

**Montana Board of Milk Control Zoom / Telephonic Meeting Minutes – Time Stamp Record
to Accompany Meeting Recording**

October 27, 2020 9:00 a.m.

Physical Location of Meeting: Montana Dept. of Livestock Board Room #319, 301 N. Roberts, Helena, Montana

PUBLIC MEETING

Call to Order

Chairperson Scott Mitchell called the meeting to order at 9:03 a.m. in Montana Dept. of Livestock Board Room #319, 301 N. Roberts, Helena, Montana.

Attendance

Board Members:

	Present	Absent
W. Scott Mitchell, Chair	X	
Jerrold A. Weissman, Vice Chair	X	
Brian Beerman		X
R. James Parker	X	
Erik Somerfeld	X	

Montana Department of Livestock Staff:

- Mike Honeycutt, Executive Officer, Department of Livestock
- Brian Simonson, Deputy Executive Officer, Department of Livestock
- Chad Lee, Bureau Chief, Milk Control Bureau
- Dan Olson, Bureau Chief, IT Bureau
- Evan Waters, Bureau Chief, Department of Livestock Finance & Accounting Bureau
- Lindsey Simon, Montana Department of Justice, Agency Legal Services (attorney representing the Montana Department of Livestock)

Guests: (some identified during roll call, others identified through Zoom data collection)

- Rob Adamson, Meadow Gold
- Kenneth Bailey, Darigold
- Christine Brodeur, Dairy Farmers of America
- Julia Connelley, Legislative Audit Division
- Krista Lee Evans, Montana Milk Producers Association
- Ed Gallagher, Dairy Farmers of America
- Corey Gillins, Dairy Farmers of America
- Scott Kiilsgaard, Meadow Gold
- Leonard Kleinsasser, Montana Milk Producers Association
- David Lewis, Big Creek Dairy, Northwest Dairy Association
- Joe Mandel, Montana Milk Producers Association
- Monty Schilter, Darigold
- Steve Stout, Dairy Farmers of America
- Jill Waite, Dairy Farmers of America
- Ed Waldner, Montana Milk Producers Association
- Roger Witt, Ugrin Alexander Zadick, P.C.
- Ike Wurz, Montana Milk Producers Association

AGENDA ITEM	TIME STAMP
ROLL CALL & INTRODUCTIONS	00:00 – 14:05
I. MINUTES Motion: Mr. Somerfeld moved and Mr. Weissman seconded a motion to approve the minutes of the May 13, 2020 Board of Milk Control meeting as written. The motion carried. All members voted in favor.	I. 14:05 – 18:03 Motion 16:43 – 17:05
II. UNFINISHED BUSINESS & GENERAL ORDERS	II. 18:03 – 33:40
A. Dean Foods Bankruptcy Mr. Mitchell explained the actions taken to collect amounts owed to the Milk Control Bureau and Milk and Egg Bureau by Dean Foods.	II.A. 18:03 – 33:40 Industry question and response: 1:14:47 – 1:15:48 1:17:30 – 1:18:19
III. NEW BUSINESS	III. 33:40 – 2:55:48
A. DFA Forward Contracting – Legal Analysis Following an introduction to the topic, Mr. Gallagher and Mr. Bailey made a presentation to the board and industry about risk management tools available to producers, including forward contracting programs offered by Dairy Farmers of America and Darigold. The board requested Ms. Simon to review Rob Stutz’s analysis and work with the bureau to identify statutes and rules that may need to change and communicate that to the board and industry. <ol style="list-style-type: none"> 1. Board Discussion 2. Industry Input 3. Public Comment - none 	III.A. 33:40 – 1:33:03 37:25 – 53:24 1:23:17 – 1:27:21 53:24 – 1:14:47 1:19:35 – 1:33:03 1:14:47 – 1:19:35 1:26:14 – 1:27:21

