

Milk Producer

Newsletter of Milwaukee Cooperative Milk Producers

Jan/Feb 2010

USDA Names Dairy Advisory Committee Members

WASHINGTON — U.S. Agriculture Secretary Tom Vilsack announced the appointment of 17 members to a federal Dairy Industry Advisory Committee. Over the next two years, the committee will review the issues of farm milk price volatility, dairy farmer profitability and consolidation, and offer suggestions on ways USDA can best address the needs of a struggling dairy industry. Representatives will include producers and producer organizations, processors and processor organizations, handlers, consumers, academia, retailers, and state agencies involved in organic and non-organic dairy at the local, regional, national, and international levels.

“USDA has worked tirelessly to assist dairy farmers during these tough times,” said Vilsack. “We’ve increased support prices under the Dairy Product Price Support Program, reactivated the Dairy Export Incentive Program, and bought 200 million pounds of nonfat dry milk for federal feeding programs. This committee, whose members come from all aspects of the dairy industry, will work to find long term solutions to assist this struggling industry.”

Producer members appointed to the committee include Erick Coolidge from Pennsylvania’s Northern Tier. Coolidge is vice chair of the Pennsylvania Center for Dairy Excellence board of directors, milks 130 cows and is a Tioga County commissioner.

Other producer members are Timothy den Dulk (Mich.), Debora Erb (N.H.), James Goodman (Wis.), James Krahn, (Ore.), Edward Maltby (Mass.), Manuel Souza (Calif.), Ed Welch (Minn.), and James Williams (Ga.).

Representatives from the processing industry include Jay Bryant (Va.), Patricia Stroup (Calif.), Sue Taylor (Colo.), and Robert Wills (Wis.).

Members representing state government, retail, academia, and consumers include Robert Schupper of Pennsylvania. Schupper is dairy case manager for 130 Giant Food stores and a member of the Northeast Dairy Leadership Team.

Other members representing this group are Rodney Nilsestuen (Wis.), Andrew Novakovic (N.Y.), and Paul Bourbeau (Vt.).

All members will serve two-year terms, beginning in January 2010, and expiring Jan. 1, 2012. The committee was expanded this year from 15 members to 17 and will hold its first meeting in early 2010. The meeting will be open to the public and USDA encourages public participation.

For additional information check the Dairy Industry Advisory Committee Web site, www.ams.usda.gov/AMSV1.0/DairyAdvisoryCommittee.

NOTICE OF 93rd ANNUAL MEETINGS

The Annual Meetings of the members of Milwaukee Cooperative Milk Producers will be held at the following locations, for the following purposes:

- § To present the fiscal year financial reports ending on December 31.
- § To elect and seat directors (if applicable for that district).
- § To review the current market situation and to present an overview of operations.
- § To transact any other business of the cooperative for the member owners in attendance.
- § To approve the acts and deeds of the board of directors and management for the past year.

Milwaukee Cooperative Milk Producers
Thomas Breuer – President
Mark Ryan – Secretary
James Bird – General Manager

District 1 Thursday, March 11th
Chissy's Pub & Grille, Waldo, WI

District 2 – Monday, March 15th
Kettle Moraine Bowl, Slinger, WI

District 3 – Thursday, March 18th
Community Center, Juneau, WI

District 4 – Monday, March 22nd
KC Hall, Fond du Lac, WI

District 5 & 6 – Wednesday, March 24th
Hi Point Supper Club, Ridgeway, WI

The following districts will be conducting an election of board members:

District 2 – Tom Breuer
District 3 – Armin Reichow
District 4 – Mark Ryan

Anyone interested in running for any of these open seats should contact the MCMP office for additional information. (262-786-3120)

All members are encouraged to attend their district meetings. This is your opportunity to learn what the Co-op is doing for you, not only at the farm, but at the local, state and federal levels. It is also an opportunity for you to vote and direct policy of MCMP.

