

KENTUCKY GRAPE & WINE COUNCIL
September 16th, 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:	JENNY BEETZ
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING CITIZENS AT LARGE:	ROGER LEASOR

MEMBERS ABSENT:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING KY DEPT OF AGRICULTURE:	KRISTEN BRANSCUM
REPRESENTING CITIZENS AT LARGE:	ANN BAKHAUS
REPRESENTING TOURISM, ARTS & HERITAGE:	JOHN MALLOY

OTHERS REPRESENTED:

REPRESENTING PURPLE TOAD WINERY:	ALLEN DOSSEY
REPRESENTING LIQUOR BARN:	ROY BURN

Call to Order

Mr. Roger Leasor called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:12 pm. Those present introduced themselves. Mr. Tyler Madison called the role and a quorum was confirmed.

Mr. Bruce Kunze 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 deadline for the P1-15 (January 1, 2015 – June 30, 2015) grant period reimbursement requests is September 30th. All program participants with remaining funds available have been contacted by email detailing the approaching cutoff date and amount of funds remaining.

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.

Approved FY2016 PROMO projects update: Kentucky Wine Photo Shoot (complete), Kentucky Wine Retail Signs (complete), Banners (art work complete and sent to printers) and 2015 Winery Guide Reprints (complete-awaiting delivery)

The fall digital media plan start date was delayed slightly in order to target a holiday audience. Updated audience includes state-wide, Cincinnati and Evansville markets, over 21 wine drinkers. Format will be pre-roll video with banner ads. A new 15 second holiday target promotional video will be completed prior to fall media launch.

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The spring campaign includes statewide, Cincinnati and Nashville markets and is targeted to increase tasting room traffic through advertising the wine trails app.

Work on the 2016 winery guides work has begun. The format will remain the same as 2015 but there will be a detachable fold out map within the guide (requested from a number of wineries).

KDA Staff Report:

1. **Economic Impact Study:** At the July, 2015 meeting the KGWC approved \$25,000 to complete an economic impact study. An RFP was published on July 27th. Frank Rimerman + Co was the only agency to submit a proposal to the RFP that closed on August 17th. Unfortunately, Rimerman left out a required section of the RFP. They were made aware of the error and will resubmit to the reposted RFP. The repost closes on September 18th.

2. **KGWC Term Limits:** From Kentucky Department of Agriculture (KDA) Legal regarding term limits for KGWC members: "As we talked about, the spots are appointments by the Governor from a list provided by the agriculture commissioner. While the Ag Commissioner might ignore the council, an action that could be done immediately is a resolution to the Commissioner's office requesting a limit on reappointments."

Mrs. Ann Karsner made a motion to send a resolution to the Commissioner of Agriculture requesting a council member sit out at least one term prior to a reappointment to the KGWC. The motion died for lack of a second.

Mr. Kunze suggested that the limitation of reappointment should be enacted after two terms with a minimum of one year off as opposed to one term so that the KGCW doesn't lose vital experience.

Mrs. Patsy Wilson questioned if there was a way to create a list of those wishing to serve on the council to ensure all interested parties are given the opportunity to apply when seats are available. All agreed that such a list would be beneficial and appropriate. Mrs. Wilson also noted that the experience of members such as Mr. Dennis Walter and Mr. Roger Leasor were certainly valuable assets to the council.

3. **Tourism Involvement:** Mrs. Karsner spoke of recently flipping through a magazine published by Kentucky Tourism that promoted weekend getaways within the Commonwealth. In the magazine there was no mention of Kentucky's vineyards and wineries in spite Tourism, Arts and Heritage occupying a seat on the KGWC. Furthermore, Mrs. Karsner questioned what may be done to ensure Kentucky's wine industry is included in future publications and other Tourism related marketing.

Mr. Leasor relayed that when the KGWC first formed the Tourism seat was filled by Ms. Kristen Branscum and that it was Mr. Mac Stone and Ms. Branscum who were truly responsible for the success of the council. If there was a big event, Tourism was involved. Mr. Leasor noted that it is in this role where the current Tourism seat held by Mr. John Malloy, can be a vital asset to the Council. Mr. Madison noted that in the previous KGWC meeting, Mr. Malloy questioned the official reporting procedure as the liaison to Tourism in hopes of defining his role to the KGWC. Mr. Leasor suggested that it would be advantageous for Ms. Branscum and Mr. Malloy to discuss the Tourism seat and Tourism's involvement in Kentucky's wine industry in further detail.

4. **50,000 Gallon Production Limit for Small Farm Wineries:** Mr. Allen Dossey of Purple Toad Winery (Paducah, KY) handed out a document reporting surrounding states production limits for small farm wineries (SFW). Mr. Dossey noted that at a cap of 50,000 gallons of annual production, Kentucky maintains the lowest limit of any surrounding state. He went on to explain that Purple Toad Winery is quickly approaching 50,000 gallons of production annually and that the limit is essentially strangling their future growth and continued expansion. As such, Mr. Dossey is requesting that the production limit for Kentucky's SFW to be

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raised. Mr. Dossey explained that he understood that the KGWC did not have the ability to lobby but hoped the council would be supportive of his pursuit if questioned.

There is a winery license available for any winery in Kentucky producing over 50,000 gallons but perks such as the 11% wholesale tax exemption, ability to operate a tasting room and sell wine at festivals and special events is no longer available. Essentially, the winery license only allows for production and retail sale through a licensed wholesaler.

Mr. Kunze suggested that the 11% exemption to a SFW may be maintained under and up to the 50,000 gallon limit. After a winery surpasses 50,000 gallons, the 11% exemption may be removed but the winery could keep all of the other same benefits of the SFW license.

Mr. Kunze asked if the Western Kentucky Winegrowers Association (WKWGA) supported the proposed raise in production limits. Mr. Dossey responded that they were but that he also wanted the KGWC's support.

Legislative

Grower Development Grant/Statute Change: Due to a full schedule, the KGWC was advised against attempting to speak with Senator Hornback at the State Fair interim committee meeting but strongly advised to speak with Sen. Hornback by making a private appointment. Mr. Kunze, Mr. Leasor, Ms. Branscum and Mr. Madison will meet with Sen. Hornback on Tuesday, September 22nd, and will report back at the October meeting.

Research

None

Wholesale and Distribution

None

Grower Development

None (see Legislative)

UK Report

Mrs. Wilson reported that funding for the Viticulture and Enology position at the University of Kentucky was up for renewal on October 9th. Mrs. Wilson gave a presentation justifying second year funding to the Agriculture Development Board. Furthermore, UK is working on putting together a new Grape & Wine Short Course. Mrs. Wilson spoke with the Kentucky Wineries Association (KWA) about possible topics of interest for the course.

Announcements

The final day to submit entries for the 2015 Kentucky Commonwealth Commercial Wine Competition & Commissioner's Cup was September 15th. The competition will be held on October 24th in Louisville.

The 2015 Celebration of Kentucky Wines event will take place on Saturday, November 14th at the Mercury Ballroom in Louisville. Tickets are for sale on Eventbrite with a limited number open to the public. Early bird price until October 25th is \$35 per person.

The Northern Kentucky Wine Festival is scheduled for October 17th at Mainstress Village in Covington.

Adjournment

There being no further business to discuss, Mr. Logan Leet made a motion to adjourn at 2:44 pm.