AGENDA ITEM	TIME STAMP	
<p>B. Proceeds Received for Surplus Milk Sold in Bulk to Affiliated Businesses</p> <p>Introduction of Agenda Item</p> <p>David Lewis – Explanation of Request for Agenda Item and Concern</p> <p>Board Discussion (and questions and comments to/from industry: Mr. Adamson, Mr. Lewis)</p> <p>Motion: Mr. Weissman moved and Mr. Parker seconded a motion to direct the bureau to analyze this issue based upon the current knowledge of how the surplus milk is being marketed and have our counsel conduct a legal analysis of that and report back to the board.</p> <p>The motion carried. All members voted in favor.</p> <p>Public Comment (Ms. Evans, Mr. Stout)</p>	III.B.	<p>1:33:03 – 1:48:38</p> <p>1:34:03 – 1:36:05</p> <p>1:36:05 – 1:37:38</p> <p>1:37:38 – 1:44:32</p> <p>1:44:03 – 1:45:24</p> <p>1:45:50 – 1:48:28</p>
Break – not recorded		
<p>C. Proposal of FY 2022 Assessment Rates</p> <p>Bureau recommendation (Mr. Lee)</p> <ol style="list-style-type: none"> 1. Board Discussion 2. Industry Input - none 3. Public Comment - none <p>Motion: Mr. Weissman moved, and Mr. Parker seconded a motion that the Board of Milk Control leave assessment rates unchanged for fiscal year 2022.</p> <p>The motion failed. Mr. Parker voted in favor. Mr. Mitchell, Mr. Somerfield, and Mr. Weissman voted against.</p> <p>Motion: Mr. Somerfeld moved and Mr. Mitchell seconded a motion that the Board of Milk Control initiate the rulemaking set forth in MAR Notice 32-20-313 as presented, setting assessment rates for fiscal year 2022 to \$0.0525/cwt for producer-distributors, \$0.02625/cwt for producers, and \$0.02625/cwt for distributors, approving the substantive language and allowing for nonsubstantive modifications.</p> <p>The motion carried. Mr. Mitchell, Mr. Parker, and Mr. Somerfield voted in favor. Mr. Weissman did not vote.</p> <p>Industry or Public Comment - none</p>	<p>III.C.</p> <p>Motion</p> <p>Motion</p>	<p>1:48:38 – 2:12:51</p> <p>1:50:28 – 1:55:45</p> <p>1:55:45 – 2:07:45</p> <p>2:07:46 – 2:10:54</p> <p>2:10:54 – 2:12:30</p>

AGENDA ITEM	TIME STAMP	
<p>D. Producer Committee – Appointment Ratification</p> <p>Introduction to topic (Mr. Lee)</p> <p>Board Discussion</p> <p>Motion: Mr. Somerfeld moved and Mr. Parker seconded a motion that members of the Producer Committee, even after expiration of their term, remain on the Producer Committee until such time that they are replaced by the Board of Milk Control.</p> <p>The motion carried. All members voted in favor.</p> <p>Motion: Mr. Somerfeld moved and Mr. Weissman seconded a motion that the Board of Milk Control ratify the appointments of the following individuals to serve on the Producer Committee for the 2020 – 2021 term.</p> <p style="padding-left: 40px;">Member delivering milk to Darigold – Bozeman: Nelson Kamerman Shane Leep</p> <p style="padding-left: 40px;">Member delivering milk to Meadow Gold – Billings: Mark Kleinsasser</p> <p style="padding-left: 40px;">Member delivering milk to Meadow Gold – Great Falls: Sam Hofer John Waldner</p> <p style="padding-left: 40px;">At-Large Committee Member: Dan Daugherty</p> <p>Public Comment - none</p> <p>The motion carried. All members voted in favor.</p>	<p>III.D.</p> <p>Motion</p> <p>Motion</p>	<p>2:12:51 – 2:22:32</p> <p>2:13:15 – 2:16:05</p> <p>2:16:05 – 2:19:35</p> <p>2:19:35 – 2:20:26</p> <p>2:21:10 – 2:22:15</p>
<p>E. Performance Audit of Bureau / Board</p> <p>Mr. Lee explained the performance audit process being performed by the Legislative Audit Division on the bureau and board, including the process timeline.</p> <p>Mr. Mitchell discussed the board’s role in the performance audit process and the process timeline.</p> <p>Board Discussion</p> <p>Mr. Honeycutt gave the board advice on responding to the performance audit findings.</p>	<p>III.E.</p>	<p>2:22:32 – 2:37:35</p> <p>2:23:30 - 2:27:07</p> <p>2:27:07 – 2:29:38</p> <p>2:29:38 – 2:33:27</p> <p>2:33:27 – 2:36:58</p>
<p>F. Bureau Report</p>	<p>III.F.</p>	<p>2:37:35 – 2:55:48</p>