Mark you Calendars! If you are unsure what district you are in, please call the MCMP office. If it is more convenient for you to attend another district's meeting, that is possible also.

Assistance Payment (DELAP) Program Overview

The USDA Farm Service Agency (FSA) Dairy Economic Loss Assistance Payment (DELAP) Program provides a one-time payment to assist dairy producers who have recently experienced low milk prices and high production costs. DELAP payments are intended to help offset economic losses that producers have incurred. The Agricultural Appropriations Act for fiscal year 2010 provides \$290 million in direct payments to dairy operations that produced milk in the United States and commercially marketed the milk between February and July 2009.

Eligibility Requirements

To be eligible to receive DELAP program benefits, a dairy producer in the U.S. must:

- § have produced milk in the U.S. and commercially marketed the milk produced any time between February 2009 through July 2009;
- § be a producer who is, or whose members are, a citizen of, or a legal resident alien in the U.S. who directly or indirectly shares in the risk of producing milk; and who is entitled to a share of the commercial production available for marketing from the dairy operation;
- § provide proof of monthly milk production commercially marketed by all persons in the eligible dairy operation during February 2009 through July 2009;
- § submit an accurate and complete request for benefits if production data are not available in the administrative FSA county office;
- § have annual average adjusted nonfarm income of \$500,000 or less;
- § comply with USDA provisions for highly erodible land and wetlands;
- § not have been convicted of a controlled substance violation.

Producers may have interest in more than one dairy operation.

Also, FSA may make payments for losses suffered by an eligible producer who is deceased or a dissolved entity. A representative who has authority to enter into a contract for the producer or the producer's estate must sign the request for DELAP benefits. The representative must provide proof of authority to sign for the estate or dissolved entity. If a producer is a dissolved general partnership or joint venture, all members of the general partnership or joint venture at the time of dissolution or their duly-authorized representatives must sign the request for DELAP benefits.

Calculating Benefits

FSA will calculate payments based on each qualifying dairy operation's total pounds of production commercially marketed during the months of February 2009 through July 2009, multiplied by two, up to six million pounds per dairy operation. A national per hundredweight payment rate will be calculated by dividing the available funding of \$290 million, less a reserve established by FSA, by the total pounds of eligible production approved for payment.

Payments to eligible dairy producers will be calculated by multiplying the established payment rate by the dairy producer's share of the dairy operation's eligible production payment quantity.

DELAP FAQ:

- Q Why is there a 6 million pound production maximum per dairy operation?
A The 6 million pound limit is intended to ensure, in light of the funding limit, that funding is distributed equitably among small and large dairy producers.
- Q How will the national per hundred weight payment rate be determined?
A A national per cwt payment rate will be determined based on a factoring of the available \$290 million, less the reserve established for new applications, appeals, and errors, divided by the total pounds of eligible milk production from all eligible dairy operations. The estimated payment rate is approximately \$0.32 per cwt. Because the funds appropriated for this program are a fixed amount, the national payment rate and the individual payments can only be calculated after the total eligible quantity of milk production has been determined from eligible program participants.
- Q DELAP seems similar to the MILC program, is that true?
A No. In order to expedite payments to dairy producers, FSA has calculated DELAP payments using existing dairy production records, such as those submitted for the MILC program, primarily because dairy producer and commodity eligibility requirements, including AGI certification, have been verified and are readily available to expedite DELAP program delivery.

Partnerships and Innovation Drive Sales in 2009

Rosemont, IL – America’s dairy producers, through their investment in the dairy checkoff, helped the dairy industry drive sales through food industry partnerships and innovation in 2009.

“In a year where dairy producers faced economic hardships like never before, the dairy checkoff responded by redirecting more than \$35 million to further focus on immediate- and long-term sales,” said Tom Gallagher, chief executive officer for Dairy Management Inc.™ (DMI), which manages the national dairy producer checkoff. “By building powerful partnerships and developing innovative new product channels, our efforts (along with low retail prices) helped drive between 2.5 and 3.5 billion pounds in additional milk sales in 2009.”

