

**Nevada State Dairy Commission Public Meeting
May 15, 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
VIDEO AND AUDIO CONFERENCE

9:00 A.M., WEDNESDAY, MAY 15, 2013

NEVADA STATE DAIRY COMMISSION

KIETZKE PLAZA

4600 KIETZKE LANE, A-107

RENO, NEVADA

APPEARANCES:

COMMISSIONERS PRESENT:

CHRISTOPHER COOK, Chairman

JOHN COLLIER, 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, MAY 15, 2013, RENO, NEVADA, 9:00 A.M.

2 -oOo-

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

5 CHAIRMAN COOK: Are we going to get Troy in today? Did
6 he say he was going to be gone for this meeting?

7 MR. HETTRICK: I honestly don't know.

8 CHAIRMAN COOK: All right. Let's go ahead and open the
9 May 2013 meeting of the Nevada State Dairy Commission.
10 Mr. Hettrick, would you begin the proceedings, please?

11 MR. HETTRICK: Yes, sir. Thank you, Mr. Chairman.
12 This is the time and place set for the regularly scheduled
13 meeting of the Nevada State Dairy Commission for the month of May
14 2013.

15 This meeting has been scheduled and noticed in
16 compliance with the pertinent statutes, including the opening
17 meeting law.

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

21 My name is Lynn Hettrick, Executive Director of the
22 Nevada State Dairy Commission.

23 Present today are Christopher Cook, Chairman, Mr. John
24 Collier, member of the Commission, Mr. Warren Goedert, Counsel
25 for the Nevada State Dairy Commission, and certain members of the

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1 Dairy Commission staff.

2 Those who present statements or evidence to the
3 commission during this meeting are requested to first be
4 acknowledged by the chairman and identify themselves for the
5 record.

6 First item on the agenda, Mr. Chairman, is public
7 comment and discussion.

8 CHAIRMAN COOK: Okay. Anybody from the public have any
9 comments?

10 Anybody from the public here?

11 I guess none. We can proceed.

12 Item number two, Mr. Chairman, for possible action.

13 License application, Processor Distributor License, Art of
14 Flavors, Las Vegas, Nevada, Desyree Betancourt, managing partner.

15 The applicant seeks a license to distribute ice cream,
16 (gelato) in the Southern Nevada Marketing Area.

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

20 The applicant will be responsible for the assessments.

21 CHAIRMAN COOK: And I'm guessing there's no one present
22 representing this applicant?

23 MR. HETTRICK: There is not. No.

24 CHAIRMAN COOK: Is there anything the staff would care
25 to add to this?

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1 I would just had a thought here, and I would like to
2 make a comment. We see tons of people applying for licenses to
3 distribute all kinds of ice cream in Las Vegas.

4 That's a market that must just be swimming in ice cream
5 from thousands of different distributors. Do we ever see the
6 other size of that when these people fold their tents and leave?
7 Close business?

8 MR. CUNEO: Yes, sir. We get quite a few of the small
9 licensees will fold after two or three years, and in small
10 businesses, whether they be ice cream trucks or single store
11 facilities.

12 CHAIRMAN COOK: Is there a formal process we go through
13 where they surrender their license, or it just doesn't get
14 renewed and they're done?

15 MR. CUNEO: Well, if they send us official notice,
16 either a letter or e-mail stating that they are going out of
17 business, we accept that as they're going out of business.

18 CHAIRMAN COOK: Okay. So, there is a birth/death
19 process that's going on all the time.

20 MR. HETTRICK: Sometimes deaths don't include that
21 notice. Some of them just fold and disappear. And the next
22 thing, you know, you don't get a report and you make a phone
23 call, and there's no answer, or it's disconnected, or it's
24 changed its name, or whatever.

25 But, there's no formal requirements process, if they

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1 disappear, they disappear.

2 COMMISSIONER COLLIER: Is there a period of time when
3 that license would sunset, or when it would automatically?

4 MR. HETTRICK: It's annual, it's an annual license, so
5 we know at least once a year, you know, if they don't renew,
6 obviously we're calling them up, or, you know, looking for why
7 they are not renewing.

