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PUBLIC MEETING OF THE
NEVADA DAIRY COMMISSION
TRANSCRIPT OF PROCEEDINGS

Wednesday, February 19, 2014
Sparks, NV

Reported By: SUSAN E. BELINGHERI, CCR #655

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APPEARANCES

COMMISSION MEMBERS

Christopher Cook - Chairman
John Collier, Commissioner
Troy G. Crowther, Commissioner - Via Videoconference

Tom Orzech - Operations Manager
Kathy Easley - AA3

Dennis Belcourt
Dave Coon - Via Videoconference

Nevada State Dairy Commission Public Meeting
2/19/2014

1 SPARKS, NEVADA; WEDNESDAY, FEBRUARY 19, 2014; 9:00 A.M.

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4 CHAIRMAN COOK: Okay. Let us convene the
5 February meeting of the Nevada State Dairy Commission.

6 Mr. Orzech, would you open the proceedings,
7 please.

8 MR. ORZECH: Thank you, Mr. Chairman. This
9 is the time and place set for the regularly scheduled
10 meeting of the Nevada State Dairy Commission for the
11 month of February, 2014. This meeting has been
12 scheduled and noticed in compliance with the pertinent
13 statutes, including the Open Meeting Law. A copy of the
14 agenda has been handed to the court reporter with the
15 request that it be part of the official transcript of
16 these proceedings.

17 My name is Tom Orzech, the operations
18 manager for the Nevada State Dairy Commission. Present
19 today are: Mr. Christopher Cook, chairman; Mr. Troy G.
20 Crowther, member of the commission; Mr. John Collier,
21 member of the commission. Those who present statements
22 or evidence to the Commission during this meeting are
23 requested to first be acknowledged by the chairman and
24 to identify themselves for the record.

25 CHAIRMAN COOK: Thank you. Would you

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1 proceed to agenda item number one, please. No, I guess
2 that would be number 2a. No, number one.

3 MR. ORZECH: Number one.

4 CHAIRMAN COOK: Yeah.

5 MR. ORZECH: Agenda item number one is
6 public comment and discussion.

7 CHAIRMAN COOK: No public here to comment,
8 so let's proceed to the next one.

9 MR. ORZECH: Agenda item number two for
10 possible action is a license application. It's a
11 peddler distributor license application by Milk & More
12 Distributing, Post Office Box 9, Pahrump, Nevada, 89041.
13 Ronald Link, managing member.

14 The applicant seeks a new license due to a
15 change of ownership of the current license. All
16 products and labels remain the same. Distribution will
17 remain limited to the Southern Nevada Marketing Area.

18 The applicant's prices and costs have been
19 reviewed by members of the Dairy Commission staff and
20 are in compliance with this Agency's laws and
21 regulations.

22 The applicant will be responsible for the
23 assessments.

24 CHAIRMAN COOK: Okay. I'm guessing there is
25 nobody present representing. Is there anything the

1 staff would care to add to this?

2 MR. ORZECH: This is just a simple change of
3 ownership. This fellow out of Pahrump distributes
4 Anderson products.

5 CHAIRMAN COOK: Oh.

6 MR. ORZECH: So it just changed ownership,
7 and nothing more than that.

8 CHAIRMAN COOK: Just Anderson?

9 MR. ORZECH: That's all he had listed, was
10 Anderson products.

11 CHAIRMAN COOK: Oh, wow. So that's good.
12 I'm glad to see it's being kept in state. Okay. Well,
13 I have no further questions.

14 Troy, do you have any further questions?

15 MR. CROWTHER: No.

16 CHAIRMAN COOK: John?

17 MR. COLLIER: No, sir.

18 CHAIRMAN COOK: Okay. There being no
19 questions from the Commission, any questions from the
20 staff? Comments from the staff? Questions or comments
21 from the voluminous audience? Seeing none, I will
22 entertain a motion.

23 MR. COLLIER: Mr. Chairman, I move that we
24 accept the peddler distribution application for Milk &
25 More distributing in Pahrump, Nevada, where the

1 applicant seeks a new license due to a change of
2 ownership under the current license, and I move we
3 accept this application.

