of Opus One winery in Oakville. He was elected to the board of Napa Valley Vintners (NVV) in 2013 and has served two terms (2018 and 2019) as board chair. Pearson graduated from UC Davis with a degree in fermentation science but then pivoted to focus on the business side of the wine industry, working with Heublein and Robert Mondavi Winery before heading up Opus One. In this interview, Pearson discusses: family background, upbringing, and education at UC Davis; early career positions in the wine industry; sale of Robert Mondavi Winery; Opus One winery beginning to play a bigger role in NVV; NVV board service and governance; Auction Napa Valley; Napa Valley terroir; international wine marketing and other international issues; land use, the environment, tourism, and Napa Valley.

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Napa Valley Vintners Project History

The Napa Valley Vintners (NVV) Oral History Project was initiated in 2018 following a series of conversations between representatives of NVV and UC Berkeley's Oral History Center. In anticipation of the NVV's 75th anniversary year in 2019, the NVV agreed to sponsor an oral history project documenting the contributions of the organization to the growth and improvement of the wine industry in the United States; the establishment and protection of "Napa Valley" as a place known worldwide for the quality of its wines; and the people who made all of this possible.

The oral histories in this project were designed to be rather brief two-hour interviews; in these the narrators were asked about their interest and engagement with the wine business in general before turning the focus to their participation in and observations of the NVV. Interviews in this project are wide-ranging, touching on a number of issues and topics going back to the very beginning of the organization in 1944—in fact, two of the first project narrators were children of NVV founders (Michael Mondavi is the son of Robert Mondavi; Robin Lail is the daughter of John Daniel, Jr.). Narrators describe the growth and transformation of the organization in the 1970s and 1980s; during this time the NVV ceased being a small group of vintners who viewed the organization as a social club as much as an industry group and changed into something much more consequential. Narrators, including Bob Trinchero and John Shafer, tell how the NVV grew into a large and influential organization that impacted the law, policy, trade, and marketing of wine in the United States and abroad. Other narrators describe the organization's emerging and expanding interest in protecting the environment, limiting urban growth, preserving agricultural lands, and advocating for sustainable practices in the vineyards and cellars of Napa Valley. Key people and projects of the organization are touched upon in most interviews, with special attention paid to Auction Napa Valley, the country's premier charitable wine auction that was established in 1981 and now raises millions of dollars a year for community health and education organizations in Napa Valley.

The Napa Valley Vintners Oral History Project builds upon decades of interviews conducted by the Oral History Center that document the history of wine in California and, in some cases, the specific history of the NVV. These oral histories date back to the late 1960s and include interviews with NVV founders Louis M. Martini and Robert Mondavi, as well as Eleanor McCrae, Joseph Heitz, Dan Duckhorn, and several other NVV leaders.

Martin Meeker
Charles B. Faulhaber Director
Oral History Center of The Bancroft Library

Interview 1: July 12, 2019

01:00:00:15

Meeker: Today is the 12th of July, 2015. This is Martin Meeker interviewing David Pearson, the CEO of Opus One, for the Napa Valley Vintners oral history project. And we are here in the glamorous temporary tasting room of Opus One because there's a lot going on behind us in terms of rebuilding and renovation. We begin these interviews the same with everyone, and that's tell me when and where you were born.

01:00:00:45

Pearson: Born in 1962, Kansas City, Missouri. The hospital was on the Missouri side of the river, but we were living in Kansas at the time.

01:00:00:55

Meeker: Tell me a little bit about the family that you were born into. Your mom and dad, what kind of work did they do?

01:00:01:00

Pearson: Gosh. My parents have both passed away now. My father was a psychiatrist. He was a doctor. He was born into a Depression-era family. And, to that point, and to the end of his days, he was saving nails and very conscious of the fragility of life and economy and the value of things. So, he came out of Kansas with a family that was very hardworking, very honest. He had a sister who had polio, had a younger brother who passed away at the age of twelve. And so, he had a number of challenges in his life and dramas. I think that made him very sensitive, very aware, and a very caring person. He met his wife, my mother—gosh, too much detail—in college, summer school, in Wisconsin, Madison, Wisconsin. She was from Nashville, Tennessee, a well-to-do family, different origins, different backgrounds. But, met, fell in love and started a family. She moved to Kansas, lived there for two years. We moved quite a bit for the first couple of years of our lives, my life. By the time I was four, I'd lived in Minnesota for a little bit. I had spent a year in the Virgin Islands during his medical residency. And we grew up in San Diego. So, after all of that, a San Diego, California family, a California kid. I have an older brother, two younger sisters, spread about the US now.

01:00:02:24

Meeker: Did you attend public schools?

01:00:02:26

Pearson: I did the whole time, yeah.

01:00:02:27

Meeker: What high school did you go to?

01:00:02:28

Pearson: La Jolla High School. I grew up in La Jolla.

01-00:02:31

Meeker: Was that an enjoyable experience for you? Were you a surfer?

01-00:02:35

Pearson: I was for a couple of years. I did do surfing in junior high school and ended up getting bored with it. There was a lifestyle that was associated with it, and I guess happily it didn't stick after a couple of years. A bunch of my friends were surfers and, I don't know. I wanted to do more than sit on the beach and watch other people surf and surf for a while. But I did it for a couple of years—very active outdoor family, played a lot of tennis, a lot of volleyball, a lot of Southern California things.

01-00:03:04

Meeker: You say you wanted to do more. What did you want to do? What were your plans?

01-00:03:07

Pearson: I don't know. I didn't have any plans. I just was an active person. It was an active family. And I think that came from her parents, who really, really stimulated us with exposure to many things and expectations that we were doing many things, and not allowing us to not be doing something. There's always a number of trials of so many different things through high school. It's a very happy childhood, very fortunate.

01-00:03:33

Meeker: So, wine is at the center of these interviews that I'm doing. Was wine part of your household growing up?

01-00:03:40

Pearson: Almost not at all. Culinary appreciation, which sounds a little hifalutin' about it, my mother was an excellent cook. I guess many people think their mother is or was, but she actually was. And we had an appreciation for the time at the table and the family and discussions and the things that happen when you have food and family and friends around a table. And I think that planted seeds. And wine was a part of it for my parents. But it wasn't, as many European families or French families would do, they'd say here, smell the wine, or here, get exposed to the wine. There was none of that. I ended up in the wine business almost by accident, almost backing into it. I finished high school thinking I had been very active but without any specific plans. I applied to two universities—University of Kansas, where my father went, and UC Davis, for no specific reason, with no specific major or activity in mind. One was following my father's path to do something, and one was just the UC school that I got into.

And, this gets to be a longer story, but the summer before I matriculated, my older brother, who a year and a half older, was already at Stanford, pre-med, much more focused—I always tell people much smarter than I am—he and I went and spent two months in Europe traveling on the Eurail, sleeping on the sidewalks and doing all that kind of thing. We started in France through a

connection on my mother's side, uncle on my mother's side, who put us in touch with a Burgundian wine producer. And we were able to go to Nuits-Sainte-Georges and put capsules on bottles as they went by, sort of like Laverne and Shirley, and had this experience. We were shown some of the most hallowed vineyards in the world, and it just didn't mean a thing to us. It was beautiful, but there was no connection.

01-00:05:28

And at one point, the workers in the cellars asked the two of us what we were doing, and my mother said he was a pre-med at Stanford, going to be a doctor. That's fine. And then I said, well, I'm going to go back to UC Davis and, I think I said, study political science. And they looked and said you're going to be in the wine business, because they knew what I didn't, that UC Davis had a wine school. So, I said I don't think so. I didn't think so. I went back to Davis in the fall, was looking at the majors, looking for what I would declare. And, honest to goodness, I opened up, just by chance, to fermentation science, the enology program. And I thought it was a joke. Who would do this, right? Who would actually decide to declare and study wine?

And so I looked at it. It was a four-year program. The first two years were all of the core sciences, and you don't do any wine until the third year. And I actually said to myself, as a joke, I will declare fermentation science, pretend to be a winemaker for a couple of years, do my core sciences, and then the third year I'll do something serious or reputable. And that was my plan. And so I started doing the sciences. And then this owner, this winery owner in Burgundy—he's still alive; his name is Armand Cottin, sends me a letter and says he'd like to come over with his winemaker. Would I arrange a tour or visit with the professors? As a freshman, it's a big deal. So I take the letter and go to the enology professor and say this guy's coming over. Would you arrange a visit? And they were very happy to do it.

01-00:06:51

Meeker: Who did you go to?

01-00:06:52

Pearson: Everybody. I forget who was the dean—Roger Boulton, probably. Roger was there early. Ann Noble was my counselor. Is that the term?

01-00:07:04

Meeker: Advisor, maybe.

01-00:07:05

Pearson: Advisor for the major. Anyway, so I went to them. They set it up. Armand Cottin flies over with the winemaker. We spend the day together. I get to attend the visit, and the professors do their best, showing everything they're doing. At the end of the visit, Armand turns to me discreetly and says all of that is a waste of time. You don't need it. He says if you want to be an expert in wine, taste five hundred wines. And I knew what he meant. We always joke

about the fact of telling a college kid to drink wines as a funny thing. But he said try five hundred wines, and then when you're done with your degree, let me know. And he said he would bring me back to France to teach me winemaking, French winemaking.

So, I put that in my pocket. And the third year I started taking the wine classes. I didn't deviate off. And I loved actually applying the sciences to this product. And I'd learned from this gentleman, from this man, I'd learned about the conviviality of the wine world. He had welcomed us in France in a way that was so open-armed and so interesting, so interested. And we had meals at his house around the table with family and friends. That exposure was enormous.

01-00:08:09

So I kept taking the classes. I loved the classes, and it just pulled me through. When I graduated, sure enough, one month after I graduated in June, I took a one-way ticket to France, and he mentored me for a year in France, working in the Loire Valley, working in Bordeaux, working in Burgundy. And the story goes on, but that's in effect how I got into wine. And I've never looked back.

01-00:08:29

Meeker:

So you graduated UC-Davis in 1984, correct?

01-00:08:33

Pearson:

Graduated '84, degree in enology. I had honestly two passions coming out of Davis, to be fully transparent. One was the winemaking and enology. And the other was the specific field of sensory evaluation, the analytical study of how we smell and taste and applying it to the research, applying it to production, applying it to—anything that has a sensory aspect can be measured and then tried to be understood.

01-00:08:58

Meeker:

It sounds like a real influence of Ann Noble there.

01-00:09:00

Pearson:

Yes. Ann Noble was absolutely that, and a woman who has passed away, Rose Marie Pangborn. She was into food science and technology. And I have said, and Ann would say this, too, that Rose Marie was like the Freud of the field in the sense that she solidified it. She created it. There were researchers all around, but on a global basis, nobody had done more at that point than she had to make it a credible, reputable, important field of activity. And she was the person, I have to say, who made me a professional. She was the one who was as concerned about, for her students, proper grammar, proper etiquette, being a professional. She taught us what it meant. And many people have mentors. That was, for me, the life-changing moment, that she sent me off. And as I went out, I had this duality. I once spoke with people at Nestlé in Switzerland about doing sensory evaluation for them. I once spoke with

people in Atlanta for Coca-Cola about doing sensory evaluation. But, I did go through in the wine business and have a long career.

01-00:10:11

Meeker: Well, walk me through some of the key points. I know that by '96 you were at Robert Mondavi Winery. But cross that divide between '84 and '96 for me.