8 CHAIRMAN COOK: Okay. That sort of confirms that Vegas
9 is not, in fact, swimming in ice cream, then.

10 MR. HETTRICK: Well, it may still be swimming in ice
11 cream. Just not every single one that ever got licensed.

12 CHAIRMAN COOK: Okay. I have no further comments or
13 observations.

14 COMMISSIONER COLLIER: Mr. Chairman, I'll make a motion
15 that we approve the Peddler Distributor License for Arts of
16 Flavor in Las Vegas. This applicant seeks a license to
17 distribute ice cream, (gelato) in the Southern Nevada Marketing
18 Area.

19 So, I would motion that we approve this license.

20 CHAIRMAN COOK: And I guess it's up to me to second it,
21 and inasmuch as you and I are the quorum and you have motioned
22 and I have seconded.

23 MR. HETTRICK: I am going to ask you to hold one
24 second, Mr. Chairman. I want to change this for the record.

25 It should be a Processor Distributor License. It was a

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1 typo. So, let's change that, if you would, to change your
2 motion, Mr. Collier, to Processor Distributor License instead of
3 a Peddler Distributor License.

4 COMMISSIONER COLLIER: I will be happy to do that. So,
5 I will change my motion to state that it's a Processor
6 Distributor License, is that correct?

7 MR. HETTRICK: Yes.

8 CHAIRMAN COOK: Okay. And I will change my second to
9 reflect that amended motion.

10 MR. HETTRICK: Thank you.

11 CHAIRMAN COOK: And having a motion and a second and no
12 dissenting votes, I guess the motion carries, and the license is
13 granted.

14 MR. HETTRICK: All right. Next, Mr. Chairman, for
15 possible action, approval of the minutes, April 17, 2013.

16 We have some minor changes, and I will hand those to
17 the court reporter. And other than that, we need a motion to
18 approve as corrected.

19 CHAIRMAN COOK: Okay. Well, I will handle this motion,
20 Mr. Collier, so you don't wear yourself out.

21 COMMISSIONER COLLIER: Yes, sir. Thank you.

22 CHAIRMAN COOK: I will make a motion that we approve
23 the revised minutes of the Dairy Commission meeting from April
24 17th of this year.

25 COMMISSIONER COLLIER: And I will second that.

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

3 MR. HETTRICK: Next is the staff report. Our balance
4 carry forward for the end of April was \$407,817.02. That's a
5 decrease of \$1,879.63 from the end of March.

6 We anticipate that the next two months will generate
7 increases in our reserves. The milk price report's been handed
8 out. Since we printed that, there has been a new price in the
9 north, and it's up somewhat. But, the price trend is really
10 pretty steady right now.

11 The budgets have been formally approved and closed for
12 both Agriculture, Dairy Commission, virtually every budget that
13 is involved in the agriculture mergers have now been approved,
14 finally.

15 And today, the reason I'm wearing a tie, is that I have
16 to go in and represent the Department of Agriculture for the
17 actual hearings that will approve the bills that will formalize
18 the change, now that the budgets are down, they're going to do
19 the bills today.

20 CHAIRMAN COOK: And this is at the committee level?

21 MR. HETTRICK: This is at the committee level. But,
22 yes. They're down to the nitty-gritty. They're going to pass
23 these, and they will go to the floor and it's a done deal.
24 Without question. They have no time to fix anything or change it
25 now.

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1 So, that action is, will be completed by this
2 afternoon, with the formal floor session. I don't know what day
3 they'll do it, but it will be within the next few days, because
4 Friday is the last day for second house passage. So, it's going
5 to be quick from here.

6 CHAIRMAN COOK: Okay.

7 MR. HETTRICK: So, other than that, I don't have
8 anything else. The one other you might be interested in is
9 AB 209. I don't know where that's going to go. AB 209 is the
10 bill that allows them to transport raw milk to a different county
11 and sell it.

12 CHAIRMAN COOK: Mm-hmm.

13 MR. HETTRICK: And you may recall that the people who
14 want to do this complied with our state laws which, candidly, we
15 didn't think any county was likely to ever approve at a county
16 commission, but Nye did. They have complied with all the laws.
17 The bill allows them to process the milk in Nye County,
18 but deliver it into Clark County, or anywhere else in the state,
19 and sell it.

