

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT  
BOARD**

# **Annual Report**

**July 1, 2015 - June 30, 2016**



# **NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD**

## **Annual Report July 1, 2015 – June 30, 2016**

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NEBRASKA MILK PURCHASERS  
May 2016

<u>Company</u>	<u>Grade A</u>	<u>Manufacturing</u>	<u>Total</u>
Associated Milk Producers PO Box 430 Freeman, SD 57029	39	6	45
Countryside Dairy 56670 880 Road Hartington, NE 68739	1	0	1
Dairy Farmers of America PO Box 901546 Kansas City, MO 64190-1546	105	0	105
Dean Foods PO Box 1210 LeMars, IA 51031-1210	13	0	13
Farmstead First 17015 NW 70 <sup>th</sup> St Raymond, NE 68428	1	0	1
Land O'Lakes Inc. PO Box 168 Volga, SD 57071	1	0	1
Wells Dairy Inc. #1 Blue Bunny Drive LeMars, IA 50131	2	0	2
Jisa Farm Inc. 2653 Q Road Brainard, NE 68626	1	0	1
Prairieland 13000 Pella Rd Firth, NE 68358	1	0	1
West Point Dairy LLC/Grassland N8790 Fairgrounds Ave Greenwood, WI 54437	2	0	2
Clear Creek Organic Farms 82228 499 <sup>th</sup> Ave Spalding, NE 68665	1	0	1

<u>Company</u>	<u>Grade A</u>	<u>Manufacturing</u>	<u>Total</u>
Orchard Hill Creamery (Chisholm Family Farm) 1875 D Rd Unadilla, NE 68454	1	0	1
Wakefield Farms, LLP – Agropur 86051 588 <sup>th</sup> Ave Emerson, NE 68733	1	0	1
McCarty Farms Beaver City, LLC 42426 Road 713 Beaver City, NE 68926	1	0	1
<b>GOAT</b>			
Dutch Girl Creamery 2201 W. Denton Rd Lincoln, NE 68523	1		
Greenglade 1540 Stagecoach Rd Martell, NE 68404	1		
Victory Hill Farm LLC 200444 CRF Scotsbluff, NE 69361	1		
<b>SHEEP</b>			
Halligan Enterprises P.O. Box 96 Bushnell, NE 69128	1		
<b>TOTALS:</b>	174	6	180







# NDID Board - Directory

5/23/2016

## Jim Eschliman

Eschliman Family Dairy  
82793 494th Ave.  
Ericson, NE 68637  
Home: (308) 653-2127  
Mobile: (308) 750-0974  
Work:  
Fax: (308) 653-2127  
Email: jeschliman@hotmail.com  
Represents: DFA  
Board Position Type: Member  
Officer Position: Chair  
Ships Milk To: DFA - Corporate  
Term End Date: 11/1/2017

## Mat Habrock

Nebraska Department of Agriculture  
P.O. Box 94947  
Lincoln, NE 68509  
Home:  
Mobile: (402) 499-4572  
Work: (402) 471-2341  
Fax:  
Email: mat.habrock@nebraska.gov  
Represents: NE Dept of Ag  
Board Position Type: Ex Officio - Government  
Officer Position: None  
Ships Milk To: Not Applicable  
Term End Date: 4/1/2017

## Mike Henn

Henn House Dairy Inc.  
54615 1/2 Mile Rd.  
Norfolk, NE 68701  
Home: 402-675-2449  
Mobile:  
Work:  
Fax:  
Email: hhdairy@frontiernet.net  
Represents: Land O'Lakes  
Board Position Type: Member  
Officer Position: None  
Ships Milk To: Land O' Lakes, Inc. - Corporate  
Term End Date: 11/1/2018

## Lowell Mueller

Vi-View Farms  
27268 Cty.Rd. 14  
Hooper, NE 68031  
Home: (402) 654-3575  
Mobile: (402) 720-0264  
Work: (402) 654-3418  
Fax: (402) 654-3575  
Email: loismueller\_51@hotmail.com  
Represents: DFA  
Board Position Type: Member  
Officer Position: Vice Chair  
Ships Milk To: DFA - Corporate  
Term End Date: 11/1/2017

## Dave Murman

Murman Dairy Inc  
31260 Rd. A  
Glenvil, NE 68941  
Home: (402) 771-2301  
Mobile: (402) 469-1241  
Work: (402) 771-2301  
Fax:  
Email: dkmurman@windstream.net  
Represents: DFA  
Board Position Type: Member  
Officer Position: None  
Ships Milk To: DFA - Corporate  
Term End Date: 11/1/2017

