

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT
BOARD**

Annual Report

July 1, 2022 - June 30, 2023

NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

Annual Report July 1, 2022 – June 30, 2023

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NEBRASKA MILK FIRST PURCHASERS

2-23-23

<u>Company</u>	<u>Grade A</u>
Associated Milk Producers PO Box 430 Freeman, SD 57029	17
Countryside Dairy 56670 880 Road Hartington, NE 68739	1
Dairy Farmers of America PO Box 901546 Kansas City, MO 64190-1546	65
Wells Dairy Inc. #1 Blue Bunny Drive LeMars, IA 50131	2
Jisa Farm Inc. 2653 Q Road Brainard, NE 68626	1
Wakefield Farms, LLP – Agropur 86051 588 th Ave Emerson, NE 68733	1
Dutch Girl Creamery (GOAT) 2201 W. Denton Rd Lincoln, NE 68523	1
Specialties Global Milk 805 W. Omaha Ave. Norfolk, NE 68701	0
Beauty View Farm (Konecky)	1
TOTALS	89

S:BDF:Nebraska Milk Purchasers632015

NDID Board - Directory

8/30/2023

Jodi Cast

Cast, Jason (JJC Jerseys)
4011 A Street Rd
Beaver Crossing, NE 68313
Home:
Mobile: (402) 641-3797
Work:
Fax:
Email: jjcjerseys@gmail.com
Represents: DFA
Board Position Type: Member
Officer Position: None
Ships Milk To: Dairy Farmers of America (DFA)
Term End Date: 11/2/2023

Doug Nuttelman

Nuttelman Dairy
P.O. Box 413 12449 M Rd
Stromsburg, NE 68666
Home: (402) 764-5171
Mobile: (402) 366-9341
Work: 4023669341
Fax: (402) 764-5297
Email: nuttelmandairy@gmail.com
Represents:
Board Position Type: Member
Officer Position: None
Ships Milk To: Dairy Farmers of America (DFA)
Term End Date: 11/2/2025

Heath Snodgrass

O & W Dairy Farm, Inc.
85801 518th Ave.
Orchard, NE 68764
Home:
Mobile: (402) 929-0275
Work:
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Email: gweedo2227@gmail.com
Represents: At-Large
Board Position Type: Member
Officer Position: None
Ships Milk To: Dairy Farmers of America (DFA)
Term End Date: 11/2/2024

David Crook

Crook Dairy
71109 635 Boulevard
Humboldt, NE 68376
Home: (402) 862-2180
Mobile: (402) 862-5323
Work: (402) 862-2834
Fax:
Email: davidnancycrook@hotmail.com
Represents: At Large
Board Position Type: Member
Officer Position: None
Ships Milk To: Dairy Farmers of America (DFA)
Term End Date: 11/2/2023

Kent Pulfer

M.P.M. Farm
811 Brooke Dr.
Wayne, NE 68787-1248
Home: (402) 375-2285
Mobile: (402) 369-0918
Work: (402) 375-2285
Fax:
Email: mpmdairy@gmail.com
Represents: Other First Purchaser
Board Position Type: Member
Officer Position: Chair
Ships Milk To: Wells Dairy, Inc. - Corporate
Term End Date: 11/2/2025

Doug Temme

Temme AgriBusiness 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: 11/2/2025

Casey Foster

Nebraska Department of Agriculture

, NE
Home:
Mobile:
Work: 4024716857
Fax:
Email: casey.foster@nebraska.gov
Represents: NE Dept. of Ag
Board Position Type: Ex Officio - Government
Officer Position: None
Ships Milk To:
Term End Date: 1/2/0001

Joyce Racicky

Racicky, Robert (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:
joyce.racicky@midwestdairyboards.com
Represents: DFA
Board Position Type: Member
Officer Position: Vice Chair
Ships Milk To: Dairy Farmers of America (DFA)
Term End Date: 11/2/2023

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT
BOARD**

**Financial
Reports**

Nebraska Dairy Industry Development Board
Fiscal Report
July 1, 2022 to June 30, 2023

Category	FY 22-23 Budget	June 2023	YTD Total	YTD %
Beginning Cash Balance	\$ 123,904	\$ 104,522.51	\$ 123,903.69	
Revenue				
Dairy Checkoff	\$ 1,500,000	\$ 127,001.27	\$ 1,385,393.24	
Penalty	100	0.81	4.37	
Other Revenue	25	0.00	25.00	
Investment Interest	2,000	270.08	1,986.79	
Dumped Milk Refund	0	0.00	0.00	
Total Revenue	\$ 1,502,125	\$ 127,272.16	\$ 1,387,409.40	92.36%
Total Available Cash	\$ 1,626,029	\$ 231,794.67	\$ 1,511,313.09	
Expenditures				
NDA Administrative Contract	\$ 9,000	\$ 886.98	\$ 4,936.40	
Midwest Dairy Association	1,394,611	108,139.09	1,290,894.49	
Southwest Dairy Association	82,731	4,452.37	88,071.72	
Board Expense	1,000	163.75	163.75	
DAS Assessments	1,850	0.00	1,604.00	
Annual Audit	7,500	0.00	7,490.25	
Total Expenditures	\$ 1,496,692	\$ 113,642.19	\$ 1,393,160.61	93.08%
Adjustment to Fund Balance	0		0.00	
Ending Cash Balance	\$ 129,337	\$ 118,152.48	\$ 118,152.48	

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

Percent of Fiscal Year Elapsed	100%
FY 21-22 Revenue to Date:	\$ 1,409,976.74
FY 21-22 Expenditures to Date:	\$ 1,418,585.56

**Midwest Dairy Association
Nebraska Division
July 1, 2022 to June 30, 2023**

REVENUE:

NDIDB Checkoff Revenue

12 Months

\$ 1,290,895

EXPENSES:

Innovation:

DMI Projects 329,477 (incl. UDIA Membership)

Dairy Experience:

DEX-Sales Demand 157,157

DEX-Sales Youth 39,997

DEX-Global Positioning 90,778

DEX-Trust Adult 172,867

DEX-Trust Youth 83,634

DEX-Strategic Initiative 18,843

Research 41,854

Agricultural Affairs

Farmer Activation 115,618

Other Agricultural Affairs 143,502

Farmer Communications 96,054

Program Innovation 16,662

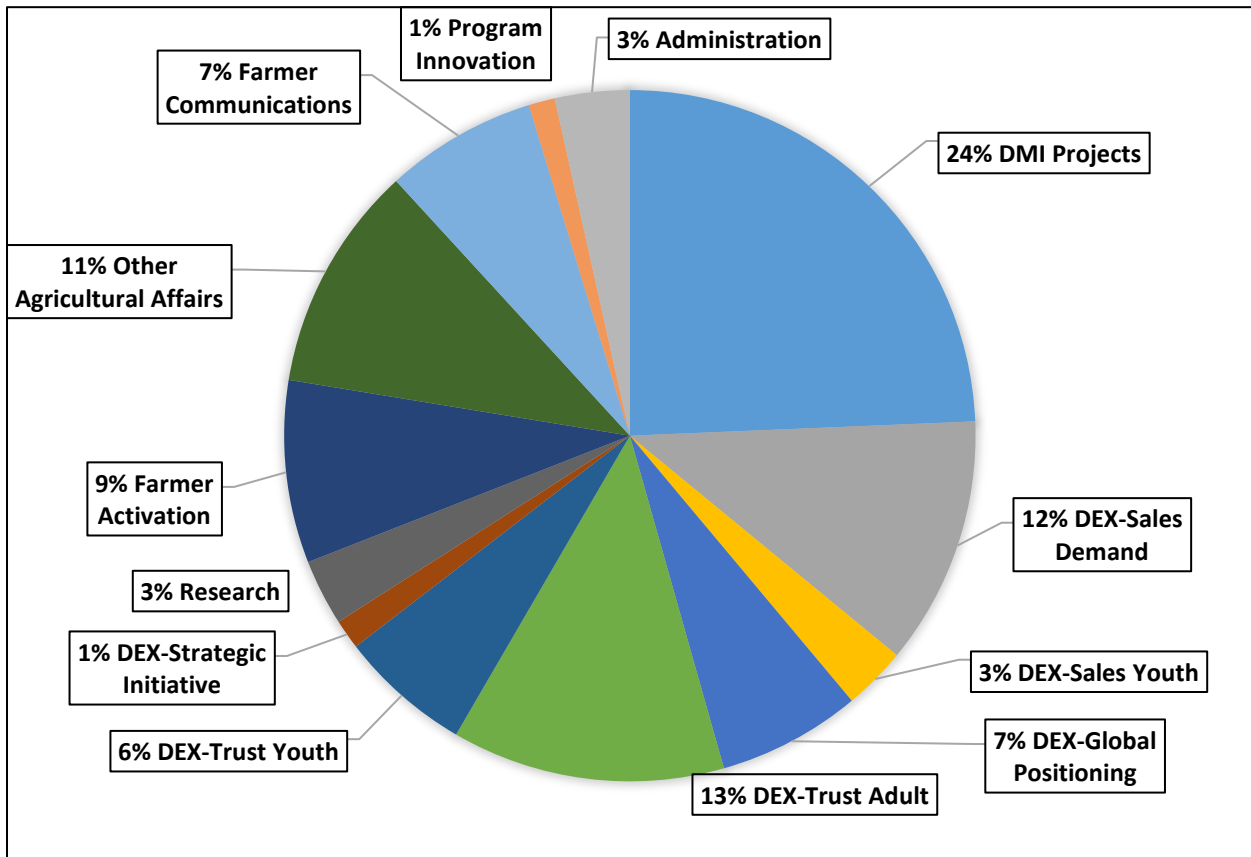
Administration 47,228

Total Expenses

\$ 1,353,671

Excess of Revenue over Expenses

\$ (62,776)



Southwest Dairy Museum, Inc.
Receipts and Disbursements
State of Nebraska
July 1, 2022 - June 30, 2023

Income		
	From Nebraska Producers	<u>\$ 88,071.72</u>
Total Income		<u><u>\$ 88,071.72</u></u>
Nebraska Direct Expenses		
	Travel (Includes Fuel)	\$ 1,659.00
	MDC Expenses	\$ 3,016.54
	TOTAL BASIC EXPENSES	\$ 4,675.54
	Special Education Programs	\$ 17,809.93
	College Athletic Programs	\$ -
	TOTAL SPECIAL PROMO PROGRAMS	\$ 17,809.93
Nebraska Indirect Expenses 1/		\$ 51,850.56
Total Expenses		<u><u>\$ 74,336.03</u></u>

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 (2.556%) 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.

