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PUBLIC MEETING OF THE
NEVADA DAIRY COMMISSION
TRANSCRIPT OF PROCEEDINGS
Wednesday, July 16, 2014
Reno, Nevada

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

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APPEARANCES

COMMISSIONERS:

Christopher Cook - Chairman
John Collier
Troy G. Crowther (via videoconference)

Tom Orzech - Operations Manager
Kathy Easley - Secretary

COUNSEL FOR THE DAIRY COMMISSION:

DENNIS BELCOURT
Deputy Attorney General
Office of the Attorney General
100 N. Carson Street
Carson City, Nevada 89701

Nevada State Dairy Commission Public Meeting
7/16/2014

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RENO, NEVADA, WEDNESDAY, JULY 16, 2014, 9:00 A.M.

CHAIRMAN COOK: Let's go ahead and open the July meeting of the Nevada State Dairy Commission. Mr. Orzech, would you formally open the meeting, please?

MR. ORZECH: Thank you, Mr. Chairman. This is the time and place set for a regularly scheduled meeting of the Nevada State Dairy Commission for the month of July, 2014. This meeting has been scheduled and noticed in compliance with pertinent statutes including the open meeting law.

A copy of the agenda has been handed to the court reporter with a request that it be part of the official transcript of these proceedings.

My name is Tom Orzech, the operations manager for the Nevada State Dairy Commission. Present today are Mr. Christopher Cook, Chairman; Mr. Troy G. Crowther, member of the Commission; Mr. John Collier, member of the Commission.

Those who present statements or evidence to the Commission during this meeting are requested to first be acknowledged by the Chairman and to identify themselves for the record.

CHAIRMAN COOK: Would you proceed to agenda

1 item one, please?

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

4 CHAIRMAN COOK: Seeing we have no members of
5 the public present, I'm assuming we can dispense with
6 that and move on to agenda item two.

7 MR. ORZECH: Agenda item two for possible
8 action is a license application. It's a Peddler
9 Distributor license application by Crystal Dairy Foods,
10 925 Eloise Avenue, South Lake Tahoe, California, 96150,
11 Bryan Schorr, President.

12 The applicant seeks a license to distribute a
13 full line of dairy products with the exception of mixes
14 in the Northern Nevada Marketing Area. Fluid milk
15 labels will be Crystal Dairy and Foster Farms.

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

20 There is a correction needed on this. There's
21 a misprint on the next statement where it says Model
22 Dairy will be responsible. Model Dairy is not
23 responsible for the assessments, the licensee will be
24 responsible for the assessments.

25 CHAIRMAN COOK: Okay. I have a question about

1 this. There's nobody representing them here, so I'm
2 going to have to direct them towards the staff.

3 It seems to me that Crystal Dairy has shown up
4 multiple times in the last few years as a license
5 applicant.

6 MR. ORZECH: This should answer that question
7 pretty easy. Norm Finley out of South Lake Tahoe had
8 this license. He's been the fellow that's had the
9 Crystal Dairy operation up there for years.

10 He sold it. This fellow has now bought it and
11 is operating, so this is technically a change of
12 ownership is what this is, so --

13 CHAIRMAN COOK: Do they -- the Crystal Dairy is
14 based in Sacramento, correct? Well, it used to be when
15 I was a kid.

16 MR. ORZECH: It used to be, and then Foster
17 Farms bought them out and then they kept the Crystal
18 name because it was such a known entity. That's why,
19 like you said, it's been showing up, like it showed up I
20 think on a licensee we had out of Grass Valley. It
21 showed up there, and --

22 CHAIRMAN COOK: One time there was some plans
23 for Crystal to distribute into Northern Nevada itself,
24 into Reno and --

25 MR. ORZECH: Yeah. Not the fluid milk side.

1 That's what the guy from Grass Valley was doing. He had
2 a couple of customers that wanted him to deliver here.
3 That's what that -- then there's Crystal Dairy --
4 there's another licensee we have that's called Crystal
5 Dairy of Nevada and he was working with Norm to
6 distribute to some of the casinos.

7 He hit some of the casinos here and that's
8 probably the other licensee that you're thinking of, a
9 separate licensee, but the product was coming through
10 this Crystal Dairy to Crystal Dairy of Nevada. He was
11 stationed I think out of Gardnerville, down there I
12 think is where he operates out of, so that's why you see
13 Crystal Dairy so much.

14 CHAIRMAN COOK: So effectively this particular
15 application is basically just as a result of a sale, a
16 change of name of the ownership?

