

KENTUCKY GRAPE & WINE COUNCIL
August 19th, 2015
KDA Office of Marketing
Frankfort, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING WINERY OPERATORS:	ANN KARSNER
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING THE UNIVERSITY OF KY:	JEFF WHEELER (PROXY)
REPRESENTING TOURISM, ARTS & HERITAGE:	JOHN MALLOY
REPRESENTING CITIZENS AT LARGE:	ROGER LEASOR

MEMBERS ABSENT:

REPRESENTING KY DEPT OF AGRICULTURE:	KRISTEN BRANSCUM
REPRESENTING GRAPE GROWERS:	JENNY BEETZ
REPRESENTING CITIZENS AT LARGE:	ANN BAKHAUS

OTHERS REPRESENTED:

REPRESENTING THE KY WINERIES ASSOC:	CYNTHIA BOHN
REPRESENTING THE KY WINERIES ASSOC:	SHANNA OSBORNE

Call to Order

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:09 pm. Those present introduced themselves. Mr. Tyler Madison called the roll and a quorum was confirmed.

Ms. Ann Karsner 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.

In July, 2015 the KGWC voted to approve: winery photo shoots, Kentucky Wine retail signs, banners and 2015 winery guide reprints. For FY 2015, the Council approved a proposed budget for the year. Mr. Madison suggested that the KGWC approve the remainder of the proposed Promo budget for FY 2016 with the provision that the budget may be altered and adjusted by Council vote.

A motion was made by Mr. Bruce Kunze to approve the proposed Promo budget. The motion was seconded by Mrs. Karsner, all voted in favor and the motion passed.

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KDA Staff Report:

1. **Economic Impact Study:** At the July, 2015 meeting the KGWC approved \$25,000 to complete an economic impact study. Upon further research, it was discovered that since the KGWC is organized under the Kentucky Department of Agriculture (KDA) any such contracts must be secured through an official Commonwealth of Kentucky EProcurement Request for Proposal (RFP). An RFP was published on July 27th, written according to the guidelines discussed at past meetings. The RFP closed on August 17th with an anticipated date of award of August 24th. The anticipated contract date is September 1st, 2015.
2. **Proposals:**
 - a. **Banners:** Mr. Madison requested an increase to the previously approved banners/signage proposal from \$3,000.00 to \$5,199.60. The increased amount is for design and production of an inflatable Kentucky Wine branded bottle to transport to various shows and fairs. **Mr. Kunze moved to amend the Project Authorization from \$3,000.00 to \$5,199.60. The motion was seconded by Mr. Dennis Walter, all voted in favor and the motion passed.**
 - b. **Touring & Tasting Magazine Reprints:** Six panel reprints of the Summer 2015 Kentucky Wine feature in Touring & Tasting Magazine. The reprints would include the issue cover and the KY wine feature with the intent to distribute at various events and to tasting rooms around the state. Price (including shipping): 1000: \$1175; 2500: \$1550; 5000: \$2100. No action taken.
3. **Sweetness Scale Media Plan:** The approved Sweetness Scale Media Plan to promote and provide public awareness and education to a uniformed Kentucky Wine sweetness scale is currently in design and will include in-store POP pamphlets, limited digital and print (beverage journal, etc.) promotion and neck hangers. The neck hangers will be provided to wineries/wholesalers.
4. **KGWC Term Limits:** Mrs. Karsner spoke in favor of implementing term limits to KGWC members by suggesting that all members should have to wait at least one year before being eligible for reappointment. Mrs. Karsner also noted that the KGWC needs to maintain a wider interest amongst the industry and strive to be more inclusive. Mr. Walter agreed that the KGWC would benefit from “new blood.” Mr. Madison believed that creating term limits may be possible through a regulatory as opposed to statute change. Mr. Kunze believed that term limits may be written into bylaws by the council. Mr. Madison agreed to discuss the best approach to enacting term limits with KDA’s legal department and report back in September.

