



CALIFORNIA MILK ADVISORY BOARD

Board of Directors Meeting

May 24 – May 25, 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, May 24, 20177:30 a.m.
Thursday, May 25, 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 – *James Liddell - Flamingo Group, Project Director*
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.cdffa.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

Over

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 March 31, 2017

INCOME

	Budget Original	Budget Revisions	Budget Revised	Revenue	Balance	%
INCOME SOURCE						
ASSESSMENTS	\$39,000,000.00	\$0.00	\$39,000,000.00	\$9,969,266.22	(\$29,030,733.78)	26
NON-ASSESSMENT INCOME	\$438,000.00	\$0.00	\$438,000.00	\$194,867.44	(\$243,132.56)	44
CASH BALANCE CARRYOVER	\$1,500,000.00	\$2,446,643.95	\$3,946,643.95	\$3,946,643.95	\$0.00	100
	<u>\$40,938,000.00</u>	<u>\$2,446,643.95</u>	<u>\$43,384,643.95</u>	<u>\$14,110,777.61</u>	<u>(\$29,273,866.34)</u>	

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	\$2,124,680.22	\$16,204,341.32	12
BUSINESS DEVELOPMENT	\$5,700,000.00	\$468,000.00	\$6,168,000.00	\$1,321,966.90	\$4,846,033.10	21
FOODSERVICE	\$1,500,000.00	\$255,000.00	\$1,755,000.00	\$156,159.69	\$1,598,840.31	9
CA DAIRY RESEARCH FOUNDATION	\$1,950,000.00	\$0.00	\$1,950,000.00	\$487,500.00	\$1,462,500.00	25
EDUCATION & COMMUNITY RELATIONS	\$48,000.00	\$100,000.00	\$148,000.00	\$0.00	\$148,000.00	0
PRODUCER RELATIONS	\$449,000.00	\$10,650.00	\$459,650.00	\$116,897.46	\$342,752.54	25
COMMUNICATIONS	\$3,266,000.00	\$47,328.00	\$3,313,328.00	\$981,563.42	\$2,331,764.58	30
INTERNATIONAL	\$5,200,000.00	\$599,599.41	\$5,799,599.41	\$942,380.40	\$4,857,219.01	16
PROCESSOR RELATIONS	\$270,000.00	\$70,000.00	\$340,000.00	\$118,683.42	\$221,316.58	35
INDUSTRY INTELLIGENCE	\$400,000.00	\$0.00	\$400,000.00	\$92,374.68	\$307,625.32	23
TRADESHOWS	\$1,000,000.00	\$80,000.00	\$1,080,000.00	\$462,212.46	\$617,787.54	43
KIDS MILK MARKETING	\$700,000.00	\$26,500.00	\$726,500.00	\$89,546.09	\$636,953.91	12
	<u>\$38,638,000.00</u>	<u>\$1,831,098.95</u>	<u>\$40,469,098.95</u>	<u>\$6,893,964.74</u>	<u>\$33,575,134.21</u>	<u>17</u>
OFFICE OPERATIONS						
OFFICE OPERATIONAL	\$250,000.00	\$0.00	\$250,000.00	\$71,165.60	\$178,834.40	28
RENT EXPENSE	\$241,500.00	\$0.00	\$241,500.00	\$79,649.90	\$161,850.10	33
TRAVEL & AUTOMOBILE	\$45,000.00	\$0.00	\$45,000.00	\$12,506.54	\$32,493.46	28
LEGAL EXPENSE	\$75,000.00	\$0.00	\$75,000.00	\$20,402.58	\$54,597.42	27
FREIGHT & POSTAGE	\$40,000.00	\$0.00	\$40,000.00	\$9,359.58	\$30,640.42	23
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	\$29,729.72	\$15,270.28	66
LIABILITY INSURANCE	\$40,000.00	\$0.00	\$40,000.00	\$38,578.00	\$1,422.00	96
	<u>\$766,500.00</u>	<u>\$0.00</u>	<u>\$766,500.00</u>	<u>\$261,391.92</u>	<u>\$505,108.08</u>	<u>34</u>
ADMINISTRATIVE WAGES & BENEFITS						
EMPLOYEE INSURANCE	\$135,000.00	\$0.00	\$135,000.00	\$20,703.28	\$114,296.72	15
MONEY INVESTMENT PLAN	\$40,000.00	\$0.00	\$40,000.00	\$10,929.12	\$29,070.88	27
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	\$177,174.68	\$561,325.32	24
	<u>\$1,013,500.00</u>	<u>\$0.00</u>	<u>\$1,013,500.00</u>	<u>\$208,807.08</u>	<u>\$804,692.92</u>	<u>21</u>
STATE OF CA. DEPARTMENTAL CHARGES						
MARKETING BRANCH	\$75,000.00	\$15,000.00	\$90,000.00	\$19,589.04	\$70,410.96	22
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
	<u>\$105,000.00</u>	<u>\$15,000.00</u>	<u>\$120,000.00</u>	<u>\$19,589.04</u>	<u>\$100,410.96</u>	<u>16</u>
BOARD MEETING EXPENSES						
TRAVEL EXPENSES	\$75,000.00	\$0.00	\$75,000.00	\$17,222.17	\$57,777.83	23
MEETING EXPENSES	\$100,000.00	\$0.00	\$100,000.00	\$13,484.55	\$86,515.45	13
PER DIEM BOARD	\$40,000.00	\$0.00	\$40,000.00	\$7,300.00	\$32,700.00	18
	<u>\$215,000.00</u>	<u>\$0.00</u>	<u>\$215,000.00</u>	<u>\$38,006.72</u>	<u>\$176,993.28</u>	<u>18</u>
TOTALS						
TOTAL ADMINISTRATION & OPERATIONS	<u>\$2,100,000.00</u>	<u>\$15,000.00</u>	<u>\$2,115,000.00</u>	<u>\$527,794.76</u>	<u>\$1,587,205.24</u>	<u>25</u>
TOTAL EXPENDITURES	<u>\$40,738,000.00</u>	<u>\$1,846,098.95</u>	<u>\$42,584,098.95</u>	<u>\$7,421,759.50</u>	<u>\$35,162,339.45</u>	<u>17</u>
RESERVE	<u>\$200,000.00</u>	<u>\$600,545.00</u>	<u>\$800,545.00</u>	<u>\$0.00</u>	<u>\$800,545.00</u>	<u>0</u>
TOTAL EXPENDITURES & REQUIRED RESERVE	<u>\$40,938,000.00</u>	<u>\$2,446,643.95</u>	<u>\$43,384,643.95</u>	<u>\$7,421,759.50</u>	<u>\$35,962,884.45</u>	<u>19</u>

PAYROLL BALANCE \$ 3,641.57

ADMINISTRATIVE AND PROGRAM PAYROLL \$ 804,500.00

CALIFORNIA MILK ADVISORY BOARD

Budget VS Actual For Calendar Year
January 1, 2017 through February 28, 2017

INCOME

	Budget Original	Budget Revisions	Budget Revised	Revenue	Balance	%
INCOME SOURCE						
ASSESSMENTS	\$39,000,000.00	\$0.00	\$39,000,000.00	\$6,568,837.92	(\$32,431,162.08)	17
NON-ASSESSMENT INCOME	\$438,000.00	\$0.00	\$438,000.00	\$13,287.77	(\$424,712.23)	3
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	\$10,528,769.64	(\$32,855,874.31)	24

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	\$1,903,692.24	\$16,425,329.30	10
BUSINESS DEVELOPMENT	\$5,700,000.00	\$468,000.00	\$6,168,000.00	\$669,121.39	\$5,498,878.61	11
FOODSERVICE	\$1,500,000.00	\$255,000.00	\$1,755,000.00	\$138,900.00	\$1,616,100.00	8
CA DAIRY RESEARCH FOUNDATION	\$1,950,000.00	\$0.00	\$1,950,000.00	\$487,500.00	\$1,462,500.00	25
EDUCATION & COMMUNITY RELATIONS	\$48,000.00	\$100,000.00	\$148,000.00	\$0.00	\$148,000.00	0
PRODUCER RELATIONS	\$449,000.00	\$10,650.00	\$459,650.00	\$87,807.52	\$371,842.48	19
COMMUNICATIONS	\$3,266,000.00	\$47,328.00	\$3,313,328.00	\$473,135.09	\$2,840,192.91	14
INTERNATIONAL	\$5,200,000.00	\$599,599.41	\$5,799,599.41	\$663,981.80	\$5,135,617.61	11
PROCESSOR RELATIONS	\$270,000.00	\$70,000.00	\$340,000.00	\$71,750.00	\$268,250.00	21
INDUSTRY INTELLIGENCE	\$400,000.00	\$0.00	\$400,000.00	\$92,374.68	\$307,625.32	23
TRADESHOWS	\$1,000,000.00	\$80,000.00	\$1,080,000.00	\$306,421.38	\$773,578.62	28
KIDS MILK MARKETING	\$700,000.00	\$26,500.00	\$726,500.00	\$58,050.79	\$668,449.21	8
	\$38,638,000.00	\$1,831,098.95	\$40,469,098.95	\$4,952,734.89	\$35,516,364.06	12
OFFICE OPERATIONS						
OFFICE OPERATIONAL	\$250,000.00	\$0.00	\$250,000.00	\$49,918.35	\$200,081.65	20
RENT EXPENSE	\$241,500.00	\$0.00	\$241,500.00	\$59,443.15	\$182,056.85	25
TRAVEL & AUTOMOBILE	\$45,000.00	\$0.00	\$45,000.00	\$9,184.96	\$35,815.04	20
LEGAL EXPENSE	\$75,000.00	\$0.00	\$75,000.00	\$16,972.58	\$58,027.42	23
FREIGHT & POSTAGE	\$40,000.00	\$0.00	\$40,000.00	\$7,965.76	\$32,034.24	20
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	\$15,203.52	\$29,796.48	34
LIABILITY INSURANCE	\$40,000.00	\$0.00	\$40,000.00	\$37,416.00	\$2,584.00	94
	\$766,500.00	\$0.00	\$766,500.00	\$196,104.32	\$570,395.68	26
ADMINISTRATIVE WAGES & BENEFITS						
EMPLOYEE INSURANCE	\$135,000.00	\$0.00	\$135,000.00	\$14,118.08	\$120,881.92	10
MONEY INVESTMENT PLAN	\$40,000.00	\$0.00	\$40,000.00	\$5,815.38	\$34,184.62	15
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	\$118,220.22	\$620,279.78	16
	\$1,013,500.00	\$0.00	\$1,013,500.00	\$138,153.68	\$875,346.32	14
STATE OF CA. DEPARTMENTAL CHARGES						
MARKETING BRANCH	\$75,000.00	\$15,000.00	\$90,000.00	\$14,364.53	\$75,635.47	16
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	\$14,364.53	\$105,635.47	12
BOARD MEETING EXPENSES						
TRAVEL EXPENSES	\$75,000.00	\$0.00	\$75,000.00	\$8,986.17	\$66,013.83	12
MEETING EXPENSES	\$100,000.00	\$0.00	\$100,000.00	\$7,160.74	\$92,839.26	7
PER DIEM BOARD	\$40,000.00	\$0.00	\$40,000.00	\$3,025.00	\$36,975.00	8
	\$215,000.00	\$0.00	\$215,000.00	\$19,171.91	\$195,828.09	9
TOTALS						
TOTAL ADMINISTRATION & OPERATIONS	\$2,100,000.00	\$15,000.00	\$2,115,000.00	\$367,794.44	\$1,747,205.56	17
TOTAL EXPENDITURES	\$40,738,000.00	\$1,846,098.95	\$42,584,098.95	\$5,320,529.33	\$37,263,569.62	12
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	\$5,320,529.33	\$38,064,114.62	14

PAYROLL BALANCE \$ 3,870.77

ADMINISTRATIVE AND PROGRAM PAYROLL \$ 534,500.00

ADVERTISING

Presentation to the Board of Directors

May 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 featured four TV commercials that ran until the end of 2016. For 2017, we've carried through the Return to Real message with four new TV spots that will run throughout the year and also live on YouTube and RCM.com. The new work is similar to last year, but has more emphasis on relatable, human moments and also features four new farm families. The first two spots launched on January 2. The first spot, titled "Bribe," features a child who has grown bored while working on his science project, but Mom offers him a delicious yogurt parfait as incentive to successfully finish his work. And the second spot, titled "Respect the Tortilla," pays homage to three varieties of Hispanic cheeses that are used to make a mouthwatering enchilada dish. In April, we rotated in "Dad's Pancakes," which features a dad and his daughters making pancakes with a delicious compound butter on Saturday morning. The last new spot, titled "Artisanal," features ice cream and will air in July.



Online Advertising, Digital Partnerships and Apps:



In 2016, we looked 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 unique 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. Our overall digital campaign overdelivered what we had planned, with over 254 million women 25-54 targeted impressions, and almost 73 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. We were able to create over 20 videos and acquired over 26 million views across both our channels as well as theirs. We will look to build on these successes and learnings as we construct our digital plan for 2017, which will begin later this year.

YouTube Marketing:

As in previous years, paid advertising on YouTube supports our TV ads and long-form video. That focus will broaden to support all video content we produce in 2017, including the new TV ads and digital videos. We will repurpose Tastemade videos throughout the year to match the products/initiatives our National partners are messaging on their channels.

YTD Paid YouTube 2017
(Through April 17)

Impressions	Views	Clicks	CPCV
636,870	141,485	1,398	\$0.05



Return to Real - Brie

Search Engine Marketing:

Our goal in 2017 is to build on the strategy put in place last year – support the Return to Real campaign and overall content strategy by focusing on bringing more highly qualified traffic that will want to 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.

