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Meeting**

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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 CONFERENCE

9:00 A.M., WEDNESDAY, MAY 9, 2012

NEVADA STATE DAIRY COMMISSION
KIETZKE PLAZA
4600 KIETZKE LANE, A-107
RENO, NEVADA

APPEARANCES:

COMMISSIONERS PRESENT:

CHRISTOPHER COOK, Chairman
ROBERT R. FLETCHER, Commissioner
TROY CROWTHER, Commissioner

LYNN HETTRICK, Executive Director
WARREN GOEDERT, Attorney

REPORTED BY:

SUZANNE KUES ROWE, CCR, RPR
Nevada CCR #127

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1 WEDNESDAY, MAY 9, 2012, RENO, NEVADA, 9:00 A.M.

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

5 CHAIRMAN COOK: Let us convene the May meeting of the
6 Nevada State Dairy Commission.

7 Mr. Hettrick, would you begin proceedings, please?

8 MR. HETTRICK: Yes, sir.

9 Mr. Chairman, this is the time and place set for a
10 regularly scheduled meeting of the Nevada State Dairy Commission
11 for the month of May, 2012.

12 This meeting has been scheduled and noticed in
13 compliance with the pertinent statutes, including the open
14 meeting law.

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

18 My name is Lynn Hettrick, executive director of the
19 Nevada State Dairy Commission.

20 Present today are Mr. Christopher Cook, chairman.

21 Mr. Troy Crowther, member of the commission.

22 Mr. Bob Fletcher, member of the commission.

23 And certain members of the Dairy Commission staff.

24 Those who present statements or evidence to the
25 commission during this meeting are requested to first be

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1 acknowledged by the chairman and to identify themselves for the
2 record.

3 CHAIRMAN COOK: Please proceed with the first agenda
4 item.

5 MR. HETTRICK: First item on the agenda, Mr. Chairman,
6 is public comment and discussion.

7 We only have one member of the public here.

8 PERSON IN AUDIENCE: We're good.

9 CHAIRMAN COOK: Okay. Let's press on.

10 MR. HETTRICK: All right. Next is the report on the
11 Clark County Fair.

12 MR. SHAFER: You guys are throwing me into the fire,
13 huh?

14 MS. WILLMOTH: Tell me when.

15 MR. SHAFER: I'll tell you when. Do I need to state my
16 name and everything, or can I just go?

17 CHAIRMAN COOK: Probably you should state your name for
18 the record.

19 MR. SHAFER: Mike Schafer, Nevada Dairy Commission,
20 environmental health specialist.

21 Kathy and I attended the Clark County fair from the
22 12th through the 15th. It's up in Longandale.

23 I have the miles wrong. It's closer than that, but it
24 seemed like 90 miles for me to drive every day.

25 So, we returned all four days. We were located in the

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1 small animal pavilion, which I was a little surprised about.

2 Lot of roosters and chickens and ducks and geese are
3 quacking and crowing all day long, so that was kind of
4 interesting.

5 MS. EASLY: Don't forget the cows.

6 MR. SHAFER: We had cows, peacocks, turkeys, Guinea
7 pigs, gold fish, pigs, goats, lambs. I mean it was just nonstop.

8 So, um, all four days went real well. We got up there
9 at nine each day and set up the table.

10 I will have some pictures here in a second. Fair
11 started around ten, and the first two days, like Thursday and
12 Friday especially, we got hit right away with teachers bringing
13 in students, just loads and loads of students, those first two
14 days. So, it got busy right away.

15 Then it would die out for a while.

16 I looked up the numbers. It was about 62,000 that
17 attended over the four days.

18 Let's see. Kathy did the cow suit. I refused to get
19 in that. It was too hot. But she did real good, you know, she
20 did like an hour block at a time and then she would change out of
21 it and then get back in it later.

22 We kind of did it just based on the crowd, based on
23 like if we saw if it was busy or if there was kids coming in.

24 Took over a thousand pictures. We had people, I mean
25 we had adults all the way, like infants, everybody wanting to

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1 take pictures with her. I mean it was just once they saw that,
2 it was nonstop. People just waiting in line, handing her their
3 children, everything. I mean was crazy. So.

4 CHAIRMAN COOK: I see a second career for Kathy at
5 Disney World.

6 MR. SHAFER: No, she did fabulous.

7 It was pretty warm up there and it was dusty and, you
8 know, and dirt and she did good, you know.

9 I was impressed. I couldn't have done it. It was just
10 nonstop. People coming up.

11 We got a real good response. And some of the fair
12 people actually came over, the guy that was running our pavilion,
13 and said, you know, basically, thanks. You guys are great.
14 You're outgoing, you know, you're interacting with people. You
15 know, we're really glad that you're here.

