

KENTUCKY GRAPE & WINE COUNCIL
September 21, 2016
KDA Office of Marketing
Frankfort, KY
1:00PM

MEMBERS IN ATTENDANCE:

REPRESENTING CITIZENS AT LARGE:	ROGER LEASOR
REPRESENTING GRAPE GROWERS:	JENNY BEETZ
REPRESENTING GRAPE GROWERS:	BRUCE KUNZE
REPRESENTING KY DEPT OF AGRICULTURE:	MELANIE BLANDFORD
REPRESENTING THE UNIVERSITY OF KY:	PATSY WILSON
REPRESENTING WINERY OPERATORS:	ANN KARSNER

MEMBERS ABSENT:

REPRESENTING CITIZENS AT LARGE:	ANN BAKHAUS
REPRESENTING TOURISM, ARTS & HERITAGE:	JOHN MALLOY
REPRESENTING WINERY OPERATORS:	DENNIS WALTER
REPRESENTING WINERY OPERATORS:	LOGAN LEET

OTHERS REPRESENTED

GOVERNOR'S OFFICE OF AG POLICY:	STEFANIE OSTERMAN
KDA / KGWC PROGRAM MANAGER:	TYLER MADISON

Call to Order:

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

Mr. Bruce Kunze made a motion to approve minutes. Mrs. Jenny Beetz seconded the motion, all voted in favor and the motion passed.

Financial Report:

Wholesale Reimbursement & Marketing Cost Share: September 28, 2016 is the deadline to submit reimbursement requests for P1-16. On 9/29/16, rollover will be calculated and additional payouts or credits will be made to participants that exceeded the P1-16 caps. There are currently 14 wineries that exceeded the cap and 4 distributors/8 wineries. For P2-16, the cap for Marketing Cost-Share is set at \$1,700 per winery and the cap for wholesale reimbursement is set at \$2,700 per winery or 135 cases.

Promo Account: In the June, 2016 meeting, the KGWC approved a working Promo budget for FY17 (July 1, 2016 – June 30, 2017). Currently active projects include work on Phase 2 of the App construction, and the 2017 winery guides which will be delivered in December. One item to note is that in FY16, the KGWC paid for \$46,000 of digital advertising through Centro. The first half of the campaign ran in fall, 2015 and the second half was set to run spring/early summer, 2016. Due to working on the new app and not wishing to advertise the old app, the campaign was put on hold. Once the new app launches, the council will have \$23,000 of digital media to place when appropriate.

KENTUCKY
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KDA Staff Report:

Reg Change: Production Reporting: Mr. Madison will send out the reporting form as well as instructions and information regarding the new change along with P1-17 opt-in letters and emails in December.

IMW Program: At the July meeting, the council discussed the possibility of Mr. Madison being accepted into the Master of Wine (MW) Study Program and the KGWC sponsoring the studies. Mr. Madison was informed on 9/1/16 that out of the 170 qualified applicants worldwide, he was one of 88 accepted.

As requested, Mr. Madison worked with Mr. Logan Leet and Mr. Roger Leasor to compose justifications, benefits to the industry and an assurance/contract to the council for investment. Mr. Madison also met with Commissioner Quarles and KDA staff. With council approval, KDA will compose a percentage of tuition payback contract for Mr. Madison to sign.

Mr. Madison noted that he is not requesting the council to cover all costs: He will pay for all of the required books (substantial cost), sets of wine glasses (to travel with to exams/course days), educational trips (e.g. Grand Crus Classes trip to Bordeaux in the spring) and tasting wines, all of which he estimated to cost between \$14,000-16,000 annually.

Mrs. Jenny Beetz and Mrs. Ann Karsner noted the importance of retaining Mr. Madison for Kentucky's wineries and vineyards and agreed that the industry would greatly benefit from him attaining a certification of this degree. Ms. Melanie Blandford agreed that this is a great opportunity for Kentucky's wineries as well as Mr. Madison.

Mr. Kunze stated the importance of having deliverables created and on file to ensure that the KGWC and the industry may track progress and benefits.

