

KENTUCKY GRAPE & WINE COUNCIL
January 10, 2017
Embassy Suites
Lexington, KY
12:00PM

MEMBERS IN ATTENDANCE:

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
REPRESENTING WINERY OPERATORS:	LOGAN LEET

MEMBERS ABSENT:

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

OTHERS REPRESENTED

GOVERNOR'S OFFICE OF AG POLICY:	HANNAH FORTE
KY DEPARTMENT OF AGRICULTURE (KDA):	KEITH ROGERS
KDA / KGWC PROGRAM MANAGER:	TYLER MADISON
	CJ TACKETT
	AMY TACKETT

Call to Order:

Mr. Tyler Madison called the meeting of the Kentucky Grape & Wine Council (KGWC) to order at 12:03 pm. Mr. Madison called the role and a quorum was confirmed.

Mr. Bruce Kunze made a motion to approve minutes. Mr. Logan Leet seconded the motion, all voted in favor and the motion passed.

Council Chairman and Appointments:

Citing retirement and a lack of direct ties to the industry, Mr. Leasor decided to step down from the KGWC. As such, the council needs to select a new chair.

Mrs. Ann Karsner made a motion to nominate Mr. Logan Leet as Kentucky Grape & Wine Council Chair. Mr. Bruce Kunze seconded the motion, all voted in favor and the motion passed.

Update on Member Appointments: Mr. Madison reported that the seat selections for the expired Grape Grower (Mr. Kunze) and Winery Operator (Mr. Walter) seats should be made within the week. Additionally, the vacant Citizen at Large (Ms. Bakhaus) seat will also be made soon. Mrs. Karsner's Winery Operator seat expired on 1/1/17. Mrs. Karsner has agreed to remain active until the seat is appointed. UK is aware that they need to submit a candidate to the Governor's Office. And finally, there is an open Citizen at Large seat open following Mr. Leasor's resignation. The Citizen at Large seat held previously by Mr. Leasor could be anyone but has traditionally been held by a retailer.

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Financial Report:

Wholesale Reimbursement & Marketing Cost Share: The first grant reimbursement rollover payouts were made for the P1-16 program period in October. Twenty-one wineries exceeded the Marketing Cost Share cap. Rollover from P1-16 totaled \$16,500. After the additional payout (totaling nearly \$75,000 for P1-16), the rollover for P1-17 is approximately \$5,000.

For the wholesale grant, there were 5 distributors/7 wineries who exceeded the cap and will have additional case allotments added to P1-17. A distributor could have as much as 360 cases added to a winery's approved share in P1-17. Trimming down rollover in the wholesale grant will be slower due to the fact that there aren't many wineries that exceed the cap.

Request to Alter Grant Rollover Payout Options for Wholesaler Reimbursement Grant in P2-16: Currently, the grant rollover plan adds additional case allotments (2 program periods out) due to the fact that in statute, the distributor must sell the wine at the same price they purchased it from the wineries. However, a few SFW distributors do not change their prices after exceeding the cap. If a distributor can submit additional paperwork showing matching invoices past cap, it would be very beneficial to them to receive a rollover payout at the conclusion of the grant period (as is the case with the marketing cost share grant payout) as opposed to additional case allotments.

Mr. Bruce Kunze moved to accept the requested change as stated noting the requirement for matching invoices. Mrs. Jenny Beetz seconded the motion, all voted in favor and the motion passed.

Promo Account: In the June, 2016 meeting, the KGWC approved a working Promo budget for FY17 (July 1, 2016 – June 30, 2017). All approved marketing initiatives are currently within budget.

KDA Staff Report:

Drink KY App: Phase 1 launched in late September for iOS. Phase 2 is now nearly complete and is slotted for submission in January. Apple usually takes 2-4 weeks to approve apps. For Android there is an issue with the developer of the previous KY Wine Trails App and yet to launch on this platform. The developers need access to a file that contains user details: check-ins, profiles, email addresses, etc. in order to have current user profiles transfer to the new app. The decision was made to build a new file to avoid further delay. Current Android users will need to be contacted to make them aware of the new app and manually transition their check-in history.

Bereavement Expenses: Mrs. Karsner noted that council should be able to use promotional funds to send flowers/wreaths for funerals of those in the industry and direct family members. All present agreed and the decision was unanimously made to include guidelines to bereavement expenses in future bylaws.

Council Member Travel Reimbursement: Drafted policy proposal for KGWC Travel Reimbursement:
Members shall be reimbursed, payable from the Kentucky Grape and Wine Council fund, for any actual travel expense incurred while attending meetings or official events of the council. Mileage will coincide with current state rates from home/office to meeting/event location.

Selection of lodging location for members attending meetings or official events does not require pre-approval by the council but should make every effort to select the most economically advantageous for the commonwealth.

As such, the choice of lodging must be within a 30-mile radius of the meeting/event location and the total cost may not exceed 30% beyond the max lodging rate of the city/town wherein the meeting/event is held set forth by the US General Services Administration (GSA) Per Diem Rates.

Council members will be responsible for any portion of lodging costs incurred beyond the guidelines.

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Example:

Council Member A travels from Paducah and books a room at the Hyatt Regency in Lexington the night before a January KGWC meeting that will be held in Frankfort. The Hyatt Regency is 20.9 miles from the meeting location. For the evening that Council Member A will stay in Lexington, the rate at the Hyatt is \$169. However, the GSA per diem rate for Frankfort in January is $\$91 + 30\% = \118.30 . In this scenario, Council Member A could submit \$118.30 for reimbursement and would be personally responsible to pay the remaining \$50.70.

The Kentucky Department of Agriculture (KDA) accepts the drafted proposal if the council approves. They noted that this is in addition to state regulations and is the KGWC further defining their travel reimbursement. KDA also believed that this could work as a stop-gap between creating bylaws which they believe would be something the council may want to consider doing and KDA would be happy to assist in this legally.

Mr. Logan Leet made a motion to approve the travel proposal as written. Mr. Bruce Kunze seconded the motion. All voted in favor and the motion passed.

Committee Reports:

Legislative

Vineyard Expansion Grant: According to Keith Rogers, KDA Chief of Staff, “Because of the change in house leadership, it’ll be a difficult and short session. The number one priority of the Department this session is hemp reform. There are also some minor tax issues around the hunger initiative but KDA is ready to push forward with the Vineyard Expansion grant if the council approves.”

Mr. Rogers noted that this is a good time because it’s not a budget session but cautioned that there are always risks. Mr. Rogers suggested that the KGWC encouraged budgeting at least \$50,000 (verbal commitment) towards administrative costs of the KGWC.

Mr. Bruce Kunze made a motion to move forward with the proposed legislative change. The motion was seconded by Mrs. Jenny Beetz. All voted in favor and the motion passed.

Mr. Bruce Kunze made a second motion that the KGWC will agree to allocate 12.5% of the annual budget to administrative costs. The motion was seconded by Mrs. Ann Karsner. All voted in favor and the motion passed.

Research

No report

Wholesale and Distribution

No report

Grower Development

No report

UK Report:

No report

Events

Ms. Melanie Blandford noted that Kentucky Proud will once again act as the title sponsor for the Derby Festival WineFest in May. She asked that the council consider any improvements or suggestions that would make the festival more beneficial to the wineries.

Announcements:

None

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Adjournment

There being no further business to discuss, Mrs. Ann Karsner made a motion to adjourn at 1:31 pm.