

KENTUCKY GRAPE & WINE COUNCIL
July 15th, 2015
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 GRAPE GROWERS:	JENNY BEETZ
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING TOURISM, ARTS & HERITAGE:	JOHN MALLOY
REPRESENTING CITIZENS AT LARGE:	ROGER LEASOR
REPRESENTING CITIZENS AT LARGE:	ANN BAKHAUS

MEMBERS ABSENT:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING KY DEPT OF AGRICULTURE:	KRISTEN BRANSCUM

OTHERS REPRESENTED:

LIQUOR BARN:	ROY BURN
JESSAMINE COUNTY CHAMBER OF COMMERCE:	LARRY PRINSSEN

Call to Order

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:01 pm. Those present introduced themselves. Mr. Tyler Madison called the roll and a quorum was confirmed.

Ms. Ann Bakhaus made a motion to approve minutes from the previous meeting. Mr. Logan Leet seconded the motion, all were in favor and the motion passed.

Financial Report:

Mr. Madison noted that the P1-15 (January 1, 2015 – June 30, 2015) grant period has concluded but participants still have until the end of September to submit reimbursement request.

Caps for the P2-15 (July 1, 2015 – December 31, 2015) grants have been set at \$1,600 per winery for the Marketing Cost Share Grant and 133 cases (\$2,660) per winery for the Wholesaler Reimbursement grant.

Review of FY2015 Marketing Budget

Starting balance for fiscal year (FY) 2015 was \$211,000. Expenses through the conclusion of the FY totaled \$151,000. A higher than normal rollover is due in part to the success of the 2014 Commissioner's Cup Wine Competition and subsequent Celebration of Kentucky Wines event requiring less funding for the 2015 competition and event as well as a delay on launching the Uniformed Sweetness Scale project. The money allocated to the Uniformed Sweetness Scale Project will be utilized within the first few month of FY2016.

At 87% completion rate, the pre-roll portion of the digital media campaign through Brightroll far exceeded the completion target set at 73%. Banner and placement ads also had success, concluding at the top end of the 30-

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40% click through benchmarks. Human Demand and Flurry were both utilized with Flurry outperforming, delivering nearly 10,000 more clicks than Human Demand. A request of total app downloads, downloads within the past year and total user check-ins has been requested and available for the August meeting.

Other marketing projects completed in FY2015 included: redesign and printing of 2015 Kentucky winery guides, partnership with Touring & Tasting Magazine, Local 12 television sections in Cincinnati market, website updates, app updates, Commissioner's Cup Wine Competition and first annual Celebrations of Kentucky Wines event and production and release of EMMY nominated documentary film.

Projections for FY2016 Marketing Budget

Mr. Madison noted that he put together a rough budget for discussion based on previously approved items (Sweetness Scale and UK Grant), annually reoccurring expenses (website updates, app updates, winery guides, competition/event and New West professional services), and a few items that have been previously discussed at past meetings (app promo items, video production and economic impact study).

This budget is based on \$162,000 + FY2015 rollover. For sake of ease, the FY2016 allotments were deposited in the amounts of \$150,000 PROMO, \$100,000 MKT, \$75,000 DIST and \$75,000 ADMIN. **Mrs. Jenny Beetz made a motion to transfer \$6,000 from MKT and \$6,000 from DIST to PROMO in order to balance the accounts as budgeted. The motion was seconded by Mrs. Ann Karsner, all voted in favor and the motion passed.**

KDA Staff Report:

1. Economic Impact Study: As requested from the May meeting, Mr. Rob Morris from California based Frank Rimerman + Co, joined via conference call to field questions regarding their proposal to complete an economic impact study of Kentucky's grape and wine industry. Mr. Morris noted that the main data collection would be in the form of electronic surveys to producers and other entities followed up with phone calls as necessary. He projected the study to be complete by November/December 2015 and then input the necessary IMPLAN data in December to be ready to present by 2016 legislative session. Mr. Morris noted that the largest challenge is always receiving winery responses in a timely manner. Other item is getting IMPLAN data- industry multipliers to project out economic impact.

