

KENTUCKY GRAPE & WINE COUNCIL
APRIL 18, 2012
PRODIGY VINEYARDS & WINERY
FRANKFORT, KY
1:00PM



MEMBERS IN ATTENDANCE:

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| REPRESENTING WINERY OPERATORS: | DENNIS WALTER |
| REPRESENTING WINERY OPERATORS: | LOGAN LEET |
| REPRESENTING GRAPE GROWERS: | BRUCE KUNZE |
| REPRESENTING THE UNIVERSITY OF KY: | PATSY WILSON |
| REPRESENTING TROUSIM, ARTS & HERITAGE: | MONA JUETT |
| REPRESENTING KY DEPT. OF AGRICULTURE: | KRISTEN BRANSCUM |
| REPRESENTING CITIZAN AT LARGE: | JOHN CARPENTER |
| REPRESENTING CITIZAN AT LARGE: | ROGER LEASOR |

MEMBERS ABSENT:

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| REPRESENTING WINERY OPERATORS: | CHUCK SMITH |
| REPRESENTING GRAPE GROWERS: | JEFF WILES |

OTHERS REPRESENTED:

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| KY DEPT. OF AGRICULTURE: | TYLER MADISON |
| REPRESENTING WINERY OWNERS: | CHAD PEACH |
| UNIVERSITY OF KENTUCKY: | DR. TOM COTTRELL |
| GOVERNOR'S OFFICE OF AG POLICY: | |
| NEWWEST AD AGENCY: | TOM KOKAI |

Call to Order

Chairman Dennis Walter called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:11pm. Those present introduced themselves. Mr. Tyler Madison called the role and a quorum was confirmed.

Chairman Walter inquired if there were any questions or corrections to the previously submitted minutes from the March, 23rd meeting- no corrections were noted. Mr. John Carpenter motioned to accept the minutes and the motion was seconded by Mr. Bruce Kunze. The motion passed.

Financial Report

Mr. Madison reported that, to date, \$429,047.04 of grant funds allotted to the Marketing Cost-Share program has been distributed. Currently, \$22,940.04 has been reimbursed for P2-11 (July 1-December 30, 2011) with 29 wineries reporting out of the 50 participants who chose to opt-in. For P1-12 (January 1-June30, 2012), 53 wineries opted-in with a cap set at \$950 per winery.

A total of \$281,066.24 of grant funds allotted to the Wholesale Reimbursement program has been distributed. Currently, \$25,491.00 at \$20 per case per winery has been reimbursed for P2-11 (July 1-December 30, 2011) with 16 Distributors and 29 wineries reporting.

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NewWest Estimates with Tom Kokai

Mr. Tom Kokai from NewWest Advertising Agency explained three requested estimates provided to the KGWC:

- 1.) A Customer Target Survey for the purpose of understanding with greater certainty the target demographics with which to focus future advertising campaigns. The initial development of the survey is estimated to cost around \$767.13 with an additional \$3,835.63 estimated cost for survey analysis over the course of one year.
- 2.) Mr. Kokai then explained the estimated production cost of a newly proposed print advertisement. The advertisement in question consists, in theory, of a photograph of a couple in a scenic Kentucky vineyard looking at a map. The total estimated cost of completion was set at \$8,912.50. This cost includes location scouting, and a full day shoot estimated at \$1,500, additional location scouting (if necessary) estimated at \$500, two models from a talent agency estimated at \$2,400 and art direction, review of contact sheets and photo selection, preparation of draft ad and final art files for publication usage, copywriting and project management costing an additional, \$4,512.50.
- 3.) Finally, Mr. Kokai explained the estimated cost of a mobile version of the Kentucky Wine website. The estimated cost for this work, which included fees for planning, design and creative implementation, is \$6,498.00

Mr. John Carpenter questioned if it may be possible to Photoshop models to lower cost. Mr. Kokai responded that the cost of such work would be largely the same. Ms. Branscum suggested utilizing a day of shooting to garner numerous high definition photos that could be used for various future projects.

Upon Mr. Kokai's departure, a discussion commenced amongst council members on the suitability of the estimates. Mr. Logan Leet asked if it may be possible to look for other bids as his advertising experience led him to believe that the estimated cost of the photo-shoot for the print ad was rather high. Ms. Branscum confirmed that the state has a contract with one other advertising agency, Doe-Anderson, and that it would be possible to contact the agency in question for a counter-offer.

