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PUBLIC MEETING OF THE  
NEVADA DAIRY COMMISSION  
TRANSCRIPT OF PROCEEDINGS  
Wednesday, November 13, 2013  
Reno, Nevada

Reported by: DIANNE M. BRUMLEY, NV CCR #205  
California CSR #6796

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APPEARANCES

COMMISSION MEMBERS:

Christopher Cook - Chairman

Troy G. Crowther - via videoconference

Tom Orzech - Operations Manager

Kathy Easley - Secretary

Francis Pacheco

Dave Coon (via videoconference)

Dave DeMars

Nanette Merbach



1 MR. ORZECH: Agenda item number one is public  
2 comment and discussion.

3 MR. COOK: Anybody from the public want to  
4 comment? Seeing none, let's move to agenda item two,  
5 please.

6 MR. ORZECH: Agenda item two for possible  
7 action is a license application. It's a processing  
8 distributor license application by Dolcevita Gelato,  
9 6625 Valley View Boulevard, Suite 312, Las Vegas,  
10 Nevada, 89118, Salvatore Cesareo, managing partner.

11 The applicant seeks to distribute ice cream,  
12 sherbet, novelties, frozen yogurt and mixes in the  
13 Southern Nevada marketing area.

14 The applicant's prices and costs have been  
15 reviewed by members of the Dairy Commission staff and  
16 are in compliance with this agency's laws and  
17 regulations. The applicant will be responsible for the  
18 assessments.

19 MR. COOK: Do we have anybody here representing  
20 this applicant? I'm guessing not since I don't see  
21 anybody down in Vegas except for our distinguished  
22 Commissioner, Troy Crowther.

23 MR. CROWTHER: And staff.

24 MR. COOK: And staff, I'm sorry. They're out  
25 of camera view. Hello, staff. Anything that the staff

1 would like to add to this?

2 MR. ORZECH: Nothing to add.

3 MR. COOK: This has got to be about the  
4 three-thousandth gelato processor in Las Vegas.

5 MR. ORZECH: Pretty close.

6 MR. COOK: They must eat a lot of gelato down  
7 there. Okay, are there any questions or comments from  
8 anybody in the public? Seeing none, I will entertain a  
9 motion.

10 MR. CROWTHER: I will make a motion to approve  
11 the distributor license application by Dolcevita Gelato,  
12 Las Vegas, Nevada, to distribute ice cream, sherbet,  
13 novelties, frozen yogurt and mixes in the Southern  
14 Nevada marketing area.

15 MR. COOK: Since we're lacking our third  
16 Commissioner, it will be up to me to second the motion  
17 and call for the vote, and inasmuch as there's a motion  
18 and a second and no dissenting votes, the motion carries  
19 and the license is granted.

20 Press on to number three if you would, please.

21 MR. ORZECH: Agenda item number three for  
22 possible action is a license amendment application,  
23 Peddler distributor license application by Core-Mark  
24 International, 3950 West Harmon Avenue, Las Vegas,  
25 Nevada, 89103, Jenifer Noble, controller.

1           The applicant seeks a license amendment to  
2     distribute Shamrock Farms label of fluid milk in the  
3     Southern Nevada marketing area. Temporary approval was  
4     granted on October 22nd, 2013.

5           The applicant's prices and costs have been  
6     reviewed by members of the Dairy Commission staff and  
7     are in compliance with this agency's laws and  
8     regulations. The applicant will be responsible for the  
9     assessments.

10          MR. COOK: Anybody present representing  
11     Core-Mark? Doesn't look like it. Anything the staff  
12     would care to add to this?

