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1	APPEARANCES
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4	CHRISTOPHER COOK, Chairman
5	JOHN COLLIER, Commission Member THOMAS ORZECH, Commission Secretary
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8	ALSO PRESENT:
9	DENNIS L. BELCOURT, Deputy Attorney General KATHY EASLY
10	KIMBERLY WHITFIELD (appearing via videoconference) WES HURLEY (appearing via videoconference)
11	WEB HORDET (appearing via viacoconference)
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RENO, NEVADA, WEDNESDAY, MAY 14, 2014, 9:00 A.M. 1 2. ---000---3 4 MR. COOK: Okay. Let's go ahead and convene 5 the May meeting of the Nevada State Dairy Commission. Mr. Orzech, would you call the meeting to 6 7 order? 8 MR. ORZECH: Thank you, Mr. Chairman. This is the time and place set for a regularly 9 10 scheduled meeting of the Nevada State Dairy Commission for 11 the month of May 2014. This meeting has been scheduled and noticed in compliance with pertinent statutes, 12 13 including the open meeting law. 14 A copy of the agenda has been handed to the 15 court reporter with the request that it be part of the 16 official transcript of these proceedings. 17 My name is Tom Orzech, operations manager for 18 the Nevada State Dairy Commission. Present today are 19 Mr. Christopher Cook, chairman; Mr. John Collier, member 20 of the commission. 21 Those who present statements or evidence to the 22 commission during this meeting are requested to first be 23 acknowledged by the chairman and to identify themselves 24 for the record. 25 MR. COOK: Thank you, Mr. Orzech.

1 Would you proceed to the first agenda item, 2 please. 3 MR. ORZECH: Agenda item number one is public 4 comments and discussion. 5 MR. COOK: Do we have anybody from the public who would care to make a comment at this point? 7 Seeing none, let's continue. 8 MR. ORZECH: Agenda item number two, for possible action is a license application. It's a peddler 9 10 distributor license application by Tom's Crystal Dairy, 11 810 Whispering Pines Lane, Grass Valley, California, 12 94945, Charles Callahan, vice president. 13 The applicant seeks a license to distribute yogurt, ice cream, sherbet, novelties, and frozen yogurt 14 15 in the northern Nevada marketing area. Temporary approval 16 was granted on May 7th, 2014. 17 The applicant's prices and costs have been 18 reviewed by members of the Dairy Commission staff and are 19 in compliance with this agency's laws and regulations. 20 The applicant will be responsible for the 21 assessment. 22 MR. COOK: Okay. Is there anyone present 23 representing this applicant? 24 Apparently not. 25 Is there anything that the staff can add to

this application? 1 2. This is simply -- he wanted to MR. ORZECH: bring yogurt products into the Reno area under the Crystal 3 label. And he's out of Grass Valley. 4 They've --5 apparently they bought the company from another -- another outfit and so they wanted to get licensed. 6 7 MR. COOK: Now, is this connected to the 8 Crystal Dairy out of Sacramento that -- Foster Farms? 9 MR. ORZECH: They buy their product from Foster 10 Farms, and that's -- but it's -- they're independent of 11 that. 12 MR. COOK: Okay. But they're not an actual 13 manufacturer. 14 MR. ORZECH: No. No, no. 15 MR. COOK: They're just a distributor? 16 MR. ORZECH: Right. 17 MR. COOK: Okay. All right. 18 I have no further questions. 19 MR. COLLIER: I have none. 20 MR. COOK: Any other comments or questions from 21 staff? Member of the public? 22 Seeing none. Let's go ahead and I'll entertain 23 a motion. 24 MR. COLLIER: Mr. Chairman, I move that we 25 accept the peddler distributor application for Tom's