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, 2021 through June 30, 2022, 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, 2022 – June 30, 2023

2022 and 2023 First Half Trust Highlights Dairy Management Inc, National Checkoff Program

CONSUMER COMMUNICATIONS & MARKETING

In 2022 and 2023, Checkoff aimed to deliver breakthrough consumer content to grow dairy's positive share of voice in the most critical channels for youth and parents. This strategy includes:

Social influencers: Growing real dairy's share of voice on social media through partnerships with online cultural influencers to deliver relevant messages, maximize reach, and drive purchases. Our diverse influencer roster ("The Dairy Dream Team") includes Gen Z relevant lifestyle, fitness and health-focused creators. In 2022, Checkoff also partnered with YouTube megastar Mr. Beast to create custom dairy-focused content reaching his massive Gen Z audience. The content was so engaging that it became the #1 trending video on YouTube for more than 24 hours after launch.

Searchable content: Investing in digital media content partnerships and optimizing checkoff's digital content to capture top search queries, deliver proof-backed claims and dispel myths.

- ✓ Content partnerships with popular online health destinations for young adults and early parents including *Everyday Health*, *Healthline* and *BabyCenter/What to Expect* resulted in +111 million impressions and +342,000 engagements. Healthline content viewers expressed 93 percent purchase intent after viewing Undeniably Dairy content.
- ✓ USDairy.com yielded 2.7 million new visitors visiting pages on dairy science and proof of dairy farmers' care for animals and planet (increase of 38 percent vs. previous year)

Checkoff continued its 2021 e-commerce pilot into 2022, adding Amazon Fresh and Walmart to its existing efforts with Instacart. These efforts help share dairy messages and usage occasions at point-of-purchase. In 2022, eComm results included:

- ✓ Approx. \$21.00 in sales for every \$1.00 spent on ads (Return on Ad Spend)
- ✓ Over 7 million units/products sold on Instacart during key drive periods

Checkoff continues to support efforts around this critical retail channel closely collaborating with local SRs including Midwest Dairy to drive trust and sales.

Youth & Schools: Checkoff continued evolving its in-school programs reaching youth, expanding access of its Fuel Up to Play 60 program and updating its NFL relationship to reach kids and schools. Efforts resulted in:

- ✓ +66,000 unique educators reached through Learning Plan efforts
- ✓ 17 million paid impressions on social with 183,000 followers
- ✓ More than \$1.1 million in grants awarded in 2022, with \$1.6 million awarded in 1H 2023—reflecting a 50 percent increase in grant applications.
- ✓ More than \$5.5 million in added value from the NFL partnership

As we embark on the 2023-2024 School Year, the school program has evolved to “Fuel Up” to allow for expanded reach and application beyond the NFL alone.

Additionally, the national checkoff team has been working alongside Midwest Dairy since 2022 on the STEM pilot to integrate agriculture into high school STEM—Science, Technology, Engineering and Math- curriculum. Midwest Dairy hosted an on-farm immersion with 30 educators/administrators from around the country.

Checkoff also made an impact with critical partners, engaging the most influential experts and thought leaders in media, medical, science and education to scale credibility and reach consumers.

Partnerships: In 2022 and 1H 2023, Checkoff continued to showcase dairy’s wellness benefits and role in sustainable food systems with key collaborations and partnerships including nutrition-focused engagements with the American Academy of Pediatrics, National Medical Association, Mayo Clinic, Feeding America, American Society of Nutrition, School Nutrition Association, among others; and environment-focused relationships with Nature Conservancy, World Wildlife Federation and Environmental Defense Fund.

- ✓ National Medical Association (NMA) journal supplement reviewing the evidence on the role of dairy across the lifespan of African Americans (to be published 2H 2023)
- ✓ Leveraging Mayo Clinic outreach channels to reach health professionals through conferences, podcasts and articles in Mayo Clinic Press

Earned Media and Thought Leaders: Checkoff reached thought leaders in a variety of ways – including traditional earned and paid digital media campaigns, scientific publications, thought leader briefings and public comments – all highlighting dairy’s sustainable nutrition.

- ✓ 23 scientific publications focused on the health and wellness benefits of dairy foods throughout the lifespan.
- ✓ Paid media campaigns encouraging thought leaders to see dairy differently featured in Washington Post, USA Today, and others
- ✓ +1.2 billion impressions yielded via Science to Storytelling efforts via 3,200 placements in media
- ✓ +5,500 thought leaders attended seven events
- ✓ Developed +20 pieces of unique content showcasing diverse sustainability farm practices
- ✓ 92 percent of health and sustainability thought leaders agree dairy plays an important role in the shift toward more sustainable food systems

Science-Based Pilots: In addition, Checkoff is executing pilot efforts with critical future dairy advocates including a next generation scientist cohort and pediatric care specialists—sharing trainings, tools, experiences and more to better equip future leaders with the most up-to-date information on dairy.

2022 and 2023 First Half Domestic and International Partnerships Sales Highlights

2022 End of Year Domestic and International Partnerships Sales Highlights

Key Overall Quantifiable Results:

- ✓ +2.3 billion average incremental milk pounds per year in foodservice since the inception of U.S. partnerships
- ✓ 3 percent average growth since the inception
- ✓ More than 9.6 billion pounds of dairy sales per year from foodservice partners
- ✓ 32 dairy-based national and local new items launched by partners in 2022
- ✓ DMI “category captain” for Amazon natural cheese & milk, witnessing real dairy category dollar growth +13.3 percent and 8.3 percent, respectively at Amazon for 2022
- ✓ New partnership with up-and-coming foodservice chain Raising Cane’s to increase dairy innovation opportunities by bringing dairy items to growing Chicken segment of Quick Serve Restaurant Channel

- ✓ Supported 59 ongoing dairy product, technical, and applications research efforts, reached food scientists and developers through 25 publications and 33 conferences and meetings

In 2022, dairy checkoff innovation and sales efforts focused on driving both immediate sales today and building a future growth pipeline. To accomplish this, checkoff partners with leaders across retail, U.S. foodservice, and e-commerce to deliver incremental sales growth through product innovation and dairy marketing programs.

Domestic checkoff foodservice partners Domino's, McDonald's and Taco Bell continue to see 3 percent average growth – an increase that has happened every year since the start of the partnership, totaling more than 2.3 billion additional pounds annually and driving more than 9.6 billion pounds of dairy sales per year.

Channel partners also launched significant product innovations. In total, 32 dairy-based products (21 national and 11 local) were launched in 2022. New products included Taco Bell's Toasted Breakfast Burrito and Cinnabon-flavored coffee that uses real dairy creamer, replacing a former non-dairy option. Checkoff also collaborated with Amazon on marketing programs that supported dairy recipes and other usage ideas during key holiday periods.

McDonald's continued to drive dairy sales and innovation throughout the day. The chain introduced McFlurry flavors Chocolatey Pretzel and Oreo Fudge, launched a Breakfast Cheese Danish, and conducted a nationwide promotion for National Cheeseburger Day.

Checkoff's partnership with General Mills drove yogurt category innovation. General Mills and the checkoff have driven health and wellness by focusing on youth-centric product innovation that included the launch of Yoplait Cereal Toppers, Oui Whole Milk French-style yogurt, and Ratio Keto-style yogurt. Of note, each percentage increase in yogurt category sales has the potential to move approximately 43 million milk equivalent pounds of additional sales.

The checkoff announced a partnership with up-and-coming foodservice chain Raising Cane's. Quick-serve chicken restaurants are growing more than 10 percent annually, and Raising Cane's is the fastest-growing chain with more than 700 U.S. locations and is a popular destination for Gen Z consumers. The partnership will increase dairy innovation opportunities by bringing dairy to sandwiches, beverages, sides and more.

Checkoff continued its work as a go-to expert resource for natural cheese and fluid milk with e-commerce giant Amazon, sharing consumer and market insights to drive dairy purchases. In 2022, Amazon natural cheese sales grew 13.3 percent, and fluid milk sales grew 8.3 percent over 2021.

Checkoff funded product research continued to fuel dairy innovation. Throughout 2022, the checkoff supported 59 ongoing dairy product, technical, and applications research efforts and reached food scientists and developers through 25 publications and 33 conferences and meetings. Checkoff scientists also conducted or participated in 3,000-plus trainings and seminars.

International Partnerships

Key Overall Quantifiable Results:

- ✓ 11 items launched/relaunched featuring US cheese across pizza foodservice partners
- ✓ 12 marketing campaigns to promote value, variety & delivery to increase frequency across pizza foodservice partners
- ✓ Three new partnerships, Domino's Taiwan, Darigold and DFA Int'l
- ✓ Similar to domestic foodservice partners, total international foodservice partner volume in 2022 was down but have grown 10 percent from 2019
- ✓ Coop partnership volume was down in 2022, but partnership efforts have grown coop volume 16 percent since 2020

DMI's international partners launched new products and expanded into new markets and continue to grow volume despite supply chain challenges, rolling localized Covid shutdowns in early 2022, and high inflationary pressures.

