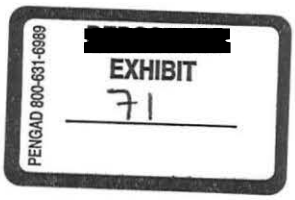

Exhibits of Dennis Schad

In Support of Proposal 1 of California Dairies, Inc.,

Dairy Farmers of America, Inc., and Land O'Lakes, Inc.

Proposal to Establish a Federal Milk Marketing Order for the

State of California

Exhibit 6.A	Proposal 1 – Section 1051.50
Exhibit 6.B	Policies & Procedures for Dairy Product Mandatory Reporting Program
Exhibit 6.C	Dairy Farm Score Card; State of California Department of Food and Agriculture, Sacramento, 95814; Division of Animal Health and Food Safety Services, Milk and Dairy Food Safety Branch

PROPOSAL 1 – SECTION 1051.50

CLASS PRICES

§ 1051.50 Class prices, component prices, and advanced pricing factors.

See § 1000.50.

§ 1000.50 Class prices, component prices, and advanced pricing factors.

Class prices per hundredweight of milk containing 3.5 percent butterfat, component prices, and advanced pricing factors shall be as follows. The prices and pricing factors described in paragraphs (a), (b), (c), (e), (f), and (q) of this section shall be based on a weighted average of the most recent 2 weekly prices announced by the National Agricultural Statistical Service (NASS) before the 24th day of the month. These prices shall be announced on or before the 23rd day of the month and shall apply to milk received during the following month. The prices described in paragraphs (g) through (p) of this section shall be based on a weighted average for the preceding month of weekly prices announced by NASS on or before the 5th day of the month and shall apply to milk received during the preceding month. The price described in paragraph (d) of this section shall be derived from the Class II skim milk price announced on or before the 23rd day of the month preceding the month to which it applies and the butterfat price announced on or before the 5th day of the month following the month to which it applies.

(a) Class I price. The Class I price per hundredweight, rounded to the nearest cent, shall be 0.965 times the Class I skim milk price plus 3.5 times the Class I butterfat price.

(b) Class I skim milk price. The Class I skim milk price per hundredweight shall be the adjusted Class I differential specified in § 1000.52, plus the adjustment to Class I prices specified in § 1005.51(b), § 1006.51(b) and § 1007.51(b), plus the higher of the advanced pricing factors computed in paragraph (q)(1) or (2) of this section.

(c) Class I butterfat price. The Class I butterfat price per pound shall be the adjusted Class I differential specified in § 1000.52 divided by 100, plus the adjustments to Class I prices specified in § 1005.51(b), § 1006.51(b) and § 1007.51(b) divided by 100, plus the advanced butterfat price computed in paragraph (q)(3) of this section.

(d) The Class II price per hundredweight, rounded to the nearest cent, shall be .965 times the Class II skim milk price plus 3.5 times the Class II butterfat price.

(e) Class II skim milk price. The Class II skim milk price per hundredweight shall be the advanced Class IV skim milk price computed in paragraph (q)(2) of this section plus 70 cents.

(f) Class II nonfat solids price. The Class II nonfat solids price per pound, rounded to the nearest one-hundredth cent, shall be the Class II skim milk price divided by 9.

(g) Class II butterfat price. The Class II butterfat price per pound shall be the butterfat price plus $0.007.

(h) Class III price. The Class III price per hundredweight, rounded to the nearest cent, shall be 0.965 times the Class III skim milk price plus 3.5 times the butterfat price.

(i) Class III skim milk price. The Class III skim milk price per hundredweight, rounded to the nearest cent, shall be the protein price per pound times 3.1 plus the other solids price per pound times 5.9.

(j) Class IV price. The Class IV price per hundredweight, rounded to the nearest cent, shall be 0.965 times the Class IV skim milk price plus 3.5 times the butterfat price.

(k) Class IV skim milk price. The Class IV skim milk price per hundredweight, rounded to the nearest cent, shall be the nonfat solids price per pound times 9.

(l) Butterfat price. The butterfat price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS AA Butter survey price reported by the Department for the month, less 17.15 cents, with the result multiplied by 1.211.

(m) Nonfat solids price. The nonfat solids price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS nonfat dry milk survey price reported by the Department for the month, less 16.78 cents and multiplying the result by 0.99.