- 1 Crystal Dairy out of Grass Valley, California. This
- 2 company seeks to distribute yogurt, ice cream, sherbet,
- 3 novelties, and frozen yogurt in the northern Nevada
- 4 marketing area.
- 5 MR. COOK: Okay. Having a motion, and I guess
- 6 I will make the second, and there being no dissenting
- 7 votes, the motion carries, and the license is granted.
- 8 Let's press on to the next item, please.
- 9 MR. ORZECH: Agenda item number three for
- 10 possible action is approval of the minutes of the April
- 11 16th, 2014, Dairy Commission meeting. And the
- 12 commissioners have copies of the changes.
- MR. COOK: Okay. Well, since there is a
- 14 missing commissioner who would normally make the motion I
- 15 will make the motion that we approve and adopt the minutes
- of the April 16th, 2014, Nevada State Dairy Commission
- 17 meeting with the noted corrections.
- MR. COLLIER: I'll second that, Mr. Chairman.
- 19 MR. COOK: Having a motion and a second and no
- 20 dissenting votes, the minutes are adopted.
- 21 MR. ORZECH: Agenda item four is a staff report
- 22 for April 20 -- or, May 2014.
- 23 Class one prices have lowered a bit but are
- 24 still remaining at record high levels. And our current
- 25 agency reserve is \$318,851.

1 Something that's not on the report that I 2. wanted to mention this morning, I found out that -- if you 3 remember back in January we had -- we had the 4 commissioners approve the use of agency money for the bird 5 eradication on the dairies? 6 MR. COOK: Uh-huh. 7 I was just going to give you an MR. ORZECH: 8 update on that because I was kind of curious myself that 9 apparently it's stalled as far as our money being 10 transferred over to use for that program? 11 There's apparently more to it than the way it 12 was described to us regarding how the federal -- I guess 13 how USDA was involved with it on the wildlife side. 14 there's -- there's a problem with contracts. They want a 15 five-year contract. They want more money that just isn't 16 there from the Department of Agriculture to give. 17 Our -- what you guys approved, the 49,000, is 18 not a problem. I mean, it's ready to go as soon as this 19 contract thing gets worked out. It may or may not. 20 MR. COOK: The internal mechanisms of getting 21 the money moved within the state systems have all been --22 MR. ORZECH: That's not --23 THE WITNESS: -- resolved and --24 MR. ORZECH: -- exactly -- the problem is 25 contractual between the federal government and --

1 Well, who actually administers this MR. COOK: 2 program? Is it --3 MR. ORZECH: Apparently it's actually federal. Apparently it's actually -- is what I'm finding out now, 4 5 that it's -- it's a cooperative effort between the Department of Agriculture and the federal government. 6 And 7 the federal government wanted more money to fund the 8 position to do this. 9 I had a talk this morning with Len about this. 10 I went back and I pulled out the transcript from last time 11 because the way it was being described to me this morning 12 is not the way I remember it from the meeting in January. 13 And one of the -- one of the questions that 14 John asked, which I thought was a real good one, was, is 15 there a commercial outfit that can go in and do this. Ι 16 mean, why does it have to basically be the government 17 doing it. 18 I brought this up with Len this morning. 19 If for some reason this falls through with the 20 way they're trying to do it here now we're probably going 21 to take a look at seeing if there is a way a commercial 22 firm can go in and do it, and then we can, you know, 23 reimburse our dairymen directly rather than have this 24 whole government thing that seems to -- because the guys 25 that are getting hurt like, you know, are dairymen.

I mean, if there's a problem here, you know, we 1 2. need to somehow work this out. 3 MR. COLLIER: Which -- which element of the 4 federal government? Is this through the USDA? Who is it 5 that we're dealing with? MR. ORZECH: It's like wildlife services -- or 6 7 department --8 MR. COLLIER: Wildlife services? MR. ORZECH: -- of wildlife. 9 10 MR. COLLIER: Why do they want more money? 11 MR. ORZECH: They want --12 MR. COLLIER: They want to pay the person more? 13 MR. ORZECH: They want a five-year contract, 14 and be able to lock in -- apparently they want to lock 15 somebody in the position for five years. So they're 16 looking for more money to lock -- for -- for that. 17 want to fund the position, is what it comes down to. 18 Basically the person would be -- the person 19 that they fund would actually be doing the -- the way it's 20 described to me, the person they fund would actually be doing the application. The farmer would still pay for the 21 22 product that -- you know, for the bait that's being used, 23 but that this money would strictly go to paying for the 24 position. 25 And that was -- that was pretty much described

