

Nebraska Grape and Winery Board

Annual Report 2007

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**BOARD
of
DIRECTORS**

Nebraska Grape and Winery Board of Directors

Eric NelsonVineyard Owner
P.O. Box 312
Raymond, NE 68428
(402) 580-7320
elnelson@alltel.net

Terry RyanVineyard Owner
#1 El Charman Lake Place
Gibbon, NE 68840
(308) 830-0775
tecryan@rcom-ne.com

Max McFarlandWinery/Vineyard Owner
43315 Rd 757
Lexington, NE 68850
(308) 324-0440
mcfarlandm@unk.edu

Ellen BurdickWinery/Vineyard Owner
5052 Rd 197
Lewellen, NE 69147
(308) 778-5543
17ranch@scottsbluff.net

Bart HolmquistVineyard Owner
1333 Prairie View Rd
Eagle, NE 68347
(402) 310-9338
barth@unlserve.unl.edu

Ex-Officio Members

Casey Foster, Nebraska Department of Agriculture
P.O. Box 94947, Lincoln, NE 68509-4947
(402) 471-4876
casey.foster@nebraska.gov

Dr. Gary Cunningham
207 Ag Hall, University of Nebraska-Lincoln, Lincoln, NE 68583-0704
(402) 472-2045
gcunningham2@unl.edu

OVERVIEW of ACTIVITIES

BOARD PARTICIPATION

The Board of Directors met three times this fiscal year (July 1, 2006 – June 30, 2007). Emphasis was placed on establishing marketing and promotional activities and conducting research to assist in the betterment and development of Nebraska's grape and wine industry. The Nebraska Grape and Winery Board approved \$9,200 from the Winery and Grape Producers' Promotional Fund to pay for the development of an NWGGA Display Booth and an Economic Impact Statement. The Economic Impact Statement measured the grape and wine industry's influence on Nebraska's economy. The Board also funded a Nebraska Grape Growers' Survey in an effort to determine the number of grape vines planted in Nebraska and the harvested tonnage in 2006.

From the total allocation amount, \$2,700 was directed to the University of Nebraska - Lincoln Viticulture Program to partially pay for three projects. The first was an interdisciplinary project to monitor vineyards in several parts of the state for environmental and pest parameters. The second was an experiment comparing the performance of important Nebraska-grown grape cultivars on different trellis systems. The third consisted of a study of the adaptation of Marquette grapevines on four different trellis systems. The purpose of all studies were to garner information that will enable the Viticulture Program to provide assistance to Nebraska's grape growers and ultimately help the wineries as they pursue identification of terroirs and possible establishment of American Viticulture Areas in Nebraska.

Promotion of Nebraska's grape and winery industry is a primary goal of the Board. The Board helps the grape and wine industry become a strong and important part of Nebraska's thriving economy. The Board stays abreast of recent legislation affecting Nebraska's grape and wine industry, support NWGGA activities, and work closely with the University of Nebraska to receive guidance and education based upon industry research.

The Board approved a budget for this fiscal year, but it was later adjusted in March to reflect the increase in revenue. The Board initially estimated revenue to be equivalent to \$8,480. However, the January balance sheet indicated revenue of \$10,033.02. The increased availability of funds enabled the Board to fund additional proposals. A total of four projects were approved for funding during the 2006-07 fiscal year.

This annual report includes meeting minutes, contracts, budget, by-laws, statutes, and legislation.

**Grape and Winery Board Meeting Minutes
November 11, 2006
UNL East Campus Union - 3rd Floor
Lincoln, Nebraska**

Board Members Present:	Eric Nelson Ellen Burdick Max McFarland Terry Ryan
Members Absent:	Bob Curtright
Ex-officio Members Present:	Dr. Gary Cunningham, UNL Casey Foster, Department of Agriculture
Guests Present:	Dr. Paul Read, UNL John Fischbach

President Nelson opened the meeting at 7:40 a.m. McFarland moved and Ryan seconded that the agenda be approved. The motion carried unanimously. Ryan moved and Nelson seconded that the minutes of the March 3, 2006, meeting be approved. The motion carried unanimously.

Old Business

The Board officially welcomed new appointees, Ellen Burdick and Max McFarland, to the Board. Paul Read updated us on Bob Curtright's condition. He is very upbeat but still extremely ill, and wishes he could be here with us. The need for a Vice-Chairman to fill the vacancy left by Jim Jeffers was then discussed. Ryan moved, and Burdick seconded that we elect Max McFarland as Vice-Chair of the Board. The motion carried unanimously.

Casey Foster gave an update on the Board's financial status. As of October 2006, the Board's ending cash balance was \$1,437.23. If revenue generated from the wineries last year will be the same as this year, approximately \$7,000 will be deposited into the Board's account in January 2007. This revenue is a result of fees charged to wineries for juice they produce or receive.

At the last meeting, the Board chose to allocate an additional \$300 to UNL's Viticulture Program for the 2005-06 fiscal year. This was in addition to the \$1,587 allocated to UNL earlier in the year. However, by the time the amendment was written and signed by all the parties involved to allow for the transfer of these funds, UNL's fiscal year had closed and the money could not be transferred. The amendment, in the amount of \$300, was voided and the funds were not transferred to UNL Viticulture Program. However, these unspent funds carried over into this fiscal year. McFarland moved and

Ryan seconded that these unspent funds in the amount of \$300 be re-allocated to the UNL Viticulture Program so they can be used this fiscal year (FY 2006-07). The motion carried unanimously.

McFarland moved and Ryan seconded that the Board allocate \$300 to the UNL Viticulture Program for this fiscal year (FY 2006-07) for trellis research materials and field day expenses. The motion carried unanimously. The Nebraska Department of Agriculture will write a contract that will allow for the transfer funds. The contract will be in the amount of \$600 (\$300 from FY 2005-06 and \$300 from FY 2006-07). A written report will be provided to the Board at the next meeting.

New Business

Nelson explained that the survey planned last spring was not completed for a variety of reasons and wondered if the Board still felt one should be done. Burdick asked about the effectiveness of the first one conducted in 2004. A culled-down list from UNL's Vinelines mailing list was used and there were approximately 200 responses. This list can be used again, but the Board may also be able to include the NWGGA's mailing list too. The Board agreed that a survey could provide some good information for the next Legislative session, if it could be completed in time. Burdick asked if the same information could be gathered from the USDA's FSA farm program data or from Nebraska's Liquor Control Commission's wine production data. Foster had checked with some private firms to see if they could conduct the survey, but was unable to obtain any bids. If the survey is done, the Department of Agriculture would provide the paper and labor (stuffing of envelopes) involved in this process, but the Board would be responsible for paying for postage expenses. McFarland felt that it should be emphasized that it is the Board's survey, and it is not being conducted by any one individual for personal purposes. The Board agreed. Burdick moved and Ryan seconded that the Board conduct the survey as soon as possible. The motion carried unanimously. Ryan agreed to try to find the updated survey that was to be used last spring or develop a new one.

Other Business

Dr. Read updated us on UNL's research and handed out a brief summary. Speakers are being lined up for the 10th Annual Spring Forum to be held in Kearney, March 2-3, 2007. UNL received a grant to help with a two-day workshop that was held at Kimmel Orchard to "educate the Extension Educators." Six states were involved and plans are to expand it next year, if funds are available. The research vineyards had good production this last year.

John Fischbach proposed that the Board provide him funds to maintain a web site that he has already launched to promote the industry. Due to time constraints, we decided to address it and any other new proposals at our next meeting.

Dr. Cunningham suggested that we do an RFP at future conferences to solicit ideas to review at the next meeting. Ryan moved and McFarland seconded that for the next meeting all proposals be submitted to the Board Secretary by February 17, 2007, so that they can be distributed to the Board for their review before the meeting. The motion carried unanimously.

The next meeting will be held at the Kearney conference on March 3rd, at that location, after the conference is finished.

Burdick moved and McFarland seconded that we adjourn at 8:37. The motion carried unanimously.

Submitted by:
Terry Ryan, Secretary
Nebraska Grape and Winery Board

Grape and Winery Board Meeting Minutes
March 3, 2007
Holiday Inn
Kearney, Nebraska

Board Members present:	Eric Nelson Max McFarland Ellen Burdick Bart Holmquist Terry Ryan
Ex-officio Members present:	Casey Foster, Department of Agriculture
Ex-officio Members absent:	Dr. Gary Cunningham, UNL
Guests present:	Dr. Paul Read, UNL Sharon Schilling Mike Schilling Dave Hanna Seth McFarland Barry McFarland

President Nelson opened the meeting at 3:05 p.m. McFarland moved and Holmquist seconded that the agenda be approved as presented. The motion carried unanimously. Ryan moved and Holmquist seconded that the minutes of the November 11, 2006, meeting be approved as presented. The motion carried unanimously.

The availability of funding was briefly discussed and its impact on our current budget. President Nelson explained the review process for the Applications for Funding and the subsequent contracts with the Nebraska Department of Agriculture to the Board and the applicants.

1st Proposal: Dave Hanna, on behalf of the NWGGA, explained the need for a statewide impact study of the grape industry in Nebraska and its potential benefits of the data obtained. The actual study would be conducted by the Nebraska Business Development Division from the University of Nebraska at Kearney.