01-00:10:21

Pearson: Right. So, in top line, interned, did internships in France for a year, working in different places. Came back in the end of '85, beginning of '86, and found a job in Southern California working as an assistant winemaker for a property called San Pasqual Vineyards, gentleman named Kerry Damskey. Kerry and I are still very good friends. He's making wine in India these days. He's a fascinating individual. I had done my own internship during UC Davis in my third year. I came down and work there as an intern. And, as I came back to the United States from France, I wrote everybody that I knew and said hey, I'm looking for a job. Asked Kerry if he knew anybody that was looking for someone, and he said he was looking for someone. And I accepted, and we worked together.

He then parted ways, separated ways, with the owners of this winery. And, in a faster time than I expected, I was the winemaker at San Pasqual Vineyards. It's about 120 acres, 20,000-plus cases. It was a great experience because we were making wine not only from our own vineyards but from grapes we brought down from Central Coast, even some from here in Napa we would truck all the way down.

01-00:11:30

Meeker: You said Southern California. Was it out in Temecula or that area?

01-00:11:34

Pearson: It was south of Temecula. It was a place called Escondido, about thirty, forty-five minutes south of Temecula. And, there was actually an appellation, there is an appellation, called South Coast that Kerry and the people in Temecula had been involved in creating. And it was very serious, and it is very serious. We were very proud of the wines we were making, and the mid-eighties and late eighties were an exciting time for winemaking in California. Everybody was discovering themselves—Central Coast, of course, Napa and Sonoma, and the South Coast. The issue that we had was, we were the best worst case in the state for Pierce's Disease, the virus that's carried by sharpshooters. And there were two kind of sharpshooters, the glassy-winged and the blue-green. The glassy-winged is more aggressive. We had the blue-green sharpshooter. But we couldn't keep it back. We would plant new vines, take out the diseased ones, plant new ones. And as the vines went up, they would get infected, too. And you had to keep the vector down.

So we struggled with that, which was actually kind of a learning experience in and of itself. And I made wine for, gosh, three or four years, and came to a

clarity, a realization. I guess this gets back to what I said before, my duality of interests, that genetically I wasn't going to be a winemaker. This ties into what I was saying earlier. I wanted to do more. I wanted to do something else. And, I was very disillusioned by the sales aspect of the business. I was a winemaker who loved the wines I made. But I had thin skin. And it's hard for winemakers. You make this wine. It's your wine. You spend all year long on it. Someone comes up, says it's no good. It's just like, wait. And the sales aspect seemed so distant from what I was doing that I didn't like the business. I liked making wine. But I didn't like the sales guys.

01-00:13:28

And so I wanted to do something more academic, and I wanted to do something else and got bored somehow. So I found a job in Connecticut, working for a company called Heublein, that has since become Diageo, a publicly-traded, very large company. And they were the largest vineyard landowner in Napa Valley at the time, owned many properties including BV and Inglenook and many others. They had a research center in Connecticut at their headquarters, multimillion-dollar research center, where they were doing an enormous amount of research in sensory evaluation, my other love.

So, I took a hard right and said I'm going out to Connecticut. I'm leaving it behind. I'm going to go to Connecticut and do sensory evaluation in an academic, offline, research-oriented way, which I did for about six years. I did research on sensory evaluation on vodka, on tequila, on strawberry flavorings for daiquiris and margaritas and wines as well and was the link between Heublein's headquarters and the winemaking that was going on out here. And it was fascinating. I did a lot of interesting work. Canadian whiskey, two production plants, one in Toronto, one near Banff, a place called Lethbridge. They both were distilling whiskey, but they taste different. But nobody knew which was the correct taste or how to measure it because there was no chemical way to define it. So we had to train sensory panels in both production sites to give limits to the flavors and the aromas to produce the same whiskey.

01-00:14:59

Meeker:

Sensory panels, are those humans? Is that what you're talking about?

01-00:15:01

Pearson:

They're humans. So, you take humans. It's a behavioral science. You take twelve people. You train them on a number of distinct attributes, smells, aromas, flavors. And you calibrate them like you do a pH meter. If this is a one, which is low in oaky smell, and this is a ten, which is high in oaky smell, this sample, where does this go on the scale? And as you train people, they get used to saying, well, that's a seven. And you can reproduce it. And then once they're calibrated, then you can give any product you want and say, well, tell me how much oaky is in this. And they give you a score. And you repeat it three or four times, start to get an average, standard deviation. And you do a lot of statistics, and you try to understand what people are smelling and

tasting. Then you can create a very interesting mathematical model correlating chemical compounds with perceived aromas and flavors and then hopefully project forward. That's the idea of the science.

01-00:15:55

Meeker: So, back to these two Canadian whiskeys. Which one won out?

01-00:15:59

Pearson: Well, there wasn't one that won out. The fuller picture was they had these two plants producing different whiskeys. And they had in their hand a bottle. They said this is our reference. And I said, well, I can't tell you which one wins. You just have to tell me which you want them to produce to. So they said produce to this one. And I trained the panels to produce to that one and they gave them confidence limits in which if a product on any given production day was outside, they'd reject it, which was a fun project, six, nine months. It takes a while to go there, train the panel, come back, double-check and go back and forth.

And did that—sensory evaluation—for six years and then had a career-defining moment. I got married in that time and got bored again. I felt like I had done sensory evaluation, and I wanted to go back to the wine world. And I said I want to be back at a winery. And I knew that the career path of winemaking had been left behind. I suppose I could have gone back and tried it, but that wasn't the choice anyway. And, for some reason I decided I wanted to do management. I wanted to manage wineries. And I had enough clarity to realize that I didn't like or understand sales and marketing, and that I had to if I were to manage a winery. So I created this idea that I had to get an MBA so that I could do marketing so that I could then eventually do some kind of management, which is what I did. I got an MBA through Rensselaer Polytechnic Institute, RPI.

01-00:17:30

And this is where it gets sort of interesting. My first marketing job through Heublein was being the US marketing manager for the wines of Baron Philippe de Rothschild, half-partner of Opus [One]. And that's just being at the right place at the right time. So in my mind, in reality, I was a technical guy. I had been a winemaker, a researcher, had never been a marketer, who had got an MBA. And I had to learn how to do marketing. I had to learn how to talk the talk and sound like a marketer. And I never thought of myself, never was, a marketer. I knew. I would see the marketing people. They could market anything. Just put it on a table. I'll market it. And, in my mind, I was only about wine, trying to figure out how to do it. And the Rothschilds liked it, I think, because I spoke French and because I was technical. I did understand wine. And I think it informed the marketing. And we spent, I think, four years together that was excellent.

01-00:18:24

Meeker: Did you work on the Chateau Mouton Rothschild?

01-00:18:26

Pearson:

I would receive all of the Rothschild wines that came to the US. I would receive allocations to be responsible for distributing and for managing and for creating events. Their greatest volume and focus was on Mouton Cadet, their entry-level wine. And so we did a lot of work on that. And the relationship, which is a long discussion, between high-end wine, their image to whom you sell those wines, and the image of an entry-level wine and being so different, and how they interact, and how they can impact each other, negatively or positively, is something we struggled with because Mouton Cadet always sort of wants to have a—we're part of the Chateau world, too. But the Chateau world doesn't want to have too much connection to the everyday wine.

So we worked on that for a couple of years. We launched new Rothschild wines within—it was a very exciting time. And I feel like there's many stories I could tell when I sort of went, a-ha. That's what it's about. I understand now distributors. I understand retailers. And I became conscious of the different hat that I would wear, talking to a production site or something else, or a sales guy. And I enjoyed it, too. I came to have respect for it. I came to have a full understanding. And then a recruiter showed up one day, said that Mondavi was doing a project related to wines coming out of France, and did that interest me? And it did, a lot, for a whole lot of reasons. But even at Heublein, or at Heublein then, I was based still in Connecticut. I wasn't at a winery. I wasn't making wine or connected to winemaking. And I wanted to get connected back to that.

01-00:20:07

And so, this offered all of that here in Napa. It would bring me back to Napa. And I'd be working with French wines in a very innovative new project. So I said yeah. I said yes. I did say to the recruiter at one point that you realize these two people are partners in Opus? And I knew that Rothschild wouldn't be very happy that Mondavi was, in effect, cherry-picking. And I said but it's my career, and I understand they won't be happy about it, but please check with Mondavi and have them say that they don't mind. Recruiter came back and said Mondavi doesn't have any problem with it, so I took the job. And indeed Rothschild was quite upset. This is a story of relations. Everything is about relations in the end. But the Rothschilds said they would never speak to me again. They literally said that's it. You're out. You're done. We can't believe that you did this. And I said I'm so sorry you feel that way, but I do have to follow my career.

So there was no idea in my mind that I would end up here now. I just took the move, came back to Napa, and started a whole different adventure with Mondavi and what was the Vichon project. Vichon is a winery that they purchased here in Napa.

01-00:21:12

Meeker:

It's now Promontory, right?

01-00:21:13

Pearson:

It's now Promontory, yeah. En route, in the middle of it, it became La Familia for a while, an Italian wine. And now it's Promontory. Mondavi bought it as Vichon, and we have nowhere near enough time to talk through this story. But they were sourcing grapes and wine from the South of France and decided to put the Vichon label, put those grapes and wines under the Vichon label. And, my job initially was to be the marketing manager for that project based here in Napa. Within a year after we had launched this line of Vichon Mediterranean wines, they promoted me to vice-president and said we need you to move to France and manage the project there. And it was four years, just about four years of the most challenging, difficult, wonderful, horrible, everything you can come up with, experience as we tried to create a vineyard in the South of France. And that's truly a story for a different time. But it was using everything that I had learned. It was using production skills. It was using management skills, marketing skills, and the best and worst experience of my life.

So, at the end of that, after it didn't succeed, it was 2001. I came back here. Mondavi was nice. They didn't fire me. And, they then put me in charge of their Byron Winery down in Santa Maria Valley, working with Ken Brown, who was the founder of that very beautiful property and great wines. The problem was, again, there was a certain degree of a lack of profitability about the business that had to be managed. And so, that was three years where, again, I was trying to get the pieces in the right balance so that it could be profitable under Robert Mondavi's environment while still making very good wines.

01-00:23:01

And, that was a bridge too far as well for Mondavi at the time. So I left Mondavi, and I was free, and said, you know what? I've done my work here. In fact, I was married and then had three kids. The goal was to move back to France because that's a whole emotional part of me and our life. I was going to move back to France, and no matter, come hell or high water, we're going to live in France, South of France. And then we got a call from Opus, and they said would you come up and be the CEO here?

01-00:23:42

Meeker:

Who's giving you that call? Is it someone on the Mondavi side or the Rothschild side?

01-00:23:45

Pearson:

The first call came through from the CEO then, a gentleman named Greg Evans. And I don't think I ever told him this afterwards, but it was a funny little story. It was a Sunday, middle of the day Sunday. And I had left Mondavi's employ. I had done a little bit of last-minute consulting with them. They asked me to help manage their Arrowood Winery because they didn't have somebody at the moment. "Would you please come in and just do some consulting just to keep it going forward?" And I said I'm moving. I'm going

somewhere else. They said, but they needed somebody. I threw out what I thought was a pretty high figure. I'll do it, but it's going to cost you this, right? It wasn't that much money, but I thought it was a lot. And they said okay, so I said okay.

And so, for a couple of months I would come up here and help them out. And I never felt like I did enough work for what they paid. I just felt guilty. I was like I tried my best, but I felt like it wasn't really worth it for them. Anyway, that door closes. Then that Sunday, my wife comes out. I'm outside out in front of the house. And my wife says Greg Evans is on the phone for you. And I told her, oh gosh, I'm in trouble. I told her he's upset with me, because I'm sure that that's the problem, is I didn't do enough work. I go in, take the call, come out and said, nope, he's not upset. He wants me to work at Opus.