YTD Paid Search 2017
(Through April 17)

Impressions	Clicks	CTR	Avg. Position
11,385,324	74,390	0.65%	1.9

COMMUNICATIONS

Presentation to Board of Directors

May 2017

Public Relations Program

COMMUNICATION SERVICES

REPUTATION MANAGEMENT: FOOD SAFETY & SUSTAINABILITY

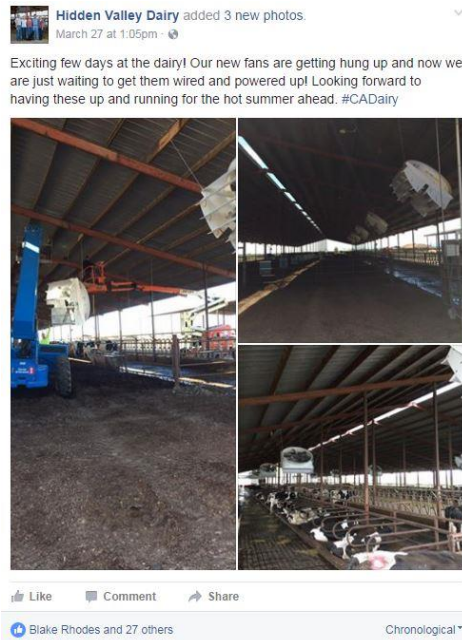
Importance

- *Integrate with California dairy organizations to share information and resources, as well as align on messaging*
- *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*

Dairy Leadership & Integration

- **California Dairy Communicators**
CMAB convened the California Dairy Communicators group for the first of two meetings in 2017 to share program updates and opportunities, as well as address issues that are impacting the state's dairy industry, including flooding due to increased rainfall.
- **Dairy Farmers Social Team**
CMAB amplified social media posts from the California Dairy Social Team on Real California Milk channels. Additionally, CMAB provided weekly content recommendations to the farmers to encourage engagement and positive conversation about California dairy in their social communities.





Sustainability

- In working towards its five-year goals, CMAB worked with Dairy Cares, CDRF and CDQAP to identify ways to benchmark practices that demonstrate California dairy industry leadership in sustainability.

Dairy Security & Reputation

- **Fact Sheets and Messaging**
CMAB reviewed and analyzed the latest CDFA dairy statistics, updating its annual fact sheets: milk, cheese, dairy industry. The new data was also incorporated into CMAB's strategic messaging.
- **Wall Street Journal Interview**
CMAB coordinated interviews for the *Wall Street Journal's* Ben Parkin with John Talbot and other California dairy farmers to discuss the state's position as a leader in the U.S. dairy industry. Message points included the use of innovative technology to streamline dairy practices.
- **Daily Monitoring & Social Listening**
CMAB monitored traditional and social media daily, 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 positive stories on Real California Milk owned social channels.

FOOD & CULINARY: CONSUMER

Importance

- *Grow national awareness for the Real California Milk seal by highlighting the rich heritage of real California dairy farm families*
- *Support business growth priorities by promoting consumption of healthy dairy protein at breakfast and Hispanic style dairy products in everyday meals*

Rose Parade

The following tactics cover PR activities starting January 1, 2017. CMAB also executed several tactics in 2016 to promote the “Legacy of Generations” float, which were reported in prior board books.

- **California Grown Certification**
On January 1, 2017, the “Legacy of Generations” float received the certification of “California Grown” in recognition of the use of over 85 percent flowers and foliage from California growers. The certification from the California Cut Flower Commission was presented in a special ceremony officiated by Secretary of the California Department of Food and Agriculture Karen Ross. The certification was included in press outreach and social media posts. Media coverage included a feature story in the *Rose Examiner*.
- **Parade Broadcast**
CMAB made its return to the Rose Parade on January 2, 2017. The “Legacy of Generations” float represented more than 1,300 hard-working California dairy farm families, consumers’ favorite dairy foods and 1.7 million California dairy cows, all in front of a national audience. More than 6 million viewers tuned in live to see the float in action on stations including HGTV, KTLA, Univision and Hallmark Channel, in addition to 700,000 people viewing along the parade route.
- **Media Relations**
CMAB was featured in post-parade media coverage, including a spot on the title slide of the San Francisco Chronicle’s (SFGate) article slideshow “The Best Floats from the 128th Annual Rose Parade,” a feature story in Valley Voice profiling two of the float’s dairy farm families, plus articles in The Orange County Register, CBS Fresno and The Mercury News.
- **Post Parade Showcase of Floats**
CMAB participated in the Post Parade Showcase of Floats in which more than 60,000 guests viewed the “Legacy of Generations” float up close, met dairy farm family float riders and sampled Real California dairy products.

Take Back Breakfast

- **Bento Box Creation with Influencer Partner**
To capitalize on the popular bento box lunch trend, CMAB partnered with recipe developer and food blogger Rachel Matthews of My Southern Fairytale to develop two

bento-style breakfast recipes featuring Real California yogurt and cheese. The recipe themes: Healthy Mornings Bento and Protein Packed Bento were featured in a blog post and promoted on My Southern Fairytale's social media channels, plus amplified on Real California Milk social media channels.

Expand Ethnic Foods

- **Food & Lifestyle TV Segments**

To support CMAB's regional retail initiatives in Texas to promote Hispanic style dairy products, television segments in Dallas and Houston were secured. Influencer Parker Wallace hosted live segments that featured creative ways to use Hispanic style dairy ingredients in everyday dishes, along with showcasing two traditional recipes. One segment aired in Houston on the local CBS morning show *Great Day Houston*, and the other in Dallas on the local ABC morning show *Good Morning Texas*, garnering a total of over 3 million impressions across broadcast viewers, online impressions and shares. Both recipes were also shared on Parker's website and social media channels.

- **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 kicked off on March 31st, with a post from CookWithManuela who incorporated drinkable yogurt into her breakfast and received over 450 likes. Posts from approximately 35 additional micro-influencers are expected through mid-April.

FOOD & CULINARY: FOODSERVICE

Importance

- *Position REAL California Dairy as the future—the choice 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

- The first wave of the REAL Makers digital advertising campaign was completed in January 2017, delivering a total of 2,158,891 impressions, a 57% increase over the expected number of impressions.
- In February, the campaign evolved to expand across both digital and print to further raise awareness among foodservice decision-makers for California dairy, and support national sales efforts in the channel. The first print ad featuring Hen House launched in *Pizza Today* in February 2017.
- In March, the campaign was awarded a Silver ADDY award in the category of Integrated Advertising Campaign B-to-B from the Greater San Francisco Ad Club's ADDY Awards gala. The campaign was featured as one of the top winners among 250 entries to this year's competition, and the creative was one of only four chosen to be showcased at the

gala. The campaign qualified to move onto the Regional Awards, where it will compete to go to Nationals.

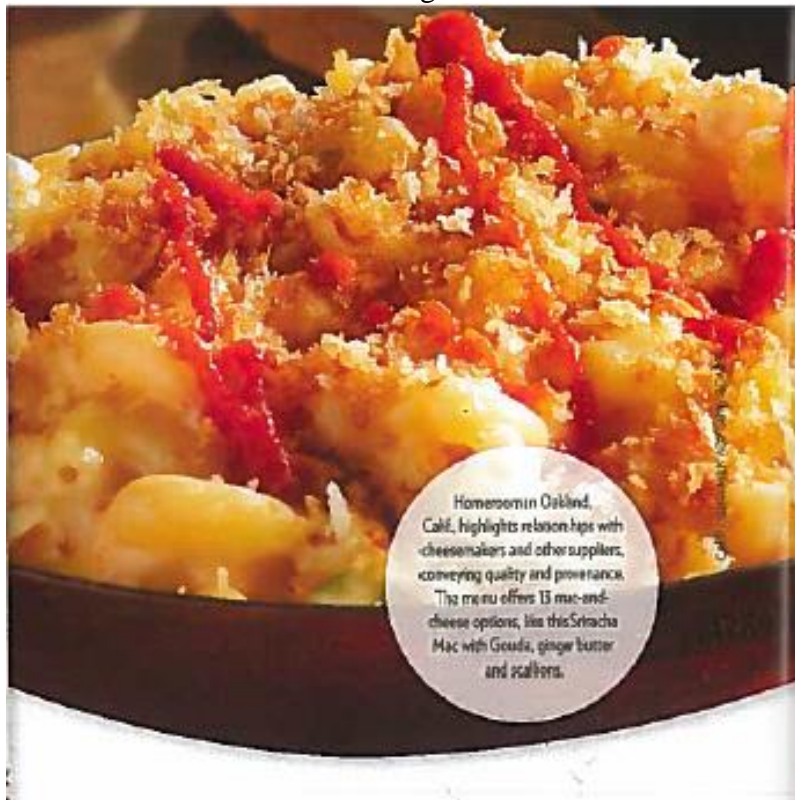
Trade News Bureau

- CMAB pitched leading foodservice trade media, providing recipes, photography and menu trend information for publication. Two recipes were featured in *FSR Magazine*, and California dairy was spotlighted in *Flavor & the Menu's* 2017 Top Ten Trends issue.

Flavor & the Menu

January Top Ten Trends issue

“Mindful on a Mission” featuring Sriracha Mac & Cheese



FSR Magazine - Digital

January issue

“How to Rethink the Plate in 2017” featuring Beluga Lentil Salad with Citrus Vinaigrette

WHAT'S ON THE LINE?

Partner with our **Tyson Restaurant Team** to tackle hot topics in your kitchen. [Discover More](#)

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BRUTE

[LEARN MORE](#)

LATEST NEWS

BENNINGAN'S ENJOYED SIGNIFICANT GROWTH IN 2016
CHAIN RESTAURANTS

CIA COLLABORATES IN NEW ROBOTICS INNOVATION EFFORT
NON-COMMERCIAL

MARGARITAS MEXICAN RESTAURANT GIVING AWAY A TRIP TO MEXICO—MARGARITAS INCLUDED
CHAIN RESTAURANTS

LOBSTERFEST MAKES ITS TRIUMPHANT RETURN TO RED LOBSTER
CHAIN RESTAURANTS

ESCHELON EXPERIENCES' GAURAV PATEL NAMED RESTAURATEUR OF THE YEAR
EMPLOYEE MANAGEMENT

MANED WINGS, NEW SAUCES JOIN THE MENU AT P.J. WHELAN'S
CHAIN RESTAURANTS



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How to Rethink the Plate in 2017

NEW CUISINES, SHIFTS IN THE CENTER, AND SIDES STEP UP.

January 2017 | Research

1. Aloha! **Hawaiian cuisine** gains traction in restaurants across the U.S.
2. Protein overload: From steakhouses to burger bars, entrées are stacking up with **multiple meats** per serving.
3. Thinking of citrus? Use it to replace oils, sugar, and syrupy marinades to add moisture and a caramelized finish to roasted veggies and grilled meats.
4. **Goat, Rabbit, Pork**. Not a nursery rhyme, these are three of the hottest trending meats to menu.
5. **Pork** up the profit margin: The supply of U.S. hogs is up 3.8 percent year-over-year; good news since **pork** has been the fastest-growing protein in foodservice since 2011.
6. **Source seasonal**—in winter that means citrus. Lettuces come in spring; berries and melons in summer; squash and turnips for fall.
7. Plate to the pyramid: More **veggies and grains**, smaller portions of protein.
8. Pho and ramen are here to stay, but watch for hand-made, stretched and pulled **Chinese Lamian** to noodle onto menus in a big way.
9. The fish equivalent of nose-to-tail: Use every part—skin, **scales**, collar, and more.
10. But source wisely: **Fish** is like a sponge, it acquires the taste of the water it comes from.
11. Update fries with a **poutine** that speaks to the local cuisine or culture of your...

FSR Magazine - Print
January issue

“The Season’s Best Citrus” featuring Beluga Lentil Salad with Citrus Vinaigrette



THIS BELUGA LENTIL SALAD WITH CITRUS VINAIGRETTE SHOWCASES THE TEXTURAL AND FLAVORFUL RANGE OF CITRUS PAIRINGS.

The Season's Best Citrus

Comfort foods, hearty salads, and even toddies beg for winter's succulent fruits. **By Amelia Levin**

11 **BEST PRACTICE** There's something magical about winter citrus. More now than at any other time of year citrus grown in warmer climates has begun to peak, evoking sweeter, juicier flesh and bright, colorful peels. "Winter citrus is different from year-round citrus because it is much more varied," says Carrie Nahabedian, chef/owner of NAHA and Brindille in Chicago.

You'll find more types of lemons, limes, oranges, and grapefruit—from the finger like Buddha's hand lemon to floral bergamots and candy-sweet Florida honeybell oranges. Winter fruits like these also tend to come from smaller farms and often from organic farms, so they are fresher and have not been stored for months on end, Nahabedian adds.

Buddha's Hand

Come winter, Jamie Bissonnette, chef/partner of Toro in Boston, can't wait

to get his hands on the very fragrant and unusual lemon known as Buddha's hand. He slices the long "fingers" whole into thin strips, candying them for use in pâtés or on *pesce crudo* that includes umami-rich sea urchin. Buddha's hand is best for peeling in this way because, as Bissonnette explains, "It has all the best parts of lemon zest with less bitterness, more lemon flavor, and little juice or acid, so it helps cut the richness of different foods and dishes." While the fruit has a short shelf life, he suggests storing it loosely wrapped in damp paper towels in the cooler.

Chef Nahabedian sources her favorite Buddha's hand from a small farm in Southern California, and her preparation includes blanching, cooling, and candying the rind of the long fingers over and over again—multiple times as classic French chefs do. She'll even dry the zest and grind it into a powder. When combined with freshly ground aniseed, green

cardamom, star anise, and dried vanilla bean, the powder becomes a flavorful dusting for scallops. The rind serves as an aesthetic element for the plate, which is also dressed with a pink grapefruit juice, vanilla bean, and mountain butter reduction, Belgian endives, grapefruit segments, and more Buddha's hand peel, but prepared as a confit this time.

Repeated candying helps rid the peel of any impurities and extracts more flavor from the fruit. With the Buddha's hand lemon, Nahabedian says, it's important to source the edible kind, as the fruit is also raised and sold for ornamental flower arrangements.