2nd Proposal: Seth McFarland, on behalf of Mac's Creek Vineyards, explained their proposed study methods of minimizing the effects of late spring frosts on grapevines. He also indicated that it was really too late in the growing season to start the project now and asked that we consider funding it as a project for next year.

3rd Proposal: Barry McFarland, on behalf of the NWGGA, explained the need for a new and more portable display booth set-up, including their new logo and tag line.

4th Proposal: Sharon Schilling, on behalf of the NWGGA, briefly explained their passport marketing proposal that they would like to begin yet this spring.

5th Proposal: Dr. Paul Read, from UNL's Viticulture Program, explained the proposed trellis study for the new grape variety, Marquette, involving four different trellising systems. Additional funds would come from the Department's funds. This will be a multi-year study.

6th Proposal: Dr. Paul Read, from UNL's Viticulture Program, explained the proposed Nutrient Deficiency study in western Nebraska. This would also include additional funds from the Viticulture Department and continue for several years.

7th Proposal: The proposal from John Fischbach to fund a web site was previously withdrawn.

Old Business

UNL Report - Dr. Read updated us on the Frontenac study previously mailed to us, the scheduled summer field days, and the November 3, 2007, fall forum/workshop.

Election of Officers - Burdick moved and Holmquist seconded that the current officers be re-elected. The motion carried unanimously. (Nelson-President, McFarland-Vice President, Ryan-Secretary).

Budget - Casey Foster had previously explained the budget and availability of funds for the next fiscal year.

Update on Growers' Survey - The NWGGA's and UNL's Vinelines mailing lists have been received and the survey will go to the Department of Agriculture to be stuffed and mailed. The results will be sent to and tabulated by the University of Nebraska at Kearney, Department of Education.

Wine Quality Assurance Program - there doesn't appear to be enough support within the NWGGA's Wine Council at this point to proceed.

New Business

The budget for 2006-07 was revised and 2007-08 was established.

2006-07 REVISED:

\$8,300 new proposals
\$ 600 grower's survey
\$ 500 admin
\$9,400 total

2007-08: \$9,690 new proposals
\$ 500 admin
\$10,190 total

Ryan moved and McFarland seconded that we fund \$8,300 of the proposals for the rest of this fiscal year (2006-07). The motion carried unanimously. (Breakdown below)

Burdick moved and Holmquist seconded that we fund \$9,690 of the proposals for next fiscal year (2007-08). The motion carried, 4 in favor, 0 opposed, 1 abstention (McFarland). (Breakdown below)

	2006-07	2007-08
Mac's Creek Cold Hardiness	-----	\$1,710
NWGGA Impact Study	\$4,000	-----
NWGGA Display Booth	\$2,200	-----
NWGGA Passport Wine Tour	-----	\$2,000
UNL Trellis Study	\$2,100	\$3,000
UNL Nutrient Deficiency Study	-----	\$2,980
Totals	<u>\$8,300</u>	<u>\$9,690</u>

Other Business

The next meeting is scheduled for November, 2, 2007, (Friday night) in conjunction with UNL's Fall Forum, in Lincoln. The location will be determined at a later date.

Holmquist moved and Burdick seconded that we adjourn at 6:28 p.m. Motion carried unanimously.

Submitted by:
 Terry Ryan, Secretary
 Nebraska Grape and Winery Board

Grape and Winery Board Meeting Minutes
June 29, 2007
Holiday Inn Express
Lincoln, Nebraska

Board Members Present: Eric Nelson
Max McFarland
Bart Holmquist
Ellen Burdick (via telephone)
Terry Ryan (via telephone)

Ex-officio Members Present: Casey Foster, Department of Agriculture

Ex-officio Members Absent: Gary Cunningham, UNL

Guests Present: Paul Read, UNL
Mick McDowell, NWGGA
Mike Salzwedel, Governors Budget Office
Susie Harm, Department of Agriculture
Bob Storant, Department of Agriculture

President Nelson opened the meeting at 7:13 p.m. McFarland moved and Holmquist seconded to approve the agenda as presented. The motion carried unanimously. Holmquist moved and Burdick seconded that the proposed minutes from the March 3, 2007, meeting be approved with the following change: page 2, 7th proposal should read, "The proposal from John Fischbach to fund a web site was previously withdrawn because of incomplete information per the Grape and Wine Board's Request for Proposal previously sent out to all interested applicants." The motion carried unanimously.

Old Business

1. Budget Report: Casey presented the FY 2006-07 year-end report that was previously handed out. There is one outstanding bill for the NWGGA's display booth, \$2,200, that will be paid out of the next fiscal year's budget. Costs for the grape grower's survey, \$535.05, will also be paid in this fiscal year. Other previously approved items have been paid. Holmquist moved and McFarland seconded that we approve the budget report. The motion carried unanimously.
2. Grape Growers' Survey: Max reported that the results should soon be tabulated. Approximately 100 out of 747 surveys were returned. Aggregate numbers should be available in a week or so, and sent to the Board members, then to NWGGA, Department of Agriculture, and UNL. The survey was sent to a combination of NWGGA membership list and UNL's Vinelines mailing list. The NWGGA's webmaster will be contacted to get a reminder sent to members and

Paul will include a reminder in the next Vinelines to return the survey. McFarland moved and Ryan seconded to send final aggregate results of the survey to the NWGGA, UNL Viticulture Program, and the Nebraska Department of Agriculture. The motion carried unanimously.

New Business

1. Review LB 441: Bob Storant highlighted the new law, which goes into effect September 1, 2007. There are currently 168 out-of-state shipping licensees, at \$500/license, which should generate \$84,000 this next fiscal year, including the new excise tax. The funds should be available May 1 for our use. This would continue for five years. Projections from Liquor Control indicate a possible increase in the number of shipper licenses. LB 441A only appropriated the anticipated \$69,000 from the shipper licenses, and not the excise taxes. However, since the excise tax funds were appropriated to the Department of Agriculture Promotion Fund, they will be available to us, also. The total that we can plan on would be \$84,000. The new "Producers Checkoff" on grapes "for sale or delivery," a penny/pound generating approximately \$34,000 annually, would be collected at the point of first sale. Fees would be submitted semi-annually to the Nebraska Department of Agriculture. Grapes sold before September 1, 2007, would not be taxed. Administration of this new activity could cost as much as \$7,000, annually. Any additional Legislative changes could be suggested if necessary. Compliance costs and issues are really unknown at this point. Collecting the fees and enforcement issues were also discussed. A question was raised whether grapes that are grown by the wineries would be subject to the checkoff. If a winery previously kept its vineyard as a separate entity and sold their grapes to the winery, then the tax would need to be paid. If the winery and vineyard operate as one entity, then they would probably be exempt. Since Section 2(1) of LB441 states: ". . . who resells any grapes or product produced from grapes;" those grapes probably would also be subject to the checkoff fee. Considerable discussion was held concerning when the funds would actually be available to be committed, when available to be spent, and the possible effect of carrying them over into the next fiscal year. If the NWGGA and the UNL Viticulture Department could provide us with their plans on how to assist in using these funds, at our November meeting, we would be able to consider that in our allocations. Most of the anticipated \$10,000 of crush fees were already allocated at our March 2007, meeting. Any activities that are contracted for must include language that our funds cannot be paid out until they are available.
2. Discuss Fee Collection Procedures: Bob briefly discussed the process of collecting the fees, the timing, and from whom. Communications between the Department of Agriculture, growers, and wineries will be very helpful. A draft letter to the first purchasers was reviewed and discussed, and will be sent out the first week of August.

3. Establish Budget for 2007-08: It was decided to wait until the November meeting to establish the budget.
4. Determine Funding Allocations/RFP Process: As previously discussed, after we discuss strategic plans with the NWGGA and UNL Viticulture at our fall meeting, we will develop an appropriate RFP and process.
5. UNL Report: Dr. Read updated the Board on UNL's activities. Trellising on the Marquette plots is being installed on UNL's East Campus now, and the nutritional study with Jim Schields is ready to start with a couple growers in the Scottsbluff area. Field days were held in Gibbon and St. Paul last Saturday, and the Fall Workshop/Forum will be November 3. In spite of the obvious downside of the Easter freeze, it will provide the industry with some valuable data on the effects of this kind of weather event.
6. Other: Casey reminded us that state statutes allow voting Board members to be reimbursed for travel expenses for meetings. That will be reviewed in November. Meeting room expenses can either be paid by the Board or the Department of Agriculture. The Department of Agriculture now pays for the official meeting notices. These items will be considered for future expenses. Bob suggested we get a copy of the public meeting laws to have available at the meetings.

Other Business

1. Set date, time, and location for next meeting: The next meeting will be held Friday night at 7:30 p.m., November 2, 2007, in Lincoln, at a location to be determined.
2. Adjourn: MacFarland moved and Holmquist seconded that we adjourn at 9:41 p.m. The motion carried unanimously.