13          MR. ORZECH: Nothing.

14          MR. COOK: This is the first incursion into Las  
15     Vegas of the Arizona brand Shamrock?

16          MR. ORZECH: No, Shamrock is already brought in  
17     there.

18          MR. COOK: Pretty well represented, all right.  
19     Any comments from --

20          MR. CROWTHER: If it was already here, what's  
21     the amendment for, just to add fluid milk?

22          MR. ORZECH: This particular distributor has  
23     not handled that label before.

24          MR. CROWTHER: Okay.

25          MR. COOK: Any more questions, Troy?

1 MR. CROWTHER: No.

2 MR. COOK: Questions or comments from the  
3 public? Questions or comments from staff?

4 Seeing none, I'll make a motion that we approve  
5 the Peddler distributor license amendment application of  
6 Core-Mark International, Las Vegas, Nevada, to amend  
7 their license to add the Shamrock Farms label of fluid  
8 milk in the Southern Nevada marketing area.

9 MR. CROWTHER: Second.

10 MR. COOK: I have a motion and a second and no  
11 dissenting votes. The motion carries and the license is  
12 granted.

13 MR. ORZECH: Agenda item 3-b for possible  
14 action is another license amendment application by  
15 Southwest Traders, Inc., 27565 Diaz Road, Temecula,  
16 California, 92590, Shelly Jackson, Finance.

17 The applicant seeks a license amendment to add  
18 butter, fluid cream, and cottage cheese in the northern  
19 and Southern Nevada marketing areas.

20 The applicant's prices and costs have been  
21 reviewed by members of the Dairy Commission staff and  
22 are in compliance with this agency's laws and  
23 regulations. The applicant will be responsible for the  
24 assessments.

25 MR. COOK: Anybody representing this applicant

1 present? Seeing none, anything the staff would care to  
2 add to this?

3 MR. ORZECH: Nothing.

4 MR. COOK: Anything that the public would care  
5 to add or comment on?

6 MR. CROWTHER: I do have a question. Is this  
7 going to carry that real California seal on it, do we  
8 know? We haven't addressed that for a while. I'm just  
9 curious if this is --

10 MR. ORZECH: There's no way of knowing. I  
11 don't even know --

12 MR. COOK: We don't know what brand of product  
13 they're going to be selling.

14 MR. ORZECH: Yeah, they could be buying this  
15 from anywhere in the United States and bringing it in.

16 MR. COOK: We don't know the source of the  
17 products, we just know that they're going to be  
18 distributing and they're based in California.

19 MR. ORZECH: Right.

20 MR. COOK: Any more questions, Troy?

21 MR. CROWTHER: No, I'm done.

22 MR. COOK: I will entertain a motion then to  
23 consider this application, or this amendment.

24 MR. CROWTHER: All right. I will make a motion  
25 to approve the amendment for the Peddler distributor



1 license by Southwest Traders, Inc., Temecula,  
2 California, to add butter, fluid cream and cottage  
3 cheese in the northern and Southern Nevada marketing  
4 areas.

5 MR. COOK: I will second that motion, and being  
6 as there's a motion and a second and no dissenting  
7 votes, the motion carries and the amendment to the  
8 license is granted.

9 MR. ORZECH: Agenda item number four for  
10 possible action is approval of the minutes for the  
11 October 16th, 2013 Dairy Commission meeting, a copy of  
12 which has been circulated for review.

13 MR. COOK: Did you catch any changes or  
14 amendments, Troy?

15 MR. CROWTHER: I'm fine with these.

16 MR. COOK: All right. I'll entertain a motion  
17 on accepting or approval of the minutes for the last  
18 meeting.

19 MR. CROWTHER: Okay. I will make a motion that  
20 we accept the minutes from the October 16th, 2013  
21 meeting with the approved corrections.

22 MR. COOK: I will second that motion and no  
23 dissenting votes. The motion carries and the minutes  
24 are accepted.

25 MR. ORZECH: Agenda item number five is a staff

1 report for November, 2013. I am still awaiting approval  
2 to meet with the Deputy Attorney General assigned to the  
3 Department of Agriculture to discuss the Legacy Ice  
4 Cream violation.

5 I've had discussions with Lynn Hetrick, the  
6 Deputy Director for agriculture, regarding our growing  
7 agency reserve. We discussed the assessment rates and  
8 the possibility of eliminating the assessment on butter.  
9 This will reduce our annual reserve by approximately  
10 145,000. It is anticipated that this would be the  
11 beginning of other rate reductions.