(n) Protein price. The protein price per pound, rounded to the nearest one-hundredth cent, shall be computed as follows:

(1) Compute a weighted average of the amounts described in paragraphs (n)(1)(i) and (ii) of this section:

(i) The U.S. average NASS survey price for 40-lb. block cheese reported by the Department for the month; and

(ii) The U.S. average NASS survey price for 500-pound barrel cheddar cheese (38 percent moisture) reported by the Department for the month plus 3 cents;

(2) Subtract 20.03 cents from the price computed pursuant to paragraph (n)(1) of this section and multiply the result by 1.383;

(3) Add to the amount computed pursuant to paragraph (n)(2) of this section an amount computed as follows:

(i) Subtract 20.03 cents from the price computed pursuant to paragraph

(n)(1) of this section and multiply the result by 1.572; and

(ii) Subtract 0.9 times the butterfat price computed pursuant to paragraph (l) of this section from the amount computed pursuant to paragraph (n)(3)(i) of this section; and

(iii) Multiply the amount computed pursuant to paragraph (n)(3)(ii) of this section by 1.17.

(o) Other solids price. The other solids price per pound, rounded to the nearest one-hundredth cent, shall be the U.S. average NASS dry whey survey price reported by the Department for the month minus 19.91 cents, with the result multiplied by 1.03.

(p) Somatic cell adjustment. The somatic cell adjustment per hundredweight of milk shall be determined as follows:

(1) Multiply 0.0005 by the weighted average price computed pursuant to paragraph (n)(1) of this section and round to the 5th decimal place;

(2) Subtract the somatic cell count of the milk (reported in thousands) from 350; and

(3) Multiply the amount computed in paragraph (p)(1) of this section by the amount computed in paragraph (p)(2) of this section and round to the nearest full cent.

(q) Advanced pricing factors. For the purpose of computing the Class I skim milk price, the Class II skim milk price, the Class II nonfat solids price, and the Class I butterfat price for the following month, the following pricing factors shall be computed using the weighted average of the 2 most recent NASS U.S. average weekly survey prices announced before the 24th day of the month:

(1) An advanced Class III skim milk price per hundredweight, rounded to the nearest cent, shall be computed as follows:

(i) Following the procedure set forth in paragraphs (n) and (o) of this section, but using the weighted average of the 2 most recent NASS U.S. average weekly survey prices announced before the 24th day of the month, compute a protein price and an other solids price;

(ii) Multiply the protein price computed in paragraph (q)(1)(i) of this section by 3.1;

(iii) Multiply the other solids price per pound computed in paragraph (q)(1)(i) of this section by 5.9; and

(iv) Add the amounts computed in paragraphs (q)(1)(ii) and (iii) of this section.

(2) An advanced Class IV skim milk price per hundredweight, rounded to the nearest cent, shall be computed as follows:

(i) Following the procedure set forth in paragraph (m) of this section, but using the weighted average of the 2 most recent NASS U.S. average weekly survey prices announced before the 24th day of the month, compute a nonfat solids price; and

(ii) Multiply the nonfat solids price computed in paragraph (q)(2)(i) of this section by 9.

(3) An advanced butterfat price per pound rounded to the nearest one-hundredth cent, shall be calculated by computing a weighted average of the 2 most recent U.S. average NASS AA Butter survey prices announced before the 24th day of the month, subtracting 17.15 cents from this average, and multiplying the result by 1.211.

Policies & Procedures
For
Dairy Product Mandatory Reporting Program

Last Revision: 04/01/2012
Effective Date: 04/01/2012

Reporting plants will be notified of any changes to the Dairy Product Mandatory Reporting Program (DPMRP) policies and procedures as well as provided with a copy of the updated guidelines.

Weekly Reporting

- Report all qualified sales for the previous week starting from Sunday (12:01am) and ending Saturday (midnight) in the DPMRP electronic system. Categorize the weekly sale information using the week ending Saturday's date.

- Report sales transactions meeting the criteria outlined in the Mandatory Price Reporting Final Rule and any clarification to those criteria listed in in the Reporting Specifications Question and Answers.

- Report week ending date, total pounds sold, dollars received, price per pound, moisture content (where applicable), and answer a statement of acknowledgement referencing the participant's understanding for the program. Optional comments provide additional information that will minimize the need for additional AMS verification.

- Maintain current contact, username, and password information within the electronic system.

- The due dates for submitting weekly DPMRP reports to AMS are generally Tuesday, noon local time (if a Federal holiday falls on Monday or Tuesday the reporting deadline is Wednesday, noon local time). Due to the importance of the DPMRP, timely reporting is essential to ensure sufficient time to analyze the data and publish the Dairy Products Sales Report. Late submissions hinder the publication process and may result in inaccuracies affecting selected dairy commodity markets and/or the dairy industry in general.

