

DRAFT MINUTES

Milk Commission

Oliver Hill Building, Richmond, VA

September 21, 2016

Minutes of the meeting of the Milk Commission, held at the Virginia Department of Agriculture and Consumer Services located at 102 Governor Street, Richmond, VA 23219.

THE COMMISSION:

Present: Kenneth Smith, Chairperson; Patrick Crawford, Commissioner; Gerald Heatwole, Commissioner; Bruce E. Mayer; Commissioner; John Swanson, Commissioner; Robb Watters, Commissioner; Crafton Wilkes, Administrator; Jessica Roberts, Auditor II.

Absent: Kate Blair Farmer, Commissioner

The Chairperson called the meeting to order at 1:30 P.M.

Kenneth Smith asked for a motion to accept the minutes from the previous meeting. As there was no discussion, Gerald Heatwole so moved and Patrick Crawford seconded the motion. The Administrator noted that Mr. Smith had served his full term as Chairperson, and the board should elect a new chair. A brief discussion was held, and Gerald Heatwole was nominated by Patrick Crawford, seconded by Robb Watters. The board members in attendance voted unanimously in favor of the selection.

The Administrator gave a review of Class I sales, producer price and production, and industry changes. Class I sales declined unusually over the summer, which is likely attributable to a retailer shift in suppliers, and commonly occurs in similar situations or processing plant closures. The Administrator noted that often these sales are discovered on audit when a thorough review of sales and locations is performed. The Class I Producer Price has risen significantly since the previous meeting, but forecasts are not optimistic for this to continue through the end of the year. Milk production across the state is down two percent compared to 2015, and production by producers who have Milk Commission base is down nearly four percent. The Administrator mentioned that Milk Commission auditors have noticed a significant increase in retail price complaints. Investigations have increased over 300% over previous years, which has added to the auditors' workload.

The Administrator presented a request for a processing general distributor license for Dutch Valley Food Company, Inc., trading as Weis Markets. The processor and retailer will enter Virginia markets at the end of October as a result of a merger between two retailers and subsequent divestiture of stores in select areas. The applicant has agreed to comply with the Rules and Regulations of the Commission, and report Virginia milk sales

to the Commission through a monthly report. Through a motion so moved by Kenneth Smith and seconded by John Swanson, the board approved the application.

Commission members discussed the hardships dairy producers currently face, with the producer members noting that 2016 will be comparable to 2009, widely considered to be one of the worst years economically for dairy producers in the US. Speculation as to why this year has been so bad was discussed, including the growth of alternative beverages and a slowing export market. Potential for a dairy market in Cuba was also mentioned a possible bright spot in the future.

The meeting opened for public comment. There was no public comment.

<u>License Number</u>	<u>License Type</u>	<u>Distributor</u>	<u>Company Representative</u>	<u>Market</u>	<u>Action</u>
--	PGD	Dutch Valley Food Company, Inc.	Laurence Bates	All	Approve

The next Commission meeting date was scheduled for December 14, 2016 at 1:30 p.m., at the Virginia Department of Forestry in Charlottesville, VA 22903.

Chairperson

Administrator