

**Nevada State Dairy Commission Public Meeting
March 20, 2013**

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THE STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
BEFORE THE NEVADA STATE DAIRY COMMISSION

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TRANSCRIPT OF PROCEEDINGS
PUBLIC MEETING
AUDIO CONFERENCE

9:00 A.M., WEDNESDAY, MARCH 20, 2013

NEVADA STATE DAIRY COMMISSION

KIETZKE PLAZA

4600 KIETZKE LANE, A-107

RENO, NEVADA

APPEARANCES:

COMMISSIONERS PRESENT:

CHRISTOPHER COOK, Chairman
JOHN COLLIER, Commissioner
TROY CROWTHER, Commissioner

LYNN HETTRICK, EXECUTIVE DIRECTOR
TOM ORZECH, OPERATIONS MANGER
WARREN GOEDERT, COUNSEL

REPORTED BY:

SUZANNE KUES ROWE, CCR, RPR
Nevada CCR #127

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1 WEDNESDAY, MARCH 20, 2013, RENO, NEVADA, 9:00 A.M.

2 -oOo-

3 (This meeting is held concurrently in Reno and Las
4 Vegas via telephone conferencing.)

5 MR. HETTRICK: Good morning, Troy.

6 COMMISSIONER CROWTHER: Good morning.

7 CHAIRMAN COOK: All right. Whose clock do we want to
8 use?

9 MR. HETTRICK: We got 9:02.

10 CHAIRMAN COOK: Ready? Okay. Let's convene this
11 meeting of the March, I guess it's the March meeting, isn't it?

12 COMMISSIONER COLLIER: March madness.

13 CHAIRMAN COOK: Of the Nevada State Dairy Commission.
14 Mr. Hettrick, would you formally open the meeting,
15 please?

16 MR. HETTRICK: Yes, sir, Mr. Chairman.

17 This is the time and place set for the regularly
18 scheduled meeting for the Nevada State Dairy Commission for the
19 month of March, 2013.

20 This meeting has been scheduled and noticed in
21 compliance with pertinent statutes, including the open meeting
22 law.

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

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1 My name is Lynn Hettrick, Executive Director of the
2 Nevada State Dairy Commission.

3 Present today are Mr. Christopher Cook, Chairman.

4 Mr. Troy Crowther, member of the commission.

5 Mr. John Collier, member of the commission.

6 Mr. Warren Goedert, I never can get your name out
7 right, I don't know why, Counsel of the Nevada State Dairy
8 Commission, and certain members of the Dairy Commission staff.

9 Those who present statements or evidence to the
10 commission during this meeting are requested to be first
11 acknowledged by the Chairman, and to identify themselves for the
12 record.

13 CHAIRMAN COOK: Thank you. Would you proceed with the
14 first agenda item, please?

15 MR. HETTRICK: Yes, sir, Mr. Chairman. The first item
16 is public comment and discussion?

17 CHAIRMAN COOK: Do we have anybody from the public that
18 cares to make a comment? Anything they want to discuss?

19 Seeing nothing, let's move on to number two.

20 MR. HETTRICK: Item number two for possible action,
21 license application, peddler distributor license, FreshPoint
22 Southern California, Inc., Industry, California.

23 The applicant seeks a license to distribute a full line
24 of dairy products in Northern and Southern Nevada Marketing
25 Areas. Fluid milk label will be Alta Dena. Temporary approval

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1 was granted February 25th of 2013.

2 The applicant's prices and costs have been reviewed by
3 the members of the Dairy Commission staff, and are in compliance
4 with the agency's laws and regulations.

5 The applicant will be responsible for the assessments.

6 CHAIRMAN COOK: Do we have anybody representing this
7 applicant present?

8 MR. HETTRICK: No.

9 CHAIRMAN COOK: Okay. Any comments that the staff may
10 care to make about this? Is this, I'm assuming this is for
11 mostly sale in the Las Vegas area?

12 MR. HETTRICK: I would think so. I am not aware of
13 FreshPoint. I don't know who they would distribute to, but yes,
14 I would think so.

