

KENTUCKY GRAPE & WINE COUNCIL
June 19, 2013
Forest Edge Winery
Shepherdsville, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING WINERY OPERATORS:	ANN KARSNER
REPRESENTING THE KY DEPT. OF AGRICULTURE:	TYLER MADISON (PROXY)
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING GRAPE GROWERS:	JEFF WILES
REPRESENTING CITIZEN AT LARGE:	ROGER LEASOR

MEMBERS ABSENT:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING CITIZEN AT LARGE:	ANN McBRAYER
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING TOURISM, ARTS & HERITAGE:	MONA JUETT

OTHERS REPRESENTED:

REPRESENTING FOREST EDGE WINERY:	BRANCE GOULD
REPRESENTING NEW WEST AGENCY:	BOBBI DAVIS

Call to Order

Mr. Tyler Madison called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:02 pm. Those present introduced themselves. Mr. Madison called the roll and a quorum was confirmed.

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

Financial Report

Mr. Madison reported that, to date, \$499,476.46 of grant funds allotted to the Marketing Cost-Share program has been distributed. To date, \$12,597.80 has been reimbursed for P1-13 in which 54 wineries opted-in at a cap of \$1,250.00 per winery.

A total of \$322,634.49 of grant funds allotted to the Wholesale Reimbursement program has been distributed. To date, \$15,541.86 has been reimbursed for P1-13 in which 35 wineries represented by 18 wholesalers opted-in at a cap of \$1,640.00 per winery.

Mr. Madison reported that with the rollover calculated from P2-12 added to the allotted \$37,000, the funds available for P2-13 will total \$56,655. Likewise, with the rollover calculated from P2-12 added to the allotted \$50,000, the funds available for P2-13 Marketing Cost-Share Program will total \$64,755.

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It was noted that a handful of wineries have started splitting distribution between two, sometimes three wholesalers to cover a wider geographic region. Upon researching program guidelines, Mr. Madison could not uncover anything in the rules of the Wholesaler Reimbursement grant that addresses this issue. The question was raised to split the allotment evenly between multiple distributors or work on a first come, first serve basis by wholesaler. A general consensus was met that concluded multiple wholesalers is a decision left to the wineries and it is the wineries that should decide, and report how many of the allotted cases in a program period should be attributed to each of their wholesalers.

KDA Staff Report

Wine Trail App Updates:

Mr. Madison reported that many changes have been made; version 3.0 has been submitted and is pending approval. This will remedy the issues with the check in feature on the passport section as well as overhaul the regional maps to be more responsive and user friendly. This will be the final version to make public.

Media Plan Updates:

Fiscal Year 2012/2013, it was reported, started with a balance of \$262,898 and, though not all expenses have been withdrawn yet, expenses for the year totaled \$251,279.41. Remaining funds equal \$11,619.40 plus an additional \$10,000 set aside for miscellaneous expenses. Marketing Funding for FY 2013/2014 will total approximately \$193,600.

Mr. Madison and Ms. Davis from New West Advertising and Marketing Agency discussed preliminary Media Plan proposals for FY 2013/2014. The idea of an all-digital media plan that would focus on driving numbers to wineries through website visits and mobile app downloads was raised, citing a combination the following options/formats:

1. AdTheorent- Can fine tune to capture specific demographics (wine people) with cost per thousand. Users will have the ability to skip ahead but will have to watch a portion of the video
2. BrightRoll- Can capture specific interests and demographics such as AdTheorent but is a larger company with more history and pricing is set up at cost per view- in other words, the Council is only charged when someone views an entire video.
3. TapJoy is an app development company that specializes in advertisements on apps and tablet and phone gaming platforms. Tapjoy has the ability to geo-target and is also cost-per view with a huge demographic towards women over the age of 21 (stay at home mothers, etc.)

In addition to an all-digital Media Plan, Mr. Madison discussed retaining presence in the traditional television market by producing and airing a documentary on Kentucky Wine. Mr. Madison reported that he had met with Doug High who produced the first documentary (Vintage Kentucky) for the KGWC and is interested in completing a follow up documentary. The proposed documentary would focus on how the industry has changed and grown over the course of five years. The production costs will be cheaper than they were in the first documentary due to advancements in technology and this documentary would focus on Kentucky as a serious up and coming wine industry and not an emerging oddity of former tobacco farmers. Mr. High has guaranteed that KET would not only air the documentary but bookended it with the first documentary before being syndicated to other PBS markets. Mr. Roger Leasor requested that Mr. Madison receive written documentation of KET's intent to air the documentary before any decisions are made.

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Mr. Madison provided a list of estimated expected expenses from the KGWC Marketing budget for FY 2013/2014 which would include:

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| 1. Media Planning Costs: | \$6,000 |
| 2. Website Updates: | \$2,500-5,000 |
| 3. 2014 Winery Guides: | \$6,500 |
| 4. App updates and maintenance: | \$5,000 |
| 5. New media (video/print/digital) creation: | \$15,000 |
| 6. 2014 Wine Competition & Event: | \$30,000 |
| 7. Miscellaneous: | \$10,000 |

Subtracting the additional estimated expenses from the FY 2013/2014 budget as well as the proposed \$50,000 media plan and \$38,500 Documentary totals \$166,000. This budget proposal would leave approximately \$26,000 for future and/or additional projects throughout the year. Further discussion and decisions will be addressed at the July KGWC meeting.

WSET Diploma Funds

Mr. Madison requested funding from the council to complete the Wine & Spirit Education Trust's highest certification, the Level IV Diploma. Currently, there is one other person in the state of Kentucky perusing this level of wine certification. WSET, Mr. Madison reported, is the de facto wine education for trade professionals and the Diploma course is the highest WSET certification. It is also a requirement to pursue the title of Master of Wine. Unlike the Court of Sommeliers, WSET Diploma is geared towards careers such as marketing, buyers and sales executives. Approximately 300 candidates worldwide graduated from the WSET Diploma in 2012. A total request of \$5,000 was made to cover course tuition and materials as well as travel costs to sit exams in Philadelphia. Mr. Logan Leet motioned to approve Mr. Madison's request. Mr. Jeff Wiles seconded all voted in favor and the motion passed.

Legislative

Nothing to report.

Research Report & Grower Development

Mrs. Patsy Wilson reported that the University of Kentucky will offer a wine appreciation course as well as a course taught by Dr. Seth DeBolt focusing on wine and beer fermentation this fall. In the spring semester, UK will offer an introduction to viticulture and wine making course. All classes require a minimum age of 21 to enroll. Mrs. Wilson also noted that the University of Kentucky has received primary approval to have a UK wine label to sell for fundraising purposes. The wine will not be for sale in stores or at Farmer's Markets as to avoid any perceptions of competition with commercial wineries. The UK Wine will hopefully be for sell at the UK meat market and the UK CSA.

Wholesale Distribution

No Report

Adjournment

There being no further business, Mr. Jeff Wiles made a motion to adjourn the meeting, the motion was seconded by Mrs. Wilson, all were in agreement and the meeting was adjourned at 2:46 pm.