Finger Limes

Chef Bissonnette prefers the sweeter zest of finger limes over traditional limes for his Japanese-style crudo and Thai dishes. He'll grate it over striped bass, sliced sashimi style, and served with a green papaya salad layered with rice noodles.

At Grant Achatz's Roister in Chicago, Chef Andrew Brochu pairs finger limes with his savory and rich Buttered Pipe Pasta & Clams dish. He makes a green chili-spiked relish out of the zest from finger limes, along with kaffir limes, which serves to brighten up the buttery, semi-brothy dish that includes al dente bites of the pasta, shucked clams, and a layering of fresh mint on top.

Bergamots

A citrus considered closer to a type of orange, a bergamot actually has a skin that more closely resembles that of a lemon or even a more-yellow-colored lime. The bergamot fruit is favored by Italians for use in cologne as well as in food because of its heavily aromatic and floral notes. At Brindille, Nahabedian makes a marmalade out of the bergamots that she serves with scones, crumpets, and crème fraîche during the restaurant's afternoon tea service. She'll also use the fruit in Moroccan-inspired dishes, as bergamots are commonly used in that country. Once, Nahabedian grated the zest over a foie gras, lightly dressed with an infused Afghani saffron,

5 RECIPES

Brought to You by Food News Media



Farro Beet Salad

Combining vinegar, lemon juice, mint, beets, and cooked farro, this salad mixes diverse flavors and textures for a truly unique blend.

[View Recipe](#)

Social Media

In 2016 we introduced our “always on” approach and created new and engaging content for our social channels. The social strategy along with the new content proved to be successful as our social channels ended up being one of our most efficient ways of getting fans to interact with our content. In 2017, we looked to build on what we learned in 2016 and we are off to a good start. Engagement with content continues to be efficient. So far in 2017 (Jan 1 – April 20), on Facebook and Instagram, 28,597 fans have reacted to our posts, 900 have left comments, and 7,547 have shared a CMAB post to their own page or a friend’s page.

One of the highlights in 2016 was partnering with Tastemade for content development and distribution. They created over 20 recipe videos, which earned over 26 million views across our channels as well as theirs. Another highlight was the creation of the “Growing Up Dairy” videos. In both cases, we were able to take this social content and also feature it on RCM.com, providing visitors to the site new, fresh content. In 2017, we are exploring similar possibilities. We will be looking for a new content development/distribution partner along the lines of Tastemade to

create new videos in 2017. We will also be looking to refresh our farmer content, which will be featured on social and RCM.com once it's produced later this year.

In the first few months of 2017, we've been repurposing some of our highest-performing content from last year, including Tastemade and Growing Up Dairy videos. The Tastemade videos have been especially helpful when looking for opportunities to align our messaging with our national partners. Throughout January, we were able to support MilkPEP's "My Morning Protein" initiative by posting recipes for Mango Avocado Smoothie Bowl, California Chocolate Chia Seed Pudding, and California Overnight Oats. In May, we have been posting Tastemade recipes for Hispanic Dairy Month, including California Stuffed Chile Rellenos and California Churro Bowl with Mexican Hot Fudge. We will continue to look for similar opportunities throughout the year and will also be re-posting the best-performing Growing Up Dairy videos as well.

Top-performing Growing Up Dairy post in 2017:
Saralynn

- 1,416,947 impressions
- 226,884 :10 views (\$0.02 cost per view/CPV)
 - Industry benchmark: \$.09 for :10
- 4,894 non-video engagements
 - 4,316 reactions
 - 401 shares
 - 177 comments



Top-performing Tastemade post in 2017:
California Overnight Oats

- 1,879,290 impressions
- 385,861 :10 views (\$0.01 CPV)
- 5,002 non-video engagements
 - 2,697 reactions
 - 2,158 shares
 - 147 comments



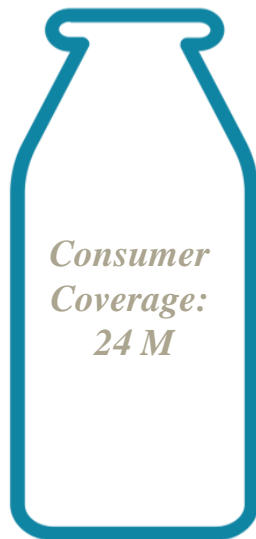
News Bureau



Coverage Objectives

Activate the Real California Milk Seal, Take Back Breakfast, Expand Ethnic Foods, Reframe the Dairy Health Story

Total Reach: January – March 2017



Print/Online
26 Stories
16.7 M



Blog
2 Posts
63.6 K



TV
9 Appearances
6 M



Social
50 Posts
1.2 M



Coverage:
Online News: 20.9 K
9 Social Posts: 223.9 K
Total: 244.9 K



Dairy Farmers Social Team
130 Posts
112.3 K

Approach

- Leveraged the significant consumer interest in the Rose Parade to share stories about multi-generational California dairy families, along with messaging around dairy foods and sustainable farm practices
- Tapped into the bento box lunch trend with a unique angle for breakfast versions; highlighted healthy dairy protein ingredients, including yogurt and cheese
- Supported Hispanic style dairy business initiatives in Texas with local TV segments and influencer outreach
- Utilized the widespread health professional voice of Nurse Barb to share dairy nutrition information with patients and social followers to support FUTP 60

- The Rose Parade float drove the highest volume of consumer coverage during the quarter
- A mix of earned and paid tactics drove consumer and FUTP 60 coverage, ensuring CMAB's investments received maximum visibility
- Lifestyle television segments in Dallas and Houston, along with microinfluencer social media, supported the Hispanic style dairy regional business campaign in Texas
- Creative ideas for breakfast recipes were shared with consumers via an influencer partnership that featured "Healthy Mornings" and "Protein Packed" bento boxes
- Nurse Barb Dehn shared milk nutrition messages with her social followers and promoted FUTP 60

CONSUMER COVERAGE HIGHLIGHTS

Reach: January – March 2017: 23 M

Key Message Pull-Through

“The five dairy farm families on the float will ride alongside a life-size animated Holstein cow and floral depictions of products that have made California the No. 1 dairy state.” – Valley Voice

“With just a little bit of preparation, and some delicious Real California Milk products, you can have a filling, protein-packed, and best of all YUMMY bento box breakfast any time of the day!” – A Southern Fairytale

SFGATE LOCAL NEWS SPORTS BUSINESS ASE FOOD LIVING TRAVEL REAL ESTATE C

The best floats from the 128th annual Rose Parade

By Alex Martichusa, SFGATE Updated 6:24 pm, Monday, January 2, 2017



IMAGE 1 OF 16
The California Milk Advisory Board float celebrating California dairy farms participates in the 128th Rose Parade in Pasadena, California, January 2, 2017. The Rose Parade, also known as the Tournament of Roses, is one of the most famous parades in the world.

California’s dairy industry and the Real California Milk seal were promoted in the Rose Parade

Objective:
Activate the Seal



Total Reach: 21.7 M Impressions

Objective: Take Back Breakfast

Bento Boxes are all the rage on Pinterest and Facebook and in cafeterias and offices everywhere, and they're awesome, because not only is the food in cute, fun portions that allow for creativity in the packing of the meals. If you look, though, it's Bento Box lunches that are plastered all over Pinterest - I've partnered with Real California Milk to bring you a couple of delicious, healthy, and fun twists on Bento Box Meals.



A lifestyle influencer partnership promoted creative ways to include California dairy products in breakfast

Total Reach: 24.4 K Impressions

Objective:
Expand Ethnic Foods



Live television segments in Dallas and Houston with lifestyle expert Parker Wallace, along with Texas based social media influencers, promoted Hispanic style dairy products

Total Reach: 1.2 M Impressions



Industry Communications

Producer Relations

Dairy Princess Program – 2017 Contest Dates

District	Contest Date	Application Deadline
District 1	Friday, May 12, 2017	Thursday, March 23, 2017
District 3	<i>Dairy Princess Melanie Hanlon of Petaluma</i> <i>First Alternate Dairy Princess Elizabeth Pacheco of Petaluma</i> <i>Second Alternate Dairy Princess Kendal Middlebrook of Sebastopol</i>	
District 4	Coronation to be held at Summer District Meeting	
District 5	Wednesday, June 7, 2017	Thursday, April 20, 2017
District 6	Thursday, June 15, 2017	Friday, May 12, 2017
District 7	Friday, June 30, 2017	Friday, April 14, 2017
District 8	<i>Dairy Princess Jennifer Garcia of Riverdale</i>	
District 9	Friday, June 9, 2017	Thursday, April 20, 2017

Districts 10 and 11 do not currently have a Dairy Princess program.

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

Dairy Princess Training Week is scheduled for July 10-12 in the Modesto area. The three-day training will provide the young ladies with presentation and public speaking skills, as well as etiquette training, social media tips and an overview of industry issues and programs.

News Releases



California Milk Advisory Board
2316 Orchard Parkway
Tracy, CA 95377
209.883.MILK · RealCaliforniaMilk.com

FOR IMMEDIATE RELEASE

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NEW DAIRY PRINCESS CROWNED Melanie Hanlon of Petaluma Selected as District 3 Dairy Princess

TRACY, Calif. – April 11, 2017 – Melanie Hanlon of Petaluma was selected as the 2017 Dairy Princess for the California Milk Advisory Board’s (CMAB) District 3. The crowning took place before a crowd of approximately 500 dairy industry members and their families and friends, on Saturday, April 8, 2017 at The Veterans Memorial Hall in Petaluma.

Retiring Dairy Princess Adrianna Begley ended her reign by turning over the title to Melanie, and wished her well as she represents the California dairy industry throughout the coming year.

Melanie will represent District 3, which includes Lake, Marin, Mendocino, Napa, Solano and Sonoma counties. As Dairy Princess, she will play an important role on the CMAB’s Communications Services team in meeting community relations objectives.

Melanie is the daughter of Tim and Perri Hanlon of Petaluma. She is a senior at Petaluma High School and plans to attend Oregon State University to receive her Bachelor of Science degree in food science and technology. Melanie is a member of Petaluma FFA and Liberty 4-H, the dairy cattle judging team and a past Sonoma County 4-H All-Star.

First Alternate, Elizabeth Pacheco, is the daughter of Jim and Donna Pacheco of Petaluma. She is a senior at Petaluma High School and plans to attend Santa Rosa Junior College in the fall and transfer to California State University, Chico to receive her Bachelor of Science degree in

agricultural business and marketing. Elizabeth also shows her own dairy cattle, works on her family's dairy and sells their cheese at local farmers' markets.

Second Alternate, Kendal Middlebrook, is the daughter of Paul and Ann Middlebrook of Sebastopol. She is a senior at Analy High School and plans to attend Santa Rosa Junior College to receive her Associate of Science degree and transfer to University of Pacific and complete her bachelor's degree and ultimately her DDS, Doctor of Dental Surgery. Kendal is a member of Sebastopol FFA and Canfield 4-H. She shows her own registered Jersey and Guernsey cows at Sonoma-Marín and Sonoma fairs.

Elizabeth and Kendal will assist the new District 3 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.

In addition, the Dairy Princess and her Alternates 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, the District 3 Dairy Princess Committee awarded the following scholarships: Maria Bartlett received the Florence Gilardoni Memorial Scholarship presented by the North Bay Dairy Women (NBDW); and Chase Cianfichi received the Bernice Haderman Memorial Scholarship. Finally, the contestants themselves voted for the Isolena Maestretti Miss Vitality Award. This award is given to a young lady whom each contestant felt had the most spirit throughout the Dairy Princess experience; Maria Bartlett was selected as Miss Vitality 2017.

The emcee for the gala event was Ralph Sartori. Contestants were judged on poise, personality, speaking ability, education and dairy background. Judges for the contest were Kevin Blount of Turlock, Veronica Gomes of Willows and Megan Silva of Escalon. The event Chairperson was Judy Buttke of Sebastopol. The Dairy Princess Contest and Ball was catered by Jimmy's

Catering Company of Petaluma. Music provided by Crystal Clear Studios and photos were by Hawkes Photography and John Nunes Studio.

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###

About the California Milk Advisory Board

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**California Milk Advisory Board
2017 Executive Committee Officers**



Photo Caption:

TRACY, Calif.— April 5, 2017 — Newly elected 2017 officers of the California Milk Advisory Board Executive Committee are (top row, left to right): Member-at-Large Renae De Jager of Chowchilla, Chairman Dante Migliazzo of Atwater and Member-at-Large Kirsten Areias of Los Banos. Shown in the bottom row (left to right) are Treasurer Tony Louters of Merced, Secretary Essie Bootsma of Lakeview and Vice Chairman Josh Zonneveld of Laton. Not shown, Member-at-Large Ron Koetsier of Visalia.

For further information, please contact Jennifer Giambroni, Director of Communications (209) 690-8244, jgiambroni@cmab.net.

FOR IMMEDIATE RELEASE

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**DANTE MIGLIAZZO RE-ELECTED CHAIRMAN OF
CALIFORNIA MILK ADVISORY BOARD EXECUTIVE COMMITTEE**

TRACY, Calif. — April 5, 2017 —Dairy producer Dante Migliazzo of Atwater in Merced County has been re-elected to serve as Chairman to the Executive Committee of the California Milk Advisory Board (CMAB), the promotional arm of the state's dairy farmers.

Migliazzo currently milks 750 registered Holsteins with his brother Dino at the 250-acre Merced Ranch that his parents Larry and Irene Migliazzo started in 1967. He received his BS Degree from Cal Poly-San Luis Obispo in Agricultural Business in 1988. He is a member of a variety of industry and community groups, including the Italo American Lodge, YMI and the local, state and national Holstein Associations. Dante and his wife Kristi have three children named David, Eric and Katie.

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JOSH ZONNEVELD ELECTED VICE CHAIRMAN OF CALIFORNIA MILK ADVISORY BOARD EXECUTIVE COMMITTEE

TRACY, Calif. — April 5, 2017 — Fresno County dairy producer Josh Zonneveld has been elected to serve as Vice Chairman to the Executive Committee of the California Milk Advisory Board (CMAB), the promotional arm of the state's dairy farmers.