DMI continues to collaborate with the top two global pizza companies to create marketing programs and new products that grow sales of U.S. dairy exports. Pizza Hut Asia Pacific launched four new items and six marketing campaigns across multiple markets. Domino's International launched or relaunched seven new items in addition to eight marketing campaigns across our three partnership geographies, including the New Yorker, using 20–25 percent more cheese than a regular medium/large pizza in Japan and MENA. This item is so popular in Saudi Arabia and UAE, it was made a permanent menu item. The Taiwan team, our newest Domino's partnership launched the one Kilogram Pizza, an idea originally launched in Japan, that features more than two pounds of U.S. cheese. This is another fan favorite that continues to return to menus in partnership geographies.

Our international coop partnerships delivered growth in 2022, as well as expanding export capabilities and volume. Associated Milk Producers Inc (AMPI) continues to outpace expectations for expansion in specialty burger chains in China (from a handful in 2020 to more than 1,050 in 2022) and expanding to additional markets in Southeast Asia, including Singapore, through Dinner Bell Creamery Brand. Through participation in Gulfood, the largest food & beverage show in the world, secured contracts with two large distributors in the Middle East and expanded distribution for Talmera branded cheese slices. United Dairyman of Arizona developed a new brand for industry-wide direct selling organization "OneDairy". Though Darigold total export sales fell short of 2022 total volume goal, value-added powders grew 80 percent top tier/value-added powders have grown to roughly 35 percent of total export volume.

Exports remain a core sales driver for U.S. dairy, accounting for 18 percent of total milk production in 2022. Through the work of the U.S. Dairy Export Council (founded by and funded largely through the dairy checkoff), U.S. dairy saw another year of record-setting volume (+5 percent) and value (+25 percent growth based on the growing demand for dairy by international customers. Categories driving 2021 growth were U.S. cheese (increased 12 percent), lactose (+10 percent) and butterfat (+45 percent).

In 2022, U.S. was the only major exporter to grow exports and reached a record global market share of 25 percent. Exports grew more than three times as much as domestic consumption.

Fluid Milk Revitalization

Key Overall Quantifiable Results:

- ✓ Fluid Milk and Retail partners launched 13 new, value-added dairy-centric products with fluid milk and retail partners (over the last 5 years, value-added milk +2.7 percent annually and +62.5 million gallons)

The checkoff started fluid milk partnerships in 2015. This helps drive category innovation – since 2018, milk brands have introduced 75 new value-added fluid milk products.

In 2022, checkoff fluid milk partners Dairy Farmers of America and Darigold continued bringing value-added innovation to market, including flavored, lactose-free, shelf-stable, and other value-added options. These launches were further supported with new packaging, promotion, and other marketing efforts.

2023 First Half Domestic and International Partnerships Sales Highlights

Domestic Partnerships

Key Overall Quantifiable Results:

- ✓ Six national new items launched across retail and food service channels

Domino's is starting off 2023 strong launching three flavors of loaded tots as permanent menu items.

Taco Bell's brought Bell Nacho Fries back. This is the ninth time the fan-favorite has returned to the menu since its launch in 2018. This time Taco Bell fires up the heat with Yellow Bird Hot Sauce partnership for a limited time. Grilled Cheese Burrito moved from a limited time offer product to a permanent menu item.

McDonald's® successfully launched a new McFlurry flavor, Strawberry Shortcake which sold out early. The Grimace's Birthday Meal featuring a Limited Time Offer purple milkshake, has been extremely popular with customers, yielding over 2.6 billion social media impressions on TikTok during the event. Our DMI scientist was essential in developing these two products.

DMI continued its work with Amazon in our role as dairy "category captain" for the e-commerce giant, sharing consumer insights that can drive online traffic and sales, and looking to expand into new categories e.g., Ice Cream.

International Partnerships

Key Overall Quantifiable Results:

- ✓ Eight items launched featuring US cheese across pizza foodservice partners

In 2023, strategy shifted with Pizza Hut International from regional partnership to direct market focus in markets with the highest growth potential for U.S. cheese. The Board approved partnerships in Japan and Indonesia. To date, these markets have delivered four innovations using U.S. cheese with a focus on driving value and frequency, especially among younger consumers, including Kaz Laser Miracle 8 (four distinct pizza flavors and four crust types into a single offering) and the Calzone My Box.

Domino's International has launched four U.S. cheese-heavy products in partnership markets, including two major launches (My Box and Share Box), which are bringing new consumers and growing occasions in Japan. The team extended and amplified media support for My Box due to strong performance during the initial launch window. Taiwan has plans to launch My Box this year, as well. In UAE, Domino's launched pan pizza (20 percent more cheese than regular crust) and stuffed cheesy breads, based on success in Saudi Arabia. International coop partnerships continue to advance export growth efforts. Darigold is conducting consumer research to inform fluid milk strategies in Taiwan and China and secured incremental sales for Darigold eggnog in four retail locations in China. UDA building the OneDairy brand and actively promoting it in industry publications. AMPI is building distribution for Dinner Bell Creamery premium processed cheese slices in China and MENA, while launching natural shreds and expanding markets.

Fluid Milk Revitalization

DMI's fluid milk partners Dairy Farmers of America and Darigold continue to deliver channel innovation and marketing efforts to help modernize milk.

Value-added partner DFA launched Good Culture Probiotic Milk, expanding into Health and Wellness category by leveraging consumer insights shared by DMI strategic intelligence team.

2022 Domestic Partnerships Creative Support



2023 Domestic Partnerships Creative Support



2023 International Partnerships



Domino's Japan



Domino's Middle East New Yorker



Domino's Taiwan



AMPI – China/Middle East



UDA launches direct selling organization for entire



Pizza Hut Indonesia, Korea, Japan

Pizza Hut Korea:
Cajun Double Shrimp Pocket & Detroit Pizza

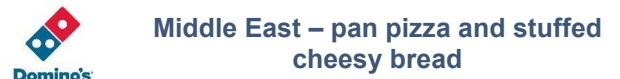
2023 International Partnerships



Kaz Laser Miracle 8 - Japan

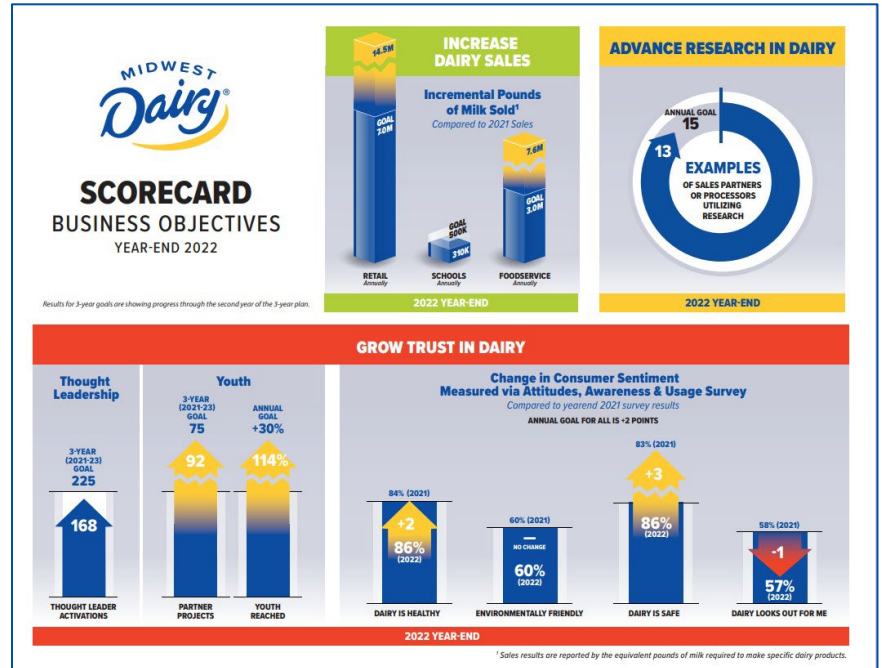


Calzone My Box - Japan

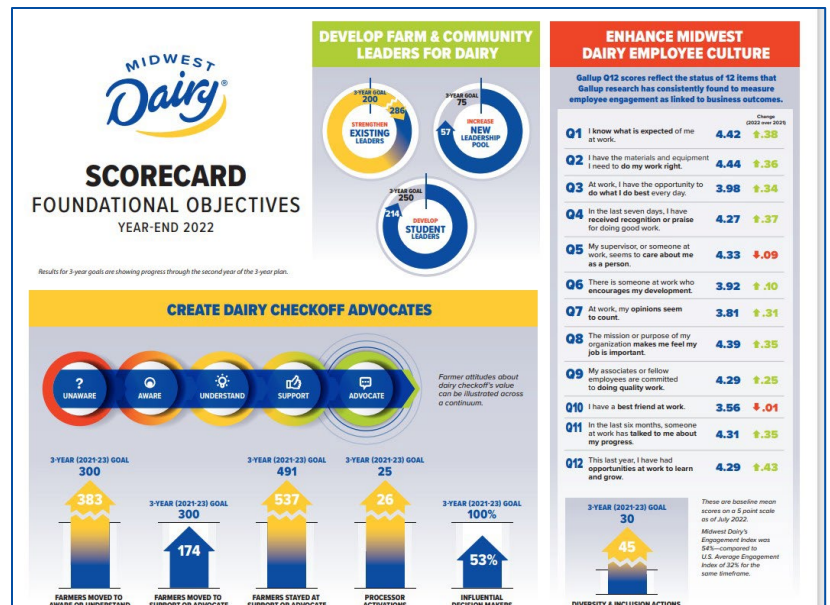


MIDWEST DAIRY PROMOTION IN ACTION

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 Midwest Dairy annual scorecard demonstrates the impact of the Midwest Dairy strategic plan across three business objectives; increase dairy sales, grow trust in dairy, and advance research in dairy, and three foundational objectives; create checkoff advocates, develop farm and community leaders for dairy, as well as enhance company culture at Midwest Dairy.



