Lancaster Farming, Saturday, July 15, 1978—19

• Eastern announces cheese plants

SYRACUSE, N.Y. - A completely new market with rapidly expanding consumer acceptance that will remove 650 to 700 million pounds of milk from the Northeast dairy supply annually will soon be realized, according to officials of Eastern Milk Producers Cooperative, headquartered here.

Eastern's board of directors gave final approval, recently, to a contract with Leprino Cheese Company of Denver, Colo., which provides for Leprino's operation of two mozarella cheese

plants within Eastern's nearly 7,000 dairy farmers tion and equipping of the cheese from approximately membership area. This ac-members this month, the Horseheads, N.Y. plant, at a 200 million pounds of milk tion followed an earlier affirmative vote of more than three to one by Eastern's 200 member delegate body to proceed with this program development. In a letter to Eastern's

cooperative's president, Arden Tewksbury and General Manager, Howard McDonald explained the program's highlights. The first step calls for im-

mediate purchase, renova-

total cost approaching 2 million dollars, with production scheduled to commence on or about November 1, 1978. Upon completion, this facility will produce about 18 million pounds of mozarella annually.

Development of another cheese operation at a projected cost of 10 million dollars will be the program's second step. This will be accomplished by equipping an existing structure or constructing a new plant at a site yet to be determined. Approximately 500 million pounds of milk will be utilized at this second location in producing about 45 million pounds of cheese.

Leprino will be committed to purchase from Eastern certain volumes of milk over a 20 year period, and Eastern will be committed to supply such volumes. These supplies represent less than one half the cooperative's physically handled milk supply under the New York -New Jersey Federal Milk Marketing Order, alone.

Total cost of renovation, construction and purchase of equipment will be Eastern's responsibility. However, Tewksbury noted, "This entire cost, including financing, will be recovered from lease back payments by Leprino to Eastern. In addition, projections are that Eastern will achieve net income over costs in excess of 6 million dollars over the 20 years, and will own the facilities at that time.'

Expected benefits include production of a relatively high value product that has rapid consumer acceptance as opposed to lower valued products whose only outlet is government purchase.

McDonald projected, "Eastern members can expect an eventual termination of marketing reblend deductions, as their milk will not have to be sold at distress prices or manufactured at exorbitant processing charges."

The Leprino Cheese Company, in business since 1950, is presently the nation's largest marketer of, mozarella cheese. It has developed and patented several cheese-making procedures that provide the firm with sophisticated technology to achieve better yields and superior product quality.



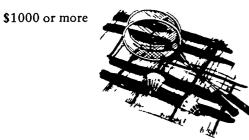
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