15 CHAIRMAN COOK: Alta Dena, that's not a Dean label, is
16 it?

17 MR. HETTRICK: I don't know. Anybody know? I don't
18 know.

19 CHAIRMAN COOK: It's definitely a Southern California.

20 MR. HETTRICK: Southern California, I think for sure.

21 CHAIRMAN COOK: Okay. All right. Anybody have any
22 questions or comments?

23 Commissioners?

24 COMMISSIONER COLLIER: I have none.

25 CHAIRMAN COOK: Troy?

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1 COMMISSIONER CROWTHER: None.

2 CHAIRMAN COOK: Staff members? Members of the
3 nonexistent public? Seeing none, I'll entertain a motion.

4 MR. COLLIER: Mr. Chairman, I move that the peddler
5 distributor license for FreshPoint of Southern California, Inc.,
6 out of Industry, California, to distribute the full line of dairy
7 products in Northern and Southern Nevada Marketing Areas under
8 the fluid milk label of Alta Dena be approved.

9 COMMISSIONER CROWTHER: Second.

10 CHAIRMAN COOK: I have a motion and second, and no
11 dissenting votes. The motion carries. The license is granted.

12 MR. HETTRICK: Next, Mr. Chairman, again, a peddler
13 distributor license applicant is Pro Pacific Fresh of Durham,
14 California.

15 The applicant seeks a license to distribute fluid milk,
16 fluid cream, yogurt, cottage cheese and butter in the Northern
17 Nevada Marketing Area. The label will be Berkeley Farms.

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

21 The applicant will be responsible for the assessments.

22 CHAIRMAN COOK: Okay. Anybody representing this
23 applicant present?

24 MR. HETTRICK: Nope.

25 CHAIRMAN COOK: Apparently not. Anything that the

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1 staff would care to add to this?

2 Again, we've got another California distributor coming
3 in here with California product?

4 MR. HETTRICK: Mr. Chairman, we are going to have
5 virtually all products, other than Model Dairy, will be imported.
6 Because all the rest of the milk here is going to be going to the
7 powder plant.

8 CHAIRMAN COOK: I don't know if that's good or bad.

9 MR. HETTRICK: If we could support more cows, it would
10 be bad. But, if we can't, it's good to have the milk coming in.

11 CHAIRMAN COOK: I guess that's true. Benefit our
12 Fallon producers.

13 MR. HETTRICK: It doesn't do them a lot of good, but if
14 their market is already created, we should be all right.

15 CHAIRMAN COOK: Okay. Troy, any questions? Comments?

16 COMMISSIONER CROWTHER: No.

17 CHAIRMAN COOK: John?

18 COMMISSIONER COLLIER: I have none.

19 CHAIRMAN COOK: Questions or comments from the staff?
20 Seeing none, I will entertain a motion on this one as
21 well.

22 COMMISSIONER CROWTHER: I will make a motion to approve
23 the peddler distributor license application by Pro Pacific Fresh,
24 Durham, California, to distribute fluid milk, fluid cream,
25 yogurt, cottage cheese and butter in the Northern Nevada

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1 Marketing Area. Fluid label will be Berkeley Farms.

2 CHAIRMAN COOK: Okay.

3 COMMISSIONER COLLIER: Mr. Chairman, I'll second that.

4 CHAIRMAN COOK: I have a motion and a second, and no
5 dissenting votes.

6 The motion carries and the license is granted.

7 MR. HETTRICK: Next on the agenda, Mr. Chairman, retail
8 store importing from out-of-state.

9 We have Albertson's Distribution Number 8231 out of
10 North Salt Lake, Utah.

11 The applicant seeks a license to distribute a full line
12 of dairy products, with the exception of mixes, in the Northern
13 and Southern Nevada Marketing Areas.

14 The fluid labels will be Horizon, Hershey, Lactaid
15 Meyenberg, Nestle, Organic Valley, Wild Harvest, Darigold
16 Albertson and Southern.

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

20 The applicant will be responsible for the assessments.

21 CHAIRMAN COOK: Anybody representing Albertson's
22 Distribution Number 8231 present?

23 None? Anything the staff would care to add to this?

24 I'm assuming this is for distribution to their stores?

25 MR. HETTRICK: Yeah, their facilities, as far as we

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1 know, yes. From the application we don't know.

2 CHAIRMAN COOK: Aren't their facilities now SaveMart?

3 MR. ORZECH: They sold off part of this. This was a
4 sale. And so it was, actually, it changed, and it's a new
5 company using that name.