Midwest Dairy has partnered with select retail and foodservice partners throughout 2022-2023 to drive over 14.8 million pounds of incremental milk reaching over thirty million consumers with our dairy messaging. Midwest Dairy also worked with and through partners to share dairy's sustainable nutrition story to consumers to help make the connection from farm to table. Midwest Dairy reached out to thought leaders, including health and wellness professionals, to share resources in a variety of languages and communication methods to educate on the unmatched nutrition that dairy foods provide across the lifespan. Additionally, Midwest Dairy pursued research benefiting our product priorities, supported the national Undeniably Dairy campaign and worked to develop young dairy leaders.



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.

Midwest Dairy Engages Retail and Foodservice Partners to Grow Trust and Demand for Dairy

Data suggests that roughly 75 percent of all fluid milk sales happen in the retail setting, followed by roughly 15 percent of fluid milk sales in the foodservice industry. To take advantage of this opportunity, Midwest Dairy focuses on partnerships with retail and foodservice partners where we can provide dairy category expertise and insights to implement shopper marketing, menu opportunities, and trust-building messaging to increase dairy sales. Over the past year, Midwest Dairy worked with



select partners within the region including Coborn's, Hy-Vee, Casey's, Kum and Go, Pizza Ranch, Freddy's Frozen Custard & Steakburgers, Runza, and most recently Godfather's. Activations included a variety of tactics that helped the partner satisfy their customers' needs and drive dairy sales, such as social and email content featuring local farm families, video assets, and in-store signage. We encourage our partners to leverage this support and reach out to their dairy vendor community to secure special promotions to drive even more dairy sales. During this time period, these partnerships have resulted in

approximately 66 partner activations resulting in 14.8 million incremental pounds of milk sold in the Midwest Dairy 10-state region.

Bringing Dairy to Unexpected Places to Connect with Consumers

Research suggests that when consumer sentiment, or trust, towards dairy is positive, it can be equated to great dairy purchases (sales). Midwest Dairy focuses on partnerships that can help us reach youth and families to build trust in dairy from the farm to the table.

Back to Sports campaign connects Gen Z to the FUNctional benefits of dairy

Dairy plays an integral role in keeping kids happy, healthy, and fueled. In the fall of 2022, Midwest Dairy locked in on the benefits that dairy provides to kids on and off the field, a message that reaches both youth and their parents. Because youth are 100% of our future consumers and parents are the gatekeeper of household purchases, both are primary audiences for our messaging.

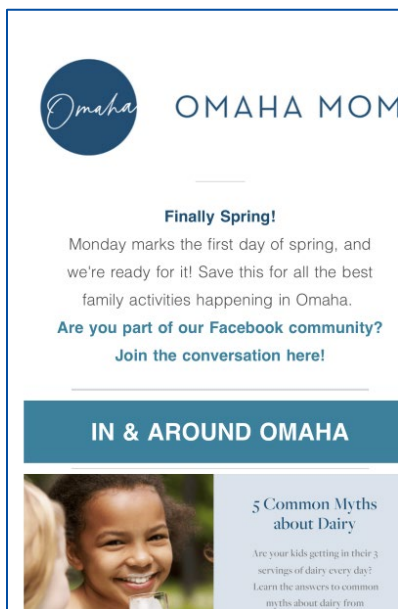
Dairy nutrition messaging was amplified on-air and via social media in Omaha throughout September through radio talent activations with Summit Media. This month-long promotion resulted in over 1.2 million impressions amongst consumers ages 18-44 through multiple platforms.



Consumers throughout the Omaha metro were prompted to visit dairydoestoo.com to nominate their coach, school or local team to win a dairy drop filled with Hiland chocolate milk and Undeniably Dairy branded promotional items. Each week, one team was randomly chosen and awarded a drop to enjoy delicious dairy at practice. Also on this landing page, consumers were able to view farm tours including Bob Larson of Larson Farms Inc., sustainability, and nutrition messaging.



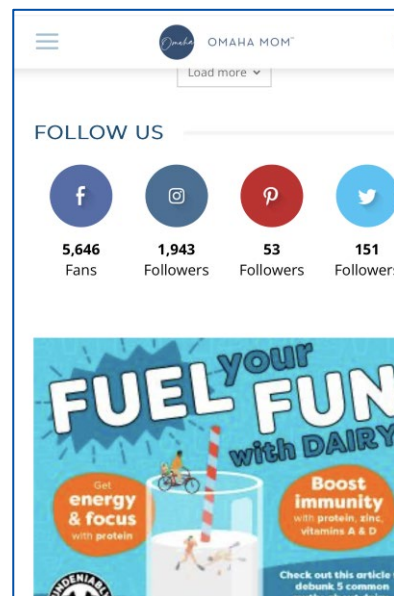
As kids are getting back to school, parents are looking for quick and healthy meals, but most importantly, something that even the pickiest of eaters will enjoy. With 13 essential nutrients and great versatility, dairy fits the bill. Activation messaging directed consumers to the fall activation page fuelyourfunrecipes.com, where they could find a variety of dairy recipes for themselves and their littles. This activation reinforced the nutritional and FUNctional benefits of dairy with a unique opportunity to amplify this message to both the parents of Gen Z and Gen Z themselves, creating the foundation for dairy as a trusted nutrition and fueling source.



Omaha Mom is a locally focused parenting resource for moms and families in the Omaha and surrounding area. Parents of young children are a primary target for Midwest Dairy as they decide what foods are purchased and served in the household. As a trusted voice amongst parents, Omaha Mom presented as a great partner to share dairy's sustainable nutrition story.

The first component of our year-long partnership included an article setting the record straight on [5 common dairy myths](#) authored by thought leader and registered dietitian Amber Pankonin. This article was promoted on Instagram and Facebook along with an ad on the Omaha Mom homepage. This ad, which educates on how dairy fuels fun for kids, was another way

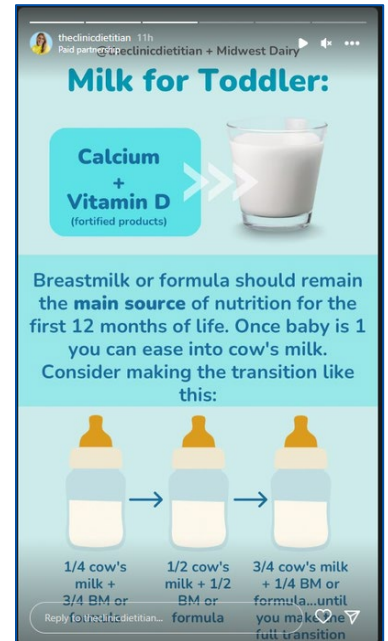
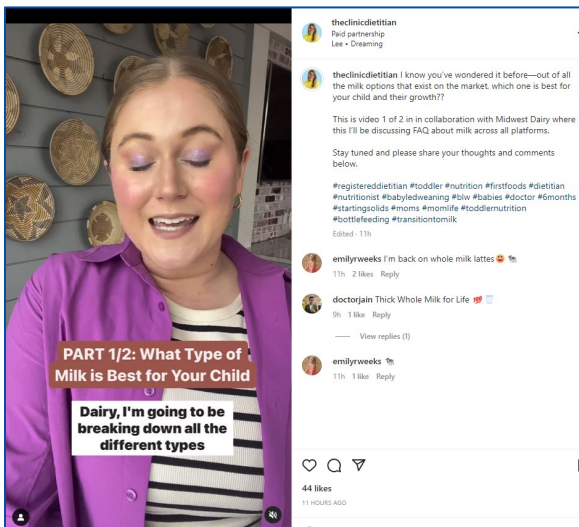
to drive more eyes to the article.



Results from this activation showed 16,500 impressions and the newsletter presented a 54 percent open rate to their 800 subscribers. Undeniably Dairy is the sponsor of three guides around Omaha this summer with a new complementary ad. Readers are directed to learn more about dairy by visiting the dairy myths article.

Pediatricians and Registered Dietitians rank as top trusted sources for parents when it comes to questions about feeding their children. For this reason, Midwest Dairy partners with these trusted professionals to share dairy's sustainable nutrition story. One such dietitian, Caroline Weeks, RD, LMNT, uses her social platform "The Clinic Dietitian" to relay key information to her parent audience. While most of her content educates parents on baby-led weaning, Caroline collaborated with Midwest Dairy to shed light on a question many of her parents had asked about - transitioning your child from breast milk or formula to whole milk.

Caroline broke down differences between the [types of milk](#) (fat contents, flavored and lactose-free) and outlined key attributes of each to her 45,000 Instagram followers in two posts and a five-part story. Caroline shared why cow's milk provides an irreplaceable nutrient package for growing littles and how lactose-free can be an option for those that might experience tummy troubles. Additionally, Caroline pointed to yogurt and cheese as good first foods and top sources of protein and calcium for babies, especially for those sensitive to lactose.



Caroline knows her followers respond better on TikTok to content that is quick and visual. To best resonate, the [post](#) outlined types of milk and showed the milk section at the grocery store and then went into the top reasons children should be drinking milk.

TikTok videos are typically watched for 20 seconds or less. This video had the longest watch duration of any of her other videos (38.4 seconds), indicating viewers were interested in the information presented. These posts garnered over 205,000 views and engagements on her platforms.

Gaining trust with Gen Z was the goal of partnering with the University of Nebraska-Lincoln (UNL) during the College of Agriculture Sciences and Natural Resources (CASNR) Appreciation Event on April 20. Midwest Dairy sponsored the event and utilized the dairy expertise of our Nebraska Dairy Ambassadors. The UNL CASNR Ice Cream Social hit the bullseye by providing an opportunity for our Nebraska Dairy Ambassadors to engage peer-to-peer with over 400 college students, faculty, staff and community members. To help promote the event, Nebraska Dairy Ambassador Libby Heenan took part in a Pure Nebraska segment reaching 54,800 Pure Nebraska viewers.



