



CALIFORNIA MILK ADVISORY BOARD

Board of Directors Meeting

September 13 – September 14, 2017

CALIFORNIA MILK PRODUCERS ADVISORY BOARD

CMAB Mission Statement:

“We represent the commitment by all California dairy families to help increase demand for dairy products made from California milk.”

Board of Directors Meeting

Wednesday, September 13, 2017.....7:30 a.m.

Thursday, September 14, 20178:00 a.m.

Visalia Marriott
300 South Court
Visalia, California

Agenda

1. Call to Order, Flag Salute, and Invocation – *Chairman Dante Migliazzo*
2. Roll Call – *Secretary Essie Bootsma*
3. Introduction of Guests – *Chairman Migliazzo*
4. Closed Session
 - A. Pending and/or ongoing litigation (pursuant to California Government Code 11126(e))
 - B. Appointment, employment, evaluation of performance, or dismissal of an employee (pursuant to California Government Code 11126(a))
 - C. Executive Session
5. Reconvene Open Session
6. Minutes of Last Board and Executive Committee Meetings – *Secretary Bootsma*
 - A. Public comments on agenda items
7. Financial Report – *Treasurer Tony Louters*
8. Individual District Reports
9. Marketing Branch Report
10. Report from Chairman
11. Report from Chief Executive Officer – *John Talbot*
12. Program Review and Proposals
 - A. Advertising/Communications
 - B. Retail, Foodservice, and Processor Relations
 - C. International
13. Breakout Sessions: Advertising/Communications, Business Development, Producer Relations

14. Guest speaker – *Marco Albarrán - Imalinx, CEO*
15. Committee/Industry Meetings Update
16. National Dairy Board Update
17. Other Business
 - A. Previously discussed or tabled agenda item(s) for approval
 - B. Discussion of ongoing board activities
 - C. Items to be discussed at next board meeting
 - D. Public comments on non-agenda items (*two minutes per person will be allowed*)
18. Closed Session
 - A. Pending and/or ongoing litigation (pursuant to California Government Code 11126(e))
 - B. Appointment, employment, evaluation of performance, or dismissal of an employee (pursuant to California Government Code 11126(a))
 - C. Executive Session
19. Reconvene Open Session
20. Adjournment

Each of the agenda items above will include discussion and possible action by the Board. All meetings of the California Milk Producers Advisory Board are open to the public and are subject to the Bagley-Keene Open Meeting Act. Time will be allowed for members of the public to make comments on each agenda item. This will be limited to two minutes per person under the agenda item 'Other Business'. Persons with disabilities needing special accommodation should contact the Board at least five days prior to the meeting. This agenda is available on the California Department of Food and Agriculture's website at www.cdfa.ca.gov/mkt/mkt/meeting.html. For further information regarding the agenda for this meeting, please contact John Talbot, C.E.O., California Milk Advisory Board at 209-883-6455.

BAGLEY-KEENE OPEN MEETING ACT

SECTIONS 11120 THROUGH 11132 OF THE CALIFORNIA GOVERNMENT CODE

Objective of the Act	<p>When the Legislature enacted the Bagley-Keene Open Meeting Act (Act), it imposed a “value judgment” on the Governmental process. In effect, the Legislature said that when a State body sits down to develop its consensus, there needs to be a seat at the table reserved for the public. By reserving this place for the public, the Legislature provided the public with the ability to monitor and participate in the decision-making process. If the State body were permitted to meet in secret, the public’s role in the decision-making process would be negated. Therefore, absent a specific reason to keep the public out of the meeting the public should be allowed to monitor and participate in the decision-making process.</p> <p>If one accepts the philosophy behind the reservation of a seat at the table for the public, many of the particular rules that exist in the Act become much easier to accept and understand.</p> <p><i>Simply put, some efficiency is sacrificed for the benefit of greater public participation in government.</i></p>
What is a State Body?	<p>A State body is every state board, council, commission or similar multimember body that is created by statute or by executive order including committees appointed by a State body (if the committee consists of three or more members).</p>
What Constitutes a Meeting?	<p>A meeting occurs when a majority of a body convenes, either serially (not permitted) or, together in one place, to address issues under the body’s jurisdiction. This includes meetings solely for the purpose of presenting information to a body. Even if no actions or decisions are contemplated, a gathering of a majority of a body to discuss issues under the body’s jurisdiction is considered a meeting under the Act.</p>
What are Serial Meetings?	<p>Serial Meetings occur when a member or staff of a State body communicates by telephone or email individually with a sufficient number of other members to constitute a quorum in order to discuss issues to come before the body. Such serial communications are prohibited by the Act.</p>
Social Gatherings	<p>Social gatherings of a State body are not considered meetings covered by the Act so long as official business is not discussed.</p>
Teleconference Calls	<p>Teleconference meetings are permitted provided that <i>information necessary to access the teleconference electronically and a primary physical location are included on the meeting notice, the location is accessible to the public and at least one member is present. Members planning to participate electronically must notify the Board office at least 24 hours in advance. The meeting minutes must reflect those members participating electronically.</i></p>
Regular Meeting Notice Requirements	<p>A Meeting Notice must be published at least ten (10) days prior to the date of the meeting. <i>To avoid issues, issue notice 11 days before meeting at the latest.</i></p>
Required Posting	<p>Meeting Notice must be mailed (or emailed) to anyone requesting a copy and must be posted on the Board’s website. The Meeting Notice must also be posted on CDFA’s website.</p>

Special Meetings	In order to provide State bodies with a means of holding a meeting on short notice because of the occurrence of an unforeseen event, the Act allows for “Special Meetings” with a 48-hour notice with copies to all national wire services. The purposes for which a body can call a special meeting are quite limited. Examples include pending litigation, legislation and certain personnel actions.
Notice Content	<p>The Meeting Notice must include:</p> <ul style="list-style-type: none"> ▪ Date, time and place meeting is to be held ▪ A specific agenda for the meeting ▪ If there will be a Closed Session, must be on the agenda and must cite Code Section and Subsection providing legal authority for Close Session. ▪ Notice that for every agenda item there will be discussion including public comment, and that board action may occur. ▪ Must list a contact person for questions concerning the agenda or for needed special accommodations. ▪ <i>See example notice and agenda attached.</i>
Comments from Public	The Agenda should allow opportunity for public comment <i>on each agenda item</i> . Members of the Public should also have opportunity to offer comments on subjects not listed on the agenda (reasonable time limits can be applied)
Minutes Must Indicate Each Member’s Vote on Motions	A state body must record in the meeting minutes any action taken by the body and the vote or abstention of each member present for the action.
Closed Sessions	<p>In most cases, there are only two authorized reasons for Closed Sessions for our programs:</p> <ul style="list-style-type: none"> ▪ Personnel Issues [Government Code Section 11126(a)(1)] ▪ Pending Litigation – Attorney should be present with memo prepared for the board of directors. [Government Code Section 11126(e)(1)]
Closed Session Process	<ul style="list-style-type: none"> ▪ Chair must announce in open session that the Board is entering into closed session and state the (general) purpose of the closed session ▪ <i>Only board members and people necessary</i> to conduct the business of the closed session should be present ▪ When closed session adjourns, open session must be reconvened and the general nature of any actions taken in closed session must be reported ▪ Minutes of the closed session must be prepared and kept in confidential file
<p><i>Rights of the Public:</i></p> <ul style="list-style-type: none"> ▪ To attend meetings free from conditions ▪ To tape, record or broadcast meetings ▪ To comment on any agenda item (may post a time limit) ▪ To make comments regarding non-agenda items (may impose time limit) ▪ To have access to documents provided to board members ▪ To receive notice to all meetings of the board or its committees including agenda ▪ Assurance that the meeting will not begin before the time stated on the notice 	



California Milk Advisory Board
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Tracy, CA 95377
Telephone: 209-883-6455

- I. Required Continuation Hearing** – A public hearing must be held every five years to consider the CMAB’s continuation. The last continuation hearing was August 19, 2015. The next required continuation hearing will likely occur in the summer of 2020.
- II. Fiscal Year** – January 1 to December 31
- III. Board Composition** – 24 producer members, 24 alternates, and 24 reserve alternates [Public Member is permissive.] There cannot be more than 1 vote from any one dairy production entity. Board seats are allocated in accordance with each district’s production and number of producers. The allocation of seats is reviewed every three years.
- IV. Board Terms of Office** – March 1st through February 28th
The terms are for 3 years and are staggered so that one-third of seats must be filled each year.
- V. Term Limits** – No member or alternate may serve more than four consecutive three-year terms in the same position.
- VI. Vacancies** – Alternate serves in the stead of vacant position and reserve alternate in the stead of the alternate. Vacancy is not filled until the next annual nomination meeting.
- VII. Executive Committee** – Each March the Board shall select an Executive Committee consisting of a Chairman, Vice Chairman, Secretary, Secretary and three additional members of the Board. The Chairman is limited to three consecutive terms.
- VIII. Board Quorum and Board Voting Procedures**
 - A quorum is 13 members.
 - Board actions that do not regard expenditures of program funds and do not regard selection or dismissal of management personnel require an affirmative vote of a majority of the total members of the board. **(13 votes)**
 - Board actions related to expenditure of funds for any program requires a **$\frac{2}{3}$ vote** of the voting members present, or **13 votes, whichever is greater.**
 - Board actions related to selection or dismissal of management personnel require a $\frac{2}{3}$ vote of the full board. **(16 votes)** [17 votes if there is a public member appointed.]
- IX. Maximum Assessment** – *Either* 10 cents per hundredweight *or* 1% of Gross Dollar Value

X. Authorized Activities:

A. Research Authority – Relating to market milk and dairy products, research studies concerning health, food, nutritional, therapeutic, dietetic or such qualities of other food products, for the development of new food products, or for the development of new uses for milk or dairy products.

B. Education Authority – Programs may include programs designed to acquaint producers, Producer-Handlers, or other interested persons with quality improvement, including sanitation practices, procedures, or methods as applied to such market milk or dairy products, and may also include educational programs designed to make available to producers, producer-handlers, handlers, and the public generally the findings of research programs.

C. Advertising and Sales Promotion and Market Development Authority:

- **Milk and Dairy Products Other than Cheese, Ice Cream and Butter** - The Board may develop programs of advertising and trade promotion relating to market milk and dairy products, *provided*, that any such plans, with the exception of plans that make incidental references to brands of cheese, ice cream, or butter as described below, shall be directed toward increasing the sale of such milk and dairy products without reference to any private brand or trade name used by any handler or producer-handler of milk or dairy products.
- **Cheese, Ice Cream and Butter** - The Board may develop advertising and sales promotion plans to allocate funds for promotions of cheese, ice cream, or butter products made with California milk, including promotions in which brand or trade names are used; *provided*, that the use is incidental to the promotion of the California milk product and not in direct promotion of the brand or trade name; and *provided further*, that the allocation of funds is made available on a nondiscriminatory basis to all retailers and manufacturers of butter, ice cream, or cheese utilizing milk produced in California. Permissible private brand or trade name marketing promotions may include advertising, performance allowances, sales promotions, couponing subject to Section 61375 and in-store promotion programs and materials, and other marketing communication tools
- **Official Board Brands, Trade Names, Labels and Other Distinctive Designations** - The Board is authorized to establish and to regulate the permissive use of official Board brands, trade names and labels, and other distinctive designations of grade, quality or condition, except the grade or quality designations in effect pursuant to State or Federal grade standards, for any product in which market milk or other dairy products are used. Any official Board brand or trade name which is established pursuant to this section shall not be construed as a private brand or trade name with respect to Section 58889 of the Code.

CMAB Glossary of Terms

ACV (All commodity volume) – Total grocery dollars attributed to individual retail groups in a defined geographic trade area.

Advertising awareness – One diagnostic tool that companies use to gauge the success of a campaign, advertising awareness studies measure whether or not consumers have knowledge of the ad or recall seeing it.

Advertorial – An advertisement in a print publication designed to look like a news or feature article.

Brand – A name or symbol that identifies a company's product as distinct from those of its competitors. A well-developed brand communicates a promise to the consumer about a product's unique benefits.

Broker – An agent who is authorized to buy or sell products for another organization. Brokers facilitate the movement of dairy products from processors to retail stores.

California Dairy Quality Assurance Program (CDQAP) – An educational program collaboratively offered by the California dairy industry, state and federal regulatory agencies, and the University of California. Its goal is to encourage, through education and voluntary certification, science-based dairying practices which promote the health of the consumer, the environment and dairy livestock.

California Dairy Research Foundation (CDRF) – The mission of the CDRF is to increase the utilization of milk through investments in research. The scope of this research includes dairy foods, dairy herd health and food safety, nutrition and dairy quality assurance.

California Department of Food & Agriculture (CDFA) – The CDFA promotes and fosters confidence in California agriculture by implementing and communicating public policy and programs. The CDFA interfaces with the dairy industry in a variety of areas including exports, promotion and research marketing orders, producer milk pricing, pooling and distribution of milk revenue, quality and sanitation, and animal health.

Cable TV – Television service purchased by consumers that is carried to homes by direct wires (cables).

Centralized buying – Under a centralized buying system, the responsibility for product selection and purchase is consolidated in a central market office, rather than with the individual stores.

Club store – A members-only, large-scale, high-volume store that stocks a large number of products that sell at low prices. Examples include Costco and Sam's Club.

Control label products – A brand developed by a small regional or local wholesaler, as distinguished from a brand bearing the name of a manufacturer or producer. Control label products are typically distributed to a limited number of retailers.

Cost-per-engagement (CPE) – A means of measuring digital and social media advertising effectiveness that shows the cost when a digital ad or piece of social media content is engaged with.

Cost-per-thousand (CPM) – A means of measuring advertising effectiveness that shows the cost, per 1,000 people reached, of buying advertising space or time in a given media outlet.

Cross-promotion – A sales promotion that uses one brand to promote another, non-competing brand.

Dairy Management, Inc. (DMI) – A non-profit organization that conducts integrated programs in marketing communications, promotion and research on behalf of America’s dairy farmers. It was formed in 1995 by the National Dairy Board and the United Dairy Industry Association.

Designated Market Area (DMA) – Is a region or territory where people get the same television and radio options. They are often linked by major metropolitan cities, but in rural areas, can be combined. Nielsen divides the country into 210 DMAs. These areas represent 210 television media markets.

Foodservice – The business of making or serving prepared foods, as in a restaurant.

Gallup – A market research company that tests television and radio commercials, print ads and Internet ads to measure their effectiveness. Gallup tracks ads after they run to measure how effective they are at reaching a targeted market segment.

Green House Gasses (GHG) – Includes water vapor, carbon dioxide, methane, nitrous oxide and ozone. The balance of these gasses in our atmosphere control the temperature at the surface of the earth.

Independents – Food retailers that are one-store operations. Independents are usually small businesses serving local communities.

In-store demos – Retail store promotions which involve handing out product samples directly to consumers staffed by a trained local product demonstrator.

Integrated campaign – A marketing campaign that employs a variety of promotional methods – advertising, public relations, direct marketing, in-store promotions -- and coordinates them so they work together to reach the greatest number of people.

IRC (instant redeemable coupon)/on-pack IRC – A coupon placed directly on a product that either gives a price off on that package or a related product in the store immediately at check-out.

IRI (Information Resources, Inc.) – A company that gathers data on food products sold in supermarkets and grocery stores nationwide, and sells it to subscribers. The data is collected on a weekly basis from the stores’ scanners, and IRI analyzes it to provide information on pricing, speed of sales and geographic distribution.

Mat mail – A publicity method in which a brief feature story on a product is formatted and typeset so that newspapers can run the story as-is. The mat mail typically includes a visual and is distributed to small suburban daily and weekly newspapers.

Media Monitoring – A company that monitors traditional and online media as well as social media and captures articles for its customers. For example, through Ketchum, the CMAB contracts with Cision and Lexis-Nexis to capture news and feature stories on California dairy. This enables the CMAB to track its publicity efforts. (formerly Clipping Service)

Merchandising – Drawing attention to products inside a store by arranging them in creative, eye-catching displays.

Network TV – A group of television stations that are linked for the simultaneous broadcast of the same programs. With the network system, advertisers can reach a larger audience at a lower cost-per-person than with a single station.

Nielsen – Nielsen is a company that collects sales data on products sold in supermarkets, like cheese and dairy products. These data allow manufacturers to track sales of their products.

Publicity – A form of public relations that takes the form of editorial exposure, such as a news or feature article about a product. Publicity differs from advertising in that the company doesn't pay the newspaper or TV station to run the story.

POS (Point of Sale)/POP (Point of Purchase) – The in-store promotion of a product to make the product stand out among its competitors. POS can range from a simple ad that is hung on a grocery store shelf to a large, elaborate display.

Private label – A brand developed by a large retailer or wholesaler, as distinguished from a brand bearing the name of a manufacturer or producer. Since manufacturers' brands have large advertising expenditures built into their cost, a private brand can buy the same goods at a lower cost and sell them at a lower price.

Qualitative research – Advertising research that explores issues deeply to gain insight into how consumers feel about a product and why they buy it. Qualitative research relies on in-depth interviews with open-ended questions like "How do you decide which cheese to buy?"

Quantitative research – Research that gathers measurable information from a large number of consumers. The surveys use closed-ended questions that require a simple answer.

Rating points – The measurement of the actual viewing or listening audience for a program or commercial. If a program has a rating of 10 points, it means that 10 percent of all households in a particular area had their television sets tuned to that program. A program with a high rating will deliver a large audience to advertisers for their commercials.

Retail authorizations – Approval by retail chains for their local and regional buyers to purchase merchandise for their organization.

Rotation – The pattern of how television and radio commercials are aired during the broad time period purchased by the advertiser. If an ad runs in the same time period on different days each week, it is called a horizontal rotation. If the ad runs throughout a particular day, it is a vertical rotation.

Satellite media tour – A publicity method that allows a celebrity or company spokesperson to participate in up to 25 interviews per day with TV reporters. The person being interviewed sits in a television studio and is connected to remote locations via satellite hook-up, increasing the reach of the publicity program at a relatively low cost.

SKU (Stock Keeping Unit) – A number associated with a retail product for inventory purposes. Retailers use SKUs to identify and track individual products. Each product must have a SKU, and each SKU must be unique; for example, a pint bottle and a quart bottle of the same product have separate SKUs. According to recent research, the average number of SKUs carried in a typical supermarket is 30,580.

Short-Lived Climate Pollutants (SLCP) – Short-Lived Climate Pollutants include black carbon, methane, tropospheric ozone, and hydrofluorocarbons (HFCs). They have relatively short atmospheric lifetimes but are believed to have significant warming impacts on climate.

Slotting fees – Fees that supermarkets charge suppliers and manufacturers to place their products on the shelf.

Spot TV – Commercial time on local television stations, as distinguished from commercial time on a network.

Talent Fees/Residuals – Fee paid to actors used in a broadcast commercial.

Unique Visitors Monthly (UVM) – Refers to the number of distinct individuals requesting pages from the website during a given period, regardless of how often they visit. Visits refers to the number of times a site is visited, no matter how many visitors make up those visits.

United Dairy Industry Association (UDIA) – UDIA coordinates with its members, 18 state and regional dairy promotion organizations, to develop and implement programs and services to support the dairy industry.

Universal product code (UPC) – Grocers use the UPC to identify products and prices, and to track their sale. UPCs are translated into barcodes (a series of vertical parallel bars printed on a product’s package) that are read or “scanned” by electronic cash registers.

Video news release (VNR) – Information about a product produced in a video newscast format and distributed to the news departments of television stations. If, after the news director reviews the VNR and he/she decides to use it, the video is typically edited and aired as a news item during a newscast.

Warehouse store (superstore) – A large-scale, high-volume store that stocks a large number of products that sell at low prices such as Wal-Mart. Can be called a “warehouse club” if the store sells only to members such as Costco or Sam’s Club.

Wire service (Associated Press) – A newsgathering organization that that collects stories for newspapers and distributes them electronically to subscribers.

Cheeses

Artisan Cheese – Refers to cheeses that are handmade in small quantities with respect for the tradition of the cheese. Artisan cheeses can be, but are not necessarily, made from milk obtained from animals located on the farm where the cheese is made.

Commodity Cheese – Describes popular varieties of cheese typically produced in large quantities with a flavor profile that appeals to the majority of consumers. These cheeses are sold in supermarkets, either as branded products or under private labels, or distributed for foodservice use. In California, Cheddar, Jack and Mozzarella (low-moisture form) are popular commodity cheeses.

Farmstead Cheese – Refers to cheeses made from milk obtained from animals located on the farm where the cheese is made.

Specialty Cheese – A broad term that describes non-commodity cheeses. Specialty cheeses are cheese varieties with distinctive flavor profiles catering to a special niche in the market. Specialty cheeses can be unique varieties of cheese (i.e., Camembert, St. George, Teleme) or specialized versions of popular cheeses such as Cheddar, Jack or Mozzarella (i.e., raw milk Cheddar, Dry Jack, high-moisture Mozzarella). This category also includes handmade artisan and farmstead cheeses. Specialty cheeses are typically sold as branded products in specialty food stores and in supermarket gourmet cases.

Organizations

CARB – California Air Resource Board

CARES – Dairy CARES

CCOA – California Creamery Operators Association

CDC – California Dairy Campaign

CDI – California Dairies, Inc.