Mrs. Mona Juett asked if the Office of Creative Service could complete the photography and then NewWest could take those photos to create an ad. Doug Crowe was named as the person to contact at the Office of Creative Services and Mr. Madison agreed to contact Mr. Crowe.

Chairman Walter entertained a motion to investigate other proposals including other vendors and to check with Creative Services to see if they may be able to produce the necessary photography. Mr. Leet seconded the motion and the motion was passed.

It was widely agreed that the implementation of a mobile site is imperative for properly reaching an increasingly technological audience. Roger Leasor moved to accept the estimate for a mobile site, Ms. Branscum seconded and the motion was passed.

The proposal of New West creating a customer survey to distribute to wineries for the purpose of better understanding the demographics with which to target future advertisements was well received. Mr. Bruce Kunze moved to accept the customer target survey proposal, Mr. John Carpenter seconded and the motion was passed.

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KDA Staff Report

Mr. Madison reported that the current media plan is set and running through June 30, 2012. A new media plan for Fiscal year 2012-2013 will soon be available for review.

Mr. Madison discussed the issue of a surplus of unobligated funds in the Marketing/Promotion account. Of the annually allotted \$200,000, a remaining balance of \$134,309.50. The imperative nature of ensuring these funds are properly used for their intended purpose was discussed in earnest and it was decided to utilize a portion of these funds prior to the conclusion of FY2011-2012.

There has been a lack of media exposure in the western half of the Commonwealth to date and it was discussed allocated funds towards that market. Mr. Carpenter made a motion to allocate \$15,000 for the Western Kentucky market between now and 6/30/11. The funds will be divided between the Henderson, Bowling Green and Paducah markets. The motion was seconded by Mr. Kunze and passed.

The reemergence of the Kentucky Proud Cooking Show, aired on Lexington's Fox 56 and potentially purchased from other stations to run in various markets, was mentioned by Ms. Branscum. The show will include pairings of dishes with Kentucky wines and could potentially have episodes filmed entirely at local vineyards. As a positive outlet for the Kentucky wine industry, Mr. Carpenter made a motion to allocate \$30,000 for television ad spots up to June 30th. The motion was seconded by Chairman Walter and passed.

Mr. John Carpenter asked if there has been any attempt made to re-air the vintage KY video free of charge. Call for question, question called

A discussion ensued on the frustrations of Dr. Tim Woods' of the University of Kentucky not being able to complete the commissioned economic impact study of Kentucky's wine industry due to lack of data submitted by wineries. The legality issue of enacting a stoppage of grant funds to wineries that had yet completed the survey was raised. Mr. Bruce Kunze made a motion to make a condition of receiving funds contingent on their completion of surveys, though hinging on the legality of the issue. Logan Leet seconded; motion passed.

Research Report

Mrs. Wilson reported that the recent freeze proved quite devastating to many growers state wide but that not all growers were affected. Western Kentucky was hit particularly hard as well as areas in central Kentucky. The University of Kentucky's research vineyard lost 80-90% Vinifera. However, hybrids had less than 10% damage and the hybrid and Vinefera blocks are in strikingly close proximity.

Wholesale Distribution

No Report

Grower Development

Mr. Bruce Kunze discussed looking into a way to incentivize wineries to purchase KY grapes. Ms. Branscum believed that in order implement such a program, it would be necessary to change the current statutes set guiding how the grant funds may be used. Mr. Kunze asked if there may be wiggle room in the statutes for such a program and Ms. Branscum agreed to check with LRC.

Mr. Kunze spoke of the Kentucky Vineyard Society (KVS) Grant to aid grape production within the Commonwealth. KVS will help survey growers and winemakers to find out which varieties are most sought after and from that determine official grapes of Kentucky. Secondly, KVS is to develop a marketing program for said official state grapes and wines. Working in conjunction with KVS the KGWC will be asked to help market those varieties. Thirdly, there will be a push to see the "got grapes" program more comprehensive.

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UK Report

Mrs. Patsy Wilson noted that the Kentucky Vineyard Society Field Day in conjunction with the University of Kentucky is scheduled for June 3rd. The event will take place in two locations with the first half of the day at the Good Barn and the second at the research farm located at Man O' War and Nicholasville. Dr. Tom Cottrell will have a report for next meeting

Announcements

No announcements were reported

Adjournment

There being no further business, the meeting was adjourned at 3:07pm.