20 We supported the bill on the transportation side of it,
21 only because state law requires the milk be kept below 45 degrees
22 until it's delivered to the consumer. We felt that was better
23 than having them, somebody come from Clark County buy milk in
24 Pahrump at 120 degrees, put it in their trunk, and drive it back
25 to Clark County, and virtually assure that we were going to have,

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1 if there was any pathogen, it was going to grow in the wonderful
2 medium of warm milk.

3 So, we supported it. But, there was a good deal of
4 testimony against it, not formal testimony by the Dairy
5 Commission, at the Senate side hearing.

6 And a lady from California whose son was almost killed
7 by raw milk poisoning, she came and testified, and very powerful
8 testimony. A lot of other testimony.

9 The federal government sent testimony, Clark County
10 testified against it, I mean it was some heavy duty testimony,
11 and I don't, they haven't brought it up for a hearing again
12 since. So, we don't know what's going to happen. It's got to
13 pass this week too, if it's going to come out.

14 CHAIRMAN COOK: If it does not pass, there's nothing
15 that prevents raw milk business from taking place in Nye?

16 MR. HETTRICK: That's correct. But, we feel that it,
17 it probably is, I think they feel that economically they need to
18 be able to deliver it to Clark County to be viable, because to
19 think that somebody is going to drive on a regular basis to Nye
20 or to Pahrump from Las Vegas, which is the real market, they
21 don't have enough people in that market in Pahrump to support it,
22 so they have to be able to sell it in Clark County, and, you
23 know, I don't know whether it's an economically viable situation,
24 if they cannot deliver the milk to Clark County.

25 CHAIRMAN COOK: What's to prevent a group of raw milk

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1 enthusiasts from Clark County to band together and send somebody
2 up to pick it up in quantity?

3 MR. HETTRICK: Nothing.

4 CHAIRMAN COOK: And there's nothing we can do to
5 prevent that?

6 MR. HETTRICK: No. If it's legally produced there and
7 they get together and decide to do it that way, they can. They
8 obviously would like to haul it, and maybe hit some of the health
9 food stores, those kind of outlets, and think that they could get
10 people to carry the milk within those outlets.

11 And increase their volume. I don't know. I think
12 obviously they would like the ability to do that.

13 COMMISSIONER COLLIER: This is unpasteurized milk?

14 MR. HETTRICK: Correct. Raw milk.

15 COMMISSIONER COLLIER: Why would they want to?

16 MR. HETTRICK: There are people out there that believe
17 the anecdotal evidence that raw milk is better for you, all kinds
18 of claims are made for it.

19 COMMISSIONER COLLIER: Like mother's milk, huh?

20 MR. HETTRICK: Yeah. Cures allergies, cures ear
21 infections, cures asthma. Everything. You name it. There's no
22 lactose intolerance, which is a joke. It's lactose --

23 COMMISSIONER COLLIER: Will it make my hair come back?
24 Sign me up.

25 MR. HETTRICK: If you talk to the guy who makes it in

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1 California, he'd say yes.

2 COMMISSIONER COLLIER: Sign me up.

3 CHAIRMAN COOK: Make you strong like ox.

4 MR. HETTRICK: Yeah. It cures everything, it's
5 absolutely harmless, and it's much safer. And it's okay because
6 the cows are on pasture, and since the cows are on pasture, it
7 makes everything okay.

8 COMMISSIONER COLLIER: Well, where's the dairies in Nye
9 County?

10 MR. HETTRICK: There is no dairy right now doing raw
11 milk in Nye County. The prelims, they have sent us a very
12 preliminary drawing of a barn that theoretically would house 13
13 cows, as I recall. And, I mean, that's the size of this thing.

14 MR. GOEDERT: Can't they get one more cow or one less
15 cow, so they don't have 13?

16 MR. HETTRICK: 13 is my birth date, and so 13 is lucky.
17 I'm perfectly fine with it.

18 COMMISSIONER COLLIER: Why does Nye County want a
19 permit when there's no dairies in Nye County?

20 MR. HETTRICK: To be able to have the raw milk dairy,
21 Nye County had to approve a county milk commission, which is the
22 law that we have in place. Our law mimics what was done in
23 California about 30, 40 years ago, which required a county milk
24 commission.

