

Minutes

**Producer Committee
Conference Call Meeting**
August 4, 2015 9:00 a.m.
Milk Control Bureau Office
1225 8th Avenue, Helena, Montana

Conference Call Access:

Call-in Number: 1-866-740-1260
Access Number: 4445210#

Call to Order

Committee Chair David Miller called the meeting to order at 9:07 a.m.

Attendance

Committee Member	Present	Absent
David Miller, Chair	X	
Sam Hofer, Vice Chair	X	
Andrew Wipf, Secretary/Treasurer		X
Loren Dyk	X	
Michael J. Hofer		X
Tim Huls	X	
Nelson Kamerman	X	
Larry Klompien	X	
Jeremy Leep	X	
Walter Wipf		X
Ruben Wurz		X

Montana Department of Livestock Staff:

Chad Lee, Bureau Chief, Milk Control Bureau

Guests:

None

Approval of Minutes from July 7, 2015

Tim Huls moved and Sam Hofer seconded the motion to approve the minutes of the July 7, 2015 meeting as written. The motion carried. All members voted in favor.

New Business

Quota Transfer Request

Request: Surprise Creek Colony requested approval of sale and transfer of 1,500 lbs/day of quota to Wilmer Amstutz with August 1, 2015 as the effective date of transfer.

Nelson Kamerman moved and Loren Dyk seconded the motion to approve the transfer of quota as requested by. The motion carried. All members voted in favor.

Other New Business

Chad Lee discussed what he learned from a conversation with David Lewis regarding the implications of the expiration of the Darigold – Country Classic merger agreement, which occurred on July 31, 2015. The primary changes affecting sale of surplus milk will be that hauling charges will apply to all bulk surplus shipments and the freight rate will likely increase. Tim Huls stated that there are other changes directly affecting Darigold producers relating to haul charges for picking up milk.

Chad Lee discussed an idea presented to him for consideration by David Lewis. Mr. Lee's understanding is that the concept involves producers retaining ownership of quota even if they ship their entire production to out-of-state processors. Mr. Lee referred to this as "parking quota". The sales outside of the Montana pool would be at the destination market's price and would not be included in the Montana pool value. Under current market conditions, the outcome would likely be higher quota prices for pool producers because the volume of surplus bulk milk sales would decrease. Mr. Lee noted that Mr. Lewis expressed that he would not be interested in such an arrangement unless he could retain ownership of quota so that he could participate as a pool producer with quota in the future, if market conditions changed. The current quota rules would not allow for the described parking of quota because ARM 32.24.502(8) specifies that "*An eligible producer who discontinues the delivery of milk must forfeit his entire quota effective at the end of the 90th day after his last delivery unless such quota is transferred prior to that time*". Mr. Lee emphasized that what David Lewis presented to him was an idea, not a proposal to amend administrative rules, and asked that committee think about the idea and also identify potential problems such a change might create.

Chad Lee stated that the pool handlers indicate that they are shipping less bulk surplus milk to out-of-state markets. The committee discussed possible reasons for this, including gains made by Meadow Gold in out-of-state packaged product sales, increases in Class II utilization, and the sale of two herds to out-of-state dairies, reducing the supply of pool milk.

Chad Lee informed the committee that the Board of Milk Control will meet via teleconference on August 11, 2015 at 8:00 a.m. to consider a proposal to amend administrative rules. The proposed amendments would (1) move the rule that establishes the rate for the assessment used to fund dairy inspection and milk diagnostic laboratory functions of the Department of Livestock to an administrative rule chapter that is under Board of Livestock's jurisdiction and (2) make changes related to the assessment payment and reporting cycle to implement amendments to 81-23-202(5), MCA resulting from the signing of Senate Bill 183, passed by the 2015 Montana Legislature.

Public Comment

None

Adjournment

Sam Hofer moved and Jeremy Leep seconded the motion to adjourn the meeting. The motion carried. All members voted in favor.

Meeting adjourned at 9:27 a.m.



_____ David Miller, Producer Committee Chairman

Date: 9-3-15