

Producer Review Board
Meeting Minutes
September 12, 2017
(DRAFT)

The Producer Review Board, Board of Directors, held this meeting on September 12, 2017, at 9:00 a.m., at the Modesto Centre Plaza, 1000 K Street, in Modesto. In attendance were:

Members Present (13)

Charles Ahlem
Jarrid Bordessa
Wes Bylsma
Mike Gallo
Ted De Groot
Arie H De Jong
Fred Douma
Joey Fernandes
Craig Gordon
Rodney Kamper
Scott Magnuson
John Moons
George te Velde

CDFA Executive Office

Undersecretary Jim Houston
Michele Dias, General Counsel

CDFA Marketing Services Division Staff

Jeff Cesca, Director of Marketing Services
Candace Gates, FMMO Coordinator
Hyrum Eastman, Dairy Economic Advisor
Donald Shippelhouse, Chief of Dairy Marketing
Joe Monson, Senior Agricultural Economist
Steven Donaldson, Research Manager

Members Absent

Ron Koetsier
Case Van Steyn

Call to Order and Roll Call

At 9:12 am, Chairperson Kamper welcomed everyone to the Producer Review Board (Board) meeting. Roll call was taken and twelve (12) of fifteen (15) members were present, establishing a quorum. Note: One member arrived later increasing attendance to thirteen (13) members at one point. Further in the meeting a member needed to leave reducing members present to twelve (12)

Review and Approval of August 2, 2017 Meeting Minutes

Chairperson Kamper asked if there were any questions or changes to the August 2, 2017 meeting minutes. No edits or corrections were addressed and the following action was taken:

Board Action #2017-25: It was moved by Mr. Douma and seconded Mr. Alhem by to approve the August 2, 2017 meeting minutes as presented.

Discussion and Public Comment: No other discussion by the Board and the public.

Vote on Board Action #2017-25: The motion passed unanimously with twelve (12) votes in favor and none in opposition. See attached Exhibit "A" for roll call vote.

Review of Public Comments Submitted for Draft Quota Implementation Program

The Chair introduced Undersecretary Houston. The Undersecretary reviewed a summary of the public comments received by CDFA regarding the draft Quota Implementation Program (QIP). The Board flagged those comments for further discussion. A copy of the summary comments is attached as Exhibit "B".

Members of the public were given an opportunity to comment on the proposal. It was suggested to change assessment to "refund" since the payout for quota will be a refund from the assessments collected. An industry association representative suggested that CDFA conduct education workshops throughout the state. An exempt producer handler (PH70) representative suggested including the exempt quota conversion of 1.96 to 1 for every exempt quota pound in order to make the PH70's whole. An approval would allow time to obtain authority for the conversion and forego another meeting to change the recommendation. A member of the public addressed that the PH70 exemption was established in the original pooling legislation and was provided to the PH70's at a 1 to 1 ratio. This exemption was a onetime choice by the remaining PH70's and if the federal order is adopted, the exemption will be lost.

Review of Quota Implementation Plan

After review of the public comment summary, the Board addressed the items that were flagged for further discussion. The first item discussed was related to removing reference to the January 1, 2018 effective date, since the true effective date is subject to USDA adopting the FMMO. In addition, the preamble to the QIP was discussed to make it consistent with FMMO adoption. The following action took place:

Board Action #2017-26: It was moved by Mr. Douma and seconded Mr. te Velde

To eliminate the effective date from the title page and revise the "preamble" before Article 1 from:

It is the intent of the Legislature that the Department implement a stand-alone quota plan, adopted by producer referendum, should the USDA adopt a Federal Milk Marketing Order for California.

To:

It is the intent of the Legislature that the Department implements a stand-alone quota plan, adopted by producer referendum, ~~should the~~ **only if and when** USDA adopts a Federal Milk Marketing Order for California.

Vote on Board Action #2017-26: The motion passed unanimously with thirteen (13) votes in favor and none in opposition.