25 And it was done for two reasons. One is, the state was

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1 trying to push the liability back off to the county for selling
2 raw milk, one.

3 And two, they asked us, and they, in one of the
4 hearings it was brought up. And I purposely didn't go to that
5 hearing so we wouldn't have to answer the question. But, they
6 asked why isn't the state regulating this? Why isn't it just one
7 regulatory board for the whole state?

8 And, of course, the answer is, first, we don't want the
9 liability. And second, if we do it state wide, by a state
10 commission, then we have approved raw milk state wide. And you
11 can have dairies everywhere. And we don't want raw milk state
12 wide. We would rather not have any raw milk at all.

13 We, frankly, didn't think they would ever take on the
14 liability. But, they chose to. So, they are complying with the
15 law, and there's not much we can do about that.

16 CHAIRMAN COOK: Maybe Anna can answer this question.
17 Has there ever been a raw milk dairy that's been in existence for
18 a long enough period of time to have enough records that has not
19 had an incident of milk poisoning, or of some kind of
20 contamination?

21 MS. VICKREY: In the State of Nevada?

22 CHAIRMAN COOK: Anywhere, that you are aware of? I
23 know that's a very broad question.

24 MS. VICKREY: Well, I'm not sure. There's a huge
25 amount of raw milk dairies out there that are approved. A lot of

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1 states have laws to where a person can take a milk jug to their
2 local dairy farm and get it right out of the tap.

3 So, you know, there's a lot of recalls and illnesses
4 associated with raw milk facilities. But, I couldn't tell you
5 how many have never had an outbreak of any kind.

6 CHAIRMAN COOK: Is there any recordkeeping that shows
7 the incidences of recalls of raw milk dairies versus normal
8 processing?

9 MS. VICKREY: Oh, yes. I have that.

10 CHAIRMAN COOK: So, you can say that you're five times
11 more likely to end up having your milk recalled, or whatever the
12 number may be?

13 MS. VICKREY: Mm-hmm.

14 CHAIRMAN COOK: None of that persuades these raw milk
15 advocates?

16 MS. VICKREY: Raw milk advocates are not going to
17 listen to you. Their focus line is that this cures everything,
18 it's the best thing out there. And, you know, you can't persuade
19 them otherwise.

20 COMMISSIONER COLLIER: Do they use raw milk to make
21 cheese with?

22 MR. HETTRICK: Yes.

23 MS. VICKREY: Yes.

24 MR. HETTRICK: And some of the aging of raw milk, or
25 cheese, takes care of some of the issues. And some of the, some

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1 of the other things they occasionally put into it, but some of it
2 doesn't. And it also depends on how sanitarily the cheese is
3 actually made.

4 COMMISSIONER COLLIER: The cheese factory is. That's
5 what I thought.

6 MR. HETTRICK: In fact, at one time, as I recall, there
7 was an illegal cheese plant in Lovelock or something. That they
8 were making cheese in a bathtub.

9 MS. VICKREY: In Winnemucca.

10 MR. HETTRICK: So, we are not raw milk advocates at
11 all. And hopefully there's enough negative sentiment that the
12 bill won't come.

13 Like I said, we don't have a choice. We are kind of
14 between a rock and a hard place, because they complied with the
15 law. If they are to sell raw milk, then we would rather see them
16 transport it cold. So, you know, that's the way it is.

17 CHAIRMAN COOK: And Friday that's going to be voted on?

18 MR. HETTRICK: It, I think it has to be out of the
19 second house by Friday, midnight, or it's dead. And it hasn't
20 been scheduled, that we are aware of, for the work session for a
21 committee vote.

22 CHAIRMAN COOK: Any reading on what the chances are
23 that it's going to come to the floor?

24 MR. HETTRICK: It's mixed. I mean, we have heard some
25 people oppose. Some people are neutral. And we haven't heard

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1 from everybody. So, it's very mixed.