to us at the time that that's the way it would work. 1 just a question of I was under the impression that it was 2. a state employee that was doing this, not federal. 3 4 MR. COOK: So was I. 5 MR. COLLIER: Was it -- and was our funding for 6 one year? 7 Our funding -- it -- and that's MR. ORZECH: 8 why I went back and read that again. Our funding was 9 mainly going to be a stop-gap measure that when they came 10 to us in January, if you -- if you recall, when Chad 11 Turner came, the dairyman, they needed this program done 12 now. 13 I mean, apparently the way the cycle --14 remember how it was described the way the cycle works with 15 the starlings, it needs to be done now. If you wait until 16 like where we're at today, it's too late. Apparently 17 whatever their -- their migratory system or whatever --18 the breeding system, the time to hit them was back in, you 19 know, January, February. 20 So that's why they were coming to us because there was no money. And our 49,000 was basically going to 21 22 be a stop-gap to get them into the next --23 MR. COOK: Fiscal year. 24 MR. ORZECH: -- fiscal year where then they 25 could ask for a position and fund it differently.

1 not going to be that we were going to continue it for five 2 years. 3 MR. COLLIER: Who -- who's -- who would have 4 that position then? Would it have been our position here 5 in the state? Or would it have been a federal position? I thought it was going to be 6 MR. ORZECH: 7 state. And then now I'm hearing now it's actually 8 federal. It's a real strange -- it's --9 MR. COLLIER: Since -- since this money hasn't 10 been allocated, can we make a motion to rescind our deal? I don't think I'd recommend 11 MR. ORZECH: 12 rescinding it because they're still trying to work it. 13 You know, I mean, ours would still be the 49,000, you 14 approved it, it would still be going for that same purpose 15 that it originally went for. It's just that we did not 16 sit here and agree to five years. 17 MR. COOK: Or to fund a federal position. 18 MR. COLLIER: Or fund a federal position. 19 Well, that part's true. I mean, MR. ORZECH: 20 that's -- that's --21 MR. COLLIER: Yeah. 22 MR. COOK: It's not the impression that I got. 23 MR. COLLIER: Yeah, that's right. That's 24 right. 25 You couldn't take a motion on that MR. ORZECH:

today anyways because it's not --1 2. MR. COLLIER: No, I'm just -- I'm just bringing 3 it up. I mean, is that something that -- that --4 MR. ORZECH: Yeah. 5 MR. COLLIER: I mean, are we locked into this 6 thing that -- because I don't see us making -- giving them 7 more money --8 MR. ORZECH: No. 9 MR. COLLIER: -- to -- to --10 MR. ORZECH: No. 11 MR. COLLIER: You know, I don't think we want 12 to do that. Because that really --13 MR. ORZECH: Or --14 MR. COLLIER: -- is not -- does not -- this 15 money for the bird eradication, from what I understand of 16 this whole deal, does not meet our objectives -- actually 17 the process -- or the people that are distributing milk 18 are the ones who this money should benefit. 19 Right. And it would. As -- even MR. ORZECH: 20 as it was described in -- to us, that the money was going 21 to go to fund somebody to go up and do this. 22 To me, I guess, I -- I -- it doesn't really 23 phase me if it's federal or state, as long as the fellow at the dairy is getting the service, is really --24 25 MR. COLLIER: He's not.