It was suggested that assessable milk only be that portion that is pooled. A member stated that there is no need for further discussion of assessable milk, as that had been addressed already by the Board. A member of the public stated it is an issue for Grade A milk currently not being pooled and asked about the risk of a lawsuit against the program. CDFA General Counsel Dias stated that the legislation provided the legal authority to assess all Grade A milk under the proposed QIP, whereas the current Milk Pooling Plan only assesses pooled milk. A question was posed to the General Counsel whether a lawsuit put the program at risk. However, Counsel stated until an actual lawsuit is filed, the outcome cannot be

speculated. A member stated that current Grade A producers shipping to non pool plants will be allowed to vote in the QIP referendum.

The Board discussed the Handler definition within Article 1. Through discussion of the Board and the public with was determined to remove a conflict within the handler definition pertaining to cooperative associations. Based upon the discussion the following action took place:

Board Action #2017-27: It was moved by Mr. De Jong and seconded Mr. Douma to revise the “Handler” definition from:

“Handler” means any person, other than a cooperative association, who operates one or more plants in California or that engages in the operation of selling, marketing, or distributing in California of Bulk Market Milk he or she has produced or purchased or acquired from a producer, or a duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefore.

To:

“Handler” means any person, ~~other than a cooperative association~~, who operates one or more plants in California or that engages in the operation of selling, marketing, or distributing in California of Bulk Market Milk he or she has produced or purchased or acquired from a producer, or a duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefore.

Vote on Board Action #2017-27: The motion passed unanimously with thirteen (13) votes in favor and none in opposition.

The Board discussed the Market Milk definition, within Article 1. It was suggested to eliminate the definition as it is not used in the FMMO. The Board desired to make it consistent with the Manufacturing Milk definition within Article 1. The following action occurred:

Board Action #2017-28: It was moved by Mr. Moons and seconded Mr. Bordessa to revise the “Market Milk” definition from:

“Market milk” means milk, cream, or skim milk for disposition that is produced in conformity with applicable regulations of the appropriate public regulatory or health authority for market milk

To:

“Market milk” means milk, cream, or skim milk ~~for disposition~~ that is produced in conformity with applicable regulations of the appropriate public regulatory or health authority for **disposition as** market milk.

Vote on Board Action #2017-28: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

Based upon summary comments the Board reviewed the definition of “Quota” under Article 1. It was suggested to clarify that implementation of the QIP would not affect the current ownership of pool quota by producers. The following action took place:

Board Action #2017-29: It was moved by Mr. Moons and seconded Mr. Bordessa to revise the “Quota” definition from:

“Quota” means a daily allocation of pounds of fat and solids not fat contained in market milk for the purpose of receiving a payout from funds collected from an assessment on all market milk produced and delivered in California. The quota owned by each producer prior to the implementation of this Plan shall remain the same after its implementation.

To:

“Quota” means a daily allocation of pounds of fat and solids not fat contained in market milk for the purpose of receiving a payout from funds collected from an assessment on all market milk produced and delivered in California. ~~The quota owned by each producer prior to the implementation of this Plan shall remain the same after its implementation.~~ **Nothing in this Plan is intended to affect the amount of quota owned by producers as of the date of implementation of this Plan.**

Vote on Board Action #2017-29: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

A member requested that the PH70 exemption be discussed in order to understand the current authority and how the QIP impacts the exemption. Another member suggested that the recommendation to the Secretary should provide the PH70's the ability to convert exempt quota to regular quota at a ratio of 1.96 to 1 and if it is determined illegal to provide such a quota conversion, then this part of the recommendation would not be implemented. Staff shared that Food and Agricultural Code (FAC) Section 62707 established how much quota was issued to each producer, which included PH70 producer handlers, and FAC Section 62708.5 provided some of the quota issued per 62707 to be exempt from the pool. CDFA's lacks authority to convert the exempt quota for anything more than what was issued under statute. No action was taken regarding this matter.

The “Solids Not Fat” definition under Article 1 was flagged for discussion. Staff recommended modifying the definition to account for testing methods. The Board took the following action:

Board Action #2017-30: It was moved by Mr. Moons and seconded Mr. Douma to revise the “Solids-Not-Fat” definition from:

“Solids Not Fat” means any milk solids that are not fat used in the California Federal Milk Marketing Order.

To:

“Solids Not Fat” means any milk solids that are not fat **and will be measured using the standard milk testing methods** used in ~~the California~~ a Federal Milk Marketing Order.

