

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT
BOARD**

Annual Report

July 1, 2019 - June 30, 2020

NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

Annual Report July 1, 2019 – June 30, 2020

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NEBRASKA MILK PURCHASERS
April 3, 2020

<u>Company</u>	<u>Grade A</u>	<u>Manufacturing</u>	<u>Total</u>
Associated Milk Producers PO Box 430 Freeman, SD 57029	24	1	25
Countryside Dairy 56670 880 Road Hartington, NE 68739	1	0	1
Dairy Farmers of America PO Box 901546 Kansas City, MO 64190-1546	82	0	82
Dean Foods PO Box 1210 LeMars, IA 51031-1210	8	0	8
Land O'Lakes Inc. PO Box 168 Volga, SD 57071	1	0	1
Wells Dairy Inc. #1 Blue Bunny Drive LeMars, IA 50131	2	0	2
Jisa Farm Inc. 2653 Q Road Brainard, NE 68626	1	0	1
Clear Creek Organic Farms 82228 499 th Ave Spalding, NE 68665	1	0	1
Wakefield Farms, LLP – Agropur 86051 588 th Ave Emerson, NE 68733	1	0	1
McCarty Farms Beaver City, LLC 42426 Road 713 Beaver City, NE 68926	1	0	1
GOAT Dutch Girl Creamery 2201 W. Denton Rd Lincoln, NE 68523	1	0	1
TOTALS	122	1	123

S:BDF:Nebraska Milk Purchasers632015

NDID Board - Directory

6/26/2020

Mike Amen

Amen Dairy LLC
54681 Half Mile Rd.
Norfolk, NE 68701
Home: (402) 675-1250
Mobile: (402) 649-7589
Work:
Fax:
Email: tmamen69@gmail.com
Represents: At-Large
Board Position Type: Director - Appointed
Officer Position: None
Ships Milk To: Deans Foods - Corporate
Term End Date: 11/2/2022

Amelia Breinig

Nebraska Department of Agriculture
P.O. Box 94947
Lincoln, NE 68509-
Home:
Mobile:
Work: (402) 471-2341
Fax:
Email: amelia.breinig@nebraska.gov
Represents: NE Dept of Ag
Board Position Type: Ex Officio -
Government
Officer Position: None
Ships Milk To:
Term End Date: 1/2/2099

Mike Henn

Henn House Dairy Inc.
54615 1/2 Mile Rd.
Norfolk, NE 68701
Home: 402-675-2449
Mobile:
Work:
Fax:
Email: hhdairy.mh@gmail.com
Represents: Other First Purchaser
Board Position Type: Member
Officer Position: None
Ships Milk To: Land O' Lakes, Inc. -
Corporate
Term End Date: 11/2/2021

Lowell Mueller

Vi-View Farms
27268 Cty. Rd. 14
Hooper, NE 68031
Home: (402) 654-3575
Mobile: (402) 720-0264
Work: (402) 654-3418
Fax: (402) 654-3575
Email: loismueller_51@hotmail.com
Represents: DFA
Board Position Type: Member
Officer Position: Vice Chair
Ships Milk To: Dairy Farmers of America,
Inc.
Term End Date: 11/2/2020

Kent Pulfer

MPM Farm
811 Brooke Dr.
Wayne, NE 68787-1248
Home: (402) 375-2285
Mobile: (402) 369-0918
Work: (402) 375-2285
Fax:
Email: mpm@inebraska.com
Represents: Other First Purchaser
Board Position Type: Member
Officer Position: Chair
Ships Milk To: Wells Dairy, Inc. -
Corporate
Term End Date: 11/2/2022

Joyce Racicky

Elk Creek Dairy
78074 Elk Creek Rd.
Mason City, NE 68855
Home:
Mobile: (308) 212-0542
Work: (308) 732-3263
Fax: (308) 732-3263
Email: racickygregjoyce@yahoo.com
Represents: DFA
Board Position Type: Member
Officer Position: None
Ships Milk To: Dairy Farmers of America,
Inc.
Term End Date: 11/2/2020

Patty Richard

Nebraska Department of Agriculture
P.O. Box 94947
Lincoln, NE 68509-
Home:
Mobile:
Work:
Fax:
Email: patty.richard@nebraska.gov
Represents: Nebraska Dept. of Ag
Board Position Type: Ex Officio -
Government
Officer Position: None
Ships Milk To:
Term End Date: 1/2/2099

Bob Storant

Nebraska Department of Agriculture
P.O. Box 94947
Lincoln, NE 68509-
Home:
Mobile:
Work: (402) 471-2341
Fax:
Email: bob.storant@nebraska.gov
Represents: Nebraska Dept. of Agriculture
Board Position Type: Ex Officio -
Government
Officer Position: None
Ships Milk To:
Term End Date: 11/2/2020

Doug Temme

Temme Agri-Business Inc.
57618 858th Rd.
Wayne, NE 68787
Home:
Mobile: (402) 375-0542
Work: (402) 375-4191
Fax:
Email: temmdo@gmail.com
Represents: AMPI
Board Position Type: Member
Officer Position: Secretary/Treasurer
Ships Milk To: AMPI Inc. Corporate Office
Term End Date: 11/2/2022

NDID Board - Directory

6/26/2020

Todd Tuls

Tuls Dairy LLC
2670 D Rd.
Rising City, NE 68658-3857
Home: (402) 526-2385
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Work: (402) 527-5994
Fax:
Email: todd@tulsdairies.com
Represents: At Large
Board Position Type: Director - Appointed
Officer Position: None
Ships Milk To: Dairy Farmers of America,
Inc.
Term End Date: 11/2/2020

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT
BOARD**

**Financial
Reports**

NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD
 FISCAL REPORT
 JULY 1, 2019 - JUNE 30, 2020

DESCRIPTION	FY 2019-20 BUDGET	JUNE 2020	FY 2019-20 YR-TO-DATE	% OF BUDGET
BEGINNING CASH BALANCE	\$ 99,177	\$ 208,182.85	\$ 99,177.04	
REVENUE:				
Dairy Checkoff	\$ 1,450,000	\$ 80,178.21	\$ 1,359,304.26	
Penalty	100	-11.34	3.15	
Other Revenue	25	0.00	25.00	
Investment Interest	2,900	275.85	4,914.60	
Total Revenue	<u>\$ 1,453,025</u>	<u>\$ 80,442.72</u>	<u>\$ 1,364,247.01</u>	94%
TOTAL AVAILABLE CASH	\$ 1,552,202	\$ 288,625.57	\$ 1,463,424.05	
EXPENDITURES:				
Fee Collection Contract	\$ 7,530	\$ 391.86	\$ 6,988.03	
Midwest Dairy Association	1,442,287	201,086.35	1,294,132.94	
Southwest Dairy Association	0	14,624.30	81,682.50	
Board Expense	1,000		455.52	
DAS Assessments	1,400	0.00	1,845.00	
Annual Audit	6,000	0.00	5,797.00	
Total Expenditures	<u>\$ 1,458,217</u>	<u>\$ 216,102.51</u>	<u>\$ 1,390,900.99</u>	95%
Adj. to fund bal.	<u>0</u>	<u>0.00</u>	<u>0.00</u>	
ENDING CASH BALANCE	<u><u>\$ 93,985</u></u>	<u><u>\$ 72,523.06</u></u>	<u><u>\$ 72,523.06</u></u>	

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

FY 18-19 Revenue to Date: \$ 1,391,537.14 FY 18-19 Expenditures to Date: \$ 1,418,637.92

DESCRIPTION	CONTRACT AMOUNT	JUNE 2020	FY 2019-20 YR-TO-DATE
Department of Agriculture Contract			
Fee Collection	\$ 2,075	\$ 117.90	\$ 1,715.76
Budget & Accounting	4,215	269.71	4,329.10
Auditing	1,240	4.25	943.17
Total	<u>\$ 7,530</u>	<u>\$ 391.86</u>	<u>\$ 6,988.03</u>

**Midwest Dairy Association
Nebraska Division
July 1, 2019 to June 30, 2020**

REVENUE:

NDIDB Checkoff Revenue

12 Months

\$ 1,294,134

EXPENSES:

Innovation:

DMI Projects (incl. UDIA Membership) 330,929

Dairy Experience:

Demand 122,848

Marketing Communications 209,465

Youth Wellness-FUTP60 149,202

Nutrition Affairs 129,774

Farmer Engagement 113,958

Research 49,426

Agricultural Affairs 136,126

Strategic Innovation 15,169

Corporate Communications 90,709

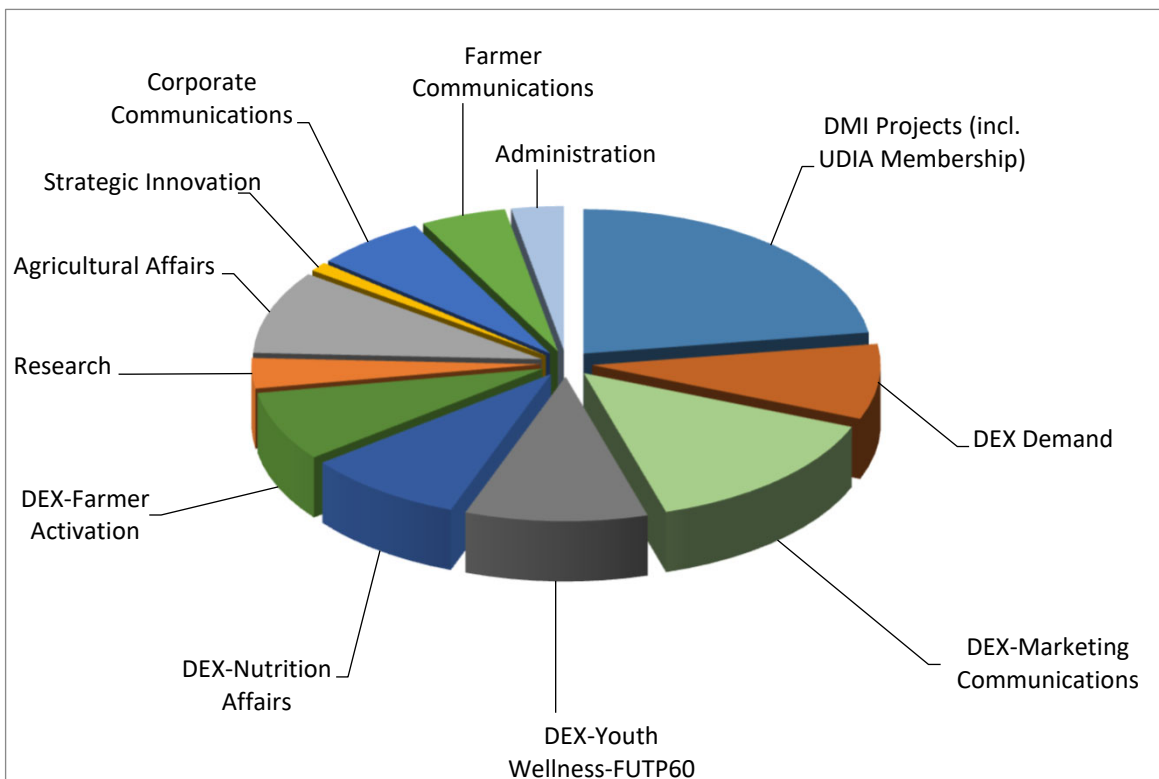
Farmer Communications 70,042

Administration 42,906

Total Expenses \$ 1,460,554

Excess of Revenue over Expenses

\$ (166,420)



Southwest Dairy Museum, Inc.
Receipts and Disbursements
State of Nebraska
July 1, 2019 - June 30, 2020

Income		
	From Nebraska Producers	\$ 81,682.50
Total Income		\$ 81,682.50
Nebraska Direct Expenses		
	Travel (Includes Fuel)	\$ 304.56
	MDC Expenses	\$ 334.22
	TOTAL BASIC EXPENSES	\$ 638.78
	Special Education Programs	\$ 10,458.64
	College Athletic Programs	\$ 11,203.00
	TOTAL SPECIAL PROMO PROGRAMS	\$ 21,661.64
Nebraska Indirect Expenses 1/		\$ 32,330.05
Total Expenses		\$ 54,630.47

1/ Indirect Expenses have been allocated to Nebraska at a pro-rata rate based on the percentage of Nebraska funds to our total receipts of dairy producer check-off funds. This percentage (1.998%) was applied to shared operational accounts (not reflected in the direct expenses) for the Southwest Dairy Museum's total operation. All direct expenses are the actual cost incurred at promotional and educational events performed in Nebraska.