CDFA – California Department of Food and Agriculture

CDQAP – California Dairy Quality Assurance Program

CDRF – California Dairy Research Foundation
CEPA – California Environmental Protection Agency
CFMPB – California Fluid Milk Processor Board
CMAB – California Milk Advisory Board
DCC – Dairy Council of California
DFA – Dairy Farmers of America
DIC – Dairy Institute of California
DMI – Dairy Management, Inc.
DWR – Department of Water Resources
IDFA – International Dairy Foods Association
IFIC – International Food Information Council
IMGC – International Milk Genomics Consortium
LOL – Land O’ Lakes
MilkPEP – Milk Processor Education Program
MPC – Milk Producers Council
NMPF – National Milk Producers Federation
USDA – United States Department of Agriculture
USDEC – U.S. Dairy Export Council
WUD – Western United Dairymen

CALIFORNIA MILK ADVISORY BOARD

Budget VS Actual For Calendar Year
January 1, 2017 through July 31, 2017

INCOME

	Budget Original	Budget Revisions	Budget Revised	Revenue	Balance	%
INCOME SOURCE						
ASSESSMENTS	\$39,000,000.00	\$0.00	\$39,000,000.00	\$23,550,640.89	(\$15,449,359.11)	60
NON-ASSESSMENT INCOME	\$438,000.00	\$0.00	\$438,000.00	\$350,349.26	(\$87,650.74)	80
CASH BALANCE CARRYOVER	\$1,500,000.00	\$2,446,643.95	\$3,946,643.95	\$3,946,643.95	\$0.00	100
	\$40,938,000.00	\$2,446,643.95	\$43,384,643.95	\$27,847,634.10	(\$15,537,009.85)	64

EXPENDITURES

	Budget Original	Budget Revisions	Budget Revised	Expenditures	Balance	%
ADVERTISING, PROMOTION AND RESEARCH PROGRAMS						
ADVERTISING	\$18,155,000.00	\$174,021.54	\$18,329,021.54	\$9,269,416.89	\$9,059,604.65	51
BUSINESS DEVELOPMENT	\$5,700,000.00	\$468,000.00	\$6,168,000.00	\$2,374,378.09	\$3,793,621.91	38
FOODSERVICE	\$1,500,000.00	\$255,000.00	\$1,755,000.00	\$334,942.31	\$1,420,057.69	19
CA DAIRY RESEARCH FOUNDATION	\$1,950,000.00	\$0.00	\$1,950,000.00	\$1,462,500.00	\$487,500.00	75
EDUCATION & COMMUNITY RELATIONS	\$48,000.00	\$100,000.00	\$148,000.00	\$3,335.97	\$144,664.03	2
PRODUCER RELATIONS	\$449,000.00	\$10,650.00	\$459,650.00	\$237,563.27	\$222,086.73	52
COMMUNICATIONS	\$3,266,000.00	\$47,328.00	\$3,313,328.00	\$1,886,182.41	\$1,427,145.59	57
INTERNATIONAL	\$5,200,000.00	\$599,599.41	\$5,799,599.41	\$2,395,692.23	\$3,403,907.18	41
PROCESSOR RELATIONS	\$270,000.00	\$70,000.00	\$340,000.00	\$164,647.95	\$175,352.05	48
INDUSTRY INTELLIGENCE	\$400,000.00	\$0.00	\$400,000.00	\$277,124.04	\$122,875.96	69
TRADESHOWS	\$1,000,000.00	\$80,000.00	\$1,080,000.00	\$909,953.78	\$170,046.22	84
KIDS MILK MARKETING	\$700,000.00	\$26,500.00	\$726,500.00	\$169,801.15	\$556,698.85	23
	\$38,638,000.00	\$1,831,098.95	\$40,469,098.95	\$19,485,538.09	\$20,983,560.86	48
OFFICE OPERATIONS						
OFFICE OPERATIONAL	\$250,000.00	\$0.00	\$250,000.00	\$177,495.89	\$72,504.11	71
RENT EXPENSE	\$241,500.00	\$0.00	\$241,500.00	\$160,476.90	\$81,023.10	66
TRAVEL & AUTOMOBILE	\$45,000.00	\$0.00	\$45,000.00	\$28,351.45	\$16,648.55	63
LEGAL EXPENSE	\$75,000.00	\$0.00	\$75,000.00	\$36,842.31	\$38,157.69	49
FREIGHT & POSTAGE	\$40,000.00	\$0.00	\$40,000.00	\$20,528.34	\$19,471.66	51
AUTOMOBILE PURCHASES	\$30,000.00	\$0.00	\$30,000.00	\$0.00	\$30,000.00	0
CLERICAL AND OFFICE EQUIPMENT	\$45,000.00	\$0.00	\$45,000.00	\$47,261.59	(\$2,261.59)	105
LIABILITY INSURANCE	\$40,000.00	\$0.00	\$40,000.00	\$38,578.00	\$1,422.00	96
	\$766,500.00	\$0.00	\$766,500.00	\$509,534.48	\$256,965.52	66
ADMINISTRATIVE WAGES & BENEFITS						
EMPLOYEE INSURANCE	\$135,000.00	\$0.00	\$135,000.00	\$44,649.83	\$90,350.17	33
MONEY INVESTMENT PLAN	\$40,000.00	\$0.00	\$40,000.00	\$24,724.30	\$15,275.70	62
RETIREMENT PLAN	\$100,000.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00	0
SALARIES & WAGES	\$738,500.00	\$0.00	\$738,500.00	\$434,473.23	\$304,026.77	59
	\$1,013,500.00	\$0.00	\$1,013,500.00	\$503,847.36	\$509,652.64	50
STATE OF CA. DEPARTMENTAL CHARGES						
MARKETING BRANCH	\$75,000.00	\$15,000.00	\$90,000.00	\$41,822.75	\$48,177.25	46
COMPLIANCE & FISCAL AUDIT	\$25,000.00	\$0.00	\$25,000.00	\$0.00	\$25,000.00	0
MILK MARKET ENFORCEMENT	\$5,000.00	\$0.00	\$5,000.00	\$5,000.00	\$0.00	100
	\$105,000.00	\$15,000.00	\$120,000.00	\$46,822.75	\$73,177.25	39
BOARD MEETING EXPENSES						
TRAVEL EXPENSES	\$75,000.00	\$0.00	\$75,000.00	\$35,977.61	\$39,022.39	48
MEETING EXPENSES	\$100,000.00	\$0.00	\$100,000.00	\$45,015.70	\$54,984.30	45
PER DIEM BOARD	\$40,000.00	\$0.00	\$40,000.00	\$15,125.00	\$24,875.00	38
	\$215,000.00	\$0.00	\$215,000.00	\$96,118.31	\$118,881.69	45
TOTALS						
TOTAL ADMINISTRATION & OPERATIONS	\$2,100,000.00	\$15,000.00	\$2,115,000.00	\$1,156,322.90	\$958,677.10	55
TOTAL EXPENDITURES	\$40,738,000.00	\$1,846,098.95	\$42,584,098.95	\$20,641,860.99	\$21,942,237.96	48
RESERVE	\$200,000.00	\$600,545.00	\$800,545.00	\$0.00	\$800,545.00	0
TOTAL EXPENDITURES & REQUIRED RESERVE	\$40,938,000.00	\$2,446,643.95	\$43,384,643.95	\$20,641,860.99	\$22,742,782.96	49

PAYROLL BALANCE \$ 2,747.45

ADMINISTRATIVE AND PROGRAM PAYROLL \$ 1,919,500.00

CALIFORNIA MILK ADVISORY BOARD

Budget VS Actual For Calendar Year
January 1, 2017 through June 30, 2017

INCOME

	Budget Original	Budget Revisions	Budget Revised	Revenue	Balance	%
INCOME SOURCE						
ASSESSMENTS	\$39,000,000.00	\$0.00	\$39,000,000.00	\$19,955,848.21	(\$19,044,151.79)	51
NON-ASSESSMENT INCOME	\$438,000.00	\$0.00	\$438,000.00	\$314,210.58	(\$123,789.42)	72
CASH BALANCE CARRYOVER	\$1,500,000.00	\$2,446,643.95	\$3,946,643.95	\$3,946,643.95	\$0.00	100
	\$40,938,000.00	\$2,446,643.95	\$43,384,643.95	\$24,216,702.74	(\$19,167,941.21)	56

EXPENDITURES

	Budget Original	Budget Revisions	Budget Revised	Expenditures	Balance	%
ADVERTISING, PROMOTION AND RESEARCH PROGRAMS						
ADVERTISING	\$18,155,000.00	\$174,021.54	\$18,329,021.54	\$7,524,844.61	\$10,804,176.93	41
BUSINESS DEVELOPMENT	\$5,700,000.00	\$468,000.00	\$6,168,000.00	\$2,143,664.87	\$4,024,335.13	35
FOODSERVICE	\$1,500,000.00	\$255,000.00	\$1,755,000.00	\$298,392.31	\$1,456,607.69	17
CA DAIRY RESEARCH FOUNDATION	\$1,950,000.00	\$0.00	\$1,950,000.00	\$1,462,500.00	\$487,500.00	75
EDUCATION & COMMUNITY RELATIONS	\$48,000.00	\$100,000.00	\$148,000.00	\$3,335.97	\$144,664.03	2
PRODUCER RELATIONS	\$449,000.00	\$10,650.00	\$459,650.00	\$198,174.70	\$261,475.30	43
COMMUNICATIONS	\$3,266,000.00	\$47,328.00	\$3,313,328.00	\$1,761,030.41	\$1,552,297.59	53
INTERNATIONAL	\$5,200,000.00	\$599,599.41	\$5,799,599.41	\$1,870,022.20	\$3,929,577.21	32
PROCESSOR RELATIONS	\$270,000.00	\$70,000.00	\$340,000.00	\$133,941.08	\$206,058.92	39
INDUSTRY INTELLIGENCE	\$400,000.00	\$0.00	\$400,000.00	\$184,749.36	\$215,250.64	46
TRADESHOWS	\$1,000,000.00	\$80,000.00	\$1,080,000.00	\$833,807.18	\$246,192.82	77
KIDS MILK MARKETING	\$700,000.00	\$26,500.00	\$726,500.00	\$154,115.27	\$572,384.73	21
	\$38,638,000.00	\$1,831,098.95	\$40,469,098.95	\$16,568,577.96	\$23,900,520.99	41
OFFICE OPERATIONS						
OFFICE OPERATIONAL	\$250,000.00	\$0.00	\$250,000.00	\$146,507.78	\$103,492.22	59
RENT EXPENSE	\$241,500.00	\$0.00	\$241,500.00	\$140,270.15	\$101,229.85	58
TRAVEL & AUTOMOBILE	\$45,000.00	\$0.00	\$45,000.00	\$27,548.96	\$17,451.04	61
LEGAL EXPENSE	\$75,000.00	\$0.00	\$75,000.00	\$32,097.69	\$42,902.31	43
FREIGHT & POSTAGE	\$40,000.00	\$0.00	\$40,000.00	\$18,561.26	\$21,438.74	46
AUTOMOBILE PURCHASES	\$30,000.00	\$0.00	\$30,000.00	\$0.00	\$30,000.00	0
CLERICAL AND OFFICE EQUIPMENT	\$45,000.00	\$0.00	\$45,000.00	\$42,310.54	\$2,689.46	94
LIABILITY INSURANCE	\$40,000.00	\$0.00	\$40,000.00	\$38,578.00	\$1,422.00	96
	\$766,500.00	\$0.00	\$766,500.00	\$445,874.38	\$320,625.62	58
ADMINISTRATIVE WAGES & BENEFITS						
EMPLOYEE INSURANCE	\$135,000.00	\$0.00	\$135,000.00	\$39,413.82	\$95,586.18	29
MONEY INVESTMENT PLAN	\$40,000.00	\$0.00	\$40,000.00	\$24,724.30	\$15,275.70	62
RETIREMENT PLAN	\$100,000.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00	0
SALARIES & WAGES	\$738,500.00	\$0.00	\$738,500.00	\$376,388.35	\$362,111.65	51
	\$1,013,500.00	\$0.00	\$1,013,500.00	\$440,526.47	\$572,973.53	43
STATE OF CA. DEPARTMENTAL CHARGES						
MARKETING BRANCH	\$75,000.00	\$15,000.00	\$90,000.00	\$35,923.31	\$54,076.69	40
COMPLIANCE & FISCAL AUDIT	\$25,000.00	\$0.00	\$25,000.00	\$0.00	\$25,000.00	0
MILK MARKET ENFORCEMENT	\$5,000.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00	0
	\$105,000.00	\$15,000.00	\$120,000.00	\$35,923.31	\$84,076.69	30
BOARD MEETING EXPENSES						
TRAVEL EXPENSES	\$75,000.00	\$0.00	\$75,000.00	\$35,207.51	\$39,792.49	47
MEETING EXPENSES	\$100,000.00	\$0.00	\$100,000.00	\$44,993.62	\$55,006.38	45
PER DIEM BOARD	\$40,000.00	\$0.00	\$40,000.00	\$14,100.00	\$25,900.00	35
	\$215,000.00	\$0.00	\$215,000.00	\$94,301.13	\$120,698.87	44
TOTALS						
TOTAL ADMINISTRATION & OPERATIONS	\$2,100,000.00	\$15,000.00	\$2,115,000.00	\$1,016,625.29	\$1,098,374.71	48
TOTAL EXPENDITURES	\$40,738,000.00	\$1,846,098.95	\$42,584,098.95	\$17,585,203.25	\$24,998,895.70	41
RESERVE	\$200,000.00	\$600,545.00	\$800,545.00	\$0.00	\$800,545.00	0
TOTAL EXPENDITURES & REQUIRED RESERVE	\$40,938,000.00	\$2,446,643.95	\$43,384,643.95	\$17,585,203.25	\$25,799,440.70	42

PAYROLL BALANCE \$ 3,002.51

ADMINISTRATIVE AND PROGRAM PAYROLL \$ 1,629,500.00

CALIFORNIA MILK ADVISORY BOARD

Budget VS Actual For Calendar Year
January 1, 2017 through May 31, 2017

INCOME

	Budget Original	Budget Revisions	Budget Revised	Revenue	Balance	%
INCOME SOURCE						
ASSESSMENTS	\$39,000,000.00	\$0.00	\$39,000,000.00	\$16,602,023.15	(\$22,397,976.85)	43
NON-ASSESSMENT INCOME	\$438,000.00	\$0.00	\$438,000.00	\$270,110.79	(\$167,889.21)	62
CASH BALANCE CARRYOVER	\$1,500,000.00	\$2,446,643.95	\$3,946,643.95	\$3,946,643.95	\$0.00	100
	\$40,938,000.00	\$2,446,643.95	\$43,384,643.95	\$20,818,777.89	(\$22,565,866.06)	48

EXPENDITURES

	Budget Original	Budget Revisions	Budget Revised	Expenditures	Balance	%
ADVERTISING, PROMOTION AND RESEARCH PROGRAMS						
ADVERTISING	\$18,155,000.00	\$174,021.54	\$18,329,021.54	\$5,907,644.81	\$12,421,376.73	32
BUSINESS DEVELOPMENT	\$5,700,000.00	\$468,000.00	\$6,168,000.00	\$1,961,502.83	\$4,206,497.17	32
FOODSERVICE	\$1,500,000.00	\$255,000.00	\$1,755,000.00	\$248,514.81	\$1,506,485.19	14
CA DAIRY RESEARCH FOUNDATION	\$1,950,000.00	\$0.00	\$1,950,000.00	\$975,000.00	\$975,000.00	50
EDUCATION & COMMUNITY RELATIONS	\$48,000.00	\$100,000.00	\$148,000.00	\$2,335.97	\$145,664.03	2
PRODUCER RELATIONS	\$449,000.00	\$10,650.00	\$459,650.00	\$170,309.12	\$289,340.88	37
COMMUNICATIONS	\$3,266,000.00	\$47,328.00	\$3,313,328.00	\$1,326,999.01	\$1,986,328.99	40
INTERNATIONAL	\$5,200,000.00	\$599,599.41	\$5,799,599.41	\$1,549,446.17	\$4,250,153.24	27
PROCESSOR RELATIONS	\$270,000.00	\$70,000.00	\$340,000.00	\$126,526.79	\$213,473.21	37
INDUSTRY INTELLIGENCE	\$400,000.00	\$0.00	\$400,000.00	\$184,749.36	\$215,250.64	46
TRADESHOWS	\$1,000,000.00	\$80,000.00	\$1,080,000.00	\$737,934.27	\$342,065.73	68
KIDS MILK MARKETING	\$700,000.00	\$26,500.00	\$726,500.00	\$118,300.82	\$608,199.18	16
	\$38,638,000.00	\$1,831,098.95	\$40,469,098.95	\$13,309,263.96	\$27,159,834.99	33
OFFICE OPERATIONS						
OFFICE OPERATIONAL	\$250,000.00	\$0.00	\$250,000.00	\$129,494.95	\$120,505.05	52
RENT EXPENSE	\$241,500.00	\$0.00	\$241,500.00	\$120,063.40	\$121,436.60	50
TRAVEL & AUTOMOBILE	\$45,000.00	\$0.00	\$45,000.00	\$21,498.39	\$23,501.61	48
LEGAL EXPENSE	\$75,000.00	\$0.00	\$75,000.00	\$30,227.69	\$44,772.31	40
FREIGHT & POSTAGE	\$40,000.00	\$0.00	\$40,000.00	\$12,704.83	\$27,295.17	32
AUTOMOBILE PURCHASES	\$30,000.00	\$0.00	\$30,000.00	\$0.00	\$30,000.00	0
CLERICAL AND OFFICE EQUIPMENT	\$45,000.00	\$0.00	\$45,000.00	\$27,045.49	\$17,954.51	60
LIABILITY INSURANCE	\$40,000.00	\$0.00	\$40,000.00	\$38,578.00	\$1,422.00	96
	\$766,500.00	\$0.00	\$766,500.00	\$379,612.75	\$386,887.25	50
ADMINISTRATIVE WAGES & BENEFITS						
EMPLOYEE INSURANCE	\$135,000.00	\$0.00	\$135,000.00	\$33,704.78	\$101,295.22	25
MONEY INVESTMENT PLAN	\$40,000.00	\$0.00	\$40,000.00	\$19,788.06	\$20,211.94	49
RETIREMENT PLAN	\$100,000.00	\$0.00	\$100,000.00	\$0.00	\$100,000.00	0
SALARIES & WAGES	\$738,500.00	\$0.00	\$738,500.00	\$295,155.77	\$443,344.23	40
	\$1,013,500.00	\$0.00	\$1,013,500.00	\$348,648.61	\$664,851.39	34
STATE OF CA. DEPARTMENTAL CHARGES						
MARKETING BRANCH	\$75,000.00	\$15,000.00	\$90,000.00	\$29,999.30	\$60,000.70	33
COMPLIANCE & FISCAL AUDIT	\$25,000.00	\$0.00	\$25,000.00	\$0.00	\$25,000.00	0
MILK MARKET ENFORCEMENT	\$5,000.00	\$0.00	\$5,000.00	\$0.00	\$5,000.00	0
	\$105,000.00	\$15,000.00	\$120,000.00	\$29,999.30	\$90,000.70	25
BOARD MEETING EXPENSES						
TRAVEL EXPENSES	\$75,000.00	\$0.00	\$75,000.00	\$23,314.94	\$51,685.06	31
MEETING EXPENSES	\$100,000.00	\$0.00	\$100,000.00	\$35,411.98	\$64,588.02	35
PER DIEM BOARD	\$40,000.00	\$0.00	\$40,000.00	\$9,400.00	\$30,600.00	24
	\$215,000.00	\$0.00	\$215,000.00	\$68,126.92	\$146,873.08	32
TOTALS						
TOTAL ADMINISTRATION & OPERATIONS	\$2,100,000.00	\$15,000.00	\$2,115,000.00	\$826,387.58	\$1,288,612.42	39
TOTAL EXPENDITURES	\$40,738,000.00	\$1,846,098.95	\$42,584,098.95	\$14,135,651.54	\$28,448,447.41	33
RESERVE	\$200,000.00	\$600,545.00	\$800,545.00	\$0.00	\$800,545.00	0
TOTAL EXPENDITURES & REQUIRED RESERVE	\$40,938,000.00	\$2,446,643.95	\$43,384,643.95	\$14,135,651.54	\$29,248,992.41	34

PAYROLL BALANCE \$ 3,417.40

ADMINISTRATIVE AND PROGRAM PAYROLL \$ 1,354,500.00

ADVERTISING

Presentation to the Board of Directors

September 2017



National Television:

National TV is a key driver of awareness of the seals, which continues to be positive. Our campaign, “Return to Real,” launched in August 2015 and continues to run throughout 2017. TV spots which also live on YouTube and RCM.com, feature relatable, human moments and mouthwatering food footage. We have two spots running in Q3 – the first titled “Artisanal” which highlights California Ice Cream. And the second titled “Bribe,” which features a child who grows bored while working on his science project but is incentivized when his mom offers him a delicious yogurt parfait.



2017 National TV Plan:

		California Milk Advice Board																																																													
		2017 Media Plan																																																													
Target: Women 25-54	Media Title	JAN					FEB					MAR					APR					MAY					JUN					JUL					AUG					SEPT					OCT					NOV					DEC					TOTAL	#
Week #	Specials	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	SPOTS	SECS					
	NATIONAL TELEVISION:																																																														
	- Cable Day, Top Rated	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	171	18										
	- Cable Prime, Top Rated	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	198	18										
	- Cable Prime, Broad Reach	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	223	22										
	- Network Prime	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	68	17															
	- Network Day	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	223	18															
	- Road Parade (ABC/NSC)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	3.2	1															
	TOTAL NATL TV	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	998.2	23															
	Only Spots	825.2																															207	998.2																													
	Min 30S, 5H-40 30	284.9																															212.9	597.8																													
	MP M/F																																123.8	347																													
																																	152.9	159.8																													
																																	1000.0	25																													

2017 Creative Campaign:

In addition to the four new Return to Real TV spots airing in 2017, we are continuing our “always on” social and search efforts. In 2017, we are launching new content including a new farmer series called “California Dairy Stories.” We also have new recipe videos, developed by our media partner Cooking Panda, and two other social series called Monday Melt and Better with Cheese.

The new “California Dairy Stories” is a series of twelve videos that profile different members of our California Dairy families. These videos are wide ranging and cover topics such as growing up on a California dairy farm, participating in tractor pull competitions, cooking and sharing family recipes, sustainability and much more. The goal of this series is to give our consumers a glimpse into our uniquely California farm families.



We also are tapping into the power of appetite appeal by creating new food content. We are launching two new series titled “Monday Melt” and “Better with Cheese.” The goal of this mouthwatering content is to find a way to own or lead the conversation by piggy-backing onto already popular social conversations and using popular hashtags. For “Monday Melt,” we produced twenty different short gifs that highlight delectable dairy products melting. The melts are mouthwatering and hypnotizing. Our “Better with Cheese” content series consists of twenty crowd-sourced photographs of dairy dishes. When we post them, we use the hashtag #betterwithcheese along with another day-specific popular hashtag such as #meatlessmonday, #winwednesday, #foodiefriday and others.

Monday Melt:



Better with Cheese:



Cooking Panda:

We've also partnered with Cooking Panda to produce fifteen new recipe videos. These videos cover different dishes within our key messaging pillars: taking back breakfast, Hispanic cheeses, healthy snacking and holiday entertaining. Along with the videos, Cooking Panda is guaranteeing 15 million views (1 million per video) on their channels.



RealCaliforniaMilk.com:

Throughout 2017, we've continued to make regular content updates to the site featuring new recipes, news and articles and anything relevant to our target audience. We are also integrating our new video content onto to site and making it easily accessible and viewable. One initiative we have been focusing on this year is how to best display our Dairy Brief and Foodservice Newsletter content. We are making updates to the Foodservice portion of the site to create a template that can be updated as new Dairy Briefs and Newsletters are finalized. This will be a great way to keep our Foodservice audience apprised of the latest information available from our team.