Submitted by:
Terry Ryan, Secretary
Nebraska Grape and Winery Board

WINE & GRAPE PRODUCTION PROMOTION BOARD

JULY 1, 2006 – JUNE 30, 2007

DESCRIPTION	FY2006-07 BUDGET	JUNE, 2007	FY2006-07 YR-TO-DATE	YTD AS % OF BUDGET
BEGINNING CASH BALANCE	\$ 1,402	\$ 10,188.72	\$ 1,401.54	
REVENUE:				
Crushed Grape Fees	6,978		9,195.98	
Investment Interest	100	37.10	228.05	
Donations			0.25	
Total Revenue	\$ 7,078	\$ 37.10	\$ 9,424.28	133.15%
TOTAL AVAILABLE CASH	\$ 8,480	\$ 10,225.82	\$ 10,825.82	
EXPENDITURES:				
Printing	\$	\$	\$ 0.00	
Room Rental			0.00	
Miscellaneous Operating			0.00	
Promotion			0.00	
Contractual				
NWGGA	6,200	4,000.00	4,000.00	
UNL – Vitaculture Dept.	300		600.00	
UNL – Year 1 of Trellis Study	2,100	2,100.00	2,100.00	
Grape Growers' Survey	600		0.00	
Board Expense			0.00	
Total Expenditures	\$ 9,200	\$ 6,100.00	\$ 6,700.00	72.73%
Adjustment to Fund Balance	0			
ENDING CASH BALANCE	\$ (720)	\$ 4,125.82	\$ 4,125.82	

*The ending cash balance is 100% invested in the short-term investment pool.

Percent of Fiscal Year Elapsed: 100%

FY05-06 Revenue To Date: \$7,098.09

FY of-06 Expenditures to Date: \$5,957.66

AGREEMENT

between

NEBRASKA WINERY AND GRAPE GROWERS' ASSOCIATION

and

NEBRASKA DEPARTMENT OF AGRICULTURE

#18-13-052

This Agreement entered into by and between the Nebraska Winery and Grape Growers' Association, hereinafter called the "NWGGA," and the Nebraska Department of Agriculture, hereinafter called the "Department," provides for the funding from the Nebraska Grape and Winery Board funds to NWGGA toward marketing activities to assist in the betterment of Nebraska's grape and wine industry.

WHEREAS, it has been proven that high-quality wine grapes and wines can be produced in Nebraska;

WHEREAS, numerous awards have been won by Nebraska wineries at many of the most prestigious wine competitions proving Nebraska wineries can produce wines meeting local favor and receiving national acclaim;

WHEREAS, the Nebraska Grape and Winery Board, under Neb. Rev. Stat. §§53-301 to 53-305, has conducted a public board meeting and directed the Department to provide funds to NWGGA;

WHEREAS, the promotional activities conducted by NWGGA will greatly assist the Nebraska grape and winery industry;

WHEREAS, both parties hereto desire to enter into this Agreement in order to further promote Nebraska's grape and wine industry.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto that:

1. The Nebraska Grape and Winery Board approved two thousand two hundred dollars (\$2,200) from the Winery and Grape Producers Promotional Fund to pay for the creation of a new NWGGA display booth.

This booth will represent Nebraska's emerging grape and wine industry and a variety of events, meetings, and conferences associated with this

industry. The display will consist of two free standing banner displays, one table cover with the new Nebraska Wines logo and tag line, and four brochure racks. This display is designed to encourage the growth and development of Nebraska's wine industry by creating awareness resulting in the marketing of Nebraska wines. It will present an image of high-quality grapes and wines grown and produced in Nebraska.

The amount of two thousand two hundred dollars (\$2,200) will be used to pay for the creation of this display.

2. Duration of Agreement: This Agreement shall be in force and effective from March 3, 2007, to June 30, 2007.
3. The Department agrees to provide the funds as set out in paragraph 1, from the Winery and Grape Producers' Promotional Fund.
4. NWGGA agrees to provide a final report of the costs to the Department after the booth has been created.
5. Payment in the amount of two thousand two hundred dollars (\$2,200) from the Winery and Grape Producers' Promotional Fund to NWGGA will be payable in full upon both parties signing this Agreement, and NWGGA incurring an obligation. NWGGA shall present an invoice to the Department from which payment shall be made.
6. Funding for this project is subject to legislative appropriations and funding being available. Any unused funds shall be refunded to the Department and credited back to the Winery and Grape Producers Promotional Fund.
7. After the Agreement begins, it is understood that, if additional costs should be incurred, with the mutual written consent of all parties to this Agreement, and provided resources are available, this Agreement may be amended.
8. The parties mutually agree as follows:
 - a. NWGGA shall:
 - (1) Not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, disability, or age; and
 - (2) Not discriminate against any employee or applicant for employment on the basis of race, color, religion, national origin, sex, or qualified disability.

It is further understood and agreed that, if NWGGA is in violation of this clause, it shall be barred forthwith from receiving further funds unless a satisfactory showing is made indicating discriminatory practices have terminated and a recurrence of such act or action is unlikely.

- b. This Agreement incorporates the complete understanding of the parties. Any modification of the Agreement shall be in writing and executed by each party of the Agreement to be valid.
- c. NWGGA agrees to have in force, during the Agreement period, and available for inspection, a policy regarding a drug-free workplace. The policy shall contain:
 - (1) A statement notifying employees that the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited in the NWGGA workplace;
 - (2) The specific actions that will be taken against employees for violating the policy; and
 - (3) A requirement that each employee shall receive a copy of the policy.
- d. NWGGA shall indemnify and hold harmless the Department from any and all claims and liabilities, including costs and legal fees, that may arise out of or on account of any failure on the part of NWGGA to perform such duties for the Department as herein specified. This obligation shall survive the expiration or termination of this Agreement.
- e. The books of account, files, and other records of NWGGA which are applicable to this Agreement, shall be available for inspection, review, and audit by the Department and its representatives to determine the proper application and use of all funds paid to and for the account or benefit of NWGGA.
- f. NWGGA agrees to maintain all books, documents, papers, or other records involving transactions related to this Agreement for a period of five (5) years. If any litigation or audit is begun or a claim is instituted involving the Agreement, NWGGA shall retain the records beyond the five (5) year period until litigation, audit findings, or any claims have been fully resolved and the Department has agreed that such records no longer need to be retained.

- g. NWGGA specifically agrees that funds given to NWGGA shall be used only for the projects and purposes enumerated herein and further acknowledges that expenditures shall not be used for political activity.
- h. Any funds paid to NWGGA under this Agreement, and not fully utilized and earned pursuant to this Agreement during the Agreement period, shall be returned to the Department and credited to the Winery and Grape Producers' Promotional Fund unless otherwise agreed. Furthermore, if NWGGA fails to perform as outlined herein, NWGGA shall be required to repay any unearned funds received under this Agreement.
- i. This Agreement is not assignable without the express written approval of the Department.
- j. This Agreement may be terminated by either of the parties hereto at any time by giving thirty (30) days advance written notice to the other party.
- k. The relationship of the Department and NWGGA under this Agreement shall be that of principal and independent contractor. It is understood by both the Department and NWGGA that NWGGA is not an employee of the Department. It is understood that the Department assumes no responsibility beyond those specifically stated in this Agreement.
- l. All provisions of this Agreement are subject to the Americans with Disabilities Act.
- m. NWGGA guarantees payment of compensation to injured workers according to the Nebraska Workers Compensation Act.
- n. This contract becomes valid upon the date of the final signature.

Approved:

NEBRASKA DEPARTMENT OF
AGRICULTURE

Date

Greg Ibach, Director

NEBRASKA WINERY AND GRAPE
GROWERS' ASSOCIATION

Date

Barry McFarland, Marketing Chairman

nwgacontract-boothdisplay032807.doc

AGREEMENT #18-13-049

between

**BOARD OF REGENTS OF THE UNIVERSITY OF
NEBRASKA**

and

NEBRASKA DEPARTMENT OF AGRICULTURE

This Agreement entered into by and between the Board of Regents of the University of Nebraska, hereinafter called the "Viticulture Program," and the Nebraska Department of Agriculture, hereinafter called the "Department," provides for the funding from the Nebraska Grape and Winery Board funds toward Viticulture Program research activities to assist in the betterment of Nebraska's grape industry.

WHEREAS, it has been proven that high-quality wine grapes and wines can be produced in Nebraska;

WHEREAS, numerous awards have been won by Nebraska wineries at many of the most prestigious wine competitions proving the fact that the Nebraska wineries can produce wines meeting local favor and receiving national acclaim;

WHEREAS, the Nebraska Grape and Winery Board, under Neb. Rev. Stat. §§53-301 to 53-305, has conducted a public board meeting and directed the Department to provide funds to the Viticulture Program;

WHEREAS, the research activities conducted by the Viticulture Program will greatly assist the Nebraska grape and winery industry;

WHEREAS, both parties hereto desire to enter into this Agreement in order to further promote Nebraska's grape and wine industry.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto that:

1. The Nebraska Grape and Winery Board approve six hundred dollars (\$600) from the Winery and Grape Producers Promotional Fund to pay for the Viticulture Program activities, which are to be used for two projects.
 - a. The first is an interdisciplinary project to monitor vineyards in several parts of the state for environmental and pest parameters, with a goal of garnering information that will enable the Viticulture Program to provide assistance to Nebraska's grape growers and ultimately help the wineries as they pursue identification of terroirs and possible establishment of American Viticultural Areas in Nebraska.

- b. The second is to conduct an experiment to compare the performance of important Nebraska-grown grape cultivars on different trellis systems.

