

Minutes

**Producer Committee
Conference Call Meeting
March 3, 2020 9:00 a.m.
Milk Control Bureau Office
1404 8th Avenue, Helena, Montana**

Conference Call Access:

Call-in Number: 1-406-444-4647
Conference ID: 24538

Call to Order

Committee Chair David Miller called the meeting to order at 9:01 a.m.

Attendance

Committee Member	Present	Absent
David Miller (Chair)	X	
Sam Hofer (Vice-Chair)	X	
Dan Daugherty	X	
Tim Huls	X	
Nelson Kamerman	X	
Mark Kleinsasser	X	
John Waldner	X	

Montana Department of Livestock Staff:

Chad Lee, Bureau Chief, Milk Control Bureau

Guests: none

Approval of Minutes from August 30, 2019 Meeting

Tim Huls moved, and Sam Hofer seconded the motion to approve the minutes of the August 30, 2019 meeting as presented. The motion carried. All members present voted in favor.

New Business

Quota Transfer Requests:

Huls Dairy, Inc. requested to transfer 15,000 lbs/day of milk quota to Moiese Valley Ranch LLC, which will apply beginning March 1, 2020.

Prior to the motion, Mr. Lee discussed that to help facilitate transfers of Montana quota, the bureau conducts a lien search to determine if there are liens against quota or proceeds from the sale of quota. For this transfer, the bureau identified a lien that might apply to proceeds from the sale of quota and informed Huls Dairy, Inc. and Moiese Valley Ranch, LLC. After such communication, the responsibility for dealing with the lien belongs to the parties involved in the transaction. Existence of a lien is not a reason for denying a request to transfer quota, nor does the bureau or Producer

Committee have authority to deny a quota transfer request based on the existence of such a lien.

Tim Huls made a statement to the committee that the creditor is satisfied and there is no issue.

Nelson Kamerman moved, and Mark Kleinsasser seconded a motion to approve the transfer request. All members present voted in favor, except for Tim Huls, who recused himself from the vote.

Other New Business

Mr. Lee disclosed to the committee that dairy operated by Jay Kimm closed on January 26, 2020. The bureau sent information to Mr. Kimm explaining in the provisions in the milk control administrative rules pertaining to quota forfeiture; the process for requesting quota transfers; and the process for requesting equitable relief from the Producer Committee pertaining to the quota forfeiture deadline.

Mr. Lee discussed payments to Producer Committee members for participating in teleconference meetings in fiscal year 2020 and the future. Historically, the Producer Committee did not receive compensation for participating in teleconference meetings. However, in December 2019, the bureau and legal counsel determined it is necessary.

Mr. Lee discussed Producer Committee terms. The committee members were appointed by the Board of Milk Control for a term that ended December 31, 2019. The Board of Milk Control did not make appointments at its December 13, 2019 meeting. Realizing that this was not addressed at the December 13, 2019 board meeting, Mr. Lee contacted legal counsel for advisement. Legal counsel informed the bureau that because the issue is not addressed in rule and is not controlled by statute, the Board of Milk Control has discretion in how it interprets and applies its rules. One possible interpretation is that the members' terms automatically renew if the board takes no action. Another possible interpretation is that members' terms automatically expire at the end of the term unless the board takes action. Mr. Lee contacted the board chair (Scott Mitchell) and discussed the situation and information provided by legal counsel. Mr. Mitchell instructed Mr. Lee that the committee should operate based on the first interpretation (automatic renewal) and that the board would discuss the issue at its next meeting.

The committee discussed the \$425 million bid by Dairy Farmers of America (DFA) to purchase 44 dairy processing plants and distribution system from Dean Foods. It was discussed that the transaction is not a done deal and may be subject to higher and better offers, as well as scrutiny by the U.S. Department of Justice regarding antitrust issues. The inclusion of Montana's Meadow Gold plants in the proposal is interpreted as a positive development for the Montana dairy industry.

Tim Huls informed the committee that Huls Dairy, Inc. is in the process of exiting milk production and asked if he should resign from the Producer Committee. It was discussed that since Huls Dairy, Inc. is still in operation, Mr. Huls is still eligible to serve on the committee. ARM 32.24.506(2) provides that to be eligible to serve on the committee, a member must have produced pool milk during the month prior to the meeting. Committee members encouraged Mr. Huls to continue serving on the committee. Mr. Huls resolved that he is willing to continue serving but

recommended that some effort be made to identify a replacement from the group of producers delivering to Darigold. Mr. Lee informed the committee that the bureau performed the required analysis to determine committee representation (for the January 1, 2020 – December 31, 2021 term) and that there was no change in representation relative to the current committee makeup. If no producers (who deliver milk to Darigold) apply to be appointed to fill the vacancy (that will be created when Tim Huls is no longer eligible to serve on the committee), then the board may appoint any applicant that is an eligible producer to fill the vacancy.

John Waldner asked the committee if they were aware of any progress in the development of proposed cheese plant near Great Falls (Big Sky Cheese). Mr. Lee was aware of some limited progress.

Public Comment

None.

Adjournment

Dan Daugherty moved, and Mark Kleinsasser seconded the motion to adjourn the meeting. All members present voted in favor.

The meeting adjourned at 9:18 a.m.

 _____, Producer Committee Chair

Date: 4-1-2020