Josh and his wife Cassie along with other family members currently milk 8,500 Holsteins at the 7,000-acre Zonneveld Dairies that his grandfather started in 1968. He joined the family business in 2005. He is a member of the Ag Executive Council for Land O' Lakes and a FFA committee member for Central Valley Christian School.

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**ESSIE BOOTSMA ELECTED SECRETARY OF
CALIFORNIA MILK ADVISORY BOARD EXECUTIVE COMMITTEE**

TRACY, Calif. — April 5, 2017 — Lakeview dairy producer Essie Bootsma has been elected to serve as Secretary to the Executive Committee of the California Milk Advisory Board (CMAB), the promotional arm of the state's dairy farmers.

A dairy producer since 1979, Bootsma milks 2,000 Holsteins with her husband John and son Jason at the John Bootsma Dairy. She is a member of a variety of community groups, including the Western Riverside Ag Coalition, where she serves as secretary, the Eastern Municipal Water District Advisory Committee and the Eastern Municipal Dairy Water Supply, where she serves as chair. In her free time, she enjoys representing CMAB in promotional trade shows, spending time with her five grandchildren and cooking for and entertaining family and friends.

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TONY LOUTERS ELECTED TREASURER OF CALIFORNIA MILK ADVISORY BOARD EXECUTIVE COMMITTEE

TRACY, Calif. — April 5, 2017 — Merced dairy producer Tony Louters has been elected to serve as Treasurer to the Executive Committee of the California Milk Advisory Board (CMAB), the promotional arm of the state's dairy farmers.

Tony and his wife Corinna own T & C Louters Dairy in Merced. They currently milk 600 Holsteins and have been in business since 2003. They have four children: Alexis, Bryce, Tyler and Breann. He is a member of Western United Dairymen.

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KIRSTEN AREIAS RE-ELECTED MEMBER-AT-LARGE OF CALIFORNIA MILK ADVISORY BOARD EXECUTIVE COMMITTEE

TRACY, Calif. — April 5, 2017 — Dairy producer Kirsten Areias of Los Banos in Merced County has been re-elected to serve as Member-at-Large to the Executive Committee of the California Milk Advisory Board (CMAB), the promotional arm of the state's dairy farmers.

Kirsten and her husband Dennis currently milk 320 Holsteins at the 360-acre Den-K Holsteins, Inc. She has been a dairy producer since 1980. Kirsten is a member of a variety of industry groups, including Western United Dairyman and serves as an advisor for the California Holstein Association and Merced County Junior Holstein Association.

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Look for the Seal
California Milk Advisory Board

GENYOUth
EXERCISE YOUR INFLUENCE™

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Madera Unified School District Receives \$44,000 Grant in Support of Healthy Eating and Physical Activity

Funding from Spanish-language version of Fuel Up to Play 60 Assists School Wellness Programs at 11 Area Schools

Tracy, Calif. – April 3, 2017 – Today, Madera Unified School District received a \$44,000 grant from GENYOUth through Fuel Up to Play 60 en español, an evolution of its national flagship program that encourages communities nationwide to live healthier lifestyles through good nutrition and physical activity. The funding will support the implementation of Fuel Up to Play 60 healthy eating and physical activity initiatives at 11 district schools.

Fuel Up to Play 60, a program founded by the National Football League (NFL) and National Dairy Council (NDC), and funded locally by dairy farm families, is designed to engage and empower youth to take action for their own health by implementing long-term, positive nutrition and physical activity changes for themselves, their schools and their communities. Studies show that physical fitness may benefit brain health and academic performance, suggesting active kids may do better.ⁱ However, only 1 in 3 kids are active every day,ⁱⁱ potentially leaving many at a disadvantage inside and outside of the classroom.

“Madera Unified is honored and excited to be awarded the Fuel Up to Play 60 grant,” said Marty Bitter, Director of Athletics for Madera Unified School District. “Madera Unified believes that active, healthy students increase student achievement, student attendance and being ready to learn. We are thankful to California dairy farmers, the NFL and NDC for their continued commitment to building healthier more active students and healthier families and communities.”

The en español grant means students in the Madera Unified School District will join the 13 million students who are eating healthier, 16 million students who are being more active and 130,000 adults who are enrolled and empowering youth in the United States through one national program – Fuel Up to Play 60ⁱⁱⁱ (FUTP 60).

“We’re pleased to help Madera activate Fuel Up to Play 60 and inspire students to make healthy habits to fuel their brains and bodies,” said Jennifer Giambroni, Director of Communications for the California Milk Advisory Board/Real California Milk. “In addition to producing nutritious products, California dairy families have dedicated more than 100 years to supporting healthy kids and families through education about eating well from all five food groups. Fuel Up to Play 60 is part of that legacy.”

Introduced in 2015, the Fuel Up to Play 60 en español materials, available online, include an interactive, Spanish-language student Dashboard and Playbook with resources and information about healthy eating and physical activity. As care giver diets and family physical activity habits often have an impact on children’s lifestyles, take-home materials and interactive resources for family members take Fuel Up to Play 60 beyond the classroom and into the community to help achieve the most effective results. Students, parents and educators can access Fuel Up to Play 60 en español by visiting FuelUptoPlay60.com to learn more about their role in supporting healthy, active schools and communities.

Created in partnership by the NFL and [National Dairy Council](#), in collaboration with the U.S. Department of Agriculture, [Fuel Up to Play 60](#) is the nation’s leading in-school wellness program creating transformational change in more than 73,000 schools nationwide since its launch. The national in-school nutrition and physical-activity program is activated in California by the state’s more than 1,300 dairy farm families. Since fall 2014, FUTP 60 has helped to award more than \$500,000 in grants to schools throughout California in support of their wellness goals.

###

About Fuel Up to Play 60

Fuel Up to Play 60 is an in-school nutrition and physical activity program launched by National Football League (NFL) and National Dairy Council (NDC), founded by America’s dairy farmers, in collaboration with the U.S. Department of Agriculture (USDA). The program encourages youth to consume nutrient-rich foods (low-fat and fat-free dairy, fruits, vegetables and whole grains) and achieve at least 60 minutes of physical activity every day. As a result of the program, 13 million students are making better food choices by selecting nutritious options like low-fat and fat-free dairy products, fruits, vegetables and whole grains. Additionally, 16 million students are getting more physically active during the school day as a result of the program.

Fuel Up to Play 60 is designed to engage and empower youth to take action for their own health by implementing long-term, positive changes for themselves and their schools. Customizable and non-prescriptive program components are grounded in research, including tools and resources, in-school promotional materials, a website and student contests. Visit FuelUpToPlay60.com to learn more.

About GENYOUth

GENYOUth empowers students to create a healthier future for themselves and their peers by

convening a network of private and public partners to raise funds for youth wellness initiatives that bolster healthy, high-achieving students, schools and communities nationwide. We believe that all students are change-agents, who deserve the opportunity to identify and lead innovative solutions that positively impact nutrition, physical activity, and student success. For more information about GENYOUth, visit: www.genyouthnow.org

About the California Milk Advisory Board (CMAB)

The California Milk Advisory Board (CMAB) is an instrumentality of the Department of Food & Agriculture funded by and representing California's more than 1300 dairy farm families. The CMAB's mission is to build awareness and demand for California milk and dairy products as represented by the Real California Milk and Cheese seals (RealCaliforniaMilk.com) and to support kids health and wellness through the Fuel Up to Play 60 program – a partnership with the NFL to encourage kids to fuel up with nutritious foods and get 60 minutes of physical activity each day (FuelUpToPlay60.com). Connect with Real California Milk through social media at [Facebook](#), [YouTube](#), [Twitter](#), [Instagram](#) and [Pinterest](#).

ⁱ American College of Sports Medicine, American School Health Association, GENYOUth Foundation, National Dairy Council. *The Wellness Impact: Enhancing Academic Through Healthy School Environment*, March 2013.

ⁱⁱ National Association for Sport and Physical Education. *The Fitness Equation: Physical Activity + Balanced Diet = Fit Kids*. Reston, VA: National Association for Sport and Physical Education, 1999.

ⁱⁱⁱ Fueluptoplay60.com



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FOR IMMEDIATE RELEASE

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

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CONTESTANTS VIE FOR DAIRY PRINCESS TITLE

District 3 Looks to Crown 2017 Dairy Princess on April 8, 2017

TRACY, Calif. – March 20, 2017 – Five young women will compete for the prestigious title of Dairy Princess during ceremonies at the upcoming District 3 Dairy Princess Contest and Ball. The gala event will be held Saturday, April 8, 2017, at the Veterans Memorial Hall in Petaluma.

This year's contestants are: Maria Bartlett of Santa Rosa, Kendal Middlebrook of Sebastopol and Melanie Hanlon, Courtney King and Elizabeth Pacheco all of Petaluma.

Maria is the daughter of Brian and Teresa Bartlett of Santa Rosa. She is a senior at Analy High School and plans to attend Santa Rosa Junior College to receive her Associate of Science degree and transfer to Montana State to pursue a degree in agriculture finance or accounting. Maria is an active member of the Sebastopol FFA and an eight-year member of 4-H, holding officer positions in both clubs. She has shown a dairy replacement heifer, swine, beef and lambs.

Kendal is the daughter of Paul and Ann Middlebrook of Sebastopol. She is a senior at Analy High School and plans to attend Santa Rosa Junior College to receive her Associate of Science degree and transfer to University of Pacific and complete her bachelor's degree and ultimately her DDS, Doctor of Dental Surgery. Kendal is a member of Sebastopol FFA and Canfield 4-H. She shows her own registered Jersey and Guernsey cows at Sonoma-Marin and Sonoma fairs.

Melanie is the daughter of Tim and Perri Hanlon of Petaluma. She is a senior at Petaluma High School and plans to attend Oregon State University to receive her Bachelor of Science degree in food science and technology. Melanie is a member of Petaluma FFA and Liberty 4-H, the dairy cattle judging team and past Sonoma County 4-H All-Star.

Courtney is the daughter of Arnold and Dina King of Petaluma. She is a senior at Petaluma High School and plans to attend Oklahoma State University to receive her degree with a major in animal science. Courtney is a member of both Petaluma FFA and Liberty 4-H where she has served as an officer for both clubs. Courtney shows dairy cattle and participates in livestock judging at a local and national level.

Elizabeth is the daughter of Jim and Donna Pacheco of Petaluma. She is a senior at Petaluma High School and plans to attend Santa Rosa Junior College in the fall and transfer to California State University, Chico to receive her Bachelor of Science degree in agricultural business and marketing. Elizabeth also shows her own dairy cattle, works on her family's dairy and sells their cheese at local farmers' markets.

The young lady crowned as Dairy Princess will represent the dairy industry in the counties of Lake, Marin, Mendocino, Napa, Solano and Sonoma. She will serve the area as ambassador for the dairy industry at schools, service groups and with the media. The newly selected princess and her alternates will participate in a week of training, provided by the California Milk Advisory Board (CMAB), which includes industry tours, presentation and etiquette training.

The contest is sponsored by the North Bay Dairy Women and the CMAB. Doors open at 6:00 p.m. and contest starts at 7:00 p.m. followed by dinner and dancing. To purchase tickets for the contest, please contact Judy Buttke via e-mail at dist3dairyprincess@yahoo.com.

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KIDS MILK MARKETING

Presentation to Board of Directors

May 2017

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Fuel Up to Play 60

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COMMUNICATION SERVICES

KIDS MILK MARKETING/FUEL UP TO PLAY 60

Importance

- *Highlight California dairy farmers' commitment to supporting in-school nutrition and physical activity programs*
- *Connect dairy producers and educators to learn from each other and encourage program support*
- *Provide visibility for dairy processors*
- *Leverage new scientific research and nutrition information to inform and influence health professionals surrounding the importance of dairy foods in a healthy diet*

Fuel Up to Play 60 Hometown Grant Publicity

- California Dairy Magazine reported on CMAB's support of the 49ers Hometown Grant. The article was titled "Dairy Families Show Commitment to Youth Health & Wellness with \$20,000 Grant."

En Español Grant Funds at Madera Unified School District

- April 4th the CMAB worked with the Madera Unified School District to announce placement of \$44,000 in unused grant funding from the en español rollout to implement healthy eating and physical activity plays at 11 schools with an event at John J. Pershing Elementary School in Madera.
- The event featured presentations from district and school representatives as well as dairy family and CMAB/Fuel Up representatives. We also worked with the Dairy Council of California to feature a Mobile Dairy Classroom assembly for students.

FUTP 60 Evaluation

- Work began compiling quantitative data for evaluation of the Fuel Up to Play 60 program.
- Development continued of a telephone survey of Fuel Up to Play 60 participants, partners, teams and affiliated contacts for final evaluation and report.
- Began partnership with MEG Research to conduct telephone surveys and evaluation of Fuel Up feedback.


Additional activities included:

- Continued participating with the Local School Wellness Policy Collaborative and Action for Healthy Kids executive committee.
- Reviewed and provided feedback to national team on upcoming 2017/2018 Playbook.
- Reviewed Student Ambassador submissions. Due to a lack of qualifying students, California will not be sending a student to the Student Ambassador Summit this year.

- Worked with Leprino to bring a new District/School on Board for their Volunteer Program to partner with FUTP 60.
- Compiled FUTP 60 materials for UC Cooperative Extension and Dairy Council to distribute at upcoming conferences.

Health & Nutrition Dairy Milk Education and Promotion

- A webinar aiming to educate health professionals about dairy milk nutrition (part of CMAB's 2016 communications program) was repromoted via eblasts and social posts delivered to members of the National Association of Pediatric Nurse Practitioners.
- Nurse Barb Dehn shared science based dairy nutrition messaging and promoted Fuel Up to Play 60 with her 30,000 social media followers.