A motion was made by Mrs. Ann Karsner that the KGWC fund the first year of the Institute of Masters of Wine study program, with the cost not to exceed \$15,000. Mrs. Jenny Beetz seconded the motion. Mr. Bruce Kunze amended the motion to include receiving a list of measurable outcomes and contingent on Mr. Madison signing a contract drawn up the Kentucky Department of Agriculture outlining a percentage of tuition pay back plan if Mr. Madison resigns his post within a (yet to be determined and to be decided by KDA) number of years. The amended motion was seconded by Mrs. Ann Karsner, all voted in favor and the amendment passes.

Drink KY App: The name and splash screen/logo will change from "DrinKY" to "Drink KY." This is due to discovering a recently launched app named, "Drinky."

Sweetness Scale: A recent Sweetness Scale Survey sent to all of Kentucky's wineries returned favorable results. Just over 70% of respondents noted that they either have already incorporated the scale into their labels or plan to do so in the near future. The TTB has ruled that adding a sweetness scale describes the product, so wineries need to submit a label approval. Once a scale is included on a label, wineries may change the levels of sweetness without additional label approvals.

Economic Impact Study: The completed infographic created for the economic impact study was presented. Mrs. Ann Karsner suggested changing the wording, "Keeps Kentucky's Glass Half-Full," to, "Keep Kentucky's Glass Full." All agreed.

aLook@t Lexington Proposal: 1.4 million visitors reached annually through the books placed in Central Kentucky hotel rooms and a new app launched that includes listings, visitor guide, dining options, etc. of multiple locations in which aLook@t operates, including Lexington. Recently partnered with Delta so flights with media will now watch a aLook@t media video promoting their free app and the destination city before landing. Sponsorship advertorial: Three pages, first page is advertorial and following two pages have 8 (¼) page ads available. Council cost \$4,000. Cost for each ¼ page ad is \$500 per winery or \$1,000 for half page. Free listings on the mobile app as well. No action taken citing limited funds and lack of state wide presence.

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Council Member Travel Reimbursement: In 2014, a question was raised regarding the travel distance approved for overnight stays at council meetings. The answer given by KDA was 50 miles. Since that time, there has never been a question raised reimbursing Mr. Kunze's travel and accommodations from Owensboro when attending a meeting in Central Kentucky.

Mr. Kunze traveled from Owensboro to Lexington on 8/16/16 for the 8/17/16 KGWC meeting set to be held in Frankfort. Due to unforeseen last minute circumstances, a quorum could not be reached on 8/17/17 and the KGWC meeting was postponed until September. Mr. Kunze's reimbursement request for his overnight accommodations was rejected by KDA citing the statute for KY Personnel Travel Policies and viewing his choice of hotel as not economically advantageous for the commonwealth. However, KDA noted that if the board establishes policy at the next meeting or approves this reimbursement, they will honor the council's wishes.

Mr. Leasor stated the necessity to fill the gubernatorial selected council seats that have sat vacant since January, commenting that reaching a quorum should not be in jeopardy due to a single council member's absence. Mr. Leasor also suggested that the council vote to reimburse Mr. Kunze who is being penalized because of empty vacancies.

Ms. Blandford noted that the location of the hotel chosen (Lexington as opposed to Frankfort) by Mr. Kunze is the reason the reimbursement request was initially rejected.

A motion was by Mrs. Karsner made to reimburse Mr. Kunze's 8/16/16 accommodation expense. The motion was seconded by Mrs. Beetz; all voted in favor and the motion passed.

Mr. Madison agreed to draft a policy for KGWC member travel reimbursement based on government per diem rates to present at the October meeting for council discussion and vote.

Committee Reports:

Legislative

No report

Research

No report

Wholesale and Distribution

No report

Grower Development

No report

UK Report:

No report

Events

Mainstrasse N. KY Wine Festival / KCCWC Competition and Gala

Announcements:

None

Adjournment

There being no further business to discuss, Mrs. Ann Karsner made a motion to adjourn at 3:28 pm.