2/ Scheduled Mobile Dairy Classroom and College Athletic (Creighton) events after March 16, 2020 cancelled due to COVID-19 pandemic.

NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

Dairy Promotion Organizations

Nebraska dairy farmers pay checkoff of fifteen cents per hundred-weight of milk they produce. The checkoff is collected by the first purchaser of each producer's milk. Five cents is sent to the National Dairy Board which provides funds for the national Unified Marketing Plan (UMP) developed by Dairy Management, Inc. The other ten cents is paid to the Nebraska Dairy Industry Development Board (NDIDB). The NDIDB funds USDA qualified program organizations for dairy promotion activities. The NDIDB is itself a USDA qualified program organization.

During the period July 1, 2019 through June 30, 2020, NDIDB funded the following two qualified program organizations:

1. Midwest Dairy Association (Midwest Dairy). Under contract, Midwest Dairy implemented programs intended to contribute to the betterment of Nebraska's dairy farmers and the state's dairy industry, including 1) the local components of the UMP, 2) the national UMP funding commitment, and 3) other promotion programs in Nebraska consistent with the interests of Nebraska dairy producers. Programs funded during the period are further described in the Promotion Highlights.
2. Southwest Dairy Farmers (Southwest Dairy). Under contract, Southwest Dairy began implementing Mobile Dairy Classroom programs in Nebraska. Programs are further described in the Report of Activities.

Nebraska Dairy Promotion Highlights

July 1, 2019–June 30, 2020

Midwest Dairy focuses on dairy promotion plans developed at the national level, as well as a variety of state-specific initiatives developed for various local key audiences to drive demand and confidence of dairy foods nationally, regionally and locally. Our goal is to bring dairy to life by giving consumers an excellent dairy experience. The impact of national programs such as partnerships with McDonald's, Domino's, Pizza Hut and Taco Bell help increase sales of dairy through new menu and product innovations, while strategies to work with and through thought leaders and partners help dairy farmers tell their stories to build overall consumer confidence and trust in dairy foods and farming practices.

Domestic and International Partnerships

National partnerships play a foundational role in the dairy checkoff's work and its mission to drive dairy sales and trust by working with, and through, food and beverage industry leaders both domestically and internationally. These partnerships focus on immediate and long-term sales opportunities with a concentrated focus on product, menu and packaging innovation along with advertising.

Domestic Foodservice Partnerships

Checkoff has continued its partnerships with foodservice leaders **Domino's®**, **McDonald's®**, **Pizza Hut®** and **Taco Bell®**. These partners contributed more than 100 million incremental milk pounds in 2019—continuing a



long-term dairy volume growth trend over the last few years. In fact, the checkoff's foodservice partners have averaged 3% growth in milk equivalent pounds since the cumulative start of each partnership. In 2019, our partners had nearly 4,500 locations within the Midwest Dairy region, with over 210 in Nebraska alone. Additionally, our partners collectively invest ~\$1.5 billion in national advertising to help tell our farmer story.

Checkoff supports partnerships with dairy food scientists and other experts in consumer insights, innovation, marketing and nutrition. They work in collaboration with their foodservice partner colleagues to advance dairy-focused product innovation, menu development, marketing and technology efforts that help drive sales and trust. This includes leveraging dairy in new ways to meet evolving consumer needs, including offering new foods at new opportunities, including breakfast and snacking.

And, even more important, these partners are category leaders—and capture the attention of their competitors nationally and locally. This “catalytic impact” means, for example, when McDonald's revamps their McCafé specialty beverage portfolio, other chains often follow—with no additional investment from the dairy checkoff.



While the COVID-19 pandemic has affected product launches, our partners continue to elevate dairy within their efforts.

- Domino's supported our dairy trust efforts by incorporating dairy's story on pizza boxes, within their mobile Pizza Tracker and digital efforts. Additionally, they expanded Smart Slice pizza to more than 12,000 schools.
- McDonald's continued its focus on menu development including the reintroduction of a reduced-sugar chocolate milk and supporting the national Shamrock Shake event. They also supported trust efforts by showcasing a local Midwest Dairy farmer story on their website and have donated over \$1.5M of dairy products during COVID-19.



- Pizza Hut continues to deliver cheese-centric innovation with products like the Cheez-It pizza, Pizza Hut's spin on a favored consumer snack, Cheez-It. Earlier this year, they launched the Mozz Crunch Pizza, the cheesiest pizza ever, with more than double the amount of cheese versus hand tossed pizza. Finally, they continue to offer the ever-popular Stuffed Crust pizza, which features cheese in the crust.
- Taco Bell continues to innovate with cheese with launches like the Toasted Cheddar Chalupa which features a new, aged cheddar cheese variety. Additionally, they launched a dairy-inclusive beverage, the Pineapple Whip Freeze, helping get dairy into their beverage menu.



Domestic Fluid Milk Partners

Revitalizing the fluid milk category remains a checkoff priority. To accomplish this, we work with targeted fluid milk processors who share farmers' commitment to invest in innovation, packaging and branded marketing efforts to address two core goals:

- Stabilizing the 40-plus year decline in fluid milk sales with a focus on growing "milk as milk" through new products
- Growing milk-based beverages that lets milk "be the competition." This means milk serves as a primary ingredient in coffees, teas, smoothies and other ready-to-drink beverages

Through this initiative, we partnered with four core dairy/food companies: **Dairy Farmers of America®**, **Darigold®**, **Kroger®** and **Shamrock Farms®**. These efforts have led to sustainable change for the category through investments in advertising, staffing and product innovation. In 2019, these partners launched new beverages in growth-driving segments below and continue to support them with marketing:

- Value-added milk from Darigold, which led Borden, Horizon and Meijer to launch similar products
- Indulgent, flavored whole milk, Private Selection "Primo Pastures" from Kroger, which was followed by a premium flavored milk from Dean Foods' TruMoo brand
- On-the-go energy drinks made from milk which we partnered with Shamrock Farms to deliver. Shamrock Farms extended its Rockin' Protein line to include a Rockin' Energy extension (a single-serve energy beverage made with milk)
- Dairy milk + plant blended beverages launched by Dairy Farmers of America, under their Live Real Farms brand, to meet consumer demand for plant-based products and keep them in the milk category

Checkoff has also partnered with the Milk Processor Education Program (MilkPEP) and leading brands to create the Milk Revitalization Alliance. This effort provides retail-specific category leadership and shopper/consumer trend insights to help retailers understand how they can leverage and build the milk category.

International Partnerships

Checkoff has embarked on direct partnerships with companies who supply or purchase US dairy to accelerate international sales. This effort builds on the successful domestic partnership model with foodservice companies and dairy cooperatives and processors by serving as expert consultants to provide marketing, packaging, insights, innovation, supply chain and social responsibility support to advance US dairy.

Global foodservice partners include **Pizza Hut® Asia Pacific**, **KFC® in Latin America** and **Domino's®** which have delivered positive results for US dairy exports:

- Pizza Hut Asia Pacific continues to drive U.S. cheese sales through the launch of several limited time offers, such as the Cheese7 Iberian Pork in Japan and Cheesy7 in Korea.
- KFC also grew US dairy sales in its Latin America and Caribbean market by pairing chicken with US-produced cheese. The “Chicken & Cheese Pop,” a mix of popcorn chicken and cheese curds that are breaded with KFC’s 11 herbs and spices.
- Domino’s Japan launched its Ultra Cheese Portfolio which offers three times the US cheese versus regular pizza. DMI provided marketing support that helped raise awareness among Japanese consumers.

Midwest Dairy Promotion in Action

Midwest Dairy has partnered with Nebraska schools to increase access and consumption of dairy foods and supported student activity through Fuel Up to Play 60, a program designed to help schools meet their wellness goals and encourage youth to consume nutrient-rich foods, including dairy, and achieve at least 60 minutes of physical activity each day. Midwest Dairy also worked with and through partners to increase demand for dairy and reached out to thought leaders, including health and wellness professionals, to help them better understand how dairy foods get from the farm to the store. Additionally, Midwest Dairy pursued research benefiting our product priorities, supported the national Undeniably Dairy campaign and worked to develop young dairy leaders.

The presence of COVID-19 brought disruption and uncertainty to Midwest Dairy’s strategic plan, but with quick pivots, Midwest Dairy was able to support our partners in schools, food banks, and at retail to ensure dairy was not only available for students and families, but properly stored and cared for to ensure a positive dairy experience for consumers.

Following are examples of Midwest Dairy’s work in Nebraska representing both the implementation of the national plan and activities unique to the state and region.

School Partnerships Support Student Meal Participation and Emergency Meal Distribution through COVID-19, Develop Dairy Champions

Midwest Dairy partnered with Millard Public Schools (MPS) on projects that increase student demand for dairy throughout the 2019–2020 school year. MPS is the third largest school district in Nebraska with more than 24,000 students enrolled from kindergarten through 12th grade. The school recognizes students as customers and provides them with appealing meal options that meet nutrient needs and taste great.

Three projects were implemented during the 2019–2020 school year: new pizza ovens, smoothies and hot chocolate milk. These three projects have resulted in increased dairy sales across the district. From July 2019 to January 2020, yogurt usage increased 430 gallons, cheese volume increased 3,866 pounds and milk usage increased 1,766 gallons compared to the prior year. Daily student participation in both breakfast and lunch increased as well, resulting in increased dairy sales with milk offered at each meal and cheese and yogurt often offered on the menu. In addition, MPS is dedicated to marketing these dairy options to students and parents through social media.



Students from Millard Public Schools enjoy pizza made with ovens funded by Midwest Dairy.

Midwest Dairy quickly pivoted strategy and funds when the pandemic led to school closures in March 2020. To support Nebraska schools continuing to serve to-go meals that include dairy and to ensure a positive dairy experience, Midwest Dairy distributed more than 1,500 insulated cooler bags and 50 barrel coolers to school districts across our 10-state region, including 30 cooler bags to five school districts in Nebraska. These soft-sided, insulated milk crate cooler bags and barrel coolers were given to school nutrition departments to provide cold milk through curbside or bus-delivered alternative feeding methods. This was critical for the health of Nebraska's children and to continue the 7% of fluid milk that typically flows through the K-12 school channel.

Additionally, Midwest Dairy supported the launch of a COVID-19 Emergency School Nutrition fundraising campaign called Raise a Hand for School's Sake established by GENYOUth, a foundation founded by America's dairy farmers and the National Football League. As of June 2020, 32 Nebraska schools have been awarded funding to continue to serve meals during the pandemic.

Giving Nebraska Consumers an Excellent Dairy Experience



A colorful graphic welcomes visitors to the virtual Moo at the Zoo experience

Moo at the Zoo is a long-standing Nebraska tradition, bringing together consumers, cows and dairy farmers at Omaha's Henry Doorly Zoo and Aquarium to kick off and celebrate National Dairy Month. In June 2020, due to COVID-19, the zoo was closed to visitors; however, the popularity and excitement for Moo at the Zoo presented an opportunity to think differently about how the experience could come to life for consumers. Midwest Dairy, in partnership with the zoo, executed a virtual experience to engage consumers in dairy's story.

Three virtual field trips were developed, highlighting similarities in care and commitment that dairy farmers and zookeepers provide in their work, showcasing care of animals and commitment to sustainability. As of June 2020, the videos have received more than 13.4 thousand views, 214 likes and 44 shares. Facebook and Instagram promotion resulted in 573,853 consumer impressions. The videos are still available for continued access on the zoo's social channels.

In collaboration with the Nebraska Pork Producers Association, Midwest Dairy also worked with Chef Nader Farahbod, from Billy's Restaurant in Lincoln, Nebraska, to bring dairy to life through five cooking demonstrations featuring dairy and pork-based dishes for the second year at the Nebraska State Fair in 2019.

