

Dairy Policy Action Coalition (DPAC) Board Meeting Minutes
October 27, 2011—1:00 p.m. – 2:45 p.m.

By teleconference

Board Members present (* = part of the meeting): Pennsylvania—Cliff Hawbaker (chair), Rob Barley (vice-chair), Daniel Brandt (vice-chair), Jake Esh, Duane Hertzler, Dale Hoffman, Paul Horning, Zach Meck, Nelson Troutman. **Ohio**—Alan Kozak. **Indiana**—Dave Forgey. **Wisconsin**—Sue Schultz.

Ad hoc Producer Members present by telephone: Michigan—Howard Straub. **Minnesota**—Joe Borgerding. **New York**—Deb Windecker

Professional Team present: Recording Treasurer - Bernard C. Morrissey. **Correspondence Secretary** - Sherry Bunting, Ag Writing Services. **Gov. Relations/Advocacy:** Dennis Wolff, Versant Strategies.

Guests: Bob Cropp, professor emeritus, University of Wisconsin-Madison; David Cooper, general manager, Family Dairies, USA; Chuck Worden, New York dairy producer and president of Holstein USA.

PROCEEDINGS:

Chairman Cliff Hawbaker called the Board business meeting to order shortly after 1:00 p.m. with 12 board members present; three ad hoc producer members present; all three members of the professional team present; and three guests present.

Approval of Minutes and Treasurer's Report:

- Alan Kozak motioned to approve the September 2011 Minutes. The motion was seconded by Zachary Meck and passed 12-0.
- Rob Barley motioned to approve the October 24, 2011 Treasurer's report. The motion was seconded by Jake Esh and passed 12-0.
- **October 24, 2011 Treasurer's Report:**
 - **The beginning balance on September 23, 2011 was \$6,022.62**
 - Contributions from September 23 through October 24, 2011 totaled \$9,532.09 from six agribusinesses and/or organizations (\$5,300.00), and 18 dairy producers (\$4,232.09).
 - Expenses paid Sept. 23 through Oct. 24, 2011 totaled \$12,077.42, itemized as follows:

1) \$ 132.36	09/29/11 Staples – New printer/scanner/copier/fax
2) \$1683.18	09/29/11 Ag Writing Srvcs./Corresp. Secy services & expenses September 2011
3) \$ 107.53	09/29/11 Morrissey Insurance – Postage used 8/16/11–9/23/11
4) \$2,862.50	09/29/11 Versant Strategies – ½ of Inv #1295 Relation Services & expenses Sept. 2011
5) \$ 621.00	10/04/11 Paige Eshelman – services 9/19/11 through 9/30/11
6) \$ 100.00	10/10/11 Bernard C. Morrissey–October 2011 office rent
7) \$2,862.50	10/10/11 Versant Strategies—2 nd ½ of Inv # 1295 Relation Services & expenses Sept 2011
8) \$ 269.85	10/13/11 Premier Global Services–Conference Calls
9) \$ 576.00	10/18/11 Paige Eshelman – Services 10/4/11 through 10/14/11
10) \$2,862.50	10/20/11 Versant Strategies—1 st ½ of Inv. # 1303 Relation Services & expenses Oct 2011
 - **This left an ending balance on October 24, 2011 of \$ 3,477.29**

- Treasurer Bernie Morrissey noted that the only outstanding invoice is one-half of Versant Strategies' October invoice totaling \$2,862.50 and due by the end of September. Current funds available of \$3,477.29 leaves us a balance of \$614.79.

Executive Board and Activities Report:

- Chairman Hawbaker noted that the Secretary has sent updates throughout the month.

Federal Legislative Update:

- Denny Wolff updated the board on happenings in Washington.
- The Chairman thanked and recognized Denny and Bernie for their efforts in reaching milestones as a coalition.
- The board expressed their thanks to Senator Bob Casey and his legislative aide Liz Hermsen for the milestone introduction of the Dairy Advancement Act (S. 1682) October 12.
- Denny noted that the two-class milk pricing section and the MILC / LGM-Dairy option for producers are the strengths of the bill.
- On the Dairy Security Act (Peterson bill), Denny observed that the economic analysis by leading dairy economists confirms the analysis DPAC did internally through Jason Morrissey and could give the Dairy Advancement Act (Casey bill) a stronger position.
- The Farm Bill track in Washington is murky, and it looks like the Nov. 1 deadline may not be a “drop dead” line. One scenario that could occur is if the Super Committee puts dollar parameters to programs and sends the package back to the committees to use additional time (maybe to April) to work on the language and score it.
- Denny mentioned that Sen. Gillibrand of New York has two bills looking at different options to amend the Ag Appropriations bill to pre-emptively disallow the supply management portion; however that could present budget issues for the margin protection portion.
 - This would give time for S. 1682 to get CBO-scored.
- Denny urged farmers to continue to express their support for the Dairy Advancement Act (S. 1682). He noted that if Congressmen and Senators express their concerns to the Chair, it brings due process back to the discussion. Right now there are only a couple people at the table and that's not the way agriculture normally works on a Farm Bill for the next five years. He urged producers to ask their members of Congress to talk to the Ag Chairs.
- Bernie noted that he has also been working indirectly with Congressman G.T. Thompson's office who is looking at the Dairy Advancement Act bill.
- Bob Cropp noted there is a lot of concern with the Dairy Security Act and also the budget concerns. He noted that the Midwest Coalition has real concern with it. They would like to see a greater premium subsidy for the smaller producers if they do away with the MILC program.
- Cropp also noted IDFA came out with support of the Casey bill (S. 1682) and that the DSA doesn't account for exports.
- He noted that to CBO score the Dairy Advancement Act some additional details may be necessary as to the cap on MILC and the deductible for the LGM-Dairy option, but felt it would score pretty well with certain assumptions.

- Denny noted that some of the details are vague to keep the bill as a menu for the discussion so there can be flexibility in structuring the MILC vs LGM-D choice to fit a favorable CBO score. The goal was to keep the MILC baseline in there and conform the LGM choice to that while allowing a buy-up option for producers at their own expense.

Correspondence with other groups – Meeting with NMPF

- The Chairman asked Denny Wolff to summarize a recent meeting between several DPAC board members and NMPF's president Jerry Kozak and senior vice president Jaime Castaneda at the DPAC office in Ephrata, Pa.
- He reported it was primarily an exchange of information on NMPF's Dairy Security Act and DPAC's Dairy Advancement Act.
- He summarized that the meeting resulted in "agreeing to disagree" at the end of the day.
- They were elementary at trying to understand why we wanted to do some things, such as the two-class system they had trouble dealing with.
- They stressed that CBO is the only number that matters, but Denny noted that the recent analyses shine light on the real numbers associated with NMPF's policy changes.
- Denny stated that we appreciated them taking a day to come up and meet with DPAC, but that we don't agree that their bill is the only bill receiving serious consideration so we should fall in line and be supportive.
- They left the DPAC group with the thought that their train (Dairy Security Act) has almost reached the station.
- DPAC indicated it would continue to promote the Dairy Advancement Act because feel it is good for dairy industry, the future of the industry and for all facets of the industry.
- Ohio dairy producer Alan Kozak who attended the meeting and said the summary was accurate but stressed their message was to tell us that the game is over. So Alan gave an analogy to his daughter's district finals game at zero score at the end of regulation. The one player said we're failing, but his daughter said look at the scoreboard it's zero zero, we're tied. My daughter's team had not one shot on goal to the other team's 12 shots on goal, but they won it in overtime; so NMPF has had 12 shots on goal and we are still tied.
- Howard Straub from Michigan agreed that NMPF would not have met with DPAC if they were not concerned and if our bill did not have a chance.
- But we still have to play, it's over time, said Alan.
- Nelson from Pennsylvania noted that they came to Ephrata with more of an agenda than what they revealed that day. It was noted that if the voluntary supply management doesn't control the insurance cost for the government, it will be made mandatory. That's the feeling.
- The board agreed the work of DPAC is not done yet. We have to stay connected and informed.

Feedback from guests and regions:

- Chuck Worden, president of Holstein USA, applauded DPAC's interest and effort as he stays in touch with what Holstein and other groups are doing. He noted that Holstein USA put supply management forward, initially, so they have tried to be there to support it. Even though they aren't necessarily happy with some of the changes that are made to it; they did vote to support it.

- He said he sees some areas where DPAC and Holstein USA could perhaps work together and that he is continually gathering information to keep abreast of what is going on and all the options that are available. He indicated his hope that there are areas where we run parallel because we are both concerned about what is best for the dairy producers.

