

KENTUCKY GRAPE & WINE COUNCIL
September 18, 2013
Liquor Barn
Danville, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING WINERY OPERATORS:	ANN KARSNER
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING GRAPE GROWERS:	JEFF WILES
REPRESENTING CITIZEN AT LARGE:	ROGER LEASOR
REPRESENTING KY DEPT OF AGRICULTURE:	KRISTEN BRANSCUM
REPRESENTING TOURISM, ARTS & HERITAGE:	MONA JUETT

MEMBERS ABSENT:

REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING CITIZEN AT LARGE:	ANN MCBRAYER

OTHERS REPRESENTED:

REPRESENTING KY DEPT OF AGRICULTURE:	CLINT QUARLES
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Call to Order

Mr. Tyler Madison called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:20 pm. Those present introduced themselves. Mr. Madison called the role and a quorum was confirmed.

Mr. Roger Leasor made a motion to approve minutes from the previous meeting. Mr. Jeff Wiles seconded the motion, all were in favor and the motion passed.

Wholesale Reimbursement Grant Discussion

As decided in the July meeting, KDA legal representative, Mr. Clint Quarles, agreed to be in attendance to field questions concerning the Wholesaler Reimbursement grant and to what extent the KGWC could alter the program guidelines in order to aid the wineries and encourage greater participation from licensed Kentucky wholesalers. Many Kentucky wineries continue to face issues with securing distribution, resulting in inhibited potential for growth. As the three-tier system requires the use of a distributor, the wholesaler reimbursement program was created as an incentive to wholesalers to distribute Kentucky wines. Though the participation level remains high in the program, the \$20 per case reimbursement currently offered has proven somewhat contentious as the wholesaler is required to sell the wine to retailers at the same price purchased from the winery in order to claim the reimbursement. Mr. Roger Leasor mentioned the possibility of maintaining the \$20 per case reimbursement but eliminating the rule stating that wholesalers must sell the wine for the same price they purchased it from the winery. Mr. Quarles agreed that this would be a very simple solution that could prove appealing to

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the wholesalers as a straight subsidy. Mr. Leasor also mentioned the need to discuss any possible changes with representatives of the wholesalers. It was decided that prior to making any changes to the grant program, Mr. Leasor and Mr. Madison would speak with Mrs. Ann McBrayer of Kentucky Eagle Inc. and Mr. Dan Meyer of the Wine & Spirit Wholesalers of Kentucky

Financial Report

Mr. Madison reported that, to date, \$516,772.11 of grant funds allotted to the Marketing Cost-Share program has been distributed. To date, \$26,079.75 has been reimbursed for P1-13 in which 54 wineries opted-in at a cap of \$1,250.00 per winery. With the rollover calculated from P2-12 added to the allotted \$50,000 the funds available for P2-13 total \$64,755. With 51 wineries opted in, the cap per winery has been set at \$1,270 per winery with \$3,813.70 paid out as of 9/16/13.

A total of \$330,677.83 of grant funds allotted to the Wholesale Reimbursement program has been distributed. To date, \$18,695.20 has been reimbursed for P1-13 in which 35 wineries represented by 18 wholesalers opted-in at a cap of \$1,640.00 per winery. With the rollover calculated from P2-12 added to the allotted \$37,000 the funds available for P2-13 total is \$56,655. With 39 wineries opted in, the cap per winery has been set at \$1,440 or 72 cases with \$4,890.00 paid out as of 9/16/13.

KDA Staff Report

Wine Trail App Updates:

Mr. Madison reported that the app thus far has proven incredibly successful. The last week of August alone had nearly 2,200 downloads. The latest updated version remedied the existing map issues as well as replaced the splash screen and added an option on each winery page that links directly to that wineries passport/check-in page.

1. Thirty-nine people have complete wine trails (at least 7 wineries) with many hundred check-ins.
2. There have been multiple requests from users to implement a tiered wine trail completion so that they may continue checking-in at wineries.
3. In the near future it may be necessary to discuss costs related to implementing an updated version. Currently, New West is assuming editing responsibilities from the developer so that changes can occur on a more regular basis.
4. Major digital marketing campaigns are scheduled for the app in October-November and April-May.

Vintage Kentucky II Documentary Updates:

Mr. Madison reported that filming should begin with the next week. They will begin filming by capturing harvest at Lover's Leap and are currently on call waiting to hear which day they'll be pulling the reds. Wineries considered in filming include: Cedar Creek, Chrisman Mill, First Vineyard, Jean Farris, Purple Toad, Ruby Moon, Smith Berry, Stone Brook, Verona Vineyard, Wight-Meyer, Old 502, Horseshoe Bend and Lover's Leap. The selection process was based on such factors as: geographical location <state wide as well as major metropolitan areas>, accessibility to a wide range of filming/quality of filming location, diversity/uniqueness in product/facilities compared to other wineries

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selected, historical significance, winery equipment, diversity of owners/winemakers, and accessibility of product to general public. Additionally, for cohesive purposes it is necessary to include a few follow-up interviews from wineries featured in the first documentary as the two documentaries are planned to air in a book-end format.