Gallagher cited these key accomplishments that helped dairy producers and the U.S. dairy industry build sales in 2009 and beyond.

Partnering to create a “Legend.” Dairy producers began a partnership with Domino’s Pizza® to help revitalize the pizza category and build cheese sales. In February, Domino’s introduced its American Legends™ pizzas, which are six specialty pizzas that use up to 40 percent more cheese than the chain’s traditional pizzas. Domino’s invested four to five times the amount dairy producers invested, and due to the success of the specialty pizzas other chains are increasing cheese on their pizza offerings as well.

Reformulating school pizza. National and local dairy checkoff organizations are working with industry partners to create a school pizza that will meet increasingly restrictive school nutrition guidelines, while also meeting kids’ taste preferences. School pizza is the most popular entrée in schools, and therefore is an important priority for growing long-term sales.

Growing dairy sales at McDonald’s®. As part of a multi-year partnership between dairy producers and McDonald’s, the chain launched its McCafe® specialty coffee offerings – which use up to 80 percent milk – in its 14,000 restaurants across the country. McDonald’s also launched its Third Pounder Angus Burgers, three new burger options with two slices of cheese per sandwich, resulting in an additional 6 million pounds of cheese sold.

Creating new opportunities for lactose-free milk. Dairy producers partnered with milk processor HP Hood® and its Lactaid® brand to make innovative milk products available to the nearly one in four Americans who have either left or are at risk of leaving the milk category due to actual or perceived lactose intolerance. Bringing these lapsed consumers back to milk could require an additional 2.5 to 5 billion additional pounds of milk each year.

Bringing new products to new locations at retail. Dairy producers worked with General Mills’ Yoplait® brand to develop a new line of frozen fruit and yogurt smoothies that use an innovative yogurt chip technology and require 8 ounces of milk. In 2009, General Mills rolled out the smoothies at grocery stores across the country – for the first time featuring the yogurt chips in the frozen foods section. The company said the new yogurt smoothies were among its most successful product tests ever.

Growing ingredient sales at foodservice. The dairy checkoff worked with Starbucks® Coffee Company to build U.S. dairy ingredient sales with the help of a third flavor in the Vivanno™ Smoothie line, which uses whey protein and fluid milk. In all, these smoothies account for more than 3.7 million pounds of whey protein and 550 million pounds of fluid milk annually.

Maintaining momentum for single-serve milk. Dairy checkoff staff continues to work with individual processors, schools and foodservice chains to ensure that consumers have the fluid milk products they want, when and where they want it. Today, more than 70,000 restaurants across the country and 11,000 schools offer white and flavored milk in single-serve, plastic, resealable bottles.

Focusing on dairy health and wellness. The National Dairy Council®, the nutrition education and research arm of the dairy checkoff, maintains and grows support for dairy’s nutrition and health benefits by working with health and marketplace leaders. The “Fuel Up to Play 60” program helps combat childhood obesity by encouraging schools to implement physical activity and good nutrition, including dairy.

ation. In 2009, the Innovation Center for U.S. Dairy (established by dairy producers through their checkoff) brought industry leaders together to develop action plans, which are aligned with dairy producer priorities. The Innovation Center, which focuses on health and wellness, product development and information, sustainability, consumer confidence, and globalization, has brought together more than 180 companies and nearly 400 individuals to protect and grow sales.

Strengthening global markets. Dairy producers, through the U.S. Dairy Export Council® (USDEC) continue to help protect global markets for U.S. dairy. Despite the global economic recession, more than 9 percent of U.S. milk production was exported (through October 2009).

Enhancing dairy farmer image. In 2009, national and local dairy checkoff organizations helped recruit thousands of dairy producers to tell their story to the public. Dairy checkoff staff developed and enhanced training workshops that help dairy producers and allied industry communicate about on-farm issues, including animal care and environmental stewardship, through community relations, presentations to local organizations, one-on-one conversations, and social media.