16 And that was the response we got from pretty much
17 everybody. So, so along that line, yeah. Just, you know, she
18 would get in the suit, and then I was just telling people, "Hey,
19 come take your picture with Moolissa. Come find out what the
20 Dairy Commission does." And just talking with people.

21 And most of the questions we had are things like, you
22 know, well, what does the Dairy Commission do? What do you guys,
23 you know, a lot of people thought we were the Dairy Council.
24 They got kind of mixed up a little bit, so, you know I just kind
25 of explained what our job is and, you know, kind of what we do as

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1 an agency. And we just handed out a lot of stuff.

2 You can switch to the next slide.

3 MS. WILLMOTH: I haven't switched to any slides.

4 MR. SHAFER: We just handed out a lot of stuff. People
5 taking the stickers and the pencils and coloring books.

6 We would have lines of people at the table just waiting
7 to take stuff. So, it got pretty fast and furious for a few
8 hours each day.

9 Saturday we had the Dairy Council girls, I guess
10 somebody set them up. At the time we weren't really aware they
11 were coming, so we had six people, or five people from the Dairy
12 Council on Saturday.

13 So, I think next year we'll try to work out where maybe
14 we can split those days up because with five of them and two of
15 us, you know, it got, there was too many people, you know.

16 But, they brought up cheese sticks and some other
17 products they were handing out, so that was good, and just
18 interacting with people, taking pictures with the suit.

19 Is that up? Our slides, Gayle?

20 MS. EASLY: There they are. That's the gals.

21 MS. WILLMOTH: There they are. You have to queue me.

22 MR. SHAFER: I don't see anything on our end. That's
23 what I was asking.

24 MS. WILLMOTH: You might have to move your video.
25 They're behind your video. The slides will be up.

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1 MR. SHAFER: Yeah. I have our video off to the side.

2 MS. WILLMOTH: Huh. It's up here.

3 MS. EASLY: It's the picture of the girls right now.

4 MR. SHAFER: Oh, okay. Well, you can just flip through
5 those. It would be nice if Troy could see them here.

6 MS. EASLY: This picture is a picture of the milking
7 cow that we have inquired about getting for our, for the Dairy
8 Commission.

9 As you can see --

10 MR. SHAFER: Yeah, that milking cow, that was one of
11 the first things people saw when they came in. And the kids were
12 lined up to do that.

13 I mean it looked like a real good thing to do. I'm
14 going to try to see if I can find this here.

15 CHAIRMAN COOK: Whose cow was this?

16 MS. EASLY: Was that the Farm Bureau's?

17 MR. SHAFER: Yes. Wait. Do this again. Like right
18 there, the middle one. Yeah, right there.

19 Okay. So, yeah, there's some pictures of the kids
20 doing the milking, and then they would always come over to us
21 right afterwards.

22 Do you want to back up a couple so Troy can see what
23 the table looked like and stuff?

24 Keep going.

25 Yeah. One more.

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1 Yeah, right there. So, that's kind of our booth. We
2 had a really big area to work with.

3 CHAIRMAN COOK: That's the same display we had in
4 Tulare?

5 MR. CROWTHER: I was there and I missed it. I was
6 there Saturday at the small animal pavilion, and I must have gone
7 another way or something. I would have stopped by and said hi.

8 MR. SHAFER: So, you guys can see right behind us we
9 had two cows. And that cow was unhappy the entire time. It
10 wasn't from here. It was mooing constantly. So, that was fun.

11 Okay. Next slide.

12 So, that's what our table looked like in the morning
13 when we first got set up. We had some other materials from some
14 other agencies that were there, so we kind of shared in, all of
15 us handed out each other's stuff sort of.

16 So, next slide.

17 So, there's how many people we had, plus Kathy and
18 myself in that area, so you can see it was a little crowded and,
19 but they were helpful. They were all very outgoing and stuff, so
20 it helped.

21 COMMISSIONER CROWTHER: That must be Saturday.
22 Saturday was cold.

23 CHAIRMAN COOK: I was going to say it doesn't look like
24 it was hot.

25 MR. SHAFER: Saturday was nasty, but every other day

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1 was good.

2 That's milking of the fake cow there.

3 You can go to the next one.

4 So, there's Kathy in the Moolissa outfit. The pictures
5 are hard because the sun was coming in on the upper part of the
6 barn.

7 So, but, and then that's just like people, you know, I
8 was just trying to show how crowded it was there at the table all
9 the time.

10 So, you can go to the next one.

11 There's Kathy with a baby goat, and then the little
12 girl on the right was a girl named Lilly who we befriended there.
13 She was one of the 4-Hers, and she was probably at our table ten
14 to 12 times all day long each day. So, she was a nice little
15 girl. That was her showing her chicken there that day. So, she
16 was just fun.