    - If reports are not received by the announced due date and time, AMS will send a notification letter to reporters reminding them of their obligation for timely reporting, on the first and second occurrences. On the third occurrence, the firm will be notified that enforcement action will be initiated should subsequent submissions not be made in a timely fashion.

    - If a report is not submitted in time for use in the current release, the company will be notified of the missing data in writing. Upon the second occurrence, enforcement action will be initiated.

    - Due dates, release calendars, and noncompliance flowchart chart can be found at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting.

- Sales reports are open for revisions for the four weeks following the initial submission of the product reports. Firms should submit revised sales reports for any change or deviation from the first report within the four week revision period. The company should revise all affected sales reports previously submitted and provide an explanation of the changes. Common changes include:

    - Discovery of an inadvertent error; the company should revise affected sales reports.

    - New information becomes available that requires an adjustment to sales data (i.e. product returns or price disputes); the company should revise affected sales reports.

    - Submission of previous week's information is missing; the company should revise the missing week's sales reports.

Annual Validation

- Participate in the annual validation interview and complete the Annual Validation Worksheet documenting the company's status in the mandatory program.

- Maintain current contact information.

Verification

- All weekly sales reports are subject to verification for up to two years from the time of submission.

- The AMS audit staff periodically review a company's sales records to ensure accurate sales reports during onsite verifications.

- Auditors conduct exit interviews at the end of the each review, informing plant officials of the results of the review. If potential discrepancies are discovered, auditors discuss the results and potential solutions to the errors. After final review of a verification report, AMS formally notifies companies in writing of discrepancies within 10 business days of receipt of the preliminary verification results.

- Discrepancies fall into two categories either clerical or procedural.

    - If reports contain clerical errors, AMS will send a notification letter for the first through the sixth occurrences to companies reminding them of their obligation for accurate reporting. On the seventh occurrence, the company will be notified with a warning letter for inaccurate reporting due to clerical errors. Upon the next occurrence, enforcement action will be initiated.

    - If reports contain procedural errors, AMS will send a notification letter for the first and second occurrences to companies reminding them of their obligation for accurate reporting. On the third occurrence, the company will be notified with a warning letter

explaining the inaccuracies found and program specifications requiring accuracy in reporting. Upon the next occurrence enforcement action will be initiated. All procedural discrepancies result in an additional verification within 60 days of AMS's formal notification, as to ensure that procedural errors have been addressed.

- Web forms and the Annual Validation Worksheet (both including product specifications), Reporting Specifications Questions and Answers, and noncompliance flowchart chart can be found at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting.

Reporting Specification Changes

- Reporting specifications contained in the final rule and can be found on each web form and on the Annual Validation Worksheet. Any entity submitting reports should direct any questions concerning the reporting specifications to AMS – Dairy Programs at (202) 690-4292 or DPP@ams.usda.gov. Through this interaction AMS can more accurately maintain the Reporting Specifications Question & Answers document.

- The Reporting Specifications Q&A's are found at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting. Any major reporting specifications changes can be addressed through the rulemaking process.

DAIRY FARM SCORE CARD

STATE OF CALIFORNIA, DEPARTMENT OF FOOD AND AGRICULTURE, SACRAMENTO 95814
Division of Animal Health and Food Safety Services, Milk and Dairy Food Safety Branch

County: _____ Name: _____
Mailing address: _____ Dairy location: _____
No. milking: _____; gals. milk daily: _____; inspection made milking time: _____, other: _____; date: _____