4 MR. CROWTHER: I second.

5 CHAIRMAN COOK: Okay. Having a motion and a
6 second on the table, and there being no dissenting
7 votes, the motion carries and the application is
8 granted.

9 MR. ORZECH: Agenda item three for possible
10 action is reduction of the assessment on butter. This
11 will be a discussion on the reduction of the assessment
12 on butter to zero. The current assessment rate is one
13 cent per pound. The Dairy Commission may move to reduce
14 the assessment rate of butter.

15 And in order to continue the reduction of
16 our reserve amount, it's recommended that we reduce our
17 current assessment on butter. At the current assessment
18 rate of a penny per pound, we presently take in
19 approximately \$10,000 per month on butter. Reducing
20 this rate to zero will reduce our reserve by
21 approximately \$120,000 a year.

22 Of the \$10,000 we take in each month,
23 approximately half of this amount will be a direct
24 monthly savings to our in-state licensees. This would
25 include savings to our dairy processors, casinos, candy

1 makers, retail stores, bakeries and speciality butter
2 suppliers. Unlike the tax holidays, which happens
3 sporadically, this savings is something that the
4 licensees will be able to count on every month.

5 And it's now open for discussion.

6 CHAIRMAN COOK: What is the current status
7 of our reserve?

8 MR. ORZECH: Our current reserve, as of this
9 morning, is \$364,795.

10 CHAIRMAN COOK: We're targeting, what, about
11 230, 250, somewhere in that range?

12 MR. ORZECH: Approximately.

13 CHAIRMAN COOK: All right. Will this action
14 get us on target?

15 MR. ORZECH: It will help get us on target.
16 It depends, a lot of it depends on what spending is done
17 within the next year, and I can't foresee what, I can't
18 guaranty what --

19 CHAIRMAN COOK: Okay. Have you had any
20 comments from any of the industry people about it?

21 MR. ORZECH: None. No.

22 CHAIRMAN COOK: But they've all been made
23 aware of it.

24 MR. ORZECH: Through the posting of these
25 minutes they've been made aware of it.

1 CHAIRMAN COOK: Okay. All right.

2 MR. CROWTHER: How much, is our current
3 monthly reserve growing right now?

4 MR. ORZECH: It varies. It depends how much
5 is, to be honest with you, it's going to sound simple,
6 but it depends how much is spent during the month.
7 There's savings, there's some savings on salaries. But
8 then again, there's been equipment that's been
9 purchased.

10 So it's been up and down. It's been
11 gradually climbing over the past approximately six
12 months. But it varies. It varies every month. It's
13 not going down, is really what's happening.

14 MR. CROWTHER: Okay. But the equipment
15 that's being purchased, are these, are these purchases
16 that will be, that are one-time purchases, or are they
17 continual?

18 MR. ORZECH: It's equipment that's going to
19 be used in a dairy lab, so it's going to be, it's one
20 time, but it also, we have to have contracts on it to
21 keep it fixed. And then supplies are going to need to
22 be bought, you know, as the testing is done. So there's
23 going to be reoccurring charges with that. But the
24 major parts of the items will be a one-time purchase.

25 MR. CROWTHER: Okay. And do you know how

1 much we're saving, we saved by moving to this facility
2 in Las Vegas?

3 MR. ORZECH: I, I can't give you savings
4 amounts because additional money was also spent in the
5 allocation to the Department of Agriculture.

6 MR. CROWTHER: Okay.

7 CHAIRMAN COOK: Okay. John, any questions?

8 MR. COLLIER: Is \$10,000, is that a yearly
9 amount?

10 MR. ORZECH: No, no. It's \$10,000 per
11 month.

12 MR. COLLIER: Oh, per month.

13 MR. ORZECH: Yes.

14 MR. COLLIER: Oh.

15 CHAIRMAN COOK: It will take a big bite out
16 of that reserve and get us down to the target.

17 MR. ORZECH: And we'll be able to see. The
18 key, as we talked about before, if things did change for
19 any possible reason, you can always bring the assessment
20 back. That's always --

21 MR. COLLIER: Yeah, that's what I was
22 thinking.

23 MR. CROWTHER: So the proposal is to not
24 eliminate the assessment, it's to reduce it to zero for
25 right now so that in the future we have the option to

1 increase it again if needed.