## Kent Pulfer

M.P.M.  
811 Brooke Dr.  
Wayne, NE 68787-1248  
Home: (402) 375-2285  
Mobile: (402) 369-0918  
Work:  
Fax:  
Email: mpm@inebraska.com  
Represents: Wells  
Board Position Type: Member  
Officer Position: None  
Ships Milk To: Wells Dairy, Inc. - Corporate  
Term End Date: 11/1/2016

## Doug Temme

Temme Agri-Business Inc  
57618 858th Rd.  
Wayne, NE 68787  
Home:  
Mobile: (402) 375-0542  
Work: (402) 375-4191  
Fax:  
Email: temmdo@huntel.net  
Represents: AMPI  
Board Position Type: Member  
Officer Position: None  
Ships Milk To: AMPI - Corporate Office  
Term End Date: 11/1/2016

## Bill Thiele

Thiele Dairy  
PO Box 41 611 Colorado  
Clearwater, NE 68726  
Home: (402) 485-2355  
Mobile: (402) 649-2608  
Work:  
Fax:  
Email: tldairy@nntc.net  
Represents: first purchaser seat  
Board Position Type: Director - Appointed  
Officer Position: None  
Ships Milk To: Deans Foods - Corporate  
Term End Date: 11/1/2016



**NEBRASKA DAIRY INDUSTRY DEVELOPMENT  
BOARD**

**Financial  
Reports**



NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD  
FISCAL REPORT  
JULY 1, 2015 - JUNE 30, 2016

DESCRIPTION	FY 2015-2016 BUDGET	JUNE 2016	FY 2015-16 YR-TO-DATE	% OF BUDGET
BEGINNING CASH BALANCE	\$ 112,519	\$ 98,398.73	\$ 112,518.99	
REVENUE:				
Dairy Checkoff	\$ 1,290,680	\$ 125,942.13	\$ 1,330,498.21	
Penalty	200	1.56	61.98	
Other Revenue	25	0.00	25.00	
Investment Interest	1,785	243.84	2,671.42	
Total Revenue	\$ 1,292,690	\$ 126,187.53	\$ 1,333,256.61	103%
TOTAL AVAILABLE CASH	\$ 1,405,209	\$ 224,586.26	\$ 1,445,775.60	
EXPENDITURES:				
Fee Collection Contract	\$ 6,662	\$ 401.34	\$ 6,139.17	
Midwest Dairy Association	1,280,593	109,754.54	1,280,057.93	
Southwest Dairy Association	0	5,860.83	44,051.78	
Board Expense	1,000	302.86	1,208.88	
DAS Assessments	1,400	0.00	1,313.40	
Annual Audit	5,500	0.00	4,737.75	
Total Expenditures	\$ 1,295,155	\$ 116,319.57	\$ 1,337,508.91	103%
Adj. to fund bal.	0	0.00	0.00	
ENDING CASH BALANCE	\$ 110,054	\$ 108,266.69	\$ 108,266.69	

\* The ending cash balance is 100% invested in the short-term investment pool.  
Percent of Fiscal Year Elapsed: 100%  
FY 14-15 Revenue to Date: \$1,226,187.4    FY 14-15 Expenditures to Date: \$1,217,405.98

DESCRIPTION	CONTRACT AMOUNT	JUNE 2016	FY 2015-16 YR-TO-DATE
Department of Agriculture Contract			
Fee Collection	\$ 1,432	\$ 85.46	\$ 1,035.61
Budget & Accounting	3,342	196.96	3,488.13
Auditing	1,888	118.92	1,615.43
Total	\$ 6,662	\$ 401.34	\$ 6,139.17

**Midwest Dairy Association  
Nebraska Division  
July 1, 2015 - June 30, 2016**

**REVENUE:**

NDIDB Checkoff Revenue	<b>\$ 1,280,059</b>
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**EXPENSES:**

Innovation:

DMI Projects (incl. UDIA Membership)	327,187
Business Development	47,412
Product & Economic Research - Midwest Dairy Foods Research Center	37,114

Health & Wellness:

Fuel Up To Play 60	307,965
Nutrition Affairs	166,130

Consumer Confidence	122,330
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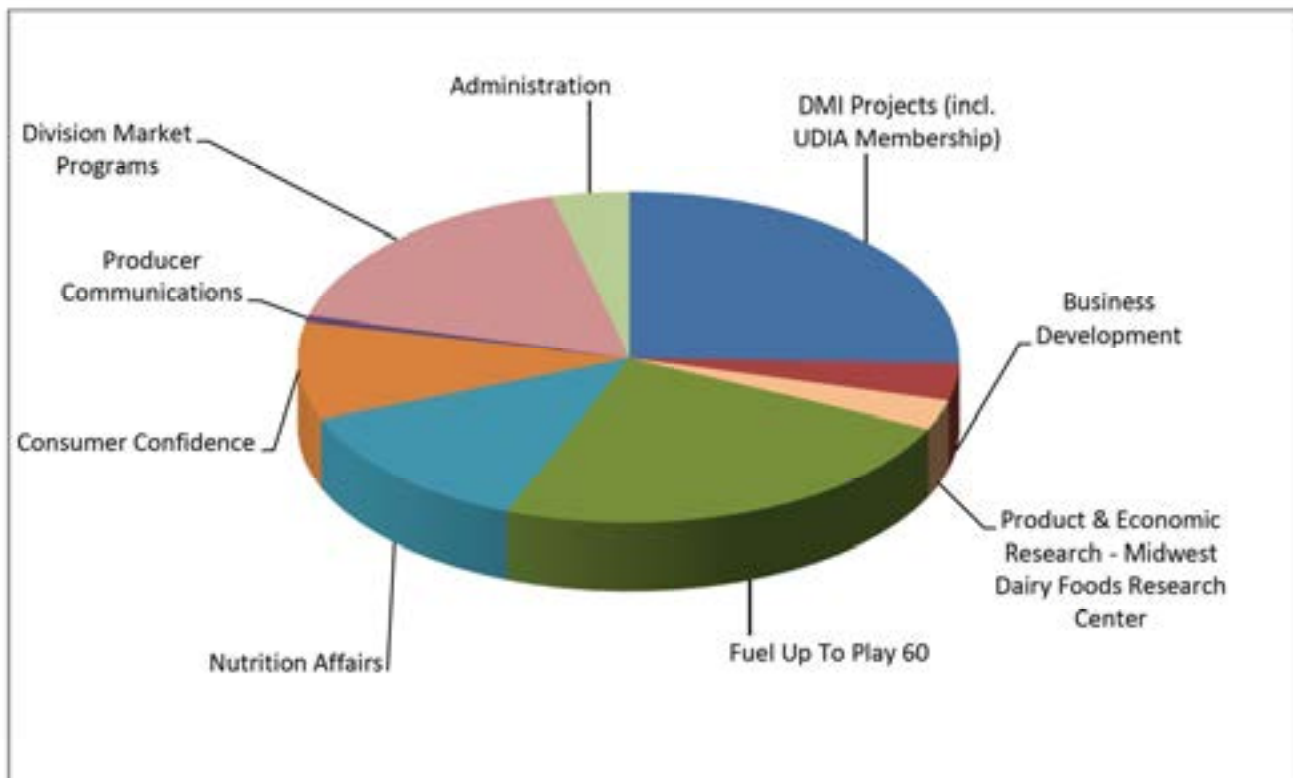
Producer Communications	7,665
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Division Market Programs	220,295
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Administration	48,606
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<b>Total Expenses</b>	<b>\$ 1,284,704</b>
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<b>Excess of Expenses over Revenue</b>	<b><u>\$ (4,645)</u></b>
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**Southwest Dairy Farmers  
July 1, 2015 – June 30, 2016**

NDIDB Checkoff Funds received \$38,191

No spending report provided.





# **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, 2015 through June 30, 2016, 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, 2015 - June 30, 2016

Midwest Dairy Association implements the Unified Plan for dairy promotion developed by dairy farmers at the national level, as well as a variety of state-specific initiatives. The impact of national programs such as partnerships with McDonald's, Domino's, Pizza Hut and Taco Bell help increase sales of dairy, while strategies such as social media, working with thought leaders and helping dairy farmers tell their stories assist with building consumer confidence.

Efforts which follow the same priorities but were carried out in unique ways during the last year included the Dairy 3 for Me pledge campaign, which helped to communicate the new Dietary Guidelines for Americans, which recommend three servings of milk, cheese and yogurt daily for a healthy diet. Additionally, Midwest Dairy worked closely with land grant universities in the region in a variety of ways, maintained an aggressive online strategy and pursued research benefiting our product priorities.

The 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.