Legislative

1. **Grower Development Grant/Statute Change:** Last month the council voted to move forward with the statute change option that removed allotments from individual programs and allowed the council to set budgets annually, including creating the new grower expansion grant to be defined in regs. On August 27th, Mr. Bruce Kunze, Ms. Kristen Branscum, Mr. Tyler Madison and possibly Mr. Roger Leasor will attend the interim committee meeting at the Kentucky State Fair to informally discuss the proposed statute change with Senator Paul Hornback and Representative Tom McKee. Both Jim Wight and Cynthia Bohn have offered to host a fall interim joint committee meeting.
2. **KWA Legislative Agenda:** Mrs. Shanna Osborne of the Kentucky Wineries Association (KWA) explained that her intent was to ensure that KWA and the KGWC had a mutual understanding and agreement on various topics affecting the industry. Mrs. Osborne stated that KWA is willing to support the bill for the statute change to create the new grower expansion grant but that the association would also like the removal of the language that restricts distributors to sell wine to retailers at the purchase price within the Wholesaler Reimbursement Grant added to the bill. Mr. Madison commented that he did not know if this needed to be included in the bill for a statute change as he believes it could be completed in regs but would check with KDA legal. Mr. Leasor added that a proposed change of this nature needs to be explained to the wholesalers and legislators prior to any action being pursued.

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Additionally, Mrs. Osborne relayed that KWA would like to remove the designation of a KGWC member appointed from the University of Kentucky to allow participation from any university in the state with a viticulture program. KWA would also like to have a trade organization submit winery owner candidates for appointment to the council to the Governor's Office as opposed to the Commissioner of Agriculture as well as remove the two citizen at large positions to create four grape grower positions on the KGWC. Mr. Madison noted that KDA would not support these proposals citing the fact that the KGWC is created within the Kentucky Department of Agriculture and that candidate submission from the Commissioner of Agriculture provides checks and balances. Additionally, a trade organization that only promotes their members could not provide unbiased candidate submissions. It was widely agreed that the Commissioner of Agriculture would be not only receptive, but grateful for a trade organization such as KWA to submit candidate submissions directly to his/her office.

Research

Mr. Jeff Wheeler reported that the UK research vineyard reached the 10-year mark for V. vinifera and hybrid cultivar trials in which every three vines planted in each block represent a different cultivar (randomized complete block design). All cultivars were treated the same to see how the vines reacted. The V. vinifera block has now been removed with plans to replace best performing cultivars in non-randomized block design. In the vinifera research, Riesling, Chardonnay, Rkatsiteli and Cabernet Franc were the most commercially viable. Over the past 10 years many hybrid cultivars have performed better than V. vinifera in field trials. Efforts are being made to refine winemaking techniques that will increase wine quality of these high performing cultivars. Mr. Wheeler noted that there have been improvements in the winery at UK with improved and modified equipment designed specifically for micro processing that can closely mirror larger scale commercial wine production practices. Mr. Wheeler also relayed that he is currently teaching two courses in the new and very popular certificate in wine, brewing and distillation science program at the University of Kentucky. The certificate is 12 credit hours and students have the ability to focus on any topic or subject or on all of them. It is geared towards students with a desire to enter the industry.

Wholesale and Distribution

None

Grower Development

None (see Legislative)

UK Report

Mr. Wheeler explained that the reduced grant and resulting budget cut resulted in the loss of Dr. Tom Cottrell's position of extension enologist at the University of Kentucky (UK). A new extension associate position in enology at a reduced salary to fit within the new budget constraints was created. The position was posted and received 13 applicants, 2 of which met the minimum qualification requirements. However, following the recommendations of the interview panel, (including both UK faculty and industry leaders) neither applicant received an offer of employment. The Chair of the Department of Horticulture at UK suggested altering Mr. Wheeler's position to create a part time extension associate with lecturing responsibility. Mr. Wheeler noted that this new position will not replace Dr. Cottrell's former position but instead creates a hybrid position that will allow fulfillment of some aspects of the former extension enology post. As soon as possible (likely Spring semester 2016), a new graduate student will be hired to take on much of the lab related work that Mr. Wheeler has previously undertaken.

Mr. Kunze asked how much time Mr. Wheeler's new title will be devoted to each aspect of the position. Mr. Wheeler responded that that it will be a 50/50 post in which 30% of his time will be dedicated to site visits, 20% to developing online material source for KY wine producers, and the remaining 50% focused on UK research and lecturing responsibilities.

Mr. Kunze made a motion to send a letter of appreciation from the KGWC to the University of Kentucky. Mr. Logan Leet seconded the motion, all voted in favor and the motion passed.

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Announcements

None

Adjournment

Mr. Logan Leet made a motion to adjourn at 2:44 pm.