1 MR. ORZECH: Is the --2. MR. COLLIER: It's missed the cycle. I mean, 3 it's too late this year. 4 MR. ORZECH: It is. It -- it probably is, is 5 probably what -- yeah, I don't know. Like I said, I found out about this this morning. 6 7 MR. COOK: Well, we were also led to believe 8 that it was a stop-gap. 9 MR. ORZECH: Yes. Yes. 10 MR. COOK: It was a temporary thing. 11 going to become a -- you know, having a life cycle. 12 wasn't going to be an ongoing perpetual sort of thing. 13 MR. ORZECH: Yeah. 14 MR. COOK: It was a one-shot deal to help them 15 And that window was open and closed. And now that 16 there's talk of USDA involvement and funding the position 17 for five years, I think this thing's gone way off the 18 rails. 19 MR. ORZECH: And from what I've been told it's 20 I mean, it's -- it's -- they're saying five stalled. years and the state is saying no. And, see, it wasn't 21 22 going to be just our money. 23 Apparently there was going to be some other -like I said, John, there's apparently more to it than the 24 25 way I -- I -- it seemed to be a lot simpler to me than --

1 MR. COLLIER: Should be. MR. ORZECH: -- than what was -- what I'm 2. 3 hearing now. 4 MR. COOK: What are the possibilities of us 5 working in direct conjunction with the dairymen and hiring 6 a private entity? 7 MR. ORZECH: If you remember -- and, again, I 8 can only say it because going back and -- John -- when John asked the question about the commercial outfits, and 9 10 then we were told no, that there were no commercial outfits here that could do this you said -- and then John 11 12 asked, well, what would it take to get somebody licensed 13 to do this. 14 And the reply back was -- was basically they 15 didn't want to do that, that it's supposed to be such a 16 powerful thing, they only wanted it -- they didn't want it 17 in somebody else's hands. And after that meeting I went 18 back and I took a look just to see, is there anybody in 19 the area that can do this. 20 And what I found out is there's two --21 basically two types of that Starlicide that they called 22 There was -- there was two type -- two grades of it. 23 One of those grades is pretty strong. And I'm assuming 24 that's the grade that they use that they're so concerned about regulating. 25

In my talk with Len this morning about this, 1 2. Len said that he ran into people at the ag expo that were licensed to do this that -- so what he recommended and 3 4 what I think probably is the way to go with it is to see 5 what happens, give this some time now because it sounds 6 like it's stalled anyway. 7 If it doesn't work then we would look 8 at getting -- getting the -- getting the government out or 9 making it something easy for the dairymen is really what 10 it --11 MR. COOK: Excuse me for interrupting, but let 12 me pose a question. I'm assuming this is not a problem 13 that is unique to Nevada. 14 MR. ORZECH: No. 15 MR. COLLIER: Uh-huh. 16 MR. ORZECH: Oh, no. No. 17 MR. COOK: Given the size of the California 18 industry I would assume there's probably people down there 19 that have some expertise. 20 MR. ORZECH: Right, and that's what --21 MR. COLLIER: And then licenses. You have to 22 be licensed to handle it, those kind of products. 23 MR. ORZECH: Yes, yes, yes. 24 MR. COOK: I'm wondering if it would be worth 25 maybe doing a little bit of research into --

1 I'm going to do some checking just MR. ORZECH: 2. to see, you know, as best I can, and this comes at a time, too, when -- and the other half of my job with the 3 4 warehouse, I've been dealing with some of the 5 exterminators down there because we're looking at a contract, food storage, and dealing with those 6 7 exterminators, I want to talk with them and see if -- and 8 I'm finding -- I'm not -- it seems like even though with 9 these national named exterminators, it may not -- I'm not sure if they're franchise-run or how they're done 10 because --11 12 MR. COOK: Most of them probably are. 13 MR. ORZECH: -- they don't seem to handle 14 different areas. 15 I'm trying to get one contract, and I can't get 16 the same quy -- I can't get the same company, the same 17 exterminator up here to also handle Las Vegas because --18 MR. COOK: Franchise territory. 19 It may be, yeah. So I do want to MR. ORZECH: 20 check on this just to see, and that decision would come higher again, as far as, you know, pushing it off on 21 22 the -- but I think that we could -- I think it's something 23 that will probably need to be addressed again. 24 If the money is not spent like, you know, the fiscal year changes one July, I don't know if it's just 25