### Fuel Up to Play 60 Continues Efforts Toward a Healthier Nebraska



*An enthusiastic group of Nebraska Summit participants showed their spirit.*

More than 230 students and program advisors from 49 schools throughout Nebraska were singled out and rewarded for their Fuel Up to Play 60 efforts during the 2015-16 school year at a Rewards Summit in April. They represented schools that reached specific goals such as hosting a kickoff event and implementing healthy eating and physical activity initiatives. Held at the University of Nebraska's Memorial Stadium, the summit included attendance by Governor Pete Ricketts, who not only welcomed students but thanked dairy farmers for supporting nutrition in schools. Cornhusker wide receiver Jordan Westerkamp spoke to the students about how healthy eating and physical activity have helped him succeed in life, and other Husker athletes played some football with the students. Dairy farmer Joyce

Racicky and the Nebraska dairy princesses brought another perspective to the day, sharing their life on a dairy farm.

The Reward Summit was just one of the activities demonstrating success with Fuel Up to Play 60, which has become the nation's premier child health and wellness program. While Midwest Dairy implements the program in Nebraska and its other nine states, Fuel Up to Play 60 is carried out through the partnership between dairy farmers and the National Football League, with support from the U.S. Department of Agriculture.

## School Nutrition Conference Includes Dairy Sessions

Midwest Dairy Association participated in three sessions at the Nebraska School Nutrition Association Conference in June. The first, with about 200 attendees, helped raise awareness about the need for sustainability for our planet with a focus on dairy farm practices. Brooke Engelman of Classic Dairy in Jansen and her daughter, Sidney, spoke about dairy farming sustainability, resulting in many questions and compliments from the audience.

A second session was designed to help schools to learn about farm-to-school resources available in Nebraska. Fuel Up to Play 60 and the funding available for equipment through Midwest Dairy and USDA were discussed, as well as the Farm to School tab on *MidwestDairy.com* and the resources it provides, including a request for a dairy farmer to visit the school.



*Brooke and Sidney Engelman, right, join Caryn Kusleika of Midwest Dairy for a milk toast.*

## Dairy Farmers Featured in Outreach to Nutrition, Health Sector

Bringing health professionals to dairy farms and sponsoring dairy farmer and dairy-friendly speakers at meetings helps Midwest Dairy equip them with the knowledge, tools and resources to answer consumer questions about dairy foods and farms.



*Registered dietitians check out the milking parlor.*

The Nebraska Society of Health and Physical Educators conference included a breakout session to help physical education teachers learn more about Fuel Up to Play 60. Students, advisors and a teacher helped the audience to understand how healthy eating, including dairy, paired with physical activity, can make a difference for students.

Meanwhile, dairy farmer David Crook appeared at two Fuel Up to Play 60 events: a reward day for a school and a training camp where 22 teachers gathered to learn more about activating the program in their schools.

For the third year, Midwest Dairy Council partnered with the Nebraska Beef Council to offer a day-long farm experience for Nebraska dietetic interns. This year's tour started at Butler County Dairy near Rising City, where owner Todd Tuls walked the interns through a day on a dairy farm.

## Milk Goes to Families In Need

During September, Hunger Action Month, Midwest Dairy Council partnered with Food Bank for the Heartland, Hunger Free Heartland and the Omaha Hunger Collaborative on a project called Pints to Gallons to benefit the Great American Milk Drive.

Milk remains one of the top five most-requested items by food bank families, yet is rarely donated due to its perishability. The project encouraged donations from schools, churches, businesses and families in pint-size milk bottles to represent gallons of milk.

More than \$10,250 in donations were collected, resulting in roughly 4,100 gallons or 65,600 servings of milk for Omaha families in need. The campaign not only raised donations, but also helped to educate others on the need for a consistent supply of milk in our food banks. All partners plan to keep the conversation going and are planning a similar effort again next September.



## Nebraska is Site for Virtual Farm Tour Pilot, Video Shoot



*Students watch live as a dairy farmer shows them around the farm.*

With an eye toward reaching classrooms who aren't able to visit a farm personally, Midwest Dairy piloted a successful virtual dairy farm tour with two Nebraska dairies and corresponding schools. Using the Internet application Zoom and some iPads, 75 kindergarten students in Lincoln viewed Classic Dairy in Jansen, while 80 fifth-graders in Papillion saw the sites at Prairieland Dairy in Firth. Glimpses of feed, calves, the milking parlor and the free-stall barn were viewed by students and they even rode (virtually) on a cart pulled behind a four-wheeler, exclaiming "wee, wee!" while doing so. Pre-selected students asked the dairy farmers questions by standing in front of the camera in the classroom.

The learnings from the pilot helped to create a Virtual Farm Tour Toolkit now available to dairy farm families across the region, allowing them a new way to reach students with limited access to dairy farms.