 **Nurse Barb**
@NurseBarbDehn Following

Studies show kids who ate a high-protein breakfast feel fuller & burned more energy bit.ly/2lrP4y1 #CADairy #mymorningprotein #ad


RETWEETS 4 LIKES 12

7:45 AM - 22 Feb 2017

 **Nurse Barb**
@NurseBarbDehn Following

Time to #FuelGreatness? Milk is a great sports recovery drink to replenish nutrients #NationalNutritionMonth #ad ow.ly/mfnA30a8EtZ



 **Nurse Barb**
@NurseBarbDehn Following

What has #Protein, #Calcium and 9 other essential nutrients for #mymorningprotein? #NationalNutritionMonth #ad ow.ly/mfnA30a8EtZ

RETAIL/FOODSERVICE

Presentation to Board of Directors

May 2017

Retail Update

❖ **Hy-Vee California Cheese Contest**

The results of this cheese contest have been positive and very pleasing (view the photo below). The displays and sampling were very creative and impactful. They want to make this an annual occurrence. The culmination of the contest is a group visiting five California plants in two days, culminating at Pt. Reyes the afternoon of the second day. At Point Reyes, we are inviting other processors to attend a table top presentation to the Hy-Vee buyer that will be attending. This limits the miles they will have to cover, will expose plants like Di Stefano who will come from Southern California to meet with this key buyer and includes a greater variety of items than just what can be seen at the plants.



❖ **Kroger**

We will deploy News America coupon machines in 400 plus stores that will be getting private label butter from CDI starting in April. This is just for quarters so far. We are moving the coupon cycle to later in the second half of 2017.

❖ **Whole Foods Demos**

Mike Levy has invested significant time in organizing and detailing this demo program. We shared costs with Leslie Stowe's Raincoast cracker line. This is a

superb match for our artisan cheeses and will prove to be a good way to lower our demo costs without losing any sales exposure. This program ran between April 1st – 15th, in 45 selected stores in four divisions. Mike collected item and distribution info from several cheese makers (Di Stefano, Sierra, Belfiore, Marin French, Point Reyes, Cacique and Rogue Creamery).

❖ **Texas Hispanic Promotion**

A full report will be provided at the board meeting, but the first integrated promotion focused on one of our key strategic growth areas, Hispanic cheese, was a clear success. CMAB sales were up +23% during the six-week promotional window before Easter in the Texas market, while the category was up less than 7%. California gained 3 share points from 24% to now 27% of the market.

Foodservice Update

❖ McDonald's

McDonald's placed this ad in the May issue of San Diego Family Magazine, the first part of our next program with this innovative franchise group. We are also exploring an ibotta promotion, extending our early success with that tactic from retail to foodservice.

The advertisement features a dark background with a brown header. The header text reads "From Your Neighborhood McDonald's® and **SAN DIEGO family**". The main headline is "Get a Real Taste of California with Real California Milk® in our Happy Meals® and a La Carte". On the left, there is a red Happy Meal box with the golden arches logo. In the center, two milk jugs are shown: one labeled "1% Low Fat Milk" and the other "Fat Free Chocolate Milk". To the right is the "REAL CALIFORNIA MILK" logo, which includes a cow silhouette and the text "Fat Free Chocolate Milk VITAMIN D & E". Below the logo, it says "Look for the Seal" and "California Milk Advisory Board". At the bottom left, a paragraph of text reads: "You want the best for your kids, and so do we. That's why our Happy Meals are available with 100% Grade A milk sourced exclusively from California dairies. Just one more way we're making sure the food you and your family love is something you can feel good about." At the bottom right, there is a large golden arches logo.

From Your Neighborhood McDonald's® and **SAN DIEGO family**

**Get a Real Taste of California
with Real California Milk®
in our Happy Meals®
and a La Carte**

REAL CALIFORNIA MILK
Fat Free Chocolate Milk
VITAMIN D & E

Look for the Seal
California Milk Advisory Board

You want the best for your kids, and so do we. That's why our Happy Meals are available with 100% Grade A milk sourced exclusively from California dairies. Just one more way we're making sure the food you and your family love is something you can feel good about.

❖ **US Foods**

This email from the category manager to CMAB's Nancy Campbell best describes the progress we've made with this account:

From: "Bohdan, Theresa"

Date: April 12, 2017 at 3:06:51 PM PDT

To: Nancy Campbell

Subject: Dairy Sourcing

Hi Nancy,

I'd like to discuss working with you on a sourcing project I'd like to present to my director. We currently do not work with many CA dairies and I know we both feel that this is a large miss on our end.

I was wondering if we could work to put together maybe a meet and greet or sourcing meeting with some top suppliers of dairy in CA. You are the expert when it comes to who the vendors are and their capabilities. Let me know your thoughts...

Thanks,
Theresa

Trade Shows

National Restaurant Show, May 20-23, 2017, Chicago, IL.

The CMAB will host a booth at the National Restaurant Show. The 30'x 30' sampling booth will include representatives from California processors and CMAB staff promoting California dairy for foodservice customers in both single and multi-unit operators as well as small distributors.

International Dairy Deli Bakery Association (IDDBA), June 4-6, 2017, Anaheim, CA.

The annual IDDBA exposition will be held at Anaheim Convention Center in Anaheim, CA. The CMAB will host a street of booths devoted to sampling cheese and other dairy items by processors that use 100 percent California milk. The CMAB staff will focus on the quality of products made from Real California dairy in processor booths as well as a CMAB California Dairy Kitchen area. There will also be a special hosted area for our buyers and representatives to meet with processors.

Summer Fancy Food Show, June 25-27, 2017, New York, N.Y.

The CMAB will host a small sampling booth showcasing a variety of dairy products that carry the Real California seals to specialty retail and foodservice buyers on the East Coast.

INTERNATIONAL

Presentation to Board of Directors

May 2017

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International Update	1 – 2

International Update

❖ Mexico

➤ Retail promotion – El Florido

Imalinx coordinated activities in Northern Mexico during January and February with the El Florido retail chain. California cheese sales were increased by 23% with CMAB support, such as demos.

➤ Foodservice promotion - Ciemsa

This foodservice distributor out of Mexico City will introduce the Real California Milk seal in the following restaurant chains:

- Shakey's
- Johnny Rockets
- Six Flags

➤ Bakery Seminar

The California Milk Advisory Board will be part of the 2nd Master Bakery Seminar with the Raisin Administrative Committee on March 21st. Baker Juan Manuel Martinez will prepare three bread formulas with California cheese that will be presented to over 150 bakers from hotels, restaurants, retailers and ingredient companies. The CMAB will sponsor the reception, after the training, where different varieties such as Gouda, Mozzarella, Monterey Jack, Cheddar and other products will be part of the Cheese Station and the Show Case.

❖ Thailand

➤ Menu Promotion

The menu promotion “A Taste from the Heart” at Greyhound Café is running from February 1st through March 31st. The menu was launched for 19 days and total sold was 9,104 dishes from all 12 outlets. The bestselling dish was the Double Cheese Taco which uses California Sharp Cheddar and Cream Cheese (1,628 dishes).



❖ **South Korea**

➤ **Ottogi Pizza**

Last year the CMAB conducted a cheese seminar for Maeil Dairies and Chohueung. Mark Todd demonstrated blended cheese recipes for pizza. Good News! Choheung started to manufacture their ready-to-bake frozen pizzas for Ottogi, the mother company of Choheung, and are using about 50% of Saputo Mozzarella for their pizza cheese blending.



➤ **CIA Training Project for CMAB Ambassadors**

South Korea participated in a CIA event with two Korean chefs and one editor of a cooking magazine. They are thinking of executing the video production to post the recipe on Facebook. Also, they are planning to work with them at the food truck for California Pizza Week in late June or early July.

➤ **California Cheese & Ice Cream Event**

The CMAB will conduct the California Cheese & Ice Cream Event, inviting importers, distributors and retailers at the Coex Intercontinental Hotel on April 19th and 20th. The product list is being created and samples will be received from California. Meetings will be arranged with target companies.

PROCESSOR RELATIONS

Presentation to Board of Directors

May 2017

Page Number

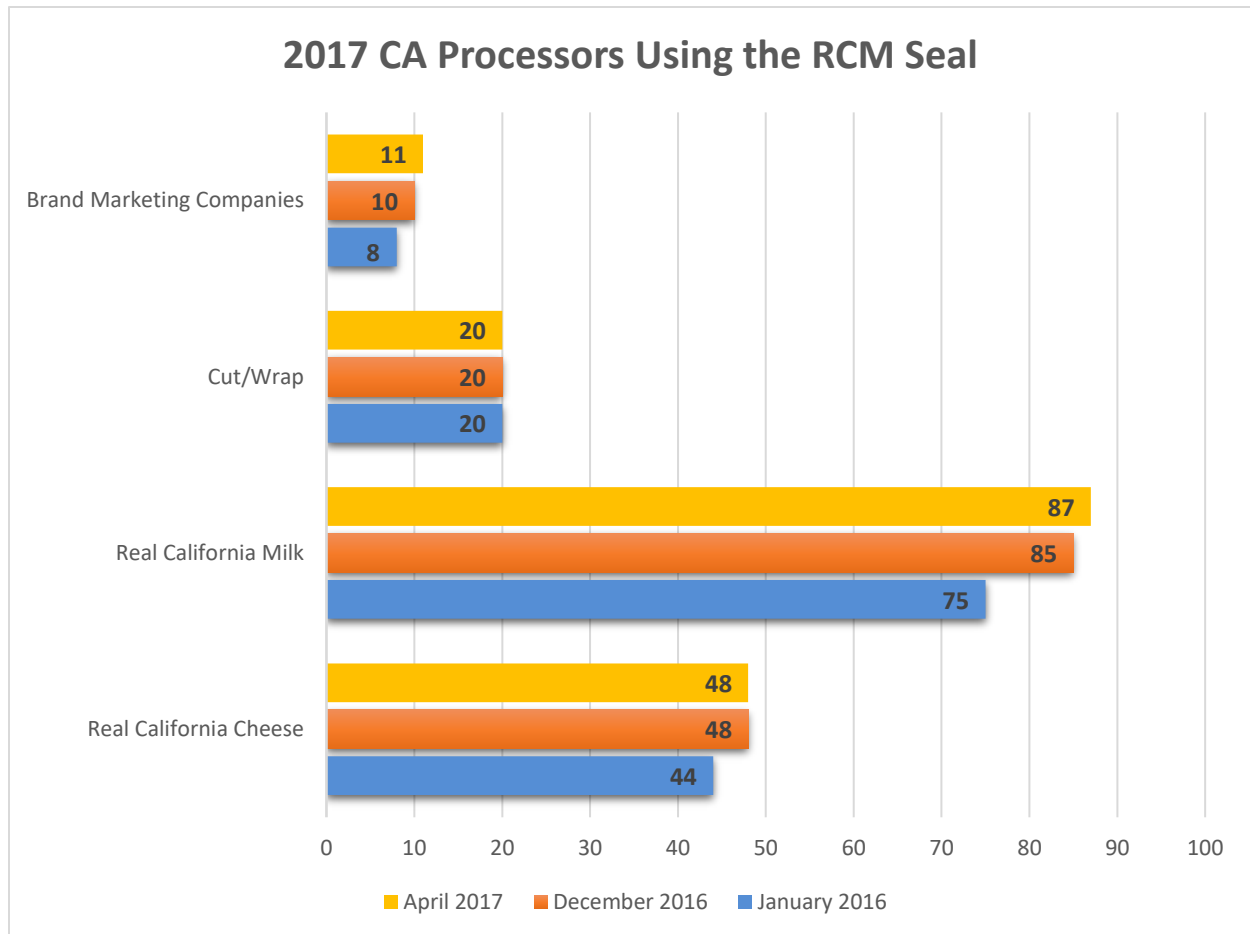
Processor Relations Update

1

Processor Relations

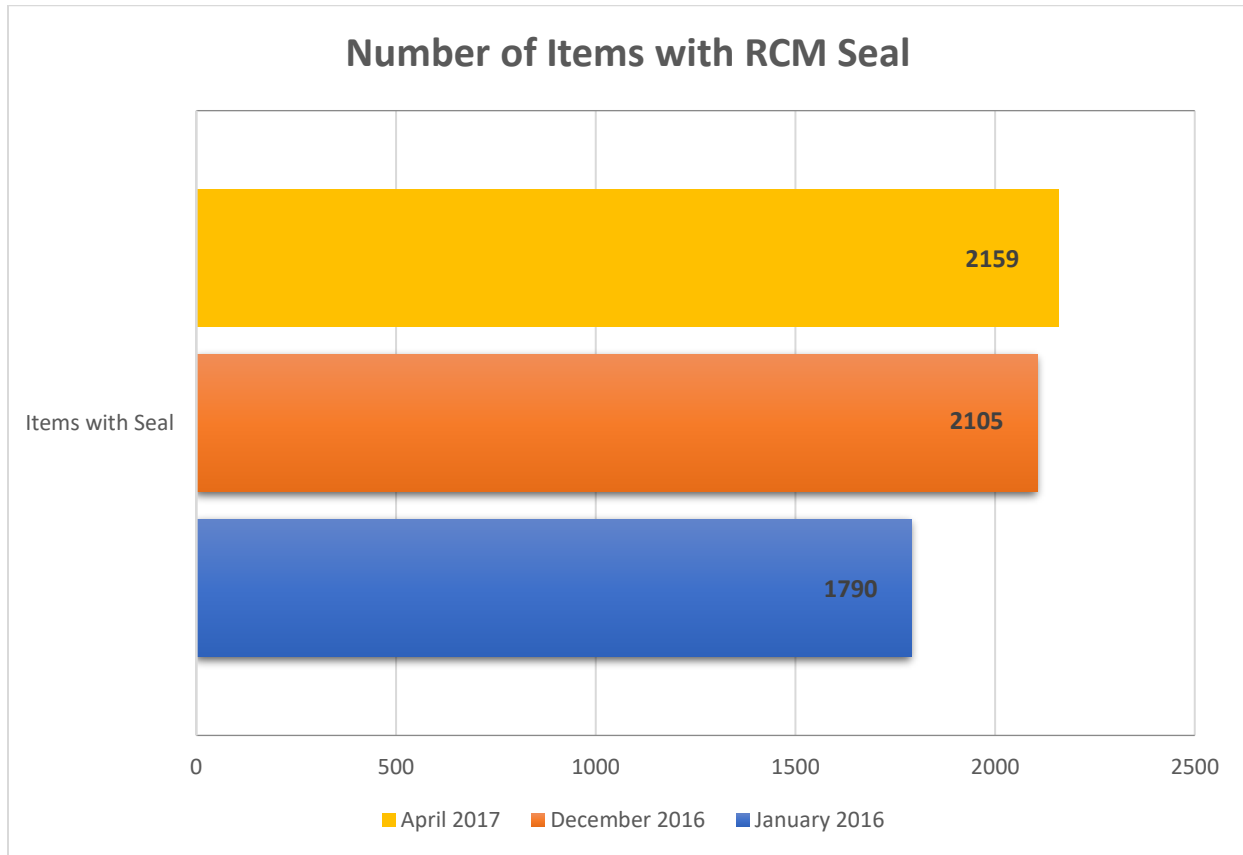
❖ 2017 Number of California Processors Using the RCM Seal

The chart below illustrates the number of CMAB Processors by category and updated through April 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. This group has a net increase of 1 company since the end of 2016. Real California Milk processors are those who make any dairy product but cheese – this group had a net increase of 2 new CMAB processors year to date.