Online Advertising, Digital Partnerships and Apps:



We continue to look for ways to utilize digital media to bring the Return to Real campaign to life. The two main elements in our positioning platform, “Real Food” and “From Real People,” are fueling endless opportunities to connect consumers with our recipes and usage ideas, our nutrition information, our farmer stories and our California distinctiveness. Digital media has proven extremely effective and measurable in delivering our TV spots and other video content online in a way that consumers can engage with, including click-through from ads to deeper stories on our website or to video content on YouTube. Last year’s plan delivered over 300 million women 25-54 targeted impressions, and almost 80 million completed video views at an efficient \$.03 per view. One element that was especially successful from a reach and impression standpoint in 2016 was our partnership with Tastemade with over 20 videos and 26 million views across our channels. Our 2017 digital plan was presented at the May board meeting and is just getting under way.

We are also partnering with Milk Life’s Great American Milk Drive initiative. We will be asking people to take a picture of the Real California Milk seal and use the hashtag #SealsforGood. For each submission, we will make a \$5 donation to the Great American Milk Drive (up to \$20,000). The campaign kicks off in September, which is Hunger Action Month and concludes at the end of December where our messaging will be geared toward holiday giving. The initiative will be promoted through bloggers and influencer support as well as paid social posts. We are also talking to many processor and retailer partners to help spread the word.

YouTube Marketing:

As in previous years, paid advertising on YouTube supports our TV ads and long-form video. That focus has broadened to support all video content produced in 2017, including the new TV ads and digital videos. Our strategy has been to repurpose Tastemade videos throughout the year to match the products/initiatives our national partners are messaging on their channels.

Paid YouTube 2017
(YTD Paid YouTube

Impressions	Views	Clicks	CPCV
1,355,715	311,638	2,599	\$0.05

Of all videos running each month, Avocado Blue Cheese Dip and California Chocolate Chia Seed Pudding are the top performers. With Avocado Blue Cheese dip receiving over 1MM impressions so far in 2017.

Avocado Blue Cheese Dip



Impressions: 1,042,133
Views: 236,919

California Chocolate Chia Seed Pudding



Impressions: 137,424
Views: 33,106

Search Engine Marketing:

Our goal in 2017 is to build off the strategy put in place last year – focusing on more highly qualified traffic that will stay longer and engage more. We’ve optimized our search efforts to drive quality traffic rather than quantity. We will continue to measure bounce rate, pages per session and time on site, and we will continue to optimize. Additionally, we are focusing our efforts on appearing in more competitive search queries and improving our average position.

Q2 2017 has been the quarter of search optimization for CMAB. Google has updated their algorithm and ad features making a page’s content clearer to the user. As a result, we are optimizing our ad copy and bids, driving the most qualified users and traffic to realcaliforniamilk.com. To date, we have already served 10% more impressions than last year’s total between search and display ads. Though our average position has remained steady, our CTR (“click through rate”) has risen slightly and should continue to increase as optimizations to ad copy and URL’s are made.

Below is a snapshot of last year’s search performance and top-performing ads from 2016 and to date in 2017.

Paid Search 2016

(Through end of Dec.

Includes search and display)

Impressions	Clicks	CTR	Avg. Position
14,579,900	160,622	1.10%	1.6

2016 Search Ads

<p>Real California Cheese Delicious California Cheese From Real California Dairy Families. www.realcaliforniamilk.com</p>	<p>Try Real California Milk The Best California Dairy Products. From Real California Dairy Families. www.realcaliforniamilk.com</p>	<p>Like (Keyword:California Dairy)? Eat Real California Dairy. From Real California Dairy Families. www.realcaliforniamilk.com</p>
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YTD Paid Search 2017

(Jan to July 31,2017 includes search and display)

Impressions	Clicks	CTR	Avg. Position
16,034,108	135,784	1.12%	1.6

2017 Search Ads

Refreshingly Real {Keyword:Yogurt}
Made with Real California Milk
realcaliforniamilk.com/recipes/yogurt
Discover the difference of yogurt that's made with Real California Milk.

Discover our Dairy Diversity
Real California Milk.
www.realcaliforniamilk.com
From ice cream to cottage cheese, discover facts and tips about real dairy.

Like {Keyword:Ice Cream}?
Discover our Ice Cream Recipes
realcaliforniamilk.com/recipes/icecream
Made with Real California Dairy. Return to Real. Real California Milk.

COMMUNICATIONS

Presentation to Board of Directors

September 2017

Public Relations Program

COMMUNICATION SERVICES

FOOD SAFETY & SUSTAINABILITY

Importance

- *Meet consumer demand for authentic food and farming stories by using California dairy producers as storytellers*
- *Gather and incorporate sustainability facts and insights to support California as the gold standard*
- *Ensure CMAB is prepared in the event of an issue in its international business markets*
- *Keep CMAB staff up-to-date on news, trends and issues impacting the dairy business*

Dairy Leadership & Integration

- **California Dairy Farmers Social Team**
CMAB amplified social media posts on Real California Milk channels and made weekly content recommendations to the farmer team members to encourage positive conversation about California dairy in their social communities. Social team members participated in a milk toast on World Milk Day (see below). CMAB vetted farmers as potential new social team members to ensure statewide representation.



- **Media Interview Trainings**

CMAB hosted two full-day media trainings, for leadership classes at California Dairies Inc. and Western United Dairymen. The trainings consisted of an introduction to the media landscape, a 101 on how to speak with the media, a CMAB overview and messaging rundown, and on-camera question-and-answer sessions with personalized feedback for each participant.

Sustainability

- CMAB worked with Dairy Cares and CDQAP to identify the best ways to benchmark practices that will show the California Dairy industry is a leader in sustainability.

Dairy Security & Reputation

- **International Table Top Exercise**

CMAB convened representatives from target international business regions to discuss the proper protocols for handling a crisis or issue, including an overview of the issues handbook, working through a potential scenario and a question-and-answer session for participants.

- **Daily Monitoring & Social Listening**

CMAB monitored traditional and social media on a daily basis, tracking Real California Milk proactive coverage, dairy and food industry trends, and issues (food safety, environmental, animal care, drought, etc). The team provided an analysis and POV on impacts pertaining to the California dairy industry, in addition to recommendations for amplifying stories on Real California Milk owned social channels.

FOOD & CULINARY: CONSUMER

Importance

- *Support business growth priorities by promoting consumption of butter and Hispanic style dairy products*
- *Support national initiatives around June Dairy Month and World Milk Day*
- *Leverage health professional experts to educate peers and consumers about the healthfulness of dairy foods*

Expand Ethnic Foods: Hispanic Dairy

- **Instagram Campaign**

CMAB partnered with social media influencers to create posts on Instagram featuring their favorite ways to use Real California Hispanic style dairy products in recipes. The campaign generated 37 posts garnering 448,900 impressions and over 13,000 engagements (likes and comments).

- **Twitter Party**

CMAB partnered with lifestyle influencers Resourceful Mommy and A Southern Fairy Tale to host a party on Twitter attended by 164 participants, generating 46.47 million

impressions. Participants shared recipes, unique uses and favorite ways to “swap in” Hispanic dairy products into their everyday repertoire.

- **Infographic**

CMAB created a Hispanic Dairy Mix and Match infographic for national distribution. The piece familiarized consumers with Real California Hispanic style dairy products and their different flavors and attributes, as well as provided inspiration for incorporating into beloved home recipes. The infographic received 33.5M impressions across 522 placements.

National Butter Day

- California Dairy Princess Nicole Sanders visited the Armstrong & Getty show on KSTE-AM in Sacramento to promote the goodness of fresh-churned butter made with Real California Milk. The show reaches over 1.7M listeners across California, Utah, New Mexico, Oregon, Arizona and Washington State.

June Dairy Month/World Milk Day

- CMAB worked with the California Department of Food & Ag. to secure a governor’s proclamation of June as “Real California Milk Month”, which was announced in a press release distributed on the wire service throughout the state.
- CMAB organized a World Milk Day toast with CMAB board members and California Dairy Social Team members:



State Fair/Cal Expo

- CMAB partnered with Dairy Council of CA to provide a fiberglass milking cow for installation in a permanent dairy display for use during school tours conducted throughout the year. A portable version of the displays was set up in the calf barn during the State Fair July 14-30.



- CMAB informational panels and video were on display during the State Fair, which attracted more than 600k attendees over the two-week period.

REAL CALIFORNIA MILK **HEALTHY COWS** **REAL CALIFORNIA CHEESE**
In the Land of Milk and Sunnys

Dairy Farmers care for their cows. They provide nutritious diets, health care, and routine veterinary care for their animals.

How much milk does a cow make each day?
 An average cow produces 2-3 gallons of milk each day.

What do cows eat?
 Cows eat a diet of hay, silage, and other feedstuffs.

How many vitamins does a cow have?
 Cows have 13 essential vitamins.

How do we know a cow is healthy?
 Dairy farmers monitor their cows' health closely.

How do we know a cow is happy?
 Cows are social animals and enjoy being with their herd.

How do we know a cow is safe?
 Dairy farmers use strict safety protocols to protect their cows.

How do we know a cow is smart?
 Cows are intelligent animals that can learn from experience.

How do we know a cow is kind?
 Cows are gentle animals that are easy to handle.

How do we know a cow is brave?
 Cows are brave animals that can withstand difficult conditions.

How do we know a cow is beautiful?
 Cows are beautiful animals that are a joy to look at.

To learn more, visit realcaliforniamilk.com or dairyfarmers.org.

REAL CALIFORNIA MILK **HEALTHY FOOD** **REAL CALIFORNIA CHEESE**
In the Land of Milk and Sunnys

Dairy foods are good for you. California dairy farmers pride themselves on producing safe, wholesome, nutrient-rich products for you and your family. Enjoy!

Well-Cared for Cows
 Milk comes from healthy and well-fed dairy cows.

Only the Best Dairy Products
 Dairy processing plants produce a variety of safe, wholesome products.

Consume 3 Servings Each Day
 Nutrient-rich milk, cheese and yogurt build healthy bodies.

What is Lactoferrin?
 Lactoferrin is a protein that helps fight off bacteria.

What is Immunoglobulin?
 Immunoglobulin is a protein that helps fight off viruses.

What does the ACE mean on the milk carton label?
 ACE stands for Active Cholesterol Ester, which is a nutrient that helps lower cholesterol.

From Moo to You!
 Healthy Cows → Milking Parlor → Milk Truck → Milk Processing Plant → Transport Truck → Dairy Store

Nutrient Content of Common Dairy Products
 Look up the nutrient values of the products you consume each day.

Product	Calcium	Protein	Phosphorus	Potassium
Whole Milk	27%	25%	25%	25%
Lowfat Milk	25%	25%	25%	25%
Skim Milk	25%	25%	25%	25%

To learn more, visit realcaliforniamilk.com or dairyfarmers.org.

REAL CALIFORNIA MILK **HEALTHY LAND** **REAL CALIFORNIA CHEESE**
In the Land of Milk and Sunnys

Most farmers at dairy farms work with 100% 100% renewable energy and are committed to protecting the land, air, and water.

Recycling is good for all of us. Dairy farmer recycling efforts have many benefits.

Manure
 1. Applied to crops as a natural fertilizer.
 2. Used to generate renewable energy.
 3. Used to produce biogas for power generation.
 4. Used to produce biofertilizer for crop production.

Water
 1. Water is used multiple times without heating or cooling.
 2. Water is recycled in the milking parlor.
 3. Water is used to cool the cows and calves.
 4. Water is used to clean the milking equipment.
 5. Water is used to clean the milking equipment.

Food Waste
 1. Dairy farmers recycle their manure.
 2. Dairy farmers recycle their manure.
 3. Dairy farmers recycle their manure.
 4. Dairy farmers recycle their manure.

Other Materials
 1. Dairy farmers recycle their manure.
 2. Dairy farmers recycle their manure.
 3. Dairy farmers recycle their manure.
 4. Dairy farmers recycle their manure.

To learn more, visit realcaliforniamilk.com or dairyfarmers.org.

REAL CALIFORNIA MILK **HEALTHY COMMUNITIES** **REAL CALIFORNIA CHEESE**
In the Land of Milk and Sunnys

Dairy farmers care about the future not just being of their communities. They have been active members of their communities for many generations and create jobs that help sustain the local economy.

Community Impact
 Dairy farmers support local schools, churches, and community events.

Fuel Up Play 60
 A program that encourages children to be active and eat healthy.

The Great American Milk Drive
 A program that encourages children to drink milk every day.

Why does milk matter?
 Milk is a source of protein, calcium, and other nutrients.

What does the ACE mean on the milk carton label?
 ACE stands for Active Cholesterol Ester, which is a nutrient that helps lower cholesterol.

Dairy products are good for you.
 Dairy products are a source of protein, calcium, and other nutrients.

To learn more, visit realcaliforniamilk.com or dairyfarmers.org.

FOODSERVICE CHANNEL INITIATIVES

Importance

- *Position REAL California Dairy as the future of trend-forward, culinary innovators.*
- *Drive awareness and purchase of California dairy products by chefs and restaurateurs, by ensuring that California dairy is featured in leading foodservice magazines.*

REAL Makers Foodservice Advertising Campaign

- CMAB implemented the second series of the REAL Makers print and digital advertising campaign. In June, the fourth REAL Makers video was shot, featuring Chef Vito Iacopelli at Prova Pizza in Los Angeles. The video featured Chef Vito's dairy hack using California mozzarella cheese as a pizza crust. The new video will go live on RealCaliforniaMilk.com/Foodservice in Q3, and break in print and digital advertising in Q4.



- Q2 analytics showed an overall increase in total site visits, percentage of direct visits and total page views, driven by our ad campaign. The campaign has achieved a YTD total of 1.7M impressions with a .33% click-through rate. Our average click-through rate increased by .2% over Q1, and remains well above the industry average (.09 -.16%).

Trade News Bureau

- Q2 delivered 233,805 impressions, with an interview in *Flavor & the Menu*, a full-page spread of California Hispanic-style dairy in *el Restaurante*, and a feature on REAL Makers chef Nicolas Delaroque in *Flavor & the Menu's* Best of Flavor issue.
- In October, CMAB will conduct a Learning Session at the International Foodservice Editorial Council meeting in Boulder. This mini-presentation will reach all conference editors and attendees with information about California butter at foodservice.

Q2 Publicity Hits:

Flavor & the Menu - Digital

Flavor Partners Showcase, featuring an interview with Jen Giambroni

California Milk Advisory Board

Flavor Partners Showcase



By Jennifer Giambroni, Director of Communications for California Milk Advisory Board (CMAA)

Briefly describe the California Milk Advisory Board (CMAA) and its value to foodservice operators.

CMAA is dedicated to foodservice and helping operators build business. California has led the nation in per-capita milk production since 1981, which means dairy producers have access to a consistent, quality source of milk from one of the most environmentally progressive states to create a variety of dairy products.

California is currently the country's leading producer of butter, ice cream, nonfat dry milk and whey protein concentrates and the second largest cheese and yogurt producer.

California is also the country's leading producer of Hispanic-style cheeses, producing more than 22 varieties and styles of Hispanic-style cheeses and dairy products bearing the Real California seal.

California also produces many other quality dairy products sold into the Foodservice channel, including yogurt, frozen yogurt mixes, ice cream, sour cream, cottage cheese and cream cheese.

Operators know that their customers are interested in where their food comes from, and that's why adding the value of Real California dairy can make a difference to their bottom line.

Describe CMAA's contributions to a modern menu strategy. How does CMAA help foodservice operators with cost control, flavor-forward trends?

Operators look for the Real California Milk seal in foodservice, and appreciate the values behind California dairy - a commitment to sustainability and animal care as well as consistent quality and freshness.



el Restaurante - Digital

“Recipe of the Week” featuring Watermelon Salad with Cotija and Crema
Watermelon Salad with Cotija and Crema

June 23, 2017

 [RSS](#)  [Print](#)



Nbel Bamhurst

Recipe by Georgio Rapicavoli (Eating House, Miami, Florida) courtesy of California Milk Advisory Board (realcaliforniamilk.com)

Makes 4 servings

el Restaurante – Print

“Hispanic Cheese” featuring a full-page spread of Real California Hispanic Cheese

Flavor & the Menu – Print & Digital

Best of Flavor issue featuring REAL Makers Chef Nico Delaroque



MAKEOVER CHEESE-RIND MOUSSE WITH MISSION FIGS AND RED MUSTARD GREENS
 MICHELLE CHEN/IFP

BY FLAVOR & THE MENU STAFF | MARCH, 2015



Nico Delaroque

Cheese rinds sometimes get tossed into soups, broths and stews, fortifying with an umami backbone that adds rich, savory, developed tones. At Nico, a modern bistro that offers gate-line menus, Nicolas Delaroque, the Owner, uses cheese rind to pump up flavor in a delicate mousse.

We created the Makeover Cheese-Rind Mousse with the California Milk Advisory Board as part of its REAL Makers campaign, celebrating innovative chefs who design their culinary creations with the best ingredients and the greatest respect for the food.

The mousse at Nico is served with Mission figs and fresh red mustard greens. “We wanted to do a take on the classic combination of figs and

cheese, but we wanted to highlight the cheese in a lighter way with the mousse,” he says. “The mustard brings a little spicy touch to the dish. The figs are raw and quartered—they don’t require much manipulation.”

Social Media

During 2017, we continue to focus on increased reach and engagements. We have achieved this by targeting our content to fans of the CMAB Facebook page, friends of our fans, and moms aged from 25-54 who are interested in food and farm content. To engage our followers, we have three main categories of content; food, farmer and PR. In Q2, we rolled out our newest social content, Monday Melt and Better with Cheese. During the second half of Q2, we will begin posting California Dairy Stories, Cooking Panda and Spot the Seal.

Food:

In Q2, our key initiative was Hispanic Dairy. This was promoted by posting Hispanic-inspired recipes. Three Tastemade videos were posted, which generated a total of 400K engagements. We also ran a Texas-specific campaign, which featured two Hispanic recipes and the Respect the Tortilla TV spot. This campaign over-performed compared to our average social benchmarks. This content generated a 19% engagement rate, a substantial increase above our average engagement rate of 2%.

We also promoted food content around national holidays and food-specific holidays, such as National Ice Cream Day. We also started to promote new food content including Monday Melt and Better with Cheese. Although this content does not link to a specific recipe, they are still performing well. Monday Melt has generated over 80k video views to 10 seconds.

In August, we began to post recipe video content from Cooking Panda. In total, there will be 15 videos around the themes of Hispanic dairy, healthy snacking, breakfast, butter and innovative ways to repurpose holiday leftovers.



Impressions: 492,612
Video Views: 204,830
Reactions/Comments/Shares: 826



Impressions: 558,462
Video Views: 325,400
Reactions/Comments/Shares: 1,461

Farmer:

This year, the Growing Up Dairy series has expanded into “California Dairy Stories” which we began posting at the end of August. This content focuses around food moments on the farm, hobbies of the farmers and sustainability. There are 12 videos total.



Growing Up Dairy

Impressions: 1,277,032

Video Views: 624,300

Reactions/Comments/Shares: 7,166

PR:

Every month, we incorporate posts from public relations content, including dairy articles, happenings on the farms, and any news related to our sponsorships with our partners. During June, CMAB partnered with the Great American Milk Drive for National Dairy Month to bring awareness to childhood hunger and promoted the Dairy Council of California’s public awareness campaign for Summer Meals programs.



International:

The CMAB’s Global Facebook pages/social presence in international markets are up and running in all countries except Malaysia and Singapore. In-market partners produce culturally-appropriate content and provide promotion and amplification.

Here are a few examples of recent posts:



Facebook Ad:
Reach: 10,614
Impressions: 21,153
Page like: 572



Facebook Post Contest:
Reach: 19,668
Reactions/Comments/Shares: 2,023



News Bureau



Coverage Objectives

Expand Ethnic Foods, Celebrate June Dairy Month, Marginalize Margarine

Total Reach: April – June 2017

Approach

- Utilized California dairy ambassadors like the California Dairy Princesses and Social Media team to help create a favorable public image for milk and dairy products
- Leveraged the engagement and credibility of micro-influencers to target key audience on a personal level in promoting Hispanic dairy
- Developed and distributed a Mix and Match Infographic to give additional outlets with which to disseminate content, promoting Hispanic dairy
- Utilized the widespread health professional voice of Nurse Barb to share dairy nutrition information with patients and social followers



Consumer Coverage: 104.6 M



Print/Online
2 releases
55.6 M



Dairy Farmers Social Team
130 Posts
112.3 K



Social
56 Posts
1 Twitter party
47.3 M



TV/Radio
1 Appearance
1.7 M

- The Hispanic dairy Twitter Party drove the highest volume of consumer coverage during the quarter
- Hispanic Dairy Flavor Trail infographic helped leveraged key messages while maintaining control of content
- Micro-influencers put their own creative spin on how to use Hispanic dairy in their everyday meals and shared the recipes and beautiful images to their highly engaged followers
- Nurse Barb Dehn shared milk nutrition messages with her social followers

CONSUMER COVERAGE HIGHLIGHTS

Reach: April – July 2017: 104.6 M

Key Message Pull-Through

“California is the number one dairy state in the whole nation.” - Nicky Sanders, Armstrong & Getty Show interview

“Try Real California Milk post-gym. Milk has more protein for muscle strength than other beverages – w/o added calories & sugars” – Nurse Barb Dehn

Objective: Marginalize Margarine

Dairy Princess Nicky Sanders represented the California dairy industry and promoted Real California Milk butter during an interview on the Armstrong & Getty Show

Total Reach: 1.7 M Impressions



Objective: June Dairy Month

California Dairy Princesses, CMAB Spokesperson Nurse Barb Dehn and California Dairy Princesses press release help promote the nutritional benefits of Real California Milk

Total Reach: 426K Impressions

Ashley Avila @ashley_avila

Follow

The #CADairy Princesses encourage you to celebrate #WorldMilkDay & #passtheglass of delicious, nutritious #UndeniablyDairy milk.