Six hundred dollars (\$600) will partially pay for viticulture technologist salary, travel costs to visit sites, installation of monitoring devices, evaluation of trellis systems, material costs for installation of monitoring devices and trellis systems, and data acquisition and communication costs.

2. Duration of Agreement: This Agreement shall be in force and effective from July 1, 2006, to June 30, 2007.
3. The Department agrees to provide the funds as set out in paragraph 1, from the Winery and Grape Producers Promotional Fund.
4. Payment in the amount of six hundred dollars (\$600) from the Winery and Grape Producers Promotional Fund to the Viticulture Program will be payable in full upon both parties signature to this Agreement, and Viticulture Program incurring an obligation. The Viticulture Program shall present an Interagency Billing Transaction (IBT) invoice to the Department to make payment from.
5. Funding for this project is subject to legislative appropriations and funding being available.
6. It is understood that, after the Agreement begins, if additional costs would be incurred, with the mutual written consent of all parties and, provided resources are available, this Agreement may be amended.
7. Viticulture Program shall utilize funds provided by the Department only for facilities, materials, and personnel to conduct the duties called for in this Agreement. Department funds collected from a checkoff fee paid by the industry are not to be used to pay administrative or indirect costs.
8. The parties mutually agree as follows:
 - a. The Viticulture Program shall:
 - (1) Not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, disability, or age; and
 - (2) Not discriminate against any employee or applicant for employment on the basis of race, color, religion, national origin, sex, or qualified disability.

It is further understood and agreed that, if the Viticulture Program is in violation of this clause, it shall be barred forthwith from receiving further funds unless a satisfactory showing is

made indicating discriminatory practices have terminated and a recurrence of such act or action is unlikely.

- b. This Agreement incorporates the complete understanding of the parties. Any modification of the Agreement shall be in writing and executed by each party to be valid.
- c. The Viticulture Program agrees to have in force, during the Agreement period, and available for inspection, a policy regarding a drug-free workplace. The policy shall contain:
 - (1) A statement notifying employees that the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited in the Viticulture Program workplace;
 - (2) The specific actions that will be taken against employees for violating the policy; and
 - (3) A requirement that each employee receives a copy of the policy.
- d. The Viticulture Program shall indemnify and hold harmless the Department from any and all claims and liabilities, including costs and legal fees, that may arise out of or on account of any failure on the part of the Viticulture Program to perform such duties for the Department as herein specified. This obligation shall survive the expiration or termination of this Agreement.
- e. The books of account, files, and other records of the Viticulture Program which are applicable to this Agreement shall be available for inspection, review, and audit by the Department and its representatives to determine the proper application and use of all funds paid to and for the account or benefit of the Viticulture Program.
- f. The Viticulture Program agrees to maintain all books, documents, papers, or other records involving transactions related to this Agreement for a period of five (5) years. If any litigation or audit is begun or a claim is instituted involving the Agreement, the Viticulture Program shall retain the records beyond the five (5) year period until litigation, audit findings, or any claims have been fully resolved and the Department has agreed that such records no longer needs to be retained.
- g. The Viticulture Program specifically agrees that funds given to the Viticulture Program shall be used only for the projects and purposes enumerated herein and further acknowledges that expenditures shall not be used for political activity.
- h. Any funds paid to the Viticulture Program under this Agreement, and not fully utilized and earned pursuant to this Agreement during the Agreement period, shall be returned to the Department and credited to the Winery and Grape Producers Promotional Fund unless otherwise agreed.

Furthermore, if the Viticulture Program fails to perform as outlined herein, the Viticulture Program shall be required to repay any unearned funds received under this Agreement.

- i. This Agreement is not assignable without the express written approval of the Department. This Agreement may be terminated by either of the parties hereto at any time by giving thirty (30) days advance written notice to the other party.
- k. The relationship of the Department and the Viticulture Program under this Agreement shall be that of principal and independent contractor. It is understood by both the Department and the Viticulture Program that the Viticulture Program is not an employee of the Department. It is understood that the Department assumes no responsibility beyond those specifically stated in this Agreement.
- l. All provisions of this Agreement are subject to the Americans with Disabilities Act.
- m. The Viticulture Program guarantee payment of compensation to injured workers according to the Nebraska Workers Compensation Act.
- n. This contract becomes valid upon the date of the final signature.

Approved:

NEBRASKA DEPARTMENT OF
AGRICULTURE

Date

Greg Ibach, Director

BOARD OF REGENTS OF
THE UNIVERSITY OF
NEBRASKA

Date

Norman O. Braaten, Director
Sponsored Programs

AGREEMENT

between

NEBRASKA WINERY AND GRAPE GROWERS' ASSOCIATION

and

NEBRASKA DEPARTMENT OF AGRICULTURE

#18-13-051

This Agreement entered into by and between the Nebraska Winery and Grape Growers' Association, hereinafter called the "NWGGA," and the Nebraska Department of Agriculture, hereinafter called the "Department," provides for the funding from the Nebraska Grape and Winery Board funds to NWGGA toward marketing activities to assist in the betterment of Nebraska's grape and wine industry.

WHEREAS, it has been proven that high-quality wine grapes and wines can be produced in Nebraska;

WHEREAS, numerous awards have been won by Nebraska wineries at many of the most prestigious wine competitions proving Nebraska wineries can produce wines meeting local favor and receiving national acclaim;

WHEREAS, the Nebraska Grape and Winery Board, under Neb. Rev. Stat. §§53-301 to 53-305, has conducted a public board meeting and directed the Department to provide funds to NWGGA;

WHEREAS, the promotional activities conducted by NWGGA will greatly assist the Nebraska grape and winery industry;

WHEREAS, both parties hereto desire to enter into this Agreement in order to further promote Nebraska's grape and wine industry.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto that:

1. The Nebraska Grape and Winery Board approved four thousand dollars (\$4,000) from the Winery and Grape Producers Promotional Fund to pay for the cost of developing an Economic Impact Statement that will define: Direct Impact, Economic Impact and Indirect Impact (Tourism). An impact statement will reflect and measure the grape and wine industry influence on the Nebraska economy using Nebraska data. This data will be able to be used as a tool for presentations for legislative proposals, grant

applications, and general information to NWGGA members and the public. This impact statement will be in electronic format.

Direct Impact will define the total yield of sales of Nebraska wineries and vineyard sales. Economic Impact will define the total impact of the industry on the state's economy. This will include the direct impact of winery and vineyard sales, worker earnings, and employment. Indirect Impact will define the number of visitors to Nebraska wineries in a typical year and would be an initial measure of the level of tourism and recreation activity at the wineries and their respective communities.

The amount of four thousand dollars (\$4,000) will be used to pay for the development of this Economic Impact Statement.

2. Duration of Agreement: This Agreement shall be in force and effective from March 3, 2007, to June 30, 2007.
3. The Department agrees to provide the funds as set out in paragraph 1, from the Winery and Grape Producers' Promotional Fund.
4. NWGGA agrees to provide a copy of the Economic Impact Statement to the Department with a report of the costs for this project.
5. Payment in the amount of four thousand dollars (\$4,000) from the Winery and Grape Producers' Promotional Fund to NWGGA will be payable in full upon both parties signing this Agreement, and NWGGA incurring an obligation. NWGGA shall present an invoice to the Department from which payment shall be made.
6. Funding for this project is subject to legislative appropriations and funding being available. Any unused funds shall be refunded to the Department and credited back to the Winery and Grape Producers Promotional Fund.
7. After the Agreement begins, it is understood that, if additional costs should be incurred, with the mutual written consent of all parties to this Agreement, and provided resources are available, this Agreement may be amended.
8. The parties mutually agree as follows:
 - a. NWGGA shall:
 - (1) Not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, disability, or age; and

- (2) Not discriminate against any employee or applicant for employment on the basis of race, color, religion, national origin, sex, or qualified disability.

It is further understood and agreed that, if NWGGA is in violation of this clause, it shall be barred forthwith from receiving further funds unless a satisfactory showing is made indicating discriminatory practices have terminated and a recurrence of such act or action is unlikely.

- b. This Agreement incorporates the complete understanding of the parties. Any modification of the Agreement shall be in writing and executed by each party of the Agreement to be valid.
- c. NWGGA agrees to have in force, during the Agreement period, and available for inspection, a policy regarding a drug-free workplace. The policy shall contain:
 - (1) A statement notifying employees that the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited in the NWGGA workplace;
 - (2) The specific actions that will be taken against employees for violating the policy; and
 - (3) A requirement that each employee shall receive a copy of the policy.
- d. NWGGA shall indemnify and hold harmless the Department from any and all claims and liabilities, including costs and legal fees that may arise out of or on account of any failure on the part of NWGGA to perform such duties for the Department as herein specified. This obligation shall survive the expiration or termination of this Agreement.
- e. The books of account, files, and other records of NWGGA which are applicable to this Agreement, shall be available for inspection, review, and audit by the Department and its representatives to determine the proper application and use of all funds paid to and for the account or benefit of NWGGA.
- f. NWGGA agrees to maintain all books, documents, papers, or other records involving transactions related to this Agreement for a period of five (5) years. If any litigation or audit is begun or a claim is instituted involving the Agreement, NWGGA shall retain the records beyond the five (5) year period until litigation, audit findings, or any

claims have been fully resolved and the Department has agreed that such records no longer need to be retained.