Vote on Board Action #2017-30: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

The Board reviewed Article 7, Section 701. Staff felt the Cooperative's recommendation to incorporate Section 502 of the current Pool into the QIP had merit. The Board worked up clarifying language and took the following action:

Board Action #2017-31: It was moved by Mr. Moons and seconded Mr. Douma to revise Section 701 from:

Section 701. The net obligation of each handler shall be computed by multiplying the pounds of solids not fat handled by the quota assessment rate, and deducting an amount calculated by multiplying the pounds of quota solids not fat by \$0.195 reduced by the regional quota adjuster.

A cooperative association may combine the quotas assigned to it by member and nonmembers into one quota for purposes of accounting for milk marketed, provided the quotas of the nonmembers may be so combined only if such cooperative association accounts to the nonmembers on a patronage basis.

To:

Section 701. The net obligation of each handler shall be computed by multiplying the pounds of solids not fat handled by the quota assessment rate, and deducting an amount calculated by multiplying the pounds of quota solids not fat by \$0.195 reduced by the **applicable** regional quota adjusters.

The quota of active member producers of a cooperative association shall belong to the individual producer, but shall be assigned to the custody and control of the cooperative association. A cooperative association may combine the quotas assigned to it by member and nonmembers into one quota for purposes of accounting for milk marketed, provided the quotas of the nonmembers may be so combined only if such cooperative association accounts to the nonmembers on a patronage basis.

Vote on Board Action #2017-31: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

The Board reviewed Article 7, Section 703. Staff shared that the Board should consider inserting "initial" before the word "cash" to clarify that the remaining funds from the current Milk Pooling Equalization fund shall be transferred to manage the "initial" cash flow needs of the stand-alone quota program. In addition, the term "stand-alone quota program" could be replaced by "Quota Implementation Plan." The Board worked up clarifying language and took the following action:

Board Action #2017-32: It was moved by Mr. Moons and seconded Mr. Douma to change Section 703 from:

Section 703. Funds in the Milk Pooling Equalization fund from the operation of The Pool Plan for Market Milk shall be used to manage the cash flow needs of a stand-alone quota program.

To:

Section 703. Funds in the Milk Pooling Equalization fund from the operation of The Pool Plan for Market Milk shall be used to manage the cash flow needs of ~~a stand-alone quota program~~ **Quota Implementation Plan.**

Vote on Board Action #2017-32: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

The Board discussed Articles 9 and 10. It was suggested to change the title of Article 9 to clarify assessments under the QIP. The Board determined that an administration assessment should be separate from the assessment used to fund the QIP. In addition, the Board felt Section 1003 should clarify the assessment collection through handlers based upon a deduction from producers. The Board took the following action:

Board Action #2017-33: It was moved by Mr. De Jong and seconded Mr. Magneson to:

- 1) change the title of Article 9 from: “~~Quota Revenue Assessment~~” to “**Quota Revenue Assessment and Program Administration Assessment**” and
- 2) Add: **Section 902. The Secretary shall review and/or adjust the program administration assessment rate as needed to cover the cost of administering the Quota Implementation Plan. The initial assessment rate shall be \$0.0030 per hundredweight of assessable milk, but not to exceed \$0.0200 per hundredweight.**
- 3) Change Section 1003 from:

Section 1003. Handlers shall deduct a fee from payments made to producers for all milk received or diverted each month an amount calculated by multiplying the pounds of solids not fat handled for the producer by the quota assessment rate.

The amount of such fee shall be paid to the Secretary on or before the 16th day following the last day of the month in which such market milk was received or diverted. In the event the handler fails to pay this fee, the handler shall pay a penalty amount which shall be equal to 10 percent of such unpaid fee. All monies received under the provisions of this section shall be deposited in the State Treasury to the credit of the Department of Food and Agriculture Fund.