On November 3, Midwest Dairy partnered with Prairieland Dairy near Lincoln, Nebraska to host 22 students and two instructors from the **Great Plains Culinary Institute at Southeast Community College**. The farm tour was organized to build trust in dairy and provide SCC culinary/hospitality students with knowledge about where the food they eat, prepare and serve comes from.

Darren Mueller, manager of Prairieland Dairy hosted the tour of their facilities which included the milking parlor, direct milk loading system, cow housing and their composing facility, Prairieland Gold. Mueller was able to successfully share the sustainability story of dairy during the tour.



The Men's College World Series, a national event traditionally taking place in June in Omaha, Nebraska has an annual reach of just over 300,000 attendees from across the country, making it a unique opportunity for dairy to share its story. For the third year, Midwest Dairy had an onsite presence in the Omaha Baseball Village venue to engage with consumers through a variety of opportunities to learn and enjoy dairy foods.

Thanks to generous donations by local processors, over 1,200 chocolate milk pints, 2,500 cheese sticks, and 750 lactose-free milk beverage samples were enjoyed by attendees. Consumers stopped by to spin the dairy trivia wheel, engage in esports with the YMCA, or drop a Plinko chip to answer dairy nutrition and sustainability

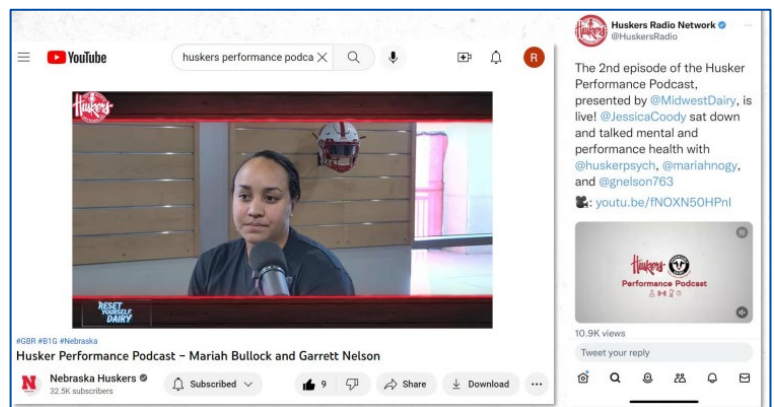
questions for a prize. On the weekends, consumers were drawn by 'Babe' and 'Ruth,' the two dairy calves along with a dairy farmer to answer consumer questions.

Prior to the event, a Pure Nebraska segment promoting the dairy experience aired to over 11,500 viewers and 36,500 Facebook followers. Midwest Dairy partner Nelson Produce Farm joined to hand out produce samples and YMCA eSports brought video gaming equipment to draw in Gen Z attendees. Nelson Produce shared on their social platforms encouraging followers to attend.

The 2022 Husker Radio Network Performance Podcast was continued for a second year and rebranded as the Husker Performance Podcast to expand the topic focus beyond nutrition.

The five-part series shared dairy's ICED (immunity, calm, energy, digestion) messaging and how dairy supports athletes beyond nutrition. Consumers gleaned insights on how mental health, sports psychology, life skills, and sports performance all tie into the athlete's experience. Messaging reinforced the role that dairy plays in immunity, calming, energy, digestion, and as an environmental solution.

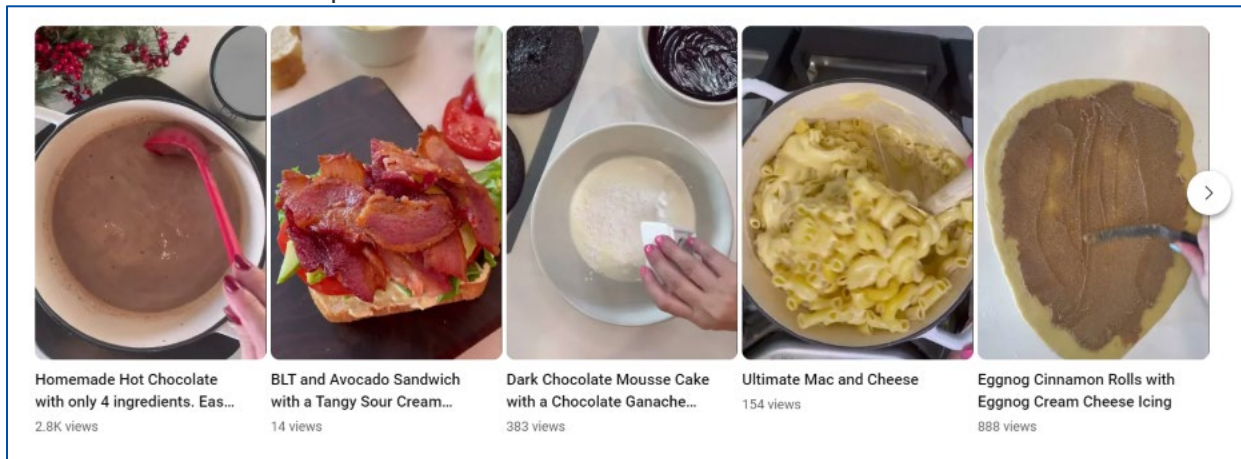
The twelve-part Healthy Habits Weekly Feature also used ICED messaging to educate



consumers about how dairy nourishes and energizes. These features aired on 24 radio stations and were streamed statewide. Comprehensively, this activation reached over 400,000 consumers.

Laura Nielsen, founder, and face of the delicious creations at Lolo Home Kitchen, prides herself on sharing real, authentic, and homestyle recipes with her followers. Recently, her Tik Tok following has quickly surpassed her other social channels in popularity, garnering over 45.5 million views among her posts. As a Nebraska native, she understands the importance of agriculture and is sure to share her love for farm-to-table with her followers.

Midwest Dairy partnered with Laura to develop and share a classic hot chocolate recipe with customizable toppings. The accompanying blog post highlighted dairy ICED messaging and why real dairy makes a difference in this recipe. Just two days after posting, the YouTube video reached over 2,800 views and was shared to over 130,000 followers throughout her platforms. Laura will be developing three recipes inspired by dairy and Nelson Produce Farm produce for a summer 2023 activation.



For the last 40 years, hundreds of bicyclists from Nebraska and over 30 different states convene each year to ride for a cause in the **Bicycle Ride Across Nebraska (BRAN)**. Riders can join in on all or part of the 430-mile trek as a seven, four or three-day tour. As a non-profit, BRAN, donates all proceeds towards scholarships for Nebraska high school graduates to trade schools, colleges, and universities. Midwest Dairy helped connect the 400 riders participating in the 2023 BRAN ride with 600 donated chocolate milk cartons in Omaha, Nebraska.



National Dairy Council sports nutrition promotional materials were displayed throughout the ride along with recipe cards for riders to take home and make and at the last two campsites. BRAN continues to be a proud champion and supporter of dairy, making them a key partner to work through to reach consumers.

Healthcare providers such as pediatricians and pediatric registered dietitians represent a primary target to share dairy resources with as they serve as the key trusted voice to parents. Midwest Dairy translated two dairy pairing resources into five different languages to equip providers with evidence-based information that can serve a diverse audience. The 100 Women, Infant and Children (WIC) clinics across Nebraska have adopted these materials for use with their 35,000 participants.



CONSEJOS ÚTILES

- › Comuníquese con su nutricionista de WIC si necesita leche de soja o sin lactosa.
- › Hay una variedad de quesos disponibles.
- › Use sus beneficios de valor en efectivo (CVB) para comprar frutas y verduras frescas, congeladas o enlatadas.
- › Las frutas y verduras se pueden picar o hacer puré.
- › 1 cucharada por edad para niños pequeños es una porción saludable de frutas y verduras. (1 año = 1 cucharada, 2 años = 2 cucharadas, etc.)

TAMAÑOS TOTALES DE LAS PORCIONES DIARIAS

	1 año	2-5 años	5+ años
Granos	1 ½ - 2 onzas	1 ½ - 3 onzas	3 - 4 onzas
Frutas	1 ½ - 1 taza	1 - 2 tazas	2 tazas
Verduras	1 taza	1 - 2 tazas	2 - 3 tazas
Lácteos	1 - 2 tazas	2 - 2 ½ tazas	3 tazas
Proteína	2 onzas	2 - 5 onzas	5 - 6 onzas

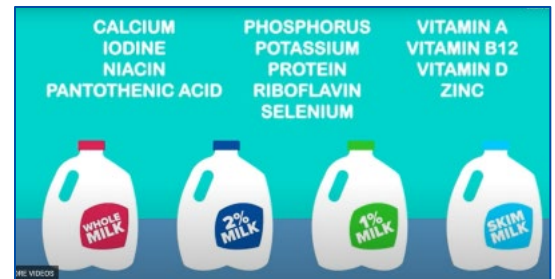
While these resources were created specific to the WIC benefits package, other healthcare systems across the state of Nebraska have adopted them for use with their pediatric and adult populations. These resources identify the positive impact of how dairy fits within the day and with other food groups for providers and patients. Additionally, translating these documents ensures patients receive the correct information.



Midwest Dairy has focused on how we can support providers working with young children and in our ever-changing world of technology, we also know that parents

want information in engaging ways beyond paper handouts.

During conversations with (WIC) clinics throughout the Midwest Dairy region, it was identified that providers struggle with educating parents about why, how and when to transition their children from whole to skim or 1% milk. At two years of age, it is recommended by the American Academy of Pediatrics and Dietary Guidelines to transition children to lower-fat milk, but this can be an adjustment for little tastebuds and a big challenge for parents.



Midwest Dairy set out to be a solution for WIC providers by developing a fun yet educational video for providers to walk through best practices for transitioning children. Through animations, this video teaches parents how to make the transition slowly and at the pace of their child. It also educates parents that although the fat and calories are different, all milk (including lactose-free) contains the same 13 essential nutrients to nourish their growing child. Language was noted by providers as a barrier to providing care, so videos were translated into Spanish.