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So that was the first call. And then I spoke with Rothschild. And the moment that was so important, and the reason I was so excited about it, was because before that moment there had always been two CEOs here, one from each family. And the families had decided that Opus One needed to be independent, needed one single CEO, and instead of two winemakers needed one single winemaker. And it was a seminal moment for Opus One because basically the parents let Opus One be free and let us run. And, because I had worked for both families—and I did reconnect relationship with Rothschild while I was in France.

01-00:25:34

Meeker:

When you say Rothschild, are you referring to the Baron or to the organization?

01-00:25:38

Pearson:

The organization. I say Rothschild the organization. Baron had passed away in '88. His daughter, Baroness Philippine, was running the business. But it wasn't her. It was her staff, her team. It was her team that said you're done. And there was an evening where, to this day, the gentleman and I, a gentleman named Xavier de Eizaguirre, we ran into each other at a wine salon in the South of France, almost by chance. And it was like old family day—hugs and good to see you again. And we ended up singing French songs in his hotel room until 2:00 in the morning with some cognac. And from that moment forward, all was forgiven, which was great.

And the lesson that I learned, and I try and share with people, is how important it is not to burn bridges. When you make decisions, you have to make honest decisions. But, to the extent possible, respect and retain those relationships, because you never know how they'll connect and come back again. So we had reconnected, and that was established. But again, I hadn't thought that there was an obviousness to me coming here until they made that decision to make it independent. I think if they'd said do you want to be one of the two CEOs I would have said that's just a pain. I don't see the

forwardness, forward-looking quality of that. But when they say we want—that was fifteen years ago. So, I'd been changing jobs every three, max six, years. And, here we are fifteen years later, and we're still doing so many things that I'm not bored or finished here.

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Meeker: Good. Well, thank you. That was a very well-told, efficient version of your life story. Sorry we had to run through it so quickly.

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Pearson: Not at all.

01-00:27:12

Meeker: I do want to switch gears a little bit and now ask you about Napa Valley Vintners, which is the subject of these multiple interviews that we're doing with many different Vintners. When did you first learn of the organization?

01-00:27:26

Pearson: It's funny. As we had spoken before, I think I had similar answer, but I thought more about this. I don't have a moment where I can say that I heard of it first. I'd been in the wine industry my whole time. The Vintners have existed ever since I was at UC Davis. And it's an interesting point, though. And I think it's a point that I want to sort of drill down on. I never paid much attention to it. I knew of it. When I first heard, I don't know. It was a promotional, organizational group, did marketing. And I didn't pay much attention to it. It just was, which was fine.

And, through the years I would hear bits about it, read about it, understood. If someone asked me, I think I could be cogent in my response, saying that I know sort of what they're doing. But there wasn't a deep intellectual understanding or an emotional connection that is appropriate and that's come. So, I don't know. Eighties, nineties, I knew about the Vintners and would get the daily news briefs in whatever format through the years. They would have bits and pieces, and I'd read about enormous luminary names that were involved with it at the time, reading about Bruce Cakebread and reading about Robert, other people who were involved with the group through the years.

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Meeker: Well, you were also working on wines that were not Napa grapes.

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Pearson: And there's that. And there's that. I was a kind of island, thinking about that history of myself, because I was in France and then on the East Coast. And there was some connection with some wineries, but it's a good point. And even as I'm here for fifteen years, I'm not an old-timer. There are old-timers who have been through it all here and can reach back to the generation before, anyone before, and feel that connection. That's important. And I'm not one of those folks.

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Meeker: Maybe your kids will be.

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Pearson: It's possible. It's possible. To this point, and it's fine—I believe deeply in this—none of them are following me in the wine business. And if any of them had the interest in doing it, I would have been very supportive. But the trick in life, and I am an example, because there's no reason that my parents would have thought I would have done wine. If you find something you're passionate about and really impassions you, that's the path you have to take, whatever that is. And I found it in wine. And if my kids, any one of the three, were to want to explore it, the doors would be open. At this point they're all very impassioned by other things, so I'm very happy about that.

01-00:30:05

Meeker: So, Napa Valley Vintners is a membership-driven organization. And the members are vintners. Can you define that, for the record? Who's eligible to be a named member?

01-00:30:16

Pearson: You have to have—I actually have to have the exact numbers—you have to be a land-owning winery producing grapes in Napa Valley that are so designated. And so it's important that it is people who have an ownership stake and are making wines and have a vested interest in Napa in the name and in the quality of the wines.

01-00:30:38

Meeker: So, wineries that are corporate-run can also be members of it, and therefore the representative member would be like the CEO, correct?

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Pearson: Right. You can have any number of individuals from a member winery or corporation attend events and participate and come on the board. There's no distinction in that way in terms of organizational participation. I think that's the strength of it. And there is a discussion, of course, between the weight and impact and influence of large corporations and smaller, family-run businesses. The amazing thing is that still more than 80 percent of our members are family-run organizations. And I think the balance is important.

And we've struggled, worked, benefited from this through the years. I was working for Heublein in the eighties, which was the largest vineyard landowner, winery owner, in Napa Valley. And they did some good for the valley, and they also brought in some significant challenges and problems that is a fact of life. It's a reality. And we still have those issues to deal with. We still have corporations and family members, small family members, medium-sized wineries, that are trying to find their balance in a sustainable sense. And the Vintners play, gosh, of the most central roles in managing that dance of any organization. How do we get ourselves all under one tent and work for the common good?

01:00:32:22

Meeker:

Well, so when you become a CEO of Opus, is there a point that you recognize that part of your job is going to be to represent, in some fashion, Opus One at the Napa Valley Vintners?

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Pearson:

It's very similar to what my own experience was. When I came to Opus, Opus is a more solitary member of the valley. We stand alone. We like to keep ourselves alone. And we present ourselves alone. And, in the first few years that I was here as CEO, we would participate in the Auction Napa Valley. There's an obligation when you become a member. You need to participate in one fashion or another with Auction Napa Valley. And you need to attend general meetings. But we didn't get involved in an organizational leadership fashion. We didn't participate in promotional tours that the Vintners would organize, which were very successful and very useful promotional events. And we would do our own thing.

And for a number of years, we kept a distance to it. And that changed when they came to us in '13, 2013, and asked if we would be the steering committee chair for the Auction Napa Valley in 2015. And we talked about it amongst ourselves and realized that we had been standoffish in terms of our relationship with them and, to a degree, with our neighbors as well, just doing our own thing, and thought that it was a good time for us to engage, to connect, and to present ourselves in a way through that process and through that function. So we accepted.

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And, as we accepted to do that, we made a number of other decisions in terms of making sure that was as successful as it could be, one of which was that I would try to become, get on the board of directors of the Vintners, which is elective. So you don't just sort of walk in the door, but put my name up for election to be on the board of directors, and was voted in as of '13, and then have been on the board ever since. And it's been a steady and regular process of us since then, more deeply understanding the importance, the value, the benefit and the engagement that we should bring to the process.

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Meeker:

So, given that it's an elective board, I believe it's also competitive. Not everyone who stands for it is typically elected for a position on the board.

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Pearson:

That's right.

01:00:35:00

Meeker:

Did you have a platform or an agenda? Or how did you get your name out there, given what you just said about how Opus can be a little, historically, standoffish and not a joiner?

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Pearson:

That's fair. And, Opus is half-owned by a corporation which in some views, sometimes can have certain perceptions and images. But I didn't do any campaigning. I didn't go out and canvas any polls. I had no idea what the vote would be. The thing that I said about Opus was correct. But as individuals, the winemaker, myself, the other senior managers, the people, I think we're warm, friendly, normal people that have nice connections within the valley. And so I think people respond to us in a nice way, and Opus was all right. I never saw the vote tally, didn't see anything. I just got elected.

And I know that in subsequent when I've been, again, closer to it and seen the process and seen some winery owners and proprietors who weren't elected on, we sometimes will say, well, I think we know why that happened. We think we understand what the membership is saying. But there's never any precise analysis. And we don't spend time going back and looking at numbers and that. So, there was a member a couple of years ago who asked me that question, what he should do, who he should contact. And he did an email why he wanted to be on the board and sent it out everywhere. It was a good effort, but he didn't get on the board. And I think he'll get on the board because he's an engaged person in the valley who wants to be. But it may in that particular case—and hopefully he won't see this and figure out who I'm talking about—but I think it's a little bit of the he's a new arrival. There are new people coming in, and it takes a while to get confidence in this tight community. And I think that may be it for him.

01:00:37:01

Meeker:

In these interviews it's become apparent with basically everyone I've interviewed that they have their work in their winery. They have their work with the Vintners. But they also engage with the community in many different ways. It could be that a spouse engages with the community so they're known through that individual. Do you participate in other organizations? Are there other causes or groups that you engage with as well?

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Pearson:

So, yes. And I know what you're talking about. And many of the board members, their spouses are directly involved with Mantis and different charitable organizations that we support. And that connectivity, I think, is a great fabric that builds the community. I'm proud of the fact that I'm on the foundation board of UC Davis, and so I spend a good amount of time with them, helping them through their philanthropic works and their activities. And that keeps me focused, even though it's not the valley here. There's a good connection to that. I'm hopeful that, going forward, I'll find some more direct charitable organizations in the valley to be connected to. But right now I'm a little maxed out with what I've got.

01:00:38:17

Meeker: That definitely happens. So, when you first started participating in the organization, really, as you joined the board in 2013—is that correct, that year?

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Pearson: Yes.

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Meeker: Who are the main players in the organization itself? Who are the people who are really pushing it forward?

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Pearson: Well, I remember Bruce Cakebread being very important. I can name a number of winemakers that come to mind. Russ Weiss was doing a good job. David Duncan was all very active and very engaged, Doug Shafer. But the remarkable part about this organization is the staff themselves. Linda Reiff, who's the current CEO, her staff are some of the most resilient and flexible and dynamic and determined, all these positive attributes, because they have to deal with a bunch of snooty, sometimes self-informed and self-important owners and wealthy people and winemakers and get them all aligned enough so that we can move forward.

And, in the early years—I was going to say this before—when I wasn't that close to the Vintners, the sport is to be critical of the Vintners and their activities. I would have done it differently, or this was not well thought through, or this is bad. And I was involved with that sport. Coming up with the logo and not being connected, not having any ownership or responsibility, it's an easy thing to do. And, the miracle of the Vintners is that, now for seventy-five years, they have been able to continue forward with so many divergent people and individuals and ideas and motivations. There isn't an organization anywhere in the world, in the wine world, that's done the same, not one. And, what I've seen in the last ten years, fifteen years, and now very close the last five, six years, is that that comes from the people, the individuals on that staff. It takes a very special kind of personality to be able to take, absorb the energy of these winemakers and then respond back in a way that is constructive.

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Meeker: How do you think that's done? Because, I think you're correct, and I've heard this probably in every interview that I've done, in which the Vintners are not a cross-section of America. And in some ways there's a lot of diversity in terms of political opinion. You probably run the gamut. And that doesn't necessarily make things easier. So, in terms of herding these cats, how do you think the Vintners manages to do that successfully?

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Pearson: I think that they and we do an exceptionally good job of creating a vision and mission. And it's done not in an ivory tower. It's not done off by star

chamber. It's done by sitting with winemakers in open sessions in a regular systematic process that says what have we done, what are we doing, and where are we going? And when you have clarity around mission and vision and statement, and belief in it, then you can follow it. Then people can get behind it, and people can understand it. And, it's booting up that gets hard because once it's demonstrated that it works, you can keep it going. And I think, when we have challenges or problems, it's when we lose sight of what the vision and mission statement should be. Or the environment shifts out from under us.