6 But, the distribution centers were sold, so they wanted
7 to get a new license and start from scratch.

8 CHAIRMAN COOK: So, it's a re-licensing of an existing?

9 MR. ORZECH: Right. But, you will notice on both these
10 that the fluid products are different. So, they wanted, this is
11 exactly what they wanted in it, and that's what they got.

12 CHAIRMAN COOK: Okay. Troy, any questions?

13 COMMISSIONER CROWTHER: No, no questions.

14 CHAIRMAN COOK: John?

15 COMMISSIONER COLLIER: I have none. My question was
16 just answered.

17 CHAIRMAN COOK: Okay. Any questions or comments from
18 the staff?

19 MR. HETRICK: No.

20 CHAIRMAN COOK: Seeing none, I will entertain a motion
21 on this application.

22 COMMISSIONER COLLIER: Mr. Chairman, I move that we
23 accept the distributor application from Albertson's Distribution
24 out of Salt Lake City, Utah. North Salt Lake City, Utah.

25 This applicant seeks to distribute a full line of dairy

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1 products, with the exception of mixes in the Northern and
2 Southern Marketing Areas, under the fluid labels of Horizon,
3 Hershey, Lactaid, Meyenberg, Nestle, Organic Valley, Wild Harvest
4 Darigold, Albertson and Southern.

5 CHAIRMAN COOK: I would request that you amend that
6 motion to include the number, 8231 so we can distinguish between
7 them and the next applicant.

8 COMMISSIONER COLLIER: Very fine. I will do so,
9 Mr. Chairman.

10 I move that we amend my motion to include their
11 producer number, I guess. Or their store number, number 8231.

12 MR. HETTRICK: That should be fine.

13 COMMISSIONER CROWTHER: That should be fine.

14 CHAIRMAN COOK: Motion and second, no dissenting votes,
15 the license is granted.

16 MR. HETTRICK: Next, Mr. Chairman, another retail store
17 imparting from out-of-state Albertson's Distribution 8261, Brea,
18 California.

19 The applicant seeks a license to distribute a full line
20 of dairy products, with the exception of mixes, in the Northern
21 and Southern Nevada Marketing Areas.

22 Fluid milk labels will be Carb Countdown, Essential
23 Every Day, Heritage, Horizon, Hershey, Smart Balance, Lactaid,
24 Meyenberg, Nesquick, Nestle, Organic Valley, Shamrock, Stremick
25 and Wild Harvest.

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1 The prices and costs have been reviewed by members of
2 the Dairy Commission staff and are in compliance with the
3 agency's laws and regulations.

4 The applicant will be responsible for the assessments.

5 CHAIRMAN COOK: Since I see the same name on both of
6 these applicants, suspect that nobody from Albertson's
7 Distribution Number 8261 is present either?

8 MR. HETTRICK: Correct.

9 CHAIRMAN COOK: So, are there any questions or
10 comments?

11 COMMISSIONER CROWTHER: I notice they are from two
12 different places. Salt Lake and Brea, California, so they are
13 two separate companies, is that correct?

14 CHAIRMAN COOK: They have got the same tax assistant,
15 Toni MacGregor.

16 MR. ORZECH: Mr. Chairman, they are the same company.
17 But, in the past, the Dairy Commission has allowed companies to
18 get separate license for each distribution location if it was --
19 if that's what they wanted.

20 We prefer it be done under one. It's the same company,
21 two licenses serving two different areas. And for their record
22 keeping purposes, it makes it easier for them to report by
23 distribution location.

24 So, it's treated as two licenses. We try to get the
25 companies to come under one, it makes it easier when it comes

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1 time for audits. So we don't have to do two audits, two separate
2 auditors.

3 But, again, we go with what they, if they request it,
4 that it still be done under two licenses, we will go with what
5 they ask for.

6 In this case it's the same company.

7 CHAIRMAN COOK: Okay. Is that clarification enough for
8 you, Troy?

9 COMMISSIONER CROWTHER: Yeah, that's good. Thank you.

10 CHAIRMAN COOK: Okay. Any further comments from staff?
11 John, any questions?

12 COMMISSIONER COLLIER: No, I have none.

13 CHAIRMAN COOK: No further questions. Troy?

14 COMMISSIONER CROWTHER: None.

15 CHAIRMAN COOK: I will entertain a motion on this one.

16 COMMISSIONER CROWTHER: I will make a motion to approve
17 the retail store importing from out-of-state application by
18 Albertsons Distribution, 8261, Brea, California, to distribute a
19 full line of dairy products, with the exception of mixes, in the
20 Northern and Southern Nevada Marketing Areas.

