

KENTUCKY GRAPE & WINE COUNCIL
July 22, 2014
Wildside Winery
Versailles, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING GRAPE GROWERS:	JENNY BEETZ
REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING CITIZEN AT LARGE:	ROGER LEASOR
REPRESENTING TOURISM, ARTS & HERITAGE:	JOHN MALLOY

MEMBERS ABSENT:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING CITIZEN AT LARGE:	ANN MCBRAYER
REPRESENTING KY DEPT OF AGRICULTURE:	KRISTEN BRANSCUM
REPRESENTING WINERY OPERATORS:	ANN KARSNER

OTHERS REPRESENTED:

REPRESENTING KY MALT BEVERAGE COUNCIL:	JASON BAIRD
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Call to Order

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:10 pm. Those present introduced themselves. Mr. Madison called the role and a quorum was confirmed.

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

Financial Report

- Mr. Madison reported that a total of \$580,169.44 of grant funds allotted to the Marketing Cost-Share program has been distributed. To date, \$12,982.44 has been reimbursed for P1-14 in which 56 wineries opted-in at a cap of \$1,000.00 per winery.
- A total of \$367,193.50 of grant funds allotted to the Wholesale Reimbursement program has been distributed. To date, \$14,040.67 has been reimbursed for P1-14 in which 44 wineries represented by 20 wholesalers opted-in at a cap of \$1,470.00 per winery.
- Payouts for P2-13 were lower than expected, resulting in higher caps set for P2-14 in spite of an increase in participation. The P2-14 Marketing Cost-Share cap was set at \$1,400 per winery with 56 wineries opted-in. For the P2-14 Wholesaler Reimbursement, caps were set \$1,620 (81 cases) with 18 wholesalers representing 42 wineries.

KDA Staff Report

Website:

Mr. Madison reported that the new website is now live but that there are remaining issues that are currently being addressed by the developer. At six months past the projected completion date, the project has been less than satisfactorily complete by New West. Mr. Leasor suggested that the KGWC demand that all work on previous projects be completed before an agency has the ability to bid on future projects. Mr. Kunze asked if it was possible to build penalties into contracts for failing to complete projects on time. Mr. Madison said that he was unsure that was a possibility but would discuss the option with Ms. Kristen Branscum. Mr. John Malloy mentioned that he would be willing to speak with a close contact he maintained at New West to address this matter.

“Get to Know Your Grapes...” Videos:

The new video series is complete and currently on www.kentuckywine.com.

2014/2015 Media Plan Proposals:

It was reported by Mr. Madison that the 2013/2014 Promo/Marketing Budget is complete. A rollover of \$40,507.12 will be added to the new projected allotment of \$170,800 bringing the balance for FY 2014/2015 Promo Account to \$211,307.12.

New West plans to present a detailed digital media plan in the August meeting if the Council decides to pursue a similar campaign. Mr. Madison mentioned that by spending just under \$50,000 last year and transitioning to an all-digital media plan, Kentucky Wine nearly doubled the impressions with less than half of the cost of the FY 2012/2013 traditional media plan. In his opinion, as the council continues to direct people through digital media directly to the app and with new content (Get to Know Your Grapes, etc.), Mr. Madison thinks it would be most beneficial to stick with this approach.

A few items in the proposed budget are general maintenance: i.e. website updates, App Updates while other items are expenses either previously discussed or that the KGWC has decided should happen each year: Promotional Items for Wine Trail completions on the App, Winery Guides (see below), Holiday Posters, Wine Competition, Event and Video Production (new content).

The budget for the winery guides and printing is higher this year from the previous two years for the possibility to transition to a booklet format as the number of wineries continues to grow.

Mr. Madison requested \$7,000.00 to be considered in the budget to cover costs related to attending the 2014 Wine Tourism Conference in Paso Robles in November as well as two additional trips to Philadelphia to complete the previously approved Wine & Spirit Education Trust Diploma accreditations in 2014/2015.

Mr. Kunze made a motion to approve each line in the proposed budget, Ms. Wilson seconded the motion, all voted in favor and the motion passed unanimously. (See attached budget for full details)

Sweetness Scale Program:

The suggestion of a sweetness scale based on RS that all wineries within the state would adopt uniformly was discussed at length. There are currently a number of wineries that utilize a scale, but it's currently very subjective with each producer deciding levels of sweetness based on opinion. There will be minimal cost in design, but the main costs will involve POP literature and a media push informing the

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public. Neither of these costs would be immediate as it will take time for wineries to adopt this scale (labels, etc.). Mr. Kunze and Ms. Wilson discussed the potential challenges in convincing all wineries to add these to their labels? Mr. Leasor mentioned mentioned purchasing label space ads from the wineries and Mrs. Jenny Beetz suggested doing a trial run with a few wineries. The idea of using just a number as opposed to an entire scale and putting keys at retail stores and on the website in order to save space on labels was met with favor. Mrs. Beetz suggested printed stickers given to the wineries to adhere to labels could be an easy way to encourage wineries to use the program without incurring extra label costs. Mr. Madison suggested that he and Dr. Tom Cottrell could work on the scale and specific gravity conversions and would report back at the August meeting.

Voluntary Quality Assurance Program:

Part of the approved budget for 2014/2015 includes the development and implementation of a Voluntary Quality Assurance Program that the KGWC can utilize to help inform the public of quality products based not on personal opinion but lack of faults. By submitting simple lab results ensuring a specific wine meets standards, wineries could adhere a QA seal/sticker on those bottles which passed the lab test each year. The program would be completely voluntary and would only cost the wineries independent lab analysis. The KGWC will incur costs in design, creation and research of the program rules and guidelines and administrative costs. There are a few surrounding states that have programs that have been very successful. Ms. Wilson agreed to research states with QA programs. Mrs. Beetz mentioned that the cost of testing needs to be researched and Mr. Kunze suggested we use marketing dollars to offset the cost of testing until the program takes off. Mr. Kunze went on to say that if this could lend to consumer confidence, it's a good program.

Legislative

Mr. Leasor reported the Sunday sales bill has passed which allows Sunday sales in wineries either by the local officials or by a local option election.

Research Report & Grower Development

Mrs. Patsy Wilson relayed that the main focus recently has been working to ensure the grant from the Agricultural Development Board to the Kentucky Vineyard Society which, amongst other things, pays for the enology and two viticulture positions at the University of Kentucky, is renewed. Mrs. Wilson mentioned that she recently had a very positive meeting with KADF who visited the research farm. The Committee will recommend continuing funding and that there will be funding with both parts at some levels

Wholesale Distribution

No Report

Adjournment

There being no further business, Mr. Logan Leet made a motion to adjourn the meeting at 2:45 pm.