The other thing that's happening, of course, is tectonic shifts in environment, in climate change, in scope and scale. When the Vintners were started seventy-five years ago as a bunch of small winemakers who wanted to get together basically just to drink wine together and to find some promotion and to sort of have a common voice against regulations that were affecting their business, but it was simple and pure and easy and meaningful and just to all hold hands. Now, when you're 550 members with new people coming in from Asia, from around the world, and bringing in what I referred to a while ago as big money—I mean, you've got money. And the big money is different than a small family winemaker, wine interest. It's more complicated, clearly.

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And so we are having more complicated issues and fights and discussions about interests and development of land. And it's all been covered in the meetings the last couple of years, the intensity of the debate around how and where we should develop more vineyards and what conditions. So, it can be harder. But I think that if we continue being very specific and very precise about what the goal is, what the mission is, what we're trying to achieve, and stick to that knitting, we'll continue to do well. We never have 100 percent. It's never kumbaya, everybody is on the same bus. But we can have enough common interest that we can keep moving forward.

[break in audio, side conversation deleted]

01-00:43:27

Meeker:

So, what you were talking about before we had to take a quick break was how the organization does well when it sticks to its mission and vision. So, can you articulate for me what that mission and vision is? Around what issues is there natural alliance?

01-00:44:00

Pearson:

Promoting and protecting the Napa Valley wine industry is the overall umbrella. And then as you come under that, there's a number of different pillars to that action which includes quality of production, helping educate and inform and share best practices for grape growing and winemaking, and assuring that there is shared understanding of the importance of making the very best wine in Napa. And that has been a pillar from the very beginning. Then there's the market promotion, the market communication, understanding

that the education, the experience, the tasting, all of those are fundamental. Making the wine is one thing. Selling it and selling it well is entirely different thing and equally as important. And the Vintners have been instrumental in providing resources and combined efforts that a single grower or winemaker wouldn't be able to do, whereas we're all together. It has much more presence and position.

And what Napa has done since the early sixties in terms of imposing itself in America and around the world as one of the world's finest winemaking regions, a big part of that is due to the work that the Vintners have done throughout the United States and around the world so that there is a continued effort to find how we can communicate our image, our brand, our positioning through now social media that didn't exist before, but through all sorts of different communications and channels so that there's that pillar.

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And then the last one is legal and regulatory. And wine business, grape growing and wine business, is one of the most highly regulated businesses in the United States. Coming out of Prohibition in the thirties, it was intentionally highly regulated to be controlled state by state and remains, to this day, a byzantine world of regulations, both from production and from sales and distribution. And so, winemakers are helped through that process in that maze by the Vintners. Also, very important in that, and really groundbreaking work has been done in protecting, trademarking, the Napa Valley name. The work that the Vintners have done in DC with the trade organizations, with senators, congressmen, have created a recognition, awareness and a protection for the Napa name that is unique.

01:00:46:24

Meeker:

One other thing that you mentioned in the seventy-fifth anniversary year was those gentlemen who established this organization. I think you had mentioned the social dimension to it, that they kind of wanted to get together and drink wine. From Eleanor McCrea's interview, she said oh yeah, those guys just established a marching and chowder society. Can you describe the social dimension of it in recent years?

01:00:46:53

Pearson:

Well, I think that that remains the starting point. The foundational point is understanding why we're doing it. And, I mentioned this early on, that what attracted me to this industry was this conviviality, this thing that happens when you share storytelling across a table, and wine is part of it, and food is part of it. To do that authentically, honestly, is to be open to sharing and connecting. And there's a human level to it that in no other activity is as important. And if we lose that, if it becomes a business, and not to denigrate any other business, but if it becomes revenue generating, money, and how many people can get through, and the factors and numbers of business, all of which exist and have to be recognized and realized, but if we lose the core of what it is, which is our human connectivity, then we will have lost everything,

I think, in the real sense of it, because the analysis becomes then simply, what do I do to make the most amount of money?

Whereas, they understood here, and most winemakers, grape growers, who toil the earth—not to be too that about it—but when you work in a land and you grow something, an agricultural product, something about that grounds you and makes you connected to the earth and to the cycles and to the climate and to time, more than other activities. And, we still have that. There's pulling and pushes at the edges of times. And we have different people coming in, and they have different ideas of what that means. But the Vintners reinforce that over and over again. And that's enormously important.

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Meeker:

You said one of the first bits of activity that you did, and Opus One did, was you were asked to be chair of the auction. And, that was the auction of 2015, correct?

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Pearson:

That's right.

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Meeker:

What year was the first auction you attended, or about?

01-00:48:55

Pearson:

The first auction that I attended?

01-00:48:57

Meeker:

Yeah.

01-00:48:58

Pearson:

Oh, gosh. It would have been in '96, I think, '96 or '97. They change so much. And those people who remember the auction as it was initially created, it was one enormous tent. And everybody in the valley came together. It was the social fabric. And there were, I don't know how many total, hundreds and hundreds of lots. And the auction would go on all day long, and people would come in and bid on something and go out and talk and come back and bid again. And it was a fabulous, connective event for the valley. And I mentioned this earlier as well. The structure of the auction has evolved through the years to create an event that generates more revenue, more funds, more money for charities and for the community, for the county, which is a good thing. And, in doing so, moved away from that large tent to more selected lots that have a higher demand and generate higher bids and higher money.

And that transitional process wasn't always the easiest. Some people, I remember through those years people saying, oh, that wasn't good, or that wasn't what we wanted to do. But, by, I don't know, '11 or '12, the current structure was fallen upon, was created, that has the barrel auction and then has a more selected group of lots that has an event which is higher image, higher quality. And high-net-worth individuals come in and purchase those lots for

an extraordinary amount of money. I think we generated \$16 million that year. I think the high-water mark was 18 million. And, it's just unheard of to do that in a two-day, two-and-a-half-day process.

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I'm very supportive of a group called Oceana down in Los Angeles. It protects the oceans. Very similar approach—they're Greenpeace-like. But they say, look, if we farm the oceans in this way, we can farm them sustainably. It's not hands-off, because we have to be in the way. So, that resonates with me about how we have to handle nature and work with nature. Anyway, I went down to one of their auction raising events, and Ted Danson from Cheers is there, so it's Los Angeles. And Leonardo DiCaprio showed up that one time, and he put a million dollars towards it, which was lovely. And I think, for the night, they generated \$2.5 million. And I said I thought they were amateurs. Come on, guys. It's two million. You can do a lot more than that if you do this preparatory work.

And, for the Vintners, the staff, which I saw, we saw, being the chairs for the first time, looking behind the doors, going into the kitchen, it's astounding the amount of work that goes in. It starts from the week after the last auction finishes. He's like, okay, we're onto this next one. And, their organization, their drive, their focus, that—corrals is the wrong term—that brings the winemakers together and gets them lined up again because we have to bring the lots, which are expensive, to generate the money, is unique.

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Meeker: What would you say the unique Opus One contribution was to 2015?

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Pearson: Well, in the end we're all competitive, which is part of the magic to this, too. I was traveling through France in June with a group of our neighbors. And the people in Bordeaux said this is incredible. You're all competitors, but you're all working together. You're all traveling together. And I said that's right. It is what's amazing. But in the end, we also are competitive. So, we were sort of proud in 2015 to have offered a lot that generated, as one single lot, the most amount of money ever generated from any lot in Auction Napa Valley. So, we offered a company trip to France—to Europe, I should say—that generated, in and of itself, \$2.4 million, which was fun.

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Meeker: Could you describe that lot?

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Pearson: Yeah. We partnered with a group of wineries called the Primum Familiae Vinum, the first families of wine. And this is thirteen families in Europe, France, Germany, Spain, Portugal, who have created their own alliance representing family-based wineries of the highest quality, and so they call themselves the first families of wine. And they represent wineries, for

example, Beaucastel, the Perrin family, in Chateauneuf du Pape; the Rothschilds, the Rothschild in Bordeaux; Vega Sicilia in Spain; Pol Roger champagne, on and on; Hugel Wines in Strasburg. And these thirteen wines—Drouhin in Burgundy—are beautiful examples of family wine businesses that have transcended generations and are continuing to make the highest-quality wine and are dedicated to that.

So the auction lot was to come with us in a private jet and fly to each one of them and have dinners with the owners at each one of these properties, having their wines. And, it simply can't be done any other way unless it's organized. And so the people who love wines under the big tent at the auction recognized that it was a once-in-a-lifetime opportunity. And, we auctioned it off, and a friend of ours bought it. And then, after the auction was done or the hammer came down, another couple came up and said, we have to do that lot. Can we double the lot? And so we said, well, okay, we'll do it twice. And then a third family came up and said—and so we tripled the lot. And anyway, it generated a lot of money for the community, which was very good. So, there's that.

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What I liked about what we did was we said to ourselves and our community, we said it's about the fun. This isn't about how much money we raise. It's about the fun. It's about reinforcing our social fabric as a winery. And it's about doing something good for the community. But rather than making it how much money we can raise as the single objective, we said it's about the process, being fun, connective. And whatever we do, we're going to raise millions of dollars for the community, whether it's eighteen or seventeen or twelve. It's millions of dollars. And so, we tried to take the pressure off how much money we generated that year.

And, there's also a tension that we deal with every year, which is the lots that we offer, more and more non-wine elements are being offered—jewelry, trips, things people want. But it's not wine. And this auction began as a vehicle to talk about Napa wine. And if we go too far this way and leave the wine over here and it becomes about look how much money I raised, but I sold a Rolls-Royce, that's not the heart and soul of Auction Napa Valley. So we tried to pull it back and say let's make it about the wine and these other things. And we're still constantly trying to keep him to that proper balance.

Interview 2: July 15, 2019

02-00:00:00

Meeker: Today is Monday the 15th of July, 2019. This is Martin Meeker interviewing David Pearson of Opus One for the Napa Valley Vintners oral history project. And this is our second session together. We have decamped to Chez Pearson.

02-00:00:21

Pearson: That's right.

02-00:00:25

Meeker: And, we are sitting outside, so hopefully the sound cooperates. We wrapped up last time partway through your account of Auction Napa Valley, in particular the year that you at Opus One chaired the event. You talked about the event itself a little bit, one of the big auction lots. One thing that I think you had mentioned on the phone, and some of the work that Auction Napa Valley has been doing, is moving toward a financial framework so that you want to get 100 percent of the funds raised at the auction to actually go directly to the community recipients. Can you tell me about the efforts that you've done in this regard? Because I know a lot of charity auctions, that's not the case at all.

02-00:01:25

Pearson: Well, it's an obvious complication. There are costs to operate, to prepare, to organize any event. And, if there isn't a different source of income, then necessarily a certain percentage of the raised funds go to that. And I think that those people in the auction who are giving their money for the charities want their money to go toward it. And even if they understand that here might be a percentage that goes back to organizing, if it becomes too significant, then that's upsetting to the donors. And I think we can, through the years, think of certain organizations, charitable organizations, that were found to be funding their staff at a level that seemed excessive.

So we've worked a lot at underwriting. And underwriting, I've been focusing on it myself the last couple of years. And I enjoy doing it because I think it's a win-win for everybody. The underwriters who come in and have been, and I think primarily JP Morgan, who have been a significant underwriter for the last couple of years. And each year they've increased their engagement, their amount of underwriting they bring, and their physical presence. And why it's a win-win for them is because they are able to come in. We give them special access to the barrel auction, to the auction itself. They bring their best clients in, some of their employees in, and have a very special, rewarding experience for themselves. Many of the clients they bring in end up being bidders in the auction, so that's a win for us. And JP Morgan wins. And then of course the money they bring helps us announced to the bidders and to everybody that we're approaching 100 percent. I can't say we're at 100 percent now, but I believe we're pushing 90 percent, and I'm hopeful that within a year or two we'll be able to get a full 100 percent in.

