

KENTUCKY GRAPE & WINE COUNCIL
May 18, 2016
KDA Office of Marketing
Frankfort, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING CITIZENS AT LARGE:	ROGER LEASOR
REPRESENTING GRAPE GROWERS:	JENNY BEETZ
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING KY DEPT OF AGRICULTURE:	MELANIE BLANDFORD
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING WINERY OPERATORS:	ANN KARSNER
REPRESENTING WINERY OPERATORS:	LOGAN LEET

MEMBERS ABSENT:

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

OTHERS REPRESENTED

EQUUS RUN VINEYARDS:	CYNTHIA BOHN
GOV. OFFICE OF AG POLICY:	BIFF BAKER
HOUSE DISTRICT 67, KY LEGISLATURE:	REP. DENNIS KEENE
KDA / KGWC PROGRAM MANAGER:	TYLER MADISON
RED7E:	ERRICA ABRAMS
RED7E:	DAN BARBERCHECK
RED7E:	SARAH MCCOOL

Call to Order:

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:07 pm. Mr. Tyler Madison called the role and a quorum was confirmed.

Mr. Logan Leet 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: P2-15 concluded on March, 31 with the highest payout totals for the Marketing Cost Share grant since 2009 and the highest payout totals for the Wholesaler Reimbursement grant since 2010.

P1-16 marks the first program period to enact the grant rollover plan. There was some confusion as to which funds will be available for use in the rollover plan at the previous meeting. Since the plan went into effect beginning in P1-16, the rollover amounts for the recently concluded P2-15 will be added to the P2-16 allotment per standard practice up to this time.

The additional rollover payout for P1-16 will follow the deadline for reimbursement requests on 9/29/16. Likewise, wholesalers will be made aware of additional allotments from the P1-16 rollover applied to P1-17 on 9/29/16.

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It is important to note that since the grant program periods overlap, rollover added to grant allotments has always been two program periods behind (i.e. rollover added to P1-16 was from P1-15, not P2-15). P1-16 will be the first program period with an additional rollover payout (9/29/16). Following P2-16, all caps will be calculated by allocation amount + any additional rollover after the second payout divided by number of participants.

Promo Account: Mr. Madison noted that the remaining balance calculated from rollover, completed projects, allotment remaining for additional media TBD, unused travel and remaining miscellaneous expenses totals \$7,039.40. There is also \$7,500 remaining for app updates that have yet to be used as well as an additional \$4,000 built in to the economic impact study that should be completed for \$21,000. This all adds up to a total remaining available PROMO balance for the fiscal year = \$18,539.40.

KDA Staff Report:

Red7E: Mses. Errica Abrams, Sarah McCool and Mr. Dan Barbercheck from Red7E Advertising Agency discussed current and future council projects:

Craft Trails App: The current wine trails app is functional but not working properly. There are numerous glitches with the interface and many limitations to capabilities due to being built on a less than ideal platform. A number of features never worked well and it has not been possible to extract useful data as promised (email addresses, who visited which wineries, etc.). Red7E advised the council that it would be in their best long term interest to construct a new app built on a platform that not only provides the functions the council desires but also allows future upgrades and modernizations. Ms. McCool noted, "This will be the forever app that will grow with us. We'll never have to come back to the drawing board as we're forced to do now."

As discussed at the previous KGWC meeting, the new app will feature Kentucky's wineries and craft breweries. The craft distilleries have not yet agreed to participate but if they do, it will be possible to easily add them to the app as well. The app will be constructed in two phases. The first phase will use remaining FY16 marketing funds earmarked for app/website updates and will develop two versions of the new app- one for iOS and another for Android. Both versions will include a splash screen followed by a full screen map of Kentucky with pins locating all wineries and breweries. There will be a toggle button that allows the user to view either a map or list view and a detailed view of the winery or brewery may be accessed by tapping on a pin or an item on the list.

The second phase of construction will take place after July 1. Phase 2 will set up the database, create user profiles, build Facebook Authentication, Passport & Location Verification, add Admin capabilities and create Prize Triggers. There are a plethora of possibilities for future add-on options such as weather-based and location-based notifications, Yelp reviews and events pages/calendars that may be added in the future.

The app will work without Wi-Fi accessibility and the portal will be held at KDA to ensure the council retains total control of ownership.

FY17 PROMO Budget: Ms. Abrams discussed a potential marketing budget based on allotted funds and annual projects detailed by Mr. Madison such as App Promo items, winery guide design and printing, competition and gala grants, seminars/travel/education and grants to host advanced educational workshops. A majority of the remaining available funds will be used for Phase 2 app development and professional billing hours. A small proposed media plan consists of ad placements in the September/April Kentucky Living Travel issues and social media ads and post promotions. The KGWC will vote on the FY17 PROMO Budget in the June, 2016 meeting.