Fairgoers also had the opportunity to talk to the Nebraska Fuel Up to Play 60 student ambassador, Quade Peterson, about his Fuel Up to Play 60 experience. Peterson's involvement increased both awareness for and excitement about the program and its success in shaping healthy habits among student populations. In addition, Nebraska dairy ambassadors connected with fairgoers to talk about dairy farming in Nebraska.

In partnership with the Grand Island YMCA, Midwest Dairy provided support for the Nebraska State Fair Marathon, a new initiative in 2019. The marathon offered chocolate milk for runners at the finish line and Midwest Dairy provided promotional items that highlighted chocolate milk as an excellent source of protein and electrolytes for refueling after workouts.



Chef Farahbod poses for a picture with a fairgoer after he made a delicious macaroni and cheese dish for demonstration attendees.

Midwest Dairy Supports Local Families in Need Through One Time Food Bank Donation and Refrigeration Grants



Farmer Heath Snodgrass (right) poses with Automated Dairy Specialist Manager Connie Bellingtier (left) and Antelope County Food Pantry Manager Bev Anderson (middle) next to a refrigeration unit funded by Midwest Dairy.

Food banks across the region saw unprecedented need as a result of the pandemic, setting records for daily and weekly food distribution and illuminated the urgency of new resources and avenues to connect community members with a sustainable food supply. With unemployment numbers climbing and schools—where many children receive most of their daily meals—closed this spring and summer, the demand for sustainable food was at a record high.

To provide more dairy products to those facing food insecurity, Midwest Dairy donated \$500,000 to food banks in the 10 states it represents—which included a donation to the Food Bank for the Heartland in Omaha and the Lincoln Food Bank. Experts and research suggest that food insecurity will continue rising during and after the pandemic, making every dollar food banks receive even more valuable in this unprecedented time of need.

In addition, Midwest Dairy provided eight commercial-sized refrigerators to food pantries in rural communities in Nebraska on behalf of Midwest dairy farm families, allowing safe and increased distribution of dairy foods.

Midwest Dairy Partners with Local Physician to Promote the Role of Dairy in a Healthy Lifestyle



Dr. Laura Armas highlights the benefits of including dairy in your diet

According to the Center for Food Integrity research, consumers look to family doctors as the number one most trusted source of information for food-related issues. Farmers are number three on the list of trusted sources of information and registered dietitians are number four.

Based on these insights, Midwest Dairy focused on working with physician partners and influencers in health and wellness who provide advice to patients and clients regarding healthy choices for optimal wellness. In Nebraska, we partnered with Dr. Laura Armas, a physician-endocrinologist at the Nebraska Medical Center in Omaha, who specializes in osteoporosis and diabetes. Dr. Armas is an advocate for dairy and has done extensive research and

published several research articles in medical journals on calcium absorption.

This past fall, Midwest Dairy hosted Dr. Armas and other health and wellness influencers on a dairy farm tour to learn about dairy farming practices firsthand. As a result, Dr. Armas created a series of videos that promoted dairy foods as a powerhouse of nutrition for optimal bone health. The videos were used in projects to promote the Pints to Gallons Campaign in Nebraska to raise funds for the purchase of milk for families in need through the Food Bank for the Heartland and as part of the Go Big Breakfast Campaign, a project in partnership with the Nebraska Department of Education promoting alternative breakfast programs in Nebraska schools.

Midwest Dairy Presents Research to Promote Dairy's Role in the Diet

Due to COVID-19-related social distancing recommendations, the Nebraska Academy of Nutrition and Dietetics (NAND) adjusted their annual two-day conference to a half-day virtual conference. During the conference, National Dairy Council's Matthew Pikosky PhD, RD, vice president of nutrition research at Dairy Management Inc., presented on the dairy food matrix and shared about dairy's role in the diet with Nebraska dietitians.

The dairy food matrix is an emerging area of research that explains how unique combinations of nutrients and bioactives work together in synergy to impact health. Dr. Pikosky highlighted the unique components of the dairy matrix and showcased research that supports how consuming milk, cheese and yogurt is linked to lower risks of cardiovascular disease, type 2 diabetes and overall bone health.



DMI's Matthew Pikosky showcases the Dairy Food Matrix, reinforcing dietary guidelines recommendation for three daily servings of dairy at the NAND virtual conference.

The presentation reached more than 200 dietitians in attendance at the virtual conference, nearly the same number that typically attend the annual conference in person. The session was also recorded and is available for NAND members to view to reach additional dietitians with information about dairy’s role in nutrition.

Midwest Dairy Convenes Future Dietetic Professionals in Virtual Discussion, Training

Midwest Dairy, in partnership with Hy-Vee and the Nebraska Beef Council, hosted a virtual media training for 16 dietetic interns from the University of Nebraska Medical Center and the University of Nebraska Lincoln Dietetic Internship Program. The dietetic interns have received an undergraduate degree in nutrition science and are completing an internship to achieve a registered dietitian credential. Many are also working on a master’s degree. The virtual media training equipped the interns with tools and resources to answer consumer and client questions about dairy foods. The interns represent a younger generation of consumers and future health professionals that have questions about dairy and will work with conflicted health seekers as they enter their professional career.

Midwest Dairy Partners with Food Bank and Schools to Secure Milk for Families in Need

The Nebraska Pints to Gallons campaign, in its fifth year, is an example of Midwest Dairy working through partners to share Undeniably Dairy messaging and support local families in need. Midwest Dairy, in partnership with the Food Bank for the Heartland and Together Inc., organized the Pints to Gallons campaign with the goal of increasing awareness about the important role milk and dairy foods play in a healthy diet, while working with local schools and community partners to raise funds to purchase fresh milk for local families in need. In 2020, Nebraska schools raised more than \$14,000 to be donated to Food Bank for the Heartland to purchase milk throughout the year for families in need.



Midwest Dairy Foods Research Center Provides Research Expertise to Dairy Industry

The Midwest Dairy Foods Research Center (MDFRC) is a collaborative effort between dairy farmers and land-grant universities with a mission of delivering research and education that benefit consumers and fuel a strong market for Midwest Dairy. Mary Temme, 2020–2021 Nebraska Division chairwoman, is a member of the MDFRC Operational Advisory Committee, which is responsible for recommending overall policies, program goals, research plans and objectives.

HIGHLIGHTS OF MDFRC	
ANNUAL FUNDING APPROX. \$1.1M	6 UNIVERSITIES
6 PILOT FACILITIES INCLUDING INSTITUTE OF DAIRY INGREDIENT PROCESSING (IDIP), SDSU, SD	OVER 25 PROFESSORS WORKING ON DAIRY RESEARCH
EXPERT RESEARCHERS	RESEARCH INVESTMENTS = OVER 300 PUBLICATIONS 17 BOOK CHAPTERS 12 PATENTS
Milk, cheese, whey, dairy ingredient processing, safety, flavor and nutrition of dairy products	

Through the MDFRC, Midwest Dairy continues to invest in product and food safety research, as they are of critical importance to the dairy industry. The funds awarded to researchers are not only used to conduct research projects, but also to support graduate students who manage the research, as they are the future generation dairy leaders. Since 2017, research projects have focused on controlling or eliminating spoilage-causing microorganisms from high-risk cheeses and on dairy processing equipment surfaces.

There has been a strong need for non-thermal (without heat) processing from the processors which led to

exploring Sonication (using sound waves) to kill microbes in dairy products. To achieve low microbial counts in dairy powders suitable for the export market, it is very important to control the microbial count in raw milk at the farm. Dr. Andreia Bianchini Huebner, part of the Food Engineering Specialist team at the University of Nebraska Lincoln, is evaluating different farm interventions to study their effect on the microbial counts in raw milk. Apart from food safety research, Midwest Dairy has funded several product research studies that focus on extending the shelf life of dairy products, extending the potential of lactose and lactose-rich ingredients by converting them into dietary fibers and other sweeteners and exploring the functional and structure building properties of whey proteins. Expansion into any market beyond fluid milk has been possible because of science and research, and checkoff plays an important role by investing in quality research and developing future dairy ambassadors.

Dairy Ambassador Program Shapes Industry Advocates

Six students were selected this year to be dairy ambassadors for the state of Nebraska. Dairy ambassadors are selected given their interest in improving leadership and communication skills while advocating for the dairy industry. These college students have an interest in dairy production and will engage in conversations with consumers, school-age children and peers. Many of the conversations involve learning more about the dairy industry and practices used within the industry. While serving as a dairy ambassador, they will have the opportunity to network with dairy industry partners, visit dairy farms and tour agribusinesses in Nebraska.



The 2020 Nebraska dairy ambassadors from left to right: Morgan Marotz, Jaycie Meggison, Abigail Langdon, Lindsey Marotz, Daniel Serdar, Erin Muntz.

The 2020 Nebraska dairy ambassadors are:

- Morgan Marotz, an elementary education major with minors in coaching and special education at Wayne State College, from Wahoo, Neb.
- Jaycie Meggison, an agriculture business and financing major at the University of Nebraska-Lincoln, from Blair, Neb.
- Abigail Langdon, an agriculture business and financing major at the University of Nebraska-Lincoln, from Clarkson, Neb.
- Lindsey Marotz, an elementary education major at the University of Nebraska-Lincoln from Hoskins, Neb.
- Daniel Serdar, an animal science major at the University of Nebraska-Lincoln, from Woodstock, Ill.
- Erin Muntz, a University of Nebraska-Lincoln animal science major, from Louisville, Neb. This is Muntz's second year serving as a dairy ambassador.

Board Leadership Steers Midwest Dairy Nebraska Division



Nebraska Division board officers for 2020–2021 are (left to right): Joyce Racicky, vice chairwoman; Mary Temme, chairwoman; and Jodi Cast, secretary/treasurer.

The Nebraska Division board of Midwest Dairy elected its 2020–2021 officers during a division meeting that was held in June. The following dairy farmers were elected: Mary Temme, Wayne, was elected chairwoman; Joyce Racicky, Mason City, was elected vice chairwoman and Jodi Cast, Beaver Crossing, was elected secretary/treasurer. Mike Henn, Norfolk, was seated as a new member of the Nebraska Division board.

Temme was also newly elected to represent Nebraska on the Midwest Dairy Corporate board. Lowell Mueller, Hooper, was chosen to continue representing Nebraska on the Midwest Dairy Corporate board.

Midwest Dairy Partners with B&R Stores to Pilot Grab 'n Go Coolers to Increase Dairy Sales



A cooler near the front of the store makes grabbing dairy easy for B&R shoppers

Midwest Dairy has partnered with B&R Stores, a grocery chain with 20 stores in Nebraska under the banners of Russ's, Super Saver and Apple Markets, on a pilot project to add secondary grab 'n go coolers to three stores in order to increase milk sales near the front end of the store. Each cooler contains grab 'n go single serve milk as well as commonly-purchased quart size milk to make it easy for shoppers to add more dairy to their cart. The secondary cooler pilot began in August of 2019. Initial sales results of these items, with just three coolers in place for only 30 days, delivered a unit sales increase of 28% over prior month sales. In February 2020, sales data showed a unit growth of 49% in chocolate quarts, 15% in white quarts and 23% in strawberry single serves. March 2020 total dollar sales for dairy items was up 17%, and total units sold was up 4% from March 2019. In addition to these initial positive sales results, Midwest Dairy has also built a relationship with the organization's social media manager and has provided dairy-specific social media content throughout the year for B&R stores to share on their social media channels to engage with shoppers.

Undeniably Dairy National Campaign Builds Trust in Dairy

As part of its mission to protect and grow sales and trust in dairy, Dairy Management Inc. (DMI) and the Innovation Center for US Dairy launched an industry-wide initiative in 2017, Undeniably Dairy. In its third year, Undeniably Dairy serves as the dairy community's industry-wide, multi-stakeholder campaign that helps consumers and other stakeholders recognize the important role dairy plays in their lives.

Undeniably Dairy does this by building on consumer insights that indicate people increasingly want to know more about where their foods come from. The campaign connects people with the farmers and the dairy community behind the real, nutrient-rich and responsibly produced milk and dairy foods they love, while also bringing a bit of dairy joy during culturally relevant moments.