02-00:03:22

Meeker: So the goal of this, of course, is to support organizations in Napa County. Can you describe what organizations are supported and what the rubric is? What are the areas that the organization is interested in funding?

02-00:03:40

Pearson: Well, I think that the strength of the organization, the grant review committee, a separate committee that looks at and receives and receives offers and bids and requests for support, is the breadth of it. So, it is not any single activity or any single thematic approach, but that it's for the general health and well-being of the community. So it goes all the way from a massive amount of investment into health. Every child in Napa County has access to health through and because of the support that Vintners have brought to education at a very young level, education, pre-K education, to family resources, helping to legal support organizations that exist in Napa but need the support, need the funds, and can't get by without them.

I remember in the year where we were the steering committee chair. Again, I think as I said last time, I had known intellectually that that's what was occurring and that it was worthwhile and broad. But until I went to speak with the people that were receiving the funds, did I sort of understand at a human level and individual level how meaningful it was and how prideful they are of the work they do? I went to a family resource center here in St. Helena, and the individuals there were so happy to receive us and tell us what they were doing. And they explained everything that they do, from family counseling to immigration issues to legal issues, taxation issues. You realize that, without them, it's not clear how they would get that support, how they would get that help. And it made me feel that much more pride and prideful and proud of ourselves of what we're doing.

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The other experience that I had, again, in scope and scale, because oftentimes we will regularly tell people that we've donated and committed now more than \$180 million through the years to the county. And, it's a staggeringly large number, almost to the point that it loses its sense of meaning. And, again that year I spoke with another resource center down in American Valley, in the south of Napa, where, on the day after the earthquake, 2016, Napa Valley Vintners immediately dedicated money to support and to the victims of the earthquake.

And this one woman was almost to the point of tears when she said that the Vintners had come and given her just enough money, \$50, to go buy cups and essentials to give to the people who had been hurt by the earthquake, and that the micro level, the individualized level of seeing the importance of that, meant almost as much to me as the 180 million.

02-00:06:40

Meeker: Napa is a relatively small county in terms of population in California. \$180 million can probably go a pretty long way.

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Pearson: Well, as I say, the amount of commitment that has gone into health care and mental health care—there's a group called Mentis that has received a good amount of support from the Vintners through the years—makes a substantial difference and is noticed and would be noticed if it weren't there.

02-00:07:06

Meeker: Thinking about the auction and the community funding that it entails, where do you see the future? Where are the areas that people are interested in having an impact? Or do you feel like you've got the right mix now?

02-00:07:24

Pearson: Well, the growth that has occurred in the valley for decades now, supported by the funds that we've brought in and other activities, has its limits. And, we're now struggling to have low-income housing. We're struggling with traffic issues. And we're struggling with, I think, just creating a sustainable quality of life in the valley that we have to find those answers to. And the auction and the funds that it generates, I think, will continue to be an important part of finding those solutions.

02-00:08:01

Meeker: Yeah, housing must be a tricky one. I know that there's been sort of attempt to have a direct impact and now, I think, maybe more of an effort at recognizing indirect impact is maybe the best way to go?

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Pearson: Well, there are specific housing projects that the vendors readily, rapidly agreed to support and bring funds to those housing projects that will provide low-income and moderate-income housing, are central in the valley. And there are a handful of them that are ongoing. But they in and of themselves won't resolve that problem. There is a significant challenge that the people that are needed in the valley to fill jobs and work that is relatively low-paying can't afford to live in this valley. And so they would live outside the valley in Vallejo or other areas. And then they have to come up to the valley to work every day which exacerbates the problem of traffic. So they're all linked together. And finding a way to solve them all requires looking at them globally and then attacking them individually.

[side conversation deleted]

02-00:09:21

Meeker: So, the other question I always like to ask folks about their term as being chair of the auction is to share some memories of the Saturday auction day itself. Certainly, going back to the early years, it was much more seat-of-the-pants, not as many paid staff involved. Now I think it's a much bigger production.

Can you tell me about how you felt going into the Saturday auction? And this is the big moment where Opus One is, I guess, going to be up there.

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Pearson:

The nerves, the anxiety, the anticipation, you do individually. We do in committees. We do in group so much preparatory work, so much communication, so many days, hours and days, of aligning the lots to be presented and the bidders who are coming in, and the design of the space, that when it finally gets there, I usually equate it to feeling like going over a waterfall. There's not much to be done but to let the currents go with you. And, one would like to think that we could arrange it so that the outcome is predictable and known, and it just isn't. It just isn't.

It begins. The environment, the chemistry, the ambience of the room, settles in. In some years, bidders start the bidding at very high level, and it's like a troop or a herd where they just follow themselves. Or other years it starts slowly. In our particular year I remember feeling very good about what we'd done. And I mentioned last time we were very focused on the fun of the moment, the chemistry, not being driven by the number that was finally created, but all the while wanting a very high number and being, in the best way possible, competitive about it. We wanted a good result.

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And, we had people being very complimentary of the work that was done. They're thinking this is going to be the best auction ever and the highest number and those kinds of things. And then it started, and the numbers came in lower than we thought. We didn't know why. And, it ended up being wonderful. I think we generated fifteen-some million dollars for the year, and it was perfect.

In the process of the event, you're following every lot, every hammer price, and writing it down and wondering if that can tell you about the next one that's coming. And then yours comes up, and you hold your breath and you wait until you're done. I think once or twice you have to get up in front of everybody. I shouldn't say you have to. You have the opportunity. You get to get up in front of everybody. And that's really a thing because you're standing in front of your peers, your colleagues, a large swath of the winemakers, grape growers of Napa Valley, plus many customers, clients, influential individuals. And your hope is just not to make a fool of yourself, just not to have a problem.

02-00:12:41

Meeker:

Beyond that, what do you want to communicate? What message do you want to send?

02-00:12:45

Pearson:

Hopefully, there is, first and foremost, an understanding of the impact and benefits. So we always talk about how we make sure the people there who are

bidding have not just, as I've mentioned many times, an intellectualized idea but an emotional feel for the human level, for the human impact? And those years where we've had beneficiaries come out and share their stories have been the most effective in that because, as I said earlier, when you hear one individual tell their story, it doesn't matter how large it is or small. But you understand that a life is changed. Hopefully that will sink in.

And then secondarily you hope that people pick up on the camaraderie of Napa Valley. Oftentimes—this happened recently when we were traveling in France with a group of winemakers from Oakville. That's rare in the wine world to see so many wineries come together, competitors, and join together to do this. And I think when it was first created in 1981, the wineries, Robert Mondavi and the others, knew that it was also a marketing tool, to be honest about it. It's a communications where people demonstrate and we show the very best wines we have and the conviviality and the camaraderie of our group. So, if the beneficiaries and the quality of Napa Valley and our camaraderie come through, then we have succeeded.

02-00:14:18

Meeker:

Was it a warm day? Was it a cool day? Do you remember what the weather was like for yours?

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Pearson:

No, not particularly, because now we've got the air conditioning in the big tent sufficiently done. The year before last—here, what happens is there's a reception in Meadowood, a reception before you go in the tent. And in the reception, where they have lunch, and chefs will come in, and you can see displays of the lots that were to be bid on, that's outdoors. And it's true that, not this year, but the year before last, it literally was an oven. It was borderline unhealthy and certainly uncomfortable. I can't remember. It was 105 or something, 104, 105. And that was awful even with the shade. So, that occurred. But once you get into the tent, the air conditioner kicks in, and then it's fine.

02-00:15:11

Meeker:

Let's move on from the auction. And, I'm interested in your different committee work. Can you explain to me? So, I know that you've been involved in the international committee. Now, as chair, you've been involved in government relations work as well. Does it make sense to do this conceptually under the umbrella of your two terms as board chair?

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Pearson:

It does for me anyway. I think it's added value to the committees and to the board. They're obviously different and related. As Napa Valley and Napa wines become more physically present and more recognized as high-quality wines around the world and business, the trademarking and the protection of the name becomes more and more important. And, we've seen that through the success of Napa Valley Vintners and the wineries and the wines, the name

Napa Valley now has great equity in it. And once a brand name has equity, others start leveraging into it and using it, Napa this, which isn't wine, or Napa wine that isn't from Napa called Napa. And it was very farsighted of the Vintners to create a group called Wine Origins Alliance—gosh, I don't know the exact—ten years ago. One of the founding wineries—I don't have the exact number of years—working with the French primarily. But wine producers now around the world are members in this alliance, meet multiple times a year, and petition governments to enact regulations and laws that prohibit others from using their names incorrectly and inappropriately.

And that work, I've gone now for the last two years with a delegation of winemakers from Napa and the Napa Valley Vintners to DC and met with our—I think we spoke about this last time—congressmen, trade officials, explaining the importance of legislation and regulations that protect Napa name. And I phrased it to them that protecting wine origins and the use of the name is like a cousin to counterfeiting. And, it's basically taking someone's good name and using it and producing a product that is not faithful to that.

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Opus One does a lot of work in counterfeiting because of our presence in Asia. We have a lot of counterfeiting activity. And we've believed for years that it's our responsibility to protect our brand. We can't eliminate counterfeiting, but we can at least provide packaging that enables our importers and distributors and retailers to assure themselves that they're selling good and true Opus One product. So, the name protection and the need to do that is something that's shared around the world with wine producers. And that activity is growing. We're getting more members into the Wine Origins Alliance.

And then the international committee that we're working on, I think, is the next logical step for Napa Valley, that our wines that are so well distributed, so recognized, and so well-appreciated with consumers in the United States, is not so present around the world. Opus One, for the last fifteen years, has worked, and we've focused on being present in markets around the world. We're now 65 percent export and in 100 countries around the world. And I travel quite a bit sharing our wine and telling stories and creating relationships.

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And I hear people wanting to get Napa wines. They're interested in Napa. But the wines aren't yet sufficiently available. So, that committee creates opportunities for winemakers to go on promotional trips through countries it otherwise couldn't organize or wouldn't organize. And it gets their foot in the door. The next step is for these wineries and winemakers to follow up with a promotional tour and have a sustained effort. Bu I think those two activities—protecting the name, working through legal channels and government channels, and being present around the world—is important.

02-00:19:45

Meeker:

I know that, from the interviews I've conducted, these tours, particularly around the United States, beginning in the seventies and eighties, were an important way to introduce Napa wines to the rest of the country. And, it sounds like this is now extending to the international arena. Are these things that Opus One will participate in, or is it more for wineries that don't yet have the international reach?

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Pearson:

Well, right. I think that we typically do not participate in the actual tour itself. It makes less sense for a wine that's already well-established to do that. We support it now in the preparatory and the supportive work that goes into making those happen. So, no, we tend to present ourselves individually, and we have our own relationships. As I said, the trick that we've got right now is to do the tours and then have the wineries follow up and come back because they still need to do more than just present. Presenting creates interest. And then the people who tried to the wines look to see where they can buy the wines. When they can't find them, then you lose the track of it. Any benefit that was created by the tour can be lost if the wine isn't in the market afterwards. So, there is a hurdle. There's a hurdle.

And when I talk with neighbors I say you do have to go. I say to go along on the trip is good, but you have to go back and go back again. And so, there is investment of time and money and resources. But the benefits are enormous once you get over the hurdle and you get into the market.

02-00:21:29

Meeker:

I imagine Opus One has learned a lot about cultural approaches, different cultural approaches to educating about wine, different legal scenarios in different countries. Is that kind of information shared? Is that something that transpires through the Vintners organization?

