

KENTUCKY GRAPE & WINE COUNCIL
July 20, 2016
University of Kentucky Research Farm
Lexington, KY
1:00PM

MEMBERS IN ATTENDANCE:

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|--------------------------------------|-------------------|
| 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:

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

OTHERS REPRESENTED

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|------------------------------------|---------------|
| EQUUS RUN VINEYARDS | CYNTHIA BOHN |
| REPRESENTING THE UNIVERSITY OF KY: | JEFF WHEELER |
| REPRESENTING THE UNIVERSITY OF KY: | NANCY ELMORE |
| KDA / KGWC PROGRAM MANAGER: | TYLER MADISON |

Call to Order:

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:11 pm. Mr. Tyler Madison called the roll and a quorum was confirmed.

Mrs. Patsy Wilson made a motion to approve minutes. Mr. Logan Leet seconded the motion, all voted in favor and the motion passed.

Financial Report:

Wholesale Reimbursement & Marketing Cost Share: September 28, 2016 is the deadline to submit reimbursement requests for P1-16. On 9/29/16, rollover will be calculated and additional payouts or credits will be made to participants that exceeded the P1-16 caps. For P2-16, the cap for Marketing Cost-Share is set at \$1,700 per winery and the cap for wholesale reimbursement is set at \$2,700 per winery or 135 cases.

Promo Account: In the June, 2016 meeting, the KGWC approved a working Promo budget for FY17 (July 1, 2016 – June 30, 2017). As of 7/20/16 the Kentucky Wineries Association Grant to cover costs related to the Commissioner's Cup Wine Competition/Gala and glasses purchased for the LRC event are the only expenses to be withdrawn from Promo in the new fiscal year.

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KDA Staff Report:

Craft Trails App: Phase 1 of the new app is complete. Mr. John King (Kentucky Guild of Brewers) and Mr. Tyler Madison (Kentucky Grape & Wine Council) have tested the beta version over the past few weeks and all edits have been made. Mailings and emails will go out to all wineries to make them aware of the new app and timeline. Current users will also receive push notifications and pop-up info on the app when they first open it to explain the changes. The fully functional Phase 2 version of the app with passport capabilities, Facebook login and geo-fenced check-ins will launch late summer/early fall 2016.

IMW Program: Mr. Madison discussed potential costs he has requested the council to fund if accepted into the Institute of Masters of Wine 2016 study program. The Master of Wine is the most respected qualification in the wine industry; there are less than 400 in the world, 38 in the US. A prerequisite to acceptance into the program is to hold the Wine & Spirits Education Trust's Diploma which Mr. Madison completed in 2015. Mr. Madison noted that having a Master of Wine (MW) not just in Kentucky, but working for and representing Kentucky's wine industry not only brings a vast array of knowledge and expertise to the wineries free of charge but also lends a considerable amount of credibility to the industry outside of the state. Mr. Leason suggested that the council compose specific deliverables for Mr. Madison to achieve. Mr. Leason also requested a written proposal of the difference in yearly costs to the council for expenses between the recently completed WSET Diploma and the IMW program.

Distribution Solutions: Mr. Madison expressed what he views as a need for more effective distribution options for Kentucky's wineries to facilitate growth outside of the tasting room. He noted the success of the Virginia Winery Distribution Company as a model to discuss as a potential solution for Kentucky. It was suggested that Dan Meyer, Executive Director of the Wine & Spirits Wholesalers of Kentucky, be invited to the September council meeting for further discussion.

Production Reporting: Beginning P1-17, all wineries participating in the KGWC Marketing Cost Share Grant will be required to provide the previous year's number of gallons of wine produced (not bottled or sold) by variety and source (Kentucky or out of state). Mr. Madison presented a reporting form that he will send to the wineries in December, 2016.

Economic Impact Study: All edits noted in the June meeting have been made and the study is now complete. Ms. Cynthia Bohn noted a possible discrepancy between the federal and state excise taxes paid. The federal rate is \$0.10 per gallon and the state rate in Kentucky is \$1.19 per 2.378 gallons (9 liter case). Based on these rates, the state tax revenue should be considerably higher than the federal tax revenue. Mr. Madison agreed to question the firm that completed the study about the potential discrepancy and report back to the council.

Mr. Madison suggested that once the study numbers are complete, the council should create an easily digestible and informative one page info-graphic of the Kentucky Wine economic impact study. Red7E has submitted a quote of \$2,720 to create the graphic.

Mrs. Patsy Wilson made a motion to approve \$2,720 of promotional funds to create a one page info-graphic of the completed economic impact study. The motion was seconded by Mrs. Ann Karsner; all voted in favor and the motion passed.

Kentucky Monthly: A feature story focused on Kentucky's wineries will run in the September issue of Kentucky Monthly. The council has a ¼ page in the business showcase supplement from a previous media buy but Kentucky Monthly has proposed an additional ½ or full page ad to be placed at the end of the story for \$1504 (half) or \$3,000 (full). Ms. Melanie Blandford suggested working with Red7E to potentially leverage the current ad for a larger space at a reduced price.

Wine America: With more than 600 members, WineAmerica serves the interests of wineries in all 50 states. Mr. Madison detailed the benefits of participating in the monthly policy calls and suggested the council join WineAmerica as an association member. Along with the Wine Tourism Conference, Mr. Madison commented that the monthly policy calls

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and annual conference are the best way stay in touch with other states/regions and keep abreast of the challenges they're facing.

Mrs. Ann Karsner made a motion to join WineAmerica as an association member for \$600 annually. Mr. Bruce Kunze seconded the motion; all voted in favor and the motion passed.

Sweetness Scale: Mr. Madison presented the POP signage to be distributed to retail locations as well as the informative gift set that will be mailed to all of Kentucky's wineries to encourage them to adopt the sweetness scale on their labels.

Wine & Vine Festival Sponsorship: The Wine & Vine Festival in Nicholasville is, in statute, the official wine festival of Kentucky. The festival organizers have requested support from the council through sponsorship, advertising, etc. The council unanimously agreed to uphold the stance of not sponsoring festivals to ensure that there is no perception of bias for one festival over another. The council would be happy to utilize portions of the 2016/2017 social media marketing funds to promote posts related to the Wine & Vine Festival as well as other wine festival around the state.

Committee Reports:

Legislative

No report

Research

No report

Wholesale and Distribution

No report

Grower Development

No report

UK Report:

Following the KGWC meeting, Mr. Jeff Wheeler offered an optional tour of the University of Kentucky research vineyard and winery.

Events

None

Announcements:

None

Adjournment

There being no further business to discuss, Mr. Logan Leet made a motion to adjourn at 2:51 pm.