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

After a great year for increasing the number of items with the Real California Milk Seal with a 17.5% increase, 2017 is off to a good start with an increase of 54 items through April 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.



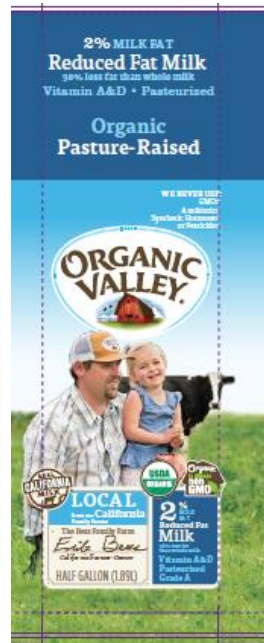
❖ **Local News on Karoun Dairies, Inc.**

Karoun Dairies Inc., with processing facilities in Turlock, CA., has announced they are being acquired by Parmalat, S.p.A. out of Canada. Karoun serves ethnic markets in the U.S., Middle Eastern, Mediterranean, Indian, European, Hispanic, Russian, Armenian and mainstream American. The previous owners will maintain management of the facility and they plan on continuing making great products from 100% Real California Milk and using the Real California Milk Seal on their products.



❖ **Organic Valley Milk – Adding RCM Seal**

After almost two years with no RCM Seal on Organic Valley Milk, we are in the process of adding the Seal to all containers sold in the Western states. We had to remove the Seal a couple of years ago, because there was a short supply of local Organic Milk. With supply now sufficient to meet 100% of the demand, we are able to update packaging again. This is starting with the California conventional products and will later be added to the ESL items.



❖ **New CMAB Processors**

Soyoung Scanlan is the soloist at the cheese making operation at **Andante Dairy**, which was established in July of 1999. Soyoung uses Jersey cow's milk, which is known as the best cow's milk for cheese making, exclusively. Her cheese is named after musical terms, e.g. Adagio, Rondo, and Nocturne to represent her love of music and her personified image of her cheese.

ANDANTE
dairy



Good Mood Farm processes all natural, probiotic, preservative-free Kefir dairy products by using only 100% California fresh milk and natural ingredients. Their products are made from 100% California fresh milk with no starches or artificial ingredients. Many of their products contain active probiotic cultures *Lactobacillus acidophilus* NCFM ® and *Bifidobacterium lactis* that contribute to a healthy intestinal flora.



Crown Natural Foods, located in Hanford, California is a small bottling processor specializing in making a family recipe of Kefir products. They just completed installing new equipment and have co-packing capabilities right from the Central Valley. We are working with them and they will soon be one of our CMAB Processor Partners.



FitPro Go! is a new marketing company and brand that uses California processing and California milk. The milk protein found in FitPro starts out as liquid – and it stays that way. They take grade-A California milk and apply a gentle ultrafiltration process, removing the lactose sugars and leaving behind concentrated liquid whey and casein protein powders, which are later reconstituted. Because FitPro starts out as real milk (and stays that way), it provides nature’s perfect balance of both whey and casein proteins which is great for snacking or a workout recovery beverage.

FITPRO™



❖ **New Products/Ads**

Nestle Coffee-Mate Natural Bliss - Milk Based Coffee Beverages are beginning to show up on store shelves in both Southern and Northern California. The Nestle USA headquarters has developed two new television commercials to introduce these items – one of which will be featuring the Real California Milk Seal to tout the source of the milk.



Scott Brothers has teamed up with Tapatio Sauces to develop several new Sour Cream based dips, including Jalapeno, Chipotle and Tapatio Original varieties. These will be offered in all major supermarkets beginning in May 2017.



Santini Foods has teamed up with **Copper Cow Coffee** to offer a new convenient, all natural milk and sugar packet for coffee. Santini supplies the sweetened condensed milk and it is sent to a facility where it is packaged in 1oz packets. These are ideal for airlines and foodservice operators of all sizes. This is particularly popular in Vietnam and other Southeast Asian countries, so we are already introducing it in the Asian markets. The product is shelf stable and has a 1 year shelf life.



Sweetaly Dairy Desserts

Located in Oceanside, California, Sweetaly's artisanal Italian desserts are based on traditional recipes that come directly from Italy. They use simple, natural ingredients to make single serve desserts which are free of any artificial colors, flavors, sweeteners, and preservatives. All ingredients are sourced from local sustainable farms, including their milk and cream, which is 100% rBGH free. Sweetaly is fully committed to making delicious desserts with fresh, natural ingredients.



Antibiotic Use in Livestock **New California Law Effective: January 1, 2018**

The use of antibiotics in livestock to treat, control and prevent disease is an invaluable tool that allows producers and veterinarians the opportunity to improve general animal health and well-being, thus providing a safe and quality product to consumers. There is growing concern that antibiotic use in livestock is contributing to the development of antibiotic resistance in people. While the evidence to support or deny this association is lacking, antibiotic resistance is a real and natural event that threatens the ability of a limited arsenal of antibiotic options to work properly against disease. The intent of the new California law is to preserve the efficacy and ensure availability of antibiotics for use in livestock health management.

Effective January 1, 2018, over the counter injectable and all other medically important antibiotics must be administered with a prescription or veterinary feed directive (VFD) ordered by a licensed veterinarian through a valid veterinarian-client-patient relationship (VCPR).

Source	 Federal Law	 California Law
Drugs	Medically Important Antibiotics	Same
Formulations	Medicated feed and water	All (injectable, intra-mammary, feed, water, etc)
New Systems	Feed: VFD w/VCPR Water: Rx w/VCPR	Rx or VFD w/VCPR
Indications	Treatment, control and prevention	Same
Limitations	No use for growth promotion or feed efficiency	Same, plus "regular pattern" preventative use
Effective Date	Jan 1, 2017	Jan 1, 2018

The CDFA Antimicrobial Use & Stewardship (AUS) program is working with subject matter experts to provide voluntary antibiotic stewardship guidelines and best management practices that are practical and financially feasible. The program will assist producers and veterinarians in minimizing the use of medically important antibiotics and recommend scientifically validated alternatives to antibiotics.

The law requires that the CDFA gather information on sales, usage, and bacterial resistance of medically important antibiotics as well as livestock management practices from willing participants. Many current reports use the tonnage of antibiotics sold to suggest antibiotic use in livestock is abundant or inappropriate. This interpretation of data is erroneous as it does not reflect the purpose of use (production efficiency vs disease treatment, control or prevention), the weight of the animal, or the effective antibiotic regimen (dose, frequency and duration).

The California Animal Health Monitoring System will be conducting voluntary and anonymous surveys to inform antibiotic stewardship guidance and give California producers an opportunity to showcase current and future success in utilizing antibiotic stewardship practices. If you receive a survey in the mail from CDFA-AUS, UC Davis, or USDA-NAHMS, please seriously consider representing California agriculture and participate. All information gathered will be held confidential per the statutory provisions of the law, including from FOIA and PRA requests.

For additional information, please visit our website: <https://www.cdfa.ca.gov/ahfss/AUS>

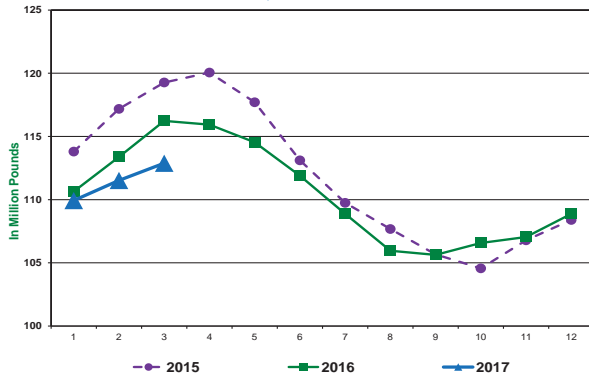
Please email questions to: CDFA_AUS@cdfa.ca.gov



California Pool Prices

Pool Price	Jan.	Feb.	Mar.
Quota	\$17.35	\$17.19	\$15.84
Overbase	\$15.65	\$15.49	\$14.14

California Milk Production Average Daily Basis, 2015 - 2017



Quota Transfer Summary

Quota Transfers	Mar.	Apr.	May.
Number of Sellers	4	8	3
Pounds of SNF Quota Transferred	2,752	9,494	865
Average Price Per Pound of SNF Quota	\$550	\$535	\$547

California Minimum Class Prices

Hundredweight Prices

Class	Mar.	Apr.	May.
1 No. Calif.	\$18.62	\$16.76	\$16.65
So. Calif.	\$18.89	\$17.04	\$16.92
2 No. Calif.	\$15.65	\$15.11	\$15.11
So. Calif.	\$15.89	\$15.34	\$15.34
3	\$15.60	\$15.06	\$15.06
4a	\$13.96	\$13.73	N/A
4b	\$13.76	\$14.30	N/A

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	March 31, 2017		April 7, 2017		April 14, 2017		April 21, 2017	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	2,350	\$245-\$250	2,000	\$243-\$260	250	\$245-\$260	800	\$245-\$260
Premium	6,165	\$225-\$245	4,755	\$220-\$250	5,675	\$220-\$245	6,800	\$230-\$250
Good	2,250	\$190-\$225	800	\$200-\$210	1,875	\$195-\$225	900	\$193-\$220
Fair	2,000	\$175-\$185	250	\$175-\$180	-	No Sales	1,100	\$175-\$180
Escalon, Modesto, Turlock Areas								
Supreme	100	\$250	400	\$245-\$255	350	\$250-\$270	100	\$252-\$255
Premium	100	\$225-\$230	100	\$230-\$245	700	\$220-\$245	850	\$225-\$245
Good	200	\$200-\$210	-	No Sales	900	\$195-\$225	900	\$210-\$225
Fair	700	\$180-\$190	100	\$180-\$185	1,200	\$180-\$185	2,000	\$175-\$180

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Mar.	Apr.	May.
Phoenix, Arizona	\$19.25	\$18.40	\$17.55
Portland, Oregon	\$18.80	\$17.95	\$17.10
Boston (Northeast)	\$20.15	\$19.30	\$18.45
Class III	\$15.81	\$15.22	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.
03/17/17	16,100	54,900	\$60-\$60
03/24/17	16,200	59,800	\$64-\$64
03/31/17	16,100	57,700	\$62-\$62
04/07/17	14,600	57,500	\$64-\$64

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	803	232	247
April	296		734		252	
May	325		758		232	
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 March 2017 was 2.39 (down from 2.61 in February 2017). The current ratio of 2.39 means that a dairy producer can buy 2.39 pounds of feed for every pound of milk sold. The prices used to calculate the March 2017 milk-feed price ratio were: corn \$3.49/bushel; soybeans \$9.69/bushel; alfalfa hay \$135/ton; all-milk price \$17.30/cwt. (decreased from \$18.50/cwt. in February 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 March 2017, compared to March 2016. USDA reports that California milk production decreased 2.9% compared to March 2016 (with 12,000 less cows and 45 less pounds of milk per cow). Among other western states, compared to March 2016, Arizona was up 0.4%; New Mexico was up 9.0%; and Washington was down 3.3%. Three of the top ten milk producing states reported a production decrease. The largest percent increase was reported by Texas at 16.4% growth in milk production (on 47,000 more cows and 110 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 5,730 pounds; the net effect was an increase in milk production to 53.7 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 5,940 pounds; the net effect would be an increase in milk production to 55.7 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 \$18.40/cwt. USDA projects that for the second quarter of 2017, the U.S. average all-milk price will be \$16.20-\$16.60/cwt.; the Class III price will be \$15.15-\$15.55/cwt.; and the Class IV prices will be \$13.75-\$14.25/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 \$62-\$66/cwt. in the second quarter of 2017.

Top Ten Milk Production States - Mar. 2017

(Percent Change from Same Month/Previous Year)

1. California	-2.9%	6. Pennsylvania	+3.0%
2. Wisconsin	+1.5%	7. Michigan	+3.5%
3. New York	+3.6%	8. Minnesota	+1.9%
4. Idaho	-1.0%	9. New Mexico	+9.0%
5. Texas	+16.4%	10. Washington	-3.3%

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											
New England States	\$20.13											
New York	\$18.69											
Eastern Pennsylvania	\$18.81											
Appalachian States	\$19.71											
Southeast States	\$19.47											
Southern Missouri	\$19.67											
Florida	\$20.52											
Western Pennsylvania	\$18.91											
Ohio	\$19.00											
Indiana	\$18.68											
Michigan	\$17.12											
Wisconsin	\$19.21											
Minnesota	\$18.88											
Iowa	\$19.05											
Illinois	\$19.47											
Corn Belt States	\$18.13											
Western Texas	\$18.13											
New Mexico	\$16.80											
Northwest States	\$19.01											
All Federal Order Areas	\$18.72											

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

Notice of Nominations for the Milk Pooling Producer Review Board

Nomination Deadline: May 1, 2017

The California Department of Food and Agriculture (CDFA) is seeking nominations from California market milk producers for individuals to fill vacant positions on the Milk Pooling Producer Review Board (Board). CDFA will specifically task the Board to meet regularly to develop a detailed proposal regarding a stand-alone Quota program in response to the recommended decision released by USDA to establish a California Federal Milk Marketing Order (CA FMMO). It is anticipated that market milk producers on the Board will focus on this task until it is completed and advise the Secretary of the proposal.