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Pearson:

It absolutely can be communicated and shared with the Vintners. And we also are very open with that as well in a direct sense. In fact, this past spring when I was traveling in DC, we were not only a group of Napa winemakers, but we had sessions with Oregon and Washington as well. And I was sharing with the lawmakers in the group our experience in the counterfeiting and the international growth we've seen. And I offered at them, I said, look, anybody that would like to talk with us about our experiences, we're really very happy to share it, because there is an important understand whether you're in Dubai or Shanghai or Singapore. They're different markets, and how you come in and how you speak matters.

02-00:22:37

Meeker:

Do you have any sort of initial insight into things that people need to be thinking about as they're going out into the international market?

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Pearson:

I'm thinking of mainland China predominantly. The demand for the wine that comes out of mainland China is enormous. They really have discovered the interest of wine culturally and on a daily basis in their lives. But they've also understood that they can sell it and make a lot of money. And so, eight out of ten of the people that are coming to us from mainland China right now are not actually in the wine business. They're in the business of making money, which is fine. They've understood that they can buy wine, mark it up by 20 percent and resell it, and they make money.

We have to be very careful of people like that because they don't know what they're selling and can damage a brand and misuse it. So there is a great deal of scrutiny and reference checking and understanding who you're dealing with. And that's true in all the markets but particularly in China.

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Meeker:

As you're doing name protection and traveling internationally, what have you learned that people, say beyond the United States, think of Napa? What do they know of it, and what do they think of it? What is the reputation?

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Pearson:

It's a very good question. I can't be precise about it because we haven't done any kind of market research, or we haven't sat down and asked people particularly. But, the feeling and the interest and the response that I get is all extremely positive, extremely luxury, high-end. The image is untarnished and very luxury, very high-end. But beyond that, what they know, I think, is very limited, which is the work to be done, because it's the same with our wine. People tend to know the name Opus One for any number of reasons. But when you ask them about it, actually what they know is very limited. And, again, to make a sale outside the United States is not hard. But to make a sale based on information and experience and relations that's appreciated so that it's repeated is a different deal. And that takes work and time.

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Meeker:

What do you think it's important for the international consumer—and I know that's a huge category—important for them to know about Napa wines?

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Pearson:

Confidence in the quality, the authenticity and the focus. When people buy wines, people can buy wines for two reasons. We call some of them trophy purchasers, people with a lot of money that like to put on a table brands and images and caviar and things, all of which are good. But they do it primarily in an attempt to impress others that they have the ability to do that. And we've seen instances where people buy ten cases of magnums of Petrus, one of the world's most expensive wines, and then drink it in a night and demonstrate how much they have. It's a shame, to a degree, because the wine is not being able to be appreciated in a way that it wants to be. So, those are trophy purchasers, and those tend not to have any interest.

The others are people who are purchasing because they've had an experience, because they recognize the value that is intrinsic and inherent in the name and in the wine. And that's what branding is about. And, that only comes through repetition and through explanation and experience. And that's what we have to make sure we do, versus letting the name Napa become a nameplate, which is too easily applied on anything.

02-00:26:48

Meeker: How does Napa differentiate itself from other quality wine regions around the globe?

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Pearson: That's a good question. I think that there is, in the wine-producing world and in the wine-consuming world, a relatively small number of regions, and almost within a handful or more, of regions that have been able to produce wines over an extended period of time. Many times I've thought that these last thirty, forty years is kind of a golden era of winemaking because there's such good wines coming out of all the corners of the world, whether it's South Africa or New Zealand or Chile or Australia or Argentina, the United States.

But, it takes more than thirty or forty years to create a region that is appreciated as one of the greatest wine regions in the world. And that clearly is the aspiration, and it's clearly the feeling that we have of ourselves, is that we want to be recognized, and are, in fact, one of the world's greatest regions. And that can only be done, I think, generationally. And so, what is required to distinguish ourselves from others is that we produce at a highest, higher, top quality, for many, many years. And we're still in the process of doing that.

02-00:28:15

Meeker: Opus has been around—I think the first vintage was '79?

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Pearson: Exactly, yeah.

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Meeker: Okay, good. I'm glad I got that right.

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Pearson: Yeah, that's right. We're forty years now.

02-00:28:25

Meeker: Yeah, so forty years, fortieth anniversary. Have you guys done verticals? What is your experience of the history of Opus?

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Pearson: This reflects the point I was just making, which is we tell ourselves that forty years is a point. But it's nothing if we don't hit fifty or seventy-five or a hundred. The Napa Valley Vintners this year are celebrating our seventy-fifth anniversary, and that's something. But our job and our task has to be doing what's necessary so that the Vintners can hit 150. And then we're going to be

talking about something that's really important. The Opus experience has been that. Rather than focusing on the length of time and forty being something and celebrating that, we're really not talking about it very much. I think that when we hit fifty, we'll sort of look up and feel a sense of satisfaction about it.

But we feel more like, at forty, we're still in the early phases of what wants to be a hundred- and two-hundred-year project. It's what makes Bordeaux Bordeaux, that they've been doing it for 150 years. You can try Bordeaux. You can try Mouton, if you're lucky, from the 1800s. Maybe I said that last time. But, so the Opus experience has been one of maturation, certainly. And we're very proud of the work we're doing in the vineyard and the winemaking, the sales, and not resting on laurels and not celebrating as if we have arrived. We're feeling like we're still in the early phases of building and discovering and innovating and changing. And I think that's how Napa should be as well in general because, yes, there are a lot of really great wines being made. But there's a lot of work still to be done.

02-00:30:13

Meeker:

What do you think of the dominance of cabernet as Napa's grape, at least in the upper valley?

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Pearson:

When I got into the wine business in the early eighties, Napa made everything. They had Riesling and Chenin blanc, and you could just name all the different varietals. I think that's the natural arc of the universe when it comes to winemaking. Winemaking, the common denominator to produce the highest-quality wine from any given site is a necessarily slow process of establishing and determining what is the combination for that soil and the climate, the right root stock, the right clonal varietal selection, the right densities, right orientation.

And while the science that has been established through the last fifty years allows us to understand this process and maybe accelerate it to make intelligent choices so it's not random picks—you wait ten years, see how it does, and then replant. We can be a little bit more focused, coupled with the challenge of changing markets. So, you can make a wine, but it does have to sell. It does want to sell so that it's sustainable.

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I think what you see in Napa is the obvious conclusion that in very few places around the world does cabernet sauvignon produce as consistently high-quality and interesting wine, grapes and wine, as it does here. And so there's a natural distillation, a natural focusing, on understanding that not only does this site produce the very highest-quality cabernet sauvignon, but it's a wine that can be sold. And so, I think it's a very natural, very positive trend.

02-00:32:01

Meeker:

There's a lot that's made of the changing consumer palate. Do you believe that that's a concern, or is it a concern for you at Opus? Or is there too much made of that idea?

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Pearson:

I don't know. I think that there is a balance of both. I often think that there's a continuum. And if we look at some French wine, because I actually was telling this to a French winemaker the other day, and he agreed, the French can be so focused on this concept of terroir and the belief that the wine they produce is the best wine that can be produced from this site given the proper selection, as I just said. And they make the wine, and that's it. And they have no regard to the market. And if the market doesn't like it, well, the market is wrong. It is their wine. And, they can get to a point where they can make a wine and not even look to see what the price should be or how to present it. This is the wine.

And then the other extreme are people who will come in and only look at the market and say I'm going to fabricate a product that will sell to these people. And those are two extremes of a continuum. And the balance in the middle is what you need to find. There's an authentic expression that comes from this site that is appropriate for a market somewhere. And it's a constant balancing between the two, I think.

02-00:33:22

Meeker:

Do you have opportunity very often to go back and taste through the Opus cellar?

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Pearson:

On occasion, I have. We do. This year is an unusual year just by happenstance. We had two retailers, one in Sao Paulo in Brazil, and one in Germany, who separately, on their own accord, have collected an entire vertical of Opus One from '79 until '15, '16 current vintages. And earlier this year, in February, I went down to Sao Paulo and, through a two-day process, conducted tastings with a group of the entire vertical of Opus One, which is an amazing experience to do in one sitting with a group of people.

And we talked about how to understand it. We were able to connect our historical experience, the wines being made initially at Robert Mondavi winery, then the wines being made at Opus One winery, the role of the families, the partnership, and then what we consider to be our current independence and how those phases affected the winemaking. It's really a fun experience because you can see it in the wines, and it helps understand the wines. So we did that in February, and I get to do it again in September in Germany. I'm going to go back and do it twice in one year, which is very unusual.

02-00:34:45

Meeker:

Well, it's interesting. You can see a historical periodization play out in the wine itself. Can you tell me a little bit about how that actually manifests?

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Pearson:

Absolutely, in a few words. The image that we have of Opus One, which I think is the most insightful and the best metaphor we can come up with, is that we truly are a child of these two families. These two families, Robert Mondavi and Baron Philippe de Rothschild, got together, and they said we're going to make this one wine. And this one wine will be a synthesis, a marriage, a blend of our two families, our two cultures, our two traditions. And the objective has been, from the very first day until today, is to realize, to achieve that synthesis and blend.

And again, I never say and never feel that we've finished that job, but that we're in the process. So, if we're a child of the two, when you're a young child, the parents do everything for you. And the early days of Opus One had two winemakers, two directors, two CEOs, coming together to create this wine. And rather than imagining it being a polite, genteel process where they said, well, you do it your way and I'll do it my way next year, it was the opposite of that. They fought over everything, and every question, every issue, from the grape growing to the winemaking, was tense and struggled to find that point of synthesis or what decision would be made.

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And, that was our childhood. We were raised under that environment, and it created our DNA which is a demanding—we still have this same sense today, of fighting and challenging ourselves and making every decision matter. We initially were made at Robert Mondavi winery, and so we talk of it in terms of chapters, three chapters, in effect. So the first chapter, from our vintage in '79 until 1990, were the wines that were made at Robert Mondavi winery, again in this setting where the French winemaker, initially a gentleman named Lucien Sionneau and then Patrick Leon, would fly over and meet with Tim Mondavi. And every decision would be fought over made.

And the wines that were made in those years, that first chapter, we'd tell stories about how hard it was so that people understand that it had never been done before, actually, that we'd never had, to my knowledge, anybody had tried to take two families and force them in together. So they were learning how to do it. And, I think the early years of Opus, the wines leaned more towards a French expression. Many of those vintages, if I poured them and didn't tell somebody it was Opus, they would be sure it was a French wine.

02-00:37:19

And then the second chapter occurred when they completed our winery. In 1991, across the street, Opus One winery was completed, and the winemaking moved to that facility. And there was a second chapter where the same environment of these two winemakers, the French and California, coming

together, Tim Mondavi, still Patrick Leon, would come together at our winery and make the wine. And the wines, I think, in that period found their profile, our profile, which is an appropriate blend of California expression with French mouthfeel and French structure. So, the '94 and the '5, the '6 and '7, those mid-nineties years, I think, were the first time where Opus One emerged. And, they're fun to taste because you can see the French styling, and you can feel the Napa fruit coming through and having the confidence to express that. So, that was the second chapter.

And then the third chapter occurred at the end of the 1990s when, going back to the metaphor, the child is growing up, and in most of our lives the point comes when you move out of the house and you live on your own. You've learned the lessons. And, staying home becomes stultifying a little bit. And it's what was happening to Opus. The two winemakers were still coming together. They were still struggling over everything. But the creativity and the added value of the process was not there. And the two directors, the two CEOs from each family, were fighting rather epic battles amongst themselves.