2 MR. ORZECH: That's exactly right. Because
3 it will still remain that's we are allowed to charge an
4 assessment on butter, but the assessment will be zero.

5 CHAIRMAN COOK: Did I understand you
6 correctly when you said that about half of that \$10,000
7 is paid by domestic-based, locally-based --

8 MR. ORZECH: Nevada-based licensees.

9 CHAIRMAN COOK: -- licensees?

10 MR. ORZECH: Yes. Yes.

11 CHAIRMAN COOK: And the other half is coming
12 from out of state.

13 MR. ORZECH: Yes.

14 CHAIRMAN COOK: Who would be paid out of
15 state?

16 MR. ORZECH: Out of state would be companies
17 that have companies here, like say Costco, your
18 Wal-Mart's.

19 CHAIRMAN COOK: Oh.

20 MR. ORZECH: I mean, they're companies, you
21 know, but they're actually licensed, their home office
22 is out of state. So I looked at, I looked at a lot of
23 the companies that are home-based in the state. I
24 did -- maybe a lot of the casinos are probably also
25 based out of state. But if they had a casino here, I

1 looked at that as being -- if the license we send to
2 Nevada, is what I looked at.

3 CHAIRMAN COOK: So this basically benefits
4 pretty much anybody that uses butter or distributes
5 butter --

6 MR. ORZECH: Yes. Yes.

7 CHAIRMAN COOK: -- at their local level.
8 The little guy that has the bakery down the street
9 doesn't get a benefit, but the guy that supplies it does
10 get the benefit.

11 MR. ORZECH: Depending on who pays the
12 assessment, that's true. Some of the bakeries bring
13 their own butter in, and so they will benefit. They
14 will --

15 CHAIRMAN COOK: So if they are an importer
16 from out of state, then they'll also get the benefit as
17 well?

18 MR. ORZECH: Yes, uh-huh.

19 MR. COLLIER: Are they assessed on when they
20 bring butter in from out of state?

21 MR. ORZECH: Yes.

22 CHAIRMAN COOK: Well, it seems like it's a
23 proposal that makes a lot of sense to me. I'd like to
24 open it up to comments or questions. Dave, I see you've
25 joined us. Do you have anything you'd like to throw in

1 on this?

2 MR. COON: Mr. Chairman, I don't. I
3 apologize, I walked in late. I don't expect you to back
4 up very far. But it's my understanding that we're on
5 item three, and the, the assessment of butter is going
6 to be reduced to zero.

7 CHAIRMAN COOK: Correct.

8 MR. COON: Is that for a time being?

9 CHAIRMAN COOK: Well, that's for the
10 foreseeable future.

11 MR. COON: Okay.

12 CHAIRMAN COOK: It's not going to be just a
13 one-time thing. We think that it could be in place for
14 probably several years.

15 MR. ORZECH: Depending on how the budget --

16 CHAIRMAN COOK: Yeah, depending upon how
17 well we manage the reserve fund and get it down and what
18 our spending levels look like.

19 MR. CROWTHER: Do we need to fix a time for
20 this, or can we leave it open?

21 MR. ORZECH: No, there's no need to fix a
22 time. Because at any time in the future we could be
23 discussing this, as far as raising it us again, if need
24 be.

25 MR. CROWTHER: Okay.

1 CHAIRMAN COOK: Well, I think this makes a
2 lot of sense. If that --

3 MR. CROWTHER: Is this the best across the
4 board reduction that we could do, then, as far as our
5 assessments?

6 MR. ORZECH: It makes the most sense based
7 on -- we've had this discussion back even when Mark was
8 still here. Mark and I had this discussion several
9 times about if we were going to reduce anything, it
10 would be reducing butter. Mainly because the amount
11 that we charge, the assessment rate we charge on butter,
12 based, if you take the amount of margin profit that
13 there is on butter, this is the highest possible rate
14 that we charge, based on the margin profit. It was
15 always out of line with everything else. Something
16 needed to be done with it.