Website Overhaul:

As previously discussed in the July meeting, Mr. Madison mentioned that he believes that the time has come to overhaul the outdated Kentucky Wine website, particularly with an aggressive all-digital media campaign in 2013/2014 that will direct people to the site. He cited that:

1. The website is nearly six years old.
2. Current updates are not available and many plug-ins updates are not available.
3. Maps on the mobile site are incompatible and cannot be viewed (new websites automatically resize and format to include a mobile version), dead space with low-res graphics and features such as “industry” that have never been used.
4. The new website will phase out the predominant green to a secondary color and focus on the deeper burgundy prevalent in the app. Sleeker appeal that will keep more in tune with the Commissioner’s Cup website style
5. Estimate for total overhaul = \$12,000 (should be close to \$10,000 in reality, with \$2,000 added for any unforeseen issues)

Mrs. Ann Karsner made a motion to approve \$12,000 for website redesign. The motion was seconded by Mrs. Mona Juett, all voted favor and the motion passed.

2014 Winery Guides:

The 2014 Winery Guides/Brochures will continue the theme of phasing out of the dominant green to a secondary color with the more prominent burgundy prevalent in the app. Maps will match the app (broken into regions) as well as winery listings. As with the 2013 winery guides, the 2014 guides will maintain a legend of available amenities while adding new wineries, replacing photos, and changing to heavier weight, matte paper stock. Total proposed costs:

1. Design = \$3,000
2. Printing= \$4,500 (approximated on last year’s price- may be more)
3. Shipping = \$1,000
4. Total Costs = \$8,500

Mr. Roger Leasor made a motion to approve \$8,500 for the completion of the 2014 Winery Guides. Mrs. Patsy Wilson seconded the motion, all voted in favor and the motion passed.

Holiday Posters:

Mr. Madison discussed the desire to create a holiday poster for 2013 that would be the first in a series of annual collectibles utilizing the Commissioner Cup winning wines of the year. An artistic rendering (painting) would be scanned to create full size posters for wineries and retail locations. The quote for completion of this project by New West Advertising Agency is as follows:

1. Design: \$6,000

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2. Printing: \$3,000
3. Shipping \$500

The cost for a minor project with a relatively limited number of prints was deemed unnecessarily high by all present. Ms. Kristen Branscum and Mr. Roger Leasor agreed that the holiday posters are an important project and that by including the Commissioner Cup winning wines in the posters each year is a positive way to continue to encourage participation in the competition Mrs. Mona Juett mentioned working with the Kentucky Arts Council to source the original artwork through an open call competition to their members. Mrs. Juett said that she would connect Mr. Madison with the Kentucky Arts Council and all present agreed that, if an agreement could be met at reasonable costs and within the necessary timeframe, this pursuit would prove more beneficial and cost effective than working through New West.

2013 Wine Tourism Conference:

Mr. Madison discussed attending last year's Wine Tourism Conference in Santa Rosa, CA and found it to be incredibly insightful and very helpful. The conference is geared heavily towards tourism and marketing and is mostly comprised of those who do similar jobs to Mr. Madison in regions across the country. The advisory board for the 2013 WTC includes not only west coast regions but names such as Donnie Winchell of Ohio Wine, Morgen McLaughlin of Finger Lakes Wine Country and Annette Boyd of the Virginia Wine Marketing Board. Mr. Madison reported that not only is it a great networking and informational conference, but that he would also have the option to pour the Commissioner Cup winning wines at the Regional Wine Reception which has many of the top wine bloggers in the US and Canada in attendance. The total estimated cost for travel and conference registration is \$3,000.00. Mrs. Mona Juett made motion approve the costs, which was seconded by Mr. Jeff Wiles. All voted in favor and the motion was approved

Legislative

Mrs. Juett reported that she has recently met with the Secretary of Tourism, Arts & Heritage Cabinet who has spoken with a number of wineries in regards to a push for Sunday sales for Small Farm Wineries.

Research Report & Grower Development

Mrs. Patsy Wilson reported that Kentucky Vineyard Society's Field Day at the University of Kentucky's Research Vineyard is scheduled for October 6th. KVS is in the process of completing a program with details of the event that will be sent out soon.

Wholesale Distribution

No Report

Economic Impact Study

Mr. Madison reported that UK is actually very close to completing the contracted study. Dr. Tim Woods has said that between what he has received from the wineries as well as what he has been able to pull for public record, all he is missing to complete the study is numbers related to tourism. Mr. Madison is compiling a list of estimated paying visitors in 2012 compared to projections of 2013. Once that list is

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compiled and reported to Dr. Woods, he will be able to give the Council a completed Economic Impact Study.

Adjournment

There being no further business, Mr. Roger Leasor made a motion to adjourn the meeting, the motion was seconded by Ms. Kristen Branscum, all were in agreement and the meeting was adjourned at 2:57 pm.