Videos have been adopted by clinics throughout the Midwest Dairy states and also shared with the National Dairy Council and all state and regional organizations for adoption with partners across the nation. Take a look here: <https://youtu.be/czBA4dGs2kM>

Midwest Dairy Engages Environmental Organizations in Dairy Farm Tour

Midwest Dairy works with and through thought leaders to convey dairy's sustainable nutrition story as trusted voices in their space. Research shows that consumers and adult Gen Z care about how their food is produced and about the environmental impact of the choices they make. To proactively maintain dairy's reputation, environmental organizations serve as a key audience to target. Keep Nebraska Beautiful and Nebraska Recycling Council, two Nebraska based sustainability nonprofits, share common goals to maintain communities and encourage consumers to do their part by recycling, reducing food waste and supporting sustainable initiatives.

These organizations visited Prairieland Dairy in Firth, Nebraska where they got a firsthand look at the composting operation Prairieland Gold, learned about recycling practices on the farm and gained a deeper understanding of how dairy can be an environmental solution to reducing greenhouse gases. Nebraska Recycling Council shared a post following the tour noting that it was a great way to end International Compost Awareness Week to their loyal followers. Keep Nebraska Beautiful expressed interest in bringing in a speaker to their statewide conference to share about dairy's sustainability efforts and how it is key to nourishing a growing population.



Environmental organizations serve as strong and trusted voices both amongst other groups and for consumers.

Keep Nebraska has focused on reducing waste and enhancing recycling efforts across the state, all the while inspiring fellow Nebraskans to improve and beautify their communities. KNB works through educational programs, community partnerships and serves as a mentor and consultant for their 20 local affiliates. Throughout their website, consumers and affiliates can find resources on how to properly store food, tips to reduce food waste and a variety of sustainability resources. Twice annually, KNB authors a comprehensive Re-Fresh Newsletter that goes out to 2,500 subscribers and remains on their website for access. Their [March 2023 edition](#) shared about US Dairy's 2050 Net Zero Initiative, technology and enhancements increasing milk production and how cows play a significant role in reducing food in landfills as powerful upcyclers.

Also included in the newsletter was a homemade butter recipe, a highlight for using heavy whipping cream, food storage tips for various dairy foods and ways to repurpose and lengthen the life of dairy products by Registered Dietitian and University of Nebraska at Lincoln Extension Educator, Alice Henneman.

KNB staff were very pleased with the high open rate of 50% and in response to the article, Midwest

FOOD WASTE REDUCTION PROGRAM

ReFresh Nebraska

Exploring Food Waste Issues Spring 2023

Working Toward Sustainable Dairy Production

Dairy received a request from a Nebraska State Fair representative asking how they can help highlight the key facts they had learned from the newsletter. This opportunity to share dairy's sustainability efforts and active role in being an environmental solution is one step in proactively defending dairy's reputation amongst environmental organizations.

Midwest Dairy partners with key organizations to reach Nebraska youth and families

Midwest Dairy's strategic plan includes a goal to grow trust in dairy with consumers, with a specific focus on reaching youth and their families. To help accomplish this goal, Midwest Dairy has partnered with local youth-focused organizations to help connect the dairy farm story to consumers in urban Nebraska cities.

Gen Z, those ages 10-24, represent a target audience to share dairy's sustainability story with as research shows this age group is where dairy intake begins to decline. To build trust in this demographic, Midwest Dairy partnered with Nebraska School eSports Association (NSeSA) to bring dairy to life at their Spring State Tournament. Three hundred and fifty players, coaches and audience members gathered at the in-person sessions where chocolate milk and cheese sticks were provided to players in addition to Undeniably Dairy swag. Over 1,250 high school students from across the state streamed online over the two-day championship. Reset Yourself commercials leaning into ICED messaging were played and Fuel Your Fun dairy messaging was woven into announcements throughout each day. Champions were interviewed at the Undeniably Dairy desk, which concluded with a chocolate milk chug and cheers. Creating GIFs is a favorite amongst the athletes and they enjoyed the opportunity to tie in dairy this year. This is the first tournament that Undeniably Dairy has helped sponsor and the NSeSA staff were appreciative of Midwest Dairy for 'pushing the boundaries of their normal sponsorships' to help bring a more engaging, interactive, and healthy experience to athletes.



Nelson Produce Farm, located in Valley, Nebraska just outside of the Omaha Metro, serves as a farm life agritourism getaway for those immersed in urban areas. Over 35,000 consumers visited Nelson's throughout the months of May to October, giving Midwest Dairy a large platform to reach consumers. Local moms share "we love going to Nelson's with our little ones because it's an affordable place with lots to do." Midwest Dairy was the primary sponsor of the Undeniably Dairy Little Farmer Dairy Barn, which sits alongside five other commodity barns. Throughout the exhibit, kids can milk the fiber glass cow, harvest fruits and vegetables from the garden and collect corn at the grain bin. After collecting what they've produced, they can sell these goods at the market to 'earn' a Hiland white or chocolate milk.



Pam Nelson, founder, and operator of Nelson Produce Farm has seen the disconnect between consumers and knowing where their food comes from, which is why she sees the importance of educating both youth and their parents about agriculture. Midwest Dairy provided Nelson's with sustainability and nutrition messaging that is displayed in the barn and on their social media platforms. Dairy messaging was shared to 87,000 consumers and had a strong reach of over 31,000. Midwest Dairy values the partnership with Nelson Produce Farm and is building on providing consumers examples of how to pair dairy and produce from the farm on screens in the market.

The **Nebraska Department of Education** is piloting a virtual learning and physical activity program available to K-8th grade students across Nebraska, [Walk to Unlock](#). To serve as the expert in dairy and best represent Nebraska dairy farmers, Midwest Dairy was asked to partner on the project.

Walk to Unlock Nebraska invites students and teachers to combine exercise and learning through a fun, competitive virtual platform that rewards physical activity with fascinating historical, geographical, and agriculture information about the state. The program provides checkpoints along routes across the state for youth (and their teachers!) to virtually visit while tracking physical activity time, steps and/or miles. Walk to Unlock Nebraska was created with the idea of combining academic enrichment and physical activity.



Lesson topics include science, social studies, math, language arts, nutrition and more. Integrated curricular ideas are included to be used as tools for learning both in the classroom and at home. Dairy education includes Fuel Up to Play 60 STEM Lesson Plans, Discover Dairy activities and virtual dairy farm tours, coloring pages, recipes and more. Midwest Dairy is also highlighted on the partner resources part of the Walk to Unlock website.

Walk to Unlock has already reached 1,000 students since launching in the fall of 2022. Feedback from one teacher noted "the Virtual Dairy Farm Tour video was an excellent addition. The overview earlier in the tour was a nice introduction, now this was far more focused on the diet side, which the kids really enjoyed." Midwest Dairy looks forward to seeing how this program continues to reach students as it expands to more schools and classrooms in the coming years. Pure Nebraska will be highlighting Walk to Unlock in a segment this fall to promote classroom involvement.

In 2022, 20 Nebraska Extension Ag Literacy Festivals reported educating more than 6,616 second, third, fourth and fifth grade students from 93 schools across Nebraska. All festivals include a dairy session, and the festivals strive to increase youth's knowledge of the food system and to develop a better understanding, confident attitudes and interests regarding the food system. Festivals were held in March, April, May, October and September of 2022.

Utilizing a Likert scale of 1 = "Strongly Disagree"; 2 = "Disagree"; 3 = "Agree"; 4 = "Strongly Agree", teachers were asked to observe their students and indicate how much they agreed or disagreed that their students learned during each session as a result of attending a festival.



Based on 91 teachers completing the evaluation, 91% indicated that they "agreed" or "strongly agreed" that their students learned more about agriculture and the food system because of attending a Nebraska Extension Ag Literacy Festival.

Teacher responses regarding the dairy session were that 45% Agreed and 54 percent Strongly Agreed that youth can identify dairy products; and 63 percent Agreed and 34 percent Strongly Agreed that youth can tell others about the milk production cycle and how dairy farmers care for their dairy animals.

Nebraska State Fair Gives Consumers an Excellent Dairy Experience



2022 State Fair Updates

During the 11-day fair, Midwest Dairy shared the sustainable nutrition story of dairy to consumers using the central theme Sustainability Starts with Us! While growing trust with adults and youth was the primary focus, Midwest Dairy also took the opportunity to create advocates and develop leaders in a variety of ways during the 2022 Nebraska State Fair.

The 4-H/FFA Dairy Contest Awards Ceremony and Dairy Exhibitor Reception gave Midwest Dairy a chance to interact with dairy farmers and dairy advocates, sharing our checkoff efforts and working to build checkoff advocates as part of our strategic plan. Contestants and exhibitors received handouts highlighting Midwest Dairy activations. In addition, table tents included QR codes that lead to our Midwest Dairy website, Facebook page, Twitter and Instagram accounts, and encouragement to tune into "Your Dairy Checkoff" Podcast. Many thanks to the Nebraska Dairy Promoters and the Julie and Randy

Meier family for their organizational and hosting skills during these events. Nebraska Dairy Ambassadors, Kaitlyn Hanson and Whitney (Hochstein) Haahr were on hand and took leadership by interfacing with the dairy contestants and exhibitors while serving the meal and dishing up ice cream.

During the Nebraska's Largest Classroom, Dairy Ambassadors Mikayla Martensen and Jenna Albers took part in the Nebraska's Largest Classroom through presentations to the students and distributing milk provided by Hiland Dairy. During the entire fair, Hiland provided more than 2,000 cartons of milk for students, fairgoers, contestants and exhibitors.

During the 4-H/FFA Dairy Judging Contest and the Regional Youth and Open Class Dairy Shows, contestants and exhibitors were offered a refreshing break with milk provided by Hiland Dairy and served by our Nebraska Dairy Ambassador Whitney Haahr and her husband Peyton. Midwest Dairy provided sponsorship for the top award winners in the Dairy Judging Contest.