21 Fluid milk labels will be Carb Countdown, Essential
22 Every Day, Heritage, Horizon, Hershey, Smart Balance, Lactaid,
23 Meyenberg, Nesquick, Nestle, Organic Valley, Shamrock, Stremick
24 and Wild Harvest.

25 COMMISSIONER COLLIER: Mr. Chairman, I'll second that.

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1 CHAIRMAN COOK: Okay. We have a motion and a second,
2 and no dissenting votes.

3 The motion carries. The license is granted.

4 Next on the agenda is approval of the minutes for the
5 February 20, 2013 Dairy Commission meeting.

6 We have minor changes and corrections, which I will
7 pass to our court reporter, and with that we can have a motion to
8 approve as amended.

9 That would be appropriate.

10 CHAIRMAN COOK: I think it's your turn.

11 COMMISSIONER COLLIER: Mr. Chairman, I move that we
12 approve the minutes of February 20th, 2013, the amendments to
13 those minutes for the Dairy Commission.

14 CHAIRMAN COOK: Okay. Motion and a second?

15 The motion is approved -- the minutes are approved
16 with noted corrections.

17 CHAIRMAN COOK: Next on the agenda, Mr. Chairman, staff
18 report.

19 The staff report, our balance carry forward at the end
20 of February was \$513,743.27, an increase of 23,196.73 from the
21 end of January.

22 Our most recent tax holiday, which we talked about last
23 time, is under way.

24 The milk price report is printed and in your packets.
25 The prices are fairly stable at the moment.

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1 On March 4th, we interviewed for our vacant auditor
2 positions, and we are fortunate to have both of the two new
3 auditors we have hired. We are obviously in the middle of
4 training and getting started.

5 Down on the left in Las Vegas behind Troy you can see
6 Erica Ryan. She's Mike's replacement. Clearly a lot nicer
7 looking than Mike was.

8 CHAIRMAN COOK: Careful. Careful. I'm disavowing
9 that.

10 MR. GOEDERT: Let me make a note of that.

11 MR. HETTRICK: It was a statement of fact.

12 CHAIRMAN COOK: Not that it's incorrect.

13 MR. HETTRICK: But, Erica was with the health division
14 for, and has 12 years experience, in inspections and that type of
15 thing.

16 And she has been doing a lot of training. She is
17 handling the Las Vegas region for us. In terms of the
18 environmental health specialist stuff.

19 We have Marge Ellis on your right. Both have a great
20 deal of experience and we are excited about having them here and
21 doing, working with us.

22 So, we are pleased to have all three of these ladies,
23 and we are excited about the staff we have working now, we think
24 we have a lot of good people and we are really pleased with the
25 way things have worked out, and how things are moving forward.

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1 Next on the list of things, Mr. Chairman, on March 5th,
2 I was invited by DFA to meet with some dairymen at the John
3 Ascuaga's Nugget.

4 There was a big dairy function going on, on March 6, 7
5 and I think 8, in John Ascuaga's Nugget. It was a western dairy
6 symposium or something. A lot of dairymen had come in and in
7 conjunction with, that DFA invited nine folks specifically to
8 come to a meeting. And then DFA took them out to Fallon, toured
9 the new plant.

10 CHAIRMAN COOK: These are out-of-state producers?

11 MR. HETTRICK: All out-of-state, yes. And took them
12 around, kind of toured the area to see where they, let them see
13 get a feel for Fallon and the possibilities for establishing a
14 dairy, dairies in the Fallon area.

15 And then took them to dinner that night at Lake Tahoe.

16 But, they asked me to come over and just welcome them,
17 and invite them to come to Nevada, and make it clear to them that
18 we would like to have them here, and that kind of thing, which I
19 did.

20 And we are hopeful that a few of them decide to build a
21 dairy in Nevada. We'll see how that goes.

22 But, anyway, they are definitely working hard to try to
23 get more dairies into Nevada.

24 Also on March 5th we testified on our bill submitted on
25 our behalf by Senator Settlemeyer. It passed the committee.