“Despite ongoing challenges, the U.S. dairy industry’s future is bright,” Gallagher said. “By engaging industry partners, leveraging dairy’s health and wellness benefits, and encouraging the industry to innovate, we can grow sales.”

For more information about producer-funded programs, visit www.dairycheckoff.com.

(<http://dairywebmall.com/dbcpress/?p=5100> Jan 19, 2010)

Summary of Grade A Milk Percentages by State

The table below contains historical data of Grade A milk production as a percentage of total milk production for selected states and selected years from 1970 through 2008. For 2008, the milk sold to plants and dealers in the United States was 99% Grade A milk, up one percentage point from 2005. That percentage increased 25 percentage points from 74% in 1970. Reflecting the national trend, the Grade A milk produced in five of the seven states in the Upper Midwest Order, as a percentage of total milk production, also increased one to three percentage points from 2005. That percentage also significantly increased in all of the states composing the Upper Midwest Order during the 38-year period. North Dakota is the only remaining state with Grade A milk production less than 85% of total production.

Grade A Milk Production as a Percentage of Total Milk Production

	<i>US</i>	<i>MI</i>	<i>IL</i>	<i>IA</i>	<i>WI</i>	<i>MN</i>	<i>SD</i>	<i>ND</i>
	%	%	%	%	%	%	%	%
1970	74	89	74	33	54	29	16	35
1975	80	95	79	47	64	45	20	36
1980	84	95	80	59	71	59	32	43
1985	87	97	83	67	75	67	43	48
1990	92	98	89	80	86	76	55	57
1995	95	98	94	88	92	89	58	57
2000	98	99	98	96	94	95	93	71
2005	98	99	98	98	96	97	94	80
2006	99	99	98	98	96	97	97	79
2007	99	100	98	99	97	98	97	81
2008	99	100	98	99	97	98	97	80

Source: “Milk Production, Disposition, and Income”, NASS, USDA.

(<http://www.fmna30.com/Dairy%20News/12-09--DairyNews.pdf> Jan 19, 2010)

Center for U.S. Dairy Announce Agreement to Enhance Sustainability, Cut Industry's Greenhouse Gases by 25 Percent

Landmark joint effort showcases dairy industry's sustainability leadership and creates opportunities for further environmental and economic benefits

Rosemont, IL -- The [U.S. Department of Agriculture](#) and the Innovation Center for U.S. Dairy today agreed to work jointly in support of the U.S. dairy industry's goal to reduce greenhouse gas emissions by 25 percent over the next decade.

In a landmark memorandum of understanding (MOU), the USDA and the industrywide dairy group identified a variety of projects that can help the dairy industry achieve those greenhouse gas reduction goals and increase its financial and environmental sustainability.

The agreement was signed by Agriculture Secretary Tom Vilsack and Thomas P. Gallagher, chief executive officer of the Innovation Center for U.S. Dairy and Dairy Management Inc.[™] (DMI), which manages the national dairy checkoff program on behalf of the nation's dairy farmers. DMI was one of the founding organizations of the Innovation Center for U.S. Dairy, which was created to foster industrywide pre-competitive collaboration and innovation on strategies designed to increase sales of milk and milk products. (www.usdairy.com).

"This historic agreement, the first of its kind, will help us achieve the ambitious goal of drastically reducing greenhouse gas emissions while benefitting dairy farmers," said Vilsack. "Use of manure to electricity technology is a win for everyone. It provides an untapped source of income for farmers, it provides a source of renewable electricity, reduces our dependence on foreign fossil fuels, and provides a wealth of additional environmental benefits."

"This memorandum came about because of the commitment of U.S. dairy farmers and the dairy industry to a sustainable future that includes both environmental and economic viability," said Gallagher. "Sustainability goes hand in hand with our heritage of taking care of the land and natural resources while producing nutritious products that consumers want."