During the Central Plains Dairy Expo, Midwest Dairy debuted a video featuring three dairy farm families, including the Temme family from Nebraska. They shared what it means to be able to pass the farm to the next generation. The video is among the tools Midwest Dairy uses online and at events in order to foster consumer confidence.

## Fair Displays, Involvement Make Dairy Information Available

Expanded displays in the Raising Nebraska building at the 2015 Nebraska State Fair allowed Midwest Dairy to utilize materials that were originally part of a display at the Omaha Zoo. The organization re-purposed dairy materials to be part of the University of Nebraska - Lincoln Extension ag literacy area, in cooperation with other commodities.

Midwest Dairy continued to sponsor the Milking Parlor, with milking demonstrations five times a day throughout the fair. Nebraska State Fair attendance reached record levels in its sixth year at the new facilities in Grand Island.



*Crowds gathered to watch milking demonstrations throughout the fair.*

## Breakfast Challenge Aims to Serve More Dairy



*Students receive their breakfast on the way to class.*

Member representatives of the Nebraska Board of Education and School Board Association heard how breakfast is the most important meal of the day during an October event at Meadows Elementary in Ralston. Midwest Dairy highlighted the importance of when and where breakfast is offered to ensuring students have access to participate. The school worked with Midwest Dairy to host a breakfast event to showcase its successful Grab 'n' Go breakfast to the program. Ralston Superintendent Mark Adler outlined how the program has helped to increase district elementary breakfast participation by 86 percent compared to three years ago. Every breakfast served at school includes dairy, and milk, cheese and yogurt are often included on daily school breakfast menus for alternative breakfast programs.

The event also served as the launching pad for the Nebraska Alternative School Breakfast Challenge, which encourages schools to sign up and adopt an alternative breakfast delivery model.

## Board Leadership Steers Midwest Dairy Nebraska Division

The Nebraska Division board of Midwest Dairy elected its 2016-17 officers during the annual meeting in March. Elected were:

- Chairman – Lowell Mueller, Hooper;
- Vice Chairman – Joyce Racicky, Mason City; and
- Secretary/Treasurer – Dean Engelman, Jansen.

Mueller is also among the Corporate board's representatives to the national promotion group, United Dairy Industry Association.



*From left: Lowell Mueller, Joyce Racicky and Dean Engelman.*

## Midwest Dairy Reaches Consumers with Dairy Story



*Nebraska's Dairy Princess related well to children during Moo at the Zoo.*

Through its Producer Service Center, sponsorships and staff support, Midwest Dairy assists the Nebraska dairy farmers and dairy community with telling dairy's story in a variety of ways. For instance, materials and resources are available to assist with on-farm open houses like the one Classic Dairy at Jansen celebrated in 2016, commemorating their 20th year of business with 500 people.

Midwest Dairy continued its tradition of being involved with roughly 30,000 Henry Doorly Zoo visitors for "Moo at the Zoo," where more than 80 dairy farm family members were on hand to answer questions from people. Cows of each dairy breed were on display during the event. What's more, the dairy volunteers encouraged more than 760 people to take the

Dairy 3 for Me pledge, post selfies and learn more about the benefits of dairy in their diets.

Midwest Dairy also continued to contribute to the Alliance for the Future of Agriculture in Nebraska (A-FAN), assuring that dairy is among the industries featured in the group's outreach efforts on behalf of agriculture in Nebraska.

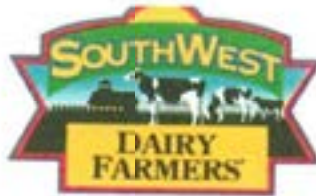
## Wellness Corps Involves Husker Athletes

Wellness Corps, a Fuel Up to Play 60-affiliated program carried out by Midwest Dairy, launched at the University of Nebraska. Wellness Corps connects university student athletes with America's youth to inspire them to embrace the importance of healthy eating and physical activity. It's meant to reach the next generation of healthy, fit, and skilled leaders.

As part of the program, collegiate student athletes connect with local elementary and middle schools who are participating in Fuel Up to Play 60. The student athletes serve as health and wellness role models inspiring students throughout the school.

To get started, the University of Nebraska, Lincoln Public Schools and Midwest Dairy Council worked with about 45 student athletes from men's basketball and football, and women's tennis, and track and field. They engaged with six selected schools in Lincoln throughout the spring semester, giving a video introduction of themselves and their team to the schools, and were invited to join their school to eat breakfast and talk about the importance of healthy eating, and help students create an in-class physical activity break video.