To:

Section 1003. Handlers shall deduct a fee from payments made to producers for all milk received or diverted each month in an amount calculated by multiplying the pounds of solids not fat handled for the producer by the quota revenue assessment rate. **Handlers shall also deduct a fee from payments made to producers for all milk received or diverted each month in an amount calculated by multiplying the hundredweights of milk by the program administration assessment rate.**

The amount of such fee shall be paid to the Secretary on or before the 16th day following the last day of the month in which such market milk was received or diverted. In the event the handler fails to pay this fee, the handler shall pay a penalty amount which shall be equal to 10 percent of such unpaid fee. All monies received under the provisions of this section shall be deposited in the State Treasury to the credit of the Department of Food and Agriculture Fund.

Vote on Board Action #2017-33: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

Section 1100 was discussed as some Board members and members of the Public were still concerned about the effects of a five-year continuation process on the value of quota. The Board determined that removing the continuation language yet still carrying out a survey every five years would be more acceptable. Based upon the discussion the Board made the following motion:

Board Action #2017-34: It was moved by Mr. Moons and seconded Mr. Gordon to change Section 1100 from:

Section 1100. The continuation of this Plan is subject to a producer survey every five (5) years. The survey shall be conducted by an independent party selected by the Producer Review Board. The survey shall evaluate the effectiveness of the Plan, and the desire of producers to continue operation of the Plan.

The results of the review will be provided to the Producer Review Board for their consideration, and recommendation to the Secretary.

To:

Section 1100. ~~The continuation of this Plan is subject to a producer survey every five (5) years. The~~ **A producer** survey shall be conducted by an independent party selected by the Producer Review Board **at least every five (5) years**. The survey shall evaluate the effectiveness of the Plan. ~~and the desire of producers to continue operation of the Plan.~~

The results of the review will be provided to the Producer Review Board for their consideration, and recommendation to the Secretary.

Vote on Board Action #2017-34: The motion passed unanimously with eleven (12) votes in favor and none in opposition.

A member requested that the Board revisit the preamble and tie the trailer bill language into the QIP. After some discussion, the preamble was further modified through the following Board motion:

Board Action #2017-35: It was moved by Mr. Fernandes and seconded Mr. Douma to clarify the trailer bill language within the Quota Implementation Plan preamble by changing from:

It is the intent of the Legislature that the Department implements a stand-alone quota plan, adopted by producer referendum, only if and when USDA adopts a Federal Milk Marketing Order for California.

To:

It is the intent of the Legislature that the Department implements a stand-alone quota plan, adopted by producer referendum, only if and when USDA adopts a Federal Milk Marketing Order for California. **The “pooling plan” referenced in the Trailer Bill (Section 62757 of the Food & Ag Code) means this Plan.**

Vote on Board Action #2017-35: The motion passed unanimously with twelve (12) votes in favor and none in opposition.

After finalizing the QIP document, members of the public were able to address aspects of the program. Individuals expressed that Section 1100 of the proposed QIP should be removed. Industry seemed to

think education workshops would be helpful. Discussion occurred regarding the ballot producers would receive. Staff indicated it would be in an individually addressed manila envelope. The voting period would be sixty (60) days. It is the goal of CDFA to announce the results in late December, unless the vote is extended by thirty (30) days because the minimum participation was not met in order to validate the referendum.

After public input, the Board made its final recommendation to submit all the changes in the QIP for approval by the Secretary. The following action took place:

Board Action #2017-36: It was moved by Mr. te Velde and seconded Mr. De Jong approve all the recommended changes to the Secretary

Vote on Board Action #2017-36: The motion passed with eleven (11) votes in favor and one (1) in opposition.

Meeting Conclusion

There being no other business, the Chair adjourned the meeting at approximately 1:12 p.m.

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Milk Pooling Branch

EXHIBIT "A"
Board Motion and Roll Call Vote Tally:

Board Action #2017-25 It was moved by Mr. Douma and seconded Mr. Alhem by to approve the August 2, 2017 meeting minutes as presented. The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Charles Alhem, Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Rodney Kamper, Scott Magnuson, John Moons, and George te Velde
NO Votes by: None

Board Action #2017-26 It was moved by Mr. Douma and seconded Mr. te Velde

To eliminate the effective date from the title page and revise the "preamble" before Article 1 from:

It is the intent of the Legislature that the Department implement a stand-alone quota plan, adopted by producer referendum, should the USDA adopt a Federal Milk Marketing Order for California.