Under the agreement, USDA will take a number of steps to help farmers, including supporting a strategic research plan to help the industry further reduce environmental impacts. Other initiatives would help the industry develop future technologies, advance nutrient management, support renewable energy, and improve energy efficiency.

"These efforts build on the Innovation Center's U.S. Dairy Sustainability Commitment, which includes [projects](#) designed to reach the greenhouse gas reduction goal of 25% by 2020," said Jerry Kozak, president and chief executive officer of the [National Milk Producers Federation](#) (NMPF).

Potential outcomes of the MOU include accelerating opportunities to adopt livestock manure processing systems that capture methane gas from livestock manure and convert it into electricity, coordinating research information on life cycle assessments, and supporting the industry's efforts in energy audits, feed management and energy conservation.

Gallagher noted that the Innovation Center is nearing completion of an unprecedented life cycle assessment of fluid milk from farm to table. Initial estimates by the Applied Sustainability Center at the University of Arkansas show that the entire dairy supply chain, from cattle feed ingredients through packaging and

er's table, accounts for less than 2 percent of total greenhouse gas emissions in the U.S.

“The dairy industry’s on-going efforts to improve milk production efficiency over the past six decades have already reduced greenhouse gas emissions at the farm level by more than 60 percent,” said Indiana dairy producer Mike McCloskey, chairman of the Innovation Center’s Sustainability Committee. “To feed a growing world we must continue to develop new ideas, innovations and best practices to preserve natural resources and secure a healthy future for the next generation.”

The MOU between USDA and the Innovation Center may also help accelerate adoption of methane gas digesters for all sizes of dairy farms, making it easier to connect digesters to electricity grids and help digester operators capture potential carbon offset payments. Additional support from the USDA could include research on how feed mixtures affect methane emissions from cows. Opportunities to reduce so-called enteric emissions have been identified by dairy stakeholders in the Innovation Center’s industrywide plan to cut greenhouse gas emissions.

“We are very pleased to be working with Secretary Vilsack and the entire USDA,” said Connie Tipton, president and chief executive officer of the [International Dairy Foods Association](#) (IDFA). “The additional cooperative efforts and assistance spelled out in this agreement will help the dairy industry move forward with its greenhouse gas reduction roadmap and further its role as a leader in sustainability.”

***Innovation Center for U.S. Dairy** provides a forum for the dairy industry to work pre-competitively to address barriers to and opportunities for innovation and sales growth. The Innovation Center aligns the collective resources of the industry to offer consumers nutritious dairy products and ingredients, and promote the health of people, communities, the planet and the industry. The Board of Directors for the Innovation Center represents leaders of more than 30 key U.S. producer organizations, dairy cooperatives, processors, manufacturers and brands. The Innovation Center is supported and staffed by Dairy Management Inc.™ For more information, contact innovationcenter@usdairy.com or visit USDairy.com.*

(<http://www.usdairy.com/SUSTAINABILITY/NEWSROOM/Pages/CutIndustry'sGreenhouseGasesby25Percent.aspx> Jan 19, 2010)



CWT needs members to build membership

More participation needed for CWT to be more effective in 2010 and beyond

The members of CWT are making an all-out effort to increase dairy farm participation in CWT. Currently 35 cooperatives and approximately 400 individual producers representing 67% of the U.S. milk production are investing in CWT. However, all dairy farmers are benefiting from CWT’s actions.

If CWT is to continue to act for the benefit of all dairy farmers, it needs all dairy farmers to be investing in CWT. Half of the 50 largest cooperatives, representing 23 billion pounds of milk, are not currently participating in CWT. In the next two months each will be contacted by the producer-chairmen of CWT member cooperatives asking those cooperatives to get on board.