KWA Commissioner's Cup Grant: The grant for the 2016 competition, announcement dinner and gala is complete and funds are earmarked. However, the grant will not be disbursed until after July 1 for record keeping purposes from KDA (if expended prior to July 1, the grant would require an extension since the event takes place in the following fiscal year), but the grant should be considered accounted for in the FY16 budget.

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The 2016 competition will take place on October 29th at Sullivan University in Louisville. The announcement dinner will be on Monday, November 14th. This will be an industry/media dinner to announce the winning wines. The gala will be a public event on Saturday, November 19th at the Speed Museum in Louisville. The 2016 gala will consist of ticket sales and tastings of Commissioner Cup and gold medal winning wines with heavy hors d'oeuvres and music. Each participating winery will have a table to pour their awarded wines.

PROMO Allocation for 2017 Gala Marketing: Mr. Madison suggested setting aside a small percentage of marketing money to promote the gala within Louisville. Although the KWGC provides a grant to the KWA Commissioner's Cup to cover planning and operations costs, there's really not much remaining for marketing the event.

LRC Event Wine Glasses: Mr. Eddie O'Daniel from the Kentucky Wineries Association (KWA) has requested help from the council to provide wine glasses for an upcoming LRC event. KWA will provide wine for the event but the LRC has also asked if they can provide glasses. Mr. Madison relayed that he had received an estimate for 500 16 ounce tulip glasses for \$1,000 that would include the KGWC logo on one side and the KWA logo on the other. Mr. Biff Baker noted that he has attended at a number of the SLC conferences over the years. They are comprised of legislators and decision makers from 17 states of the southern conference. Mr. Leasor added that Kentucky's legislators would most certainly appreciate the help from the council and that it may behoove the KGWC to order more than 500 glasses. Mr. Madison mentioned that any glasses that are not given away may be repurposed for use in future Commissioner Cup wine competitions.

Mr. Logan Leet moved to purchase 1,000 wine glasses for the LRC conference with the KWA logo on one side and the KGWC logo on the other side. Mrs. Ann Karsner seconded the motion, all voted in favor and the motion passed.

Economic Impact Study: Mr. Madison stated that the vineyard response to the UK survey was poor. There were 150 respondents in the 2008 study and only 37 (total number including vineyards and wineries) in 2016. Mrs. Patsy Wilson and Mr. Madison have been working to obtain further data. As of May 18, there are only 12 wineries that have yet to respond- nearly all very small producers. Mr. Madison also noted that he has pulled a list of Kentucky Proud members that identified as vineyards on their application and sent a simplified survey to them as well. Currently, vineyard acreage reporting only accounts for 217.3 acres throughout the state. Ms. Wilson is working on contacting vineyard owners who are not wineries that have responded in 2008 but did not respond in 2016. This is the final information needed to complete the study but is proving difficult to obtain.

Equity Adjustment Request: Mr. Madison informed the council that his salary is far below the average for similar positions in surrounding states. He requested an equity adjustment from \$39,000 to \$60,000 beginning July 1, 2017 that would put his salary closer in line with comparable positions.

Mr. Madison explained that he only pulled salaries of surrounding states that fund a grape and wine marketing position through the department of agriculture or other state agencies. According to KRS 260.166, the KGWC shall advise the commissioner to hire staff to carry out duties and recommendations of the council.

Mr. Madison left the room to allow council members to discuss the proposal. The KGWC agreed to research the request and return to the following meeting to deliberate on any potential recommendations to the Commissioner.

2003 Governor's Office of Agriculture Policy (GOAP) Grant: GOAP recently contacted Mr. Madison regarding a 2003 grant issued to the KGWC. GOAP noted that they have received no grant reporting since 2007 and asked if Mr. Madison would research the matter. Mr. Madison uncovered that an additional account had been created for the council in 2004 to receive the grant in question. An additional 2008 grant (both grants funded the UK viticulture/enology programs) had also been deposited in this account. Approximately \$7,000 remains in the account which was last accessed in 2013. With council approval, Mr. Madison suggested returning the remaining balance to GOAP with a final report and closing the account.

A motion was made by Mrs. Jenny Beetz to return the remaining balance to GOAP, issue a final report and close the account. The motion was seconded by Mr. Logan Leet; all voted in favor and the motion passed.

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Committee Reports:

Legislative

Postponed due to time constraints

Research

Postponed due to time constraints

Wholesale and Distribution

Postponed due to time constraints

Grower Development

Postponed due to time constraints

UK Report:

Postponed due to time constraints

Events

Best of Northern Kentucky Events sponsored by Kentucky Wine, Jane's Saddlebag Wine Festival and a Wine Tasting in Springfield organized by the Business and Professional Women's Foundation (BPW) to raise money for local scholarships

Announcements:

None

Adjournment

There being no further business to discuss, Mrs. Jenny Beetz made a motion to adjourn at 3:59 pm.