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But the families, the Mondavis and Rothschilds, saw that it was no longer adding value to the process which, again, was very farsighted on their part. And they in effect cut the cords. And they said, Opus One, you're going to be independent. And they hired one single winemaker, Michael Silacci, who's our winemaker today still. And I was able to come in as the CEO with the direction that I manage the property independently. And so, this is our third chapter, started in the 2001 vintage and was formalized in 2004 forward.

And, it's like being a young twenty-year-old living on your own for the first time. We've been able to make changes in the vineyards much more rapidly because we don't have to get both families to struggle over it. And we'd be able to make changes in the winery. And you can see that in the wines. I think the wines have stepped up in their concentration and their complexity. We've, in effect, changed everything. I think I said this last time, but staying true to the vision and the idea of making one wine and, rather than feeling we're at the end of the process, engaging and reinvigorating and rediscovering and all of these things. And so, you can see those in the wines. And so, when we do a complete vertical, it's fun to talk about those things.

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Meeker: We're jumping around a little bit, but I appreciate you bearing with me.

02-00:40:14

Pearson: Yeah, not at all.

02-00:40:19

Meeker: You're now in your second term as chair of the board. And we talked a little bit last time about running, if you will, for a position on the board. I know that

chair is elected by the other members of the board. Did you have a particular agenda coming into 2018 when you became chair of the board?

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Pearson: The second?

02-00:40:49

Meeker: The first time.

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Pearson: So, it's a two-year.

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Meeker: Oh, it's a two-year? Okay. I didn't know that.

02-00:40:53

Pearson: No, I'm sorry. What am I saying? I haven't done two years because it's a one-year, right.

02-00:41:00

Meeker: You began your first term in January of 2018.

02-00:41:03

Pearson: Thank you for reminding me. Right, exactly. You had that right. I had it wrong. Exactly. It would have been. We've talked about, as I do this to term, the realization was that in a one-year term, by the time a chair has figured out how to do it, they term out. And so you become a lame duck with the fourth quarter of your one term. And there's a great deal of sense to having two-year terms because it allows for an acclimation to the position and to the role. And then you get some continuity. So I think going forward we may well have two-year terms for chairs.

When I came into the board, we were in the middle of a difficult time for the valley called Measure C. There was an initiative that was being proposed, the Measure C, that would affect the regulations associated with creating a vineyard and protecting oak woodlands—highly controversial. And it was a continuation of an argument and a debate and an issue that has been part of the valley discussion for decades. But it was brought anew, and the nerves of the valley were—what is the word? Everybody was very nervous and very tense over this initiative.

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And so, coming into it, my principal focus was how to manage our organization through that, which I think we did fairly well. It's a complicated process of listening to members, understanding citizens and people in the valley, and the needs, and trying to find a balance to it.

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Meeker:

Did you have a mechanism for doing that? Were there meetings, or did you tour around and hear different people's points of view? How was it that the Vintners put themselves out there to listen?

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Pearson:

Well, it was a combination of things. The complication to the experience was that the supporters of the initiative had tried once to bring up an oak woodland protective initiative. And the Vintners had joined with the other organizations in the valley—I think you know of this story—to oppose it and to block it. And they were thwarted, the supporters of this initiative, by a technical signatory problem. They didn't have enough signatures, and the initiative never made the ballot. And we didn't have to fight the fight publicly. But it was clear to almost everybody that they would come back. They would fix that technical error. And the initiative would come forward.

The members of the board of the Vintners thought that it would be perhaps interesting and effective to negotiate with the support of these initiative founders, create a compromise, and then bring that to the valley, the compromise we could live with, to avoid the battle that was coming. It was, I think, a good idea that was poorly executed, that there was a compromise created between the initiative supporters and the Vintners. But when it came public, the other organizations in the valley were profoundly opposed to it. And the idea that the Vintners would have taken that action on their own was equally problematic.

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So the first thing we did was reestablish communications with the organizations, the other grape growers and vintners and farm bureau and those people who were part and parcel. And we had to recognize that we couldn't act on our own. So we did that. We had a couple of open houses. And, when this Initiative C came up, after those meetings with the organizations, and after the open houses, we realized that, although we had been part of writing this initiative, we had to oppose it because the majority of the members and the organizations around the valley were opposed to it.

So, we then went into the—I was for it before I was against it—and had to work through that process. Eventually, the measure lost by just a razor-thin margin which reflects the duality of the positions of the people in the valley. The people are supportive of the wine industry but also want to protect the environment. And I think that's where that was. So, subsequent to that, we were part of a process that congressmen and supervisors actually started. And we had the supervisors do their job, which is to regulate and manage this process. And, we played a supportive role of the process as we think it should have been, which is to let the supervisors come up with the shifts and changes in the regulations that they did enact. And it allowed us now to get over that hurdle and, I think, move back to focusing on promotion and name protection and those things.

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Meeker: So, that legislative solution happened, I think, in this spring, correct?

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Pearson: That's correct. It was implemented this spring. That's right.

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Meeker: And, just in terms of what the original measure said, this was a more maybe compromise position?

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Pearson: Indeed it was. Indeed it was a compromise position. Some people were saying that, since nobody was happy, it had to be the right place. And there's a kind of political calculus that says that. If the far left and far right are not happy, you're probably in the right spot. And I think there's some truth to that. The challenge is that, I think to be endure and to sustain, we need to find a spot where the majority of people are actually in agreement versus having everybody disagree and the average be—there needs to be a middle spot.

And, so that's now working. But I think that the tensions and the issues that are still in the valley turned back to that growth rate that we talked about earlier. That's still an issue and still disturbing, which is how do we find a level of activity that allows growth and is sustainable? I'm not sure that we found that yet.

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Meeker: So, a lot of this goes back, of course, to the Ag Preserve, which I think was passed in '69 or somewhere.

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Pearson: I was going to say '66.

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Meeker: '66? Okay, which originally the concern of course is suburbanization, and agricultural lands will be planted over with homes. And, the agricultural nature of the valley would be lost, as happened in many other counties in the Bay Area. Certainly go out to East Contra Costa or Alameda Counties. Those used to be agricultural lands, and now they're bedroom communities.

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Pearson: I grew up in Southern California. Orange County was oranges, right?

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Meeker: Yep. Not anymore.

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Pearson: Not anymore. The Ag Preserve, as created in the sixties, was the first of its kind and, again, far-reaching, farsighted, and has succeeded in protecting and maintaining Napa Valley as an agricultural valley. But it's not without risk and not without needing further and constant review and protection. There

is—I wouldn't call it a loophole, but there's a recognition that an agricultural valley cannot succeed and survive unless there's the ability to sell the product that is grown and produced. And that means that the producers have the need and the right to do marketing. And the marketing allows for direct sales at the winery under a kind of level of control and maintenance. But, there is marketing that's permitted.

And so, the question can become how much marketing is permitted? What kind of marketing is permitted? And how do we determine that appropriate balance? And I think that's where the difficulty, the challenge is for us right now.

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Meeker:

Well, how do you determine the appropriate balance and policy on this?

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Pearson:

I don't know. I wish I knew. I saw a chart which was from a French presentation, actually, of trying to understand the word "sustainable." And sustainable came from three regions, three areas, all of which had to be respected. One was the environment had to be protected in whatever activity you did. The other was social fairness had to be protected. And the other was profitability. And you had to think of all three. And in the intersection of the three, in the middle, is sustainable. And so, I think that's how we get at it. We need to find those answers which have a potential to be sustainable from the environment's perspective. We have to be socially fair. And we have to be profitable.

And I think that the profitability now is not an issue. But probably we need to focus more on what it means to be environmentally responsible. And I say that, and I immediately hear in my head this is one of the most environmentally sensitive areas in the United States. And, rightly, grape growers and winemakers get their hackles up, and they say wait a second. We've been doing this for decades. Napa Green is an initiative which is to be lauded. 75 percent of the Napa Valley Vintners are in this Napa Green program.

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And still, we need to look at it and make sure that, given the climate change and given our understanding of nature and given all of our understanding, that we are doing something that is sustainable. And then I think also from the social justice, we need to make sure that everybody can prosper and that the society's healthy, and that we have low-income housing. The traffic is endurable. So, somewhere in that process we find that middle spot. And if we wander out, hopefully we'll catch ourselves and say this is too far this way.

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Meeker:

What is the role for Napa Valley Vintners in managing those three definitions of sustainability and trying to—

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Pearson:

I think it becomes the center of debate. It becomes the instigator of the debate. And we talked last time about our strategic vision and our goals and the three principles. That is renewed on a regular basis. And when that is renewed, there is a series of intensive and detailed working discussive sessions where winemakers in the wineries can come together and share their views. And the more active that debate, the more constant that input, the more effective the Vintners will be in focusing where they should put their energies, we should put our energies and our focus. I don't think there's a simple five- or ten-step process. It's being responsive. It's being on our toes and recognizing that now this needs work or this needs work. It's a moving target.

02-00:52:37

Meeker:

You mentioned sustainability partly in context of the environment. The Napa Green program, which is, I think, really kind of two programs, Napa vineyard green and winery green. Can you tell me what those are and what impact that they've had on Napa Valley?

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Pearson:

Well, it's overarching and measures an extensive number of variables which impact the environment—the amount of water you use, the recyclability of the materials that are purchased and used, everything from composting to farming practices to in the winery, the paper that's used in your printer and the packaging materials and electricity and monitoring and maintaining effective levels of use of all of those aspects. It's onerous, actually. It's not a quick check-off and you get your certificate. It requires meeting goals and then maintaining them over a period of time.

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Meeker:

Is this something that Opus One participates in?

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Pearson:

Yes. We're happily certified, both in the vineyard and the winery. We were certified initially six or seven years ago and then had to recertify. And the recertification process, many of the measures were heightened. The bars were raised. And so we had to actually get better and more finely tuned in our use of water, electricity and those things. So we're happily recertified.

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Meeker:

You said that I know that it's the goal to get 100 percent of the member wineries to participate, and it sounds like you're up to about seventy-five.

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Pearson:

That's right.

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Meeker:

What strategies are you using to get that last 25 percent over the hurdle?

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Pearson:

I don't know. To be honest, furthermore, I don't know if we'll ever get to 100 percent because 100 percent is a high number. So, it's just knocking on the door and explaining the importance. I think that the trick will be explaining the importance to the success of the valley as a whole because of these issues we're talking about. The wine industry here needs to be seen by all of the citizens of the valley not as a problem actor but as part of the solution and as bringing a quality of life and a sustainability and a responsibility to our environment that is unquestioned.

And, we're making progress. But if I'm one of the 25 percent who are not doing it, maybe to them that if I can make the argument that their participation allows their business to continue, not just doing it for the good of the cause, because many people are understanding that we all need to do whatever we can to help respond to climate change and support sustainability. But maybe it can be self-centered and self-interest. Enlightened self-interest can go a long way.

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Meeker:

Let's see here. One part of the sustainability is sustainable business model so that the business can continue. And this is part of the challenge. Around the financial crisis and the great recession, it seems like two related things happened, and that was a consolidation of distribution networks—

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Pearson:

Which is continuing.

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Meeker:

—and then emergence of direct-to-consumer sales for smaller wineries, which of course plays into the issues that you brought up in terms of the Ag Preserve and direct-to-consumer sales. Can you tell me the degree to which these issues are important for the Napa Vintners to address and how they're going about addressing it?