8:38 AM - 1 Jun 2017

Nurse Barb @NurseBarbDehn · Jun 3

For summer sports, #FuelGreatness with cheese! Packed with #Calcium, #protein & nutrients for strong bones & muscles #ad @RealCalifMilk

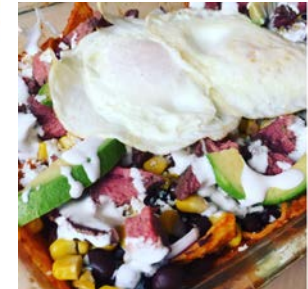
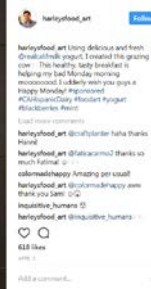
Nurse Barb @NurseBarbDehn · Jun 5

All summer kids need protein + calcium from #CADairy for growth and development. Start with cereal & milk #ad @RealCalifMilk

Objective: Expand Ethnic Foods

Nationally distributed Hispanic Dairy Flavor Trail infographic along with social media micro-influencers, promoted Hispanic style dairy products

Total Reach: 80.5M Impressions



Industry Communications

2017 Dairy Princess Contest Results and Dates

<u>District</u>	<u>Contest Date/Results</u>
District 1	Dairy Princess Haley Benbow, Fortuna First Alternate Carli Sioux Roberts, Eureka Second Alternate Dairy Princess Beth Noel, Hydesville
District 3	Dairy Princess Melanie Hanlon, Petaluma First Alternate Dairy Princess Elizabeth Pacheco, Petaluma Second Alternate Dairy Princess Kendal Middlebrook, Sebastopol
District 4	Dairy Princess Gina Amaro, Willows
District 5	Dairy Princess Sarah Weststeyn, Linden
District 6	Dairy Princess Makayla Toste, Newman First Alternate Dairy Princess Lauren Alvares, Merced Second Alternate Dairy Princess Shania DeJarnett, Turlock
District 7	Dairy Princess Tristan Rowell, Lemoore First Alternate Dairy Princess Jolene Simas, Hanford
District 8	Dairy Princess Jenny Garcia, Riverdale
District 9	Dairy Princess Hayles Fernandes, Tulare First Alternate Dairy Princess Abbigail Prins, Tulare



Dairy Princess Training Week was held July 10-12 at the Fairfield Inn & Suites and at Modesto Junior College ACE Pavilion in Modesto. The three-day training provided the young ladies with presentation and public speaking skills, as well as etiquette training, social media tips and an overview of industry programs and issues.

The CMAB provided publicity for all contests through press releases to local media and dairy producers about upcoming events and contest winners.

2017 ANNUAL INFORMATION/NOMINATION MEETING SCHEDULE

<u>District</u>	<u>Date</u>	<u>Venue/Address</u>	<u>Phone</u>
1	Tuesday, October 10	RIVER LODGE 1800 Riverwalk Drive Fortuna, CA 95540 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	707.725.7572
3	Thursday, October 12	Hermann Sons Hall 860 Western Avenue Petaluma, CA 94952 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	707.762.9962
6	Wednesday, October 18	TURLOCK GOLF & COUNTRY CLUB 10532 N Golf Link Road Turlock, CA 95380 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	209.634.5471
8	Thursday, October 19	COPPER RIVER COUNTRY CLUB 2140 E Clubhouse Drive Fresno, CA 93730 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	559.434.5200
10	Monday, October 23	LUIGI'S 725 E 19th Street Bakersfield, CA 93305 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	661.322.0926
9	Tuesday, October 24	TULARE GOLF COURSE Pitching Wedge 5300 S Laspina Street Tulare, CA 93274 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	559.686.0270
7	Wednesday, October 25	KINGS COUNTRY CLUB 3529 12 th Avenue Hanford, CA 93230 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	559.582.0740
11	Thursday, November 2	MISSION INN Spanish Art Gallery 3649 Mission Inn Avenue Riverside, CA 92501 No-Host reception - 5:30 p.m./Dinner - 6:30 p.m.	951.784.0300
4	Tuesday, November 7	ROLLING HILLS CASINO 2655 Everett Freeman Way Corning, CA 96021 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	530.528.3500
5	Wednesday, November 8	WINE & ROSES 2505 W Turner Road Lodi, CA 95242 No-Host reception - 6:00 p.m./Dinner - 7:00 p.m.	209.334.6988

* Note earlier start time for District 11

News Releases



California Milk Advisory Board
2316 Orchard Parkway
Tracy, CA 95377

209 883-MILK · RealCaliforniaMilk.com

FOR IMMEDIATE RELEASE

CONTACT: Jennifer Giambroni
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Cheryl Soares
csoares@cmab.net
(209) 690-8239

FOODSERVICE INNOVATIONS WITH CALIFORNIA DAIRY ON DISPLAY AT THE NATIONAL RESTAURANT SHOW IN CHICAGO

TRACY, Calif. – May 10, 2017 – The California Milk Advisory Board (CMAB) will bring dairy-inspired culinary inspiration to Chicago during the National Restaurant Show (NRA), which will be held May 20-23 at McCormick Place.

Visitors to Booth #9112 will have a chance to sample quality dairy products made with 100 percent Real California Milk from California's more than 1,300 dairy families, including specialty and commodity cheeses, frozen yogurt and gelato, butter and more.

The following Real California processor partners will showcase dairy items featuring 100 percent California milk to food operators and buyers attending the four-day show:

- Angelo & Franco
- Cacique
- California Dairies, Inc.
- Coolhaus
- Karoun Dairies
- Pacific Cheese Company
- Rizo Lopez Foods, Inc.
- Savencia Cheese USA
- Scott Brothers Dairy
- Sweet Chills Brands
- Villa Dolce Italian Gelato

All items showcased carry the Real California Milk and/or Cheese seal, which certifies the products are made exclusively from California milk. California is known for the versatility and consistency of available dairy products – products made with milk from real California dairy families, kissed by the warm California sun.

CMAB business development consultants and marketing team members will be on hand to discuss opportunities to feature California dairy products in foodservice applications as well as where to source products from California processors. California is the nation's leading milk producer. The state is also responsible for more butter, ice cream and nonfat dry milk than any other state. California is the second-largest producer of cheese and yogurt.

###

About the California Milk Advisory Board

The California Milk Advisory Board (CMAB), an instrumentality of the California Department of Food and Agriculture, is funded by the state's more than 1,300 dairy families. With headquarters in Tracy, the CMAB is one of the largest agricultural marketing boards in the United States. The CMAB executes advertising, public relations, research and retail and foodservice promotional programs on behalf of California dairy products, including Real California Milk and Real California Cheese, throughout the U.S. and internationally. For more information and to connect with the CMAB through social media, visit RealCaliforniaMilk.com, like at [Facebook](https://www.facebook.com/RealCaliforniaMilk), view videos at [YouTube](https://www.youtube.com/RealCaliforniaMilk), follow at [Twitter](https://twitter.com/RealCaliforniaMilk) and [Instagram](https://www.instagram.com/RealCaliforniaMilk), and pin at [Pinterest](https://www.pinterest.com/RealCaliforniaMilk).



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FOR IMMEDIATE RELEASE

Contact:
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**CALIFORNIA DAIRY FAMILIES CELEBRATE DAIRY MONTH WITH
RECOGNITION FROM GOVERNOR**
**Proclamation Highlights Importance of Real California Milk to Local Communities,
State's Economy**

TRACY, Calif., June 6, 2017 – On June 2nd, California Governor Edmund G. Brown Jr. proclaimed June as “Real California Milk Month,” paying homage to more than 1,300 dairy families who make California the number one milk-producing state and dairy the state’s number one agricultural commodity. This regional distinction is in addition to the annual National Dairy Month celebration that recognizes the range of dairy products and the farmers who produce the milk that helps feed the nation and, increasingly, the world.

In celebrating the people behind the industry and the Real California Milk seal, the [Governor's proclamation](#) recognizes the contributions of California’s dairy families to the state and spotlights the California dairy industry, which accounts for more than 19 percent of the nation’s milk supply and 33 percent of the nation’s dairy exports. As the proclamation highlights, “the hard work of California’s more than 1,300 dairy families has made them leaders in the field.”

“In addition to the importance of dairy farm families to the fabric of their communities, dairy farming and dairy processing are an important part of the state’s economy, increasing employment opportunities and stimulating local and regional economies. California dairy adds approximately \$21 billion to the state’s economy each year,” said John Talbot, CEO of the California Milk Advisory Board (CMAB). “We are pleased to take the month of June to recognize the dedication of these multi-generational farming businesses to bringing such a nutritious food to the table.”

This dedication to increasing access to healthy foods is part of the legacy of the dairy industry, which provides education about healthy eating and the five food groups to teachers, children and families through Dairy Council of California and support for initiatives like the Great American Milk Drive, a partnership with Feeding America to provide families in need access to fresh fluid milk, one of most requested but least donated food bank items.

Ninety-nine percent of California dairy farms are family-owned. California produces more fluid milk, butter, ice cream, nonfat dry milk and whey protein concentrate than any other state. The state is the second-largest producer of cheese and yogurt. Dairy products made with California milk can be identified by the Real California Milk seal, launched in 2007, which certifies that the products are made exclusively with milk produced on California dairy farms.

###

About Real California Milk

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FOR IMMEDIATE RELEASE

CONTACT: Kris Costa
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(209) 690-8248

SAMPLE: Dairy Princess Contest Announcement
Press Release – Announcement Press Releases
Distributed to Local Media For All Eight Competitions

Corrin Macedo
cmacedo@cmab.net
(209) 690-8240

NEW DAIRY PRINCESS CROWNED Tristan Rowell of Lemoore Selected as District 7 Dairy Princess

TRACY, Calif. – July 3, 2017 – Tristan Rowell of Lemoore was selected as the 2017 Dairy Princess for the California Milk Advisory Board’s (CMAB) District 7. Jolene Simas of Lemoore was selected as the 2017 Alternate Dairy Princess. The coronation took place before a crowd of approximately 400 dairy industry members, their families and friends, on Friday, June 30, 2017, at the Hanford Civic Auditorium in Hanford.

Retiring Dairy Princess Ashley Avila and Alternate Dairy Princess Brigit Simas ended their reigns by relinquishing their titles to Tristan and Jolene, and wished them well as the ladies represent the California dairy industry throughout the coming year.

Tristan will represent District 7, which includes Kings County. As Dairy Princess, she will play an important role on the CMAB’s Communications Services team in meeting community relations objectives.

Tristan is the daughter of Butch Rowell and Tricia Soares of Lemoore. She is a recent graduate of Lemoore High School and plans to attend West Hills Junior College in the fall, with the goal to become an agriculture teacher. Tristan was a member of Lemoore FFA, participated on the dairy judging team and raised a replacement heifer for the 2017 Kings County Fair. She was also a four-year member of Lemoore High School cheer team and held a 4.0 GPA.

First Alternate, Jolene Simas, is the daughter of Rick and Jennifer Simas of Hanford. She is a senior at Lemoore High School. Jolene is a member of the Lemoore FFA and is on the dairy judging team. She is raised a heifer for the 2017 Kings County Fair. Jolene is also a member of the Kings County Junior Fair Board and has served as a District 7 Milk Maid.

Jolene will assist the new District 7 Dairy Princess in her duties, which include speaking on behalf of the California dairy industry at schools, service clubs, with the media, and at numerous public events throughout the year.

Miss Vitality 2017 was Kristina Raulino. She is the daughter of Christopher and Melinda Raulino of Lemoore. She is currently attending West Hills Junior College in Lemoore and majoring in psychology. She plans to transfer to Fresno Pacific University to complete her bachelors and masters degrees. Kristina was an active member of Lemoore FFA and a member of the dairy judging team. She is currently the Associated Student Body Social Services senator at West Hills College. Kristina has showed dairy heifers at the Kings County Fair since she was nine years old.

In addition, the Dairy Princess and her Alternate will attend a training session with workshops on presentation development, promoting the California dairy industry and leadership and etiquette tools.

Along with the excitement of naming the new Dairy Princess, Kristina Raulino was awarded the Lori Brazil Paulo Memorial Scholarship. Also, the Kings County June Dairy Month committee recognized the Fernandes Dairy of Hanford as the 2017 Kings County Dairy Family as well as Eduardo and Fatima Valadao as the Distinguished Dairy Couple. The Master of Ceremonies for the event was Joe Neves, District One Kings County Board of Supervisors. Contestants were judged on poise, personality, speaking ability, education and dairy background. Judges for the contest were Shannon Fast of Fresno, MacKenzie Gomes of Turlock and Brandon Souza of Sacramento. The Dairy Princess Co-Chairpersons was Jackie Giacomazzi and Debbie Raven.

California is the nation's leading milk producer. It also produces more butter and nonfat dry milk than any other state. The state is the second-largest of cheese and yogurt. Dairy products made with Real California milk can be identified by the Real California Milk or Real California Cheese seal, which certifies that the products are made exclusively with milk produced on California dairy farms.

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California Cow's Milk Processors Score 68 Wins at California State Fair Commercial Cheese Competition

TRACY, Calif. – July 6, 2017 – California cow's milk processors that use the Real California Cheese and Milk seals brought home 68 awards from the 2017 annual cheese competition held by California State Fair, in Sacramento. Cheesemaker – Pt. Reyes Farmstead Cheese was nominated as Best of Show Cow's Milk Cheese and Best of California Cow's Milk Cheese during the annual event. Two cheesemakers – Bellwether Farms, LLC and Fiscalini Cheese Co., were nominated as Best of California Cow's Milk Cheese.

California cow's milk cheeses that use the Real California seals won 19 first-place, 32 second-place and 17 third-place awards in this year's judging. Highlights from these wins include:

- Bellwether Farms, LLC, Valley Ford, 1st for Crème Fraiche, Cultured Cheese – Crème Fraiche
- California Dairies Inc., Visalia, 2nd for Real Cream Cheese, Soft Cheese – Cream Cheese
- Fiscalini Cheese Co., Modesto, 1st for Bandage Wrapped Cheddar, Semi-Hard Cheese – Aged Cheddar
- Joseph Gallo Farms, Awater, 2nd for Mozzarella, Semi-Soft Cheese – Pasta Filata
- Marin French Cheese Co., Petaluma, 1st for Petite Cendrée, Semi-Soft Cheese – White Surface Mold – Brie
- Marquez Brothers International, Inc., Hanford, 1st for Queso Oaxaca, Semi-Soft Cheese – Hispanic Style
- Nicasio Valley Cheese Co., San Rafael, 1st for Locarno, Semi-Soft Cheese – White Surface Mold – Open
- Orland Farmstead Creamery, Orland, 2nd for Ricottage, California Originals – Cow Milk
- Point Reyes Farmstead, Point Reyes, 1st for Point Reyes Bay Blue, Semi-Soft Cheese – Blue Veined Cheese
- Queso Salazar, Brentwood, 2nd for Queso Fresco, Semi-Soft Cheese – Hispanic Style
- Sierra Nevada Cheese Company, Willows, 1st for Organic Traditional Jack Cheese, Semi-Hard Cheese – Monterey Jack
- Stuyt Dairy Farmstead Cheese Co., Escalon, 1st for Habanero Gouda Cheese, Semi-Hard Cheese – Open Category

California dairy means real food from real people. Consumers can look for the Real California Milk and Cheese seals on dairy brands throughout the U.S. These seals ensure they are made with 100 percent milk produced by more than 1,300 Real California dairy farm families.

For more information on California State Fair Commercial Cheese Competition, go to:
<http://www.castatefair.org/california-commercial-cheese/>.

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Real California Cheeses Bring Home 22 Awards at American Cheese Society Competition in Denver

TRACY, Calif. – August 1, 2017 – Cow’s milk processors displaying the Real California Cheese and/or Milk seals brought home 22 awards from the 2017 annual cheese competition held by the American Cheese Society (ACS), July 26-29, 2017 in Denver, Colorado.

The American Cheese Society recognizes the finest cheeses and dairy products made in the Americas. A record number of 2,024 cheese and cultured dairy products were entered the competition. Cheeses made with 100% California milk had another strong showing this year in a field of 281 processors representing the United States, Canada and Columbia.

Cow’s milk cheeses displaying the Real California seals won 6 first-place, 5 second-place and 11 third-place awards in this year’s judging. Highlights from these wins include:

- Point Reyes Farmstead Cheese Co., Pt. Reyes, 1st for Toma and 3rd for Baby Toma, Farmstead Cheeses/Aged 60 Days or More, 2nd for Gouda 2 Years, American Made/International Style – Dutch Style, and 3rd for Bay Blue, Blue Mold Cheeses/Blue Veined with Rind/External Coating
- Central Coast Creamery, Paso Robles, 1st for Bishops Peak, American Originals/Original Recipe and 3rd for Holey Cow, American Made/International Style – Emmental-Style
- Sierra Nevada Cheese Company, Willows, 1st for Graziers Grass Fed Kefir – Plain, Cultured Milk & Cream/Kefir, Drinkable Yogurt, etc. and 3rd for Graziers Grass Fed Vat Cultured Euro Style Butter – Unsalted

- Oakdale Cheese & Specialties, Oakdale, 1st for Cumin Gouda, Flavored Cheeses, International Style w/Flavor Added
- Rogue Creamery, Central Point, OR, 1st for Organic Caveman Blue Cheese, Blue Mold Cheeses/Blue Veined with Rind/External Coating
- Peluso Cheese Company, Los Banos, 1st for Teleme, American Originals, Teleme
- Marquez Brothers International, Inc., San Jose, 2nd place each for Peach Drinkable Yogurt and Prune Smoothie and 3rd place for Strawberry Drinkable Yogurt, Yogurt & Cultured Products w/Flavors Added, and 3rd for Oaxaca, Hispanic & Portuguese Style Cheeses/Cooking Hispanic.
- Rumiano Cheese Company, Crescent City, 2nd for Dry Monterey Jack and 3rd for Peppercorn Dry Jack, American Originals / Dry Jack Made from Cow's Milk, 3rd for Organic Smoked Mozzarella, Smoked Cheeses/Italian Styles, and 3rd for Organic Salted Butter, Butters/Salted
- Nicasio Valley Cheese Company, Nicasio, 2nd for San Geronimo, Washed Rind Cheeses/Raclette Style Aged > 45 Days
- Karoun Dairies, Inc., Turlock, 3rd for Drinkable Kefir, Cultured Milk & Cream Products, Kefir, Drinkables, etc.
- Marin French Cheese Co., Petaluma, 3rd for Petite Jalapeño, Flavored Cheeses, Soft-Ripened with Flavor Added
- Rizo Lopez Foods, Inc., Modesto, 3rd for Panela, Hispanic & Portuguese Style Cheeses, Fresh/Unripened

In total, 12 cow's milk cheese and dairy producers won awards for products made with 100% Real California milk from the state's more than 1300 dairy farm families. Real California cheeses and dairy products can be found at retailers throughout the U.S., Mexico and Asia. For more information about cheese and dairy products that carry the Real California Cheese or Milk seal, visit: RealCaliforniaMilk.com. For more information on ACS competition winners, go to: cheesesociety.org.

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CALIFORNIA MILK ADVISORY BOARD ANNOUNCES 2017-2018 DAIRY PRINCESS REPRESENTATIVES
Young Dairy Leaders to Serve as Advocates on Behalf of Dairy Industry

Tracy, Calif., August 14, 2017 – The California Milk Advisory Board (CMAB) recently welcomed the 2017-2018 class of Dairy Princess representatives for a three-day session to launch their year of service as California dairy industry advocates. Fifteen Dairy Princesses and Alternates from Districts 1 to 9 attended the Dairy Princess Training in July where they learned presentation and public speaking skills, etiquette and social media tips and an overview of industry programs and issues.

The 2017-2018 California Dairy Princess Court includes:

District	Contest Results
District 1	Dairy Princess Haley Benbow, Fortuna First Alternate Carli Sioux Roberts, Eureka Second Alternate Dairy Princess Beth Noel, Hydesville
District 3	Dairy Princess Melanie Hanlon, Petaluma First Alternate Dairy Princess Elizabeth Pacheco, Petaluma Second Alternate Dairy Princess Kendal Middlebrook, Sebastopol
District 4	Dairy Princess Gina Amaro, Willows
District 5	Dairy Princess Sarah Weststeyn, Linden
District 6	Dairy Princess Makayla Toste, Newman First Alternate Dairy Princess Lauren Alvares, Merced Second Alternate Dairy Princess Shania DeJarnett, Turlock
District 7	Dairy Princess Tristan Rowell, Lemoore First Alternate Dairy Princess Jolene Simas, Hanford
District 8	Dairy Princess Jenny Garcia, Riverdale
District 9	Dairy Princess Hayles Fernandes, Tulare First Alternate Dairy Princess Abbigail Prins, Tulare



Photo by Stephanie Baker Photography

From left to right: Gina Amaro, District 4 Dairy Princess; Sarah Weststeyn, District 5 Dairy Princess; Jolene Simas, District 7 First Alternate; Tristan Rowell, District 7 Dairy Princess; Shania DeJarnett, District 6 Second Alternate; Makayla Toste, District 6 Dairy Princess; Lauren Alvares, District 6 First Alternate; Beth Noel, District 1 Second Alternate; Haley Benbow, District 1 Dairy Princess; Carli Sioux Roberts, District 1 First Alternate; Melanie Hanlon, District 1 Dairy Princess; Elizabeth Pacheco, District 3 First Alternate; Hayley Fernandes, District 9 Dairy Princess; Abbigail Prins, District 9 First Alternate Dairy Princess; and Jennifer Garcia, Distrit 8 Dairy Princess. Not pictured is Kendal Middlebrook, District 3 Second Alternate.

California is the nation’s leading milk producer. It also produces more butter and nonfat dry milk than any other state. The state is the second-largest of cheese and yogurt. Dairy products made with Real California milk can be identified by the Real California Milk or Real California Cheese seal, which certifies that the products are made exclusively with milk produced on California dairy farms.

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**CALIFORNIA DAIRY FAMILIES TELL THE REAL PEOPLE STORY OF
CALIFORNIA MILK IN NEW SOCIAL SERIES**
*“California Dairy Stories” videos further connect consumers with family farmers behind the
Real California Milk seal*

TRACY, Calif. – August 17, 2017 – Family, hard work and responsibility are all key themes that come through in “California Dairy Stories”, a new social media series launched today by the California Milk Advisory Board (CMAB). The series, which captures short day-in-the-life moments from real California dairy families, was created to continue to connect consumers with the real people behind the Real California Milk seal.

Like life, it’s not all work and no play for the 1300 dairy families who farm in California. From tractor pulls to stroopwafels, the series of 12 short videos tell very personal stories of the families who farm in California and look to pass this tradition to the next generation.

Each moment demonstrates the variety of the dairy industry in California, which spans the state and is responsible for over 40 billion pounds of milk each year. For Tony Louters of Merced, who stepped away from a planned career as a CPA, going into farming means being able to spend time with his family, including daughter Alexis who is applying the values of hard work she learned on the farm to her studies as a speech therapist. Fourth-generation producer, Megan Silva, uses her early morning run to help prepare for the challenges of three business, 12 barns and three kids. And David Jones uses his lens as an amateur photographer to tell the story of California agriculture.

“Real California Milk is about real food from real people. These short slices of California dairy life not only help consumers connect with the California dairy families who put the food on their tables but also create a better understanding of how we share the same values and experiences,” said Michael Freeman, VP of advertising for CMAB. “We pass on family traditions, we squeeze fitness into our busy lives and our kids often aspire to go into the family business. For farm families, though, that family business is nourishing the world.”