Unsatisfactory	Item Number		Perfect Value	Deduction
		MISCELLANEOUS (20)		
_____	1.	Surroundings: neat and clean; free of insect and rodent harborages and breeding areas	1	_____
_____	2.	Manure: manure packs properly maintained & fly breeding minimized by approved manure disposal methods	3	_____
_____	3.	Cowyard: clean; clean watering troughs, housing areas properly maintained; graded to drain; no pooled water or wastes; manure stored inaccessible to cows; no swine	2	_____
_____	4.	Feed: properly stored	1	_____
_____	5.	Separate pens for horses, calves, poultry, swine & bulls, properly located	1	_____
_____	6.	Toilet facilities: conveniently located, constructed and operated properly, no evidence of human waste about premises; toilet room properly maintained; self-closing door	5	_____
_____	7.	Water supply: constructed & operated properly; complies with bacteriological standards; no connection between safe & unsafe supplies; no improper submerged inlets	5	_____
_____	8.	Approved pesticides properly used in accordance with manufacturer's recommendation so as to avoid contamination of equipment, utensils & milk	2	_____
		MILKING BARN & PASSAGEWAYS (9)		
_____	9.	Clean & free of litter & unnecessary articles	3	_____
_____	10.	Properly ventilated: no overcrowding	1	_____
_____	11.	Adequate natural and/or artificial light; well distributed	1	_____
_____	12.	Floors, gutter, feed troughs & ramps of concrete or equally impervious materials; sloped to drain, ramps and cow standing platforms curbed as required, in good repair	2	_____
_____	13.	Walls, ceilings & doors: smooth, proper construction, painted or approved finish in good repair	1	_____
_____	14.	Surcingles, milk stools, anti-kickers, similar non-product surfaces of equipment clean; stored above floor in clean place	1	_____
		MILKHOUSE (11)		
_____	15.	Miscellaneous requirements: used for milk house operations only; sufficient size; liquid wastes properly disposed of	2	_____
_____	16.	All milk house openings & windows must be screened where required; doors tight-fitting, solid, open outward, & self-closing; milk room free of insects & rodents	2	_____
_____	17.	Floors: smooth; concrete or other impervious material; in good repair; graded to drain; drains trapped	1	_____
_____	18.	Walls and ceilings: approved material & finish; in good repair; (windows, door & hose port included)	1	_____
_____	19.	Lighting and ventilation: adequate natural &/or artificial light properly distributed; adequate ventilation; windows closed during dusty weather; vents & lighting fixtures properly located	2	_____
_____	20.	Cleanliness: floors, walls, windows, tables & similar non-product surfaces clean; no trash, unnecessary articles, animals or fowl; pesticides & medicinals not stored in milk house	3	_____
		CLEANING FACILITIES (5)		
_____	21.	Washing facilities: two-compartment wash and rinse vat of adequate size in good repair; suitable waterheating facilities; water under pressure piped to milk house	2	_____
_____	22.	Handwashing facilities: soap, running water, single-service towels shall be convenient to toilet, milk house & milking operation; wash & rinse vats not used as handwashing facilities	3	_____
		MILKING EQUIPMENT AND METHODS (17)		
_____	23.	Milk handling equipment: smooth, nonabsorbent, corrosion-resistant, nontoxic materials; easily cleanable; in good repair, approved single-service articles not reused; strainers of approved design; approved CIP milk piping system accessible for inspection	3	_____
_____	24.	Cleaning: utensils & equipment clean	5	_____
_____	25.	Sanitization: all multi-use containers & equipment subjected to approved sanitization process	5	_____
		MILK HANDLING (23)		
_____	26.	Storage: utensils & equipment left in treating chamber or sanitizing solution until used; otherwise, stored properly above floor to insure complete drainage; single-service articles properly stored	2	_____
_____	27.	Handling: sanitized milk-contact surfaces not exposed to contamination	2	_____
_____	28.	Milking done in barn or parlor; cows dipped when necessary to facilitate the production of clean milk; flanks, bellies, udders, teats and tails of cows cleaned and free of visible dirt at time of milking; teat and udders treated with a sanitizing solution just prior to, and relatively dry before milking; no wet hand milking	3	_____
_____	29.	Abnormal milk: cows secreting abnormal milk milked as a separate group; abnormal milk properly handled & disposed of; proper care of abnormal milking equipment	10	_____
_____	30.	Milk removed immediately to milk house or room; transfer, pouring and/or straining facilities properly protected	2	_____
_____	31.	Milk storage: milk cooled to 50°F (10°C) or less within 4 hours of the commencement of the first milking and to 45°F (7°C) or less within 2 hours of the completion of milking	4	_____
_____	32.	Recording thermometer: properly operated, sealed and maintained; charts properly stored	2	_____
_____	33.	Personal cleanliness: hands washed clean and dried before milking or performing milk house functions; rewashed when contaminated; clean outer garments worn	2	_____
		BACTERIA COUNT (15)		
_____	34.	Satisfactory bacteria count	10	_____
_____	35.	Satisfactory somatic cell count	5	_____

TOTAL POINTS POSSIBLE 100
TOTAL DEDUCTIONS _____
FARM SCORE _____

Duplicate copy received: _____ Representative: _____

DAIRY FARM SCORE CARD KEY

One semi-annual score shall be made during the milking operation. Deduct only if condition is such that correction is needed. When a sub-item is criticized, deduct all points, except items 34 & 35. "Good repair" refers to a surface, which is readily cleanable by usual methods.