AGENDA ITEM	TIME STAMP
<p>1. FY2020 Milk Market Administration & Industry Report</p> <p>Mr. Lee discussed FY2020 Market Administration & Industry Report, highlighting trends in Montana consumption of fluid milk, milk production, and per capita milk consumption.</p> <p>Board Discussion</p> <p>Public Comment - none</p> <p>Motion: Mr. Somerfeld moved and Mr. Parker seconded a motion to accept the Market Administration & Industry Report for fiscal year 2020.</p> <p>Public Comment - none</p> <p>The motion carried. All members voted in favor.</p>	<p>III.F.1. 2:37:35– 2:48:51</p> <p>2:37:35 – 2:43:25</p> <p>2:43:25 – 2:48:10</p> <p>2:48:10 – 2:48:42</p>
<p>2. Legal Representation</p> <p>The board discussed the change in legal representation of the board and bureau and addressed some questions to Ms. Simon.</p>	<p>III.F.2. 02:15 – 03:23</p> <p>2:48:51 – 2:51:40</p>
<p>3. FY2021 Budget and Finances</p> <p>Mr. Lee discussed the bureau’s FY2021 budget and financial position.</p>	<p>III.F.3. 2:51:40 – 2:54:09</p>
<p>4. 2023 Biennium Budget</p> <p>Mr. Lee discussed the proposed 2023 biennium budget.</p>	<p>III.F.4. 2:54:09 – 2:55:48</p>
<p>IV. OTHER NEW BUSINESS</p> <p>Discussion of import of milk (caseless jugs) from a Darigold plant in Washington state to Sam’s Club stores in Montana.</p>	<p>IV. 2:55:48 – 2:58:07</p>
<p>V. PUBLIC COMMENT ON NON-AGENDA TOPICS</p>	<p>V. 2:58:07 – 2:58:23</p> <p>NO PUBLIC COMMENT</p>

AGENDA ITEM	TIME STAMP
<p>VI. ADJOURNMENT</p> <p>Motion: Mr. Weissman moved and Mr. Somerfeld seconded a motion to adjourn.</p> <p>The motion carried. All members voted in favor.</p> <p>Mr. Mitchell adjourned the meeting at 12:07 p.m.</p>	<p>VI. 2:58:23 – 2:58:48</p> <p>Motion 2:58:23 – 2:58:48</p>

Time stamps were recorded during the meeting and reviewed and adjusted by bureau staff.

REVIEWED BY
(Initials):

MC Mark Curtis, Dairy Accountant, Milk Control Bureau

CPL Chad Lee, Bureau Chief, Milk Control Bureau

Montana Board of Milk Control
Zoom / Telephonic Meeting Agenda – UPDATED 10/20/2020

October 27, 2020 9:00 a.m.

Physical Location of Meeting: Montana Dept. of Livestock Board Room #319, 301 N. Roberts, Helena, Montana

Agenda may change up to 48 hours prior to the meeting.

Latest version of agenda will be posted at <http://liv.mt.gov/Attached-Agency-Boards/Milk-Control/Public-Notices>

Due to COVID-19 restrictions, the Board and the public are asked to join this meeting via Zoom.

- If you have the technology, we encourage you to access the meeting by Zoom to see shared documents and see other participants for a better meeting experience.
- If you cannot participate by Zoom, you can participate telephonically.

For Zoom or telephone log-in information, please email chlee@mt.gov or mcurtis@mt.gov or call 406-444-4300 or 406-444-3828

WELCOME

ROLL CALL & INTRODUCTIONS

W. Scott Mitchell, Chair

Jerrold A. Weissman, Vice-Chairperson

Brian Beerman

Jim Parker

Erik Somerfeld

Montana Department of Livestock Staff

Guests

I. MINUTES (MAY 15, 2020 MEETING)

II. UNFINISHED BUSINESS & GENERAL ORDERS

A. Dean Foods Bankruptcy

III. NEW BUSINESS

A. DFA Forward Contracting – Legal Analysis

1. Board Discussion
2. Industry Input
3. Public Comment

B. Proceeds Received for Surplus Milk Sold in Bulk to Affiliated Businesses

C. Proposal of FY2022 Assessment Rates

1. Board Discussion
2. Industry Input
3. Public Comment

D. Producer Committee – Appointment Ratification

E. Performance Audit of Bureau / Board

F. Bureau Report

1. FY2020 Milk Market Administration & Industry Report
2. Legal Representation
3. FY2021 Budget and Finances
4. 2023 Biennium Budget

IV. OTHER NEW BUSINESS

V. PUBLIC COMMENT ON NON-AGENDA TOPICS

VI. ADJOURNMENT