

KENTUCKY GRAPE & WINE COUNCIL
September 19, 2012
Wight-Meyer Vineyard & Winery
Shepherdsville, KY
1:00PM



MEMBERS IN ATTENDANCE:

REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING WINERY OPERATORS:	LOGAN LEET
REPRESENTING WINERY OPERATORS:	CHUCK SMITH
REPRESENTING THE UNIVERSITY OF KY:	DR. JOHN STRANG
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING GRAPE GROWERS:	JEFF WILES
REPRESENTING CITIZAN AT LARGE:	ROGER LEASOR
REPRESENTING TOURISM, ARTS & HERITAGE:	MONA JUETT

MEMBERS ABSENT:

REPRESENTING CITIZAN AT LARGE:	JOHN CARPENTER
REPRESENTING THE KY DEPT. OF AGRICULTURE	KRISTEN BRANSCUM

OTHERS REPRESENTED:

REPRESENTING THE UNIVERSITY OF KY:	DR. TOM COTTRELL
REPRESENTING THE KY DEPT. OF AGRICULTURE	TYLER MADISON
WIGHT-MEYER VINEYARDS & WINERY	JIM WIGHT
WIGHT-MEYER VINEYARDS & WINERY	SANDY WIGHT
STONEBROOK WINERY	BONNIE WALTER

Call to Order

Ms. Dennis Walter called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 1:03pm. Those present introduced themselves. Mr. Tyler Madison called the role and a quorum was confirmed.

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

Financial Report

Mr. Madison reported that, to date, \$452,089.45 of grant funds allotted to the Marketing Cost-Share program has been distributed. Thus far, \$22,351.15 has been paid out for P1-12 (January 1-June30, 2012). For P1-12, 53 wineries opted-in with a cap set at \$950 per winery. To date, \$3,959.13 has been reimbursed for P2-12 in which 58 wineries opted-in at a cap of \$860 per winery.

A total of \$293,312.63 of grant funds allotted to the Wholesale Reimbursement program has been distributed. Thus far, \$16,713.39 has been paid out for P1-12 at a reimbursement rate of \$20 per case and a cap set at \$1,013 per winery, per distributor. To date, \$2,980.00 has been reimbursed for P2-12 in which 19 distributors representing 34 wineries opted-in at a rate of \$20 reimbursement per case at a cap of \$1,100 per winery.

KDA Staff Report

Media Plan:

Mr. Madison reported that the recently approved \$131,000 media plan is currently running. As of 9/4/12, the unobligated funds in the PROMO (Marketing) account totaled \$262,898.81. Subtracting the costs of the approved media plan, the allotted \$10,000 for Facebook/Internet Advertising and \$15,000 for various additional advertising purchases, the account balance for FY2012/2013 is approximately \$106,000.00.

Kentucky Monthly App:

Mr. Madison discussed the yearly contract renewal of the Kentucky Monthly Travel App with council members. During FY 2011/2012, the Kentucky Grape & Wine Council (KGWC) partnered with Kentucky Monthly to include a listing of Kentucky's Wineries in a newly launched travel app. Kentucky Monthly wished to extend the contract another year at a cost of \$5,500. This cost includes 64 winery listings, 10 event listings and a 28% Loyalty Partner Rate. Kentucky Monthly plans to launch a new version of the app this fall that will boast new features including expanded photographic capabilities with a new platform that will allow participant and the end consumer to share information about location through email as well as social media sites. Kentucky Monthly reported that the total number of views for the previous FY numbered 1,720. Also promised with the new interface is an aggressive advertising campaign to increase awareness and subsequent downloads of the app.

Following discussions to the feasibility of apps to successfully capture an audience and the relatively small number of views throughout the previous year, Mr. Roger Leasor made a motion to reject Kentucky Monthly's proposal. Mr. Chuck Smith seconded the motion, all voted in favor and the motion passed.

Mr. Madison suggested that we track the success of the Kentucky Monthly App throughout FY 2012/2013 and revisit the idea of including KGWC funds for inclusion in the app this time next year. Mr. Leasor suggested the idea of exploring the possibilities of creating a virtual wine trail app in which participants can "check-in" to wineries around the state and, after visiting a certain amount, receive a small gift. This idea was robustly received by all members and Mr. Madison agreed to look into development and report back to the Council with further information.

Website Optimization/Internet Advertising:

A Kentucky Wine Facebook ad was created and enacted on August 8, Mr. Madison reported. The ad, which is scheduled at \$50 per day, is running throughout the state of Kentucky, Southern Ohio and Columbus and the Evansville metro market and will run through September 30th costing a total of around \$2,600.00. Appropriate age and interest demographics were selected. In just over a month, the Kentucky Wine Facebook page has nearly quadrupled its "likes," with nearly 4,000 new subscribers. The ad has shown a total of 3.7 million times thus far. The council expressed that this has been an incredibly successful campaign for a relatively small investment and that it would be of benefit to extend the advertising to various other markets (Dayton, Nashville, Knoxville, etc.) and re-run the campaign around Thanksgiving for the holiday season. The previous meeting allotted \$10,000 to Website Optimization, so there are still ample funds available to carry out future ads.