12 We may be looking to bring this before the  
13 Commission for action at a future meeting. The agency  
14 reserve is \$457,972, and that concludes this report.

15 MR. COOK: We lost him.

16 Troy, we lost you briefly for a second. Did  
17 you hear Tom's report?

18 MR. CROWTHER: I did.

19 MR. COOK: Any questions?

20 MR. CROWTHER: No, not really. I just -- I  
21 know we're looking at different options as far as  
22 reducing that surplus or at least holding it stable. It  
23 sounds like there's some things in the works that might  
24 be beneficial for the industry, so at some point I'd  
25 like to maybe get on the same page and get a heads-up

1 from whomever is throwing out ideas and I'd just like to  
2 be part of that process I guess, or in the loop.

3 MR. COOK: I had a discussion earlier with Lynn  
4 about this subject and I think we're working on a plan  
5 to perhaps have you come up for the December meeting and  
6 we'll have a more in-depth discussion about things we  
7 can do to try to reduce that reserve and get it under  
8 control.

9 MR. CROWTHER: That would be good. That's all  
10 I had.

11 MR. COOK: Okay. Anything else that staff  
12 wants to add? Comments, questions, observations, input?  
13 Okay. Let's move on to the next agenda item.

14 MR. ORZECH: Agenda item number six is  
15 consideration of any other matters relating to the dairy  
16 industry.

17 MR. COOK: Okay. Anybody have anything they  
18 want to throw out on the table for discussion? Francis,  
19 do you want to update us on the power plant perhaps?

20 MR. PACHECO: Sure. I have a question. This  
21 week there's an Elite Dairy Producer Conference in Las  
22 Vegas and listening to what you're saying about you have  
23 a reserve, are you guys promoting Nevada at this  
24 conference?

25 This conference has producers from around the

1 country. DFA probably has 100 some producers from  
2 Wisconsin, Michigan, New York, Georgia, and we sent I  
3 think about seven or eight from California, so is the  
4 Commission present there?

5 MR. ORZECH: We are not.

6 MR. PACHECO: You're not. So if you want to  
7 spend some money, I can tell you how to spend money. We  
8 need to have a bigger footprint as far as when people  
9 think about expansion or where to establish a new dairy  
10 entity. We're not getting many people looking at  
11 Nevada, we're just not, so if you have the money --

12 MR. CROWTHER: Is that in terms of producers or  
13 processors, or both?

14 MR. PACHECO: Right now, producers. Producers  
15 is the key at this point. We're going to have plenty of  
16 capacity when that plant comes on-line. We're going to  
17 need milk for that plant.

18 MR. COOK: This is taking place when?

19 MR. PACHECO: It started on Sunday and it ends  
20 today.

21 MR. COOK: It's ongoing right now?

22 MR. PACHECO: It's ongoing right now. Today is  
23 the final day, and there's events like that -- it would  
24 have been nice because it's in your backyard. It's a  
25 yearly event. It's a yearly event.

1 MR. COOK: It happens every year in the same  
2 place, or it moves around?

3 MR. PACHECO: The Bellagio, every year.

4 MR. COOK: At the Bellagio this time of year?

5 MR. PACHECO: Every year this time of year.

6 MR. COOK: Do you know if our public  
7 information people are aware of this?

8 MR. ORZECH: That's not something I would have  
9 any knowledge of.

10 MR. COOK: Do you think it's possible to ask  
11 them?

12 MR. ORZECH: I can ask them.

13 MR. COOK: Because that's what they're being  
14 paid for, isn't it?

15 MR. PACHECO: It really is the Elite Dairy  
16 Producer Conference. These guys coming in are not  
17 milking 100 cows. They're the type of clientele you  
18 want to come look. That's your --

19 MR. COOK: I have to confess to being a bit  
20 surprised because this is the first I've heard of it,  
21 and I suspect that since this is the first I've heard of  
22 it that there may be other people within the Department  
23 of Agriculture that are unaware that this thing was even  
24 going on.