17 MR. ORZECH: That's correct, yes.

18 CHAIRMAN COOK: All right. I have no further
19 questions. John?

20 MR. COLLIER: I have no questions. That's very
21 good information.

22 CHAIRMAN COOK: Troy, any questions?

23 MR. CROWTHER: No questions.

24 CHAIRMAN COOK: If there's no further
25 questions, I will entertain a motion.

1 MR. COLLIER: Mr. Chairman, I move that we
2 accept the Crystal Dairy Peddler Distributor application
3 for distributing a full line of dairy products with the
4 exception of mixes in our Northern Nevada Marketing Area
5 which the fluid milk labels will be Crystal Dairy and
6 Foster Farms.

7 MR. CROWTHER: Second.

8 CHAIRMAN COOK: Having a motion and a second
9 and no dissenting votes, the motion carries and the
10 license is granted.

11 MR. ORZECH: Agenda item 2-b is a processing
12 distributor license application for possible action by
13 the Hershey Creamery Company, 301 S. Cameron Street,
14 Harrisburg, Pennsylvania, 17101, George Holder,
15 President.

16 The applicant seeks a license to distribute ice
17 cream, sherbet, novelties, yogurt and frozen yogurt in
18 the Southern Nevada Marketing Area.

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

24 CHAIRMAN COOK: Okay. I'm guessing there's no
25 one representing this applicant present, so is there

1 anything that the staff needs to add to this?

2 MR. ORZECH: Nothing.

3 CHAIRMAN COOK: It's only in Southern Nevada,
4 they don't have any desire to operate in the north here?

5 MR. ORZECH: That's correct.

6 CHAIRMAN COOK: Questions from any of the other
7 Commissioners?

8 MR. COLLIER: I have none.

9 MR. CROWTHER: No.

10 CHAIRMAN COOK: There being no further
11 questions, I will entertain a motion.

12 MR. CROWTHER: I will make a motion. I move
13 that we approve the license application by Hershey
14 Creamery Company, Harrisburg, Pennsylvania to distribute
15 ice cream, sherbert, novelties, yogurt and frozen yogurt
16 in the Southern Nevada Marketing Area.

17 MR. COLLIER: Mr. Chairman, I'll second that
18 motion.

19 CHAIRMAN COOK: Having a motion and a second
20 and no dissenting votes, the motion carries and the
21 license is granted.

22 MR. ORZECH: Agenda item 3-A for possible
23 action is a Peddler Distributor/Processor Distributor
24 amendment application by Unified Grocers, Inc., 5200
25 Sheila Street, Commerce, California, 90040, Alric Oishi,

1 Director of Tax.

2 The applicant seeks an amendment to add mixes
3 in the Northern and Southern Nevada Marketing Areas.
4 The applicant's prices and costs have been reviewed by
5 members of the Dairy Commission staff and are in
6 compliance with this agency's laws and regulations. The
7 applicant will be responsible for the assessments.

8 CHAIRMAN COOK: Again, it does not look like
9 there's anyone present representing this applicant. It
10 seems to be fairly straightforward, just adding the mix
11 to their existing license?

12 MR. ORZECH: That's correct.

13 CHAIRMAN COOK: Any questions from either of
14 the other Commissioners?

15 MR. COLLIER: I have none.

16 MR. CROWTHER: None.

17 CHAIRMAN COOK: Seeing none, I'll entertain a
18 motion.

19 MR. COLLIER: Mr. Chairman, I move that we
20 accept the application for United Grocers headquartered
21 in Commerce, California to seek an amendment to their
22 existing licenses to add mixes in the Northern and
23 Southern Marketing Areas of our great state.

24 MR. CROWTHER: Second.

25 CHAIRMAN COOK: Having a motion and a second

1 and no dissenting votes, the motion carries and the
2 amendment is granted.

3 MR. ORZECH: Agenda item 3-b for possible
4 action is a Processing Distributor license amendment
5 application by Alta Dena Dairy, 3756 W. 1820 South, Salt
6 Lake City, Utah, 84104, Randy Boehme, Cost Accountant.

7 The applicant seeks a license amendment to add
8 fluid milk, fluid cream, cottage cheese, butter and
9 yogurt in the Northern and Southern Nevada Marketing
10 Areas. Fluid milk labels will be First Street, Alta
11 Dena, 365 Whole Foods, Sun Harvest, Whole Farms,
12 Knudsen, and Berkeley Farms.

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

18 CHAIRMAN COOK: Okay. And again, it does not
19 look like there's anybody representing this applicant
20 present, so I have a few questions for staff.

21 Alta Dena, I thought Alta Dena was a Southern
22 California name.

23 MR. ORZECH: It is. Dean Foods has been doing
24 a lot of consolidation of their distribution and that's
25 what I figure is happening with this is that they're

1 making their --

2 CHAIRMAN COOK: So it's the Dean Foods name
3 then that --

4 MR. ORZECH: Right, right.

5 CHAIRMAN COOK: Now, are they taking over some
6 of Meadow Gold's business, or are they going to be
7 competing with Meadow Gold?