17 This is the best way to deal with this one
18 now. Because we can go back and adjust the other ones,
19 if need be. I may be coming back to you in six months
20 or so, or even less, and saying let's reduce something
21 else. But right now this is a good start, to get this
22 one done.

23 MR. CROWTHER: Okay. I'm good with it,
24 then.

25 CHAIRMAN COOK: Okay. Are there any other

1 questions or comments? Input from anybody? Seeing
2 none, I will entertain a motion.

3 MR. CROWTHER: I will make a motion. Mr.
4 Chairman, I move that we reduce the current assessment
5 for butter to zero.

6 CHAIRMAN COOK: The wording of that
7 satisfactory?

8 MR. ORZECH: Yes, sir.

9 CHAIRMAN COOK: Okay.

10 MR. COLLIER: I'll second that.

11 CHAIRMAN COOK: There being a motion and a
12 second on the table and no dissenting votes, the motion
13 carries and the assessment is reduced.

14 MR. CROWTHER: When will this take effect,
15 then?

16 MR. ORZECH: That's a good question. We
17 discussed this. We're going to make it as of the 1st of
18 March. Because as we send out -- to make a long story
19 short, we send out remittance sheets to our licensees at
20 the end of this month for February, but some, a lot of
21 licensees don't use those forms. So as of 1 March,
22 they're already reporting their February deal. We'll
23 make it effective 1 March.

24 And there's going to be some clean-up.
25 There's going to be several months we'll be cleaning

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1 this up to get everybody in line. But we'll make it the
2 1st of March.

3 MR. CROWTHER: Okay.

4 CHAIRMAN COOK: If somebody pays an
5 assessment unwittingly, then will we refund that money
6 back?

7 MR. ORZECH: Yes, we will. We'll either
8 give them a credit for the following month or cut them a
9 check.

10 CHAIRMAN COOK: Okay. All right. Okay.
11 Thank you. Would you proceed to agenda item number
12 four, please.

13 MR. ORZECH: Agenda item number four is for
14 possible action, approval of the minutes for the January
15 15th, 2014 Dairy Commission meeting. And there were no
16 corrections.

17 CHAIRMAN COOK: Okay. Would you care to
18 make a motion?

19 MR. COLLIER: Mr. Chairman, I move we accept
20 the minutes of the January 15th, 2014 meeting.

21 MR. CROWTHER: Second.

22 CHAIRMAN COOK: Motion and second on the
23 table, no dissenting votes. Motion carries, minutes are
24 approved.

25 MR. ORZECH: Agenda item number five is the

1 Dairy Commission staff report. Testing continues at the
2 Fallon dry powder plant, and they're hoping to be in
3 operation by the beginning of April.

4 I was just informed this morning that we
5 just newly licensed a sheep milking operation in Fallon.
6 And what they're going to be doing with the sheep milk
7 is freezing it, shipping it to California to be made
8 into yogurt. We've had the goats, and now we've got
9 sheep.

10 CHAIRMAN COOK: I didn't realize you could
11 make yogurt from sheep milk. I guess there's no reason
12 why you can't. But I thought all they did was make
13 cheese with it.

14 MR. ORZECH: It's going to be sheep yogurt.
15 It's a small operation right now. From what Anna said,
16 approximately 50 head right now. So, but that's
17 different. That's the first one we've had. First sheep
18 operation.

19 CHAIRMAN COOK: Is it by, started by anybody
20 with prior experience in the dairy industry?

21 MR. ORZECH: I don't know. I don't know.

22 CHAIRMAN COOK: Gave up on cows and went to
23 sheep. There's a joke in there somewhere. I'm not
24 going to go there.

25 MR. CROWTHER: How many sheep, what's the

1 size of the herd? Or flock, or whatever?