Milk. A part of everything that's good.

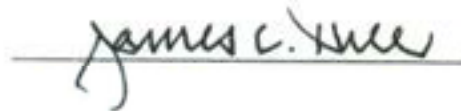
TO: Nebraska Dairy Industry Development Board  
FROM: Southwest Dairy Museum, Inc.  
SUBJECT: Report of Activities for the 12 Month Period Ending June 30, 2016  
DATE: June 6, 2016

The activities of the Southwest Dairy Museum, Inc. dba Southwest Dairy Farmers for the State of Nebraska for the 12 month period ending June 30, 2016 were somewhat limited. The dairy check-off dollars to fund these operations are presently being received at the direction of two Nebraska dairy producers exercising their right under Nebraska statutes. The Southwest Dairy Farmers have received the funds from one Nebraska dairy producer since February 2, 2015. On April 28, 2016, our organization began receiving local dairy check-off funds from a second Nebraska dairy producer.

Since many of our programs require time to develop with schools, fairs, and other events, our organization laid the ground work to schedule our award winning programs in future months. Personnel from our organization have personally visited with the Lincoln ISD administrative officials and spent a week visiting 21 individual schools in Lincoln, 2 in Beatrice, and 1 in Norris to introduce our Mobile Dairy Classroom program and received a favorable response. Earlier this year a promotional mailer for the Mobile Dairy Classroom was sent to all schools in 8 southern Nebraska counties (Franklin, Furnas, Gage, Harlan, Jefferson, Nuckolls, Thayer, and Webster). Therefore, these contacts have been made and will be cultivated in the future.

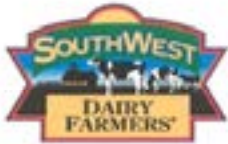
In addition, during the period, our promotional and educational items were distributed at some events and schools in southwestern Nebraska. Contacts have been made with the Nebraska State Fair requesting educational exhibits and the milking demonstrations. Funds from the Nebraska dairy producers helped pay for our digital promotions with our Celebrity Chef, Kitchen Kimberley. Using our website and the social media outlets of Facebook and Pinterest, we promote a variety of "dairylicious" recipes, dairy educational information, and promotional activities.

Should you have any questions please feel free to contact me at any time.









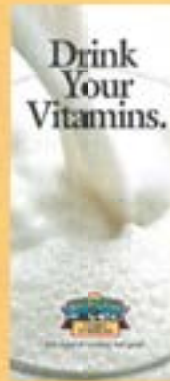
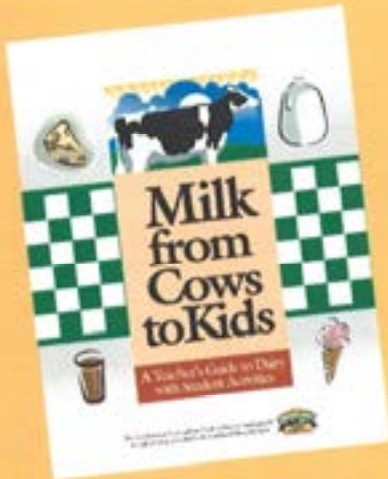
# Southwest Dairy Farmers Promotional Activities

## Mobile Dairy Classroom



The Mobile Dairy Classroom is a traveling, fully operational milking parlor, featuring a live cow. This education initiative reaches over 700,000 children and other consumers each year.

## Teacher's Guide



Additional educational aids provide guidelines to teachers and students to reinforce healthy eating habits, including the current USDA-approved My Plate.

## Digital Promotion and Social Media



Using Google, YouTube, Facebook and Pinterest, we are promoting a variety of dairy recipes from our Celebrity Chef, Kitchen Kimberley. All of these recipes lead back, or click-through to our website.

## Trade Shows and Fairs



Taking our message on the road allows us to reach consumers in engaging settings. Serving everything from butter rolls to cheese quesadillas, or handing out promotional bags and educational material, our presence at State Fairs and Trade Shows is sure to be noticed.

## Promotional Items



We initiated the distribution of heavy-duty bags. These popular giveaways feature the Nine Essential Vitamins and Nutrients found in milk.

## A Dairy Promotion Partnership



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

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT  
BOARD**

**Dairy Industry  
Development  
Act**



## DAIRY INDUSTRY DEVELOPMENT ACT

- Administration:** This Act is administered by the Nebraska Dairy Industry Development Act Board. The Department of Agriculture is involved with some of these sections.
- Adoption:** This act was last revised during the 2013 session of the Nebraska Legislature.
- Rules:** Dairy Industry Development Board Regulations are provided in the Nebraska Administrative Code, Title 484, Chapter 1.