25 MR. PACHECO: Okay. If I didn't show up today,

1 you probably wouldn't know about it for another year.

2 MR. COOK: You're absolutely right.

3 MR. PACHECO: So I don't know if I have any  
4 fliers in my car, but just Google it, Elite Dairy  
5 Producer Conference, boom, Las Vegas.

6 Okay, so I'm glad you have money to do things  
7 like that. I look across the country -- because this  
8 one is in your backyard. There are conferences of this  
9 magnitude across the nation up in Wisconsin, up in the  
10 upper northeast.

11 They had one recently up in the Idaho region,  
12 and just having a presence there or be a sponsor or  
13 doing something like that gets your name out, and I  
14 think that's where our shortfall -- DFA has been putting  
15 a lot of effort in to publications and ads and different  
16 types of industry magazines, but it also would be good  
17 to have somebody from the Department of Ag also along  
18 the same rhetoric, that this is a place to be looked at,  
19 this is a place -- we're business friendly. You know  
20 the pitch as well as anybody.

21 And Troy, you asked about the plant. We're  
22 coming along with the plant very nicely. We have  
23 customers prepared for the product. It's actually a  
24 nice fit. We're hitting just the right time. We're  
25 looking at the global demand and the plant's product is

1 going to be all export. We're working on the logistics  
2 right now.

3 We already have a few companies that are going  
4 to be moving predominantly out of Oakland, the docks off  
5 of Oakland, and the one thing that we know, we're not  
6 going to have the milk to make the plant as efficient as  
7 it should be, and so that being said, anything we can do  
8 to attract more attention to the opportunities in Fallon  
9 for dairy producer expansion would be greatly  
10 appreciated.

11 MR. CROWTHER: Francis, what's the farthest you  
12 can ship milk to that plant and still be cost effective?  
13 Can we ship it from southern Nevada up to there and  
14 still be efficient, or how far --

15 MR. PACHECO: See, southern Nevada, you're  
16 pretty much locked into supplying your Class I market  
17 with the plants that are there. I mean, with the milk  
18 that is there, you probably have that earmarked and it's  
19 going into Class I markets. Either way it's going into  
20 a Class I market.

21 MR. CROWTHER: I'm thinking more in terms of  
22 expansion, adding dairies down in the Southern Nevada  
23 marketing area. I'm from Mesquite and I drive through  
24 there a few times a month and visit family and there's  
25 still some land that used to be dairy that is just

1 sitting.

2 MR. PACHECO: Well, the issue is the distance  
3 because we've earmarked dairies in California to bring  
4 this way because it's pretty much -- to get to that  
5 plant is going to be a three-and-a-half hour drive  
6 versus if you go to Mesquite, you're looking at eight  
7 hours, so --

8 MR. CROWTHER: Right, that's my question. It  
9 sounds like that's the answer is it's just not efficient  
10 to do it from that far.

11 MR. PACHECO: Yeah, it's just not going to make  
12 it. So again, it's in everybody's interest to get this  
13 area promoted as much as possible.

14 One of the things that we've run into is having  
15 the properties listed properly. Even when we do have  
16 potential dairy families looking at the area, the land  
17 isn't readily being listed to be out on the market. We  
18 have one dairy that's in the process of being built  
19 right now. They had to go and parcel together different  
20 parcels of land where in most locations that's already  
21 done for you.

22 People realize here's a good opportunity, you  
23 have a real estate agent, you have different types of  
24 entities that understand what needs to be done, and most  
25 dairies today, that's the key is to get your facility



1 along with your feed ground on one location or a close  
2 vicinity to that location and we're just not seeing that  
3 happen much in that Fallon area.

4 MR. COOK: Is that perhaps a matter of getting  
5 the agricultural property realtors trained up and  
6 understand --

7 MR. PACHECO: You know, we've had that. We  
8 have people working there. We brought in a guy from a  
9 national prospective, Agri-Pro Consultants, and he does  
10 this cross-country. He's brought dairies into Colorado,  
11 he's brought dairies into Idaho, he's brought dairies  
12 across the nation. He has a lot of different  
13 connections with families, but because there was large  
14 parcels of land, that's what families look for.