Each year, Undeniably Dairy leverages an integrated multi-channel approach to expand reach, raise awareness and build participation and ultimately trust through:

- Integrated communications—A comprehensive approach that includes media and other channel partnerships, digital (websites, search and social strategies), earned and social media and through events and experiences.
- Influencer outreach—Establishing and/or strengthening relationships with critical media, reputational (e.g., dietitians, health professional organizations, environmental and animal care leaders) and cultural influencers (e.g., food and lifestyle bloggers) that reach consumers.
- Community engagement—Rallying the dairy, food and other relevant communities to amplify, customize and create content around Undeniably Dairy and its pillars to further unify and strengthen dairy's voice, including engagement among farmers, processors and manufacturers, retailers and agribusiness.

In 2019, efforts focused on building trust and relevance around dairy as a sustainably nutritious food. This was reinforced by content that shared stories of farmers' commitment to caring for the land for future generations and to using new technologies and innovations to protect and enhance natural resources. Additional content and partnerships with fitness and nutrition influencers highlighted the unique nutritional makeup of dairy foods and the role they play in overall wellness.

In its first three years, the campaign has made an impact. For example, in 2019, Undeniably Dairy resulted in:

- More than 817 million earned media impressions, including satellite media tours, desk-side visits and other media relations to reach targeted consumer and thought leaders
- More than 187 paid media impressions
- More than 53 paid video views that shared content that built trust in dairy foods, dairy farmers and the dairy community



Lincoln Children's Museum engages visitors with Undeniably Dairy messages.

In Nebraska, Midwest Dairy partnered with the Lincoln Children's Museum to engage consumers with Undeniably Dairy messaging and content through video placement in the dairy section of the children's grocery store that highlighted dairy's journey from the cow to the grocery store. The partnership reached more than 160,000 in person visitors, as well as engaging museum members with an eblast during National Dairy Month that highlighted Undeniably Dairy messaging and recipes. The partnership also garnered a consistent stream of Undeniably Dairy messaging on the museum's social media platforms throughout the year. Through social media and in-person visitors, the museum was able to reach 174,030 people.

Midwest Dairy Brings Dairy to Life at UNL's East Campus Dairy Store



Undeniably Dairy messaging on display at the University of Nebraska-Lincoln Dairy Store.

Midwest Dairy partnered with the University of Nebraska-Lincoln (UNL) Dairy Store to bring the Undeniably Dairy campaign and messaging to the 100,000 visitors and guests it hosts each year. The display includes an Undeniably Dairy selfie wall, a panel with "Did You Know" facts and includes a television which showcases Nebraska dairy farmer profiles and content to help connect consumers to the farm.

UNL hosted a grand opening and ribbon cutting to celebrate the completion of the project in spring 2020.



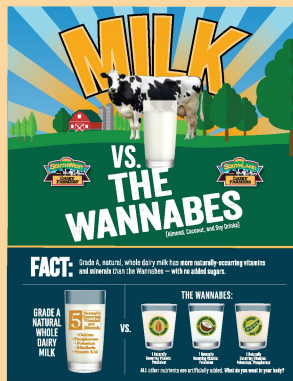
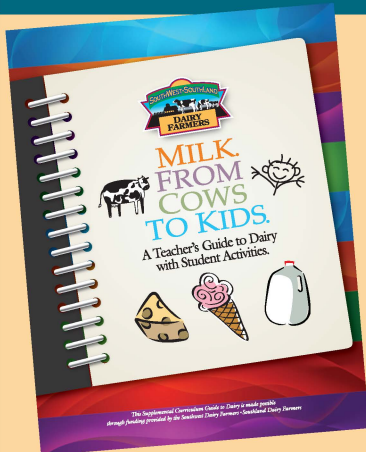
Southwest Dairy Farmers Promotional Activities in Nebraska

MOBILE DAIRY CLASSROOM



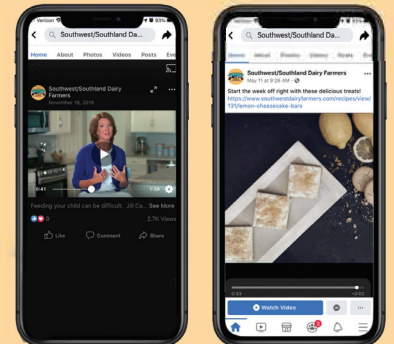
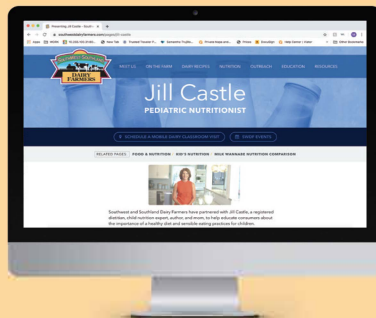
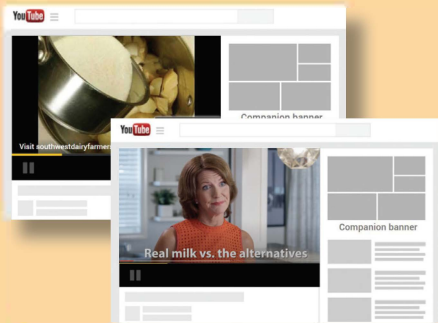
The Mobile Dairy Classroom is a traveling fully operational milking parlor, featuring a live cow. This educational initiative reaches over 700,000 children and consumers throughout our entire area each year. In 2020-21, we will continue to schedule school programs in southern Nebraska as our local funds will allow.

EDUCATIONAL MATERIALS AND PROGRAMS



Educational teaching tools (teacher's guides, nutritional charts and other educational information) are essential to our program. These give us the opportunity to leave materials that instructors can utilize in their curriculum.

DIGITAL PROMOTION AND SOCIAL MEDIA



Using Facebook, Google, and YouTube we are promoting a variety of dairy recipes with our short and entertaining Dairylicious videos. We also promote informative messages about the importance of dairy in our everyday lives, featuring childhood nutrition expert, Jill Castle.

EDUCATIONAL EVENTS AND TRADE SHOWS



Taking our message on the road allows us to reach consumers in engaging settings. We hand out promotional bags and educational material, so our presence at State Fairs and Trade Shows is always noticed. We were scheduled to be at the Madison County Fair in 2020 but due to COVID-19 we have already been rescheduled to attend at the 2021 event.

UNIVERSITY ATHLETICS PROMOTIONS



Southwest Dairy Farmers enjoyed a successful partnership with Creighton Athletics. We have renewed our contract with the university athletic department and are currently working on the sponsorship elements of the agreement. The goal is to continue to distribute premium back pack tags to Nebraska's youth at highly visible sporting events including basketball, baseball, and soccer.

A DAIRY PROMOTION PARTNERSHIP



Southwest Dairy Farmers is committed to local consumer-driven marketing, advertising, and promotion of the dairy industry, and your dairy's role in it.

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT
BOARD**

**Dairy Industry
Development
Act**

DAIRY INDUSTRY DEVELOPMENT ACT

- Administration: This Act is administered by the Nebraska Dairy Industry Development Act Board. The Department of Agriculture is involved with some of these sections.
- Adoption: This act was last revised during the 2013 session of the Nebraska Legislature.
- Rules: The Nebraska Department of Agriculture has no authority to promulgate regulations under this Act. The Dairy Industry Development Board, however; has promulgated a regulation under this Act, known as Title 484, Chapter 1 – Dairy Industry Development Board Regulations.

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2-3948. Act, how cited.

Sections 2-3948 to 2-3963 shall be known and may be cited as the Dairy Industry Development Act.

Source: Laws 1992, LB 275, § 1; Laws 2001, LB 194, § 1; Laws 2004, LB 836, § 1.

2-3949. Terms, defined.

For purposes of the Dairy Industry Development Act:

- (1) Board shall mean the Nebraska Dairy Industry Development Board;
- (2) Commercial use shall mean sale for retail consumption or sale for resale, for manufacture for resale, or for processing for resale;
- (3) First purchaser of milk shall mean a person who buys milk from a producer and resells to another person the milk or products manufactured or processed from the milk;
- (4) Milk shall mean any class of cow's milk produced in the State of Nebraska;
- (5) Milk production unit shall mean any producer licensed by the Department of Agriculture;
- (6) Producer shall mean any person engaged in the production of milk for commercial use;
- (7) Producer-processor shall mean a producer who processes and markets the producer's own milk; and
- (8) Qualified program shall mean any state or regional dairy product promotion, research, or nutrition education program which is certified pursuant to 7 C.F.R. 1150.153, as amended. Such program shall: (a) Conduct activities as defined in 7 C.F.R. 1150.114, 1150.115, and 1150.116 intended to increase consumption of milk and dairy products generally; (b) except for programs operated under the laws of the United States or any state, have been active and ongoing before November 29, 1983; (c) be financed primarily by producers, either individually or through cooperative associations; (d) not use any private brand or trade name in advertising and promotion of dairy products unless the National Dairy Promotion and Research Board established pursuant to 7 C.F.R. 1150.131 and the United States Secretary of Agriculture concur that such requirement should not apply; (e) certify to the United States Secretary of Agriculture that any request from a producer for a refund under the program will be honored by forwarding that portion of such refund equal to the amount of credit that otherwise would be applicable to the program pursuant to 7 C.F.R. 1150.152(c) to either the National Dairy Promotion and Research Board or a qualified program designated by the producer; and (f) not use program funds for the purpose of influencing governmental policy or action.

Source: Laws 1992, LB 275, § 2.

2-3950. Legislative findings.

The Legislature declares it to be in the public interest that producers in Nebraska be permitted and encouraged to maintain and expand domestic sales of milk and dairy products, develop new products and new markets, improve methods and practices relating to marketing or processing of milk and dairy products, and inform and educate consumers of sound nutritional principles including the role of milk in a balanced diet. It is the purpose of the Dairy Industry Development Act to provide the authorization and to prescribe the necessary procedures by which the dairy industry in Nebraska may finance programs to achieve the purposes expressed in this section. The Nebraska Dairy Industry Development Board shall be the agency of the State of Nebraska for such purpose.

Source: Laws 1992, LB 275, § 3.

2-3951. Nebraska Dairy Industry Development Board; created; members; qualifications.

The Nebraska Dairy Industry Development Board is hereby created. Members of the board shall (1) be residents of Nebraska, (2) be at least twenty-one years of age, (3) have been actually engaged in the production of milk in this state for at least five years, and (4) derive a substantial portion of their income from the production of milk in Nebraska. Board members shall be nominated and appointed as provided in sections 2-3951.01 to 2-3951.04.

Source: Laws 1992, LB 275, § 4; Laws 2004, LB 836, § 2; Laws 2013, LB70, § 1.

2-3951.01. Board members; appointment; terms; officers; expenses.

(1) Members of the board shall, as nearly as possible, be representative of all first purchasers of milk and individual producer-processors in the state and, to the extent practicable, result in equitable representation of the various interests of milk producers both in terms of the manner in which milk is marketed and geographic distribution of milk production units in the state.

(2) The terms of the members of the board shall be three years, except that the first term of the initial and additional members of the board shall be staggered so that one-third of the members are appointed each year. The number of years for the first term of new and additional members shall be determined by the Governor. Once duly appointed and qualified, no member's term shall be shortened or terminated by any subsequent certification by the Department of Agriculture of milk production units from which a first purchaser of milk purchases milk.

(3) The Director of Agriculture or his or her designee shall be an ex officio member of the board but shall have no vote in board matters.

(4) Members of the board shall elect from among the members a chairperson, a vice-chairperson, and such other officers as they deem necessary and appropriate.

(5) Members of the board shall be reimbursed for their actual and necessary expenses as provided in sections 81-1174 to 81-1177.

Source: Laws 2004, LB 836, § 3; Laws 2013, LB70, § 2.

2-3951.02. Board members; nomination and appointment.

(1) Members of the board shall be nominated and appointed as follows:

(a) Each first purchaser of milk which purchases milk from at least twenty-one milk producers may submit to the Governor the names of up to two nominees for each forty milk production units, or major portion thereof, from which the first purchaser purchases milk. The Governor shall appoint one member for each forty production units, or major portion thereof, from nominees submitted pursuant to this subdivision, except that if milk production units certified by the Department of Agriculture have decreased so that each board member appointed pursuant to this subdivision represents less than a major portion of forty production units, the Governor shall maintain representation of one member for each forty production units, or major portion thereof, by not filling a vacancy caused by a member's term expiring; and

(b) All other first purchasers of milk and individual producer-processors who are not included among milk production units claimed by a first purchaser of milk entitled to submit nominees under subdivision (1)(a) of this section shall be combined as a group for the purpose of submitting nominees, and each first purchaser and individual producer-processor of the group may nominate up to two nominees. The Governor shall appoint two members from nominees submitted pursuant to this subdivision.