been allocated for this year or if it could be spent after 1 2. the first of July, or they've come back to --3 MR. COLLIER: Is that money still part of this 4 318,000? 5 MR. ORZECH: It's still sitting in that. Part of that -- part of that 318,000 would be the 49,000 that 6 7 would be -- would be allocated. It's -- as far as I know, 8 they have placed it in a column. Because what they can do 9 is they can, you know, place it in a column to already be 10 spent even though it's not. 11 MR. COLLIER: What other -- what other 12 liabilities are there against that 318,000? 13 MR. ORZECH: Oh, we have payroll. 14 MR. COLLIER: Your salary's coming out of that? 15 Oh, yeah, you bet. Yeah. MR. ORZECH: 16 MR. COOK: There's money going into it. 17 MR. ORZECH: There's -- yeah, there's also 18 money that comes -- the revenue --19 I understand, I understand, but, MR. COLLIER: 20 I mean -- I mean, is there any other like large chunk like 21 this equipment stuff that comes out of this money? 22 And, in fact, one of MR. ORZECH: Yes. Yes. 23 the reasons why I'm watching that number so closely is because like, you know, we did away with the butter 24 25 assessment so this number has been going down. It's going

1 down slowly. 2. It -- from what I was told -- because I was checking on this this morning, also, that the -- we're 3 4 pretty much done with the equipment purchases for the -for the dairy lab. So this -- I want to see if this 5 starts to stabilize out. 6 7 But, again, within the department they want to 8 do a reorganization again that's going to affect positions and how positions are paid. So I cannot tell you. 9 10 cannot give you any forecast as to how this is going to 11 come out in the future. 12 And I discussed that with Len this morning, 13 too, that because of the -- because of the way things are 14 constantly changing here, I cannot give you a --15 MR. COLLIER: Well, this is worse than health 16 care. 17 MR. COOK: Have you had any contact with Chad 18 Turner or any of the other producers? 19 None, none. No. MR. ORZECH: And then --20 MR. COOK: No follow-up on their part from --21 No. And, in fact, that's one MR. ORZECH: No. 22 of the things why I wanted to talk with Len this morning 23 because just Chad initially made his first contact through Len, and I wanted to make sure he was aware of what was 24 25 going on with this.

1 But Chad did not contact him. He says I'm 2. surprised he hasn't, he said, but apparently maybe it's 3 not a problem -- you know, it's not -- if it wasn't that, 4 it probably would have been in more contact with him. 5 MR. COLLIER: What's the name of the pesticide that -- that we authorized them to use? 6 7 MR. ORZECH: Starlicide. 8 MR. COLLIER: Starlicide. Uh-huh. You can -- you can go 9 MR. ORZECH: 10 on -- you can go on the web and check that, you'll see --11 you'll see there's two types. There's two -- check the --12 MR. COLLIER: It seems to me -- it just seems 13 to me that we have a lot of pest control companies in the 14 State of Nevada. And all these pest control companies, to 15 my knowledge and understanding, have to have all of these 16 licenses and certifications to handle all of these 17 different chemicals that they use to eradicate rodents and 18 bugs and whatever they're eradicating. 19 And it just seems to me that for a company, a 20 private enterprise company, could go get the licenses to 21 handle this kind of product. And it just seems to me that 22 it would be smart business for us to support private 23 enterprise to go do that type of thing rather than getting 24 the federal government involved in a program that's --25 that's -- we've already missed the window of opportunity

this year because of this type of thing. 1 2. Now I'm just making this as a comment. Because 3 it is just -- I mean, I -- I don't -- I mean, we're trying 4 to help a dairy -- the dairy industry --5 MR. ORZECH: Yes. 6 MR. COLLIER: -- in our state produce more 7 milk, is what the bottom line is. Am I correct? 8 MR. COOK: Reduce their costs. 9 MR. COLLIER: Reduce their costs. MR. COOK: Feed losses. 10 11 MR. COLLIER: Yeah, yeah. 12 MR. COOK: To the birds. 13 MR. COLLIER: Yeah. 14 MR. ORZECH: And that -- that was why it was 15 initially brought before the commission, but it was 16 never -- it was never to be that we would take a program 17 It was -- it was to help our dairymen get through 18 this and --19 MR. COOK: And there's already --20 MR. ORZECH: -- the commission --21 MR. COOK: -- an existing program --22 MR. ORZECH: There is. 23 MR. COLLIER: Yeah. 24 MR. COOK: -- that was running short of 25 funding.