To:

It is the intent of the Legislature that the Department implements a stand-alone quota plan, adopted by producer referendum, ~~should the only if and when~~ USDA adopts a Federal Milk Marketing Order for California.

The motion passed unanimously with thirteen (13) votes in favor and none in opposition.

YES Votes by: Charles Alhem, Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magnuson, John Moons, and George te Velde
NO Votes by: None

Board Action #2017-27 It was moved by Mr. De Jong and seconded Mr. Douma to revise the "Handler" definition from:

"Handler" means any person, other than a cooperative association, who operates one or more plants in California or that engages in the operation of selling, marketing, or distributing in California of Bulk Market Milk he or she has produced or purchased or acquired from a producer, or a duly incorporated cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefore.

To:

"Handler" means any person, ~~other than a cooperative association~~, who operates one or more plants in California or that engages in the operation of selling, marketing, or distributing in California of Bulk Market Milk he or she has produced or purchased or acquired from a producer, or a duly incorporated

cooperative association of producers which has authority from its individual producer members to market their milk and receive payment therefore.

The motion passed unanimously with thirteen (13) votes in favor and none in opposition.

YES Votes by: Charles Alhem, Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-28 It was moved by Mr. Moons and seconded Mr. Bordessa to revise the “Market Milk” definition from:

“Market milk” means milk, cream, or skim milk for disposition that is produced in conformity with applicable regulations of the appropriate public regulatory or health authority for market milk

To:

“Market milk” means milk, cream, or skim milk for disposition that is produced in conformity with applicable regulations of the appropriate public regulatory or health authority for disposition as market milk.

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-29 It was moved by Mr. Moons and seconded Mr. Bordessa to revise the “Quota” definition from:

“Quota” means a daily allocation of pounds of fat and solids not fat contained in market milk for the purpose of receiving a payout from funds collected from an assessment on all market milk produced and delivered in California. The quota owned by each producer prior to the implementation of this Plan shall remain the same after its implementation.

To:

“Quota” means a daily allocation of pounds of fat and solids not fat contained in market milk for the purpose of receiving a payout from funds collected from an assessment on all market milk produced and delivered in California. ~~The quota owned by each producer prior to the implementation of this Plan shall remain the same after its implementation.~~ **Nothing in this Plan is intended to affect the amount of quota owned by producers as of the date of implementation of this Plan.**

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magnuson, John Moons, and George te Velde
NO Votes by: None

Board Action #2017-30 It was moved by Mr. Moons and seconded Mr. Douma to revise the “Solids-Not-Fat” definition from:

“Solids Not Fat” means any milk solids that are not fat used in the California Federal Milk Marketing Order.

To:

“Solids Not Fat” means any milk solids that are not fat **and will be measured using the standard milk testing methods** used in ~~the California~~ a Federal Milk Marketing Order.

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magnuson, John Moons, and George te Velde
NO Votes by: None

Board Action #2017-31 It was moved by Mr. Moons and seconded Mr. Douma to revise Section 701 from:

Section 701. The net obligation of each handler shall be computed by multiplying the pounds of solids not fat handled by the quota assessment rate, and deducting an amount calculated by multiplying the pounds of quota solids not fat by \$0.195 reduced by the regional quota adjuster.

A cooperative association may combine the quotas assigned to it by member and nonmembers into one quota for purposes of accounting for milk marketed, provided the quotas of the nonmembers may be so combined only if such cooperative association accounts to the nonmembers on a patronage basis.

To:

Section 701. The net obligation of each handler shall be computed by multiplying the pounds of solids not fat handled by the quota assessment rate, and deducting an amount calculated by multiplying the pounds of quota solids not fat by \$0.195 reduced by the **applicable** regional quota adjusters.

The quota of active member producers of a cooperative association shall belong to the individual producer, but shall be assigned to the custody and control of the cooperative association. A cooperative association may combine the quotas assigned to it by member and nonmembers into one quota for purposes of accounting for milk marketed, provided the quotas of the nonmembers may be so combined only if such cooperative association accounts to the nonmembers on a patronage basis.

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-32 It was moved by Mr. Moons and seconded Mr. Douma to change Section 703 from:

Section 703. Funds in the Milk Pooling Equalization fund from the operation of The Pool Plan for Market Milk shall be used to manage the cash flow needs of a stand-alone quota program.