2 MR. ORZECH: I was saying about 50, about 50
3 head.

4 MR. CROWTHER: Okay. Who counted them and
5 are they still awake? Sorry, guys.

6 CHAIRMAN COOK: I think we're going to have
7 to start fining for bad jokes.

8 MR. CROWTHER: Yeah, all right. Sorry.

9 CHAIRMAN: Yeah, we lost you.

10 MS. EASLY: No, we didn't.

11 CHAIRMAN COOK: Oh, you're back. Okay.

12 MR. ORZECH: And as I, as I currently
13 stated, the Agency reserve at the present is \$364,765.
14 And that concludes the report.

15 CHAIRMAN COOK: Okay. Anything else anybody
16 else in the staff would care to add? Seeing none, press
17 on to number six, please.

18 MR. ORZECH: Item six is consideration of
19 any other matters relating to the dairy industry.

20 CHAIRMAN COOK: I had a conversation with
21 Lynn about the IAMCA meeting taking place in Vegas. I'm
22 not able to go to that planning meeting, and I'm not
23 sure if John or Troy have --

24 MR. COLLIER: What is the meeting?

25 CHAIRMAN COOK: It's at the end of this

1 month. First of March?

2 MR. ORZECH: They have not sent any
3 information on it.

4 MR. COLLIER: But what is it?

5 MR. CROWTHER: Does he know, John --

6 CHAIRMAN COOK: They plan for the annual
7 meeting in August. They plan the agenda.

8 MR. CROWTHER: Do you know --

9 MR. COLLIER: Who is the organization?

10 MR. ORZECH: It's the International
11 Association of Milk --

12 CHAIRMAN COOK: Control Agencies.

13 MR. ORZECH: Control Agencies. And they
14 hold a planning meeting in the spring to plan their
15 meeting in August. And they choose, so they chose --
16 they're going to be down in Vegas. I believe it's in
17 March.

18 CHAIRMAN COOK: Troy, do you want to throw
19 something out?

20 MR. CROWTHER: Yeah. Well, no. I was just
21 going to explain to John what the IAMCA means, but you
22 got that.

23 So, you know, we, we went, I've been to one
24 of those, and honestly, it was, I was a new commissioner
25 at the time, and I probably learned more from that

1 conference than I learned in any time prior to that, and
2 possibly since.

3 I think, there's a lot of discussion about
4 global agencies and global markets and things that I
5 think are relevant to what we're dealing with now, you
6 know, in Nevada. It, it was, it was interesting and it
7 was, I thought, very beneficial. If, if you can give me
8 dates and times, I wouldn't mind stopping by the
9 planning here.

10 MR. ORZECH: Once I get that information,
11 I'll shoot it out to everyone.

12 MR. CROWTHER: Okay. I don't know how much
13 time I'll be able to spend at it. It's, March is a busy
14 time.

15 CHAIRMAN COOK: We just thought that since
16 the meeting was taking place in Las Vegas it might be
17 nice to show the flag of the Nevada Dairy Commission.

18 MR. ORZECH: Yeah.

19 CHAIRMAN COOK: And --

20 MR. CROWTHER: Yeah.

21 CHAIRMAN COOK: And it brought up the second
22 point I wanted to put out for discussion. Mark and I --
23 Mark and I? Lynn and I discussed the possibility of
24 trying to attract their annual meeting back to Nevada.
25 The last time it was held here was ten years ago. I

1 think it was 2004, when it was held at the Silver
2 Legacy. And Lynn liked the idea of trying to do that.
3 And we felt that if we're going to do something like
4 that, that we better have a presence show up at their
5 August meeting, if we can, and have somebody at their
6 planning meeting.

7 They're good meetings to go to.
8 International, mostly because it's Canadian and U.S.
9 regulatory agencies that are involved in the dairy
10 industry. There's usually input from the USDA. They
11 have views of the industry from, from academics, usually
12 have people participating from, the University of
13 Pennsylvania has got a pretty powerful dairy program
14 there.

15 And it always involves some sort of a field
16 trip to a producer or a processor. I know, I think the,
17 I've been to three of them now, and all three times we,
18 the field trips were quite interesting and you got to
19 see how other people operated in other parts of the
20 country, and in Canada.