- g. NWGGA specifically agrees that funds given to NWGGA shall be used only for the projects and purposes enumerated herein and further acknowledges that expenditures shall not be used for political activity.
- h. Any funds paid to NWGGA under this Agreement, and not fully utilized and earned pursuant to this Agreement during the Agreement period, shall be returned to the Department and credited to the Winery and Grape Producers' Promotional Fund unless otherwise agreed. Furthermore, if NWGGA fails to perform as outlined herein, NWGGA shall be required to repay any unearned funds received under this Agreement.
- i. This Agreement is not assignable without the express written approval of the Department.
- j. This Agreement may be terminated by either of the parties hereto at any time by giving thirty (30) days advance written notice to the other party.
- k. The relationship of the Department and NWGGA under this Agreement shall be that of principal and independent contractor. It is understood by both the Department and NWGGA that NWGGA is not an employee of the Department. It is understood that the Department assumes no responsibility beyond those specifically stated in this Agreement.
- l. All provisions of this Agreement are subject to the Americans with Disabilities Act.
- m. NWGGA guarantees payment of compensation to injured workers according to the Nebraska Workers Compensation Act.
- n. This contract becomes valid upon the date of the final signature.

Approved:

NEBRASKA DEPARTMENT OF
AGRICULTURE

Date

Greg Ibach, Director

NEBRASKA WINERY AND GRAPE
GROWERS' ASSOCIATION

Date

Jim Ballard, President

nwgacontract-impact032807.doc

AGREEMENT

between

BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

and

NEBRASKA DEPARTMENT OF AGRICULTURE

#18-13-049

This Agreement entered into by and between the Board of Regents of the University of Nebraska, hereinafter called the "Viticulture Program," and the Nebraska Department of Agriculture, hereinafter called the "Department," provides for the funding from the Nebraska Grape and Winery Board funds toward Viticulture Program research activities to assist in the betterment of Nebraska's grape industry.

WHEREAS, it has been proven that high-quality wine grapes and wines can be produced in Nebraska;

WHEREAS, numerous awards have been won by Nebraska wineries at many of the most prestigious wine competitions proving the fact that the Nebraska wineries can produce wines meeting local favor and receiving national acclaim;

WHEREAS, the Nebraska Grape and Winery Board, under Neb. Rev. Stat. §§53-301 to 53-305, has conducted a public board meeting and directed the Department to provide funds to the Viticulture Program;

WHEREAS, the research activities conducted by the Viticulture Program will greatly assist the Nebraska grape and winery industry;

WHEREAS, both parties hereto desire to enter into this Agreement in order to further promote Nebraska's grape and wine industry.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto that:

1. The Nebraska Grape and Winery Board approved two thousand one hundred dollars (\$2,100) from the Winery and Grape Producers Promotional Fund to pay for a Viticulture Program activity. The procedure for this project will involve the following:

- Marquette grapevines will be planted in each cooperating state using the same four trellis systems—High Cordon (HC, the system employed when testing MN 1211 in the UNVP research site at Nemaha), Vertical Shoot Positioning (VSP), Smart-Dyson (SD) and Geneva Double Curtain (GDC). Spacing will be 8' in rows 12' apart.
- Each trellis system will be replicated four times with six vines per replication in a randomized block design.
- Border plants will be planted on the end of each row in the experimental planting.
- Standard vineyard management practices will be employed as practiced in the respective vineyards.
- Data will be taken from the middle four plants in each block of six vines.
- Data will be analyzed by LSD and SAS systems of analysis; analysis of variance, multiple comparisons and interactions will be analyzed based on Dr. David Marx's recommendations including the use of the appropriate SAS Software Package (SAS Institute, Cary, North Carolina).

The goals of this project are to:

- a. Conduct a study of Marquette (formerly designated as MN 1211) grapevines on four different trellis systems;
- b. Compare yield and crop uniformity among four trellis systems;
- c. Determine if the trellis system has an influence on cold-hardiness; and
- d. Examine the influence of trellis systems on fruit quality parameters.

Two thousand one hundred dollars (\$2,100) will partially pay for viticulture technologist salary, planting stock, and travel costs for local project oversight and implementation.

2. Duration of Agreement: This Agreement shall be in force and effective from March 19, 2007, to June 30, 2007.
3. The Department agrees to provide the funds as set forth above from the Winery and Grape Producers Promotional Fund.

4. Payment in the amount of two thousand one hundred dollars (\$2,100) from the Winery and Grape Producers Promotional Fund to the Viticulture Program will be payable in full upon both parties signature to this Agreement, and Viticulture Program incurring an obligation. The Viticulture Program shall present an Interagency Billing Transaction (IBT) invoice to the Department to make payment from.
5. Funding for this project is subject to legislative appropriations and funding being available.
6. It is understood that, after the Agreement begins, if additional costs would be incurred, with the mutual written consent of all parties and, provided resources are available, this Agreement may be amended.
7. Viticulture Program shall utilize funds provided by the Department only for facilities, materials, and personnel to conduct the duties called for in this Agreement. The Department funds collected from a checkoff fee paid by the industry are not to be used to pay administrative or indirect costs.
8. The parties mutually agree as follows:
 - a. The Viticulture Program shall:
 - (1) Not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, disability, or age; and
 - (2) Not discriminate against any employee or applicant for employment on the basis of race, color, religion, national origin, sex, or qualified disability.

It is further understood and agreed that, if the Viticulture Program is in violation of this clause, it shall be barred forthwith from receiving further funds unless a satisfactory showing is made indicating discriminatory practices have terminated and a recurrence of such act or action is unlikely.
 - b. This Agreement incorporates the complete understanding of the parties. Any modification of the Agreement shall be in writing and executed by each party to be valid.
 - c. The Viticulture Program agrees to have in force, during the Agreement period, and available for inspection, a policy regarding a drug-free workplace. The policy shall contain:

- (1) A statement notifying employees that the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited in the Viticulture Program workplace;
 - (2) The specific actions that will be taken against employees for violating the policy; and
 - (3) A requirement that each employee receives a copy of the policy.
- d. The Viticulture Program shall indemnify and hold harmless the Department from any and all claims and liabilities, including costs and legal fees that may arise out of or on account of any failure on the part of the Viticulture Program to perform such duties for the Department as herein specified. This obligation shall survive the expiration or termination of this Agreement.
 - e. The books of account, files, and other records of the Viticulture Program which are applicable to this Agreement shall be available for inspection, review, and audit by the Department and its representatives to determine the proper application and use of all funds paid to and for the account or benefit of the Viticulture Program.
 - f. The Viticulture Program agrees to maintain all books, documents, papers, or other records involving transactions related to this Agreement for a period of five (5) years. If any litigation or audit is begun or a claim is instituted involving the Agreement, the Viticulture Program shall retain the records beyond the five (5) year period until litigation, audit findings, or any claims have been fully resolved and the Department has agreed that such records no longer needs to be retained.
 - g. The Viticulture Program specifically agrees that funds given to the Viticulture Program shall be used only for the projects and purposes enumerated herein and further acknowledges that expenditures shall not be used for political activity.
 - h. Any funds paid to the Viticulture Program under this Agreement, and not fully utilized and earned pursuant to this Agreement during the Agreement period, shall be returned to the Department and credited to the Winery and Grape Producers Promotional Fund unless otherwise agreed. Furthermore, if the Viticulture Program fails to perform as outlined herein, the Viticulture Program shall be required to repay any unearned funds received under this Agreement.

- i. This Agreement is not assignable without the express written approval of the Department.
- j. This Agreement may be terminated by either of the parties hereto at any time by giving thirty (30) days advance written notice to the other party.
- k. The relationship of the Department and the Viticulture Program under this Agreement shall be that of principal and independent contractor. It is understood by both the Department and the Viticulture Program that the Viticulture Program is not an employee of the Department. It is understood that the Department assumes no responsibility beyond those specifically stated in this Agreement.
- l. All provisions of this Agreement are subject to the Americans with Disabilities Act.
- m. The Viticulture Program guarantee payment of compensation to injured workers according to the Nebraska Workers Compensation Act.
- n. This contract becomes valid upon the date of the final signature.

Approved:

NEBRASKA DEPARTMENT OF
AGRICULTURE

Date

Greg Ibach, Director

BOARD OF REGENTS OF THE
UNIVERSITY OF NEBRASKA

Date

Norman O. Braaten, Director
Sponsored Programs

unlviticulturecontract031307.doc

AGREEMENT

between

NEBRASKA GRAPE AND WINERY BOARD

and

NEBRASKA DEPARTMENT OF AGRICULTURE

#18-13-050

This Agreement entered into by and between the Nebraska Grape and Winery Board hereinafter called the "Board" and the Nebraska Department of Agriculture, hereinafter called the "Department," provides for the funding from the Nebraska Grape and Winery Board funds toward an activity that is designed to gain a better assessment of the number of grape vines in Nebraska and the amount of grapes harvested in 2006.