There are many producers who are not members of a milk marketing cooperative who are not members of CWT as well. Many don’t know much about CWT and have not received membership information. What is needed is for every CWT member-producer to talk to a producer who is not a member of CWT. Chances are that every member has a neighbor or dairy-farmer friend who is not a member of a cooperative. Dairy farmers need to talk to dairy farmers about joining CWT.

There is a misconception that CWT is a program for producers who want to exit the dairy industry. The fact is CWT exists for dairy farmers who want to stay in business and produce milk profitably. CWT can only continue to do that if every member gets a non-member to join.

MUN testing – an important feed management tool

Milk Urea Nitrogen (MUN)

What is it? What does it measure?

Milk Urea Nitrogen, the concentration of urea nitrogen in the milk, is an indicator of the efficiency of utilization of dietary crude protein (CP). It is expressed in milligrams per deciliter, (mg/dl) with 95% of all values ranging from 5.0 to 20.0 mg/dl for a group of Holstein cows; the desired group or herd concentration is 10-12 mg/dl, Individual cow samples are not meaningful as there are season, breed, parity, milking frequency, and days in milk that influences that affect MUN levels. However, bulk tank samples for one-group TMR herds &/or string (group) samples from differing TMRs can be evaluated with the corresponding TMR analysis report sheet to fine tune rations. MUN is higher when (a) excess Rumen Degradable Protein (RDP) is fed, (b) excess Rumen Undegradable Protein (RUP) is fed, or (c) when RDP is not balanced with dietary Non-fiber Carbohydrates (NFC). Examples include feeding high levels of immature alfalfa silage as the sole forage in the diet, feeding to large an amount of raw beans, or feeding excess urea. These situations cause elevated rumen ammonia, blood urea (absorbed ammonia is converted to urea in the liver) and MUN.

How do we use it?

More and more milk processors are offering MUN test results on bulk tank samples taken at milk pick-up on the farm. These MUN values give a frequent look at how cows are utilizing the protein being fed. Poor utilization means that urea will end up in the blood, urine and milk. Concentrations that are high (>14mg/dl) for a herd or string suggests that CP, RDP or RUP intakes may be above cow requirements or that dietary NFC may be too low. Concentrations that are low (< 8mg/dl) may suggest feed changes (lower protein haylage) or protein-limited rations. Poor feed mixing, poor delivery of TMR, or ration changes not accounted for by your nutritionist may also affect MUN.

What numbers are acceptable?

Current research suggests that for a herd or string of Holstein cows and MUN of 10-12 mg/dl is adequate and will optimize milk and protein yields while maximizing nitrogen excretion. In research conducted at the U.S. Dairy Forage Research Center by Glen Broderick, cows receiving 16.7% crude protein appeared to optimize milk, fat and protein yields, however lower protein levels showed more efficient use of nitrogen. MUN guidelines from Brown Swiss and Jerseys may be one unit higher to optimize milk production.

Why do you care?

Overfeeding protein is expensive and increases excretion into the environment. Underfeeding protein may reduce milk income. Current guidelines recommend 17% CP (DM basis) diets for most lactating cows. Many nutritionists have become more sophisticated with their formulations for RDP, RUP and NFC. Besides being costly, excess protein is excreted as urinary nitrogen that is highly unstable on the farm, thus creating an environmental concern. Using MUN in combination with TMR analysis can help fine tune rations by looking for changes in MUN levels before we notice changes in silage or other feedstuffs. Thus measuring and using MUN is a way to let the cow's own system tell us how we are doing with diet and formulation of the feeding program.

Table 1. Interpretation of MUN for Group-Feb Holstein Herds*				
Stage of Lactation	<10	10-12	13-14	>14
Early 0-30 days	Lack Dietary Protein	OK	OK	Excess Dietary Protein
Peak & Post Peak 31-150 days	Intake & Milk Yield may be Suboptimal	Most Desirable	May be Acceptable	Check Dietary
Mid to Late >150 Days		Most Desirable	RDP, RUP &/or adjust NFC	

*For Jerseys & Brown Swiss herds add 1 unit to all MUN values



Legal Tips - Owner's Associations – The Use and Misuse of Authority **(Part 1)**

I have been a member of three different Owner's Associations of different types. In one case, as a member of a condominium association; in another case, as a member of a lake association; and in a third case, as a member of a homeowner's association.