8 MR. ORZECH: That I don't know. I'm assuming
9 this is primarily so that they'll be able to service out
10 of different locations, because they were licensed
11 previously, but not for all these items.

12 It looks like -- from what I've seen with Dean
13 is they're changing the distribution strategies is
14 really what it looks like.

15 CHAIRMAN COOK: There's a lot of brand names in
16 here. Berkeley Farms, that's a California name,
17 Northern California name. Knudsen, that's a Southern
18 California name that I'm familiar with from my
19 childhood.

20 MR. ORZECH: And Whole Foods, the 365 brand, is
21 in there.

22 MR. COLLIER: Is this milk being produced in
23 Utah?

24 MR. ORZECH: I don't know where it's being
25 produced. I don't know that. As Chris was saying, some

1 of the Berkeley Farms stuff, I don't know where they're
2 going to be producing that at.

3 CHAIRMAN COOK: You made reference to the fact
4 that they're consolidating distribution. Do you have
5 any knowledge of whether or not they've shut down
6 bottling plants?

7 MR. ORZECH: I don't know that. All the
8 information I have is kind of old because they were
9 doing a big -- the fellows from Model were telling me
10 that, that they were looking at different structures and
11 that's what I think this is.

12 CHAIRMAN COOK: All right. I have no further
13 questions.

14 MR. CROWTHER: You mentioned that they are
15 currently a licensee. This list looks pretty inclusive.
16 What do they already have a license for?

17 MR. ORZECH: I don't have their old license
18 here, so I can't answer that.

19 CHAIRMAN COOK: John, any questions?

20 MR. COLLIER: I have none.

21 CHAIRMAN COOK: Any further questions, Troy?

22 MR. CROWTHER: No.

23 CHAIRMAN COOK: We'll entertain a motion then
24 since there are no more questions.

25 MR. COLLIER: Mr. Chairman, I move that we

1 accept the application for Alta Dena Dairy headquartered
2 in Salt Lake City, Utah to seek an application to add
3 fluid milk, fluid cream, cottage cheese, butter and
4 yogurt in the Northern and Southern Nevada Marketing
5 Areas, and using the fluid milk labels in First Street,
6 Alta Dena, 365 Whole Foods, Sun Harvest, Whole Farms,
7 Knudsen, and Berkeley Farms.

8 MR. CROWTHER: Second.

9 CHAIRMAN COOK: I want to make a suggestion
10 that you amend that to specify that it is a license
11 amendment.

12 MR. COLLIER: Do you want me to restate the
13 motion?

14 CHAIRMAN COOK: Yeah, it would probably be
15 easier.

16 MR. COLLIER: Mr. Chairman, I'll restate my
17 motion that we accept the Alta Dena Dairy application
18 for an amendment to their current licenses. They're
19 headquartered in Salt Lake City, Utah. They want to add
20 fluid milk, fluid cream, cottage cheese, butter, yogurt
21 in the Northern and Southern Nevada Marketing Areas and
22 under the labels of First Street, Alta Dena, 365 Whole
23 Foods, Sun Harvest, Whole Foods, Knudsen, and Berkeley
24 Farms.

25 MR. CROWTHER: Second.

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1 CHAIRMAN COOK: Having a motion and a second
2 and no dissenting votes, the motion carries.

3 MR. ORZECH: Agenda item number four for
4 possible action is approval of the minutes for the
5 June 18th, 2014 Dairy Commission meeting, and a copy of
6 the corrections has been distributed to each
7 Commissioner for review.

8 CHAIRMAN COOK: It looks like there's largely
9 an issue with the spelling of your name.

10 MR. ORZECH: That's okay.

11 CHAIRMAN COOK: It might be easier for you to
12 change the spelling of your name. Any other errors that
13 need to be noted or corrections?

14 Seeing none offered, I will entertain a motion
15 to approve the minutes from the June meeting of the
16 Nevada State Dairy Commission.

17 MR. CROWTHER: I move that we approve the
18 minutes of the June 18th, 2014 State Dairy Commission
19 meeting with the indicated corrections.

20 MR. COLLIER: And I'll second that motion, Mr.
21 Chairman.

22 CHAIRMAN COOK: Having a motion and a second to
23 approve the minutes as corrected and no dissenting
24 votes, the minutes are approved.

25 MR. ORZECH: Agenda item five is staff report

1 presented by Tom Orzech, the Operations Manager. Class
2 1 milk prices have increased slightly over the last
3 month. The milk-feed ratio remains unchanged from last
4 month and is currently 2.24.