To:

Section 703. Funds in the Milk Pooling Equalization fund from the operation of The Pool Plan for Market Milk shall be used to manage the cash flow needs of ~~a stand-alone quota program~~ **Quota Implementation Plan.**

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-33 It was moved by Mr. De Jong and seconded Mr. Magneson to:

- 4) change the title of Article 9 from: "~~Quota Revenue Assessment~~" to "**Quota Revenue Assessment and Program Administration Assessment**" and
- 5) Add: **Section 902. The Secretary shall review and/or adjust the program administration assessment rate as needed to cover the cost of administering the Quota Implementation Plan. The initial assessment rate shall be \$0.0030 per hundredweight of assessable milk, but not to exceed \$0.0200 per hundredweight.**
- 6) Change Section 1003 from:

Section 1003. Handlers shall deduct a fee from payments made to producers for all milk received or diverted each month an amount calculated by multiplying the pounds of solids not fat handled for the producer by the quota assessment rate.

The amount of such fee shall be paid to the Secretary on or before the 16th day following the last day of the month in which such market milk was received or diverted. In the event the handler fails to pay this fee, the handler shall pay a penalty amount which shall be equal to 10 percent of such unpaid fee. All monies received under the provisions of this section shall be deposited in the State Treasury to the credit of the Department of Food and Agriculture Fund.

To:

Section 1003. Handlers shall deduct a fee from payments made to producers for all milk received or diverted each month in an amount calculated by multiplying the pounds of solids not fat handled for the producer by the quota revenue assessment rate. **Handlers shall also deduct a fee from payments made to producers for all milk received or diverted each month in an amount calculated by multiplying the hundredweights of milk by the program administration assessment rate.**

The amount of such fee shall be paid to the Secretary on or before the 16th day following the last day of the month in which such market milk was received or diverted. In the event the handler fails to pay this fee, the handler shall pay a penalty amount which shall be equal to 10 percent of such unpaid fee. All monies received under the provisions of this section shall be deposited in the State Treasury to the credit of the Department of Food and Agriculture Fund.

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-34 It was moved by Mr. Moons and seconded Mr. Gordon to change Section 1100 from:

Section 1100. The continuation of this Plan is subject to a producer survey every five (5) years. The survey shall be conducted by an independent party selected by the Producer Review Board. The survey shall evaluate the effectiveness of the Plan, and the desire of producers to continue operation of the Plan.

The results of the review will be provided to the Producer Review Board for their consideration, and recommendation to the Secretary.

To:

Section 1100. ~~The continuation of this Plan is subject to a producer survey every five (5) years. The~~ **A producer** survey shall be conducted by an independent party selected by the Producer Review Board **at least every five (5) years**. The survey shall evaluate the effectiveness of the Plan. ~~, and the desire of producers to continue operation of the Plan.~~

The results of the review will be provided to the Producer Review Board for their consideration, and recommendation to the Secretary.

The motion passed unanimously with eleven (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-35 It was moved by Mr. Fernandes and seconded Mr. Douma to clarify the trailer bill language within the Quota Implementation Plan preamble by changing from:

It is the intent of the Legislature that the Department implements a stand-alone quota plan, adopted by producer referendum, only if and when USDA adopts a Federal Milk Marketing Order for California.

To:

It is the intent of the Legislature that the Department implements a stand-alone quota plan, adopted by producer referendum, only if and when USDA adopts a Federal Milk Marketing Order for California. **The “pooling plan” referenced in the Trailer Bill (Section 62757 of the Food & Ag Code) means this Plan.**

The motion passed unanimously with twelve (12) votes in favor and none in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: None

Board Action #2017-36 It was moved by Mr. te Velde and seconded Mr. De Jong approve all the recommended changes to the Secretary

The motion passed with eleven (11) votes in favor and one (1) in opposition.

YES Votes by: Jarrid Bordessa, Wes Bylsma, Ted De Groot, Arie De Jong, Fred Douma, Joseph Fernandes, Michael Gallo, Craig Gordon, Rodney Kamper, Scott Magneson, John Moons, and George te Velde

NO Votes by: Ted De Groot