Mr. Bruce Kunze asked what Mr. Morris considered a good response to which he responded typically 65% participation. Mr. Kunze also questioned how much time the survey would take the wineries to complete with which Mr. Morris responded that there are, on average, around 15 questions on a survey. He did not believe answering the survey would take very long at all but noted that he is always surprised how difficult it is to extract the information from the wineries.

Mrs. Ann Karsner expressed the urgency to have the study completed before the start of the legislative session. Mr. Kunze responded that it would be ideal to have the study complete prior to January but that he didn't feel it was absolutely necessary for the proposed statute change to create a grant for growers out of existing funds. Mr. Roger Leasor noted that there is great value in having such a study in hand as quickly as possible and that prep work should be done by the council to ensure the wineries most vital to the studies completion participates.

Mr. Bruce Kunze made a motion to enter into \$20,000 contract with Frank Rimerman + Co to complete an economic impact study of Kentucky grape and wine industry. The motion was seconded by Mrs. Ann Karsner, all voted in favor and the motion passed*

***Following the conclusion of the meeting, the Council was informed that since funding is through the Kentucky Department of Agriculture, any such contracts must be secured through an official Commonwealth of Kentucky EProcurement RFP. The RFP was published on July 27th.**

2. Proposals:

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- a. **Winery Photo Shoots:** Mr. Madison spoke of a need to procure new, high resolution Kentucky Wine images for use in various projects such as the annual winery guides, websites, banners, displays and advertising. **Quote for full day winery photo shoot at four locations: \$3,810**
- b. **Kentucky Wine Retail Signs:** A request from Mr. Raymond Meyer who has received multiple appeals from retailers to designate the sale of Kentucky made wines within their stores. New West provided multiple options including hanging signs and opaque window clings. Mr. Madison noted that he would like to give the signs to wholesalers of Kentucky wineries to distribute to retailers. A discussion ensued as to what size and style of sign would be most appropriate for a wide array of retail environments. Mr. Leasor suggested that Mr. Meyer discuss with his retailers what sort of sign they would prefer and then create a list of those wishes to determine a few options to produce. **Quote from New West includes \$500 for printing + 10 hours of Professional Services = \$1,500 total**
- c. **Banners:** Mr. Madison noted that the pull up banners currently used for festivals and events are at least five years old, in poor condition and do not utilize the current branding. He would like to have new banners created utilizing imagery from the aforementioned photo shoot and current branding. **Quote for design and production: \$3,000**
- d. **2015 Kentucky Winery Guides Re-Print:** There are currently only 6,450 winery guides remaining from the original order of 30,000. Mr. Madison suggested that an additional 5,000 will last until 2016. **Quote for printing and deliver: \$3,010**
- e. **The State Journal (Frankfort Newspaper):** Banner ad with click through, six special event ads, Facebook postings, 2 front page stories in AdVantage, weekly 5x5 ad in food column with KY Wine pairing suggestions. **Quote of \$1,500 per month totaling \$18,000 for one year.** Mr. Logan Leet commented that he believed the KGWC can be more effective for less money through other advertising sources.
- f. **Minutes to the Kentucky Wine Website:** Mrs. Ann Karsner suggested that the minutes from past KGWC meetings should be posted on www.kentuckywine.com for public consumption. Mr. Madison added that there would be no additional costs to complete this request.

Mr. Bruce Kunze made a motion to approve the Winery Photo Shoots, Kentucky Wine Retail Signs, Banners, 2015 Kentucky Winery Guides Re-Print and to add past KGWC minutes to the Kentucky Wine website. Ms. Ann Bakhaus seconded the motion, all voted in favor and the motion passed.