15 We were fortunate that the guy that is in the  
16 process of building, he actually went around and talked  
17 to the realtors and this guy knew that guy and that  
18 guy -- you know, and all of a sudden he was able to  
19 cobblestone I think 2300 acres together, but it's  
20 500 acres here, 600 acres there, 1000 acres here,  
21 300 acres there, so that's one of the things that -- and  
22 I know it's not the Commission's perspective to do that,  
23 but that's what we're running into.

24 MR. COOK: But if there's something we can do  
25 to try to help promote that, try and bring awareness of

1 that shortcoming.

2 MR. PACHECO: That, and the water issue right  
3 now. The guy buys the land and right after he closed on  
4 the land, his water is cut off and that's not a good  
5 sign, and we'll just rack it up to saying it's a drought  
6 year, but water storage needs to be another -- and  
7 dairies take water, there's no if's, and's or but's  
8 about that.

9 So as far as looking at what can the Dairy  
10 Commission do is say, okay, what can we do to provide  
11 the resources needed for dairies to be in the area and  
12 you're going to need more water, so just items of that  
13 sort I guess could be done.

14 MR. CROWTHER: How is the local -- the  
15 government, county, city, how are they as far as zoning?  
16 Are there any issues there?

17 MR. PACHECO: You know, Lynn was brought in on  
18 a discussion. The dairy dat has cobbled this land  
19 together. He's having issues getting his building  
20 permit which has set him back a couple months now which  
21 is unfortunate because he was really hoping to have this  
22 thing resolved in an expedient manner, so Lynn has been  
23 brought in to what this producer is experiencing, so  
24 we'll see what he can pull off there. That's within the  
25 last month.

1 MR. COOK: Yeah, this is in Lyon County,  
2 correct?

3 MR. PACHECO: This is in Smith Valley, so  
4 whatever county that's in.

5 MR. COOK: That's Lyon. Do you have any of  
6 those kinds of problems with anybody who is trying to  
7 expand in Churchill, Fallon?

8 MR. PACHECO: Not at this point. One of the  
9 things -- because the dairy industry has had a couple  
10 poor financial years. We had two families that were  
11 committed to expanding and substantial expansion, 1000  
12 plus cow additions.

13 One was able to go ahead and find the financing  
14 package and that was another thing that was cobbled  
15 together. The other family did get the resourcefulness.  
16 They could go ahead and buy additional ground, and this  
17 is where the financial institutions are coming in. They  
18 would back the acquisition of land, but because the  
19 returns on dairy operations have been so poor, they will  
20 not loan money on an expansion for free stall or new  
21 milk barn or anything of that sort, so --

22 MR. COOK: Even with a processing plant ready  
23 to take everything they can produce?

24 MR. PACHECO: You've got to look at the  
25 historical basis. I mean, they've lost money, so --

1 MR. COOK: Yeah, but circumstances have  
2 changed.

3 MR. PACHECO: But it's their money and that's  
4 what they're saying. Historically looking at how are  
5 you going to pay this off, you couldn't have.

6 MR. COOK: But they have practically free money  
7 from the feds.

8 MR. PACHECO: I know, I understand, but that's  
9 the reality. They still are looking at acquiring some  
10 financial package to do that, so there are still some  
11 challenges there.

12 We have a couple smaller dairies in the area,  
13 again, 300 cow dairies, but the type of people that you  
14 want to attract are the 2000 cow dairies, the 1500 cow  
15 dairy, 3000 cow dairies, but you need the land mass to  
16 do that.

17 You just need -- the margins on dairies, even  
18 though everybody hears the corn price is coming down,  
19 there's a better corn market, hay prices are still out  
20 the roof, water prices out the roof, and like I say,  
21 cows eat a lot of hay and drink a lot of water, so the  
22 returns are not that great.