Nominations are due on May 1st, with the hope that appointments will be made by May 10th and a first meeting could be held at the end of May. Persons interested in serving on the Board, or interested in nominating someone to serve on the Board should submit a signed nomination form to the department.

For additional information, or to retrieve the nomination form, please visit our website at:
https://www.cdfa.ca.gov/Dairy/pdf/Nominations_for_Milk_Producers_Board_Members.pdf

Questions regarding the nomination process may be directed to Steven Donaldson at (916) 900-5012 or by email at:
steven.donaldson@cdfa.ca.gov.

Official Identification Requirement for Dairy Cattle

Moving within California

The California Department of Food and Agriculture, Animal Health Branch, proposed various changes to the California Code of Regulations.

On **April 1, 2017**, changes to animal disease traceability regulations, including requirements for movement of cattle, identification, documentation, and specific livestock diseases, go into effect. The regulation changes can be found in Chapters 2 and 7, Division 2 of Title 3 of the California Code of Regulations. These include the requirement that:

1. All dairy cattle born after January 1, 2017 must be officially identified prior to leaving their birth premises, unless moving directly to an approved tagging site.
2. All dairy cattle changing ownership also require official identification unless moving directly to:
 - An approved tagging site
 - A recognized slaughtering establishment with a USDA approved backtag
 - No more than one approved livestock marketing facility (that is an approved tagging site), and then to a recognized slaughtering establishment with a USDA approved backtag

For more information, please visit our website: https://www.cdfa.ca.gov/ahfss/animal_health

For a list of approved tagging sites: https://www.cdfa.ca.gov/ahfss/animal_health/pdfs/ApprovedTaggingSites.pdf

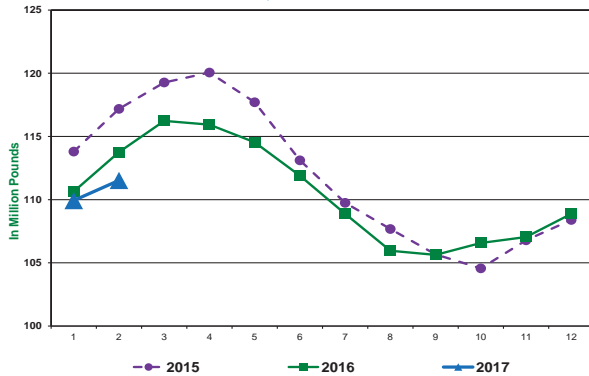
Summary of Changes – Animal Disease Traceability: https://www.cdfa.ca.gov/ahfss/animal_health/pdfs/ADT_RuleChangeSummary.pdf

Summary of Changes – Trichomonosis Program: https://www.cdfa.ca.gov/ahfss/animal_health/pdfs/Trich_RuleChangeSummary.pdf

California Pool Prices

Pool Price	Dec.	Jan.	Feb.
Quota	\$17.50	\$17.35	\$17.19
Overbase	\$15.80	\$15.65	\$15.49

California Milk Production Average Daily Basis, 2015 - 2017



Quota Transfer Summary

Quota Transfers	Feb.	Mar.	Apr.
Number of Sellers	6	4	8
Pounds of SNF Quota Transferred	8,523	2,752	9,494
Average Price Per Pound of SNF Quota	\$544	\$550	\$535

California Minimum Class Prices

Hundredweight Prices

Class	Feb.	Mar.	Apr.
1 No. Calif.	\$18.13	\$18.62	\$16.76
So. Calif.	\$18.40	\$18.89	\$17.04
2 No. Calif.	\$15.65	\$15.65	\$15.11
So. Calif.	\$15.89	\$15.89	\$15.34
3	\$15.60	\$15.60	\$15.06
4a	\$15.40	\$13.96	N/A
4b	\$15.81	\$13.76	N/A

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	February 24, 2017		March 3, 2017		March 10, 2017		March 17, 2017	
	Tons	Price Range	Tons	Price Range	Tons	Price Range	Tons	Price Range
Tulare, Hanford Areas								
Supreme	3,600	\$240-\$255	900	\$240-\$250	575	\$245-\$255	2,225	\$245-\$250
Premium	500	\$230-\$235	5,050	\$220-\$240	400	\$230-\$240	975	\$230-\$235
Good	200	\$210-\$220	900	\$190-\$215	700	\$200-\$220	2,175	\$190-\$215
Fair	700	\$165-\$170	-	No Sales	1,300	\$165-\$170	700	\$175-\$185
Escalon, Modesto, Turlock Areas								
Supreme	50	\$250	750	\$245-\$265	925	\$248-\$255	75	\$240-\$250
Premium	175	\$218-\$240	225	\$218-\$240	1,150	\$225-\$250	225	\$225-\$230
Good	250	\$185-\$215	125	\$190	100	\$200-\$210	-	No Sales
Fair	400	\$165-\$170	350	\$165-\$175	250	\$155-\$170	200	\$180-\$190

Source: The Hoyt Report, Inc.

Federal Order Minimum Class Prices

Hundredweight Prices

Class I	Feb.	Mar.	Apr.
Phoenix, Arizona	\$19.08	\$19.25	\$18.40
Portland, Oregon	\$18.63	\$18.80	\$17.95
Boston (Northeast)	\$19.98	\$20.15	\$19.30
Class III	\$16.88	\$15.81	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.
02/17/17	18,900	62,600	\$56-\$56
02/24/17	17,700	61,000	\$56-\$56
03/03/17	18,300	62,200	\$56-\$58
03/10/17	17,300	63,000	\$57-\$57

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	283	716	774	217	260
March	243		726		232	
April	296		734		252	
May	325		758		232	
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 February 2017 was 2.61 (down from 2.69 in January 2017). The current ratio of 2.61 means that a dairy producer can buy 2.61 pounds of feed for every pound of milk sold. The prices used to calculate the February 2017 milk-feed price ratio were: corn \$3.44/bushel; soybeans \$9.86/bushel; alfalfa hay \$129/ton; all-milk price \$18.50/cwt. (decreased from \$18.90/cwt. in January 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 Production¹

Monthly: USDA estimates overall milk production across the U.S. decreased 1.0% in February 2017, compared to February 2016. USDA reports that California milk production decreased 5.4% compared to February 2016 (with 15,000 less cows and 85 less pounds of milk per cow). Among other western states, compared to February 2016, Arizona was down 0.7%; New Mexico was up 7.8%; and Washington was down 5.6%. Four of the top ten milk producing states reported a production increase. The largest percent increase was reported by Texas at 12.3% growth in milk production (on 40,000 more cows and 60 more pounds of milk per cow).

Quarterly: For the fourth quarter of 2016 compared to the third quarter of 2016, U.S. milk cow numbers increased to 9.344 million head, milk production per cow decreased to 5,620 pounds; the net effect was a decrease in milk production to 52.5 billion pounds. USDA projects that for the first quarter of 2017 compared to the fourth quarter of 2016, milk cow numbers will increase to 9.365 million head, production per cow will increase to 5,750 pounds; the net effect would be an increase in milk production to 53.8 billion pounds.

Milk Prices

Comparing the fourth quarter of 2016 to the third quarter of 2016, U.S. average all-milk prices increased from \$16.83/cwt. to \$17.67/cwt. USDA projects that for the first quarter of 2017, U.S. average all-milk prices will be \$18.15-\$18.35/cwt.; Class III prices will be \$16.45-\$16.65/cwt.; and Class IV prices will be \$15.40-\$15.70/cwt.

Utility Cow Prices

Comparing the fourth quarter of 2016 to the third quarter of 2016, average U.S. utility cow prices were down \$15.41/cwt. to a national average of \$57.75/cwt. USDA projects that utility cow prices will average \$60-\$63/cwt. in the first quarter of 2017.

Top Ten Milk Production States - Feb. 2017¹

(Percent Change from Same Month/Previous Year)

1. California	-5.4%	6. Michigan	+1.2%
2. Wisconsin	-2.1%	7. Pennsylvania	-0.7%
3. New York	+0.2%	8. Minnesota	-0.6%
4. Idaho	-2.7%	9. New Mexico	+7.8%
5. Texas	+12.3%	10. Washington	-5.6%

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

¹ Feb. 2016 compared to Feb 2017 includes an additional day due to leap year.




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Karen Ross, Secretary

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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 - 2016

2016 Mailbox Milk Prices

Reporting Areas	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Dollars Per Hundredweight												
California	\$14.54	\$13.99	\$13.61	\$13.27	\$12.58	\$13.54	\$14.55	\$15.75	\$15.63	\$15.13	\$16.78	\$17.26
New England States	\$17.35	\$17.06	\$16.36	\$16.30	\$15.97	\$15.99	\$17.04	\$17.68	\$18.13	\$17.73	\$18.16	\$19.70
New York	\$15.93	\$15.72	\$15.08	\$15.06	\$14.77	\$14.69	\$15.76	\$16.35	\$16.82	\$16.44	\$16.77	\$18.28
Eastern Pennsylvania	\$16.11	\$15.87	\$15.10	\$15.09	\$14.80	\$14.70	\$15.75	\$16.34	\$16.86	\$16.53	\$17.02	\$18.46
Appalachian States	\$16.90	\$16.08	\$15.17	\$15.11	\$15.06	\$15.07	\$15.87	\$16.81	\$18.00	\$17.78	\$17.25	\$19.08
Southeast States	\$16.83	\$15.75	\$14.72	\$14.68	\$14.48	\$14.62	\$15.88	\$17.13	\$18.48	\$17.84	\$17.07	\$18.92
Southern Missouri	\$16.75	\$15.68	\$14.46	\$14.18	\$14.19	\$14.19	\$15.90	\$17.19	\$18.66	\$18.34	\$17.67	\$19.30
Florida	\$17.95	\$16.49	\$15.68	\$15.69	\$15.30	\$15.74	\$16.79	\$18.00	\$19.65	\$18.62	\$17.97	\$20.15
Western Pennsylvania	\$16.55	\$15.82	\$15.21	\$15.06	\$14.56	\$14.62	\$15.79	\$16.43	\$17.04	\$16.42	\$17.06	\$18.60
Ohio	\$15.97	\$15.56	\$15.18	\$15.23	\$14.81	\$14.86	\$15.83	\$16.35	\$17.26	\$15.98	\$17.06	\$18.76
Indiana	\$15.58	\$15.13	\$14.61	\$15.12	\$14.68	\$14.66	\$15.60	\$16.00	\$16.80	\$16.04	\$16.55	\$18.57
Michigan	\$14.69	\$14.17	\$13.51	\$13.39	\$12.90	\$12.90	\$13.98	\$14.70	\$15.32	\$14.40	\$15.10	\$16.85
Wisconsin	\$16.09	\$16.03	\$15.68	\$15.52	\$14.71	\$14.78	\$16.52	\$17.78	\$17.78	\$16.93	\$18.51	\$19.55
Minnesota	\$16.25	\$15.92	\$15.70	\$15.46	\$14.71	\$14.96	\$16.52	\$17.78	\$17.63	\$16.95	\$18.40	\$19.49
Iowa	\$15.84	\$15.59	\$15.31	\$15.11	\$14.42	\$14.51	\$16.15	\$17.19	\$17.59	\$17.21	\$18.15	\$19.30
Illinois	\$16.16	\$15.88	\$15.31	\$15.35	\$14.62	\$14.57	\$16.04	\$17.09	\$17.55	\$16.88	\$17.75	\$19.48
Corn Belt States	\$15.03	\$14.66	\$14.25	\$14.21	\$13.62	\$13.62	\$14.93	\$16.06	\$16.36	\$15.55	\$16.80	\$18.26
Western Texas	\$15.08	\$14.72	\$14.27	\$14.16	\$13.63	\$13.50	\$14.87	\$16.25	\$16.69	\$15.72	\$16.76	\$18.36
New Mexico	\$14.19	\$13.96	\$13.48	\$13.29	\$12.88	\$12.80	\$14.07	\$15.42	\$15.63	\$14.64	\$15.71	\$17.06
Northwest States	\$15.25	\$14.81	\$14.56	\$14.56	\$14.14	\$14.47	\$16.03	\$16.83	\$17.13	\$16.40	\$17.05	\$18.72
All Federal Order Areas	\$15.83	\$15.48	\$14.96	\$14.89	\$14.37	\$14.43	\$15.75	\$16.69	\$17.10	\$16.40	\$17.20	\$18.67

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

Science News

from research organizations

Dairy 'excellent' source of protein for children, new study deems

Date: April 26, 2017

Source: University of Illinois College of Agricultural, Consumer and Environmental Sciences

Summary: Researchers are using pigs as a model to study the best way of evaluating protein quality in foods eaten by children.

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FULL STORY

Researchers at the University of Illinois are using pigs as a model to study the best way of evaluating protein quality in foods eaten by children, a method that was proposed by the Food and Agriculture Organization (FAO) of the United Nations in 2011.

"Plant proteins are the primary sources of amino acids in many parts of the world, whereas animal proteins are the primary sources in other parts of the world. However, the composition and digestibility of these types of proteins differ," says Dr. Hans H. Stein, professor of animal sciences at U of I and principal investigator of this research.

Researchers in Stein's lab conducted a study to calculate protein scores for eight sources of protein, derived from both plants and animals.

Protein scores compare the amount of digestible amino acids in a food with a "reference protein," a theoretical protein which contains fully digestible amino acids in the proportions required for human nutrition at a particular stage of life.