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1 We testified on Tuesday, March 5th. It passed out of
2 committee on March 7th, unanimously passed off the floor of the
3 Senate, a few days later. It's over in the assembly and moving
4 forward.

5 We had all support again from multiple entities.

6 We anticipate that we are not going to have a problem
7 this time, and we are going to get this thing through.

8 So, excited about getting that done and cleaning up
9 what we should have had done two years ago, but ended up with,
10 with our little fiasco at the end of the game with the bill.

11 So, hopefully, that's not the case this time, and we
12 move forward.

13 Finally, on March 7th at the legislature, we had an
14 agriculture recognition day that was sponsored by NNDA.

15 Really hugely successful. It was incredible. We had
16 multiple, I think we ended up with 16 or 18 exhibitors in room
17 3100 of the legislative building. We did a catered lunch there.

18 Really well attended. Governor's chief of staff came
19 over. The place was absolutely packed. Anderson Dairy came up
20 from Las Vegas and represented the dairy industry and Las Vegas.

21 We had all kinds of other exhibitors from all over the
22 area.

23 We were there until three in the afternoon.

24 And then we moved all of the exhibits and everything
25 over to the Carson City Nugget. We had a dinner for those people

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1 who couldn't attend during the day because they had other
2 commitments. We did a buffet dinner that night and had all the
3 same exhibitors there.

4 We virtually filled the room. We had it planned for
5 160 people and it was virtually full.

6 That was a much more relaxed setting. It wasn't packed
7 to the gills like the one in the daytime was.

8 And really had great opportunity to talk to a lot of
9 people, and I think did a lot of good for agriculture in general
10 and the dairy industry.

11 So, we were very pleased with that and working on doing
12 some more functions like that, and keeping agriculture on the
13 front burner with the legislators and the like.

14 So, that's all I have for the staff report,
15 Mr. Chairman.

16 CHAIRMAN COOK: Okay. Thank you.

17 Next on the agenda is the legal report, presented by
18 Mr. Goedert.

19 MR. GOEDERT: I think I'm still in the same mode I was
20 last month. I don't have anything of a legal nature that needs
21 to be brought up, or at all.

22 So, we are still free from lawsuits and my officious
23 meddling and things.

24 CHAIRMAN COOK: I would attribute that to the fine work
25 that you do, and to the fact that you stand at the barricades

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1 ever vigilant.

2 MR. GOEDERT: A flint lock works just fine.

3 COMMISSIONER COLLIER: Could I ask our legal counsel a
4 question? Technical question?

5 CHAIRMAN COOK: Certainly.

6 COMMISSIONER COLLIER: What legal recourse do we have
7 as a Dairy Commission if we find an operator that's not abiding
8 by the laws? Do we have any legal recourse there?

9 MR. GOEDERT: Yeah.

10 COMMISSIONER COLLIER: What's our scope of authority, I
11 guess?

12 MR. GOEDERT: We go into the county and get an order
13 from Court and remove them.

14 COMMISSIONER COLLIER: Is that right? We have that
15 authority to do that if they don't abide by the rules, or they
16 don't file for a permit, or they don't file for whatever, huh?

17 MR. GOEDERT: I would be more comfortable going back
18 and looking at it, but I am pretty sure if they are not complying
19 with the rules, we have the authority to go in and remove them.

20 COMMISSIONER COLLIER: When you say, "remove them" does
21 that put an injunction on their business?

22 MR. GOEDERT: Yeah.

23 COMMISSIONER COLLIER: So they have to cease
24 distributing?

25 MR. GOEDERT: They have to cease and desist.

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1 COMMISSIONER COLLIER: Okay. Cease and desist. That's
2 what I needed to know. Thank you.

3 CHAIRMAN COOK: Don't worry. You won't have to be
4 housing any cows on a temporary basis.

5 COMMISSIONER COLLIER: Thank God. Horses are bad
6 enough.

7 MR. GOEDERT: I can't remember when we've had one.
8 But, usually we threaten them a bit and they shape up.

9 COMMISSIONER CROWTHER: We have had situations where
10 there have been fines.

11 MR. HETTRICK: Mm-hmm.

12 COMMISSIONER CROWTHER: And, you know, that have
13 continued to accrue. So that, I mean, that's at least probably
14 the first recourse, before we go shutting any of them down.