The multigenerational story of family dairy farming in California is evident in each video vignette. From sharing traditional recipes to teaching the tools to become successful in farming, what comes through is the love of family, love of community and the gratitude for being in an industry that allows them to share the fruits of their labor with the world while continuously working to preserve the tradition of farming for the next generation.

As B. Van Beek of Dairyland Farms in Tipton, Calif. says, “We don’t inherit the land from our parents, we borrow it from our grandkids.”

“California Dairy Stories” joins the “Growing Up Dairy” social media series that debuted last year and depicts dairy kids sharing the love they have for raising livestock and helping on the farm. All videos can be viewed at RealCaliforniaMilk.com or on YouTube [@realcaliforniamilk](https://www.youtube.com/@realcaliforniamilk). They will be shared out through the Real California Milk [Instagram](#), [Facebook](#) and [Twitter](#) channels.

Dairy products made with California milk can be identified by the Real California Milk seal, which certifies they are made exclusively with milk produced on California dairy farms. California produces more fluid milk, butter, ice cream and nonfat dry milk than any other state. The state is the second-largest producer of cheese and yogurt.

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Sidebar:

California Dairy Stories (<http://www.realcaliforniamilk.com/dairy-farms/>)

- Farm Photography – David Jones, Stevinson
- Running the Dairy – Megan Silva, Escalon
- Taco Party – B Van Beek, Tipton
- Volleyball at the Dyts – Dyt girls, Crows Landing
- Going Dairy – Tony Louters, Merced
- Tractor Pull – Logan Silveira, Chowchilla
- Stewards of the Land – B Van Beek, Tipton
- California Stroopwafels – Van Beek Family, Tipton
- Portuguese Family Feast – Morris and Borges Families, Modesto
- Farm to College – Alexis Louters, Merced
- Dairyman in Training – Johnny and Logan Silveira, Chowchilla
- Being a Dairy Girl – Nicole Morris, Modesto

HISPANIC DAIRY

Flavor Trail

Cheeses, cremas and drinkable yogurts are staples in Hispanic food culture. Here are a few ways to work them into everyday meals and discover authentic flavors. Hispanic dairy offers variety, versatility and affordability.

Hispanic Dairy AT A GLANCE:

25+ CHEESE VARIETIES

Fresh, melting & hard

CHEESE PROFILES

Very mild to strong, salty, spicy or nutty

CREMA

Use in place of sour cream or crème fraîche

DRINKABLE YOGURT

Everyday & unexpected flavors



California's rich Latin culture and heritage help make the state the country's leading producer of Hispanic-style cheese and dairy products. Look for Real California Milk or Cheese seals to certify that a product is made with 100% California milk produced by family farmers.



Look for the Seal
California Milk Advisory Board

RealCaliforniaMilk.com



KIDS MILK MARKETING

Presentation to Board of Directors

September 2017

COMMUNICATION SERVICES

KIDS MILK MARKETING/FUEL UP TO PLAY 60

Fuel Up to Play 60 Hometown Grants

- Work began to schedule fall Hometown Grant events with the Rams (Oct. 10), Chargers (Oct. 24) and San Francisco 49ers (TBD).

Team Activations / Amplifications

- Fuel Up to Play 60 and Summer Meals Program information was distributed to 1000 student participants in a May 4th Field Day conducted by the Los Angeles RAMS.
- The RAMS used 3rd round draft pick John Johnson to produce a PSA in support of Summer Meals Programs that was distributed on their channels, through Dairy Council of CA and by CMAB.
- CMAB and Dairy Council participated in the May 12th T.H.I.N.K. Gold event for female high school athletes. Dairy Council dietitians Maureen Bligh and Kristal Shelden provided information on dairy foods and sports nutrition and Fuel Up to Play 60 information was shared.
- CMAB partnered with Dairy Council to host a Summer Meals kickoff event May 16th at the 49ers training facility for partners in the Santa Clara area. The event included speakers from FUTP 60, Dairy Council, Santa Clara School District, Second Harvest Food Bank and Boys + Girls Clubs of Silicon Valley as well as an on-field practice session with 49ers Youth Football staff.



FUTP 60 Evaluation

- Telephone survey of FUTP 60 participants was conducted by MEG Research and results compiled for final analysis.
- Outreach began to partner and team organizations to compile survey data.
- Work began on final report for September board presentation.

Additional activities included:

- Continued participating with the Local School Wellness Policy Collaborative and Action for Healthy Kids executive committee.
- Attended Smarter Lunchroom training.
- Worked with teams and school districts to place NFL flag football kits. A total of 700 kits were made available to school districts in team territories 100 for Raiders, 200 each for 49ers, Chargers and Rams.
- Participated in May 21-23 nutrition meeting at Dairy Management Inc. in Chicago in cooperation with National Restaurant Association show.
- Worked with funded schools to complete year end reporting for 2016-2017 school year.
- Reviewed 32 spring funding applications, approved two to move forward.
- Provided FUTP 60 information for Local School Wellness Policy newsletter.
- Compiled FUTP 60 materials for Dairy Council to distribute at June Ag in the Classroom conference.
- Worked with Gen Youth Foundation to review applications for local grant funding in support of FUTP 60 activations at school districts in California.

Health & Nutrition Dairy Milk Education and Promotion

- Nurse Barb posted a celebratory milk toast and promoted dairy nutrition tips throughout the month. She also promoted Fuel Up to Play 60 in Q2 with her 30,000 social media followers.



- The National Association of Pediatric Nurse Practitioners re-promoted a CMAB hosted webinar, tying into the timeliness of June Dairy Month, via an eblast sent to 7,732 members.
- Nurse Barb conducted a session on eating patterns for better bone health during the Anaheim meeting of the National Association for Continuing Education in August, which reached 200 healthcare professionals in person and during a live simulcast.



Nurse Barb @NurseBarbDehn · Aug 16

From @NACECMEOnline #PrimaryCare in Anaheim: Eating patterns that include low-fat dairy associated w/ better bone health #ad @RealCalifMilk



RETAIL/FOODSERVICE

Presentation to Board of Directors

September 2017

Retail Update

IDDBA

- The business development team had a meeting with the grilled cheese restaurant chain, The Melt, discussing their growth plans and sourcing strategy. Mike Gallagher walked the buyer around and introduced them to several cheesemakers, developing several promising leads.
- At the end of the first day, attending board members met with the CMAB international team as well as reps from Mexico and Korea to hear an update on their markets and to ask questions directly from both CMAB in-country representatives and customers.
- On day two, prior to the show starting, the domestic retail team held a meeting with all the cheese processors to introduce them to the new demo-sampling box that Bob Constantino pioneered. Bob Carroll also used the opportunity to quickly run them through the “Value of the Seal” draft and solicit feedback. Both were very well received by the cheese processors.
- Mike Levy and Bob Carroll met with the buyers from Hy-Vee (Midwest retail chain) to discuss the introduction of several California cheese brands this year, as well as growth plans for 2018. We are confident that the successful display contest executed earlier this year, will be even more successful next year.
- Several international reps, their guests, and HarbyrCo attended a plant tour of Rockview Dairy on the morning of the last day. There was strong interest in their ESL milk and all are excited about potential for substantial new business.
- Both California and Wisconsin were given opportunities to contribute to Donna Berry’s post-IDDBA article on cheese snacking:

“We know that the snacking trend is going strong, with only about 14% of consumers eating just breakfast, lunch and dinner, according to The NPD Group,” said Rachel Kerr, Public Relations Manager, Wisconsin Milk Marketing Board, Madison, Wis. “For most of us, snacking throughout the day is a part of our regular routine, and cheese makes an excellent choice for a healthy snack. If you’re looking for a snack that’s minimally processed and nutrient dense, cheese is a smart choice. The average serving of cheese contains 10 grams of protein and 20% of your daily calcium needs. Pair it with fresh fruit, crunchy vegetables, hearty crackers or lean meat for a filling snack that will leave you feeling great.”

For convenience reasons, a lot of that pairing is being done by deli department operators. Meat and cheese manufacturers are also equipped to make snacking combo packs on their end. They are receiving support from dairy councils and

dairy boards across the country.

“The California Milk Advisory Board spent the better part of 2016 developing a long-range plan, and snacking emerged as one of four key growth platforms,” said Bob Carroll, Vice-President, Business Development, California Milk Advisory Board, Tracy, Calif. “A common theme that surfaced from research with consumers in the U.S., Mexico and even Asia, was the nearly universal fit of cheese as a nutritious, portable and delicious snack.

“The category is growing behind innovations for both children and adults. Fun forms, shapes and new packaging are attracting children; new portion packs with other healthy and high-protein complements like dried meats and nuts add variety for adults.”

For example, artisanal salumi manufacturer Busseto Foods Inc., Fresno, Calif., showcased an array of “made in California” meat and cheese packs. The California Snackin’ pack is either meat and cheese, or meat, cheese and nuts. There’s also a California Party Pack containing meat, cheese and nuts. The meats are all made in the dry San Joaquin Valley using centuries-old recipes and time-honored techniques to provide authentic aged Italian flavors. The nuts are either almonds or pistachios, both grown in California. The cheeses are made with “Real California Milk,” with packages sporting the seal.

“Consumers are returning to wholesome, real food,” Mr. Carroll said. “They realize that the idea of ‘no and low-fat’ as healthy was a mistake. Cheese is an ideal snack with no compromises.”

E-Commerce

The business development team focused its third quarter meeting almost exclusively on e-commerce. You will see as part of our ongoing plans that CMAB will play a crucial role in propelling the California dairy industry forward into this rapidly changing landscape. Katelyn Harmon laid the ground work for the meeting with substantial research into the transformation taking place across domestic and international retail, as well as foodservice. This was undoubtedly the most engaging and energetic team meeting in the last two years. All team members shared their experiences and challenged each other to experience for themselves the emerging foodservice and retail changes. These include:

- Amazon Fresh home delivery
- Instacart 3rd party grocery delivery
- Click-and-collect with local grocers, with/without curbside service
- Mobile ordering and 3rd party restaurant delivery
- Blue Apron / Hello Fresh home meal kit delivery
- Dream Dinners meal preparation with friends

Most importantly, each function will build plans to penetrate these channels with California dairy items in 2018, or support those who are just establishing a beach-head.

Fall Back-to-School Snacking Promotion

The integrated promotion kicked off in mid-August, supporting cottage cheese and drinkable yogurt as the key snacking categories. To differentiate CMAB from the hundreds of back-to-school promotions inevitably launched this time of year focused around kids, we decided that a focus on moms /whole family was the best approach. The creative platform is below:



We'll present results and more details about the elements of the promotion at a future board meeting, but we are very excited that Save Mart agreed to participate in the co-op radio portion of the program, and we're hoping to build upon their success to more directly engage retailers with future promotions.

Food Service Update

Sysco

Mike Gallagher and Bob Carroll met with Derek Dafoe from Sysco in Houston in June and then in Southern California in August. Key topics included:

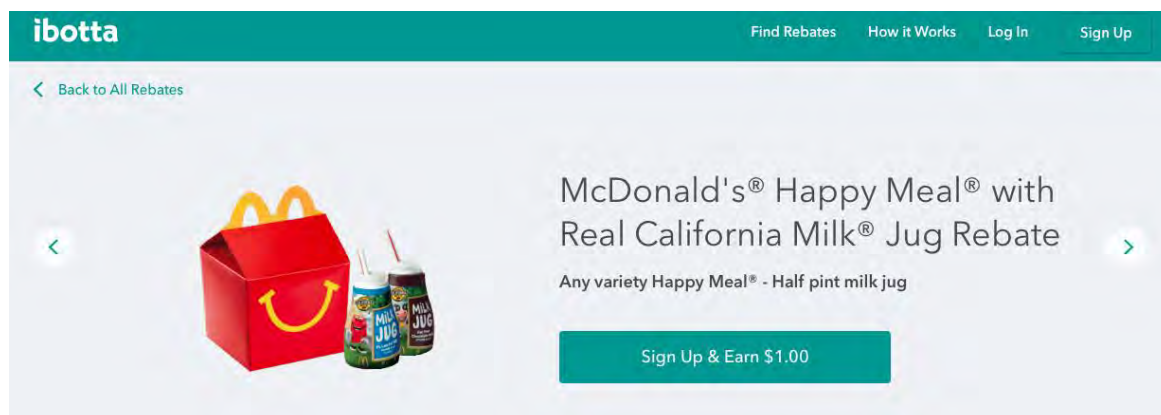
- Sysco California visit in October to include key Sysco decision makers from culinary and category management from OPCOs nationwide
- Strategic partnerships with key California processors who are open to co-branding with Sysco's private label "Wholesome Farms"
- Evolution of accrual based program to include small and medium-sized business vs. current large-volume only commodity opportunities (butter & pizza cheese)
- Partnership between Technomic, CMAB and Sysco: Technomic VP and President presented to CMAB and Sysco a new "IRI-like" volume measurement tool for Foodservice that we will likely test in late 2017/early 2018

US Foods

Nancy Campbell has continued to pursue the US Foods relationship with the goal of setting up a similar program as Sysco's. The dairy category manager is going to visit California in October. They are completely aligned with and love our Real Maker's campaign and invited us to their California regional meetings to present as part of their culinary innovation agenda. This is a fantastic way to introduce the CMAB and our program to the key sales managers.

McDonald's Ibotta Promotion

CMAB helped McDonald's pioneer a program with Ibotta in Southern California. Early results from the promotion are very strong. Ibotta's average redemption rate is 23% and our program is tracking at 30.3%.



The screenshot shows the Ibotta website interface. At the top, there is a teal navigation bar with the Ibotta logo on the left and links for "Find Rebates", "How it Works", "Log In", and "Sign Up" on the right. Below the navigation bar, there is a "Back to All Rebates" link. The main content area features a promotional banner for a McDonald's rebate. On the left side of the banner is an image of a red McDonald's Happy Meal box and two Real California Milk Jug containers. To the right of the image, the text reads: "McDonald's® Happy Meal® with Real California Milk® Jug Rebate". Below this text, it specifies "Any variety Happy Meal® - Half pint milk jug". At the bottom right of the banner is a teal button that says "Sign Up & Earn \$1.00".

Trade Shows

California State Fair, July 14-30, 2017, Cal Expo, Sacramento, CA

The CMAB displayed educational panels in the culinary arts building focusing on nutrition, healthy land use, the dairy industry's contribution to communities and cow comfort for the length of the event. Dairy processors had an opportunity to sample California cheese and dairy products to thousands of attendees at a State Fair sponsored booth in the culinary arts building. California dairy purveyors discussed and shared the quality of their dairy products.

Western Foodservice & Hospitality Expo, August 27-29, 2017, Los Angeles, CA

The CMAB participated in the Western Foodservice & Hospitality Expo (WFHE) in Los Angeles this August with a 20' x 50' booth space. Fourteen processors were represented at this three-day show and all sampled California dairy products to a large audience. Culinary Consultant, Mark Todd and staff created several hot and cold recipes featuring Real California Dairy products from participating processors. This foodservice industry show continues to be one of the best attended and most successful shows for generating quality foodservice leads.

Pizza & Pasta Northeast, October 17-19, 2017, Atlantic City, NJ

For the first time, the CMAB will exhibit and attend the Pizza & Pasta Northeast Show. This is a brand new foodservice show in Atlantic City and is a "sister show" to our wildly successful Las Vegas Pizza Expo. There will be several processors showcasing a wide variety of dairy products.

Private Label Manufacturers Association Show, November 12-14, 2017, Chicago, IL

For the second time, the CMAB will be attending the PLMA show in Chicago. This show will have a variety of buyers from all over the country looking to source their private label programs. We will have eight processors attending PLMA. They will be sampling products that feature the Real California Milk or Cheese seal.

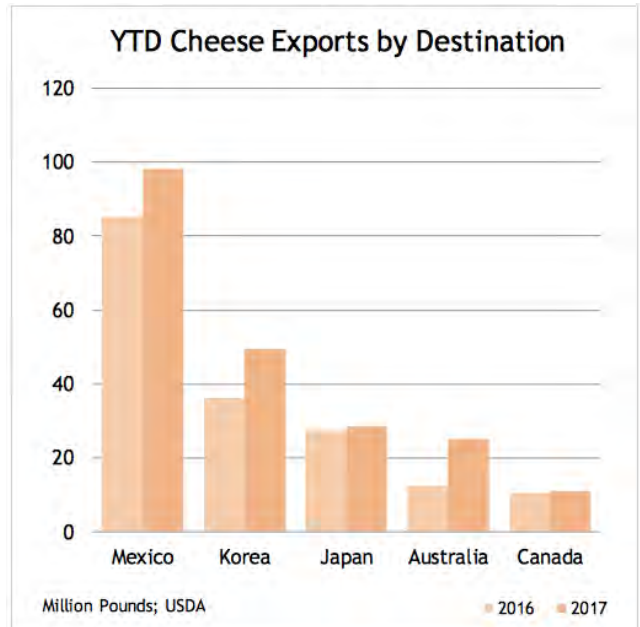
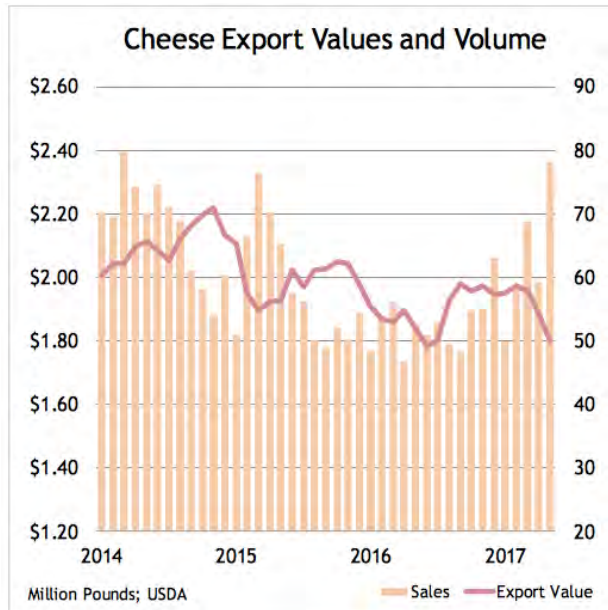
INTERNATIONAL

Presentation to Board of Directors

September 2017

International Update

“US cheese exports jumped in May, reaching 78 million pounds – a 19 million pound gain from April and up 48% from May 2016. A 13 million pound increase in trade with Mexico spurred the month-to-month gain, as total volume set a record at 30 million pounds. Exports topped 314 million pounds on a year-to-date basis through May – 22% more than last year.” (Blimling)



Source: Blimling, YTD May

Taipei Trade Show (Thank you note from CDI)

Subject: Food Taipei Trade Show

Hello Steven,

Blake and I would like to thank you for your hard work and effort in making the Taipei Show a success. You and your team did an excellent job organizing the meetings and keeping everyone on schedule. The booth was positioned very well inside the venue and the private meeting rooms were a big plus. When considering new markets for CDI Cream Cheese our approach is always the same. We first analyze the market by utilizing the latest research, we then target the customers we are interested in and finally we work with the CMAB team to assist us in making contact and arranging meetings. You and your team followed through and again we appreciate the effort.

Thanks again for your support and we look forward to working with you and your team in the months ahead.

Best regards,

*David Treiber
VP Bulk/Industrial/Export Sales
California Dairies, Inc.*

Japan Processor Reverse Trade Mission (Thank you note from King Cheese)

Subject: Asia

Hello Everyone,

Don't know if I emphasized this enough...THANK YOU!!

The help and contacts you are offering us in the Asian markets are PRICELESS!! I tell everyone, there is no way I will be getting into any of the Asian markets, if it weren't for CMAB.

I've exported into Canada and Mexico, I am aware of the complications and the efforts involved in exporting. Your help and the program you've set up with HarbyrCo has made this opportunity effortless and a NO BRAINER.

Thanks again and keep up the GREAT work!

Vic

King Cheese Corp.

South Korea

Below is an unedited monthly report from South Korea so that you will have a snapshot of both the breadth and depth of what our international reps are doing. These reports are too long for us to share regularly and certainly for every market, but occasionally it is valuable for you, our board members, to have exposure to what these great partners are doing on our behalf:

SOUTH KOREA – MARKET SUMMARY	
ARRIVED THIS MONTH:	
Bake Plus	Regent cream cheese 3 containers
Bumho Trading	Pacific cream cheese 1 container Pacific sliced cheese & chunk cheese 2 containers Crystal Creamery cottage cheese Sour cream 2 air flights
Bumse	Saputo Mozzarella 2 containers DFA Mozzarella 1 container
Chef's Food	Di Stefano Bocconcini & Burrata 3 air flights
Choheung	Leprino Mozzarella 6 containers Saputo Mozzarella 2 containers Hilmar White Cheddar 1 container
CJ Freshway	Saputo Mozzarella 2 containers CDI Cream cheese 1 container
E Mart	Saputo Mozzarella Saputo string cheese Leprino Mozzarella
Good Time	Hilmar Cheddar
Kingsco	DFA mozzarella / Saputo mozzarella
Lotte Food	Pacific cream cheese 2 containers
Maeil Dairies	Leprino Mozzarella
Seoul Dairies	Saputo string cheese / Saputo Mozzarella
SPC	Saputo Mozzarella
Sunin	CDI cream cheese 1 container
TS	Saputo Mozzarella

New Business

- Gourmet F&B

After the Cheese Event in April, Gourmet F&B was interested in SSI cottage cheese & sour cream. Gourmet F&B tried to contact SSI directly but failed to receive feedback from SSI. CMAB Korea had a meeting with SSI and delivered messages of Gourmet F&B to SSI. Gourmet F&B successfully reached out to SSI and discussed possible sample shipments of cottage cheese and sour cream. (This is why Harbryco exists)

- Maeil Dairies

Maeil Dairies was looking for grilling cheese in bulk. As Rizo Lopez produces the foodservice bulk pack of frying/grilling cheese in 2/5-pound loaves per case, they were able to provide spec/sell sheets and photos. Maeil Dairies is anticipating the amount of

the 1st shipment by ocean to be 20MT.

- Crystal Creamery/Butter

As Crystal Creamery is going to be doing retail butter mid-2018, we delivered this news to Korean customers. As of the end of June, Ellies Foods, Bumho Trading, and Jenico are interested in butter. We gathered this information to let Crystal Creamery know.

- Sunin

Sunin was looking for heavy cream with 35-36% butter fat. We introduced Rockview Farms and SSI. We invited Sunin to the IDDBA show and arranged the meeting with Rockview Farms. Sunin visited the facilities and had a positive feedback on Rockview Farms. We expect Sunin to test Rockview Farms products soon.