(2) Whenever the number of members of the board as determined by subsection (1) of this section results in less than seven members, the Governor shall appoint a member or members from the state at large to maintain membership of the board at seven members. Whenever such appointment is required, the board shall call for and submit a list of two or more nominees for each additional member needed to the Governor, and the Governor shall appoint a member or members from the nominees submitted pursuant to this subsection.

(3) Nominations in the case of term expiration or new or at-large membership and for all other vacancies shall be provided according to the process prescribed in section 2-3951.04. The Governor may choose the members of the board from the nominees submitted or may reject all nominees. If the Governor rejects all nominees, names of nominees shall again be provided to the Governor until the appointment is filled.

Source: Laws 2004, LB 836, § 4; Laws 2013, LB70, § 3.

2-3951.03. Board members; vacancies.

(1) A vacancy on the board exists in the event of the death, incapacity, removal, or resignation of any member; when a member ceases to be a resident of Nebraska; when a member ceases to be a producer in Nebraska; or when the member's term expires. Members whose terms have expired shall continue to serve until their successors are appointed and qualified, except that if such a vacancy will not be filled, as determined by the Governor under section 2-3951.02, the member shall not serve after the expiration of his or her term.

(2) For purposes of filling vacancies on the board, the Governor shall appoint one member from up to two nominees submitted by the vacating member's nominator under section 2-3951.02. In the event of a vacancy, the board shall certify to the vacating member's nominator that such a vacancy exists and shall request nominations to fill the vacancy for the remainder of the unexpired term or for a new term, as the case may be.

Source: Laws 2004, LB 836, § 5; Laws 2013, LB70, § 4.

2-3951.04. Board members; nominations; notification; procedure.

(1) When nominations for board members are required, written notification shall be given to each producer represented or to be represented by such member, including an at-large member. The first purchaser or purchasers of milk shall notify each producer from whom the first purchaser buys milk that each producer may submit written nominations. If the group represented is a combination of first purchasers of milk and individual producer-processors or if the member is an at-large member, the individual producer-processors shall receive notification from the Department of Agriculture.

(2) Nominations shall be in writing and shall contain an acknowledgment and consent by the producer being nominated. The nomination shall be returned by the producer to the first purchaser of milk or to the department from whom the producer received notification within fifteen days after the receipt of the notification. For nominations to replace a member whose term is to expire or for a new member, the producers shall receive notification between August 1 and August 15 preceding the expiration of the term of the member or the beginning of the term of a new member. For all other vacancies, the producers shall receive notification within thirty days after the member vacates his or her position on the board or within thirty days after the board calls for an at-large member or members as provided in section 2-3951.02.

(3) The first purchasers of milk, the department, or the board shall submit nominations to the Governor by September 30, in the case of term expiration or new or at-large member, or forty-five days after the member vacates his or her position for all other vacancies. The Governor shall make the appointments within thirty days after receipt of the nominations.

(4) All nominees shall meet the qualifications provided in section 2-3951.

Source: Laws 2004, LB 836, § 6; Laws 2013, LB70, § 5.

2-3952. Repealed. Laws 2004, LB 836, § 8.

2-3952.01. Repealed. Laws 2004, LB 836, § 8.

2-3953. Repealed. Laws 2004, LB 836, § 8.

2-3954. Repealed. Laws 2004, LB 836, § 8.

2-3955. Board; meetings; minutes.

(1) The board shall meet at least once every six months at a time and place fixed by the board. Special meetings may be called by the chairperson and shall be called by the chairperson upon request of at least twenty-five percent of the members of the board. Written notice of the time and place of all meetings shall be mailed in advance to each member of the board. A majority of members of the board shall constitute a quorum for the transaction of business. The affirmative vote of a majority of all members of the board shall be necessary for the adoption of rules and regulations.

(2) The board shall at each regular meeting review all expenditures made since its last regular meeting.

(3) The board shall keep minutes of its meetings and other books and records which shall clearly reflect all of the acts and transactions of the board. Such records shall be open to examination during normal business hours.

Source: Laws 1992, LB 275, § 8.

2-3956. Board; administration; limitation on expenses.

The board may contract for the necessary office space, furniture, stationery, printing, and personnel services useful or necessary for the administration of the Dairy Industry Development Act. The total administrative costs and expenses of the board shall not exceed five percent of the annual assessments collected in accordance with section 2-3958.

Source: Laws 1992, LB 275, § 9.

2-3957. Board; powers and duties.

The board shall:

(1) Arrange or contract for administrative and audit services which are necessary for the proper operation of the Dairy Industry Development Act;

(2) Procure and evaluate data and information necessary for the appropriate distribution of funds collected;

- (3) Direct the distribution of funds collected;
- (4) Prepare and approve a yearly budget;
- (5) Adopt and promulgate rules and regulations to carry out the act;
- (6) Establish a means by which all producers are informed annually on board members, policy, expenditures, and programs for the preceding year;
- (7) Authorize the expenditure of funds to conduct activities provided for by the act;
- (8) Bond such persons as necessary to ensure adequate protection of funds;
- (9) Make refunds to other qualified programs in other states and disburse as directed by producers pursuant to subdivision (8)(e) of section 2-3949;
- (10) Require that all books and records which clearly reflect all the transactions of its funded qualified programs be made available for audit by the board;
- (11) Initiate appropriate enforcement of the act and the rules, regulations, and orders promulgated under the act;
- (12) Accept remittances or credits and apply for and accept advances, grants, contributions, and any other forms of assistance from the federal government, the state, or any public or private source for administering the act and execute contracts or agreements in connection therewith;
- (13) When necessary, appoint committees and advisory committees, the membership of which reflects the different funding regions of the United States and of the State of Nebraska in which milk is produced and delegate to such committees the authority reasonably necessary to administer the act under the direction of the board and within the policies determined by the board; and
- (14) Exercise all incidental powers useful or necessary to carry out the act.

Source: Laws 1992, LB 275, § 10.

2-3958. Mandatory assessment; board; duties.

- (1) There shall be paid to the board a mandatory assessment of ten cents per hundredweight on all milk produced in the State of Nebraska for commercial use.
- (2) The board may audit financial and other records of first purchasers of milk, producers, and their agents pertaining to the assessment provided for in this section and otherwise ensure compliance with the Dairy Industry Development Act.

(3) For purposes of the act, when milk is sold to an out-of-state purchaser, the sale shall be deemed to have occurred in Nebraska if the milk was otherwise produced within Nebraska immediately prior to such sale and such sale is the first purchase of the milk for commercial use.

(4) For purposes of the act, when milk is produced out-of-state but sold to a first purchaser of milk in Nebraska, the assessment provided for in this section may be assessed and retained in Nebraska only if the producer consents.

Source: Laws 1992, LB 275, § 11.

2-3959. Assessment; payment; procedures.

The assessment prescribed in section 2-3958 shall be paid by producers at the time of first sale or delivery of milk for commercial use and shall be collected by the first purchaser of milk except as provided in this section. The first purchaser of milk shall remit the assessment to the board when the first purchaser of milk issues the milk payroll to producers. When milk is sold by producers to nonresident first purchasers of milk, the nonresident first purchaser of milk shall remit the assessments to the board. Producer-processors shall remit the assessments to the board. All assessments shall be remitted to the board not later than the last day of the month following the month in which the milk was commercially used, and a report shall be filed by the person responsible for remitting the assessment at the time that the assessment is remitted. The board shall make proper refunds to producers pursuant to subdivision (8)(e) of section 2-3949 at least quarterly. The board shall promulgate rules and regulations concerning the payment, remittance, refunding, and reporting of assessments. All money collected by the board shall be remitted to the State Treasurer for credit to the Nebraska Dairy Industry Development Fund.

Source: Laws 1992, LB 275, § 12.

2-3960. Nebraska Dairy Industry Development Fund; created; use; investment.

The Nebraska Dairy Industry Development Fund is hereby created. Money in the fund shall be used for the administration of the Dairy Industry Development Act, including advertising and promotion, market research, nutrition and product research and development, and nutrition and educational programs. 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.

Source: Laws 1992, LB 275, § 13; Laws 1994, LB 1066, § 7.

Cross References

- **Nebraska Capital Expansion Act**, see section 72-1269.
- **Nebraska State Funds Investment Act**, see section 72-1260.

2-3961. Use of funds; limitations.

The board shall not set up programs or agencies of its own but shall fund active, ongoing, qualified programs as stated in section 114 of the Dairy Production Stabilization Act of 1983, Public Law 98-180, as amended, and the regulations promulgated pursuant thereto. Funds may be used by qualified programs to jointly sponsor projects with any private or public organization to meet the objectives of the Dairy Industry Development Act.

Source: Laws 1992, LB 275, § 14.

2-3962. Board; report; contents.

The board shall prepare a report on or before October 1 of each year setting forth the income received from the assessments collected in accordance with section 2-3958 for the preceding fiscal year, and the report shall include:

(1) The expenditure of funds by the board during the year for the administration of the Dairy Industry Development Act;

(2) A brief description of all contracts requiring the expenditure of funds by the board;

(3) The action taken by the board on all such contracts;

(4) An explanation of all programs relating to the discovery, promotion, and development of markets and industries for the utilization of dairy products and the direct expense associated with each program;

(5) The name and address of each member of the board; and

(6) A brief description of the rules, regulations, and orders adopted and promulgated by the board.

The board shall submit the report electronically to the Clerk of the Legislature and shall make the report available to the public upon request.

Source: Laws 1992, LB 275, § 15; Laws 2013, LB222, § 1.

2-3963. Violations; penalties; unpaid assessment; late payment fee.

(1) Any person violating any of the provisions of the Dairy Industry Development Act shall be guilty of a Class III misdemeanor.

(2) Any unpaid assessment shall be increased one and one-half percent each month beginning with the day following the date such assessment was due. Any remaining amount due, including any unpaid charges previously made pursuant to this section, shall be increased at the same rate on the corresponding day of each succeeding month until paid.

(3) For purposes of this section, any assessment that was determined at a date later than prescribed by section 2-3959 because of the failure to submit a report to the board when due shall be considered to have been payable on the date it would have been due if the report had been timely filed. The timeliness of a payment to the board shall be based on the applicable postmarked date or the date actually received by the board, whichever is earlier. Any assessments and late payment fees may be recovered by action commenced by the board.

(4) The remedies provided in this section shall be in addition to and not exclusive of other remedies that may be available by law or in equity.

Source: Laws 1992, LB 275, § 16.

NEBRASKA ADMINISTRATIVE CODE

TITLE 484, NEBRASKA ADMINISTRATIVE CODE, CHAPTER 1
NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD
DAIRY INDUSTRY DEVELOPMENT BOARD REGULATIONS

December, 2015

MAY 16 2016

NEBRASKA ADMINISTRATIVE CODE

TITLE 484 – NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

CHAPTER 1 - DAIRY INDUSTRY DEVELOPMENT BOARD REGULATIONS

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APPROVED

MAY 16 2016

Pete Ricketts
PETE RICKETTS
GOVERNOR



APPROVED
DOUGLAS J. PETERSON
ATTORNEY GENERAL

APR 25 2016

BY *Emily Rose*
ASSISTANT ATTORNEY GENERAL

NEBRASKA ADMINISTRATIVE CODE

TITLE 484 - NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

CHAPTER 1 - DAIRY INDUSTRY DEVELOPMENT BOARD REGULATIONS

001 Mandatory Assessments.

001.01 Payment. Payment of mandatory assessments shall be made to the Board as set forth in the Dairy Industry Development Act.

001.02 Remittance. The Board shall accept remittances or credits as set forth in the Act.

001.03 Reporting. The Board may audit records of first purchasers, producers and their agents pursuant to the Act.

002 Refunds.

002.01 Refund Request. Producers desiring the redirection of their mandatory checkoff assessment under Neb. Rev. Stat. §2-3958(1) shall make a refund request to the Nebraska Department of Agriculture, P.O. Box 94947, Lincoln, NE, 68509. Refund requests shall be received within sixty days of the date of assessment. A refund request shall contain the following:

002.01A Proof that an assessment has been deducted by a first purchaser, in the form of a copy of a settlement form or check stub, clearly indicating the nature, purpose and amount of the deducted assessment, and the date deducted.