Throughout the 11 days of the Nebraska State Fair, there were many opportunities to share the sustainable nutrition story of dairy. One example included the volunteer and youth show exhibitor t-shirt that included the tagline "Have you herd? Sustainability Starts with Us!". More than 20 state fair dairy farmer/advocate volunteers and Dairy Ambassadors, and over 30 youth dairy show exhibitors sported the shirt during the fair.



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 benefits consumers and fuel a strong market for Midwest Dairy. The MDFRC is made up of three core universities, The University of Minnesota, Iowa State University, and South Dakota State University. The University of Nebraska-Lincoln is one of three affiliate universities that are part of the research center. There are also about twenty industry organizations that pay membership to the MDFRC.

For the first time in three years, the spring research planning meeting was in-person at South Dakota State University. Twenty-nine industry members, seventeen faculty, checkoff staff, and farmers, including Nebraska Board member, Mary Temme, participated in the research brainstorming process.

Dairy Ambassador Program Shapes Industry Advocates

In another move toward shaping future dairy champions, Midwest Dairy recently announced the 2023 Nebraska Dairy Ambassadors.

This group of nine college and high school students will promote the Nebraska dairy community and support Midwest Dairy's mission to give consumers an excellent dairy experience through their participation in a variety of activities throughout the year, including interacting with consumers at local and state-wide events, youth educational presentations, and attendance at dairy industry trainings and meetings.



The 2023 Nebraska Dairy Ambassadors are:

- **Jenna Albers** from Randolph, Nebraska and attends University of Nebraska-Lincoln
- **Allison Engelman** from Diller, Nebraska and attends University of Nebraska-Lincoln
- **Tessa Haahr** from Wynot, Nebraska and attends Cedar Catholic High School
- **Kaitlyn Hanson** from Mead, Nebraska and attends University of Nebraska-Lincoln
- **Libby Heenan** from Chicago, Illinois and attends University of Nebraska-Lincoln
- **Brooke Hilgenkamp** from Arlington, Nebraska and attends Arlington Public Schools
- **Brianna Klabenes** from Chambers, Nebraska and attends Chambers Public School
- **Jenna Muntz** from Louisville, Nebraska and attends Northeast Community College
- **Emily Rempel** from Beatrice, Nebraska and attends University of Nebraska-Lincoln

Dairy Ambassadors serve a one-year tenure. At the end of their year, Ambassadors are eligible to apply for Midwest Dairy scholarships up to \$1,000.

Board Leadership Steers Midwest Dairy Nebraska Division

The Nebraska Division Board of Midwest Dairy elected its 2023-2024 officers during the annual division meeting that was held on April 3, 2023. The following dairy farmers were elected: Mary Temme, Wayne, was elected chair; Joyce Racicky, Mason City, was elected vice chair and Jodi Cast, Beaver Crossing, was elected secretary/treasurer.

Temme and Racicky were elected to represent Nebraska on the Midwest Dairy Corporate Board.



Nebraska Division board officers for 2023–2024 are (left to right): Jodi Cast, Secretary; Mary Temme, Chair; and Joyce Racicky, Vice-Chair.

Scholarships Encourage Education and Inspire Dairy Advocacy

Midwest Dairy Nebraska Division has awarded \$5,000 in college scholarships to six high school and college students in 2023. These scholarships will help cover costs for a full-time undergraduate or graduate student at an accredited college. Recipients were chosen based on past and present leadership involvement in their school, local community, and dairy community. On the application, recipients addressed what they see as the biggest challenge facing the dairy industry and how their future career plans address those challenges.

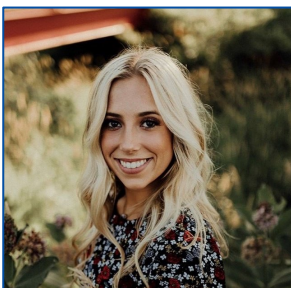
Congratulations to the following 2023 scholarship award recipients:



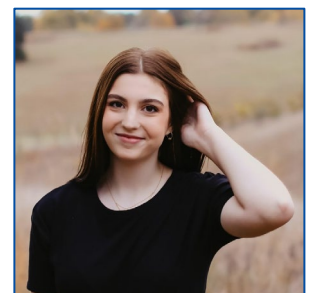
Marta Pulfer, of Wayne, Nebraska was awarded \$1,500 and plans to graduate with her Doctorate of Veterinary Medicine Degree from Texas A&M University in 2024. Marta is the daughter of Kent and Jodi Pulfer.



Allison Engelman, of Diller, Nebraska was awarded \$1,000 and is enrolled at the University of Nebraska-Lincoln majoring in Ag Education. Allison is the daughter of Adam and Brooke Engelman.



Makenna Held, of Leigh, Nebraska was awarded \$1,000 and is at the University of Nebraska-Lincoln majoring in Accounting. Makenna is the daughter of Keal and Heather Held.



Kaitlyn Hanson, of Mead, Nebraska was awarded \$500 and is at the University of Nebraska-Lincoln majoring in Animal Science. Kaitlyn is the daughter of Jay and Jenna Hanson.



Sydney Schildt, of Pleasant Dale, Nebraska was awarded \$500 and is enrolled at Concordia University majoring in Agricultural Science. Sydney is the daughter of James and Brooke Schildt.



Cadence Smaus, of Prague, Nebraska was awarded \$500 and is headed to Northeast Community College to major in Agribusiness and minor in Animal Science. Cadence is the daughter of John and Laurie Smaus.

To be eligible for this scholarship, applicants are required to have a family member (parent/guardian/grandparent/sibling) who owns a Nebraska dairy farm, or they must be employed on a Nebraska dairy farm. The dairy farm must have contributed to Midwest Dairy Checkoff as of January 1, 2023.

Applications and requirements for the 2024 Midwest Dairy Nebraska Division Scholarships will be available December 1, 2023.

Midwest Dairy teams up with Discover Dairy to promote the Adopt A Cow program to students and schools across Nebraska.

In its fifth year, Midwest Dairy has seen success with the Discover Dairy Adopt A Cow program among elementary students. This program provides a free, year-long virtual experience where kids watch the growth of a calf and interact with a dairy farmer. Students learn first-hand about animal care, where nutritious dairy foods come from, and important lessons about dairy farming in general. We see success within this program because it fosters a better relationship with students and farmers by helping students connect where nutritious food, like cheese for pizza, comes from. The Adopt A Cow program follows Common CORE education standards and is interactive with classroom curriculum, farm tours, virtual chats, and more. This school year, Midwest Dairy has seven local dairy farmer hosts connecting with 118,043 students from the Midwest Dairy region.



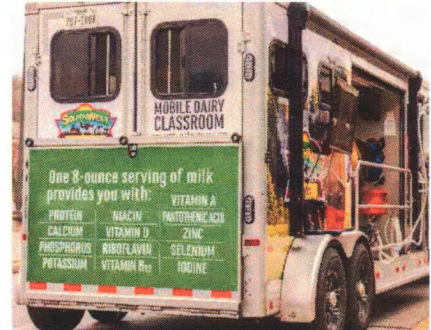
Jodi Cast of JJC Jersey near Beaver Crossing, Nebraska has served as a host for the Adopt A Cow program for the past three years. During the 2022-2023 school year, 8,263 Nebraska students were engaged with the Adopt A Cow program. Since the 2019-2020 school year, there have been 53,649 Nebraska students who have experienced the interactive program.



SOUTHWEST DAIRY FARMERS 2023 - 2024 PROPOSED PROMOTIONAL ACTIVITIES IN NEBRASKA

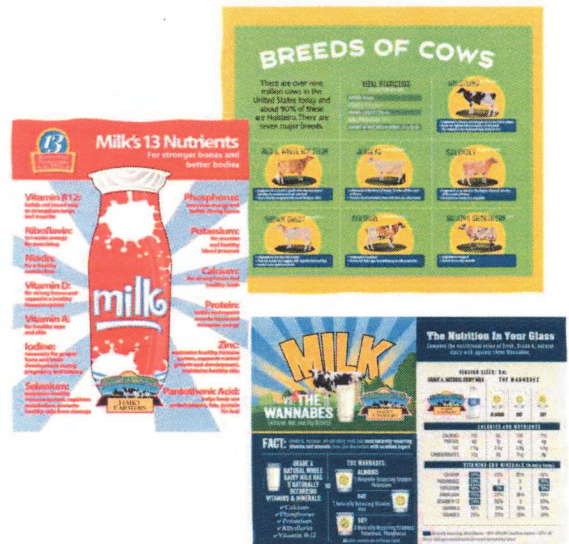
MOBILE DAIRY CLASSROOM

The Mobile Dairy Classroom is a traveling fully operational milking parlor, featuring a live cow. Each year, we take our classroom to schools, fairs, and other high-profile events. This program does an exceptional job of teaching kids, and adults, how milk gets from a cow and a dairy farm to the dinner table. Teachers continue to tell us it's one of the best programs available to help enrich students' education about food, farming, and specifically, dairy farming. This educational initiative reaches over 650,000 children and consumers throughout our entire area each year. In 2023-24, we will continue to schedule school programs in southern Nebraska as our local funds will allow.



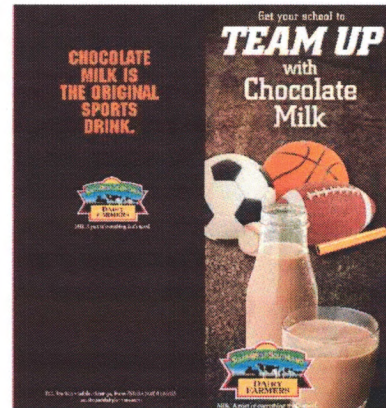
EDUCATIONAL MATERIALS AND PROGRAMS

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.