New York

- Laura and Deb were not on the call, but Chuck Worden is a dairy producer from New York and he talked about the frustration the state's producers have with their current situation in the way that DMS is supplying the yogurt plants.
- Chobani is still short of milk. Worden heard the vice president of operations at a meeting describe the situation at 57 loads a day and still not getting the milk that's needed. There has been no push on the price, no over order premiums for the dairymen in the area to expand and come on board.
- Sherry Bunting noted the most recent USDA mailbox milk prices for July and NY is still 33 cents under the U.S. Fed Order average.
- Worden said Chobani wants to be at 100 loads by sometime in the middle of next summer and have made plans to purchase an additional plant because not getting the milk they need. They are in an expansive mode, big boon to northeast, but no help from the coops to push the price to help us grow our businesses.
- Chairman Hawbaker noted that this is why DPAC wants to be careful not to have regulations that make it difficult for regions to take care of their needs.

Southeastern States

- No one attended the call from the Southeast to report.

Midwestern States

- Dave Forgey of Indiana reported that he has been communicating with Senate Ag staff for Senator Roberts, ranking member. Now that Sen. Lugar has introduced his REFRESH bill mirroring the Dairy Security Act, there is less communication coming back to him and zero from Sen. Lugar's office. He said he will be at a local meeting with Sen. Lugar in a few days. He said he thought he had a good handle with Sen. Lugar and didn't think it would go that way.
- Sue Schultz of Wisconsin echoed the issue of being short of milk. The region's buyers are begging for milk.
- They are trying to understand why the milk price is dropping.
- Family Dairy board members were in Washington and had the opportunity to meet with Rep. Peterson, and found him to be adamant: The Security Act will pass or we'll be looking at \$15 milk by the end of the year. Peterson indicated there aren't many small farms left who have children that want to farm.
- Sue reported the FD board voted to support DPAC and do email blasts to their members.
- Chairman Hawbaker noted that shortage of milk in Northeast and Upper Midwest shows this is what happens when have a regulated milk pricing system instead of a competitive milk pricing system because it keeps the price from moving up when there is an opportunity for the price to move up. Supply and demand should do that, but when regulated, the price doesn't follow the demand that is there, and this is a frustration.

- JB of Minnesota reported that Minnesota Milk recently had their meeting. At the end of the meeting they decided that they need to talk to Congressman Peterson. They are seeking a face to face or telephone call with Peterson and the whole board.
- On Dr. Mark Stephenson's analysis, they want to bring the board back together to discuss it.
- JB proposed that producers ask the Super Committee to give dairy a number and then send the bill back to the ag committees for thoughtful policy development.
- Howard Straub from Michigan noted that Michigan Milk has sent letters stating there is over production in the Mideast Order so they need to cut back on the price. His question is why aren't they shipping milk to where it is needed if butter, powder and cheese inventories are higher.
 - Dave noted that the NY price is below Michigan's so that illustrates another reason why component price is needed to get the value out of the milk.
 - (P.S. side note: According to the Mideast Federal Order Map at the Administrator's website, there are counties in New York – some of them in central NY where Chobani is located – that are shaded blue as being served by the Mideast Order. It has been that way for several years.) This raises different questions about how the need to move milk also results in a diminished price to the farmers in the area the milk is coming from because the haul is incorporated into that net price while the distant plant may or may not be paying more to get the milk or if they are, it is for services and not passed on to the shippers; Also, the distant milk often goes to fluid plants via DMS, diverting the local supplier fluid loads to a plant such as Chobani's. Some of that is occurring and the record shows milk trucks with Ohio, Michigan, and Canada plates – in addition of course to Pennsylvania – have been driving down the Chobani lane.
- Dave noted that the world market is still gaining in value overall, so as soon as NZ production fades seasonally, they will be back on the CME buying. He said he anticipates demand will bring the price back.
- Alan Kozak noted he has a meeting with Sen. Sherrod Brown's office and some other dairy producers.

Old Business:

- Sherry requested producer lists for mailing the penny-per-hundredweight forms or DPAC can provide the forms for in-house mailings.

New Business:

- Chairman Hawbaker set the annual reorganization meeting for December 22 at 3:00 in the afternoon at the Ephrata office before the Christmas dinner at 6:30 at Shady Maple.
- The November conference call will be Nov. 17 at 1:00 just for information and correspondence updates.
- Bernie announced that invitations will be going out for the Dec. 22 dinner.
- Alan Kozak was invited to be a panelist representing DPAC at the Professional Dairy Producers of Wisconsin Dairy Policy Summit on November 9.

NEXT MEETING

- The next meeting of the DPAC Board is November 17 at 1:00 p.m. EDT by teleconference.
- The annual board reorganization is December 22 at 3:00 p.m. EDT in Ephrata, PA and by teleconference.

Respectfully Submitted,

Sherry A. Bunting

DPAC Correspondence Secretary

November 15, 2011