002.01B A statement indicating whether the checkoff assessment is to be redirected to the National Dairy Board or a qualified program designated by the producer.

002.01C If the producer requests that the checkoff assessment be redirected to a qualified program, proof that such program is a "qualified program" as defined pursuant to Neb. Rev. Stat. §2-3949(8).

TITLE 484
CHAPTER 1

002.02 If a producer designates a qualified program in a redirection request rather than the National Dairy Board, the Board shall verify whether the producer's designee is a qualified program as set forth under Neb. Rev. Stat. §2-3949(8).

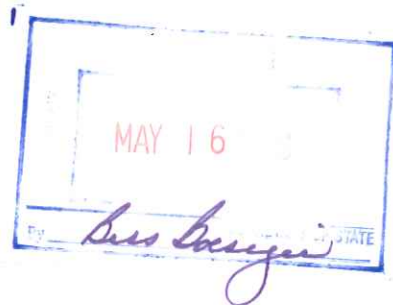
002.03 If the program designated by the producer is a qualified program under Neb. Rev. Stat. §2-3949(8), funding shall be disbursed after a contract is entered into between the Board and the qualified program.

003 Annotation. Neb. Rev. Stat. §§2-3948 to 2-3963.

APPROVED

MAY 16 2016

Pete Ricketts
PETE RICKETTS
GOVERNOR



APPROVED
DOUGLAS J. PETERSON
ATTORNEY GENERAL

APR 25 2016

BY *Emily Rose*
ASSISTANT ATTORNEY GENERAL

2

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT
BOARD**

Contracts

NEBRASKA DEPARTMENT OF AGRICULTURE
FEE COLLECTION PROGRAM

ENFORCEMENT PROCEDURES

FOR COLLECTION OF FEES AS PROVIDED FOR
IN THE DAIRY INDUSTRY DEVELOPMENT ACT (SECTION 2-3948)

Requirement:

There shall be paid, to the Nebraska Dairy Industry Development Board, a mandatory assessment of ten cents (10¢) per hundredweight (cwt) on all milk produced in the state of Nebraska for commercial use. The assessment shall be paid by producers at the time of first sale or delivery of milk for commercial use and shall be collected by the first purchaser of milk. Producer/processors shall remit the assessments to the Board. The first purchaser shall maintain the necessary record of fees collected for each purchase of milk produced in the state of Nebraska. All assessments shall be remitted to the Board no later than the last day of month following the month in which the milk was commercially used, and a report shall be filed by the person responsible for remitting the assessment at the time the assessment is remitted.

Any request from a producer for a refund under the Program will be honored by forwarding that portion of such refund equal to the amount of credit, that otherwise would be applicable to the Program, to either the National Dairy Promotion and Research Board or a qualified program designated by the producer.

Definitions:

1. First purchaser of milk shall mean a person who buys milk from a producer and resells to another person the milk or products manufactured or processed from the milk.
2. Board shall mean the Nebraska Dairy Industry Development Board.
3. Commercial use shall mean sale for retail consumption or sale for resale, for manufacturing for resale, or for processing for resale.
4. Milk shall mean any class of cow's milk produced in the state of Nebraska.
5. Milk production units shall mean any producer licensed by the Department of Agriculture.
6. Producer shall mean any person engaged in the production of milk for commercial use.
7. Producer/processor shall mean a producer who processes and markets the producer's own milk.

8. Qualified program shall mean any state or regional dairy product promotion, research, or nutrition education program which is certified pursuant to 7 C.F.R. 1150.153.

Confidentiality:

The independent collection agency shall maintain all fee collection records in strict confidence in accordance with State statutes. Only agency total data will be released to the Board or the public upon request. The independent collection agency will release data related to the first purchaser only after written permission is received by the independent collection agency from the Board.

Procedure for Determining First Purchaser:

When a party or board member gives a name of an individual or firm to the Nebraska Dairy Industry Development Board which they believe is a first purchaser of milk and not assessing the checkoff, the Fee Collection Program will take the following action:

1. A letter is written to the individual or firm in question advising that the mailing list is being updated and asking whether or not they are a first purchaser.
2. If they respond they are a first purchaser of milk, they will be set up on the mailing list to receive a monthly notification. A copy of the Statute will be mailed out to them.
3. If they respond they are not a first purchaser of milk, the Fee Collection Program will inform the Dairy Industry Development Board of the response.
4. Board action will determine enforcement action and enforcement steps desired to garner compliance. This may include a request for a special audit or request the State Attorney General Office to initiate legal proceedings in accordance with the law.

Procedure for Collecting the Assessment from First Purchasers:

1. Monthly Notification will be mailed to those first purchasers on the mailing list.
2. Non-respondents will be mailed delinquent second notice letters with penalty due the first week following the month they were due.
 - If the form is received late (according to the postmark), the firm will receive a letter for payment on the penalty.
 - If, after the due date, we haven't received the fee form, a letter notifying the firm of being delinquent and having the penalty due will be sent.

- Penalty assessed shall be 1 ½% each month, beginning with the day following the date such assessment was due. Any remaining amount due, including any unpaid charges previously made pursuant to the act, shall be increased at the same rate on the corresponding day of each succeeding month until paid.
3. If no response, a third notice notification will be sent (for the appropriate situation in #2) the first week following the month in which the second notice was sent with the penalty added into the letter for each month delinquent. The letter will be jointly signed by the Chairman of the Board and Fee Collection Program.
 4. If, after two weeks, there is no response after the third notice, a call will be made to the firm and a delinquent list will be sent to the Board. Legal enforcement of the Nebraska Dairy Industry Development Board statutory requirements will be the Board's responsibility.
 5. Board action will determine enforcement action and enforcement steps desired to garner compliance. This may include a request for a special audit, or utilizing the State Attorney General's Office to initiate legal proceedings in accordance with the law.

Auditing Procedures:

Audit Authority:

Neb. Rev. Stat. §2-3958(2) R.R.S., 1997, states:

The Board may audit financial and other records of first purchasers of milk, producers, and their agents pertaining to the assessment provided for in this section and otherwise ensure compliance with the Dairy Industry Development Act.

Audit Scope:

Neb. Rev. Stat. §2-3958(1) R.R.S., 1997, states:

There shall be paid to the Board a mandatory assessment of ten cents (.10) per hundredweight on all milk produced in the State of Nebraska for commercial use.

The auditor will verify reports submitted to the Dairy Industry Development Board by examining records that may include, but are not limited to, the general ledger and its accounts, purchases journals or registers, check registers, producer accounts, and/or any other record or records which pertain to the assessment or compliance with the Act.

A primary contact person will be noted for use in follow up for making future contact, and will be presented with the results of the audit. The standard audit form presented will

serve as a notice of refund due in the case an overpayment, or as an invoice in the case of an underpayment. Payments are to be sent to the customary fee collection agency and not collected by the auditor. The audit results, less any proprietary information, will also be presented to the Board at its next regularly scheduled meeting.

The auditor conducts compliance reviews of first purchasers on a random sample basis. The audit covers a one-year review of the monthly forms that are received. Special audits may also be conducted at the specific request of the Board.

An internal review will be done on a quarterly basis to verify accuracy of the Dairy Industry Development Board fee form data. This review will include a comparison to data received from the National Dairy Promotion and Research Board. Total pounds of milk purchased from pooled and non-pooled sources are compared and a reconciliation is done. In addition, the Nebraska Department of Agriculture will verify Grade A milk purchased by an individual entity to data received by the Department of Agriculture Dairy Regulatory Division under the Nebraska Pasteurized Milk Law. A report of all findings will be discussed at each Nebraska Dairy Industry Development Board meeting. The Milk Market Administrator, not the Department of Agriculture, will be able to verify manufactured milk purchases made. These would be incorporated into first purchaser on-site audits conducted under agreement by the Department of Agriculture and the Board.


The Nebraska Dairy Industry Development Board contracts for fee collection, audit, and fiscal services with the Nebraska Department of Agriculture. The Memorandum of Agreement, entered into annually, details services performed by the Department of Agriculture for the Dairy Industry Development Board and the amount and method of reimbursing costs incurred.

6-6-18
Date



for Steve Wellman, Director
Department of Agriculture

6-5-18
Date



Chairman
Nebraska Dairy Industry Development Board

AGREEMENT

between the

NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

and the

NEBRASKA DEPARTMENT OF AGRICULTURE

#18-01-176

This Agreement is entered into by and between the Nebraska Dairy Industry Development Board, (hereafter "Board,") and the Nebraska Department of Agriculture, (hereafter "Department").

PURPOSE: The purpose of this Agreement is that the Board desires the Department to assist the Board in performing fee collection, budget, accounting, and auditing services, and the Department is desirous of providing such assistance.

AUTHORITY: This Agreement is being entered into pursuant to the Dairy Industry Development Act, Neb. Rev. Stat. §§2-3948 to 2-3963 (hereafter "Act") and Neb. Rev. Stat. §§81-201.03 and 81-201.04 authorizing the Department to provide management services.

THEREFORE, in consideration of the covenants herein contained, it is agreed by and between the parties hereto as follows:

A. DESCRIPTION OF WORK

1. The Department agrees to assist the Board from **July 1, 2019, to June 30, 2020**, by providing the following services on a cost reimbursement basis, but such services shall not exceed seven thousand five hundred thirty dollars and no cents (\$7,530.00) in value.

a. Fee Collection Services:

- (1) Distribution of monthly fee forms
- (2) Processing and return of forms
- (3) Follow-up on delinquent accounts in accordance with the agreed-upon enforcement procedures, attached as Attachment B and incorporated herein by this reference.
- (4) Process refunds as requests are made.

- (5) Update enforcement procedures as needed for Board approval.
- (6) Maintain an updated mailing list of first purchasers.
- (7) Maintain records in accordance with State record retention schedule.

b. Fiscal Services:

- (1) Prepare and electronically submit Board approved budget.
- (2) Perform accounting functions to enable the Board to operate as a State agency.
- (3) Monitor fund investment.
- (4) Deposit revenue into Nebraska Dairy Industry Development Cash Fund.
- (5) Prepare revenue and expenditure documents.
- (6) Review expenditures for compliance with State guidelines.
- (7) Prepare a monthly summary of revenue and expenditure fiscal report.
- (8) Maintain records in accordance with State record retention schedule and LB 429 of 2013 related to State contracts.

c. Auditing Services:

- (1) Conduct field auditing of first purchaser accounts as authorized by Board action as set out in Attachment A.
- (2) Internal auditing of revenue and expenditures for compliance.

d. Miscellaneous Services:

- (1) Keep a Statewide inventory.

e. To provide the above services, the Department shall employ the necessary personnel and incur the necessary operating and travel expenditures. Each month a State Budget Status report shall be provided to the Board detailing the total budget, monthly expenditures, and fiscal year-to-date expenditures incurred, along with an Interagency Billing Transactions Document billing for the prior month's services performed.

2. The Department and the Board agree, that the Department will keep all producer and first purchaser fee collection data and audit information confidential to the extent possible under the State of Nebraska Public Records Laws, Neb. Rev. Stat. §§84-712 to 84-712.09. Due to a limited number of first purchasers and/or processors, it is the Board's desire that records and information generated pursuant to this Agreement not create a proprietary advantage for a first purchaser of milk. The Department shall report total dollars deposited and/or refunded to the Board and the Board's administrative office, but not disclose to Board members, the administrator, or others individual milk first purchaser data. It is agreed the Department shall not be liable nor responsible for an agency or employee of the State of Nebraska not part of, or employed by, the Department or for any other individual not employed by the Department relative to the confidentiality of this paragraph. Any dispute relative to this shall be the responsibility of the Board to seek legal guidance from the State Attorney General.