Associations of this type may or may not have any legal authority. In the case of condominium or homeowner's associations duly formed by virtue of documents which bound an owner when he became an owner (whether in the form of condominium bylaws and rules and regulations or restrictive covenants upon subdivisions, as examples), these organizations do have some modest legal authority.

Usually this legal authority is limited to attempting to enforce the restrictions set forth in their documents, but little more than that. By enforcement, I don't mean they carry badges and guns and are entitled to use force to ensure compliance. Enforcement means they might have the legal standing as an independent entity to bring an action in court to enforce compliance with a restrictive covenant or a condominium bylaw. Basically, this gives them scarcely more standing than an individual neighbor would have.

As to other associations, which are typically private membership type associations, compliance with any rules and regulations they set forth is usually voluntary. Unless a state statute otherwise authorizes the organization to set rules (which would be rare, at best), any action they take is advisory.

Where am I going with all of this? Having been involved professionally in more than one neighbor/neighborhood dispute and many different types of associations fitting generally into these categories, let me say that most people seem to fit into one of two categories.

First, there are the 'live and let live' types. These are the homeowners who generally believe that they ought to be allowed to do what they want and are willing to observe the fact that living within 1,000 miles of civilization means that you must ascribe to a degree of mutual coexistence.

This means occasionally putting up with people's late night parties and fireworks and barking dogs and screaming kids and other types of activities. While they might occasionally annoy, I smilingly accept them because generally they're the product of fun and I'm not opposed to fun. People in the 'live and let live' category embrace this idea. Unless it gets absolutely out of hand, they accept things that go on across property lines as being something that they can't, but more importantly don't want to control.

Of course, then there is the second category. We all know the type. It's the nosey neighbor who can't seem to keep his hands, eyes or voice out of your business, who seems to think he carries some sort of legal authority with every command and dictate and wants to supervise everything that goes on in the neighborhood. He's often the least tolerant of everybody's activities, but his own. He's often the first one to complain, the first one to call the police, the first one to tell you what you can and can't do and the first one to tell you you're violating the restrictive covenants in some trivial fashion.

(To be continued)



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(To be continued)

Federal Milk Order Class Pricing and Component Values for Nov/Dec 2009

Announced Class Prices	Upper Midwest Order 30		Central Order 32		Mid-East Order 33	
	Nov	Dec	Nov	Dec	Nov	Dec
	Class I	\$14.46	\$15.59	\$14.86	\$15.99	\$14.86
Class II	\$11.93	\$14.25	\$11.93	\$14.25	\$11.93	\$14.25
Class III	\$12.82	\$14.98	\$12.82	\$14.98	\$12.82	\$14.98
Class IV	\$11.86	\$15.01	\$11.86	\$15.01	\$11.86	\$15.01
Producer Price Diff.**	\$0.04	\$0.08	-\$0.22	-\$0.02	\$0.03	\$0.14

** Zone 1 Chicago per cwt/subject to location adjustments

(All per cwt. Class Prices at 3.5% BF Value)

Statistical Uniform Price*	\$14.12	\$15.06	\$13.86	\$14.96	\$14.11	\$15.12
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* Statistical Price = monthly Class III + PPD at 3.5% BF

Over Order Agency Class I Price	C.M.P.C.		I.M.M.A.		M.M.M.A.	
M.A. & processor fee not included in price	\$18.16	\$19.17	\$17.78	\$18.92	\$17.91	\$19.05