The score which has been used for more than 20 years is the protein digestibility-corrected amino acid score, or PDCAAS. PDCAAS is calculated using the total tract digestibility of crude protein. However, this method has certain shortcomings.

"The total tract digestibility fails to take into account nitrogen excretion in the hindgut," Stein says. "The PDCAAS also assumes that all amino acids in a foodstuff have the same digestibility as crude protein, but in reality, amino acid digestibilities differ."

These flaws led to the development of a new measure, called the digestible indispensable amino acid score (DIAAS). The DIAAS is calculated using ileal digestibility values, because all absorption of amino acids takes place in the small intestine. It also uses values calculated individually for each amino acid.

Stein and his team determined standardized ileal digestibility of crude protein and amino acids in eight sources of animal and plant protein: whey protein isolate, whey protein concentrate, milk protein concentrate, skimmed milk powder, pea protein concentrate, soy protein isolate, soy flour, and whole-grain wheat. They derived DIAAS scores from those ileal digestibility values. They also calculated PDCAAS-like scores by applying the total tract digestibility of crude protein in the ingredients to all amino acids.

All dairy proteins tested in the study met Food and Agriculture Organization (FAO) standards as "excellent/high"-quality sources of protein for people six months of age or older, with DIAAS values of 100 or greater. Soy protein isolate and soy flour qualified as "good" sources of protein, with a score between 75 and 100. With scores below 75, pea protein concentrate and wheat did not qualify to make recommendations regarding protein quality.

"Compared with DIAAS, PDCAAS calculations tended to underestimate the protein value of high quality protein sources, and overestimate the value of lower quality sources," says Stein. "Thus, to better meet protein requirements of humans, especially for people consuming diets that are low or marginal in digestible amino acids, DIAAS values should be used to estimate protein quality of foods."

Stein acknowledged certain limitations in the study. "The protein sources used in this experiment were fed raw, and foods processed as they typically are for human consumption might well have different protein values." However, he says, it represents a step forward in determining protein quality.

Funding for the research was provided by National Dairy Council, the non-profit organization founded by America's dairy farmers and funded by the national dairy checkoff program. The organization had no input into the experimental design or analysis.

"The results of this pilot study indicate that dairy proteins may be an even higher quality source of protein compared to vegetable-based protein sources than previously thought," said Dr. Greg Miller, chief science officer at NDC. "While using DIAAS is a newer concept and more research will be needed, one thing rings true -- milk proteins are high quality and milk as a beverage has protein plus eight other essential nutrients, which is especially important when it comes to kids, because they need quality nutrition to help support their growth and development."

The paper, "Values for digestible indispensable amino acid scores (DIAAS) for some dairy and plant proteins may better describe protein quality than values calculated using the concept for protein digestibility-corrected amino acid scores (PDCAAS)" was published in the February 2017 issue of the *British Journal of Nutrition*.

Story Source:

Materials provided by **University of Illinois College of Agricultural, Consumer and Environmental Sciences**. *Note: Content may be edited for style and length.*

Journal Reference:

1. John K. Mathai, Yanhong Liu, Hans H. Stein. **Values for digestible indispensable amino acid scores (DIAAS) for some dairy and plant proteins may better describe protein quality than values calculated using the concept for protein digestibility-corrected amino acid scores (PDCAAS)**. *British Journal of Nutrition*, 2017; 117 (04): 490 DOI: 10.1017/S0007114517000125

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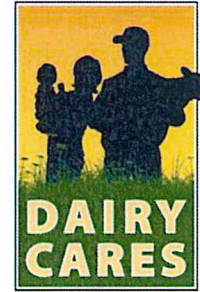
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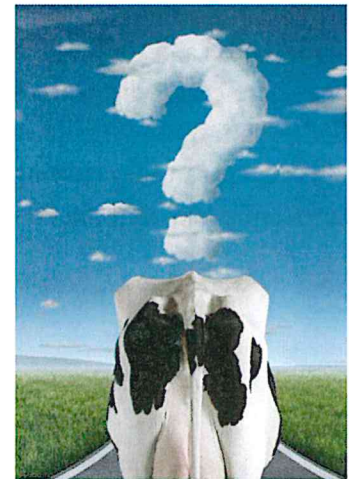
Dairy Cares Newsletter

April 2017

DairyCares.com

Implementing California's new dairy methane reduction efforts

When legislators approved Senate Bill 1383 (Lara) last September, California became the first state to initiate plans for reducing dairy methane emissions. The law gives broad authority to the California Air Resources Board (ARB) to set aggressive goals for reducing “short-lived climate pollutants,” including reducing methane emissions from dairy manure management by 40 percent below 2013 levels by 2030. Although regulations to reduce dairy emissions cannot take effect until at least January 1, 2024, the clock is already ticking. The next few years are critical for California dairy families, as they aim to voluntarily reduce methane emissions and avoid potentially costly regulation in the future.



On March 24, 2017, ARB adopted its Short-Lived Climate Pollutant Reduction Strategy (SLCP Plan), outlining future steps for implementing SB 1383 and the need for cooperation. As the plan states, “the State will work to support improved manure management practices through financial incentives, collaboration to overcome barriers, and other market support.” This support is much needed. California dairy families have a tremendous track record of environmental sustainability, but will need the full support, commitment, and partnership of the state to achieve the methane reductions being sought.

Initial funds totaling \$50 million were appropriated by the Legislature for reducing dairy methane through development of anaerobic digesters and alternative manure management practices. This funding is being administered through the California Department of Food and Agriculture (CDFA)'s [Dairy Digester Research and Development Program \(DDRDP\)](#) and a new [Alternative Manure Management Program \(AMMP\)](#). There are currently 16 dairy digesters in operation across the state, which capture methane gas and generate renewable energy. This technology is advancing and has already proven to be an effective means to reduce emissions on California dairy farms, with dozens more projects under construction or in planning. Funding of up to \$36 million for dairy digesters is expected to be released very soon. Alternative projects could include installation of mechanical manure solids separation on dairies with flush systems, or conversion to dry manure management

practices, such as scrape or vacuum systems, combined with composting or solar drying of manure. The framework for the AMMP will be available for comments until May 8. The program is expected to make funding available to dairies in July. Additional funding will be needed each and every year, if the state wants to make its dairy methane reduction goals a reality.

Research is underway to further identify methods and tools to help reduce dairy manure methane emissions. This includes an industry-sponsored study with UC Davis researchers to examine manure solid separation technology and its potential in reducing methane emissions. Dairy Cares is also working closely with CDFA to measure the methane reduction potential for projects funded under the AMMP. More research will be necessary. Research is a critical first step, so dairy farm families can know what cost-effective tools exist and what might work best on individual farms.

Moving forward, a dairy workgroup is being formed to identify and address barriers to the development of dairy methane emission reduction projects. In addition to dairy industry representatives, this group will include ARB, CDFA, State Water Resources Control Board, regional water and air quality regulators, energy agencies and utilities, and other stakeholders. Proceedings are also being initiated at the California Public Utilities Commission and California Energy Commission to begin developing the energy infrastructure to facilitate more renewable energy projects. The work ahead is critical. Achieving the dairy methane reductions called for in the SLCP Plan, without dislocation of California's dairy farm families and the tens of thousands of jobs they create, will require careful planning and effective and timely collaboration. It will also require the full faith and partnership and ongoing support of the state.

ARB's Short-Lived Climate Pollutant Strategy (SLCP Plan) is [available here](#).

Dairy Cares is a statewide coalition supporting economic and environmental sustainability and responsible animal care. Our members include Bar 20 Dairy Farms, California Cattlemen's Association, California Dairies Inc., California Dairy Campaign, California Dairy Research Foundation, California Farm Bureau Federation, Dairy Farmers of America-Western Area Council, Dairy Institute of California, GHD, Inc., Hilmar Cheese Co., Joseph Gallo Farms, Land O'Lakes, Merck Animal Health, Milk Producers Council, Ruan Transport Corp., Western United Dairymen, Yosemite Farm Credit and others. For information, visit DairyCares.com or call 916-441-3318.

Walmart Launches Project Aimed At Getting Suppliers To Cut Greenhouse Gas Emissions

DFA Participating In New 'Project Gigaton'

Bentonville, AR—Walmart this week launched a sustainability platform inviting its suppliers to join the retailer in committing to reduce greenhouse gas emissions resulting from their operations and supply chains.

Dubbed "Project Gigaton," the initiative will provide an emissions reduction toolkit to a network of suppliers seeking to eliminate one gigaton of emissions, focusing on areas such as manufacturing, materials and use of products by 2030. The company launched the project Wednesday during its annual Milestone Summit.

Walmart said it is the first retailer with a verified science-based target emissions-reduction plan. The company aims to reduce its absolute Scope 1 and 2 emissions by 18 percent by 2025.

The retailer will also work to reduce carbon dioxide equivalent emissions from upstream and downstream Scope 3 sources by one billion tons (a gigaton) between 2015 and 2030.

Walmart has identified agriculture, energy, waste, packaging, deforestation, and product use and design as the goal areas in which to focus its Scope 3 climate efforts. Participating suppliers are encouraged to focus their commitment in one or more of these goal areas.

During the summit, Dairy Farmers of America (DFA) joined Walmart and other organizations in announcing their participation in Project Gigaton.

"We are excited to work with Walmart toward its sustainability goals, and are aligned with its vision," said David Darr, DFA's president of farm services. "Our farmer members have a strong track record of progress and stewardship and are committed to producing safe, quality and wholesome dairy products through integrity-based, sustainable practices.

"We have a moral obligation to feed the world in a sustainable manner and look forward to continuing the journey as technology evolves in this area," Darr added.

DFA said it is committed to accelerating its work in the areas of manure management, anaerobic digestion, farm management and advanced management technologies.

The nation's largest dairy cooperative sees its work contributing to significantly increasing the number of manure management systems that mitigate greenhouse gas (GHG) emissions; working with its nearly 8,000 members on farm management practices that lead to lower enteric GHG emissions; and promoting advanced

systems and technologies that lead to more efficient dairy farms.

To help suppliers make commitments to emission reduction, or to establish emission reduction projects, Walmart collaborated with NGOs, such as the World Wildlife Fund (WWF) and Environmental Defense Fund (EDF), and additional like-minded organizations to create an emissions reduction toolkit. In the toolkit, Walmart highlights the business case for why suppliers should consider signing on to Project Gigaton.

"Supply chains are the new frontier of sustainability. The journey products take from source to shelf will collectively shape our planet's future," said Carter Rob-

erts, WWF's president and CEO. "Project Gigaton is a testament to the transformative impact that leaders of industry can have on our greatest common challenges.

"As more companies follow in the footsteps of Walmart and their suppliers, we can achieve the critical mass needed to address climate change," Roberts added.

"A challenge like Project Gigaton will catalyze leadership and innovative solutions around the globe," said Fred Krupp, the EDF's president.

"Walmart's leadership in embracing consistent, accurate and transparent recycling claims like How2Recycle has positively influenced many global brand owners to join the program," said Nina Goodrich, director, the Sustainable Packaging Coalition (How2Recycle).

"Climate change is one of the gravest threats we face. It also presents unlimited opportunities for companies that choose to lead," said Euan Murray, chief executive officer, The Sustainability Consortium.

"By taking a science-based approach to set such an audacious goal, Walmart cements its place as a leader with Project Gigaton," Murray continued. "The Sustainability Consortium is proud to support Walmart in this critical initiative and we look forward to helping them deliver."

"Through the years, we've seen that integrating sustainable practices into our operations improves business performance, spurs technological innovation, inspires brand loyalty, and boosts employee engagement," said Laura Phillips, senior vice president, sustainability for Walmart.

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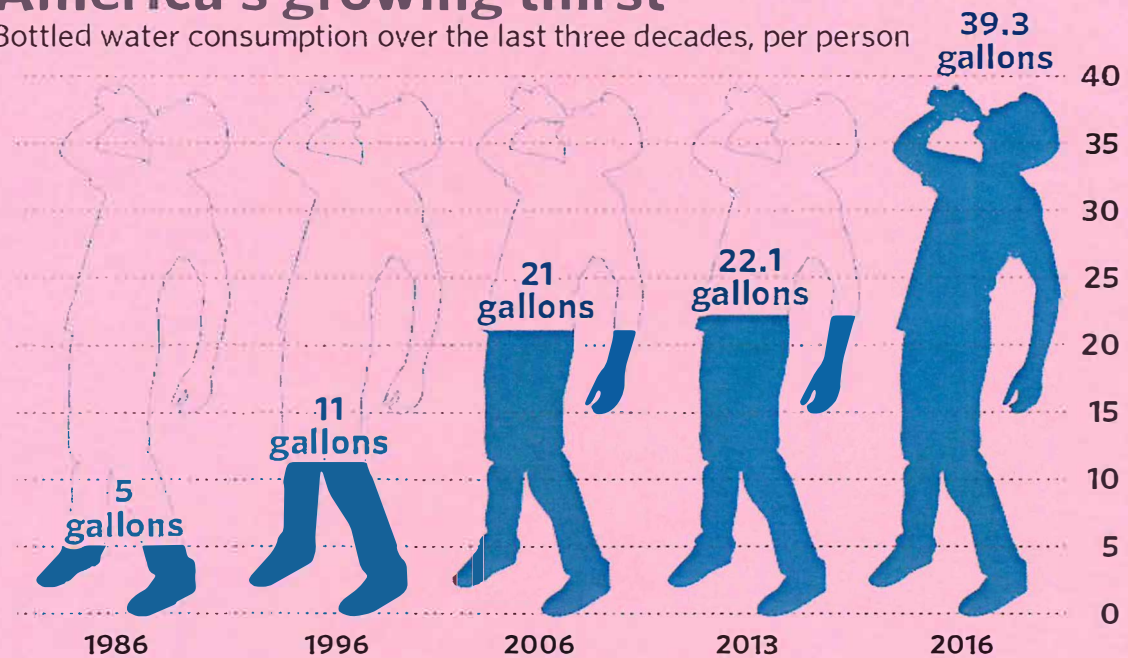


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