B. ALLOWABLE COSTS and PAYMENTS

1. The Board shall provide a sum not to exceed seven thousand five hundred thirty dollars and no cents (\$7,530.00) under this Agreement on a cost-reimbursement basis. If services in excess of \$7,530.00 are requested by the Board, this Agreement shall be amended in writing, if both parties agree to such amendment;
2. The Department shall bill the Board monthly. A one-month advance payment shall be made by the Board to the Department upon receipt of an Interagency Billing Transaction Document from the Department. Final billing shall be received no later than July 30, 2020;
3. Payment for services under this Agreement is contingent upon the receipt of sufficient funding pursuant to the Act;
4. The Department agrees that funds provided under this Agreement shall be used only for the project and purpose enumerated herein; and
5. Any funds paid to the Department under this Agreement and not fully utilized and earned pursuant to this Agreement during the Agreement period shall be returned to the Board.

C. AGREEMENT PERIOD:

The term of this Agreement is from July 1, 2019, to July 30, 2020, unless sooner terminated or completed as provided for in Section D.

D. AGREEMENT PROVISIONS

1. Termination: This Agreement may be terminated, at any time, upon mutual written consent of the parties, or by either party, with or without cause, upon thirty (30) days written notice to the other party. In the event of termination, the Board shall pay the Department for the cost of services provided up to the date of termination.
2. Complete Understanding: 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.
3. Relationship of Parties: It is understood by both the Department and the Board that neither is an employee of the other party and that neither party assumes any responsibility beyond those specifically stated in this Agreement.
4. Assignable: This Agreement is not assignable without the express written approval of the Board.
5. Governing Law: This Agreement shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the Department or Board regarding this Agreement shall be brought in the State of Nebraska administrative or judicial forums as defined by Nebraska State law.
6. Indemnification: To the extent allowable by Nebraska State Law, the Board and the Department, agree each party is responsible for its own costs, and shall indemnify the other party for such costs, arising from any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of its own employees, subcontractors, consultants, representatives, and agents. The obligation to indemnify shall survive the expiration or termination of this Agreement.

7. Authority to Enter Agreement: The Board and the Department warrant that the individual signing this Agreement has the legal power, right, and authority to enter into this Agreement and to bind itself accordingly.
8. Severability: If any term or condition of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular provision held to be invalid.
9. Penalty for Breach: In the event that either party fails to perform as specified under this Agreement, the party failing to perform shall pay any additional costs resulting from the failure to perform.

E. RECORDS AND WORK PRODUCT PROVISIONS

1. Records Available: The books of account, files, and other records which are applicable to this Agreement shall be made available in the State of Nebraska for inspection, review, copying, and audit by the other party and its representatives to determine the proper application and use of all funds used pursuant to the Agreement. All records involving transactions related to this Agreement are to be maintained for a period of five (5) years from the date the term of this Agreement begins or as long as is required by Nebraska law. If any litigation or audit is begun, or a claim is instituted involving the Agreement, records shall be retained beyond the five (5) year period until litigation, audit findings, or claim has been fully resolved.
2. Auditing Standard: The Board, under the Office of Management and Budget's Uniform Guidance, will utilize a risk-based approach to review federal and state contract dollars expended to subrecipients. This may include the Department providing recent audit reports to evaluate prior audit experiences and audit findings; Board review of subrecipient control environment; and the Department providing copies of invoices detailing how the funds were expended.

F. COMPLIANCE PROVISIONS

1. Nondiscrimination:
 - a. The Department and the Board, and any and all subcontractors, agree to comply with all applicable local,

state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act, Neb. Rev. Stat. §§48-1101 to 48-1125, prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensations, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin. Both parties guarantee compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of this Agreement.

2. **ADA Compliance:** All provisions under this Agreement are subject to the Americans with Disabilities Act.
3. **Worker's Compensation:** The Department and the Board, and any and all subcontractors agree to guarantee payment of compensation to injured workers according to the Nebraska Worker's Compensation Act.
4. **Drug Free:** The Department and the Board, and any and all subcontractors agree to have in force during the Agreement period, and available for inspection, a policy regarding a drug-free workplace. The policy shall contain:
 - a. A statement notifying employees that the unlawful manufacture, distribution, possession, or use of a controlled substance is prohibited in the workplace;
 - b. The specific actions that will be taken against employees for violating the policy; and
 - c. A requirement that each employee receive a copy of the policy.
5. **Immigration Verification:**
 - a. The Department and any and all subcontractors shall use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronics verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as E-Verify Program, or an

equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of newly hired employees.

- b. If the Department uses a subcontractor who is an individual or sole proprietorship, the Department agrees to require the subcontractor to complete the United States Citizenship Attestation Form available in the DAS website at <http://das.nebraska.gov/materiel/purchasing.html/>. If the subcontractor indicates on such attestation from that he or she is a qualified alien, the subcontractor shall provide to the Department the U.S. Citizenship and Immigration Service documentation required to verify the subcontractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

IN WITNESS WHEREOF, the parties execute this Agreement.

6/6/19
Date


~~Lowell Mueller, Vice Chairman~~ *Kent Polke*
Nebraska Dairy Industry Development Board

6-7-19
Date


for Steve Wellman, Director
Department of Agriculture

Attachment A

Audit Authority of the Act:

Neb. Rev. Stat. §2-3958(2), states:

The Board may audit financial and other records of first purchasers of milk, producers, and their agents pertaining to the assessment provided for in this section and otherwise ensure compliance with the Dairy Industry Development Act.

Audit Scope of the Act:

Neb. Rev. Stat. §2-3958(1), states:

There shall be paid to the Board a mandatory assessment of ten cents (.10) per hundredweight on all milk produced in the State of Nebraska for commercial use.

Under this Agreement, auditors of the Department will verify reports submitted to the Board by examining records that may include, but are not limited to, the general ledger and its accounts, purchases journals or registers, check registers, producer accounts, and/or any other record or records which pertain to the assessment or compliance with the Act. A primary contact person will be noted for use in follow up for making future contact, and will be presented with the results of the audit. The standard audit form presented will serve as a notice of refund due in the case an overpayment, or as an invoice in the case of an underpayment. Payments are to be sent to the customary fee collection agency and not collected by the auditor. The audit results, less any proprietary information, will also be presented to the Board at its next regularly scheduled meeting.

Attachment B

NEBRASKA DEPARTMENT OF AGRICULTURE
FEE COLLECTION PROGRAM

ENFORCEMENT PROCEDURES

FOR COLLECTION OF FEES AS PROVIDED FOR
IN THE DAIRY INDUSTRY DEVELOPMENT ACT (SECTION 2-3948)

Requirement:

There shall be paid, to the Nebraska Dairy Industry Development Board, a mandatory assessment of ten cents (10¢) per hundredweight (cwt) on all milk produced in the state of Nebraska for commercial use. The assessment shall be paid by producers at the time of first sale or delivery of milk for commercial use and shall be collected by the first purchaser of milk. Producer/processors shall remit the assessments to the Board. The first purchaser shall maintain the necessary record of fees collected for each purchase of milk produced in the state of Nebraska. All assessments shall be remitted to the Board no later than the last day of month following the month in which the milk was commercially used, and a report shall be filed by the person responsible for remitting the assessment at the time the assessment is remitted.

Any request from a producer for a refund under the Program will be honored by forwarding that portion of such refund equal to the amount of credit, that otherwise would be applicable to the Program, to either the National Dairy Promotion and Research Board or a qualified program designated by the producer.

Definitions:

1. First purchaser of milk shall mean a person who buys milk from a producer and resells to another person the milk or products manufactured or processed from the milk.
2. Board shall mean the Nebraska Dairy Industry Development Board.
3. Commercial use shall mean sale for retail consumption or sale for resale, for manufacturing for resale, or for processing for resale.
4. Milk shall mean any class of cow's milk produced in the state of Nebraska.
5. Milk production units shall mean any producer licensed by the Department of Agriculture.

6. Producer shall mean any person engaged in the production of milk for commercial use.
7. Producer/processor shall mean a producer who processes and markets the producer's own milk.
8. Qualified program shall mean any state or regional dairy product promotion, research, or nutrition education program which is certified pursuant to 7 C.F.R. 1150.153.

Confidentiality:

Fee collection records shall be kept in the strictest confidence allowed by Nebraska law. To the extent allowable by law, only agency total data will be released.

Procedure for Determining First Purchaser:

When a party or board member gives a name of an individual or firm to the Nebraska Dairy Industry Development Board which they believe is a first purchaser of milk and not assessing the checkoff, the Fee Collection Program will take the following action:

1. A letter is written to the individual or firm in question advising that the mailing list is being updated and asking whether or not they are a first purchaser.
2. If they respond they are a first purchaser of milk, they will be set up on the mailing list to receive a monthly notification. A copy of the Statute will be mailed out to them.
3. If they respond they are not a first purchaser of milk, the Fee Collection Program will inform the Dairy Industry Development Board of the response.
4. Board action will determine enforcement action and enforcement steps desired to garner compliance. This may include a request for a special audit or request the State Attorney General Office to initiate legal proceedings in accordance with the law.

Procedure for Collecting the Assessment from First Purchasers:

1. Monthly Notification will be mailed to those first purchasers on the mailing list.
2. Non-respondents will be mailed delinquent second notice letters with penalty due the first week following the month they were due.
 - If the form is received late (according to the postmark), the firm will receive a letter for payment on the penalty.

- If, after the due date, we haven't received the fee form, a letter notifying the firm of being delinquent and having the penalty due will be sent.
 - Penalty assessed shall be 1 ½% each month, beginning with the day following the date such assessment was due. Any remaining amount due, including any unpaid charges previously made pursuant to the act, shall be increased at the same rate on the corresponding day of each succeeding month until paid.
3. If no response, a third notice notification will be sent (for the appropriate situation in #2) the first week following the month in which the second notice was sent with the penalty added into the letter for each month delinquent. The letter will be jointly signed by the Chairman of the Board and Fee Collection Program.
 4. If, after two weeks, there is no response after the third notice, a call will be made to the firm and a delinquent list will be sent to the Board. Legal enforcement of the Nebraska Dairy Industry Development Board statutory requirements will be the Board's responsibility.
 5. Board action will determine enforcement action and enforcement steps desired to garner compliance. This may include a request for a special audit, or utilizing the State Attorney General's Office to initiate legal proceedings in accordance with the law.

Auditing Procedures:

Audit Authority:

Neb. Rev. Stat. §2-3958(2) R.R.S., 1997, states:

The Board may audit financial and other records of first purchasers of milk, producers, and their agents pertaining to the assessment provided for in this section and otherwise ensure compliance with the Dairy Industry Development Act.

Audit Scope:

Neb. Rev. Stat. §2-3958(1) R.R.S., 1997, states:

There shall be paid to the Board a mandatory assessment of ten cents (.10) per hundredweight on all milk produced in the State of Nebraska for commercial use.

The auditor will verify reports submitted to the Dairy Industry Development Board by examining records that may include, but are not limited to, the general ledger and its accounts, purchases

journals or registers, check registers, producer accounts, and/or any other record or records which pertain to the assessment or compliance with the Act.

A primary contact person will be noted for use in follow up for making future contact, and will be presented with the results of the audit. The standard audit form presented will serve as a notice of refund due in the case an overpayment, or as an invoice in the case of an underpayment. Payments are to be sent to the customary fee collection agency and not collected by the auditor. The audit results, less any proprietary information, will also be presented to the Board at its next regularly scheduled meeting.

The auditor conducts compliance reviews of first purchasers on a random sample basis. The audit covers a one-year review of the monthly forms that are received. Special audits may also be conducted at the specific request of the Board.

An internal review will be done on a quarterly basis to verify accuracy of the Dairy Industry Development Board fee form data. This review will include a comparison to data received from the National Dairy Promotion and Research Board. Total pounds of milk purchased from pooled and non-pooled sources are compared and a reconciliation is done. In addition, the Nebraska Department of Agriculture will verify Grade A milk purchased by an individual entity to data received by the Department of Agriculture Dairy Regulatory Division under the Nebraska Pasteurized Milk Law. A report of all findings will be discussed at each Nebraska Dairy Industry Development Board meeting. The Milk Market Administrator, not the Department of Agriculture, will be able to verify manufactured milk purchases made. These would be incorporated into first purchaser on-site audits conducted under agreement by the Department of Agriculture and the Board.