2 CHAIRMAN COOK: Okay. Well, hopefully it just dies
3 out. And goes way for a couple years.

4 MR. HETTRICK: That would be good from our standpoint.

5 CHAIRMAN COOK: Doesn't sound like it's going to go
6 away forever, it's something that's going keep reemerging.

7 MR. HETTRICK: Unfortunately. The advocates are a very
8 small number, but they are very vocal.

9 CHAIRMAN COOK: True believers.

10 MR. HETTRICK: Mm-hmm.

11 CHAIRMAN COOK: Okay.

12 MR. HETTRICK: Well, are we ready to move on?

13 CHAIRMAN COOK: Press on.

14 MR. HETTRICK: Number five is the legal report,
15 presented by Mr. Goedert.

16 CHAIRMAN COOK: Which we can't legally hear, can we?

17 MR. HETTRICK: Well, I think he can report on the fact
18 that he has not handled any, anything.

19 MR. GOEDERT: No, I been thinking about trying to whip
20 up a lawsuit, but I don't want to sue myself on this. No, we're
21 in good shape on the legal part.

22 MR. HETTRICK: Consideration of any other matters for
23 the dairy industry?

24 CHAIRMAN COOK: Well, I will mention in passing, I
25 bumped into Tom Moore yesterday, former commissioner and

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1 immediate past chairman prior to my chairmanship.

2 And he was telling me that they basically are done with
3 water in Lovelock, and he has had one shot of water to put on his
4 alfalfa, and that's it. There's no more coming. And he said
5 that the feed prices are going to go through the roof just
6 because of this, the impact of the drought on the alfalfa crop.
7 So, I would expect, hopefully our producers are gearing up for
8 that, and prepared for it.

9 MR. HETTRICK: Well, a lot of our folks are growing
10 their own forages. And I know others were looking to increase
11 the amount of forages that they grow.

12 They all feel the pinch of the cost of feed and the
13 competition for feed. The forage side in particular. However,
14 grain has been almost as bad or worse, really, I guess.

15 But, overall, I think our folks are seeing kind of
16 light at the end of tunnel. I don't think they're feeling like
17 they are getting rich right now, or they're going to get rich
18 right now, but they see stability and market forward. And I
19 think overall they're feeling pretty good about where they are.

20 The issues with whether -- the feed costs are not going
21 to go away no matter what.

22 CHAIRMAN COOK: Mm-hmm.

23 MR. HETTRICK: So, we'll see. It's not going to be an
24 easy time. That's for sure.

25 CHAIRMAN COOK: No. I'm just wondering if that's going

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1 to impinge on our ability to attract producers to the area.

2 MR. HETRICK: And it may. But, you know, and Anna may
3 know more, but I'm under the impression that they are going to
4 get some increase from the existing people who are doing some
5 things and getting some stuff going.

6 Several of the producers have the capability within
7 their existing barn structures to add cows.

8 So, we don't have to see people go in and actually
9 build to increase milk flow some.

10 And I believe they have even discussed that they can
11 buy and bring back over base from California if they feel the
12 need, and it's cost effective.

13 But, you know, how much of that they want to do, I
14 don't think they want to do that very bad. But, if they have to,
15 I think they will.

16 CHAIRMAN COOK: Well, that's what it's going to take to
17 keep the plant operating.

18 MR. HETRICK: I think they have two million pounds of
19 raw milk a day sold as powder, and they have got it sold, and as
20 long as the net result is a profit, I think they'll do whatever
21 they have to do, till we build some additional production.

22 CHAIRMAN COOK: Okay. Anybody else have any thoughts,
23 comments, insights?

24 Nope? Well, then, we will move on to the last item.

25 MR. HETRICK: Public comment and discussion again.

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1 CHAIRMAN COOK: And given the dirth of public here, I
2 suspect there will be no public comment.

3 We're done.

4 MR. HETTRICK: We're all done.

5 CHAIRMAN COOK: This comes pretty close to being the
6 shortest meeting I've ever been to. So. Let's close the
7 meeting.

8 MR. HETTRICK: Thank you all.

9 (Whereupon proceedings concluded at 9:22 a.m.)

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BOARD SIGNATURE PAGE

CHRISTOPHER COOK, CHAIRMAN

JOHN COLLIER, MEMBER

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1 STATE OF NEVADA)
) Ss.

2 COUNTY OF DOUGLAS)

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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: May 17, 2013

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SUZANNE KUES ROWE, CCR #127