Demos, Trade Promotion & Other Spending

- Sales Competition Collaboration with CJ Freshway

CJ Freshway is importing around 12MT of cream cheese from CDI per month and distributing them to bakery chains. CJ Freshway would like to increase the market share of CDI cream cheese in manufacturing facilities, mass foodservice, café and restaurant industry. We proposed the sales competition of CDI cream cheese and the promotion will be executed in July and August. We are going to have a training session, inviting almost 300 sales staff, to introduce and educate them on CDI cream cheese and CA dairy products.

- Bakery In-House Recipe Contest using California Cream Cheese (Bread&Co)

Bread&Co., a bakery brand with 73 stores nationwide, is using CDI cream cheese and purchasing 0.5-0.7MT per month. To increase the amount of cream cheese consumed and make them use CA cream cheese for a larger variety of bakery and cake products, we proposed an in-house recipe contest, inviting the R&D staff and store managers/staff, to develop new bakery recipes using CA cream cheese as a main ingredient and/or theme of the recipe. The awarded recipes will be sold at Bread&Co stores and we will promote these new cream cheese bakery products.

We had training sessions to make participants of the contest learn CA cream cheese. For the preliminary screening of candidates, all candidates submitted the recipe by paper and we selected 10 teams for the final judge. The demonstration contest will be held on July 6th.

- California Cheese Test Market Promotion Collaboration with Hyundai Green Food

We are planning to conduct this retail-targeted cheese tour event, collaborating with Hyundai Green Food (HGF). We and HGF selected 6 brands – Joseph Farms, Coolhaus, Sierra Nevada, Copper Cow Coffee, Glen Oaks Farms, Go Fit Pro – and asked for the spec/sell sheets and price to be sent to HarbyrCo. HGF will order regular shipments and conduct the test-market promotion under the theme of California Cheese Weeks at 4 selected stores – Apgujeong, Samsung, Pangyo, and Bundang – with highest traffic and sales in Hyundai Department Stores. Hyundai Department Stores is a leading, trend-setting department store chain with 22 stores nationwide and have high-end groceries in the basement of the stores.

We are executing this promotion in October and will need to receive 1st shipments for quarantine by the 1st week of August. We are co-working with Leo, a market rep of HarbyrCo.

- Culinary Competition

We had a meeting with Chungkang Univ. to discuss the sponsorship program for next semester and recipe contest in September. Regarding the sponsorship program in 1st semester of 2017, from March to June, the curriculum of French Cuisine used CA cheese products and 150 student-chefs learned the character of quality products in California. Next semester, from August to November, we proposed 2 curriculums including Italian Cuisine and offered the teaching plan in which students would use and learn about CA dairy products.

A recipe competition will be held in the mid of September. We are under discussion to develop the format for student-chefs to submit their recipes using CA dairy products.

- Reverse Trade Mission to IDDBA

We invited 4 companies – Sunin, Chesco, Hyundai Green Food (HGF), and Chef's Food – to the IDDBA show in Anaheim, CA and offered meetings with manufacturers and market tours to learn more about CA dairy products. Buyers of Bumho Trading and Azu Glovis visited the IDDBA show at their own expense and we provided the show badges and invited them to the CMAB reception party. HGF is interested in Copper Cow Coffee, Glen Oaks Farms, and Go Fit Pro and Sunin is in contact with Rockview Farms to receive some samples. Chef's Food is examining some burrata cheese manufacturers. Chesco is trying to test Go Fit Pro samples and Coolhaus with their customers.

- Demo

We conducted demo-sampling at 11 stores of E Traders from June 1st to 4th (4 days). They sold sliced provolone, Colby jack, and mozzarella cheese from Pacific Cheese

during this sampling promotion. The sales of these retail sliced cheese increased 709%, 697%, and 85% respectively.

Mexico

The forecast for growth of the Mexican economy for 2017 increased from 1.5% to 2.0%, in addition to the growth forecast for 2018 that previously stood at 2.1% and now stands at 2.2%. As for the exchange rate, the peso has continued its recovery process and continues to be the most appreciated currency of the emerging countries during this year. It is expected that the peso will continue to appreciate in the coming days.

- 4th of July dinner at Ambassador Residence

On June 29, Imalinx coordinated with Lucy Welch – Ambassador’s Residence Manager – the sponsorship of California Milk Advisory Board during the celebration of the 4th of July. Monterey Jack, Cheddar, Mozzarella and Pepper Jack were some of the varieties chosen for the cheese display. A total of 1,200 people arrived.

- CIEMSA

During June, Imalinx worked on final details for Six Flags and Hooters promotions that will be held from July to December.

- IDDBA

For IDDBA, Imalinx invited key contacts from the industry in Mexico. Contacts with CIEMSA, Dialsa, El Florido, City Club, Soriana, and Prolac walked the show and met with California processors. Dialsa was interested in Karoun products – variety and shelf life, Prolac in various companies for specialty products, City Club in milk and yogurt, El Florido in cream cheese, and CIEMSA in whipped cream.

- Graphic Design and Communication

- Developed 3 one pagers: Wine and Cheese, Marketing support and Types of cheeses. Also, 5 different recipes with the dairy varieties available in the market.
- Imalinx has worked on the translation of the Real California Milk Website. The domain that will be used for the Mexican site is www.lechesdecalfornia.com.
- To measure the visitors to the website Imalinx will use Google Analytics to get metrics and work on new strategies.
- The link where you can see the preview of the site is at: <http://lechedecalfornia.com/index.html>

PROCESSOR RELATIONS

Presentation to Board of Directors

September 2017

Processor Relations

❖ 2017 Number of California Processors Using the RCM Seal

The chart below illustrates the number of CMAB Processors by category and is updated through August 2017. The tallies are net of additions and subtractions, as the Processor landscape is always changing. Brand Marketing Companies are those who market a brand but use a CMAB processor to co-pack their products. California Milk processors are those who make any dairy product except cheese – this group had a net increase of 1 new CMAB processors since May 2017. California Cheese Processors are those making cheese only – this group had a net decrease of 1 processor since May 2017.

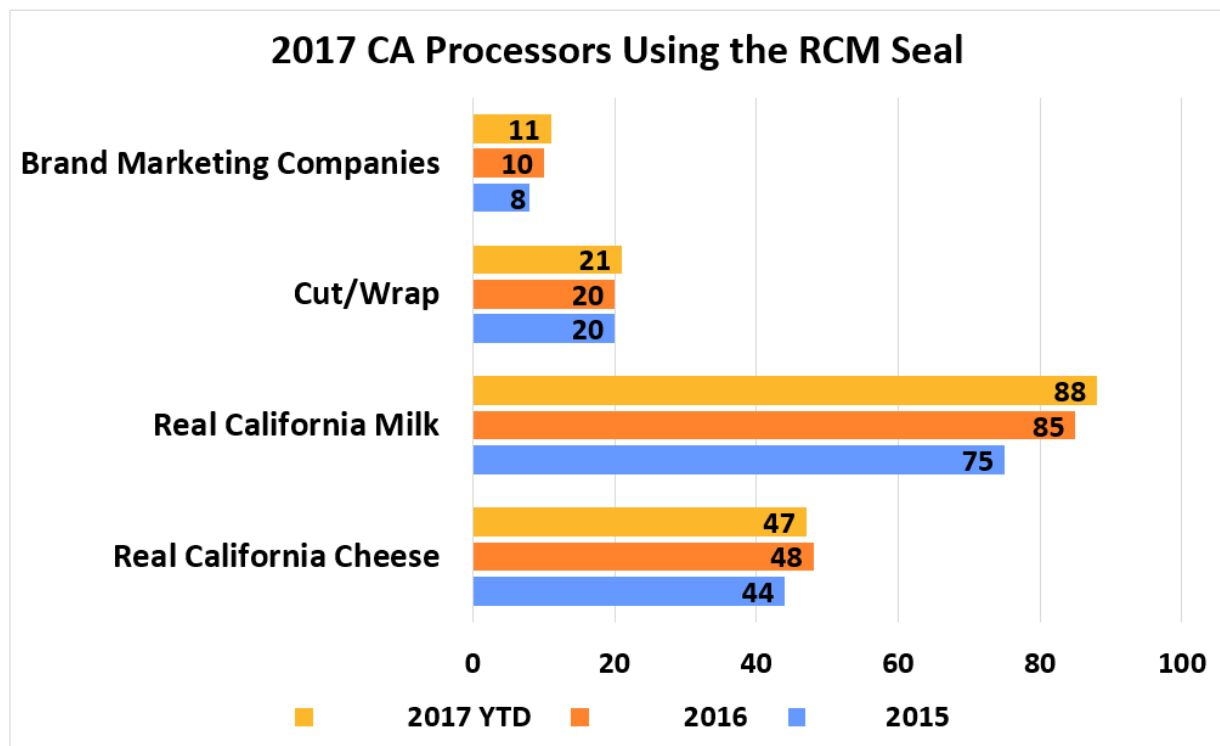
Changes/Reasons:

Cut/Wrap – Added MBC USA dba Silverdale Cheese

Real Ca Milk – Added Albertsons Companies Milk Plant

Real CA Cheese – Deleted Queso Salazar - wants perception of Mexico origin

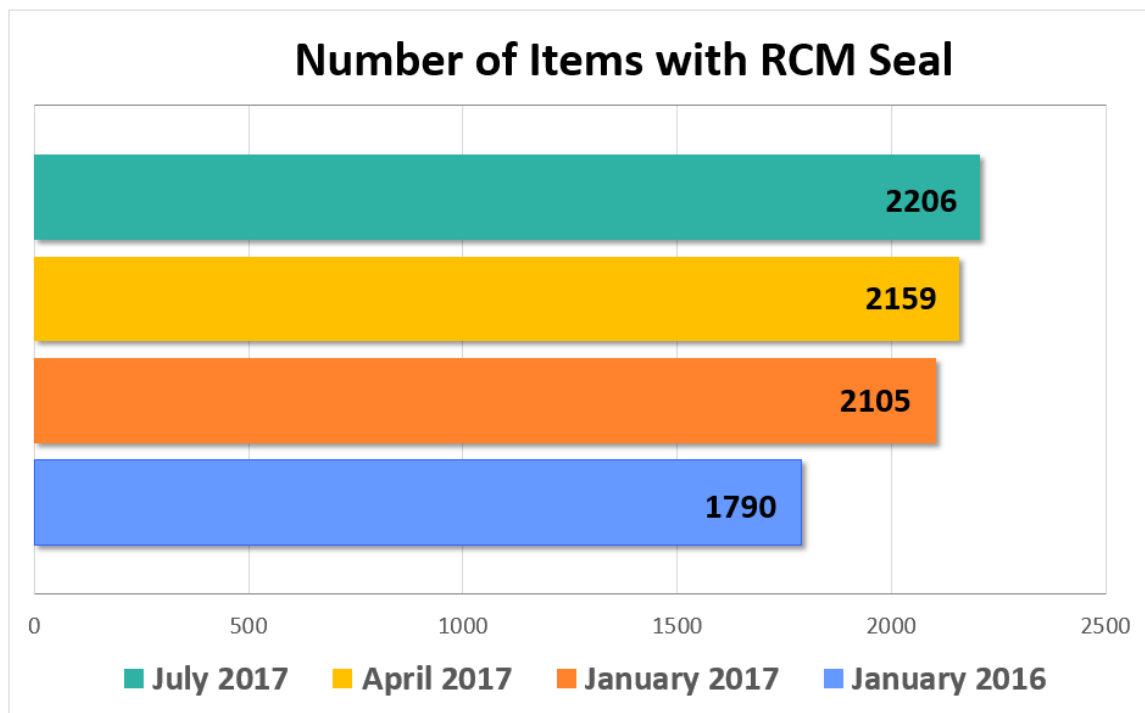
PROCESSORS



❖ **2017 Number of items with the Seal – Summary**

New items that have added the Real California Milk Seal in 2017 have increased by over 100 items through July 2017. Many of these items are nationally distributed, helping to increase the utilization of our processing facilities using 100% California Milk. With several national brand companies now using the Seal, consumers will be looking for it in the dairy case as our integrated advertising campaign generates some of the highest measurements for awareness and intent to purchase.

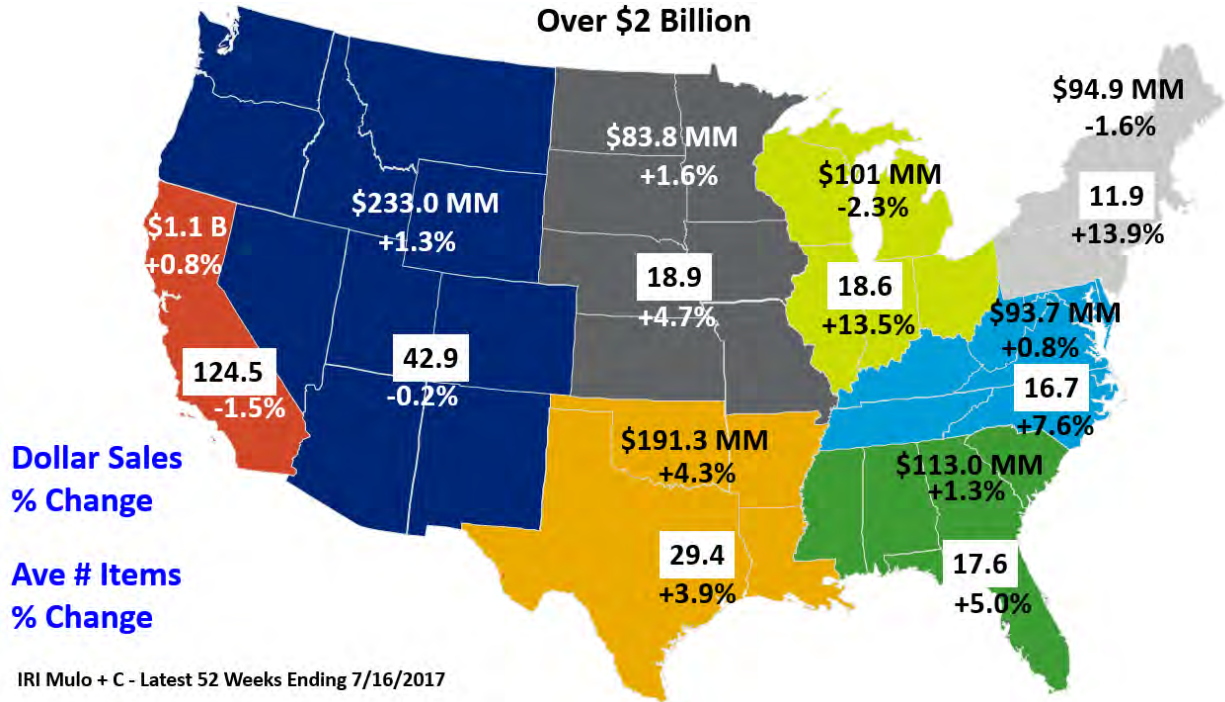
NUMBER OF SEALED ITEMS



❖ **Average Number of Items with the Seal**

Did you know that if the CMAB were a company, our annual sales would be over \$2 billion dollars with products in all 50 states and numerous countries internationally?

The white boxes in the chart below illustrate **the average number of items with the RCM Seal you would find in a grocery store** for each of 8 regions in the country. The exciting news is the numbers are continuously increasing east of the Rockies



❖ **Safeway/Albertsons – Adding RCM Seal**

As reported earlier, Albertsons Companies, which owns Safeway, Vons, Pavilions, and many other chains is adding the Real California Milk Seal to their milk brands in over 500 stores throughout California and many in Nevada. Here is a peek at the first items to be approved, with many more coming. The Seal is scheduled to show up on shelves beginning November of this year.



❖ IDDBA Show Follow Up



The International Dairy Deli Bakery Show (IDDBA) was a particularly good show this year for our partner processors. The fact that it was located in our backyard not only increased the number of exhibitors in our booth by over 25%, but brought additional products that normally would not be present, including multiple ice cream processors.

Here are some follow-ups from various processors (marketing companies and processors – large and small) that illustrate a general consensus of the CMAB processors' IDDBA comments and successes:

Coolhaus Ice Cream (Marketing Company co-packed by Villa Dolce)

Coolhaus commented that they mostly benefited from the CMAB International Reps attendance. The personal interaction with each CMAB Rep went a long way towards potentially establishing business with each country. As a result, they are now working on leads from Korea, Thailand, Vietnam, Mexico, and China.

CDI – Cream Cheese and Butter

The CDI team were amazed at how many international customers were in attendance (besides our reps) that visited our booth. This appears to be a trend with the customers visiting their booth over the last 2-3 years.

CDI Follow Ups from the IDDBA

1. Bulk butter – large NJ based cookie company
2. Bulk Cream Cheese – Asia based distributor
3. Foodservice Cream Cheese – US based distributor
4. PL Retail butter – Large US based e-commerce distributor

Point Reyes Cheese

Point Reyes communicated that they had a great IDDBA show and thanked us for the opportunity to exhibit with the CMAB.

Their top leads included chains, distributors, CMAB international Reps and networking with other CMAB exhibitors to help one another:

1. Top Chain in Texas – discussed bringing in Toma

2. Sysco Opportunities
3. The Melt- Cheese for their multi-unit grilled cheese chain
4. Pacific Cheese- distribution opportunities in Texas
5. Rainforest Crisp Crackers- partnering opportunities with Whole Foods and Costco.

They also met with several customers from Asia that the CMAB introduced them to.

Farmdale Creamery – (Bulk Cheese 40lb Blocks and Bulk Sour Cream)

While Farmdale is typically more of a foodservice type processor, they initially were not sure that they would get much interest, due to the strong retail presence of the show in general. However, they have reported back that they are on the verge of landing 2 new foodservice accounts as a result of exhibiting with us.

GlenOaks Drinkable Yogurt - (Marketing Company co-packed by SSI)

GlenOaks thought the show was very successful, having received Private Label packing opportunities and several international leads. The Private Label buyer was very positive and reacted very strongly when informed that they may be able to use the RCM Seal on his Private Label.

❖ Humboldt Creamery to Stop Processing Fluid Milk Locally



Humboldt Creamery Fernbridge, CA

Humboldt Creamery, owned by Foster Farms-owned Crystal Creamery has announced they will stop processing fluid milk at their Fernbridge plant. As a result, the company will be eliminating 10 local jobs. One of their principal customers of fluid milk informed them they have entered into a supply agreement with a large national milk provider.

All milk for the company will now be processed in the Modesto facility. Most importantly, they remain committed to Fernbridge for playing an important role in their business today and in the future and local dairy farmers should not be impacted. Further, this does not

affect the production of organic ice cream, butter, sour cream, cottage cheese or organic milk.

❖ **CMAB Trade Mission – Taiwan and Japan**

The CMAB hosts occasional Trade Missions in an effort to introduce California dairy processors to the companies, markets and cultures of the 9 Asian countries we are working with to establish products made from Real California Milk. This Trade Mission was to Taiwan and Japan and included the following dairy processor companies:

CDI – (Butter & Cream Cheese)

Helados La Tapatia – (Ice Cream Novelties)

Ninth Avenue Foods – Rockview (ESL Milk)

Rizo Lopez – (Cheese, Drinkable Yogurt)

Pacific Cheese – (Cheese)

King Cheese – (Snacking Cheese w/Meat)

Coolhaus – (Pint Premium Ice Cream)



Booth in the Food and Hotel Taiwan Show



Group photo of CMAB Trade Mission and Retailers Visited

Taiwan

The mission started with a briefing on the Taiwan marketplace by the Agricultural Trade Office (ATO). Taiwan is the USA's 7th largest agricultural trading partner. We then toured several supermarkets to show the processors what sizes and types of products they need to offer.

The next three days were spent on highly organized specific one-on-one meetings with buyers from supermarkets and distributors from key foodservice operators serving hotels, restaurants and institutions.

There were several significant deals put together from almost every category, so processors are very busy following up to finalize new business opportunities to ship their products made from 100% Real California Milk. The CMAB has made it much easier for processors to participate internationally by providing them with a consolidation company (Harbyrco), that finalizes their transactions here in the USA and handles all of the paperwork.

Japan

The mission in Japan consisted of multiple retail store visits, a tour of a local dairy farm and an all-day session of one-on-one meetings with key buyers from supermarket chains and distributors. These one on one meetings are the most effective way to get quality time with the buyers and are proving to be quite effective.

Store Visits in Tokyo



One on One Meetings with Buyers in Tokyo

Summary of the August 2, 2017 Producer Review Board Meeting

The Producer Review Board (Board) met on August 2, 2017 to review the draft language of a stand-alone Quota Implementation Plan (Plan) and listen to public comments.

The revised Plan with the Board edits as discussed at the meeting are available on-line at: <https://www.cdfa.ca.gov/dairy/ProducerReviewBoard.html> or you may request a copy from the Department by contacting Candace Gates at (916) 900-5139.

Anyone wishing to comment on the draft Plan may do so in writing to the Department. To allow additional time for review of the revised Plan, the comment period has been extended by one week. All written comments must be received by the Department no later than 4:00 p.m., Wednesday, August 30, 2017. Comments must be addressed to Candace Gates, CA FMMO Coordinator, at candace.gates@cdfa.ca.gov.

The Board will meet again on September 12, 2017 at the Modesto Centre Plaza (in conjunction with the Double Tree Hotel), to review public comments and adopt a recommendation to the Secretary.

Upon approval by the Secretary, the Plan will be mailed to all eligible producers for a referendum vote. There is no bloc voting in this referendum process as it is expressly prohibited under California law. The referendum period will remain open for 60 days and is expected to be concluded by early December.

Should you have any questions on the comment period, please contact Candace Gates at (916) 900-5139 or at candace.gates@cdfa.ca.gov.

Milk Stabilization Administrative Assessments Temporarily Suspended

The Milk Stabilization Administrative Fees collected to fund the operations of the Dairy Marketing Branch will be suspended, effective with milk produced on or after September 1, 2017.

It is anticipated that the Fees will be suspended for a minimum of six months, in order to draw down the program's cash balance to a three-month reserve. The Branch will continue to monitor the program's cash balance and provide further notification at such time that it is necessary to re-establish the Fees.

For additional information regarding the suspension of these Fees, please visit: <http://www.cdfa.ca.gov/dairy/notices.html>.