Item	Reference	Explanation
1. Surroundings	§33512	Include dusty areas, insect and rodent harborages and breeding area, unprotected garbage, poultry & other animals, odors, stagnant water, feed-rack access alleys, etc.
2. Manure	§646.1	Removed to prevent pupae development, supplemental treatment used when needed.
3. Cowyard	§646.1	No organic wastes. Feed standing platforms, water trough platforms, access lanes & cattle-housing areas shall be clean & considered part of the cowyard. Don't debit a clean & well drained cowyard following a recent rain.
4. Feed Storage	§33530	Feed properly protected from insects and rodents; include open storage when attracting insects & rodents. Pesticides and insecticides inaccessible to feed.
5. Stalls	§646(b)	Proper location as defined by Code.
6. Toilet	§33513 §663	Handwashing facilities convenient; opening properly screened; ventilation provided; clean.
7. Water Supply	§622	Include wells, cisterns, recirculated water, storage tanks for cow washing; watering troughs; wash vats in milkhouse & hose ends on floor
8. Pesticides	§32741 §401	Debit unapproved pesticides, improper storage or improper use that could contaminate milk or milk contact surfaces.
9. Cleanliness	§33528	Include floors, walls, windows, superstructure, stanchions, mangers, gutters, a leys.
10. Ventilation	§659(m)	Ventilation to minimize odors and to prevent condensation.
11. Lighting	§569(g)	Equivalent to 20 foot-candles of light at all working levels.
12. Floors	§659(a)	Debit if not in good repair.
13 Walls	§659(b)	Debit if not in good repair.
14. Surcingles	§33528	Include all non-product contact surfaces of equipment
15. Miscellaneous	§33518	Calf equipment not washed in milkhouse.
	§650	Suitable protection for tanker used in lieu of a farm tank, adequate surface under tanker.
16. Openings	§33518 §648(e)	All vents must be screened to prevent entrance of flies and rodents. Debit for torn, broken openings or if insects or rodents observed in milkhouse
17. Floors	§648(l)	Debit if not in good repair
18. Walls	§648(d)	Deduct for no hose port and hose sport with no closure.
19. Lighting	§648	A minimum of 30 foot-candles must be provided at all working areas. Vents and lights located and/or protected to preclude contamination of bulk milk tanks or clean utensil storage areas.
20. Cleanliness	§480.6	Deduct for calf buckets and bottles, clothes, exterior of milk-handling equipment not clean, etc.
21. Washing	§33519	CIP vat for pipeline milking machines may be accepted as one part of the two-compartment vat if CIP rack, milking units, appurtenances are removed from vat during use for other equipment. Sufficient water at temperature for effective cleaning of equipment.
22. Handwashing	§663	Debit if not convenient to operations, or has no soap or no single-service towels.
23. Construction	§33520 §480.5	Include properly located and accurate thermometer; proper drainage. Include drip shields on agitator shafts & milk lines entering farm tank; farm tank openings protected.
24. Cleaning	§480.6	Includes all product-contact surfaces; inlet valves on milk pipelines.
25. Sanitization	§480(h)	When 24 is debited for "clean," deduct this item also. Deduct for sanitizers not approved for dairy use and no sanitizer available.
26. Storage	§33521 §664	Filter materials stored in tight, clean cabinet or dispensing unit.; equipment is protected from contamination at all times
27. Handling	§480.5	Deduct when milk tank outlet valve is not capped, and automatic takeoff units not properly adjusted to prevent contamination from floor or curbs.
28. Milking	§33523	Udders and teats to be reasonably clean and dry prior to milking.
29. Abnormal Milk	§576	Cows secreting abnormal milk kept separate and milked last, or in separate milking facility.
	§401	Includes milk from cows treated with medicinal agents, sick cows, fresh cows, and cows exposed to unapproved insecticides.
30. Protection	§33527 §576	Surface coolers & strainers debited when not properly covered. Cleaners and sanitizers stored in properly identified, dedicated end-use containers. Animal drugs and drug administration equipment stored so milk, and milk contact surfaces are not subject to contamination. Animal drugs properly labeled and segregated; unapproved drugs not on site.
31. Cooling	§35783	Also debit if the blend temperature after the first milking and subsequent milkings exceeds 50°F (10°C).
32. Recording	§480.75	Recording thermometer.
33. Personnel	§33525	Also debit for smoking in milkroom or while milking.
34. Bacterial	§36123	Prorate debit as appropriate on sample results since last Score. Debit full value when 2 of the last 4 consecutive bacteria counts, coliform counts or cooling temperatures exceed the limits of standards at the time of inspection.
35. Somatic	§35781	Prorate debit as appropriate on sample results since last Score. Debit full value when 2 of the last 4 consecutive somatic cell counts exceed limit of the standard at time of the inspection.