1 MR. ORZECH: And that's exactly it. That was 2 the only thing that was -- but now I'm finding out that -that it wasn't exactly -- that it wasn't as simple as it 3 was laid out, that it was just a matter of a transfer of 4 5 49,000 to get this moving. 6 Because like -- as you -- as you asked -- it --7 the commission did their job. They -- they okayed the 8 money that -- the allocation is there to go. It's 9 ready -- it's ready to go. It's -- it's --10 MR. COOK: All right. Well, I -- I would -- in 11 terms of an action -- I guess we can't really vote on 12 anything -- but I would ask as the chairman of the 13 commissioner, that perhaps if you have the time, or, Kathy 14 or somebody, can dig in and find out what's being done 15 about this in other states and how they deal with it, 16 and if -- especially those states where there's a large 17 dairy industry, Texas and New Mexico and California, 18 and --19 Yeah, yeah, but --MR. ORZECH: 20 MR. COLLIER: Wisconsin. 21 MR. ORZECH: -- again, I don't want to get the 22 commission into the point of us taking over the program. 23 MR. COOK: No. 24 MR. COLLIER: No. 25 MR. ORZECH: What I want -- what I want is I

- 1 want it simple for the dairymen, and I want it exactly as
- 2 you described it. I want them to be able to say, I would
- 3 like to see what we had that 50,000, and we work out some
- 4 type of a program where it's allocated evenly for our
- 5 dairymen.
- And there's ways to do that, that they could
- 7 call up and they could get -- they could call the
- 8 exterminator and get them out there when they needed
- 9 them --
- 10 MR. COLLIER: Come get rid of these birds now.
- 11 MR. ORZECH: -- than being reimbursed through
- 12 us.
- I mean, so that it's not a -- but that's --
- 14 like I said, but as I -- coming from the Department of
- 15 Agriculture, Len said this morning, it's going to wait and
- 16 see how this works out before that -- you know, we take
- 17 down that line.
- But Len is in agreement with that -- setting up
- 19 some type of a program like that, and he would be the one
- 20 that would have to coordinate between the other branches
- 21 within the departments.
- 22 MR. COOK: Okay. I -- I can't imagine that
- 23 given all the things that the average farmer, even a dairy
- 24 farmer, if he's growing his own feed, for example, he's
- 25 got herbicides and pesticides and all kind of chemicals

that he's used to working with, I can't imagine that it 1 2. would be that difficult for even one of the farmers to go out and one of the producers to go and get the proper 3 licenses to use this stuff. And --4 5 MR. ORZECH: I can only make an assumption that -- that other dairymen out there are using somebody 6 7 to get this done --8 MR. COLLIER: Oh, of course. 9 MR. ORZECH: -- besides relying on the 10 government. 11 MR. COLLIER: Yeah. 12 MR. ORZECH: If this is -- if -- from what --13 again, going back to what -- what Chad said is that one of 14 the problems with this was the fact that he would call --15 and there was like one fellow who you remember that was 16 supposedly the one that did this? 17 And he'd say I'll get to you when I can get to 18 And that was the problem. There's got to be an you.

MR. COOK: Yeah.

easier way.

time clock.

19

20

21

MR. ORZECH: So that's -- I didn't -- because I

MR. COLLIER: Because he's on the government

There's got to be.