15 COMMISSIONER COLLIER: Do we have the power to fine?

16 MR. HETTRICK: Yes. You bet.

17 COMMISSIONER COLLIER: That's good to know.

18 MR. ORZECH: Mr. Chairman, just as a historical note
19 though, going back, and I would have to get the exact time line.

20 It was before I was here, so, it was back before nine
21 years ago, there was a distributor out of Utah.

22 And Warren may remember this guy. And he was
23 distributing fluid milk into Ely. And he flat told the Dairy
24 Commission, I'm not getting a license. You have no authority
25 over me. It actually took legal action out in Ely to get this

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1 guy to stop.

2 So, but it's a lot of money.

3 COMMISSIONER COLLIER: Do we pay that money?

4 MR. ORZECH: Oh, yeah. But, that's the only one I know
5 of where somebody flat said, I'm not gonna do it. But, it's a
6 lot of years ago. But, not a lot -- it may be like ten to 15
7 years ago that this happened.

8 COMMISSIONER COLLIER: Okay. Thank you.

9 CHAIRMAN COOK: If you go back and look at some of the
10 history, several, like maybe back into the nineties, there was a
11 fairly aggressive appetite on this commission to levy a lot of
12 fines, and fairly heavy handed, especially at the retail level,
13 from what I recall. Not that I was personally involved in it.

14 But, it was explained to me. But then there was a
15 change in attitude on the part of the commission, as the
16 commission changed personnel and everything.

17 We have taken more and more of a, you know, pro
18 business hands off type of an approach. But, that doesn't mean
19 that we are not going to enforce the laws if people are violating
20 those laws.

21 COMMISSIONER COLLIER: Well, I mean if we find that
22 there's an operator out there and he's thumbing his nose at us
23 and not applying for a permit or something of that nature, and
24 he's taking product and manufacturing it and putting it into
25 another type of product, or whatever he's doing with it, then I

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1 mean -- and he refuses to get a permit to do that, then are they
2 going, or they refuse to do that, then we have -- all I want to
3 know is do we have recourse.

4 MR. HETTRICK: Mm-hmm.

5 CHAIRMAN COOK: Yes. We have the legal authority to do
6 it.

7 COMMISSIONER COLLIER: I wanted to know what our legal
8 authority was. So, we do have teeth.

9 MR. HETTRICK: Yes.

10 MR. GOEDERT: Dentures.

11 CHAIRMAN COOK: All right. Any other considerations
12 any other matters relating to the dairy industry? Now is the
13 time to put them on the table. Anybody?

14 COMMISSIONER CROWTHER: I have a question. You know,
15 on the first agenda item we, the discussion came up, or maybe it
16 was the second one.

17 Anyway, discussion came up about more milk being
18 brought into Nevada from California, and other places. And that
19 all of the, at least most, if not all of the Fallon milk is going
20 to be put into powder.

21 That powder plant is not operating yet. What's
22 happening right now with the Fallon milk? Is there still, do
23 they still have a home for all of it?

24 MR. HETTRICK: Yes. The milk is still being marketed
25 by Dairy Farmers of America, and it is still going into the

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1 facilities in California, where it's been going all along. Other
2 than the milk, of course, that stays at Model.

3 But, other than that, yes. All the milk is going into
4 California.

5 And the plant is scheduled to open around October. And
6 when it opens, it will take a hundred percent of the milk that's
7 produced here, other than what goes to Model.

8 CHAIRMAN COOK: Are the dairymen going to be up to
9 speed to be able to supply the needs of that plant?

10 MR. HETTRICK: They won't supply two million pounds a
11 day to open, but the plant's not going to open at two million
12 pounds a day capacity either.

13 They were talking about that during this meeting March
14 5th with the dairymen at the Nugget, that they anticipated
15 opening at capacity of around a million pounds, and they think
16 that they're going to have it.

17 That's half their daily capacity, ultimately, which
18 will go to two million pounds. But, there are dairies coming on,
19 there are three dairies that are expanding in one form or
20 another. The local dairies.

21 There was a dairy that was for sale on the northeast
22 side of Fallon. That sold at auction. That's been sitting empty
23 for years, several years, two, three years at least. And, of
24 course, there was no market.

25 Now, with the actual plant building, that dairy went to

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1 auction, and it sold at auction for, I don't know what the exact
2 price was, but it was significant. Two million dollars or
3 something like that.