5 An article in the Dairy Reporter has indicated
6 that camel's milk is being offered in Whole Foods stores
7 in Northern and Southern California. We have not seen
8 it here, but are watching for it. It is selling for
9 \$16.00 a pint. The current agency reserve is \$348,392,
10 and this concludes the report.

11 CHAIRMAN COOK: The trend in the reserve is
12 still trending down?

13 MR. ORZECH: This is actually up from last
14 month. It's maintained pretty constant right now.

15 CHAIRMAN COOK: Our goal is to get it down
16 somewhere around 250?

17 MR. ORZECH: Around the 300,000 mark. That's
18 what we're hoping for. This will jump again probably in
19 September when the money gets -- since we just finished
20 the fiscal year and the money gets brought over as far
21 as which bills are still being paid now from the old
22 fiscal, so that number will probably increase. I think
23 it will probably go up depending on how many bills we
24 had for June.

25 CHAIRMAN COOK: Maybe we can reduce that by

1 just buying a herd of what's out in the lobby.

2 MR. ORZECH: We could do that.

3 CHAIRMAN COOK: Put one in every Department of
4 Ag office in the State, he said jokingly.

5 Okay. Any comments from either of the
6 Commissioners on the staff report?

7 MR. CROWTHER: Do we have any information on
8 the success of the bird -- taking care of the birds out
9 there on the farms?

10 MR. ORZECH: That program is basically dead
11 right now. No money has been transferred and basically
12 the program is dead.

13 MR. CROWTHER: We approved funds to be sent
14 over there. Why did it die?

15 MR. ORZECH: You need to probably go back
16 and -- I think you missed that meeting and you might
17 want to go back and review the transcript of it where we
18 had a discussion on it.

19 The problem was between the State and the feds
20 as far as how the money was going to be used and who was
21 going to get what. The problem was not at the Dairy
22 Commission level.

23 You guys did your job, you provided the
24 approval for the money. The problem was then how the
25 money was actually going to be used and no agreement

1 could be reached above it, so it basically was dropped.

2 MR. CROWTHER: Okay.

3 CHAIRMAN COOK: Okay. We'll proceed on to
4 agenda item number six, please.

5 MR. ORZECH: Agenda item number six is
6 consideration of any other matters relating to the dairy
7 industry.

8 CHAIRMAN COOK: I'm assuming since you included
9 this in our packet, the DFA plant in Fallon is up and
10 running and --

11 MR. ORZECH: That's the best information there.
12 That's the latest.

13 CHAIRMAN COOK: Are they operating at capacity
14 to your knowledge?

15 MR. ORZECH: No, no.

16 MR. COLLIER: Is that because they don't have
17 enough milk?

18 MR. ORZECH: I don't know. I don't know if
19 that's the reason.

20 CHAIRMAN COOK: Has there been any attended
21 herds step-ups, herd size increases? Are the dairymen
22 now convinced that it's worth starting to expand their
23 herds?

24 MR. ORZECH: As it states in there, there's
25 been a few. I wouldn't call it large, but there's been

1 a few movements.

2 CHAIRMAN COOK: Do you have any idea what the
3 progress is on that outfit going into Smith Valley?

4 MR. ORZECH: No, I haven't heard.

5 CHAIRMAN COOK: Okay. Well, I guess we can
6 move on to number seven then and that will probably be a
7 very brief period of public comment and discussion.

8 MR. ORZECH: Agenda item seven is public
9 comment and discussion.

10 CHAIRMAN COOK: It does not appear that there's
11 any public to comment, so if there's anything the
12 Commissioners would like to throw on the table.

13 MR. COLLIER: I have none.

14 CHAIRMAN COOK: Well, I'll give some thought to
15 maybe what sort of a contest we could operate to get our
16 latest addition to the family named and figure out how
17 we can maybe use that for some sort of a dairy
18 promotional effort. Anything else?

19 MR. COLLIER: I hear it mooing.

20 CHAIRMAN COOK: Yeah, I hear something out
21 there.

22 I guess we're done. Everybody have a great
23 month of half of July and the first half of August and
24 we'll see you in a month.

25 (The proceedings concluded at 9:20 a.m.)

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BOARD SIGNATURE PAGE

CHRISTOPHER COOK, CHAIRMAN

JOHN COLLIER, MEMBER

TROY CROWTHER, MEMBER

**Nevada State Dairy Commission Public Meeting
7/16/2014**

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

3

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 _____, 2014, 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.

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DIANNE M. BRUMLEY, NEVADA CCR #205

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CALIFORNIA CSR #6796

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