The Nebraska Dairy Industry Development Board contracts for fee collection, audit, and fiscal services with the Nebraska Department of Agriculture. The Memorandum of Agreement, entered into annually, details services performed by the Department of Agriculture for the Dairy Industry Development Board and the amount and method of reimbursing costs incurred.

AGREEMENT

between

THE NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

and

MIDWEST DAIRY ASSOCIATION

This Agreement is made and entered into this 1st day of July, 2019, by and between Midwest Dairy Association, herein called "Midwest Dairy," and the Nebraska Dairy Industry Development Board, herein called "Board."

WHEREAS, the Legislature of the State of Nebraska has enacted the Dairy Industry Development Act (Neb. Rev. Stat. §2-3948 et seq.), which, by this reference, is hereby incorporated into this Agreement;

WHEREAS, the purpose of the Act is to maintain and expand domestic sales of milk and dairy products, develop new products and new markets, improve methods and practices relating to marketing or processing of milk and dairy products, and inform and educate consumers of sound nutritional principles including the role of dairy products in a balanced and healthful diet;

WHEREAS, Neb. Rev. Stat. § 2-3950 of the Act designates the Board as the agency of the State of Nebraska responsible for carrying out the purposes of the Act;

WHEREAS, Neb. Rev. Stat. § 2-3961 of the Act authorizes the Board to jointly sponsor projects with any private or public organization that is a qualified program (any state or regional dairy product promotion, research, or nutrition education program which is certified pursuant to 7 C.F.R. § 1150.153 as amended) to meet the objectives of the Act;

WHEREAS, the purposes of the Act will be effectively and meaningfully carried out if the Board cooperates with Midwest Dairy in carrying out said purposes; and

WHEREAS, both parties hereto desire to enter into this Agreement in order to carry out the purposes of the Act.

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

1. Midwest Dairy hereby certifies that it is a "qualified program" within the meaning of Neb. Rev. Stat. § 2-3949.
2. The term of the Agreement shall be from July 1, 2019, through June 30, 2020.

- (2) A brief description of all contracts requiring the expenditure of funds by the Board;
 - (3) The action taken by the Board on all such contracts;
 - (4) An explanation of all programs relating to the discovery, promotion, and development of markets and industries for the utilization of dairy products and the direct expense associated with each program;
 - (5) The name and address of each member of the Board; and a brief description of the rules, regulations, and orders adopted and promulgated by the Board.
 - (6) Such report shall be reviewed by the Board Chair prior to filing, and shall be available to the public upon request.
5. In consideration of satisfactory and good faith performance of the Administrative Services described in Paragraph 4 by Midwest Dairy, the Board agrees to:
- 1) Reimburse Midwest Dairy monthly an administrative fee in association with the redirection of checkoff dollars by a producer to a qualified program other than Midwest Dairy. This administrative fee shall be one percent (1.0%) of the revenue collected from producers who choose this redirection option. Payment of the administrative fee by the Board shall be made provided that sufficient funds, as budgeted under Neb. Rev. Stat. § 2-3960, are generated and legislative appropriation is made.
 - 2) The administrative fee shall be used to fund the Administrative Services provided by Midwest Dairy as described in Paragraph 4 of this Agreement.
 - 3) The amount of the administrative fee will be included in the monthly contractual payment of the unexpended fund balance as described in Paragraph 8 of this Agreement.
6. Midwest Dairy shall provide the Board a summary evaluation report within thirty (30) days after the end of the contract period, including a summarization of revenue received and a general categorization by type of expenditure, expenditures made.
7. In addition to the Administrative Services provided under Paragraph 4 above, Midwest Dairy shall provide the following services:
- Implementation of the Nebraska components of Dairy Management, Inc.'s national Unified Marketing Plan programs (Exhibit A), including:

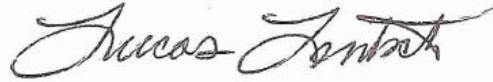
Midwest Dairy shall also prepare and submit a full accounting of all expenditures before each meeting of the Board so that expenditures can be reviewed in accordance with Neb. Rev. Stat. § 2-3955.

10. Midwest Dairy shall provide a copy of its annual report covering Midwest Dairy's prior fiscal year to the Board during the June board meeting.
11. Midwest Dairy shall:
 - a. Not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, disability or age; and
 - b. Not discriminate against any employee or applicant for employment on the basis of race, color, religion, national origin, sex or any other qualified disability. It is further understood that, if Midwest Dairy is in violation of this clause, it shall be barred forthwith from receiving further funds unless a satisfactory showing is made that discriminatory practices have terminated and that a recurrence of such act or action is unlikely.
 - c. 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 Midwest Dairy's workplace;
 - (2) The actions that will be taken against employees for violating the policy; and
 - (3) The requirement that each employee receive a copy of the policy.
12. Midwest Dairy shall indemnify and hold harmless the Board 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 Midwest Dairy to perform such duties for the Board as herein specified. This obligation shall survive the expiration or termination of this Agreement.
13. The provisions of this Agreement may be amended by mutual agreement of the parties hereto in writing, at any time.
14. This Agreement may be terminated by either party hereto at any time by ninety (90) day advance written notice to the other party. In the event of an actual or anticipated material breach of this Agreement, the Board may terminate this Agreement immediately. If the Agreement is terminated, Midwest Dairy shall not incur any additional obligations and shall repay unobligated funds in accordance with Paragraph 18, below.
15. This Agreement is not assignable without the express written approval of

brought in the State of Nebraska administrative or judicial forums as defined by Nebraska State law.

IN WITNESS WHEREOF, The parties hereto do execute this Agreement.

MIDWEST DAIRY ASSOCIATION
Federal ID Number, 41-0433125

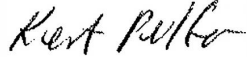


Lucas Lentsch, CEO

NEBRASKA DAIRY INDUSTRY
DEVELOPMENT BOARD



Lowell Mueller, Vice Chairman



7/30/19

Date

6/6/19

Date

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AGREEMENT

Between

THE NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

And

SOUTHWEST DAIRY MUSEUM, INC

This Agreement is made and entered into this 6th day of June 2019, by and between Southwest Dairy Museum, Inc, herein called "Southwest," and the Nebraska Dairy Industry Development Board, herein called "Board."

WHEREAS, the Legislature of the State of Nebraska has enacted the Dairy Industry Development Act, (Neb. Rev. Stat. §2-3948, et seq.), which, by this reference, is hereby incorporated into this Agreement;

WHEREAS, the purpose of the Act is to maintain and expand domestic sales of milk and dairy products, develop new products and new markets, improve methods and practices relating to marketing or processing of milk and dairy products, and inform and educate consumers of sound nutritional principles including the role of dairy products in a balanced and healthful diet;

WHEREAS, pursuant to Neb. Rev. Stat. § 2-3949(8)(e), the Board has received a request from a producer that his promotion check-off funds be remitted to Southwest.

WHEREAS, Neb. Rev. Stat. § 2-3950 of the Act designates the Board as the agency of the State of Nebraska responsible for carrying out the purposes of the Act;

WHEREAS, Neb. Rev. Stat. §§ 2-3949(8)(e) and 2-3959 of the Act requires that the Board transfer the funding of producers who request to have their promotion check-off dollars directed to a Qualified Program certified pursuant to 7 C.F.R. 1150.153.

WHEREAS, the purposes of the Act will be effectively and meaningfully carried out if the Board cooperates with Southwest in carrying out said purposes; and

WHEREAS, both parties hereto desire to enter into this Agreement in order to carry out the purposes of the Act.

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

1. The term of the Agreement shall be from July 1, 2019, through June 30, 2020.
2. It is understood by both the Board and Southwest that Southwest is not an employee or agent of the Board, and it is understood that neither the Board nor Southwest assumes any responsibility beyond those specifically stated in this Agreement.
3. Southwest shall provide the following services:
 - a. Promotional and educational services that further the purpose of the Act, which may include, but not necessarily be limited to:
 - i. Mobile Dairy Classroom presentations, primarily in the southern tier of counties in Nebraska.
 - ii. Provided adequate funding is available, and it is mutually agreed by both parties, Mobile Dairy Classroom presentations in other designated areas of Nebraska.
 - iii. Subject to Board approval, other dairy educational and promotional programs in schools, fairs, and community events, provided adequate funding is available
4. Southwest shall submit to the Board documentation that they are a USDA-qualified program within thirty (30) calendar days upon execution of the Agreement.
5. In consideration of satisfactory and good faith performance hereunder by Southwest, the Board agrees to make monthly payments in an amount equal to producer requests to have their promotion check-off dollars directed to Southwest as reflected on the State's official Nebraska Information System (NIS) accounting system on the fifth working day of each calendar month less a 1% administrative fee. The Board agrees to make payment to Southwest provided that the appropriation is authorized by the Legislature, check off dollars were received from the Producer, and that Southwest continues to maintain its status as a Qualified Program.
6. Southwest shall provide a summary evaluation report within thirty (30) days after the end of the contract period, which includes a summary of revenue received and a general categorization by type of expenditure, expenditures made and a summary of all activities undertaken, including all materials produced under this Agreement.

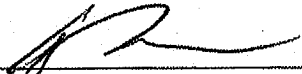
Southwest shall also provide an accounting of all expenditures prior to each regular meeting of the Board to allow for review as required by Neb. Rev. Stat. § 2-3955.

7. Southwest shall:
 - a. Not discriminate against recipients of services on the basis of race, color, religion, national origin, sex, disability or age; and
 - b. Not discriminate against any employee or applicant for employment on the basis of race, color, religion, national origin, sex or any other qualified disability. It is further understood that, if Southwest is in violation of this clause, it shall be barred forthwith from receiving further funds unless a satisfactory showing is made that discriminatory practices have terminated and that a recurrence of such act or action is unlikely.
 - c. 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 Southwest's workplace;
 - (2) The actions that will be taken against employees for violating the policy; and
 - (3) The requirement that each employee receive a copy of the policy.
8. Southwest shall indemnify and hold harmless the Board 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 Southwest to perform such duties for the Board as herein specified. Southwest's obligation to indemnify the Board shall survive the expiration or termination of this Agreement. Such indemnification and assumption of liability found in this section is limited to the extent provided for by law.
9. The provisions of this Agreement may be amended by mutual agreement to the parties hereto in writing, at any time.
10. This Agreement may be terminated by either party hereto at any time by ninety (90) day advance written notice to the other party. Termination of the Agreement does not extinguish the Board's obligation under Neb. Rev. Stat. §§ 2-3949(8)(e) and 2- 3959 of the Act to transfer the funding of producers who request to have their promotion check-off dollars directed to a Qualified Program certified pursuant to 7 C.F.R. 1150.153.
11. This Agreement is not assignable without the express written approval of the Board.

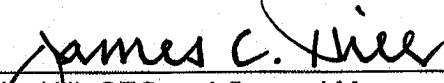
12. Southwest agrees to maintain all books, documents, papers, or any other records involving transactions related to this Agreement for a period of five (5) years or as otherwise required by law. If any litigation or audit is begun or a claim is instituted involving the Agreement, Southwest shall retain the records beyond the five (5) year period until litigation, audit findings, or claim has been fully resolved, and the Board has agreed that such records do not need to be retained.
13. The funds transferred to Southwest under this Agreement shall be utilized only for the purposes as set forth in Paragraph 3 of this Agreement and for no other purpose.
14. Southwest shall procure a policy or policies of insurance from an insurance company licensed to write such insurance in the state which policy or policies of insurance shall guarantee payment of compensation to injured workers according to the Nebraska Workers Compensation Act if an employee of Southwest is subject to the Nebraska Workers Compensation Act.
15. All provisions of this Agreement are subject to the Americans with Disabilities Act.
16. Southwest is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.
17. If any term or condition of this agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular provision held to be invalid.
18. This agreement shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the Board regarding this Agreement shall be brought in the State of Nebraska administrative or judicial forums as defined by Nebraska State law.

IN WITNESS WHEREOF, the parties hereto do execute this Agreement.

6/6/19
Date


~~Lowell Mueller, Vice Chairman~~ *Kent Wilfer*
Nebraska Dairy Industry Development Board

6.17.19
Date


Jim Hill, CEO and General Manager
Southwest Dairy Museum, Inc.
Federal ID Number, 75-1899434