4 So, clearly somebody is planning to use that facility
5 and put cows in. I think that one held 1500 cows. So, we're
6 seeing growth, without question. And they will have additional
7 milk production.

8 There's also one other dairyman looking in Smith Valley
9 and trying to put land together down there for a dairy in that
10 area that we are aware of right now, that he's literally looking.
11 Coming over here and trying to buy land.

12 COMMISSIONER COLLIER: What happens when the milk
13 doesn't go to California? Then what does California do? They
14 reach out to other places to get their milk?

15 MR. HETRICK: California loves it because they are
16 over producing milk right now. That means the producers over
17 there will get to sell their milk into a facility over there, and
18 they may get a higher price. They may not.

19 But, at least it will lower their costs, theoretically,
20 or else have at least a home for their milk.

21 COMMISSIONER COLLIER: So, will our producers get the
22 same price that they get if they had sold it in California?

23 MR. HETRICK: No. Producers now are benefitting from
24 a relatively high price, and they pay freight to get it to the
25 market. So, by the time you subtract the freight, they end up

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1 with a relatively low margin.

2 When the powder plant opens they will get a lower
3 price, but they will pay significantly less freight. And the
4 discussions I've heard from the dairymen who have sat down and
5 penciled it out, they say that the margin is as good or better
6 than what they're getting right now.

7 So, they're pleased with that part of it.

8 Certainly we would love to see enough growth in the
9 industry that we keep Model Dairy, and they stay and continue to
10 buy milk, because they're buying fluid milk at a higher price.
11 Milk for powder goes at a lower price.

12 And when they do that, you get what you call blend.
13 So, 20 percent, or whatever the number is, goes to Model at a
14 high price, then 20 percent, they get that increase added to the
15 powder milk price.

16 So, they get a little better price overall for their
17 milk on a blend basis.

18 We would like to see that happen, because it's good for
19 our dairymen, obviously, and the price for fluid is the price for
20 fluid. It has no negative impact on Model. So.

21 CHAIRMAN COOK: Out of curiosity. You mentioned I
22 think it was at the last meeting, the follow-up to the Tulare Ag
23 show that NNDA had been aggressively courting companies that were
24 involved in supplying the industry?

25 MR. HETTRICK: Mm-hmm.

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1 CHAIRMAN COOK: Have they had any success?

2 MR. HETRICK: They have not had any that I am aware
3 of. They came back with a list of names and they're going
4 through, calling every one of them, saying, you know, have you
5 considered Nevada? And if not, why not, and are you looking to
6 expand? And if so when? And on and on.

7 A whole series of questions in hopes of bringing in new
8 business to support the industry. We have had several people
9 call here directly.

10 I have got calls from companies who said they hear
11 there is a new plant, and I sell products for dairies. Is there
12 a market there. There's a company already over there, is there a
13 place for a new business?

14 And, you know, we basically have said, yeah. There
15 ought to be significant expansion. There ought to be room for
16 some new businesses and we need to come up and take a look and
17 see what you think.

18 CHAIRMAN COOK: Well, that brings to mind a question
19 that I was going to ask earlier.

20 I'm wondering if, and I would assume they are, but I'm
21 wondering if the people in the alfalfa growing business are
22 tapped into what's going on out there with the expansion of the
23 herds. Because I would think they would also benefit by being
24 able to sell more locally.

25 Q. They are definitely tapped into what's going on,

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1 because the University Nevada, Reno has been putting on, through
2 the extension service, has been putting on seminars for the
3 potential, do we grow enough feed now to satisfy all the cows
4 that we are going to have when the plant is operating at full
5 capacity.

6 And if so, how much more will we have. Do we need more
7 production and on and on. They did a seminar, I would say six
8 months ago, or thereabouts. And there's another one coming up, I
9 think it's this coming Monday that they're doing the same thing
10 again. Talking to producers, hay producers, people growing corn
11 silage, potentially grow grains and other things for the dairy
12 industry.

13 So, yes, they are tapped in. They know about what's
14 going on. They are well aware that there's going to be more
15 demand.

16 This ag day that we talked about, we had producers walk
17 up and say, you know, if I'm going to end up being able to sell
18 most of my hay in Nevada and there's still demand out of
19 California, and overseas, I guess I'm going to expand.