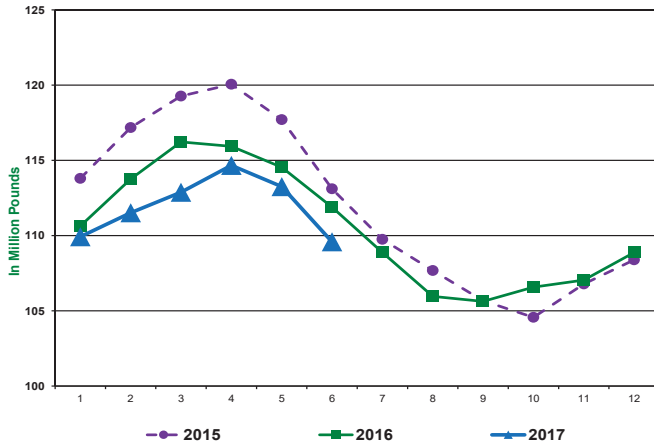
California Pool Prices

Hundredweight Prices

Pool Price	Apr.	May.	Jun.
Quota	\$15.72	\$16.46	\$17.08
Overbase	\$14.02	\$14.76	\$15.38

California Milk Production

Average Daily Basis, 2015 - 2017



Quota Transfer Summary

Quota Transfers	Jun.	Jul.	Aug.
Number of Sellers	5	2	3
Pounds of SNF Quota Transferred	4,555	353	6,967
Average Price Per Pound of SNF Quota	\$540	\$545	\$538

California Minimum Class Prices

Hundredweight Prices

Class	Jun.	Jul.	Aug.
1 No. Calif.	\$16.99	\$18.45	\$18.32
So. Calif.	\$17.26	\$18.72	\$18.59
2 No. Calif.	\$14.51	\$14.51	\$16.59
So. Calif.	\$14.74	\$14.74	\$16.82
3	\$14.46	\$14.46	\$16.54
4a	\$15.91	\$16.41	N/A
4b	\$15.60	\$15.29	N/A

California Milk Production Cost Comparison, by Region, 2016-2017

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$28.57	\$29.08	\$17.07	\$15.76	\$16.45	\$15.41	\$16.28	\$15.41	\$16.94	\$15.85
Total Costs & Allowances*	\$30.65	\$31.17	\$18.53	\$17.15	\$17.95	\$16.87	\$17.77	\$17.04	\$18.44	\$17.30

* Includes an allowance for management and a return on investment.

California Alfalfa Hay Weekly Weighted Average Prices (\$/Ton) – Delivered

Week Ending	June 23, 2017		June 30, 2017		July 7, 2017		July 14, 2017	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	3,900	\$255-\$275	3,625	\$265-\$275	2,700	\$265-\$280	1,170	\$270-\$275
Premium	4,425	\$245-\$260	2,680	\$246-\$270	1,050	\$252-\$260	2,581	\$260-\$270
Good	7,334	\$205-\$250	2,975	\$200-\$248	5,375	\$200-\$247	8,150	\$200-\$245
Fair	2,350	\$164-\$195	1,490	\$170-\$185	3,400	\$170-\$190	675	\$170-\$180
Escalon, Modesto, Turlock Areas								
Supreme	700	\$260-\$270	5,925	\$260-\$280	525	\$270-\$280	200	\$270-\$275
Premium	1,425	\$245-\$255	600	\$240-\$260	2,160	\$240-\$260	2,205	\$248-\$270
Good	700	\$220-\$240	1,700	\$220-\$245	450	\$228-\$245	850	\$200-\$220
Fair	2,250	\$175-\$185	875	\$170-\$190	1,775	\$170-\$185	2,300	\$170-\$190

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Jun.	Jul.	Aug.
Phoenix, Arizona	\$17.66	\$18.94	\$19.07
Portland, Oregon	\$17.21	\$18.49	\$18.62
Boston (Northeast)	\$18.56	\$19.84	\$19.97
Class III	\$16.44	\$15.45	N/A

USDA Dairy Cow Culling Activity

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head	Head	\$/cwt.
06/23/17	13,200	53,200	\$74-\$79
06/30/17	14,000	54,800	\$73-\$75
07/07/17	12,300	44,100	-
07/14/17	14,400	57,400	\$71-\$85

¹ Region 9 includes AZ, CA, HI and NV

² West region includes AZ, NV, UT, CA, ID, OR and WA

Source: USDA Market News: Report LM_CT168 and SJ_LS714

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2016	2017	2016	2017	2016	2017
<i>In Million Pounds</i>						
January	192	222	716	752	226	227
February	236	270	716	773	217	262
March	243	273	726	802	232	247
April	296	292	734	834	252	267
May	325	314	758	837	232	281
June	328	310	757	810	231	298
July	333		770		257	
August	319		742		235	
September	269		743		216	
October	228		736		225	
November	161		713		215	
December	166		726		228	

Source: USDA, Farm Services Agency, NASS Cold Storage and Dairy Products. (As published in the Dairy Market News)

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for June 2017 was 2.32 (up from 2.21 in May 2017). The current ratio of 2.32 means that a dairy producer can buy 2.32 pounds of feed for every pound of milk sold. The prices used to calculate the June 2017 milk-feed price ratio were: corn \$3.43/bushel; soybeans \$9.10/bushel; alfalfa hay \$152/ton; all-milk price \$17.30/cwt. (increased from \$16.70/cwt. in May 2017).

Prices used to calculate the milk-feed price ratio are based on U.S. prices and don't necessarily reflect California prices.

National Dairy Situation & Outlook USDA Estimates

Milk Production

Monthly: USDA estimates overall milk production across the U.S. increased 1.7% in June 2017, compared to June 2016. USDA reports that California milk production decreased 2.1% compared to June 2016 (with 13,000 less cows and 25 less pounds of milk per cow). Among other western states, compared to June 2016, Arizona was up 3.8%; New Mexico was up 9.8%; and Washington was down 1.3%. Only two of the top ten milk producing states reported a production decrease. The largest percent increase was reported by Texas at 15.0% growth in milk production (on 40,000 more cows and 115 more pounds of milk per cow).

Quarterly: For the second quarter of 2017 compared to the first quarter of 2017, U.S. milk cow numbers increased to 9.395 million head, milk production per cow increased to 5,895 pounds; the net effect was an increase in milk production to 55.4 billion pounds. USDA projects that for the third quarter of 2017 compared to the second quarter of 2017, milk cow numbers will increase to 9.405 million head, production per cow will decrease to 5,710 pounds; the net effect would be a decrease in milk production to 53.7 billion pounds.

Milk Prices

USDA projects that for the second quarter of 2017 compared to the first quarter of 2017, the U.S. average all-milk price will decrease from \$18.23/cwt. to \$16.85-\$16.95/cwt. USDA projects that for the third quarter of 2017, the U.S. average all-milk price will be \$17.35-\$17.75/cwt.; the Class III price will be \$15.50-\$15.90/cwt.; and the Class IV price will be \$16.35-\$16.85/cwt.

Utility Cow Prices

Comparing the second quarter of 2017 to the first quarter of 2017, the average U.S. utility cow price was up \$7.07/cwt. to a national average of \$69.70/cwt. USDA projects that the utility cow price will average \$67-\$71/cwt. in the third quarter of 2017.

Top Ten Milk Production States - June 2017

(Percent Change from Same Month/Previous Year)

1. California	-2.1%	6. Michigan	+2.8%
2. Wisconsin	+0.2%	7. Pennsylvania	+0.0%
3. Idaho	+1.9%	8. Minnesota	+1.4%
4. New York	+0.4%	9. New Mexico	+9.8%
5. Texas	+15.0%	10. Washington	-1.3%

Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."



California Department of Food and Agriculture
Karen Ross, Secretary

Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814

The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Caroline Chigbu or Lu Tang at (916) 900-5014, or send an email to dairy@cdfa.ca.gov

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Milk Mailbox Prices in Dollars per Hundredweight - 2017

Reporting Areas	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Dollars Per Hundredweight												
California	\$17.15	\$16.75	\$15.21	\$14.96								
New England States	\$20.13	\$19.62	\$18.84	\$17.66								
New York	\$18.69	\$18.11	\$17.74	\$16.44								
Eastern Pennsylvania	\$18.81	\$18.22	\$17.58	\$16.30								
Appalachian States	\$19.71	\$18.45	\$18.35	\$16.72								
Southeast States	\$19.47	\$17.96	\$17.27	\$15.67								
Southern Missouri	\$19.67	\$18.12	\$17.39	\$15.06								
Florida	\$20.52	\$18.96	\$18.87	\$17.45								
Western Pennsylvania	\$18.91	\$18.26	\$18.24	\$16.55								
Ohio	\$19.00	\$18.35	\$18.35	\$16.58								
Indiana	\$18.68	\$17.90	\$17.74	\$16.22								
Michigan	\$17.12	\$16.42	\$16.42	\$14.29								
Wisconsin	\$19.21	\$18.85	\$17.89	\$17.00								
Minnesota	\$18.88	\$18.37	\$17.27	\$16.63								
Iowa	\$19.05	\$18.49	\$17.25	\$16.79								
Illinois	\$19.47	\$18.77	\$18.01	\$16.85								
Corn Belt States	\$18.13	\$17.35	\$16.11	\$15.10								
Western Texas	\$18.13	\$17.37	\$15.92	\$15.28								
New Mexico	\$16.80	\$15.99	\$14.59	\$13.69								
Northwest States	\$19.01	\$18.38	\$17.29	\$16.41								
All Federal Order Areas	\$18.72	\$18.06	\$17.31	\$16.16								

California mailbox price calculated by CDFA Dairy Marketing Branch
All federal milk market order weighted average, as calculated by USDA.

Summary of the June 15, 2017 Producer Review Board Meeting and Next Steps

The Producer Review Board (board) held its second meeting on June 15, 2017 to continue the process of developing the criteria for a stand-alone quota program. The board reviewed all the topics and motions made at the previous May 30th meeting. All topics were discussed and public comments were heard prior to any vote being taken. Below is a list of all the motions put forth by the board.

WHAT MILK WOULD BE ASSESSED TO GENERATE THE QUOTA PAYOUT?

To assess all Grade A milk produced and marketed in California, and/or California Grade A milk received by a California handler, to fund a stand-alone quota program.

HOW WOULD THE QUOTA PAYMENT BE CALCULATED?

The existing fixed spread of \$0.195/pound of solids not fat (\$1.70/cwt equivalent) and current Regional Quota Adjusters remain the same under a stand-alone quota program.

HOW WOULD PRODUCER-HANDLER, EXEMPT QUOTA BE ADMINISTERED?

Exempt quota should receive the same payout as producer quota and be funded through assessments on the same grouping of milk (all Grade A milk produced and marketed in California, and/or California Grade A milk received by a California handler).

DATA COLLECTION

CDFA obtain the necessary information from the California dairy industry by requiring entities to report directly to CDFA with the specific information required to run a stand-alone quota program.

REVENUE DISTRIBUTION

CDFA will use a settlement fund and require handlers to help manage the quota payout monies. Handlers would deduct the monies from their producers that would be required to pay an assessment and make a payment to their producers that would receive a quota payout. Handlers would either make a payment to a settlement fund or receive a payment from the settlement fund based on the difference between the total monies their producers would be assessed and the total monies their producers would receive in quota payments.

HOW TO FUND CDFA PROGRAM COSTS TO ADMINISTER A STAND-ALONE QUOTA PROGRAM

Use the current Milk Pooling authority and assessment rate as the basis for establishing the assessment provisions to operate the stand-alone quota program.

OTHER QUOTA ISSUES

- Only milk subject to assessment is eligible to receive a quota payment;
- Quota payments shall not exceed the snf quota shipped during the month;
- A dairy must ship milk qualified for a quota payment at least once every 60 days, or the producer's quota reverts back to CDFA to handle the quota as it does currently;
- A cooperative member's quota will be assigned to the cooperative and the cooperative will be treated as a single producer;
- A producer may not purchase quota if the dairy has sold any quota within the last 24-month period;
- A producer may not sell quota if the dairy has purchased any quota within the last 24-month period;
- The PRB will continue to hear hardship cases as currently is the practice.

NEXT STEPS

Department staff will incorporate the motions into regulatory language and present it to the board at its next meeting scheduled for August 2, 2017 at the Modesto Centre Plaza (in conjunction with the Double Tree Hotel). It is anticipated that the board will review the regulatory language and make a formal recommendation to the Secretary regarding the regulatory language that establishes the stand-alone quota program.

Following the formal recommendation, the Secretary will review the language, and accept and/or amend the recommendation. The final language will then be put out to California dairy producers for a referendum vote.

STAND-ALONE QUOTA REFERENDUM PROCESS

Eligible California producers will be mailed referendum ballots via US postal mail. Individual producers will cast their ballots and return them to the Department. The referendum process, by statutory requirement, will take 60 days. Once the votes are certified and tallied, the Department will announce the results of the referendum. The referendum process is expected to be concluded in the fall.

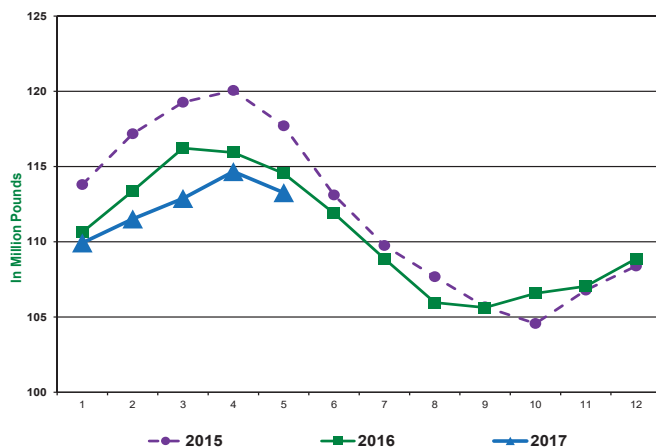
California Pool Prices

Hundredweight Prices

Pool Price	Mar.	Apr.	May.
Quota	\$15.84	\$15.72	\$16.46
Overbase	\$14.14	\$14.02	\$14.76

California Milk Production

Average Daily Basis, 2015 - 2017



Quota Transfer Summary

Quota Transfers	May.	Jun.	Jul.
Number of Sellers	3	5	2
Pounds of SNF Quota Transferred	865	4,555	353
Average Price Per Pound of SNF Quota	\$547	\$540	\$545

California Minimum Class Prices

Hundredweight Prices

Class	May.	Jun.	Jul.
1 No. Calif.	\$16.65	\$16.99	\$18.45
So. Calif.	\$16.92	\$17.26	\$18.72
2 No. Calif.	\$15.11	\$14.51	\$14.51
So. Calif.	\$15.34	\$14.74	\$14.74
3	\$15.06	\$14.46	\$14.46
4a	\$14.43	\$15.91	N/A
4b	\$15.25	\$15.60	N/A

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	May.	Jun.	Jul.
Phoenix, Arizona	\$17.55	\$17.66	\$18.94
Portland, Oregon	\$17.10	\$17.21	\$18.49
Boston (Northeast)	\$18.45	\$18.56	\$19.84
Class III	\$15.57	\$16.44	N/A

USDA Dairy Cow Culling Activity

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head	Head	\$/cwt.
05/26/17	13,700	53,600	\$70-\$71
06/02/17	13,000	47,100	\$70-\$70
06/09/17	13,800	52,700	\$69-\$71
06/16/17	14,300	53,600	\$73-\$73

¹ Region 9 includes AZ, CA, HI and NV

² West region includes AZ, NV, UT, CA, ID, OR and WA

Source: USDA Market News: Report LM_CT168 and SJ_LS714

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2016	2017	2016	2017	2016	2017
	In Million Pounds					
January	192	222	716	752	226	227
February	236	270	716	773	217	262
March	243	273	726	802	232	247
April	296	292	734	834	252	267
May	325	314	758	847	232	282
June	328		757		231	
July	333		770		257	
August	319		742		235	
September	269		743		216	
October	228		736		225	
November	161		713		215	
December	166		726		228	

Source: USDA, Farm Services Agency, NASS Cold Storage and Dairy Products. (As published in the Dairy Market News)

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for May 2017 was 2.21 (down from 2.23 in April 2017). The current ratio of 2.21 means that a dairy producer can buy 2.21 pounds of feed for every pound of milk sold. The prices used to calculate the May 2017 milk-feed price ratio were: corn \$3.45/bushel; soybeans \$9.26/bushel; alfalfa hay \$155/ton; all-milk price \$16.70/cwt. (increased from \$16.50/cwt. in April 2017).

Prices used to calculate the milk-feed price ratio are based on U.S. prices and don't necessarily reflect California prices.

National Dairy Situation & Outlook USDA Estimates

Milk Production

Monthly: USDA estimates overall milk production across the U.S. increased 1.8% in May 2017, compared to May 2016. USDA reports that California milk production decreased 1.1% compared to May 2016 (with 11,000 less cows and 10 less pounds of milk per cow). Among other western states, compared to May 2016, Arizona was up 4.8%; New Mexico was up 6.9%; and Washington was down 1.4%. Four of the top ten milk producing states reported a production decrease. The largest percent increase was reported by Texas at 14.7% growth in milk production (on 43,000 more cows and 100 more pounds of milk per cow).

Quarterly: For the first quarter of 2017 compared to the fourth quarter of 2016, U.S. milk cow numbers increased to 9.370 million head, milk production per cow increased to 5,717 pounds; the net effect was an increase in milk production to 53.6 billion pounds. USDA projects that for the second quarter of 2017 compared to the first quarter of 2017, milk cow numbers will increase to 9.395 million head, production per cow will increase to 5,900 pounds; the net effect would be an increase in milk production to 55.4 billion pounds.

Milk Prices

Comparing the first quarter of 2017 to the fourth quarter of 2016, the U.S. average all-milk price increased from \$17.67/cwt. to \$18.23/cwt. USDA projects that for the second quarter of 2017, the U.S. average all-milk price will be \$16.65-\$16.85/cwt.; the Class III price will be \$15.55-\$15.75/cwt.; and the Class IV price will be \$14.70-\$15.00/cwt.

Utility Cow Prices

Comparing the first quarter of 2017 to the fourth quarter of 2016, the average U.S. utility cow price was up \$4.88/cwt. to a national average of \$62.63/cwt. USDA projects that the utility cow price will average \$67-\$70/cwt. in the second quarter of 2017.

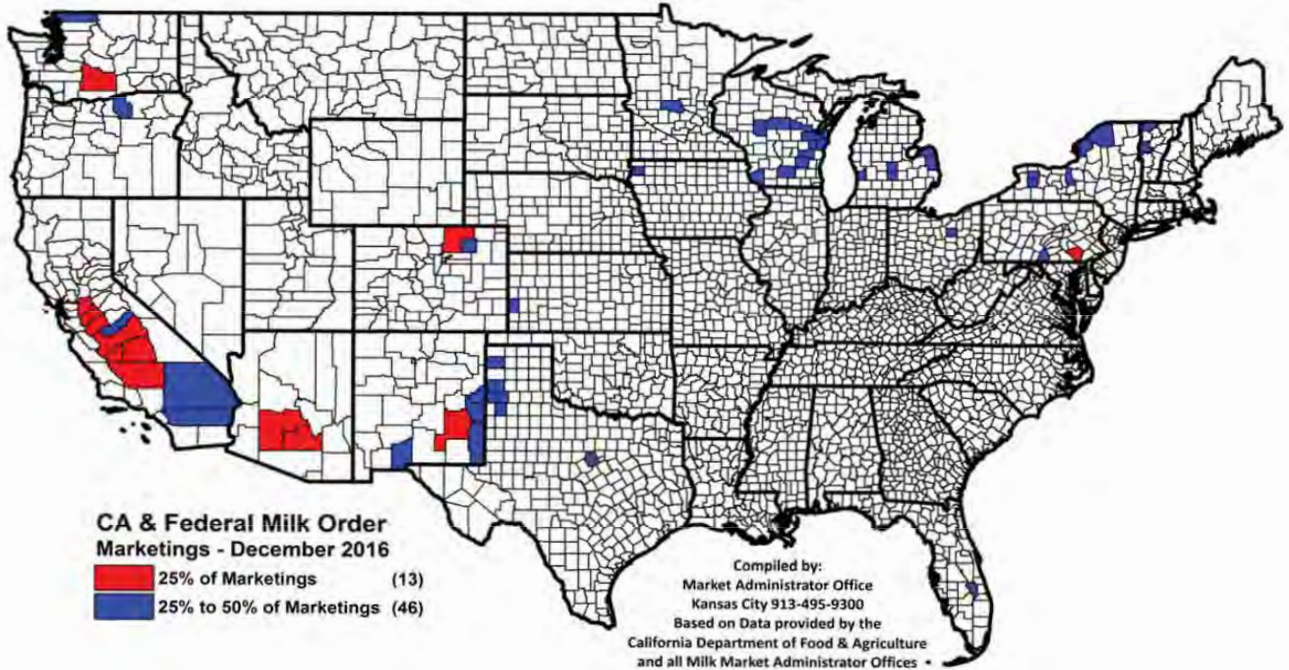
Top Ten Milk Production States - May, 2017

(Percent Change from Same Month/Previous Year)

1. California	-1.1%	6. Michigan	+4.0%
2. Wisconsin	-0.7%	7. Pennsylvania	+2.1%
3. New York	+2.3%	8. Minnesota	+2.6%
4. Idaho	-0.2%	9. New Mexico	+6.9%
5. Texas	+14.7%	10. Washington	-1.4%

Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."

59 Counties Marketed 50% of All California and Federal Order Milk During December 2016



Top 13 U.S. Milk Producing Counties, December 2016:

	% of Total
Tulare, CA	5.85
Merced, CA	2.98
Kings, CA	2.24
Kern, CA	2.07
Stanislaus, CA	1.97
Fresno, CA	1.46
Maricopa, AZ	1.46
Yakima, WA	1.41
Weld, CO	1.27
Lancaster, PA	1.26
San Joaquin, CA	1.23
Pinal, AZ	1.04
Chaves, NM	1.04
13-County Total	25.29

California's Role in U.S. Market Milk Production

California produced 3.3 billion pounds of Grade A milk in December 2016. This accounted for 20.8 percent of the total California and Federal Order milk marketings in December 2016. Tulare County, the largest dairy production county in the U.S., produced 924.1 million pounds of Grade A milk during December 2016, representing 5.9 percent of total California and Federal Order milk marketings. Additional top U.S. and California milk production counties are shown in the map and table.

Source: FMMO Central Marketing Area: Marketing Service Bulletin June 2017

California Milk Production Cost Comparison, by Region, 2016-2017

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
	Dollars per Hundredweight									
1st Quarter										
Total Costs	\$28.57	\$29.08	\$17.07	\$15.76	\$16.45	\$15.41	\$16.28	\$15.41	\$16.94	\$15.85
Total Costs & Allowances*	\$30.65	\$31.17	\$18.53	\$17.15	\$17.95	\$16.87	\$17.77	\$17.04	\$18.44	\$17.30

* Includes an allowance for management and a return on investment.

