

KENTUCKY GRAPE & WINE COUNCIL
May 16, 2018
Kentucky Department of Agriculture, Office of Marketing
Frankfort, KY
1:00PM

MEMBERS IN ATTENDANCE:

| | |
|--------------------------------------|-------------------|
| REPRESENTING CITIZENS AT LARGE: | RAYMOND MEYER |
| REPRESENTING CITIZENS AT LARGE: | RACHAEL PEAKE |
| REPRESENTING GRAPE GROWERS: | SHANNA OSBORNE |
| REPRESENTING KY DEPT OF AGRICULTURE: | MELANIE BLANDFORD |
| REPRESENTING THE UNIVERSITY OF KY: | PATSY WILSON |
| REPRESENTING WINERY OPERATORS: | LOGAN LEET |
| REPRESENTING WINERY OPERATORS: | FRANCINE SLOAN |

MEMBERS ABSENT:

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| REPRESENTING GRAPE GROWERS: | JENNY BEETZ |
| REPRESENTING WINERY OPERATORS: | ANTHONY PARNIGONI |
| REPRESENTING TOURISM, ARTS & HERITAGE: | VACANT |

OTHERS REPRESENTED

| | |
|---------------------------------|-------------------|
| GOVERNOR'S OFFICE OF AG POLICY: | STEFANIE OSTERMAN |
| KY DEPT OF AGRICULTURE / KGWC: | TYLER MADISON |

Call to Order:

Mr. Logan Leet called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:10 pm. Mr. Tyler Madison called the role and a quorum was confirmed.

Ms. Shanna Osborne made a motion to approve minutes. Mr. Raymond Meyer seconded the motion, all voted in favor and the motion passed.

Financial Report:

1. **Wholesale Reimbursement:** P1-18 Wholesale Reimbursement: \$10,925 total to date reimbursed
2. **Marketing Cost-Share:** P1-18 Marketing Cost-Share Reimbursement: \$5,746.24 total to date reimbursed
3. **PROMO Account:** Between unused Sweetness Scale POP, unused Travel and remaining Miscellaneous / Additional Media TBD, approximately \$13,000 PROMO funds remain in FY18 (taking into account slight overage in Media Plan and KGB Industry Tasting expenses)

KDA Staff Report:

1. **Spring Campaign:** Return to app promotion/downloads and driving traffic directly through tasting room doors. Estimated spend: \$87,104.00. All media purchased complete and placed.
 - a. Approach:
 - i. Airport Advertising: This proved very popular last year. It's affordable and targets those visiting the state as well as residents returning. In addition to LEX and SDF, we included CVG and added advertisement in terminals and baggage claim. Backlit signs and video.

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- ii. Renewed broadcast partnership with Local12 (N. KY/Cincinnati to highlight KY Wine stories).
- iii. Print: Full page ads and advertorials in TOPS, Churchill Downs Magazine (Derby edition), The Voice and SWIG Magazine
- iv. Digital: Behavior targeted cross platform. Native contextual (e.g. digital advertorials). Removed pre-roll video and increased OTT
- v. Social Media: FB Promoted post campaign
- vi. Over the Top (streaming): 30 second <http://red-stash.com/KYWINE/COMK-02017-WineTV15.mp4>

2. Drink KY App Updates:

- a. Proposal from previous KGWC meeting request: Simple form asking how app users have heard about the app = \$1,500
- b. Proposal from meeting with Eddie O'Daniel (KWA):
 - i. Special Events (would allow wineries in close proximity to co-host Facebook events creating local promotions that would appear within the winery profile) = \$1,200
 - ii. Icon development for wineries and breweries to note KWA/KGB membership = \$1,500
 - iii. Develop additional award level for KWA prize (KWA to provide prize, held and shipped from KDA offices): \$3,500

A motion to approve all update proposals listed above was made by Mrs. Osborne. The motion was seconded by Mrs. Francine Sloan. All voted in favor and the motion passed

3. KADF Application Discussion:

- a. Background: Funding through the Small Farm Wineries Support Fund
 - i. From 2007 – 2018, the Kentucky Grape & Wine Council (KGWC) received a total of \$400,000 annually, deposited in the Kentucky Small Farm Wineries Support Fund (KRS 260.175) from the general fund. The funds were used as follows:
 1. Branding & Advertising (\$200,000): Promotion, advertising and marketing of wine produced by small farm wineries located in Kentucky.
 2. Winery Marketing Cost-Share Grant (\$100,000): A mechanism to provide Kentucky small farm wineries with access to matching funds (50%) reimbursements for projects that promote and market their products.
 3. Wholesaler Reimbursement Grant (\$75,000): Participating wholesalers shall agree to sell the wine to retailers for the same price the wholesaler paid for the wine in order to be eligible for a \$20 per case reimbursement.
 4. Administrative Costs (\$25,000): Costs include but not be limited to reimbursement of the council member's travel expenses while attending meetings.
 - ii. From the January 10, 2017 KGWC Meeting: [Mr. Bruce Kunze made a motion that the KGWC will agree to allocate 12.5% of the annual budget to administrative costs. The motion was seconded by Mrs. Ann Karsner. All voted in favor and the motion passed.](#) Actual allocations for FY18:
 1. Branding & Advertising: \$190,000
 2. Winery Marketing Cost-Share Grant: \$95,000
 3. Wholesaler Reimbursement Grant: \$65,000
 4. Administrative Costs: \$50,000
- b. Proposed application for funding request from the Governor's Office of Agriculture Policy (GOAP)
 - i. House Bill 200, the 2018 – 2020 state budget, retained the KGWC in statute but zeroed out funding. The KGWC voted to submit an application for funding to the GOAP at the April 18, 2018 meeting: [Mr. Tony Parnigoni made a motion to begin work on an application requesting KGWC funding from the Governor's Office of Agriculture Policy. Mr. Raymond Meyer seconded the motion, all voted in favor and the motion passed.](#) It was decided that the application

