

August 16, 2006

To the Members of the Illinois Grape Growers and Vintners Association:

Great things are happening in the Illinois grape and wine industry. As president of the Illinois Grape Growers and Vintners Association, I'm writing to let you know about the amazing strides being made in the growth of our industry, and to also make you fully aware of some of our challenges. We need your support and involvement now more than ever!

I personally wish to thank all of our members who have taken time away from their businesses over the past several months to meet with our association governing board and help us prioritize the many issues facing our industry this year. Your interest, support, and commitment of your time and resources are greatly appreciated by all of us in the industry of Illinois grape and wine.

The modern Illinois wine industry has grown from a few wineries and scattered acres of grapes in the mid 1980's to more than 60 wineries and over 200 vineyards today - and continues to grow quickly in size and production.

With your input, our organization has worked hard to meet the challenges such rapid growth creates.

Thanks to legislative champions like Senator Kay Wojcik, Representative Mike Bost, Senator Dave Luechtefeld, and many others, in the mid 1990's, IGGVA and its leadership secured \$500,000 a year in funding for the Wine Council, and was authorized the legislative right to direct ship to consumers and self-distribute to retailers, and to generally promote and grow the industry within the State of Illinois.

In 2003, a state budget crisis temporarily put our funding in peril. Thanks again to our lobbyists and legislative leadership and other friends of IGGVA support and funding was again secured for our industry and we have emerged from that experience stronger than before.

We now have \$550,000 of direct state support annually which is managed by a partnership between the IGGVA and several agencies within the State of Illinois.

We once again have state support for a research enologist. We have just now hired Bradley Beam from the University of Minnesota, through the U of I and its U of I Agriculture extension arm. We continue working on building strong support for a state funded viticulturist in partnership with SIU. We have a very productive relationship with Edelman Public Relations, a nationally recognized firm helping us promote our industry within the State of Illinois, with Illinois Tourism, and across the country.

We have secured specific financial support for the Association from the department of Agriculture, helping us compensate Bill McCartney for his invaluable contributions as our Executive Secretary, and allowing us recently to bring on Sherry Campbell as director of external affairs.

As you well know, we have raised our voices loud and clear for a positive outcome in the aftermath of the Granholm decision. In early 2006 we engaged expert legal counsel to represent IGGVA in protecting our legislative rights of direct shipping and self distribution, and have continued our relationship with our government relations advisors, who have also waged a very positive PR battle in the press in support of Illinois grape and wine interests and other duties related to Granholm mandated changes and threats to our industry.

Despite our hard work and long hours, we did not achieve our desired results in the recent legislative session. And recently a lawsuit has been filed in state court in Sangamon County threatening to eliminate our right of self distribution. There is a LOT taking place on a wide variety of fronts, and the IGGVA is working hard every day to respond to those challenges in the legislature, in the media, in the courts, and in the consumer marketplace. Just today the IGGVA First Vice President and President, (Paul Renzaglia and myself), represented our Association in Chicago at an Illinois Liquor Control Task Force organizational meeting to begin an in-depth and comprehensive review and rewrite of the Liquor Control Act and Illinois Liquor distribution and sales Trade Practices. This intensive task force action will work within the committee format to review and re-craft all relevant aspects of the Illinois Liquor Control Act between now and early 2007.

In order to remain effective, we need your help. We need to build a stronger, vibrant, and financially sustainable organization. We need to build a source of funds and monetary resources derived independently from the monies we are granted from State funding. I am honored and always amazed at the tremendous amount of time, energy, and money our officers and directors contribute to this industry on all of our behalf. This highly dedicated board and organizational leadership continues to put in countless hours of volunteer effort. But we can't do it on hard work alone.

At a meeting of our voting membership in Springfield on July 12, 2006, two very important committees were created by vote of the membership.

1. A Winery legislative task force.
2. A Finance Committee.

On August 9th your board of directors met in session in Springfield and formally moved to recognize and appoint IGGVA volunteers to sit on these committees. As a form of action requested from the committees, and subsequently approved by the Board of Directors, IGGVA has moved to establish a self-funding special assessment system which will help provide the financial resources from dues contributions that will assure our Association remains financially viable, stronger, effective, and even more competitive in the public policy arena.

It has been recommended by the IGGVA finance committee, and approved by the IGGVA Board of Directors to create a special assessment on Illinois Grape and Wine production. We believe that by keeping the assessment in small increments LIL SIPS , paid on a regular basis we will be able to create a significant amount of funding for our Illinois initiatives that will allow us to continue to pay as we go for our professional and legislative efforts. Many options have been discussed, but the clear support we were seeking was defined and offered as follows:

Legislative Initiatives for Legal Support of Illinois grape and wine Production Systems

LIL SIPS

LIL SIPS SPECIAL DUES ASSESSMENT #1:

Illinois Wine Production Assessment: \$0.12 assessed on each gallon of wine produced in the State of Illinois, payable by the 15th of each month for the previous month, to be made payable and sent to the treasurer of the IGGVA.

LIL SIPS SPECIAL DUES ASSESSMENT #2:

Illinois Grape Production Assessment: 1% of the price per ton of grapes sold by an Illinois grape grower shall be collected by the winery or grower or grower association or co-op at the time of sale and shall be made payable and sent to the treasurer of the IGGVA. This amount may be collected by the winery on behalf of the grower and submitted by the winery to the Association at the time of filing the wineries monthly assessment report. If submitted by the winery the Treasurer of the Association shall send a receipt to the grower of the amount received from the winery on behalf of the grower as evidence of receipt of payment.

Clarification: It was stated by the committee that a winery with a vineyard shall not be **required** to pay the check off for grapes used from their vineyard in their wine, but may do so voluntarily. If a winery with a vineyard sells their grapes to another winery the grapes sold shall be subject to the grape production assessment.

LIL SIPS assessments shall be due and payable on all grape and wine production beginning with the 2006 Harvest, i.e. August 15, 2006, until further notice.

Taxes and dues assessments are never items easily approved or paid. Our Association is in very serious need of your support of this initiative. Please recognize the tremendous growth and impact that all of our efforts have had on our young industry to date, and also pause to take notice of the benefits that a strong grape and wine industry will contribute to our families, businesses, communities, and State.

I personally ask that you strongly support and assist us with this program. We will only be as strong and effective as the contributions of time, talent, and resources our membership help us achieve. Your participation is needed now more than ever. Our future is very bright and I'm extremely optimistic about where our industry will be at the end of this decade.

I am confident that we can count on you to respond favorably to this call to action.

Very truly yours,

Dick Faltz
President
Illinois Grape Growers and Vintners Association