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Pearson:

It's the eye of the storm. It's, I think, the central focusing point, because we can talk about the Ag Preserve. It's created a protected area and a taxation interest in growing and keeping agriculture. But it was the Winery Definition Ordnance that was created in 1991 that said, look, this is what a winery can do around this limited amount of marketing. Complicated because, at that point, the only way to get the members to agree upon this Winery Definition Ordnance was to grandfather certain wineries into previous practices. And so it made a kind of two-class valley where you've got longer-term wineries who existed here before 1991 who were able to act in any manner they want, to agree, not under control of the Winery Definition Ordnance.

Then the others who came in post-'91 were limited in the number of daily visits, limited in the number of dinners and events they could do. And, trying

to give definition around what it meant to do the marketing, indeed, in the great recession, in '09 and '10—the market crashed at the end of '08. So, '09 and '10, wineries and catering business said we're going to go out of business if we can't do more of this. You have to ease up on the Winery Definition Ordnance, allow us to do more restaurant work, more dining, more catering. And a compromise was reached. And perhaps it was the best and only compromise that could be reached. But it widened the door in terms of what wineries could do in terms of marketing to sell, and catering could do.

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Meeker: What was the compromise?

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Pearson: Well, I'm not sure if I can give you the specific writing on it. I'd have to go back and look at the regulation. It allowed for a greater number and a greater range. I think the description of the activities that the wineries could do was written differently. And then, coupled with the other two things you said, consolidation of distributors meant that the passageway to the market was getting, in effect, more narrow because the large distributors had less interest in dealing with small wineries to get their wines out to the market.

Coupled, third leg of this was the liberalization of the direct marketing, direct shipping laws. So, all of a sudden you could sell direct more easily. You couldn't go through channels. And you could do more activities, more events here in the winery. And that stimulated that activity which is now just growing at 30, 40 percent year on year and, I think, presents one of the biggest challenges that we'll have to face in the coming decade, which is are we an event-driven food and wine experience valley? Or are we wineries and farmers and winemakers? And we'll have to struggle through that one to see.

02-01:00:11

My fear is that Napa Valley will become the nation's, and the world's, great tourist destination that happens to make wine. And I think that's a real concern for us. Hotels, restaurants, spas, I love all of them. I love to go to them. And yet, there's a balance that we have to protect that I think is going to be a challenge.

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Meeker: Any thoughts on how to go about achieving that balance?

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Pearson: I grew up in La Jolla, and I think of it often. St. Helena, to me, is like La Jolla was, in a way, when I was a kid in the sixties and seventies. La Jolla was a small coastal beach town and has developed into a very affluent, beautiful still, but different kind of a town. And I don't know if that cycle is mutable. I don't know if we can change that. And the money and the pressures coming to this valley are significant.

That said, I do think that the best thing that Napa can do, we can only produce so much wine. And we're not going to be producing up into the hills. And the limit of our vineyard, our vineyards are limited. The best thing, the healthiest thing for profitability and for our farmers, is to expand our market around the world. This is why this is my primary interest, is if you can't get through these distributor channels, there are other markets around the world that want these wines, in small or large quantities, which we haven't even tapped yet.

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So, the laws of supply and demand still exist in thinks world. Our supply is set, plus or minus. We're not going to be doubling our supply overnight. Napa wines are this amount. The demand, the way to be profitable and sustainable, is to expand our markets. And, if we can do that and our grape growers and our winemakers are profitable, I think that it takes the pressure off of having to sell as much as we can direct. I don't know about the hotels and the restaurants. I love them, and the towns and the cities need them from a tax revenue basis.

So, they're going to continue. They'll be outside the Ag Preserve. They can't do them in the Ag Preserve. If we can take the pressure off of the need to sell 80 percent of our wine here on 29, then we've done something. Does that make sense?

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Meeker: It does. And I think it's a very thoughtful response. It's certainly a challenge.

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Pearson: Nothing is easy about it. I've seen in the last years I've been on the board excitement generated by members on the board, all of us. But, I'm going to solve the traffic issue. I want to get a group. We're going to figure this out. And I saw they're now planting these circles, these round points. In France, when we lived in France, they do a lot of circles. And, they can keep traffic flowing in a way that sometimes traffic lights can't. But they're limited, too. If you go to parts of London, they've got circles everywhere. The traffic is awful.

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Meeker: You've also got to teach Americans how to use them.

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Pearson: There's that, let alone that. But I saw last year a drawing, a sketch in the newspaper, of a large circle that they were going to put down in the southern part of Napa somewhere. And that would be a solution. It's going to take a lot of money, a lot of time, but that's their idea. And I looked at it, and I immediately recognized it as looking like a circle. In Montpelier, where we lived in France, I said I've seen that design. That's in Montpelier.

And the problem is that that backed up, too. Circles only work when the traffic comes in equally from all the different areas. But if the traffic is

coming from one source to the other, it keeps going, and the others can never get in. Anyway, it's frustrating because everybody wants to solve them. Everybody wants to say if I can fix traffic, then the people of the valley won't be so upset. But, as we keep building hotels, we need more employees to come up. And that's going to exacerbate that. So, it's hard.

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Meeker:

This is a question that is a global question. Had you guys been talking to the community leaders in Venice or Barcelona or other places that are experiencing what they describe as over-tourism?

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Pearson:

No, I don't think we've done that enough. It's a good point. I was about to say that I think part of the answer is finding communities that have suffered and worked through these issues. And there are not a whole lot of them. But I think that the more that we connect with issues like that, or communities like that and groups like that, we can learn from them more than we have. I think trying to come up with our own answers in our own back yard is going to have limitations. We look at it and we think we can figure it out, but we need to look and see if others have come up with brilliant ideas.

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Meeker:

So, in January, there was a rather impressive and enjoyable meeting that I actually was able to attend. And that was the opening salvo in the seventy-fifth anniversary of the Napa Valley Vintners. It was a big event at Lincoln Theater where you presided over and gave what I thought was a really excellent presentation, in part because you really recognize the value of history. And I appreciate that a great deal, so thank you for that presentation. I wonder if you can take me back to that day. Maybe just tell me how you came up with that idea for what is behind the seventy-five years and why it's important to recognize it.

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Pearson:

Well, thank you for the comments. It was similar to the comments I made about being up in front of everyone in Auction Napa Valley, getting up in front of your colleagues and your associates is a real thing. It's a moment. It's an opportunity. It's respectful that anyone should be able to get up and say something to everybody. And you want to be able to share a meaningful moment versus just sort of slough it off. And, given that it's the seventy-fifth anniversary, it does bear the question. Why is that important, other than the fact that it's a round number and those kinds of things?

And, the tension—I don't know if it's a tension, but there can be two different kinds of approaches to this world. One is, what are we doing today and this coming quarter and for the next three or four years? And it's a very immediate, very fast-paced, very short-term look. And a lot about American culture drives that. I've learned that through the years by living in France and living in Europe and living in different places. We tend, Americans, to have,

both good and bad, a disposable culture—been there, done that, tried it. And that means that we flip quickly. We change quickly.

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And the wine industry, the grape-growing vineyards, are the antithesis of that. We plant vineyards not to be for four or five years, then replant them. We plant them with the idea that they can last forty, fifty years. And so, recognizing the value and the meaning behind what it is to achieve something for seventy-five years is a moment that's worth slowing down and stopping and saying, okay, how did we do this? It was never easy. The kind of battles that we had just got through—and they were real battles—were the same battles that the people fought back in the thirties and forties to create—and the sixties for the Ag Preserve.

And so we recognize the difficulty of the achievement and then ask ourselves what do we have to do now so that the people who are standing here in 150 years might look at us and feel like we did our job, our responsibility, not just to celebrate it, not just to be self-satisfied. And to me it resonates because it's what we think about when we look at our job with Opus. And when you look at the wine world, I thought it was rather obvious, frankly.

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I think that the challenge is getting us to look at the big picture and look at the long game versus the short. If we wanted to make a lot of money in Napa—and this is true of Opus as well—if our objective is to see how successful we can be in the short term, we could burn the equity and we'd be making a lot of money, and we'd feel great about it. But I'm not sure we'd have anything left twenty-five, thirty years from now. So, no, it's a real ongoing, active debate that the Vintners, circling back to all the things we've talked about, there isn't another wine association in the world that has the power, the strength, the longevity, and the cohesiveness, even when we're fighting, that the Vintners do.

And so, we have to use that. We have to leverage it. We have to get everybody engaged, which we're trying to do, knowing that there will never be 100 percent consensus, from small, high-end boutique wineries to very large, strong brand producers. And I've been in conversations where people have told me what they think of what the Vintners were doing and what I'm doing or the board is doing, and not in positive terms. And we just have to have those fights. I don't see any way around that. There isn't an easy path that you can lay out and everybody just follows.

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Meeker:

What's a best-case scenario for the Vintners going forward?

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Pearson:

I think that we have to continue to ground ourselves with our fellow citizens in the valley. We have to not overlook the process. The Measure C storm has

passed. The compromise was put in place. Not everyone was happy about it, but there's a kind of an exhaling. But I think that we have to not look past, and we're not, but we have to continue to find this balanced, sustainable, three-tiered, taking everything into consideration, place we're in. I think we have to ask ourselves what we want to be when we grow up. And then, keep our head down and keep making good wine and keep marketing it.

We control our destiny, which is a good thing, right? A lot of regions have to fight to become Napa. We can go into these markets around the world. When I travel through Europe or Asia, Dubai, you go into wine shops, there's the Italian section or Chilean section. There's Argentinean section, French, of course. There's never a California section or a Napa section. That's to come. We have to get there. And that's all upside. That's all potential. And when I think about the amount of sales, the amount of business, the amount of presence that we can get, I think we have to get there.

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Meeker:

That's interesting to me, that even in places like Dubai or Singapore—

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Pearson:

It's coming. It's coming. The best restaurants around the world are getting some Napa wines. Across the street, Beth Novak is traveling a lot. And you see Spottswoode in Hong Kong, and you see it in Dubai. And I always like to buy the wine, along with Opus, when we're out. It's coming. But it does take—the word "sustain," how often can I say "sustain"? It takes sustained commitment to go to those markets, create the relationships, make sure you're sold in the right places.

For years, California wines in the nineties, late nineties, so not that long ago, I was living in France. I won't name the brands, but there were brands being sold in France from Napa that were way too expensive. And the style, it wasn't made for that market. And I remember then thinking if any French person, French man, French woman, got crazy and decided to put down enough francs, before the euro, enough francs to buy the bottle, they'd overpay twice, two times too much. They'd go home and try it, not like the wine, and they would decide that Napa is no good.

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That was then. Now, at the high-end markets in Paris and London and Hong Kong, you're seeing top, high-end Napa wines. And that's very forward-looking. But I think that there's still opportunity for the mid-tier and more affordable wines to be better represented. And that will be exhaling for the valley. It will make a demand on our wines that we haven't even started to tap.

02-01:13:49

Meeker: I think I've mostly covered the questions that I wanted to ask. Is there anything that you'd like to talk about in terms of the Napa Valley Vintners that I haven't asked you about?

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Pearson: Not immediately. I think the conversation we're having now bears discussion more broadly. I think that this is what I was really interested in sharing, this sense of recognizing the success of the group through the seventy-five years, the power, the impact, the positive results that had been generated through this organization now recommitting themselves, ourselves, to not letting the trends, the current trends—I'm overly concerned that the ship has left the dock. I'm trying to find the right metaphor, that the cow is out of the barn. We have to be really careful in the coming years that we don't let our marketing and our tourism and our retail business activities get the better of us. And so, the Vintners is the way to do that. So, I think we've said that.

02-01:15:12

Meeker: Well, we can always come back to continue the conversation, but let's wrap it up there for now. And, thank you very much for your time. I really appreciate it.

02-01:15:21

Pearson: Thank you very much.

[End of Interview]