WHEREAS, it has been proven that high-quality grapes are grown to create Nebraska wines;

WHEREAS, numerous awards have been won by Nebraska wineries at many of the most prestigious wine competitions proving Nebraska wines meet local favor and national acclaim;

WHEREAS, the Nebraska Grape and Winery Board, under Neb. Rev. Stat. §§ 53-301 to 53-305, has conducted a public board meeting and directed the Department to provide funds for a Grape Growers' Survey;

WHEREAS, the activities approved by the Board assists in the betterment of the Nebraska's grape and winery industry;

WHEREAS, both parties hereto desire to enter into this Agreement in order to further promote and expand Nebraska's grape and wine industry.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto that:

1. The Nebraska Grape and Winery Board approves the Department to use up to six hundred dollars (\$600) from the Winery and Grape Producers Promotional Fund to pay for the conduction of a Nebraska Grape Growers' Survey. The Department will mail out surveys to grape growers in Nebraska. The surveys will be developed by the Board, and the UNL Viticulture Program will provide the addresses for this mailing. Returned surveys will be mailed to the University of Nebraska at Kearney (UNK), in

a postage-paid envelope, for tabulation and analysis. The final results will be presented to the Grape and Winery Board.

The purpose of this project is to determine the number of grape vines planted in Nebraska and the harvested tonnage in 2006.

The amount of six hundred dollars (\$600) will be used to pay for the expenses associated with this survey. The expenses include postage for mailing the survey and for the return envelopes, and for reimbursement of the cost of the envelopes. These costs will be reimbursed to the Department from the six hundred dollars (\$600). The Department will provide the paper for the cover letters, surveys, and will provide the labor for stuffing the envelopes. The Department will utilize the services of the State of Nebraska's Central Mail Room to mail the envelopes and place postage on the return envelopes. The cost of the postage will be charged to the Department, but reimbursed through the Winery and Grape Producers Promotional Fund.

- 2. Duration of Agreement: This Agreement shall be in force and effective from March 12, 2007, to June 30, 2007. This contract becomes valid upon the date of the final signature.

Approved:

NEBRASKA DEPARTMENT OF AGRICULTURE

Date

Greg Ibach, Director

NEBRASKA GRAPE AND WINERY BOARD

Date

Eric Nelson, President

BYLAWS

ARTICLE I. AUTHORITY

This organization, its purpose, procedures, and regulations are established pursuant to Neb. Rev. Stat. §§53-301 through 53-305.

ARTICLE II. NAME and LOCATION

The name of this organization shall be the Nebraska Grape and Wine Board, hereinafter referred to as the "Board." The principal business office of the Board shall be located at the Nebraska Department of Agriculture office, P.O. Box 94947, 501 Centennial Mall South, Lincoln, Nebraska 68509.

ARTICLE III. PURPOSE

The purpose of the Board shall be to further the growth and economic development of the grape-growing and wine-making industry in the state of Nebraska to a maximum level as supported by the favorable soil and climatic conditions existing in Nebraska; and to satisfy the market demand for grapes and wine inside and outside of Nebraska. The end objective being to create an economically viable alternative farm crop and wine industry in Nebraska that will enhance the economic condition of the farm industry, in specific, and the state of Nebraska in general.

ARTICLE IV. MEMBERSHIP

Section 1. The Board shall consist of:

- A. Five (5) members to be appointed by the Governor on a nonpartisan basis;
- B. Nebraska Department of Agriculture Director, or designee, who shall have rights of membership except the right to vote; and
- C. Vice Chancellor, University of Nebraska Institute of Agriculture, and Natural Resources, or designee, who shall have rights of membership except the right to vote.

Section 2. Board members shall be:

- A. Citizens of Nebraska;
- B. Twenty-one (21) years of age or older; and
- C. Engaged in, or previously engaged in, wine or grape production or research in this field in Nebraska.

- Section 3. At least two (2) Board members shall be members of the Nebraska Winery and Grape Growers' Association.
- Section 4. Board members shall serve a term of three (3) years or until their successor is appointed.
- Section 5. Vacancies in the Board resulting from resignation, nonperformance of duties, death, or other cause, shall be filled by appointment of the Governor.

ARTICLE V. OFFICERS

- Section 1. The elected officers of the Board shall be:
- A. Chairman;
 - B. Vice-Chairman;
 - C. Secretary/Treasurer;
 - D. Other officers as the Board deems necessary to carry out the duties and responsibilities of the Board.
- Section 2. Officers shall be elected from the members of the Board annually, following the appointment of members to fill expired terms, at the first meeting of the calendar year.
- Section 3. The election of officers requires a majority vote of the Board.
- Section 4. The term of office shall be for one (1) year or until the election of their successor.
- Section 5. Any officer may be removed from office for due cause by a two-thirds vote of the voting members of the Board.
- Section 6. Officer duties shall include:
- A. The Chairman shall:
 - 1. Preside at all meetings of the Board; and
 - 2. Perform all duties normally expected of this office and as may be assigned by the Board.
 - B. The Vice-Chairman shall:
 - 1. Assume full powers and authority as accorded the chairman in the absence of that officer; and
 - 2. Perform all duties normally expected of this office and as may be assigned by the Board or the Chairman.

- C. The Secretary/Treasurer shall:
1. Record the official minutes of all regular and special Board meetings;
 2. Give public notice of all regular and special Board meetings in accordance with applicable state laws;
 3. Prepare and circulate the Board meeting agendas as established by the Chairman;
 4. Serve as the primary liaison between the Board and the Department of Agriculture in all financial matters; and
 5. Be responsible for preparing the Annual Financial Report for the approval of the Board.

ARTICLE VI. MEETINGS

- Section 1. Meetings of the Board shall be held at its principal office in Lincoln, Nebraska, but may be held elsewhere if the notice of the meeting, or the waiver of such notice, so provides.
- Section 2. Regular meetings of the Board shall be held on a biannual basis at such time and place as may be determined by the Board at its previous meeting.
- Section 3. Special meetings of the Board may be called at the request of the Chairman or by any three (3) Board members.
- A. Notice of special meetings shall state the purpose of the meeting.
 - B. Notice of special meetings shall be publicly advertised as required by state law.
- Section 4. A majority of the voting members of the Board shall constitute a quorum. In the absence of a quorum, those present may recess or adjourn to a later date, but may not transact any business for the Board.

ARTICLE VII. POWERS AND RESPONSIBILITIES OF THE BOARD

- Section 1. The Board shall:
- A. Function in an advisory capacity to the Nebraska Department of Agriculture and the Nebraska Liquor Control Commission.
 - B. Elect officers and keep minutes of meetings and other books and records which will clearly reflect all of the acts and transactions of the board, and to make these records available for examination upon request to members of the public.

- C. Authorize and approve the Department of Agriculture's expenditure of funds collected pursuant to Neb. Rev. Stat. §53-304 (LB 477).
- D. Promulgate and adopt rules and regulations to carry out Neb. Rev. Stat. §§53-301 to 53-305, LB 477.
- E. Make and publish an annual report on, or before, January 1 of each year. The annual report shall set forth, in detail, those requisites required in LB 477, Neb. Rev. Stat. §53-305.
- F. Establish a public forum whereby any producer of wine, grapes, or other wine-producing agricultural products has the opportunity, at least once annually, to discuss the Board's policies and procedures at a Board meeting.
- G. Participate in regional, state, national, and international activities with organizations which have, as their objective, developing new and better grape varieties suitable for growing in Nebraska.
- H. Provide current research data conducted by, or for, the Board to grape growers and vintners in Nebraska and to persons considering entering into grape-growing within the state.
- I. Participate in the development of research projects to improve wine making methods utilizing new and old grape varieties grown in Nebraska.
- J. Develop and participate in studies, programs, research, and the dissemination of information and data pertaining to sales, promotion, and the effective distribution of Nebraska wines.
- K. Serve as an advisory panel to the Nebraska Liquor Control Commission in all matters pertaining to the wine industry.

Section 7. Members of the Board shall serve without compensation except that voting Board members shall be reimbursed for their actual and necessary expenses as provided for in Neb. Rev. Stat. §§81-1174 to 81-1177.

- A. Reimbursement, as allowed, shall include attendance at meetings of the Board;
- B. Reimbursement, as allowed, shall include the expense of engaging in the performance of official responsibilities as determined by the Board; and
- C. All expenses shall be approved by a majority of the members of the Board.

Section 8. The Board shall not be responsible, collectively or individually, in any manner whatsoever, to any person or persons for errors in judgment, mistake, or other acts of commission or omission except for their own individual and personal acts of dishonesty or other acts of a criminal nature.

- No member shall be held responsible, individually or collectively, for the criminal act or default of any other Board member.

- Any liability of an individual Board member shall be separate and not joint.

ARTICLE VIII: COMMITTEES

The Chairman of the Board shall establish committees and designate committee members contingent upon approval by the Board.

ARTICLE IX: PARLIAMENTARY AUTHORITY

All meetings shall be conducted within the general rules set forth in the current edition of *Roberts Rules of Order, Newly Revised*.

ARTICLE X: AMENDMENT

The Board may repeal or amend these Bylaws, or any part thereof, by a two-thirds (b) vote of the Board in presence of a quorum, after ten (10) days written notice of the proposed changes in the Bylaws. In the alternative, such amendments may be requested by mail ballot and will become effective if two-thirds (b) return an affirmative vote on the proposed bylaws changes.