- 24 didn't plan on -- I didn't have it in here because I just
- 25 found out about this this morning but I wanted to let you

guys know what I knew. 1 2. MR. COOK: Well, I appreciate you keeping us up 3 to speed on that. 4 Any forecasts coming from anybody on where they 5 expect to see class one prices going over the course of the summer as the drought conditions get worse and feed 6 7 prices go higher? 8 MR. ORZECH: Again, it depends who you talk It's -- it's -- what I've been hearing is that 9 10 it's -- it looks like it's stabilizing. It's stabilizing 11 But there -- there's a good -- from what I'm hearing 12 they're going to at least remain where they're at 13 fluctuating because like you -- the sheet, I don't know if 14 we gave them a sheet. 15 MS. EASLY: I didn't give them a sheet this 16 time because I didn't get the report done yet. 17 MR. ORZECH: The advanced June prices are lower 18 but not by much. It's still -- it's class one still up 19 there. So naturally with those class one prices down a 20 little bit that the milk to feed ratio is a little bit 21 lower but it's still within that -- I forget what I --22 it's -- it's like two and a half. I think it's still --23 MR. COOK: Getting any calls from the media 24 regarding milk prices yet?

MR. ORZECH:

It's calmed down.

25

It's -- and in

fact, I was at a meeting with some of the producers from 1 2. California last month because these prices are back up now again, that it seems like that whole push for the 3 4 California federal milk marketing order has calmed down 5 I mean, it's still there, still moving on it, but it's not the same --6 7 They don't have quite the enthusiasm MR. COOK: 8 for it? 9 MR. ORZECH: But they're -- the dairymen are 10 very pleased with the price. It's record highs. 11 it's never been this high. 12 MR. COLLIER: They should be, yeah. 13 MR. COOK: But where are their margins? 14 the -- you know, high price for the milk versus high price 15 for feed, and still equals --16 MR. ORZECH: And there again, like -- you know, 17 it depends on the dairy --18 MR. COOK: Yeah. MR. ORZECH: -- on -- on how they obtain their 19 20 feed, whether they're growing it themselves or --21 What's going to happen when they MR. COLLIER: 22 cut the water off in say July out in Fallon to that -- you 23 know, to that growing season for the hay out there? 24 I mean, is that -- that should -- I mean, that's going to have a real impact I think on the price of 25

feed. 1 MR. ORZECH: For those that buy out of there, 2. 3 that's -- that's --4 MR. COOK: Depends whether they've got ground 5 water and that runs their cost up because now they got to 6 pay the pump. 7 MR. COLLIER: Pump, yeah. 8 MR. COOK: So it squeezes their margins, can't 9 get high enough price for the feed, so. 10 Okay. Let's press onto the next agenda item, 11 please. 12 MR. ORZECH: Agenda item number five is 13 consideration of any other matters relating to the dairy 14 industry. 15 MR. COOK: I say we pretty well beat that horse 16 to death. 17 MR. ORZECH: Probably should have put that 18 under there, I guess, maybe. 19 MR. COOK: All right. Move on to number six 20 then. 21 MR. ORZECH: Agenda item number six is public 22 comments and discussion. 23 MR. COOK: Anybody who wants to comment or throw anything out on the table for the record? 24 25 Seeing none, I guess that's it, right?

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                 MR. ORZECH:
                               Yes, sir.
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                 MR. COOK: Okay. Well, let's adjourn.
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                       (Exhibit 1 marked.)
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                       (9:24 a.m. proceedings concluded.)
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6	CHRISTOPHER COOK, CHAIRMAN	
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12	JOHN COLLIER, COMMISSION MEMBER	
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18	TOM ORZECH, COMMISSION SECRETARY	_
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                  I, Karen Bryson, a Certified Court Reporter
8
     and notary public in and for the County of Washoe, State
9
     of Nevada, do hereby certify:
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                  That on May 14, 2014, I reported the matter
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     entitled herein;
12
                  That the foregoing transcript is a true and
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     correct transcript of the stenographic notes of testimony
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     taken by me in the above-captioned matter to the best of
15
    my knowledge, skill, and ability.
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                            Karen Bryson, CCR #120
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