

December 18, 2014
Maine Milk Commission Meeting Minutes
Deering Building, Room 233
Augusta, Maine 04333

Notices for the December 18, 2014 meeting were distributed to Commission members, intervenors and other interested parties on November 20, 2014 and sent to the Secretary of State's Office for posting on November 20, 2014.

Commission Present: Mike Wiers, Colon Durrell, Stanley Millay and Richard Cook

Commission Absent: Matt Randall

Department Officials: Josh Panek, Resource Administrator

Staff Present: Tim Drake, Executive Director, Audrey Shorty, Resource Administrator and Carol Gauthier, Office Associate

Legal Counsel: N/A

Others Present: John Bennett and James Lesser of Oakhurst Dairy, John Blake, H.P. Hood, Julie-Marie Bickford and Dale Cole of MDIA, Douglas Carr, of Carr Consulting, Clayton Davis, DFA/DMS, Bill Randall of AgriMark, Shelley Doak of Maine Grocers and Food Producers Association and Michelle Leczynski, Delhaize America.

Chairman Wiers called the meeting to order at 10:30 a.m.

Agenda Item 1: Minutes: Colon Durrell made a motion to accept the minutes of the November 20, 2014 meeting, Richard Cook seconded the motion. Motion passed 3-0.

Agenda Item 2: Lauren Parker, Assistant Attorney General:

Agenda Item 3: Minimum Prices:

Tim Drake reported that a prevailing premium of \$1.10/cwt. on Class I for January 2015, Dairy Marketing Services (DMS) and AgriMark Co-op had been reported. In addition to this premium, DMS and AgriMark reported that an additional \$0.43/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in effect. Federal Order One Class I price for January is \$21.83, a decrease of \$3.95/cwt. He explained that a schedule was prepared using this information plus a producer cost of production adjustment (COPA) of \$1.16/cwt. He stated that this price schedule was for informational purposes and that the Commission was not bound to it, and should make their pricing determination after hearing testimony.

Chairman Wiers asked for testimony.

Julie-Marie Bickford pointed out the decline in milk prices has started and will have a serious ripple effect on producers. She also stated that January traditionally has not been the lowest priced month and lower prices are predicted, this will have a serious effect on the producer numbers. The safety nets in place are questionable; the new Federal Margin Protection Plan is in place but requires producers to spend money to get coverage.

Dale Cole stated that it is important for all segments of the dairy industry to cover their margins, most farms in Maine have used this time of high milk prices to pay off debt incurred during the last price downturn. He stated that we will continue to lose farms rapidly if prices continue to fall. The drop in milk prices only affects the producers.

Colon Durrell asked if the Federal program has only a \$100 placeholder feature.

Julie-Marie answered that there is an annual \$100 fee for producers and up to \$4.00/cwt. coverage is free; after that there is a cost associated with additional coverage. She pointed out that to ask farms to pay out money for coverage when prices are down will be difficult.

Dale Cole stated that 25% of an annual premium must be paid by February 1st with the balance due by June 1st.

Chairman Wiers asked if the Commission should consider raising the producer margin at this time.

John Blake pointed out that there is a substantial price difference between Maine and neighboring states and that the Commission should be careful of making that situation worse. He also pointed out that fuel prices are lower and falling faster than milk prices.

Dale Cole mentioned that feed grown for this winter was produced using high priced fuel and those costs have already been incurred.

Stan Millay stated that a modest increase to the producer margin wouldn't affect the retail price much and that an increase to \$1.25/cwt. wouldn't hurt, there is no easy way to get more money to the farms.

Richard Cook made a motion to accept order #01-15 with a producer margin of \$1.25/cwt.

Stan Millay seconded the motion.

Chairman Wiers called for a vote on the motion. The motion passed 3-0.

Agenda Item 4: Maine Monthly Price Survey: The Commission reviewed the Maine price survey for December 2014 which showed retail prices for Augusta, Scarborough, South Portland, Brunswick, Biddeford, Bangor and Brewer. The IAMCA survey was not available.

Agenda Item 5: Next Scheduled Meetings:

- January 13, 2015, 10:00 a.m.
Howard Room, Augusta Civic Center
- January 22, 2015 4:00 p.m.
Room 233, Department of Agriculture, Conservation and Forestry, Augusta ME
- February 20, 2015 10:30 a.m.
Room 233, Department of Agriculture, Conservation and Forestry, Augusta ME
- March 19, 2015, 10:30 a.m.
Room 319, Department of Agriculture, Conservation and Forestry, Augusta ME
- April 23, 2015, 10:30 a.m.
Room 319, Department of Agriculture, Conservation and Forestry, Augusta ME

Agenda Item 6: Other:

1. **Monthly Financial Report:** The financial report FY15 was reviewed.

Agenda Item 7: Executive Session: None

Adjourned: Adjourned; 10:52 a.m. December 18, 2014.
Tim Drake, Maine Milk Commission