ADOPTED: November 2, 2001

Grapebylaws062001

STATUTES

NEBRASKA GRAPE AND WINERY BOARD

- Administration:** These statutes create the Nebraska Grape and Winery Board. That Board is given certain duties under these statutes. For administrative purposes, a fund is located in the Nebraska Department of Agriculture. The revenue from Nebraska wineries is to be used by the Nebraska Department of Agriculture to develop programs that promote the wine industry in Nebraska.
- Adoption:** The provisions of these statutes were last revised during the 2003 session of the Nebraska Legislature. This reproduction was prepared following that session.
- Rules:** The Board is given authority to adopt and promulgate regulations; however, none have yet been developed.

INDEX

<u>Section</u>	<u>Subject</u>
53-301	Nebraska Grape and Winery Board; created.
53-302	Board; officers; terms; expenses.
53-303	Board; powers and duties.
53-304	Winery; payments required; Winery and Grape Producers Promotional Fund; created; use; investment.
53-305	Board; annual report.

53-301. Nebraska Grape and Winery Board; created. (1) The Nebraska Grape and Winery Board is created. The Board shall consist of five members to be appointed by the Governor on a nonpartisan basis. All Board members shall be (a) citizens of Nebraska, (b) at least twenty-one years of age, and (c) either engaged in or previously engaged in wine or grape production or research in this state. At least two Board members shall be members of the Nebraska Winery and Grape Growers' Association. In addition, the Director of Agriculture and the vice chancellor of the University of Nebraska, Institute of Agriculture and Natural Resources or their designees shall be exofficio members of the Board but shall have no vote in Board matters.

(1) Whenever a vacancy occurs on the Board for any reason, the Governor shall appoint an individual to fill such vacancy pursuant to the qualifications set forth in subsection (1) of this section.

53-302. Board; officers; terms; expenses. (1) Within thirty days after the appointment of the initial members of the Nebraska Grape and Winery Board, such Board shall conduct its first regular meeting. During that meeting, the Board members shall elect from among themselves, by majority vote, a chairperson, vice-chairperson, secretary, and treasurer, all to serve for terms of one year from the date of election. Subsequent Board meetings shall take place at least once every six months and at such times as called by the chairperson or by any three Board members.

(2) Each Board member shall serve for a term of three years, upon completion of which he or she may, at the Governor's discretion, be reappointed.

(3) All voting Board members shall be reimbursed for their actual and necessary expenses, as provided for in sections 81-1174 to 81-1177, while attending meetings of the Board or while engaged in the performance of official responsibilities as determined by the Board.

(4) A Board member shall be removable by the Governor for cause. The Board member shall first be given a written copy of the charges against him or her and also an opportunity to be heard publicly. In addition to all other causes, the failure of a Board member to continue to meet any of the requirements for eligibility set out in section 53-301 shall be deemed sufficient cause for removal from office.

53-303. Board; powers and duties. The duties and responsibilities of the Nebraska Grape and Winery Board include, but are not limited to, the following:

(1) To establish a public forum whereby any producer of wine, grapes, or other wine-producing agricultural products has the opportunity, at least once annually, to discuss with the Board its policy and procedures;

(2) To keep minutes of its meetings and other books and records which will clearly reflect all of the acts and transactions of the Board and to make these records available for examination upon request by members of the public;

(3) To authorize and approve the Department of Agriculture's expenditure of funds collected pursuant to section 53-304;

(4) To serve as an advisory panel to the Nebraska Liquor Control Commission in all matters pertaining to the wine industry; and

(5) To adopt and promulgate rules and regulations to carry out sections 53-301 to 53-305.

53-304. Winery; payments required; Winery and Grape Producers Promotional Fund; created; use; investment. Each Nebraska winery shall pay to the Nebraska Liquor Control Commission twenty dollars (\$20) for every one hundred sixty gallons (160) of juice produced or received by its facility. Gifts, grants, or bequests may be received for the support of the Nebraska Grape and Winery Board. Funds paid pursuant to the charge imposed by this section and funds received from gifts, grants, or bequests shall be remitted to the State Treasurer for credit to the Winery and Grape Producers Promotional Fund which is hereby created. For administrative purposes, the fund shall be located in the Department of Agriculture. All revenue credited to the fund shall be used by the Department, at the direction of and in cooperation with the Board, to develop and maintain programs for the research and advancement of the growing, selling, marketing, and promotion of grapes, fruits, berries, honey, and other agricultural products and their byproducts grown and produced in Nebraska for use in the wine industry. Such expenditures may include, but are not limited to, all necessary funding for the employment of experts in the fields of viticulture and enology, as deemed necessary by the Board, and programs aimed at improving the promotion of all varieties of wines, grapes, fruits, berries, honey, and other agricultural products and their byproducts grown and produced in Nebraska for use in the wine industry.

Funds credited to the fund shall be used for no other purposes than those stated in this section. Any funds not expended during a fiscal year may be maintained in the fund for distribution or expenditure during subsequent fiscal years. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

53-305. Board; annual report. The Nebraska Grape and Winery Board shall make and publish an annual report on or before January 1 of each year, which report shall set forth in detail the following:

(1) The name and address of each Board member and a copy of all rules and regulations adopted and promulgated by the Board; and

(2) A detailed explanation of all programs for which the Board approved funding that fiscal year, pursuant to section 53-304, for the research, discovery, promotion, and development of programs for the growing, production, and marketing of Nebraska wines, grapes, fruits, berries, honey, and other agricultural products and their byproducts grown and produced in Nebraska for use in the wine industry.

Each annual report shall be presented to the Nebraska Liquor Control Commission within thirty days after its publication and made available also to any person who requests a copy. Except for the annual copy required by this section to be provided to the commission, the Board may charge a nominal fee to cover the costs of printing and postage for making available copies of its annual reports.

RELATED STATUTES

Farm Wineries Act

INDEX

<u>Section</u>	<u>Subject</u>
53-123.10	Farm winery license; when issued.
53-123.11	Farm winery license; rights of licensee.
53-123.12	Farm winery license; application requirements; fees.
53-123.13	Farm winery; waiver of requirement; when.

53-123.10 Farm winery license; when issued.

A license to operate a farm winery may be issued by the commission upon an applicant's compliance with §53-123.12 and such other requirements as the commission adopts and promulgates by rule and regulation to administer §§ 53-101.02 and 53-123.10 to 53-123.13.

Source: Laws 1985, LB 279, §4.

53-123.11 Farm winery license; rights of licensee.

Farm winery license; rights of licensee.

- (1) A farm winery license shall entitle the holder to:
 - (a) Sell wines produced at the farm winery onsite at wholesale and retail and to sell wines produced at the farm winery at off-premises sites holding the appropriate retail license;
 - (b) Sell wines produced at the farm winery at retail for consumption on the premises;
 - (c) Ship wines produced at the farm winery by common carrier and sold at retail to recipients in and outside the State of Nebraska, if the output of such farm winery for each calendar year as reported to the commission by December 31 of each year does not exceed thirty thousand gallons. In the event such amount exceeds thirty thousand gallons, the farm winery shall be required to use a licensed wholesaler to distribute its wines for the following calendar year, except that this requirement shall not apply to wines produced and sold onsite at the farm winery pursuant to subdivision (1)(a) of this section; and
 - (d) Allow sampling of the wine at the farm winery and at one branch outlet in the state in reasonable amounts.

- (2) No farm winery shall manufacture wine in excess of fifty thousand gallons per year.

Source: Laws 1985, LB 279, §5; Laws 1991, LB 344, §23; Laws 1997, LB 479, §1. 53-123.12 Farm winery license; application requirements; fees. Any person desiring to obtain a new license to operate a farm winery shall:

- (1) File an application with the commission in triplicate original upon such forms as the commission from time to time prescribes;
- (2) Pay the license fee to the commission under subdivision (2) of §53-124, which fee shall be returned to the applicant if the application is denied; and
- (3) Pay the state registration fee to the commission in the sum of forty-five dollars (\$45).

License fees and registration fees may be paid to the commission by certified or cashier's check of a bank within this state, personal or business check, United States post office money order, or cash in the full amount of such fees. The commission shall then notify, by registered or certified mail marked return receipt requested with postage prepaid, the municipal clerk of the city or incorporated village where such license is sought or, if the license is not sought within a city or incorporated village, the county clerk of the county where such license is sought of the receipt of the application and shall enclose with such notice one copy of the application. No such license shall then be issued by the commission until the expiration of at least forty-five days from the date of mailing of such application by the commission. Within thirty-five days from the date of receipt of such application from the commission, the local governing bodies of nearby cities or villages or the county may make and submit to the commission recommendations relative to the granting or refusal to grant such license to the applicant.

Source: Laws 1985, LB 279 §7; Laws 1988, LB 1089, §10; Laws 1991, LB 202, §2; Laws 2000, LB 973, §3. Operative date August 1, 2000.

53-123.13 Farm winery; waiver of requirement; when.

- (1) In the event the operator of a farm winery is unable to produce or purchase seventy-five percent of the grapes, fruit, or other suitable agricultural products used in the farm winery from within the state due to natural disaster which causes substantial loss to the Nebraska-grown crop, such operator may petition the commission to waive the seventy-five-percent requirement prescribed in subdivision (32) of §53-103 for one year.
- (2) It shall be within the discretion of the commission to waive the seventy-five percent requirement taking into consideration the availability of products used in farm wineries in this area and the ability of such operator to produce wine from products that are abundant within the state.