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will be submitted in June to coincide with UK's application submission. Proposed annual requests (based on two years of funding):

1. Branding & Advertising (\$110,000): Promotion, advertising and marketing of wine produced by small farm wineries located in Kentucky. Reductions based on only essential operating costs, including: App updates (\$10,000), App promo items (\$7,000), Winery Guide Design/Printing (\$30,000), Shipping (\$1,000), Commissioner's Cup Competition (\$10,000), Seminars/Travel (\$7,000), media/advertising (\$45,000).
 - a. **Need to justify the travel/seminar. Point of travel and how it benefits the industry. Rename "state industry representation"**
 - b. Note: In addition to advertising the Drink KY app to promote tasting room sales/winery visits, additional awareness campaigns to educate consumers on the difference between wine produced in Kentucky and wine produced in Kentucky from Kentucky fruit has been discussed.
2. ~~Winery Marketing Cost Share (\$0):~~ All small farm wineries are eligible to become Kentucky Proud members. All Kentucky Proud members are eligible to apply for the Promotional Grant which reimburses up to 50% of future eligible expenses for advertising, marketing and reaching consumers at the point of purchase to promote agricultural products with direct Kentucky farm impact. POP Grant needs to be tied to farming
3. Wholesaler Reimbursement Grant (\$50,000): Decreased by \$25,000 annually with restrictions on eligibility based on maximum winery production limits and age of winery/maximum number of program periods a winery may be represented.
 - a. **Note: Alternatively, may consider only cases comprised of 75% Kentucky fruit are eligible for case reimbursement. Wines would need to be approved prior to delivery at the start of the program period.**
4. **New:** Vineyard Expansion Grant (\$5,000 for year one increasing to \$200,000 for year two):
 - a. Note: Need to ensure this is not an overlapping grant to what the County Agricultural Investment Program (CAIP) offers.
 - i. CAIP grants are dependent on the county boards and are highly competitive with limited funding directed to vineyard expansion. From 2009 – 2017, a total of \$38,459 has been awarded to "grape," grants.
 - ii. Propose elimination of vineyard from CAIP eligibility based on newly offered vineyard expansion grant. Could this be detrimental to future vineyard expansion program if funding for the vineyard expansion grant goes away while CAIP funds remain? **Decision: Instead of eliminating CAIP eligibility, add restriction in guidelines that applicants can't use the CAIP Program and the vineyard expansion grant concurrently.**
 - b. Note: The vast majority of acreage decrease has been vinifera. This vineyard expansion grant could have very limited approved cultivars (potentially only 3-4) that we know will grow well in KY and can also produce quality wine. This will aid in creating a regional identity as well as ensure commercial viability for wineries.
 - c. Note: Expansion and replacement with specific equipment provided by UK expanding greater than 1 acre. New growers putting in 5+ acres. Required reporting for tonnage and prices. Requirement for ¼ or ½ acre of a single variety?
 - d. Note: Application process to show impact and then reviewed at monthly KGWC meetings (i.e. Villard Blanc could be great for sparkling wine production but

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- wouldn't necessarily be on an abbreviated list but could be approved in the application)
- e. Note: Site selection requirement along with the application (grow plan/business plan request as well). Site selection mandatory for new vineyard.
 - f. Note: Should you put a cap on the grant or is it first come/first serve?
 - g. Note: Come up with a number that would help a vineyard and cap it at that.
 - h. Note: Possibility of setting cap per acre.
 - i. Note: Because added implementation time for a new grant through Finance and the short turnaround, it may be most prudent to not request \$50k the first year and instead request \$200k for year two of funding.
 - j. Note: Include \$5k in year one to cover costs related to meetings/marketing for industry awareness, education and promotion of the grant.
5. ~~Administrative Costs (\$0)~~: No travel reimbursement for member's travel to meetings and 100% of staffing salary/benefits paid by Kentucky Department of Agriculture.
 6. Total Request for two years of funding: \$525,000
 7. Update to Industry: Mr. Madison to draft email to inform industry of KGWC funding loss and application. Receive approval of draft by KDA Chief of Staff, Mr. Keith Rogers prior to dissemination.
 8. The application will be submitted for review at the 20 June, 2018 KGWC meeting.

Mrs. Osborne made a motion to complete the grant application as stated above. The motion was seconded by Mrs. Rachael Peake. All voted in favor and the motion passed.

Committee Reports:

Legislative: No report

Research / Grower Development / UK Report: No report

Wholesale and Distribution: No report

Events: None

Announcements: None

Adjournment

There being no further business to discuss, Mrs. Osborne made a motion to adjourn at 2:56 pm.