21 MR. COLLIER: How long are the meetings? I
22 mean, is it, like --

23 CHAIRMAN COOK: Usually three days.

24 MR. COLLIER: Three days? Is that something
25 I should attend, or --

1 CHAIRMAN COOK: I think so. I think that
2 that would be beneficial for your knowledge base, number
3 one. And getting to know some of the names of the
4 people.

5 MR. COLLIER: Sure. Sure. Well, if you
6 give me the dates, I could schedule it.

7 CHAIRMAN COOK: Well, I think we've only
8 got, what, \$1,500?

9 MR. ORZECH: Yeah. All the planning is
10 based on money, and there's no money for travel.

11 MR. COLLIER: Then I won't go.

12 CHAIRMAN COOK: We may not be able to pull
13 it off this year, but in coming years.

14 MR. COLLIER: Yeah. Well, if that's
15 something that would benefit us, you know, from my being
16 there, I would be happy to go do it. But if there's no
17 money there to support it or sustain it, well --

18 CHAIRMAN COOK: Well, there's money there,
19 we just have to get it budgeted in the future. And
20 especially if we're going to try to attract a meeting to
21 the state, because that brings in a couple of hundred
22 people. And usually --

23 MR. COLLIER: Well, if we were going to do
24 that, that would be, that would be smart business for us
25 to be there and to fly the flag and pump a few hands,

1 you bet. So --

2 CHAIRMAN COOK: At any rate, Troy, if you
3 have, when you get the information, if you have an
4 opportunity to stop by wherever they're meeting down
5 there and just press the flesh and let them know that we
6 still exist. Because we haven't had a presence at any
7 of their meetings for about three years or four years
8 now, I don't think.

9 MR. CROWTHER: Right.

10 CHAIRMAN COOK: Isn't it about that?
11 Actually, it may be even longer, because I think 2009
12 was the last one we went to.

13 MR. CROWTHER: Mark was very involved with
14 that group. He was on, I don't know if he was on the
15 board or he was just on some committees. But I know he
16 was, he was involved. So, yeah, if you can give me that
17 information, and then I'll see what I can do as far as
18 getting over there.

19 CHAIRMAN COOK: Okay. Appreciate that.
20 Anyhow, so, you know, that's something that, hopefully,
21 we can, dual purpose there to get you up to speed --

22 MR. COLLIER: Sure.

23 CHAIRMAN COOK: -- get you background --

24 MR. COLLIER: I'd be happy to, you know, to
25 go down there.

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1 CHAIRMAN COOK: And then also maybe attract
2 a meeting back to Nevada.

3 MR. COLLIER: Sure.

4 CHAIRMAN COOK: Get some benefits.

5 MR. COLLIER: Sure. Yeah. Maybe Troy and I
6 could go together to the thing, or something. But if,
7 you know, whatever. You guys point me in the right
8 direction.

9 CHAIRMAN COOK: Okay. Any other items for
10 consideration?

11 MR. CROWTHER: I have nothing.

12 MR. COLLIER: I have nothing.

13 CHAIRMAN COOK: Okay. Move on to the last
14 agenda item, number seven.

15 MR. ORZECH: Agenda item number seven is
16 public comment and discussion.

17 CHAIRMAN COOK: Okay. Well, Dave, since
18 you're the only member of the public here, if you have
19 any comments, now is your chance.

20 MR. COON: No. Just thanks for your good
21 work.

22 MR. CHAIRMAN: Well, thank you for thanking
23 us. Thank you for showing up at the meetings.

24 MR. COON: Thank you.

25 CHAIRMAN COOK: Anything else? Staff?

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1 Nothing? Okay. Let us adjourn this meeting, then.

2 (Meeting adjourns at 9:22 a.m.)

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Chairman Christopher Cook

Commissioner John Collier

Commissioner Troy G. Crowther

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1 STATE OF NEVADA)
 COUNTY OF WASHOE) ss.

2

3 I, SUSAN E. BELINGHERI, a Certified Court
4 Reporter and Notary Public for the County of Washoe,
5 State of Nevada, do hereby certify that on Wednesday,
6 the 19thth day of February, 2014, I reported the Nevada
7 Dairy Commission meeting;

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

12

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Susan E. Belingheri, CCR #655

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