23 MR. COOK: So the margins have been squeezed.

24 MR. PACHECO: The margins have been squeezed  
25 and financing is very tough, very tough.

1 MR. COOK: So how's the plant in Fallon? How  
2 far away from being in production?

3 MR. PACHECO: It is expected that it will be  
4 running milk, running product out the door by the end of  
5 the first quarter, so they'll be running water probably  
6 the middle of February, make sure the steam and people  
7 know what they're doing and fully operational, and then  
8 ramping it up from there, probably somewhere in March.

9 MR. COOK: And customers are lining up with  
10 the --

11 MR. PACHECO: We do have customers, and that's  
12 the one good thing about having a plant that's being  
13 designed and built to give you some opportunities to  
14 meet their product demands instead of taking a nonfat  
15 dry milk plant and trying to retrofit it where this one  
16 is being designed to actually handle those types of  
17 products.

18 MR. CROWTHER: Francis, given -- and maybe this  
19 is proprietary, and if so, obviously don't answer, but  
20 given the current supply that you have right now, what  
21 capacity will that plant open at? Not capacity, but  
22 what utilization will that plant open at?

23 MR. CROWTHER: We're still in the process.  
24 Like I said, we have -- one of the dairies that's been  
25 vacant up there which went through a bankruptcy, it will

1 ship two loads of milk when it's populated, so that's  
2 going to help us a little bit, but he's not planning on  
3 putting cows in there until the plant is up and we tell  
4 them it's up and running. He's a current member, he has  
5 two dairies in California and he's set to go. He has a  
6 hay ranch over here in Lovelock, so there's two loads of  
7 milk.

8 The dairy that I'm saying that was having the  
9 building permit issues, he was planning on being up and  
10 running by April 1st and that was going to be three plus  
11 loads of milk, but that's been pushed back now, so right  
12 there we've got five loads of milk that would be readily  
13 available when the plant is in that ramp-up stage, so we  
14 do have some things, but five loads of milk when you  
15 have a plant that takes 40 loads of milk, you still have  
16 a ways to go. You still have a ways to go.

17 MR. COOK: Thank you. Anybody else have any  
18 questions, comments? Dave, do you have anything you  
19 want to throw on the table?

20 MR. COON: No, just happy to be here.

21 MR. COOK: We're glad to see you.

22 MR. COON: We're talking about money and how  
23 it's to be spent and so forth. I guess I might just  
24 touch on the things we continue to be grateful for that  
25 we receive from the Dairy Commission and that's their

1 oversight and seeing that everyone plays by the same  
2 sets of rules and we appreciate the laws that are  
3 overseen by the Commission, the health inspections, the  
4 equipment laws, the credit laws, all those things, so we  
5 continue to be grateful for what you have been doing.

6 And as far as future discussions on how the  
7 money is to be spent, I guess everyone will work through  
8 that, but we're grateful that this is continuing at the  
9 same time.

10 MR. COOK: Thanks for your input. Anybody  
11 else? If not, we have one more agenda item.

12 MR. ORZECH: Agenda item number seven is public  
13 comment and discussion.

14 MR. COOK: And I'm gathering since we had none  
15 at the beginning, we probably will have none at the end.

16 Being none offered, let's go ahead and adjourn  
17 this meeting.

18 (The proceedings concluded at 9:32 a.m.)

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1 STATE OF NEVADA )  
2 COUNTY OF WASHOE ) ss.

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4 I, DIANNE M. BRUMLEY, a Certified Court Reporter  
5 and Notary Public for the County of Washoe, State of  
6 Nevada, do hereby certify that on \_\_\_\_\_, the  
7 \_\_\_\_\_ day of \_\_\_\_\_, 2013, I reported the  
8 Nevada Dairy Commission meeting;

9 That the foregoing transcript is a true and  
10 correct transcript of the stenographic notes of  
11 testimony taken by me in the above-captioned matter to  
12 the best of my knowledge, skill and ability.

13

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18 \_\_\_\_\_  
DIANNE M. BRUMLEY, NEVADA CCR #205

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CALIFORNIA CSR #6796

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