20 So, yeah we're going to see some expansion in
21 agriculture, without question, in Nevada, based on the dairy
22 industry and what's happening.

23 COMMISSIONER COLLIER: What about the water?

24 MR. HETTRICK: Water is not an issue where we are now.
25 Most of, you know, if it got to the plant doubling, they have the

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1 potential to flop this plant over in Fallon. And they've got the
2 room.

3 And the way they have set up over there, they could
4 just flip it over and they could go to four million pounds a day.
5 And they have talked about that.

6 But, then I think we would have issues, because we
7 would be looking at another 40,000 dairy cows.

8 And if you added 40,000 more dairy cows on top of the
9 cows we will have when that plant is operating at capacity, we
10 are probably pushing the envelope for what people want here in
11 terms of environmental issues, ground water issues, and the air,
12 and all the rest.

13 So, everything we see now, yes, we could easily satisfy
14 the water needs.

15 For instance, that dairy that sold at auction, had
16 water rights there. They've got their own water. They're fine.

17 And this land that's being looked at in Smith Valley by
18 the other dairyman, all of that area has water rights. So, you
19 know, it would all come with it. They would be fine in terms of
20 water.

21 Water doesn't seem to be a limiting factor at the level
22 we are at now. It could be if we got a lot bigger.

23 CHAIRMAN COOK: All right. Anybody? Is there any
24 other comments, observations? Input?

25 COMMISSIONER CROWTHER: Are we going, the Clark County

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1 Fair is coming up. Are we going to have presence there again
2 this year?

3 MR. HETTRICK: We are.

4 COMMISSIONER CROWTHER: Okay. Moolissa?

5 MR. HETTRICK: Moolissa will be there.

6 CHAIRMAN COOK: Isn't that a Right of Passage for the
7 new employees?

8 MR. HETTRICK: Erica is smiling back there. She's
9 aware that Moolissa is a part of her duties.

10 But, Moolissa is a lot of fun. When we went to Tulare,
11 Troy, you would be impressed.

12 We had Moolissa's head sitting on the table. If we
13 could collect a dollar for every time somebody touched it, and
14 five dollars for every time someone wanted to put it on, we could
15 pay for the whole trip to Tulare.

16 Every kid wants to touch it, and every adult wants to
17 put it on and have their picture taken.

18 CHAIRMAN COOK: Why don't we have our high powered
19 attorney here draw up a waiver?

20 MR. HETTRICK: Five dollars get your picture taken with
21 the cow head on.

22 MR. GOEDERT: Can I put in a no milking allowed clause?

23 COMMISSIONER COLLIER: You can add a surcharge, two
24 bucks for legal costs.

25 MR. GOEDERT: I'm in.

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1 MR. HETTRICK: Anyway. Yeah. Moolissa will attract
2 attention, and we will be there.

3 CHAIRMAN COOK: I would like to thank Troy for being
4 here during the height of tax season.

5 MR. HETTRICK: Above and beyond the call.

6 CHAIRMAN COOK: So, in the interest of all the 1040
7 forms that are beckoning him.

8 COMMISSIONER COLLIER: He doesn't look like he has bags
9 under his eyes.

10 CHAIRMAN COOK: I guess we should adjourn the meeting.
11 That's it for the March 20th, 2013, Nevada State Dairy
12 Commission. We are now closed.

13 (Whereupon proceedings concluded at 9:36 a.m.)

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BOARD SIGNATURE PAGE

CHRISTOPHER COOK, CHAIRMAN

JOHN COLLIER, MEMBER

TROY CROWTHER, MEMBER

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1 STATE OF NEVADA)
) Ss.

2 COUNTY OF DOUGLAS)

3

4 I, SUZANNE KUES ROWE, Certified Court Reporter,
5 licensed in the State of Nevada, License #127, and a Notary
6 Public in and for the State of Nevada, County of Douglas, do
7 hereby certify that the foregoing proceeding was reported by me
8 and was thereafter transcribed under my direction into
9 typewriting; that the foregoing is a full, complete and true
10 record of said proceedings.

11 I further certify that I am not of counsel or attorney
12 for either or any of the parties in the foregoing proceeding and
13 caption named, or in any way interested in the outcome of the
14 cause named in said caption.

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18 Date: March 23, 2013

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SUZANNE KUES ROWE, CCR #127

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