

Minutes

**Producer Committee
Conference Call Meeting**
August 28, 2020 9:00 a.m.
Milk Control Bureau Office
1225 8th Avenue, Helena, Montana

Conference Call Access:

Call-in Number: 1-646-558-8656

Conference ID: 940 6859 1794

Call to Order

Committee Chair David Miller called the meeting to order at 9:03 a.m.

Attendance

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

Montana Department of Livestock Staff:

Chad Lee, Bureau Chief, Milk Control Bureau

Guests: none

Approval of Minutes from June 25, 2020 Meeting

Mark Kleinsasser moved, and Sam Hofer seconded the motion to approve the minutes of the June 25, 2020 meeting as presented. The motion carried. All members present voted in favor.

New Business

Welcome to New Committee Member: Shane Leep

David Miller welcomed Shane Leep as a new member to the Producer Committee

Request for Equitable Relief and Delay of Forfeiture to Allow Quota Transfer – Huls Dairy, Inc.

The committee received a request for equitable relief from Huls Dairy, Inc. on August 24, 2020 to delay forfeiture of its 10,000 lbs/day of quota (which would occur on August 26, 2020) to allow it to transfer its quota for a request submitted that would first apply on September 1, 2020.

The request stated that Huls Dairy, Inc. believes that the Producer Committee's granting of equitable relief would be fair and reasonable because if the transfer request had to apply by August 1, 2020 (in order to precede the August 26, 2020 forfeiture date), Huls Dairy would have had less than 90 days from the last delivery for milk to transfer its quota. Huls Dairy, Inc. also believes the request is reasonable because the Producer Committee has granted equitable relief for several other similar requests.

Nelson Kamerman moved, and Shane Leep seconded a motion to provide equitable relief and delay forfeiture of Huls Dairy, Inc's quota as requested by Huls Dairy, Inc. (Tim Huls) on August 24, 2020. Five members voted in favor. One committee voted in opposition. The motion passed.

Quota Transfer Request:

Huls Dairy, Inc. requested to transfer 10,000 lbs/day of milk quota to David Lewis (Big Creek Dairy), which will apply beginning September 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 David Lewis. 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.

Sam Hofer moved, and John Waldner seconded a motion to approve the transfer request. All members present voted in favor.

Other New Business

The committee also discussed the Dean Foods Bankruptcy. Mr. Lee reported that the Milk Control Bureau filed to "opt-in" to the Administrative Claims Consent Program for Dean Foods. What that means is that the bureau agreed to accept 80% of the \$40,439.64 that Dean Foods acknowledges it owes the bureau in return for assurance that the bureau will be paid and will receive payment earlier than would otherwise be the case. A supermajority of the numerous creditors with administrative expense claims elected to opt-in to the Administrative Claims Consent Program. The Dean Foods Estate is administratively insolvent, meaning that there are not enough proceeds from the sale of business operations to pay off the debts accrued since the bankruptcy filing. The bureau's claim was listed in the fourth notice of allowed administrative expense claims filed with the bankruptcy court on August 25, 2020. The Board of Milk Control and the Department of Livestock still need to work out how to allocate proceeds when they are received. The largest share will be allocated to the Pool Settlement Fund, which will result in higher quota/excess milk prices.

The committee discussed meeting times. Dan Daugherty communicated to the bureau that 9:00 a.m. start times were very difficult for him and that 8:00 a.m. would be better. Nelson Kamerman stated that 9:00 a.m. worked for him, that any time during the day was difficult. Sam Hofer stated that committee members were used to 9:00 a.m. meetings out of habit. John Waldner stated that

any time of the day is difficult; time just needs to be set aside. Mr. Lee stated that the Milk Control Bureau is willing to participate and assist at whatever time is best for producers. David Miller stated that based on this consensus, 9:00 a.m. seems to work.

David Miller announced his retirement, which will occur at the end of August. David Miller is eligible to participate on the Producer Committee through September 2020. Committee members expressed appreciation for his service.

Sam Hofer expressed that his preference was to continue as Vice Chair. Mr. Lee stated he thought that the Board of Milk Control appointed the Chair of the Producer Committee but would check into the matter. Mr. Lee stated that Sam Hofer would lead committee meetings as Vice Chair until there was a Chair.

Following the meeting, Mr. Lee examined Board of Milk Control meeting minutes and Producer Committee meeting minutes and found that the Chair of the Producer Committee is not appointed by the Board of Milk Control but is elected by the members of the Producer Committee.

John Waldner asked if there were any laws that prohibited owning more quota than what was being used or provided for the loss of quota not being utilized. Mr. Lee responded that at one time there may have been administrative rules that could cause an eligible producer to lose quota if production was less than quota ownership but that the current administrative rules do not have such a provision.

Public Comment

None.

Adjournment

Nelson Kamerman moved, and John Waldner seconded the motion to adjourn the meeting. All members present voted in favor.

The meeting adjourned at 9:29 a.m.

[Redacted Signature], Producer Committee Chair

Date: 5-4-2021