California Alfalfa Hay Weekly Weighted Average Prices (\$/Ton) – Delivered

Week Ending	May 26, 2017		June 2, 2017		June 9, 2017		June 16, 2017		
	Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas									
Supreme	7,400	\$255-\$270	825	\$260-\$270	700	\$255-\$270	2,860	\$255-\$275	
Premium	800	\$240-\$250	580	\$240-\$250	2,250	\$240-\$255	1,450	\$245-\$255	
Good	3,425	\$205-\$235	1,600	\$210-\$230	3,470	\$211-\$245	3,850	\$215-\$245	
Fair	2,613	\$170-\$195	750	\$170-\$185	475	\$176-\$185	2,025	\$165-\$185	
Escalon, Modesto, Turlock Areas									
Supreme	1,500	\$260-\$275	1,300	\$260-\$270	1,763	\$255-\$275	2,270	\$260-\$275	
Premium	1,325	\$245-\$255	550	\$240-\$255	775	\$240-\$260	1,600	\$240-\$260	
Good	300	\$205-\$230	-	No Sales	550	\$205-\$220	765	\$200-\$230	
Fair	975	\$165-\$190	500	\$175-\$185	325	\$165-\$180	467	\$168-\$185	

Source: The Hoyt Report, Inc.

2017-2018 Dairy Council Assessment Rates Established

The Dairy Council of California has recommended, and the Department of Food and Agriculture has approved, increased assessment rates for the Council's 2017-2018 fiscal year (July 1, 2017, through June 30, 2018). The rates are presented below. These have increased over last year's rates.

2017-2018 Dairy Council Assessment Rates (applicable to both producers and handlers)

Class 1 Milk	Sixteen and one-quarter mills (\$0.01625) per cwt.
Milk For All Other Classes	Six and one-half mills (\$0.0065) per cwt.

In the past five years, the Dairy Council of California has strived to cut costs within the organization and keep its budget and expenses lean. There are necessary investments to be made to ensure programming remains relevant in schools, equipment is replaced, and overall programming maintains its impact. An increase in assessments will ensure the Dairy Council of California has the necessary funding to continue its mission of stimulating demand for milk.

The Dairy Council uses the funds generated from these assessments to carry out its mission by demonstrating the role of milk and dairy products as essential elements in a healthy diet. As in the past, handlers will continue to be responsible for remitting both the handler and producer assessments to the Department. Handlers shall pay the handler assessments for milk utilized in the plant of the handler. Producer assessments shall be collected by the first handler of milk produced in California by deducting any such assessments from any payment due the producer for such milk. Please call Amy Uber of the Department's Marketing Branch at (916) 900-5018 if you have any questions about these assessment rates. If you have questions regarding the activities of the Dairy Council, please call Tammy Anderson-Wise, CEO of the Dairy Council, at (916) 263-3560.



California Department of Food and Agriculture
Karen Ross, Secretary

Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814

The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Caroline Chigbu or Lu Tang at (916) 900-5014, or send an email to dairy@cdfa.ca.gov

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Milk Mailbox Prices in Dollars per Hundredweight - 2017

Reporting Areas	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Dollars Per Hundredweight												
California	\$17.15	\$16.75	\$15.21									
New England States	\$20.13	\$19.62	\$18.84									
New York	\$18.69	\$18.11	\$17.74									
Eastern Pennsylvania	\$18.81	\$18.22	\$17.58									
Appalachian States	\$19.71	\$18.45	\$18.35									
Southeast States	\$19.47	\$17.96	\$17.27									
Southern Missouri	\$19.67	\$18.12	\$17.39									
Florida	\$20.52	\$18.96	\$18.87									
Western Pennsylvania	\$18.91	\$18.26	\$18.24									
Ohio	\$19.00	\$18.35	\$18.35									
Indiana	\$18.68	\$17.90	\$17.74									
Michigan	\$17.12	\$16.42	\$16.42									
Wisconsin	\$19.21	\$18.85	\$17.89									
Minnesota	\$18.88	\$18.37	\$17.27									
Iowa	\$19.05	\$18.49	\$17.25									
Illinois	\$19.47	\$18.77	\$18.01									
Corn Belt States	\$18.13	\$17.35	\$16.11									
Western Texas	\$18.13	\$17.37	\$15.92									
New Mexico	\$16.80	\$15.99	\$14.59									
Northwest States	\$19.01	\$18.38	\$17.29									
All Federal Order Areas	\$18.72	\$18.06	\$17.31									

California mailbox price calculated by CDFA Dairy Marketing Branch
All federal milk market order weighted average, as calculated by USDA.

Summary of the May 30, 2017 Producer Review Board Meeting

The Producer Review Board (board) met on May 30, 2017 to begin the process of developing the criteria for a stand-alone quota program. The board elected Rodney Kamper as the board chair and George te Velde as vice-chair. The board engaged in discussion and listened to public comments on each issue before a motion was voted on. Below are a list of the topics discussed and any associated motions the board made.

WHAT MILK WOULD BE ASSESSED TO GENERATE THE QUOTA PAYOUT?

Motion: To assess all Grade A and Grade B milk produced in the State of California in order to generate funds for the quota payout. Motion passed 9 to 4.

HOW WOULD THE QUOTA PAYMENT BE CALCULATED?

Motion: The existing fixed spread of \$0.195/pound on solids not fat (\$1.70/cwt equivalent) and the current Regional Quota Adjusters remain the same under a stand-alone quota program. Motion passed 10 to 3.

HOW WOULD PRODUCER-HANDLER, EXEMPT QUOTA BE ADMINISTERED?

Motion: Exempt quota should receive the same payout as producer quota and be funded through assessments on the same grouping of milk (Grade A and Grade B) that would fund producer quota. The motion was tabled until the next meeting and the board asked for data and information from the Department to be presented at the next meeting.

DATA COLLECTION

Motion: CDFA obtain the necessary information from the CA dairy industry by requiring entities to report directly to CDFA with just the specific information required to run a stand-alone quota program. Motion passed unanimously with 13 votes.

REVENUE DISTRIBUTION

Motion: CDFA will use a settlement fund and require handlers to help manage the quota payout monies. Handlers would deduct the monies from their producers that would be required to pay an assessment and make a payment to their producers that would receive a quota payout. Handlers would either make a payment to a settlement fund or receive a payment from a settlement fund based on the difference between the total monies their producers would be assessed and the total monies their producers would receive in quota payments. Motion passed unanimously with 13 votes.

HOW TO FUND CDFA PROGRAM COSTS TO ADMINISTER A STAND-ALONE QUOTA PROGRAM

Motion: Use the current Milk Pooling authority and assessment rate as the basis for establishing the assessment provisions to operate the stand-alone quota program. Motion passed unanimously with 13 votes. The board asked for data and information to be presented at the next meeting on the costs to run the stand-alone quota program.

The next board meeting is scheduled for June 15, 2017 at the Modesto Centre Plaza, (in conjunction with the Double Tree Hotel) located at 1000 K Street, Modesto CA 95354 in the Pistache/Ginko room. All interested parties are encouraged to attend and participate in the public comment portion of the meeting.

Summary of Trailer Bill for Stand-Alone Quota Program

The Producer Review Board (PRB) is currently in the process of developing a detailed stand-alone quota program, which, once accepted by the Secretary will then go out to the producer community for affirmation by referendum. The rules and procedures for this process are all currently contained in the Food and Agriculture Code.

The proposal that producers vote on will contain all the final regulatory language needed to implement the program. If affirmed, enactment of the stand-alone quota program will be contingent upon the Federal Milk Marketing Order being approved by dairy producers in California. The trailer bill introduced by the Department simply ensures that this process is explicitly authorized. It states:

“Section 62757 is added to the Food and Agricultural Code, to read:

62757. (a) If a federal milk marketing order is established in California, the secretary is authorized to establish a stand-alone quota program, the details of which shall be included in the pooling plan. The stand-alone quota program may be funded by an assessment on milk produced in this state.

(b) The secretary may require handlers, including cooperative associations acting as handlers, to make reports necessary for the operation of the stand-alone quota program.

(c) The stand-alone quota program shall be pursuant to a recommendation by the review board established pursuant to Section 62719 and approved by a statewide referendum of producers pursuant to Sections 62716 and 62717.”

It should be noted that the powers of the PRB are limited to those powers currently existing in the Food and Agricultural Code. Any recommendations from the PRB that fall outside the bounds of the statute will need legislative authority to effectuate.

California Pool Prices

Hundredweight Prices

Pool Price	Feb.	Mar.	Apr.
Quota	\$17.19	\$15.84	\$15.72
Overbase	\$15.49	\$14.14	\$14.02

Quota Transfer Summary

Quota Transfers	Apr.	May.	Jun.
Number of Sellers	8	3	5
Pounds of SNF Quota Transferred	9,494	865	4,555
Average Price Per Pound of SNF Quota	\$535	\$547	\$540

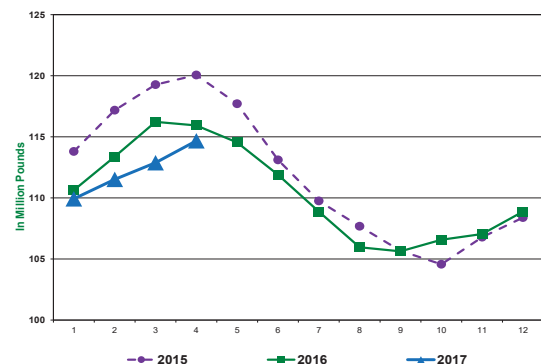
California Minimum Class Prices

Hundredweight Prices

Class	Apr.	May.	Jun.
1 No. Calif.	\$16.76	\$16.65	\$16.99
So. Calif.	\$17.04	\$16.92	\$17.26
2 No. Calif.	\$15.11	\$15.11	\$14.51
So. Calif.	\$15.34	\$15.34	\$14.74
3	\$15.06	\$15.06	\$14.46
4a	\$13.73	\$14.43	N/A
4b	\$14.30	\$15.25	N/A

California Milk Production

Average Daily Basis, 2015 - 2017



Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Apr.	May.	Jun.
Phoenix, Arizona	\$18.40	\$17.55	\$17.66
Portland, Oregon	\$17.95	\$17.10	\$17.21
Boston (Northeast)	\$19.30	\$18.45	\$18.56
Class III	\$15.22	\$15.57	N/A

USDA Dairy Cow Culling Activity

Week Ending	Region 9 ¹ Dairy Cows	U.S. Dairy Cows	West Region ² Price Range
	Head	Head	\$/cwt.
04/14/17	13,400	54,100	\$64-\$67
04/21/17	14,500	56,400	\$66-\$66
04/28/17	15,200	55,500	\$66-\$66
05/05/17	14,600	54,900	\$64-\$66

¹ Region 9 includes AZ, CA, HI and NV

² West region includes AZ, NV, UT, CA, ID, OR and WA

Source: USDA Market News: Report LM_CT168 and SJ_LS714

USDA Commercial Cold Storage Report

Month	Butter		American Cheese		Nonfat Dry Milk	
	2016	2017	2016	2017	2016	2017
<i>In Million Pounds</i>						
January	192	222	716	752	226	227
February	236	270	716	773	217	262
March	243	273	726	802	232	247
April	296	292	734	835	252	266
May	325		758		232	
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July	333		770		257	
August	319		742		235	
September	269		743		216	
October	228		736		225	
November	161		713		215	
December	166		726		228	

Source: USDA, Farm Services Agency, NASS Cold Storage and Dairy Products. (As published in the Dairy Market News)

USDA Milk-Feed Price Ratio

USDA reports that the milk-feed price ratio for April 2017 was 2.23 (down from 2.39 in March 2017). The current ratio of 2.23 means that a dairy producer can buy 2.23 pounds of feed for every pound of milk sold. The prices used to calculate the April 2017 milk-feed price ratio were: corn \$3.43/bushel; soybeans \$9.32/bushel; alfalfa hay \$148/ton; all-milk price \$16.50/cwt. (decreased from \$17.30/cwt. in March 2017).

Prices used to calculate the milk-feed price ratio are based on U.S. prices and don't necessarily reflect California prices.

National Dairy Situation & Outlook USDA Estimates

Milk Production

Monthly: USDA estimates overall milk production across the U.S. increased 2.0% in April 2017, compared to April 2016. USDA reports that California milk production decreased 1.1% compared to April 2016 (with 11,000 less cows and 10 less pounds of milk per cow). Among other western states, compared to April 2016, Arizona was up 3.8%; New Mexico was up 7.5%; and Washington was down 2.5%. Three of the top ten milk producing states reported a production decrease. The largest percent increase was reported by Texas at 12.8% growth in milk production (on 45,000 more cows and 55 more pounds of milk per cow).

Quarterly: For the first quarter of 2017 compared to the fourth quarter of 2016, U.S. milk cow numbers increased to 9.369 million head, milk production per cow increased to 5,715 pounds; the net effect was an increase in milk production to 53.5 billion pounds. USDA projects that for the second quarter of 2017 compared to the first quarter of 2017, milk cow numbers will increase to 9.380 million head, production per cow will increase to 5,925 pounds; the net effect would be an increase in milk production to 55.6 billion pounds.

Milk Prices

Comparing the first quarter of 2017 to the fourth quarter of 2016, the U.S. average all-milk price increased from \$17.67/cwt. to \$18.23/cwt. USDA projects that for the second quarter of 2017, the U.S. average all-milk price will be \$16.30-\$16.60/cwt.; the Class III price will be \$15.30-\$15.60/cwt.; and the Class IV price will be \$13.95-\$14.35/cwt.

Utility Cow Prices

Comparing the first quarter of 2017 to the fourth quarter of 2016, the average U.S. utility cow price was up \$4.88/cwt. to a national average of \$62.63/cwt. USDA projects that the utility cow price will average \$65-\$69/cwt. in the second quarter of 2017.

Top Ten Milk Production States - Apr. 2017

(Percent Change from Same Month/Previous Year)

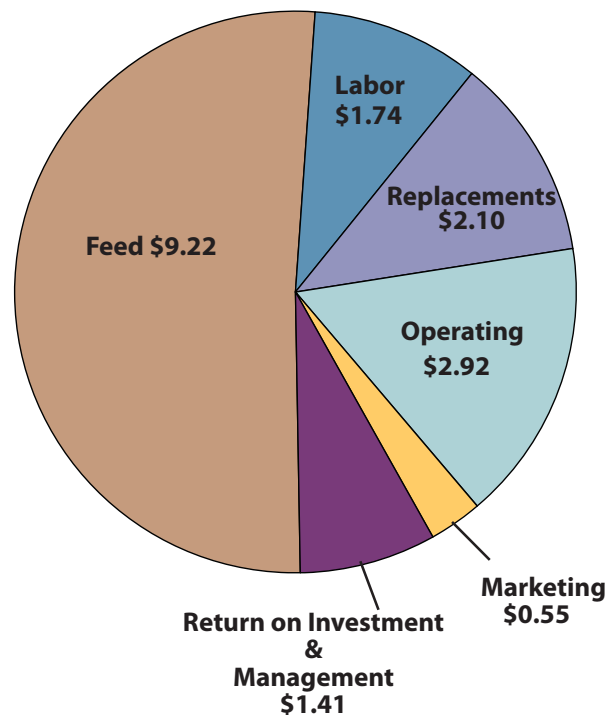
1. California	-1.1%	6. Pennsylvania	+2.5%
2. Wisconsin	+0.6%	7. Michigan	+4.2%
3. New York	+3.9%	8. Minnesota	+2.0%
4. Idaho	-0.7%	9. New Mexico	+7.5%
5. Texas	+12.8%	10. Washington	-2.5%

Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook."

2016 California Milk Production Cost Comparison Year in Review

In 2016, the total cost to produce a hundredweight (cwt.) of milk decreased by 7 percent, compared to 2015. All cost categories on a per cwt. decreased, except labor. Labor costs increased due to higher hourly wages being paid. The main driver in lower cost per cwt. was lower feed prices, which decreased by 11.9 percent compared to 2015. Dry roughage costs decreased by 19.5 percent due to lower prices paid for milk cow hay, dry cow hay, and almond hulls. A large almond crop, combined with lower hay prices, pushed almond hull prices to almost half of what was paid in 2015. Wet roughage costs decreased by 15.3 percent, as prices paid for winter forage and corn silage both decreased compared to the prior year. Prices paid for concentrates and byproducts decreased by 7.7 percent compared to 2015. Nearly all feed concentrates and byproducts decreased in price, however, cottonseed and ground Pima experienced the biggest decline. In 2016, total feed costs accounted for 55.8 percent of total cost, which represents a decrease of 3.1 percentage points compared to last year. The annual weighted average mailbox price for 2016 decreased by 2.4 percent, compared to 2015, while income over feed cost increased by 15.7 percent to \$6.34 per cwt.

Cost Comparison Summary, 2016 (Cost per Hundredweight)



California Milk Production Cost Comparison, by Region, 2015-2016

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	\$26.65	\$28.57	\$17.89	\$17.07	\$17.37	\$16.45	\$16.49	\$16.28	\$17.71	\$16.94
Total Costs & Allowances*	\$28.37	\$30.65	\$19.29	\$18.53	\$18.78	\$17.95	\$17.86	\$17.77	\$19.12	\$18.44
2nd Quarter										
Total Costs	\$25.04	\$26.50	\$17.37	\$16.72	\$17.07	\$16.12	\$16.00	\$15.53	\$17.30	\$16.54
Total Costs & Allowances*	\$26.77	\$28.30	\$18.81	\$17.99	\$18.52	\$17.46	\$17.40	\$17.00	\$18.74	\$17.87
3rd Quarter										
Total Costs	\$26.70	\$27.04	\$17.92	\$16.80	\$18.05	\$16.43	\$17.26	\$16.36	\$18.16	\$16.82
Total Costs & Allowances*	\$28.67	\$28.80	\$19.48	\$18.11	\$19.64	\$17.82	\$18.87	\$17.94	\$19.74	\$18.19
4th Quarter										
Total Costs	\$29.47	\$28.49	\$18.02	\$16.44	\$17.71	\$15.81	\$17.44	\$15.45	\$18.08	\$16.31
Total Costs & Allowances*	\$31.66	\$30.47	\$19.67	\$17.85	\$19.34	\$17.29	\$19.13	\$17.10	\$19.74	\$17.78

* Includes an allowance for management and a return on investment.

California Alfalfa Hay Weekly Weighted Average Prices (\$/Ton) – Delivered

Week Ending	April 28, 2017		May 5, 2017		May 12, 2017		May 19, 2017	
Delivered	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	400	\$250-\$265	375	\$260-\$265	3,500	\$250-\$270	360	\$265-\$270
Premium	2,350	\$235-\$250	5,300	\$235-\$250	2,635	\$225-\$255	1,850	\$235-\$255
Good	2,025	\$200-\$210	3,650	\$200-\$225	1,650	\$195-\$225	6,710	\$200-\$235
Fair	175	\$165-\$185	1,750	\$170-\$180	625	\$170-\$180	850	\$170-\$195
Escalon, Modesto, Turlock Areas								
Supreme	450	\$245-\$252	1,625	\$250-\$270	1,445	\$260-\$265	3,000	\$255-\$270
Premium	350	\$230-\$238	675	\$225-\$245	1,290	\$225-\$255	1,200	\$240-\$255
Good	50	\$225	300	\$200-\$225	2,475	\$210-\$235	175	\$220
Fair	50	\$175	-	No Sales	1,425	\$168-\$180	200	\$175

Source: The Hoyt Report, Inc.

Milk Mailbox Prices in Dollars per Hundredweight - 2017

Reporting Areas	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	Dollars Per Hundredweight											
California	\$17.15	\$16.75										
New England States	\$20.13	\$19.62										
New York	\$18.69	\$18.11										
Eastern Pennsylvania	\$18.81	\$18.22										
Appalachian States	\$19.71	\$18.45										
Southeast States	\$19.47	\$17.96										
Southern Missouri	\$19.67	\$18.12										
Florida	\$20.52	\$18.96										
Western Pennsylvania	\$18.91	\$18.26										
Ohio	\$19.00	\$18.35										
Indiana	\$18.68	\$17.90										
Michigan	\$17.12	\$16.42										
Wisconsin	\$19.21	\$18.85										
Minnesota	\$18.88	\$18.37										
Iowa	\$19.05	\$18.49										
Illinois	\$19.47	\$18.77										
Corn Belt States	\$18.13	\$17.35										
Western Texas	\$18.13	\$17.37										
New Mexico	\$16.80	\$15.99										
Northwest States	\$19.01	\$18.38										
All Federal Order Areas	\$18.72	\$18.06										

California mailbox price calculated by CDFA Dairy Marketing Branch
All federal milk market order weighted average, as calculated by USDA.




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MANCEBO JR. PLEDGES \$1 MILLION TO FRESNO STATE DAIRY PROGRAM

The Jordan College of Agricultural Sciences and Technology announced that Manuel Mancebo, Jr. from Tulare has pledged a \$1 million bequest in support of the Fresno State dairy science program.

Fresno State President Joseph I. Castro, Jordan College Dean Sandra Witte, faculty, staff, students and industry supporters honored the former area trucking magnate and his deceased wife, Katye, May 6 at a dairy science club banquet in Tulare.

In recognition of their generosity, Fresno State will request that the campus dairy production facility be renamed the Manuel “JR.” and Katye Mancebo Dairy.

“We sincerely appreciate this gift that will benefit our dairy program for years to come,” said Castro. “The dairy industry is a key part of agriculture in California, so it’s important to modernize our facilities and resources to give our students a real-life experience to prepare them for careers around the Central Valley and beyond.”

Mancebo, 87, helped build Kings County Truck Lines into an industry leader before selling the company in 2006. Starting as a mechanic apprentice for the family company at the age of 17, climbed the company ranks, taking over the family business in 1971 at the age of 41.

Founded in 1940 by Mancebo's father and Portuguese immigrant Manuel S. "Spike" Mancebo, the company developed a reputation for its safe and reliable transportation of milk products and dry goods throughout the Central Valley and Southern California. Mancebo's commitment to client service helped the company expand its operations to Northern California, Oregon, Arizona and Utah, as it added major contracts with companies such as Safeway and Baskin-Robbins.

At the height of its business, its shipping line grew to 1,000 trucks and more than 800 employees.

Mancebo was equally respected within the Tulare community with his wife of 61 years, Katye, who passed away in November 2014. They were active in supporting area charities, including Valley Children's hospital, St. Aloysius Catholic Church and other community and education-based organizations.

"On behalf of my late wife and myself, we are especially happy to support Fresno State as it educates future leaders for the dairy industry – an industry that played such an important role in our lives," said Mancebo.

The Fresno State dairy is run by first-year faculty member and Fresno State graduate Dr. Kyle Thompson and a workforce of 20 students. With a milking string of 170 Holstein and Jersey cows, Fresno State students are exposed to every part of the industry. Campus milk is transported each day to the California Dairies Co-op, and used by Fresno State students at the campus creamery to produce milk, 45 flavors of campus ice cream and other dairy products.

