

**KENTUCKY GRAPE & WINE COUNCIL**  
**February 19, 2014**  
**Horseshoe Bend Vineyards & Winery**  
**Willisburg, KY**  
**1:00PM**



**MEMBERS IN ATTENDANCE:**

REPRESENTING CITIZEN AT LARGE:	ANN MCBRAYER
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING WINERY OPERATORS:	ANN KARSNER
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING CITIZEN AT LARGE:	ROGER LEASOR
REPRESENTING KY DEPT OF AGRICULTURE:	TYLER MADISON (PROXY)

**MEMBERS ABSENT:**

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING GRAPE GROWERS:	AWAITING APPOINTMENT
REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING TOURISM, ARTS & HERITAGE:	AWAITING APPOINTMENT

**OTHERS REPRESENTED:**

REPRESENTING UNIVERSITY OF KENTUCKY:	DR. TOM COTTRELL
REPRESENTING CITIZEN AT LARGE:	JOHN MALLOY

Call to Order

Mr. Tyler Madison called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:20 pm. Those present introduced themselves. Mr. Madison called the role and a quorum was confirmed.

Mr. Roger Leasor made a motion to approve minutes from the previous meeting. Mr. Bruce Kunze seconded the motion, all were in favor and the motion passed.

Financial Report

- Mr. Madison reported that a total of \$557,551.65 of grant funds allotted to the Marketing Cost-Share program has been distributed. To date, \$23,937.69 has been reimbursed for P2-13 in which 51 wineries opted-in at a cap of \$1,270.00 per winery. With the rollover calculated from P1-13 added to the allotted \$50,000, the funds available for P1-14 total \$65,500.00. Fifty-six wineries have opted in for P1-14 setting the cap per winery at \$1,000. The P1-13 Marketing Cost Share is the most money paid out since P2-09 showing that use of funds amongst wineries is increasing dramatically with more wineries utilizing all of their allotted grant money.

KENTUCKY GRAPE & WINE COUNCIL  
February 19, 2014 MEETING MINUTES

- A total of \$351,012.83 of grant funds allotted to the Wholesale Reimbursement program has been distributed. To date, \$19,725.00 has been reimbursed for P2-13 in which 39 wineries represented by 20 wholesalers opted-in at a cap of \$1,440.00 per winery. With the rollover calculated from P1-13 added to the allotted \$37,000, the funds available for P1-14 are \$64,898.80. Forty-four wineries have opted in for P1-14 setting the cap per winery at \$1,470.00, or 73 cases.
- Mr. Madison mentioned that the council had discussed previously the possibility of eliminating the grant guideline requiring wholesalers to sell cases at the same price in which they purchased them from the winery. He asked if this was something that the council might wish to pursue P2-14 if possible. This would make the grant a straight subsidy and could potentially entice more wholesalers who nearly always earn above \$20 profit per case. Mrs. Ann McBrayer agreed to reach out to ABC to inquire about possible legal ramifications with licenses with a change of this nature. Mr. Madison mentioned that KDA Staff Attorney, Clint Quarles, believed that this amendment would not require a change at the legislative level. Mrs. McBrayer relayed that, as a wholesaler, their percentage is typically 28% per case and that another possible alternative may be to restructure the grant money so that it is instead invested for funding such initiatives as branding and retail tastings. Mr. Roger Leasor added that retailers need to sell at near the same price as the winery so the costs must remain more or less competitive.

#### KDA Staff Report

##### *Wine Trail App Updates:*

New West is still in the process of moving the app from the original developer to a developer in house, according to Mr. Madison. This should have been completed by now but for various reasons is still a work in progress. They promise it will be done within the next week and once the transfer is complete they will make the necessary edits. As such, Mr. Madison delayed the start of the spring media campaign which was set to start on March 1<sup>st</sup> due to its intrinsic connection with the app. The new start date is tentatively April 1st and absolutely no later than mid-April in order to coincide with the influx of tourism into Kentucky for Keeneland's spring meet followed by the Kentucky Derby.

##### *Vintage Kentucky II Documentary Updates:*

Mr. Madison relayed that after the spring filming, he would spend the second half of the following week editing footage and scheduling spring filming. Everything is on track for a late summer/early fall premiering in conjunction with the event celebrating the competition winning wines in August.

##### *Spring Posters:*

Following a discussion on the cost-effective potential of posters touched on with the 2013 Holiday Posters, the KGWC approved the creation of spring posters with original artwork from a Kentucky Arts Council member at the January meeting. Mr. Madison reported that the Arts Council failed to deliver on this as they did with the holiday posters. He received the necessary approvals on January 13th and gave the Council the go ahead to send out the call for proposals with a cutoff date of February 18th. After multiple follow-up messages, they sent the call for proposals on February 12th resulting in a single submission. Mrs. Ann Karsner asked for Mr. Madison to check if there are any restrictions to allow other arts organizations to submit proposals. She suggested that due to the general lack of response, any

KENTUCKY GRAPE & WINE COUNCIL  
February 19, 2014 MEETING MINUTES

artist residing in the state of Kentucky should be allowed to submit artwork for KGWC posters. Mrs. Karsner suggested that submissions be sent to Mr. Madison who could bring submissions to the following KGWC meeting for a preliminary vote. Following a narrowing of submissions, the top contenders should be photographed and put on website to allow a public vote. The vote could be carried out by software such as Survey Monkey. Finalist could be selected and shown at a gallery event where the winner will be announced with media invited and press releases to follow.