CHOCOLATE MILK IN SCHOOLS

The Team Up With Chocolate Milk in Schools grant program will continue in Nebraska high schools throughout 2023 and 2024. This grant program allows high schools to nominate their boys and girls' athletic teams, with the goal of being awarded an entire season's supply of chocolate milk. Grants will be awarded in the fall, winter, and spring seasons promoting the benefits of the 13 essential vitamins and nutrients in chocolate milk to restore energy and rebuild muscle as a recovery drink for all athletes. Applications can be submitted online via our website.



JILL CASTLE

Southwest Dairy Farmers will continue to work closely with Jill Castle, child nutrition expert, author, and mom, to help educate consumers about the importance of a healthy diet and sensible eating practices. She is also an advocate for the benefits of wholesome milk and dairy. Using digital marketing practices, we help get Jill's engaging nutrition messages to consumers via short video vignettes on YouTube and informative white papers on our website.



DAIRY RECIPE WALL CALENDAR

Again in 2024, our popular recipe wall calendar will continue to remind people to “Share the Tradition, Share the Nutrition.” These recipes are easy to make and feature a wide variety of dairy products. These recipes are not just delicious but also include the nutritional value of dairy products. They are the perfect way to begin, or continue, traditions built around good, healthy food with family and friends. These calendars provide handy, tear out recipe cards for your recipe files.



DIGITAL PROMOTION AND SOCIAL MEDIA



Our digital and online advertising program will continue to garner strong consumer engagement during the year. Through the use of Facebook, Instagram, Google, and YouTube, along with our online presence, we maximize the reach and effectiveness of our messages.

In conjunction with our Cooking With Dairy printed calendar, we have developed quick 30-second videos that are easy to follow for each recipe. Available on our website and promoted on social media, this will make each recipe easy to share right from your desktop, tablet, or mobile device.

EDUCATIONAL EVENTS, TRADE SHOWS AND FAIRS

Taking our message on the road allows us to reach consumers in engaging settings. We hand out promotional bags and educational materials, so our presence at State Fairs and trade shows is always noticed.

We attend the International Association of Fairs and Expositions (IAFE) annual convention and trade show that has numerous fairs from Nebraska that attend the event looking for entertainment and education options. We have attended the event for two years and have booked Nebraska fairs due to this opportunity.



YOGURT FOR YOUTH PROGRAM

Southwest Dairy Farmers assisted four schools in Furnas County, Nebraska by providing nutritious and delicious yogurt products to students as a school snack.

In a letter from a school food service director, she stated:

"While visiting with teachers and students who are currently receiving yogurt, everyone has only positive things to say about your generous donation. Students have expressed to me not only their thanks, but also share that they are not hungry all morning because they did not wake up in time to eat breakfast or did not want to eat what was being offered to them at home. Teachers have told me they believe students are more focused and are anxious to compare test scores at the end of the term. Again, I cannot thank you enough for what you are providing - not just the yogurt, but the opportunity for our students."



DAIRY FOR THE AGES

Dairy for the Ages is a new campaign that will make a full debut in 2023-2024. This promotional and educational campaign spotlights the important role dairy products play in our lives from childhood to senior years. This program's elements tell the great story of the benefits of dairy, educating consumers about the importance of a healthy diet, and sensible eating practices for all age groups. Dairy for the Ages will be seen in digital advertising and print, in person events, and promotional items focused on different age groups.



Southwest Dairy Farmers is committed to local consumer-driven marketing, advertising, education and promotion of the dairy industry, as well as, the dairy producers' 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
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APR 25 2016

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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

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Page 62 of 91

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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:

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 sent physically or electronically to those first purchasers on the mailing list.
2. Non-respondents will be sent a delinquent second notice notification with penalty due the first week following the month they were due.
 - If the form is received late (according to the postmark or email date), 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 notification for each month delinquent. The notification 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. The auditor will conduct one audit per fiscal year with no first purchaser being selected two years in a row.

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 semi annual 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 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, 2022, to June 30, 2023**, by providing the following services on a cost reimbursement basis, but such services shall not exceed nine thousand dollars and no cents (\$9,000.00) 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 nine thousand dollars and no cents (\$9,000.00) under this Agreement on a cost-reimbursement basis. If services in excess of \$9,000.00 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, 2023;
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, 2022, to June 30, 2023**, 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.

6/02/2022
Date

[Signature]
Kent Pulfer, Chairman
Nebraska Dairy Industry Development Board

6/3/2022
Date

DocuSigned by:
Brent Davis
F93C7C3CFA294C8...
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, 2022, 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, 2022, through June 30, 2023.
3. The relationship of the Board and Midwest Dairy under this Agreement shall be that of principal and independent contractor. It is understood by both the Board and Midwest Dairy that Midwest Dairy is not an employee or agent of the Board and it is understood that the Board assumes no responsibility beyond those specifically stated in this Agreement.

4. Midwest Dairy shall provide the following Administrative Services that will include but are not limited to:
- Coordinate meeting notices, records, and agenda with the Nebraska Department of Agriculture.
 - Provide minutes, information reports, and follow-up reports as requested by the Board and required by law.
 - Advance Board-approved expenses to the State for payment in accordance with the requirements of the Nebraska Department of Administrative Services ("DAS") and other applicable laws.
 - Obtain stationery and letterhead for the Board as needed and in accordance with DAS requirements and other applicable laws.
 - Maintain and update the roster of the Board.
 - Correspond with first purchasers with regard to nominations and appointments to the Board and the operative dates.
 - Follow-up with the Governor's office on appointments to the Board.
 - Remind first purchasers if a vacancy exists on the Board.
 - Assist the Nebraska Attorney General's office as needed with relation to Dairy Board contracts.
 - Obtain certified audits and proof of bonding from qualified programs contracted to the Board and forward to the Department of Agriculture to review for compliance.
 - Develop and publish an annual report on or before October 1 of each year, setting forth the income received from the assessments collected in accordance with Neb. Rev. Stat. § 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 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:

- Nutrition Affairs:
 - Build Champions for Dairy
 - Engage, Empower and Impact Youth
 - Translate, Align and Activate Science with Emotionally-Compelling Support for Dairy
 - Operations
 - Training
- Integrated Communications, including Farmer Relations and Consumer Confidence:
 - Consumer Communications and Support
 - Fuel Up to Play 60 Communications
 - General Communications Support
 - Farmer Relations
 - Local Farmer Relations

- Strategic Initiatives
- Fuel Up to Play 60:
 - Program Delivery
 - School Dairy Optimization, School Incentives and Rewards
- Dairy Product Research
 - Coordination of Research through National Research Plan/Midwest Dairy Foods Research Center/University of Nebraska
- Administration necessary to conduct the above programs including accounting tracking and reporting to meet Dairy Management, Inc.'s Unified Marketing Plan requirements.

8. In consideration of satisfactory and good faith performance of the services described in Paragraph 7 by Midwest Dairy, the Board agrees to make monthly contractual payments in an amount equal to the unexpended fund balance of the Nebraska Dairy Industry Development Fund as reflected on the Nebraska Information System ("NIS") on the fifth working day each calendar month after Board, administrative, fee collection, accounting, and auditing expenses are calculated. This dollar amount shall be based upon the State's official NIS accounting system. The Board agrees to make payment provided sufficient funds, as budgeted under Neb. Rev. Stat. § 2-3960, are generated and legislative appropriation is made.

9. Midwest Dairy shall provide a final report within sixty (60) days after the completion of this Agreement. The Final Report shall include a description of activities undertaken a full accounting of all money spent under this agreement, and include materials produced under this Agreement.

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 the Board.
16. Midwest Dairy agrees that the books of account, files, and other records of Midwest Dairy which are applicable to this Agreement shall, at all times, be available for inspection, review, and audit by the Board or its contract representatives to determine the proper application and use of all funds paid to or for the account or benefit of the Board or as otherwise required by the laws of the State of Nebraska.
17. Furthermore, Midwest Dairy 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 the laws of the State of Nebraska. If any litigation or audit is begun or a claim is instituted involving the Agreement, Midwest Dairy 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.
18. Any funds paid to Midwest Dairy under this Agreement, and not fully utilized pursuant to the terms of this Agreement during the Agreement period or prior to termination shall be returned to the Board, unless otherwise agreed in writing by the parties. Furthermore, if Midwest Dairy fails to perform as outlined herein, Midwest Dairy may be required to repay funds received not utilized under this Agreement.

19. The funds expended pursuant to this Agreement shall be spent only on Midwest Dairy's performance pursuant to this Agreement and for no other purpose.
20. Midwest Dairy 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 Midwest Dairy is subject to the Nebraska Workers Compensation Act.
21. All provisions of this Agreement are subject to the Americans with Disabilities Act.
22. Midwest Dairy 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.
23. This Agreement shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings 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.

MIDWEST DAIRY ASSOCIATION
Federal ID Number, 41-0433125

6/6/2022
Date

Molly Pelzer
Molly Pelzer, CEO

NEBRASKA DAIRY INDUSTRY
DEVELOPMENT BOARD

6/02/2022
Date

Kent Pulfer
Kent Pulfer, Chairman

AGREEMENT

Between

THE NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

And

SOUTHWEST DAIRY MUSEUM, INC

This Agreement is made and entered into this 1st day of July 2022, 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 require 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, 2022, through June 30, 2023.
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.

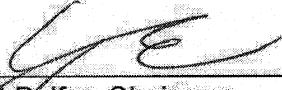
Southwest shall also provide an accounting of all expenditures prior to each regular meeting of the Board to allow for review as required by Neb. Rev. Stat. § 2-3955.

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.

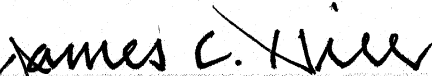
12. Southwest agrees to maintain all books, documents, papers, or any other records involving transactions related to this Agreement for a period of five (5) years or as otherwise required by law. If any litigation or audit is begun or a claim is instituted involving the Agreement, Southwest shall retain 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.

6/02/2022
Date


Kent Pulfer, Chairman
Nebraska Dairy Industry Development Board

6-6-2022
Date


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