### Index

<u>Section</u>	<u>Subject</u>
2-3948.....	Act, how cited.
2-3949.....	Terms, defined.
2-3950.....	Legislative findings.
2-3951.....	Nebraska Dairy Industry Development Board; created; members; qualifications.
2-3951.01.....	Board members; appointment; terms; officers; expenses.
2-3951.02.....	Board members; nomination and appointment.
2-3951.03.....	Board members; vacancies.
2-3951.04.....	Board members; nominations; notification; procedure.
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2-3963.....	Violations; penalties; unpaid assessment; late payment fee.

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

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.

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.

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.

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.

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.

**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.

**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.

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.

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.

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.

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.

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.

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.

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.

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.

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 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.

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NEBRASKA ADMINISTRATIVE CODE

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

December, 2015

NEBRASKA ADMINISTRATIVE CODE

TITLE 484 – NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

CHAPTER 1 - DAIRY INDUSTRY DEVELOPMENT BOARD REGULATIONS

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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).

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).

TITLE 484  
CHAPTER 1

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.



**NEBRASKA DAIRY INDUSTRY DEVELOPMENT  
BOARD**

**Contracts**



NEBRASKA DEPARTMENT OF AGRICULTURE  
FEE COLLECTION PROGRAM

ENFORCEMENT PROCEDURES

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

Requirement:

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

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

Definitions:

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

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

Confidentiality:

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

Procedure for Determining First Purchaser:

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

1. A letter is written to the individual or firm in question advising that the mailing list is being updated and asking whether or not they are a first purchaser.
2. If they respond they are a first purchaser of milk, they will be set up on the mailing list to receive fee forms. A packet of fee forms, envelopes, and the statute will be sent to them to finish out the fiscal year. (They receive a year's supply of forms and envelopes the beginning of every calendar year.)
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. Fee forms will be mailed for the calendar year (one form each month having the name and address, month and year of production, and due date filled in) at the beginning of the year 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 1½% 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.

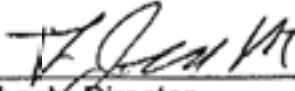
The auditor will verify reports submitted to the Dairy Industry Development Board by examining records that may include, but are not limited to, the general ledger and its accounts, purchases journals or registers, check registers, producer accounts, and/or any other record or records which pertain to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

7-29-2015  
Date

  
FOF Greg Ibach, Director  
Department of Agriculture

6-18-15  
Date

  
Chairman  
Nebraska Dairy Industry Development Board

## AGREEMENT

between the

**NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD**

and the

**NEBRASKA DEPARTMENT OF AGRICULTURE**

**#18-01-176**

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

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

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

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

### A. DESCRIPTION OF WORK

1. The Department agrees to assist the Board from **July 1, 2015, to June 30, 2016**, by providing the following services on a cost reimbursement basis, but such services shall not exceed six thousand six hundred sixty-two dollars and no cents (\$6,662.00) 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 enforcement procedures.
    - (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) 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 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 six thousand six hundred sixty-two dollars and no cents (\$6,662.00) under this Agreement. If services in excess of \$6,662.00 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, 2015;
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, 2015, to July 30, 2016**, 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. **Project Completion:** The project will be deemed to be complete when the Department performs as outlined in Section A.
3. **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.
4. **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.
5. **Assignable:** This Agreement is not assignable without the express written approval of the Department.
6. **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.
7. **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.
8. **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.

9. **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.
10. **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. 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 Auditing Standard A-133, 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/materia/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.

NEBRASKA DAIRY INDUSTRY  
DEVELOPMENT BOARD

6-18-15  
Date

James Eschliman  
James Eschliman, Chairperson

DEPARTMENT OF AGRICULTURE

7-29-2015  
Date

Greg Ibach  
Greg Ibach, Director

## 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.

## AGREEMENT

Between

THE NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

And

MIDWEST DAIRY ASSOCIATION

This Agreement is made and entered into this 1<sup>st</sup> day of July, 2015, by and between Midwest Dairy Association, herein called "Midwest," 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, §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, §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 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. The term of the Agreement shall be from July 1, 2015, through June 30, 2016.
2. The relationship of the Board and Midwest under this Agreement shall be that of principal and independent contractor. It is understood by both the Board and Midwest that Midwest 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.