3. **Reimbursable Enologist Expense for Wineries under Marketing Cost-Share Grant:** Mr. Madison noted that KDA legal said that reimbursing wineries for consulting enologist would be allowable under the definition of the Marketing Cost Share Grant. However, it is necessary to set evaluation criteria as to who would qualify as an enologist, disseminate guidelines to all wineries and adhere to the set criteria with no deviations. It was suggested that Mr. Madison work with the University of Kentucky to set the evaluation criteria and submit for further discussion at the August meeting.

Legislative

Mr. Madison explained that KDA legal created three versions of the statute change to create the new Grower Development Grant. In all proposals, the new grant is only created and not defined- the grant can be defined in regs once created. The first version removes set allotments to each program and allows KGWC to adjust the \$400,00 budget accordingly (recommended by legal). The second version removes \$25,000 from the PROMO/Marketing budget and \$25,000 from the Wholesaler Grant to create \$50,000 grower grant. The third version creates the new grant and keeps allotments the same with a notation that not more than 25% of funding may be removed from each program to fund the grower grant annually

Mr. Kunze recommended that the Council should pick favorite option and take that one option to the interim joint committee meeting. Ms. Bakhaus suggested that the most flexible option (option one) would be the easiest to understand and simplest to explain.

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KDA Legal is pinning down a date to host an interim joint committee meeting (most likely September 9th). Once that date is finalized, a location needs to be established. It was recommended that the selected location needs to be close to major city and at a winery with substantial vineyards

Mr. John Malloy made motion to pursue the first version of the statute change which removes all set allotments. The motion was seconded by Mrs. Ann Karsner. During discussion Mr. John Malloy made an amendment to the motion that stipulates, "Or similar language that achieves the same outcome." The amendment was seconded by Mrs. Ann Karsner. Mr. Bruce Kunze questioned if anyone would have the authority to make a change without the Council first reviewing the altered proposal. Mr. Roger Leasor suggested voting against the amendment but to vote for the first version with the understanding that if a legislator were to suggest a change in the wording the Council would vote on approving said change at the following KGWC meeting. Mrs. Ann Karsner withdrew her amendment seconded and Mr. John Malloy removed his amendment. All voted in favor of version one of the proposed statute change, and the motion passed

Research

Mrs. Patsy Wilson relayed that UK has pulled out all vinifera due to damage over winter. They plan to replant some vinifera but with the amount of damage sustained, it was not worth trying to save any of the existing vinifera vines. They are currently working on spacing and pruning. A block of Arkansas table grapes have been planted and they showed promise until the winter, that block has now been replanted with juice grapes that can also be considered table grapes. Some of the Arkansas vinifera crosses made it through the winter- the same block has Aramella (NY 76) and NY 81 (Riesling cross). There was some winter injury to these vines but not extensive. The excessive amounts of rain this year has resulted in widespread challenges with spraying. Late season black rot is now appearing frequently around the state.

Wholesale and Distribution

None

Grower Development

None (see Legislative)

UK Report

Mrs. Wilson relayed that she is working on compiling a survey to determine acreage/cultivars throughout the state. The survey will be sent to county agents who will, in turn, distribute it amongst growers in counties they represent. The survey will cover how many, what they're producing and what tonnage + varieties.

Announcements

Mr. Larry Prinssen of the Jessamine County Chamber of Commerce and the Kentucky Wine and Vine Festival spoke briefly. Mr. Prinssen noted that the next festival will be at the grounds of RJ Corman property in Nicholasville and will have local arts groups and tents. He also relayed that they plan to do away with the international tent which has been a point of contention for many local wineries. Starting in 2016, the festival will only have Kentucky wineries. Currently, profits from the event go to Nicholasville Now but Prinssen will partner with a non-profit. The local occupational tax will be waived.

Mr. Roy Burn raised the question of the potential of grower's cooperatives in Kentucky. By having a centralized location for custom crush or auction, many more potential growers may be encouraged to plant an acre or half acre of grapes.

Adjournment

Mrs. Ann Karsner requested that the topic of term limits for KGWC members be added to the agenda of the August meeting. With no further business to discuss, Mr. Logan Leet made a motion to adjourn at 2:47 pm.