*Approval for 2014 Commissioner's Cup & Awards Ceremony/Documentary Premier funding:*

Dr. Tom Cottrell discussed that following the success of the first annual KCCWC & Commissioner's Cup; the format for 2014 would remain quite similar with small adjustment such as tweaking the website to include early bird entry discounts as requested by a number of wineries. The 2014 competition will move from late July to late June due to various scheduling conflicts and from Louisville to Lexington as previously requested by the council.

Expenses from the 2013 competition totaled \$10,778.98. After calculating entry fees, the total actual cost of the KCCWC&CC was \$3,758.98. Costs should remain fairly similar, though Lexington hotels are slightly more expensive as is catering and event space. In anticipation of growth in terms of entries, it will also be necessary to employ five additional judges adding \$1,500 to initial costs as well as added costs for additional hotel rooms and increased attendance to the judges welcome dinner, catering, etc.

Northern Kentucky Vintners & Grape Growers Association (NKVGGA), recipient of the 2013 grant, retain a current balance of approximately \$12,400 after subtracting 5% administrative fee. As previously directed, the KGWC will select one of the three major 501(c) organizations representing the state's wineries each year in a circular rotation in order to not show favoritism and support each group by spreading around the 5% administrative fee the grantee receives. The Kentucky Winery Association (KWA) will be the 2014 grant recipient contingent on their approval followed by the Kentucky Vineyard Society in 2015. Mr. Madison suggested approving \$14,000 to grant for the Commissioner's Cup.

Following the June competition, a joint award ceremony/documentary premier will take place in early September as a celebration of the Commissioner Cup winning wines and the Kentucky wine industry in general. Mr. Madison will work with an event planner from New West but the general idea based on council recommendations is to have an invite only (media, wineries, industry professionals, etc.) evening with a meal served and paired with Commissioner Cup winning wines. Short speeches from Commissioner Comer, Dr. Tom Cottrell and the Commissioner Cup winning winemakers discussing their wines to attendees as they're served as well as live music will accompany the meal. Following dinner, guests will move to a screening room to premier the new Kentucky Wine documentary. Mrs. Karsner suggested providing tickets available to wineries that participate in the competition. Mr. Leasor suggested that the evening also include a presentation for a Kentucky wine person of the year award to be presented by someone such as a Ken Wright (famous Oregon winemaker from Kentucky) and the Commissioner. Following a discussion amongst council members, it was agreed that costs should not exceed \$25,000.

Mr. Roger Leasor made a motion to approve \$39,000 in promotional funds for a grant to the Kentucky Wineries Association to cover costs related to the 2014 Kentucky Commonwealth Commercial Wine Competition and the subsequent Awards Ceremony/Documentary Premier. The motion was seconded by Mrs. Patsy Wilson, all voted in favor and the motion passed.

KENTUCKY GRAPE & WINE COUNCIL  
February 19, 2014 MEETING MINUTES

*App Promotional Items:*

Mr. Madison reported that they still retain a number of t-shirts as prizes for completing a Kentucky Wine Trail but need to re-order certain sizes: The remainder of the funds allocated to app promotional items will be for prizes for the next two tiers of wine trail completion. It is imperative to have these items delivered before the app updates are implemented allowing users to complete wine trails at seven, fourteen and twenty-one check-ins. Mrs. Ann McBrayer made a motion to approve \$10,000 in promotional funds to be made available for the procurement of promotional prizes for the Kentucky Wine Trails App. Mr. Leasor seconded the motion, all voted in favor and the motion passed.

Legislative

Mr. Leasor reported that the Tom Buford sponsored bill for distillation privileges on a Small Farm Winery License is much of what the distillers want. A winery license allows shipping, selling others products, selling at farmers markets, etc. As such, this may be a hard bill to pass. There also is currently an ABC Bill that's a cleanup from Governor's Task Force and shouldn't be an issue- doesn't touch the wineries but should keep an eye on.

Research Report & Grower Development

Mrs. Patsy Wilson discussed that UK is currently carrying out a survey on bud damage as the winter has shown the coldest temps since 1977. Preliminary reports show that there is likely bud damage. Mrs. Wilson will assess and send out results and suggestions to wineries. She predicts little damage in hearty hybrids but vinifera is nearly certainly showing damage.

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Wholesale Distribution

No Report

Adjournment

There being no further business, Mr. Roger Leasor made a motion to adjourn the meeting, the motion was seconded by Mrs. Patsy Wilson, all were in agreement and the meeting was adjourned at 3:16 pm.