3. Midwest shall provide the following Administrative Services that will include and 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.
  - Advance Board-approved expenses to the State for payment.
  - Obtain stationery and letterhead for the Board.
  - Maintain and update the roster of the Board.
  - Correspond with first purchasers to comply with 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.
  - Work with the Nebraska State Attorney General's office as related to 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 §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 available to the public upon request.

4. In consideration of good faith performance of the Administrative Services described in Paragraph 3 by Midwest, the Board agrees to:
- 1) Reimburse Midwest monthly an administrative fee in association with the redirection of checkoff dollars by a producer to a qualified program other than Midwest. 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 as described in Paragraph 3 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 6 of this Agreement.
5. Midwest 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.
6. In addition to the Administrative Services provided under Paragraph 3 above, Midwest shall provide the following services:
- Implementation of the Nebraska components of Dairy Management, Inc.'s national Unified Marketing Plan programs, including:
- National Dairy Council (Nutrition Affairs):
    - Dairy's Role in the Diet
    - Child Health
    - Dairy Benefits
    - Sustainable Nutrition
    - Voice for Good
    - Training
  - Integrated Communications:
    - Consumer Communications and Support
    - General Communications Support
    - Farmer Relations
    - Leadership Development and Training
  - Strategic Initiatives

- Fuel Up to Play 60 (FUTP60):
    - Program Delivery
    - School Dairy Optimization, Funds for FUTP60 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
7. In consideration of good faith performance of the services described in Paragraph 6 by Midwest, the Board agrees to make monthly contractual payments in an amount equal to the unexpended fund balance as reflected on the 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 §2-3960, are generated and legislative appropriation is made.
  8. Midwest shall provide a final report of activities undertaken, and have included materials produced under this Agreement at the 30-day conclusion of this Agreement.
  9. Midwest shall prepare an annual statement of financial affairs of Midwest, for the Board's fiscal year, and a copy thereof shall be forthwith submitted to the Board.
  10. Midwest 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 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'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.
11. Midwest 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 to perform such duties for the Board as herein specified. This obligation shall survive the expiration or termination of this Agreement.
12. The obligation to indemnify 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.
13. The provisions of this Agreement may be amended by mutual agreement to 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.
15. This Agreement is not assignable without the express written approval of the Board.
16. Midwest agrees that the books of account, files, and other records of Midwest 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.
17. Furthermore, Midwest agrees to maintain all books, documents, papers, or any other records involving transactions related to this Agreement for a period of five (5) years. If any litigation or audit is begun or a claim is instituted involving the Agreement, Midwest 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 under this Agreement, and not fully utilized pursuant to the terms of this Agreement during the Agreement period shall be returned to the Board, unless otherwise agreed in writing by the parties. Furthermore, if Midwest fails to perform as outlined herein, Midwest 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's performance pursuant to this Agreement and for no other purpose.
20. Midwest 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 is subject to the Nebraska Workers Compensation Act.
21. All provisions of this Agreement are subject to the Americans with Disabilities Act.
22. Midwest 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.

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

MIDWEST DAIRY ASSOCIATION  
Federal ID Number, 41-0433125

8-13-15  
Date

  
Mike Kruger, CEO

NEBRASKA DAIRY INDUSTRY  
DEVELOPMENT BOARD

8-1-15  
Date

  
James Eschliman, Chairman

AGREEMENT

Between

THE NEBRASKA DAIRY INDUSTRY DEVELOPMENT BOARD

And

SOUTHWEST DAIRY MUSEUM

This Agreement is made and entered into this 18<sup>th</sup> day of June 2015, by and between Southwest Dairy Museum, 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 §2-3949(8)(e), the Board has received a request from a producer that his promotion check-off funds be remitted to Southwest.

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

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

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

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

1. The term of the Agreement shall be from July 1, 2015, through June 30, 2016.
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. As set forth in Exhibit A, attached and made a part of this Agreement, Southwest shall provide the following services:
  - a. Provide presentations via a Mobile Dairy Classroom in the southern tier of counties in Nebraska.
  - b. Provided funding is available, and it is mutually agreed by both parties, provide Mobile Dairy Classroom presentations in other designated areas of Nebraska.
  - c. Provide other promotional and educational services that further the purpose of the Act.
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 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 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.

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 §§ 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. 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.

SOUTHWEST DAIRY MUSEUM  
Federal ID Number, 75-1899434

11-2-15  
Date

James C. Hill  
Jim Hill, CEO and General Manager

NEBRASKA DAIRY INDUSTRY  
DEVELOPMENT BOARD

10-26-15  
Date

James Eschliman  
James Eschliman, Chairman