Distribution Issue:

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Mr. Madison raised the concern voiced by many wineries of inability to secure distribution due to size restraints. A discussion ensued concerning solutions to this problem by looking at how other states have coped with similar issues. In particular, Mr. Madison discussed Virginia's Winery Distribution Company run through the Department of Agriculture with wineries acting as independent agents. Mr. Leasor stated that he planned to talk to Distributor lobbyist, Dan Meyer, to ascertain his legal interpretation of such a plan and how the distributors may react and that the council may discuss the issue at future meetings.

New Print Ads:

In the July KGWC meeting, the council agreed to create a new print advertising campaign to coincide with the Kentucky Department of Agriculture's (KDA) new 100% Kentucky Proud Program in which ads will educate consumers to wines made from 100% Kentucky grapes. Proposed logos were passed around that will adorn those products meeting the requirements and Mr. Leasor mentioned that it is of importance to include "100%" somewhere in the graphic to make understanding easier for the consumer. Mr. Madison agreed to meet with NewWest Advertising Agency as well as Doe Anderson to start the creative process and subsequent bids for the advertisements. The campaign is scheduled for release in January of 2013 and it was widely agreed to ensure the KGWC has ads in place by that time to release in conjunction with KDA's announcement.

Wine Map Brochures:

Mr. Madison reported that, although there is an abundance of unused brochures, they are outdated and it is imperative that we print new updated copies in a smaller quantity. Brochures need to be updated yearly with a reference on the brochure to the year of which they are valid. New brochures should coincide with the New Year and should be ready for dissemination by January 1, 2013. A motion was made by Dr. John Strang to approve required costs for printings of updated brochures. Mr. Chuck Smith seconded the motion; all voted in favor and the motion was passed.

Legislative

Mr. Roger Leasor reported that the Governor's Task Force on the study of Kentucky's Alcoholic Beverage Control Laws is meeting as planned and that committees have been subdivided and are meeting accordingly. Mr. Leasor mentioned that no controversial issues will be tackled in this Task Force and that if one committee member is opposed to an item, said item will subsequently be tabled. Mr. Leasor believes that the number of licenses offered in Kentucky will ultimately be consolidated and reduced, but that Kentucky's wineries will be affected very little if any by the outcomes of the Task Force.

Research Report

Dr. John Strang reported that grape harvest is near completion at the University of Kentucky and that Mrs. Patsy Wilson is in the process of making a fair amount of experimental wine.

Wholesale Distribution

No Report

Grower Development

No Report

Economic Impact Study

The KGWC has still yet to receive the commissioned economic impact study from Dr. Tim Woods. There has been significant resistance from wineries to divulge the information that Dr. Woods has

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requested and as such, no progress towards completion has been made. Mr. Dennis Walter suggested securing field agents who would visit individual wineries and ensure that the questions are answered. Mr. Madison commented that Dr. Woods was editing the survey to have a slightly simpler version to resubmit to wineries. It was agreed that Dr. Woods should attend the next KGWC meeting to discuss necessary actions to complete the study.

UK Report

Dr. Strang mentioned that they are currently planning the Fruit and Vegetable Conference at the Embassy Suites in Lexington in January. The KGWC January meeting will take place at the conference. There will be Winemaker's Banquet this year due to cost and planning but the wine tasting will take place in a larger room than it did at the 2012 conference. There will be grape & wine short courses throughout the conference. A winemaking course is planned that will take place, but for expansion reasons, the course will take place at the University of Kentucky as opposed to the Embassy Suites.

Dr. Tom Cottrell passed out a line graph detailing the growth of Kentucky's wineries from 1990-2012. Recently, six wineries have ceased operations, but seven new wineries have opened their doors. Kentucky currently contains 87 small farm winery licenses with 68 currently operating. This is a significant increase from nine operating wineries in 2000.

Announcements

Dr. Tom Cottrell requested cost share funding for interested Kentucky Wine Makers to attend Clark Smith's Fundamentals of Wine Chemistry Course this fall in California. The course would help further educate Kentucky's winemakers and would certainly be a valuable educational asset to help further Kentucky's wine industry. Though universally in favor of such an idea, there was discussion whether any funds could be utilized to pay for such an expense. A motion was made by Mr. Roger Leasor to approve the request at \$10,000 for marketing cost share applicants or a max of 50% cost share of expenses contingent on a clarification with KDA legal staff as to approval of using funds for this event. Mr. Chuck Smith seconded the motion; Mr. Bruce Kunze voted against the motion citing future confusions as to what the council could or could not approve in regards to further education, all others voted in favor. The motion passed

Mr. Madison requested approval from the council to use funds to attend the 2012 Wine Tourism Conference in Santa Rosa, California. Mr. Madison mentioned that this conference would be a useful educational tool for marketing Kentucky wines. Mr. Bruce Kunze made a motion to approve allocation of funds to Mr. Madison for the conference. The motion was seconded by Mr. Dennis Walter; all voted in favor and the motion passed.

Adjournment

There being no further business, the meeting was adjourned at 2:58 pm.