Source: Laws 1985, LB 279, §6; Laws 1986, LB 871, §2; Laws 1989, LB 441, §5; Laws 1991, LB 344, §24; Laws 1994, LB 859, §5.

LEGISLATION

LEGISLATIVE BILL 441

Approved by the Governor May 30, 2007

Introduced by McDonald, 41; Dierks, 40; Heidemann, 1; Hudkins, 21; Rogert, 16; Wightman, 36; Mines, 18

FOR AN ACT relating to alcoholic liquor; to amend sections 53-123.15 and 53-304, Reissue Revised Statutes of Nebraska; to change provisions relating to shippers' license fees; to provide an excise tax on grapes; to define terms; to provide powers and duties; to provide a penalty; to harmonize provisions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 53-123.15, Reissue Revised Statutes of Nebraska, is amended to read:

53-123.15 (1) No person shall order or receive alcoholic liquor in this state which has been shipped directly to him or her from outside this state by any person other than a holder of a shipping license issued by the commission, except that a licensed wholesaler may receive not more than three gallons of wine in any calendar year from any person who is not a holder of a shipping license.

(2) The commission may issue a shipping license to a manufacturer. Such license shall allow the licensee to ship alcoholic liquor only to a licensed wholesaler, except that a licensed wholesaler may, without a shipping license and for the purposes of subdivision (2) of section 53-161, receive beer in this state which has been shipped from outside the state by a manufacturer in accordance with the Nebraska Liquor Control Act to the wholesaler, then transported by the wholesaler to another state for retail distribution, and then returned by the retailer to such wholesaler.

(3) The commission may issue a shipping license to any person who deals with vintage wines, which shipping license shall allow the licensee to distribute such wines to a licensed wholesaler in the state. For purposes of distributing vintage wines, a licensed shipper must utilize a designated wholesaler if the manufacturer has a designated wholesaler. For purposes of this section, vintage wine shall mean a wine verified to be ten years of age or older and not available from a primary American source of supply.

(4) The commission may issue a shipping license to any person who sells and ships alcoholic liquor from another state directly to a consumer in this state. A person who receives a license pursuant to this subsection shall pay the fee required in subdivision (11) of section 53-124. Until April 30, 2012, such fee shall be collected by the commission and remitted to the State Treasurer for credit to the Winery and Grape Producers Promotional Fund.

(5) The application for a shipping license shall be in such form as the commission prescribes. The application shall contain all provisions the commission deems proper and necessary to effectuate the purpose of any section of the act and the rules and regulations of the commission that apply to manufacturers and shall include, but not be

limited to, provisions that the applicant, in consideration of the issuance of such shipping license, agrees:

(a) To comply with and be bound by section 53-164.01 in making and filing reports, paying taxes, penalties, and interest, and keeping records;

(b) To permit and be subject to all of the powers granted by section 53-164.01 to the commission or its duly authorized employees or agents for inspection and examination of the applicant's premises and records and to pay the actual expenses, excluding salary, reasonably attributable to such inspections and examinations made by duly authorized employees of the commission if within the United States; and

(c) That if the applicant violates any of the provisions of the application or the license, any section of the act, or any of the rules and regulations of the commission that apply to manufacturers, the commission may revoke or suspend such shipping license for such period of time as it may determine.

Sec. 2. For purposes of sections 2 to 5 of this act:

(1) Commercial channels means the sale or delivery of grapes for any use, except grapes intended for ultimate consumption as table grapes, to any commercial buyer, dealer, processor, or cooperative or to any person, public or private, who resells any grapes or product produced from grapes;

(2) Delivered or delivery means receiving grapes for utilization or as a result of sale in the State of Nebraska but excludes receiving grapes for storage;

(3) First purchaser means any person, public or private corporation, association, partnership, or limited liability company buying, accepting for shipment, or otherwise acquiring the property in or to grapes from a grower;

(4) Grower means any landowner personally engaged in growing grapes, a tenant of the landowner personally engaged in growing grapes, and both the owner and tenant jointly and includes a person, a partnership, a limited liability company, an association, a corporation, a cooperative, a trust, or any other business unit, device, or arrangement; and

(5) Table grapes means grapes intended for ultimate consumption as produce in fresh, unprocessed form and not intended for wine production, juice production, or drying.

Sec. 3. (1) Except as provided in subsection (2) of this section, an excise tax of one cent per pound is levied upon all grapes sold through commercial channels in Nebraska or delivered in Nebraska. The excise tax shall be paid by the grower at the time of sale or delivery and shall be collected by the first purchaser. Grapes shall not be subject to the excise tax imposed by this section more than once.

(2) The excise tax imposed by this section shall not apply to the sale of grapes to the federal government for the ultimate use or consumption by the people of the United States when the State of Nebraska is prohibited from imposing such excise tax by the United States Constitution and the laws enacted pursuant thereto.

Sec. 4. (1) The first purchaser, at the time of settlement, shall deduct the excise tax imposed by section 3 of this act. The excise tax shall be deducted whether the grapes are stored in this state or any other state. The first purchaser shall maintain the necessary records of the excise tax for each purchase or delivery of grapes on the

settlement form or check stub showing payment to the grower for each purchase or delivery. Such records maintained by the first purchaser shall provide the following information:

(a) The name and address of the grower and seller;

(b) The date of the purchase or delivery;

(c) The number of pounds of grapes purchased; and

(d) The amount of excise taxes collected on each purchase or delivery.

Such records shall be open for inspection during normal business hours observed by the first purchaser.

(2) The first purchaser shall render and have on file with the Department of Agriculture by the last day of January and July of each year, on forms prescribed by the department, a statement of the number of pounds of grapes purchased in Nebraska. At the time the statement is filed, such first purchaser shall pay and remit to the department the excise tax imposed by section 3 of this act.

(3) All excise taxes collected by the department pursuant to this section shall be remitted to the State Treasurer for credit to the Winery and Grape Producers Promotional Fund. The department shall remit the excise tax collected to the State Treasurer within ten days after receipt.

Sec. 5. For each fiscal year beginning with FY2007-08, the Department of Agriculture shall calculate its costs in collecting and enforcing the excise tax imposed by section 3 of this act and shall report such costs to the Department of Administrative Services within thirty days after the end of the calendar quarter. Sufficient funds to cover such costs shall be transferred from the Winery and Grape Producers Promotional Fund to the Management Services Expense Revolving Fund at the end of each calendar quarter. Funds shall be transferred upon the receipt by the Department of Administrative Services of a report of costs incurred by the Department of Agriculture for the previous calendar quarter.

Sec. 6. Any person violating sections 2 to 4 of this act shall be guilty of a Class III misdemeanor.

Sec. 7. Section 53-304, Reissue Revised Statutes of Nebraska, is amended to read:

53-304 Each Nebraska winery shall pay to the Nebraska Liquor Control Commission twenty dollars for every one hundred sixty gallons of juice produced or received by its facility. Gifts, grants, or bequests may be received for the support of the Nebraska Grape and Winery Board. Funds paid pursuant to the charge imposed by this section and funds received pursuant to subsection (4) of section 53-123.15 and from gifts, grants, or bequests shall be remitted to the State Treasurer for credit to the Winery and Grape Producers Promotional Fund which is hereby created. For administrative purposes, the fund shall be located in the Department of Agriculture. All revenue credited to the fund pursuant to the charge imposed by this section and excise taxes collected pursuant to section 4 of this act and any funds received as gifts, grants, or bequests and credited to the fund shall be used by the department, at the direction of and in cooperation with the board, to develop and maintain programs for the research and advancement of the growing, selling, marketing, and promotion of grapes, fruits,

berries, honey, and other agricultural products and their byproducts grown and produced in Nebraska for use in the wine industry. Such expenditures may include, but are not limited to, all necessary funding for the employment of experts in the fields of viticulture and enology, as deemed necessary by the board, and programs aimed at improving the promotion of all varieties of wines, grapes, fruits, berries, honey, and other agricultural products and their byproducts grown and produced in Nebraska for use in the wine industry.

Funds credited to the fund shall be used for no other purposes than those stated in this section and any transfers authorized pursuant to section 5 of this act. Any funds not expended during a fiscal year may be maintained in the fund for distribution or expenditure during subsequent fiscal years. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 8. Original sections 53-123.15 and 53-304, Reissue Revised Statutes of Nebraska, are repealed.

LEGISLATIVE BILL 441A

Approved by the Governor May 30, 2007

Introduced by McDonald, 41

FOR AN ACT relating to appropriations; to appropriate funds to aid in carrying out the provisions of Legislative Bill 441, One Hundredth Legislature, First Session, 2007.

Be it enacted by the people of the State of Nebraska,

Section 1. There is hereby appropriated (1) \$69,500 from the Winery and Grape Producers Promotional Fund for FY2007-08 and (2) \$99,500 from the Winery and Grape Producers Promotional Fund for FY2008-09 to the Department of Agriculture, for Program 27, to aid in carrying out the provisions of Legislative Bill 441, One Hundredth Legislature, First Session, 2007.

No expenditures for permanent and temporary salaries and per diems for state employees shall be made from funds appropriated in this section.