Farm Test Averages

BF test market average	3.77%	3.78%	3.72%	3.75%	3.76%	3.78%
Pro. test market average	3.09%	3.10%	3.16%	3.16%	3.13%	3.14%
OS test market average	5.72%	5.72%	5.74%	5.74%	5.70%	5.71%
Somatic Cell Ave.	242	241	237	241	213	211
Total Producer. Milk pooled (billion. lbs.)	2.40	2.70	949 mil	971 mil	1.30	1.40

Component Prices

	Nov	Dec
Butterfat Price	\$1.4656	\$1.5433
Protein Price	\$2.6991	\$2.8751
Other Solids Price	\$0.1524	\$0.1727
Somatic Cell Adj. Rate	\$0.00076	\$0.00080

Nass Monthly Product Price

Cheese	\$1.5169	\$1.5969
Butter	\$1.3817	\$1.4459
Nonfat Dry Milk	\$1.1120	\$1.2858
Dry Whey	\$0.3471	\$0.3638

Gov. Milk Income Loss Payment (est)	\$0.374	\$0.00 est
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Milk Producer

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James Bird, Manager–Roberta Hoffman, Editor
Phone 262-786-3120 Fax 262-786-3122
Brookfield, WI 53045

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NEW STUDY FINDS THAT COOPERATIVES WORKING TOGETHER HAS ENHANCED DAIRY FARMERS' MILK CHECKS BY \$1.54 IN 2009

Four Herd Retirements in Past 18 Months Create Significant Lift for Prices

ARLINGTON, VA – Cooperatives Working Together has generated a return on investment of \$1.54 per hundredweight so far in 2009, according to an independent economic analysis of the voluntary dairy farmer-funded and managed self-help program.

That evaluation was released last week at the 2009 NMPF annual meeting in Grapevine, TX, by Dr. Scott Brown of the University of Missouri, a nationally-known farm policy expert who is regularly called on by the U.S. Congress to assess agricultural economic issues. Brown evaluated the impact of CWT's two completed herd retirements in 2009, along with the lingering effect of the two conducted in 2008, as well as the herd retirement in 2007. He also noted positive contributions to price because of the bred heifer option that CWT has offered in recent years, along with CWT's Export Assistance program, which while dormant this year, was active in 2007 and 2008.

Brown's analysis showed that the combined effect of CWT's cow-removal programs, as well as its export assistance program, helped raise farm-level milk prices by \$1.54 per hundredweight this year, and added \$2.4 billion to farm-level milk receipts in a year when dairy income is expected to shrink by more than \$10 billion because of the global recession.

The program has produced an average return of \$0.67/cwt. since 2004, Brown reported. CWT has been funded by a 10 cents/cwt. membership fee since 2007; prior to that, membership was 5 cents/cwt.

"Government safety net programs have helped dairy farmers to an extent, but CWT has had the most noticeable positive contribution to the balance sheets of producers this year," Brown said. In calculating the impact of CWT, Brown said that his economic models account for the variety of supply and demand factors that affect farm-level milk prices, including the potential production response of some farmers due to the higher prices generated by CWT.

Brown noted that his estimate of the 2009 CWT impact will likely change again, since CWT is in the middle of executing its third herd retirement of 2009. This current round is in the middle of removing an additional 26,000 cows, but the final results of that effort have yet to be tallied. Brown said that each herd retirement has an impact that lasts several years, and that the two herd retirements of 2008, and the three this year, will continue to produce significant gains for farmers into 2010.

Cooperatives Working Together is being funded by dairy cooperatives and individual dairy farmers, who are contributing 10 cents per hundredweight assessment on their milk production through December 2010. The money raised by CWT's investment is being apportioned between two supply management programs that strengthen and stabilize the national all milk price. For more on CWT's activities, visit www.cwt.coop.

REMINDER: Please notify your field representative or the MCMP Office if you have any changes in your name, address, phone number or farm operation (i.e. new partners or incorporate)

Dan Zeleske: (414) 531-1199

Pat Yeagle: (815) 291-4581

MCMP Office: (262) 786-3120

