

KENTUCKY GRAPE & WINE COUNCIL
March 16, 2016
KDA Office of Marketing
Frankfort, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING WINERY OPERATORS:	ANN KARSNER
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING CITIZENS AT LARGE:	ROGER LEASOR
REPRESENTING KY DEPT OF AGRICULTURE:	TIM HUGHES (PROXY)

MEMBERS ABSENT:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING GRAPE GROWERS:	JENNY BEETZ
REPRESENTING TOURISM, ARTS & HERITAGE:	JOHN MALLOY
REPRESENTING CITIZENS AT LARGE:	ANN BAKHAUS

OTHERS REPRESENTED

REPRESENTING KY DEPT OF AGRICULTURE:	TYLER MADISON
REPRESENTING CITIZENS AT LARGE:	ROY BURN
REPRESENTING FRANK, RIMERMAN + CO:	ROB MORRIS

Call to Order:

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:03 pm. Mr. Tyler Madison called the role and a quorum was confirmed.

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

Financial Report:

Wholesale Reimbursement & Marketing Cost Share: The P2-15 Wholesale Reimbursement Grant has paid out the most money to wholesalers since 2010 (\$36,372). To date, the P2-15 Marketing Cost Share grant has paid out \$39,968.75. Deadline to submit reimbursements for P2-15 is March, 30, 2016. Caps for the current P1-16 grants are as follows:
Wholesale Reimbursement Grant = 145 cases (\$2,900) per winery represented
Marketing Cost Share Grant = \$1,900

As P1-16 will be the first grant period to utilize the grant rollover plan (see Minutes 1-5-16), Mrs. Karsner suggested that Mr. Madison should send out an email to all participants after April 1, 2016 to make them aware of the rollover amount from P2-15 that will be added to the rollover for P1-16. This will provide a general guideline of a minimum amount available for additional marketing expenses/case deliveries.

Promo Account: Mr. Madison reported that the current balance in the KGWC PROMO, as of March 1, is \$142,199.86. However, between previously approved expenses that have not yet been withdrawn (sweetness scale media plan,

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competition grant, UK Grant, etc.) and the additional media proposals approved at the last meeting (see Minutes 2-17-16), the actual budget balance is closer to \$6,500.

KDA Staff Report:

Red7E Agency: Mr. Madison reported that work with the KGWC's new advertising agency, Red7E, is well underway. Creative, placement and payment for the multi-spot agreement in Kentucky Monthly magazine is complete. Estimates have been approved and delivery orders issued for the Northern Kentucky Magazine sponsorship/advertising as well as the recently approved Facebook campaign. Red7E is also working with New West to secure hosting of the wine trails app. Significant work is needed to fix a number of glitches detected on the app with a target date of late spring to launch the updates.

Mrs. Karsner mentioned an article about the growing number of joint industry craft trails in a recent issue of Vineyard & Winery Management magazine. She questioned if a similar trail in Kentucky to include breweries and distilleries may be beneficial to all. Mr. Leator weighed in, noting that the virtual wine trail app may be a way to incorporate the craft distilleries and micro-breweries. Mr. Bruce Kunze added that combining trails would show that the industries are working together. Mr. Madison and Mr. Logan Leet both agreed to reach out to contacts at breweries and micro-distilleries to gauge possible interest. They will both report their findings at the next KGWC meeting.

Launching the sweetness scale is the next big project and Red7E will begin work on creative and media placement before the end of the fiscal year. It was suggested that Mr. Madison resend the sweetness scale graphics and guidelines to all wineries.

Economic Impact Study: Mr. Rob Morris from Frank Rimerman + Co joined the meeting via conference call to provide a status update on the economic impact study. Mr. Morris remarked that there are three remaining wineries that they would ideally like to include but that they may use the winery data they have received if necessary. He also reported that they have the IMPLAN model with figures. They still need vineyard acreage, number of growers, revenue from grape sales as well as educational budget, wages and headcount for the enology and viticulture programs at the University of Kentucky (UK). This information should be forthcoming from UK. Mr. Morris will provide a draft report, without the vineyard information added, to Mr. Madison within in the next two weeks. Preliminary data suggests a total economic impact of \$140 million. Mr. Morris hypothesized that the final figure will fall somewhere between \$140-150 million.

Committee Reports:

Legislative

Mr. Leet noted that it appears that the distilleries attempt to raise the number of bottles they are allowed to sell from the distillery tasting room may be what is holding up Senate Bill 11. In a recent conversation that Mr. Leet had with Ms. Cynthia Bohn (owner of Equus Run Vineyards and former Kentucky Wineries Association President), Ms. Bohn stated that she didn't feel that SB 11 is dead but that it's not going anywhere at the moment.

Research

See UK Report

Wholesale and Distribution

None

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Grower Development

Mr. Kunze reminded the council of an approved proposal for a regs change (4/15/15 meeting) that would require grant participants to report production. The approved proposal states:

Require vineyards that participate in KGWC grant programs (reimbursements) to report to the KGWC the previous year's grape yields by variety, and require wineries that participate in KGWC grant programs (reimbursements) to provide the previous year's number of gallons of wine produced (not bottled or sold) by variety and source (Kentucky or out of state) on an annual basis by January 1 of each year. Intentional failure to accurately report this information would prohibit a vineyard or winery from participating in any KGWC grant program for a period of three years.

Initially, the council had decided to wait until the vineyard expansion grant had been created in statute to pursue this change in regs. Mr. Kunze suggested that due to the vineyard expansion grant being placed on hold, the council should move forward with the regs change listed above. Mr. Madison agreed to request KDA legal to pursue the regs change as stated.

UK Report:

Mrs. Patsy Wilson reported that UK continues to put in new plants at the research farm. Due to the amount of buzz throughout the state regarding the potential of Crimson Cabernet, UK is considering planting vines for research. Mrs. Wilson also noted ongoing work with a new head trained and cane pruned system. Student involvement remains high as the enology/viticulture courses are consistently full.

The apple trials for cider production suffered a setback when a few of the cultivars were put in a cooler that failed, freezing the cultivars solid.

Mrs. Wilson noted that in the past month, there have been three pruning workshops with over 100 growers participating. The first of two advanced educational seminars for grape and wine producers funded by a grant from the KGWC to UK will feature Dr. Andrew Landers from Cornell University. Dr. Landers is widely considered the authority in his field throughout the world. Mrs. Wilson is currently working on the second workshop. Once both workshops have been finalized, Mrs. Wilson will submit a report to the council.

Events

None

Announcements:

Mr. Roy Burn addressed the council to discuss his hope to begin wine tours for groups around the state. Mr. Burn most recently worked for Liquor Barn in Lexington but has decades of experience in the wine business and looks forward to lending his expertise to help educate consumers to Kentucky's burgeoning grape & wine industry.

Newly appointed KDA Deputy Executive Director of the Office of Marketing & Product Promotion, Tim Hughes, updated the council on the transition and progress of KDA's new administration and offered his assistance as needed.

Adjournment

There being no further business to discuss, Mrs. Ann Karsner made a motion to adjourn at 2:35 pm.