17 Next slide.

18 Those are a sampling of some of the animals I took
19 pictures of.

20 By day four, it got kinda smelly in that barn. I was
21 glad to be done.

22 So, there's the peacock. I thought that was a good
23 picture there. And obviously the turkeys. And then so this is
24 how I ended my Sunday. I played chicken bingo.

25 Do you guys want me to explain it?

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1 MS. EASLY: Go ahead.

2 MR. SHAFER: So, they put the bingo card in there and
3 everybody buys a square for two dollars. The money goes to 4-H,
4 and then they throw feed in there, and they throw a chicken in.
5 And wherever he poops, that number he poops on wins.

6 You get \$50 and then the other 50 goes to the 4-H
7 group. The first chicken up on top -- rooster, I'm sorry. The
8 first rooster didn't do anything, and we waited and waited, and
9 then finally they threw in the white one, and he finally went.
10 It took about 10, 15 minutes. So, that was fun. We had a hard
11 day on Saturday. I just thought I'd throw that in.

12 I think that's about it. Do you guys have questions?

13 MS. EASLY: We also helped out with the butter carving,
14 and Mike actually got to be one of the judges on the carvings.

15 MR. SHAFER: I'm a city slicker, and I didn't know
16 about butter carvings and chicken bingo and all this stuff.

17 So, it was an experience, you know? I got to wear my
18 plaid shirt and stuff and so, yeah. It was fun. We did butter
19 carvings like twice a day and we judged those, and give out
20 ribbons and stuff, so.

21 MR. CROWTHER: Did you go to the pig races?

22 MR. SHAFER: We did not get over to the pig races.

23 MR. CROWTHER: That's the highlight.

24 MR. SHAFER: Kathy and I were busy. The entire time.

25 MS. EASLY: Even our lunches. We would go get

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1 something and bring it back and eat it at the table in between
2 talking to people.

3 I mean I was just amazed at how many people came to our
4 booth.

5 And Mike would literally stand behind me with his
6 hands-on my back, because the kids would come rushing at me. And
7 he kept me from falling over many times.

8 MR. SHAFER: The people don't realize she would lose
9 her balance.

10 A couple of things we kind of figured out. You know,
11 if we do this again next time, we need something, one of those
12 like changing, where you stand behind to change clothes because
13 we didn't want to do it in front of the children, because we
14 thought that might be kind of weird, seeing somebody get into a
15 cow suit right in front of everybody.

16 So, we had to take her out back, and then to walk her
17 through the whole pavilion. It got a little tricky because it
18 was a dirt floor and stuff. So, we thought maybe getting one of
19 those changing things where you can just stand behind it and
20 change? I don't know.

21 MS. EASLY: And we would literally have a train of kids
22 behind us as we walked through. It was fun. It was fun.

23 MR. HETTRICK: Once they saw her walk in, everyone
24 tends to focus on her. And they would follow her all the way
25 back to the booth.

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1 We actually had to get her in a chair for a while. She
2 got tired of standing, there was so many kids swarming around
3 her.

4 CHAIRMAN COOK: Did you drive down there?

5 MS. EASLY: Yes.

6 CHAIRMAN COOK: So that's how you transported the
7 costume.

8 MS. EASLY: Yes. The costume, and the banner, and some
9 supplies for Libby's groups.

10 MR. GOEDERT: I thought you would show up on a
11 motorcycle.

12 MS. EASLY: If I could have figured out how to put her
13 head on the motorcycle, I would have.

14 MR. SHAFER: We had, did have some kids, the older ones
15 wanted to get in the suit. We did like, what did we do, Kathy,
16 15 minutes or something like that, or 20 minutes?

17 MS. EASLY: 20 minutes. We didn't let them stay longer
18 than 20 minutes.

19 MR. SHAFER: We had three or four that actually
20 volunteered and wanted to be in it. They were begging us. So,
21 we gave Kathy a break and we let some of the 4-Hers in and they
22 did that for a little while.

23 So, it went really well. We had a lot of people coming
24 up telling us stories how they used to be a milkman in the old
25 days, or they used to work on a dairy. Just random stories just

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1 all day long. So, it was good.

2 CHAIRMAN COOK: When we're at these kinds of things, do
3 we get people to sign-up for the e-mail version of the monthly
4 newsletter?

5 MR. HETTRICK: We handed out all kinds -- we had a
6 coloring book, we had 500 copies.

7 MS. EASLY: I had 500 copies of the coloring book gone.
8 Libby gave us five boxes of 14 each of pencils. Gone.

9 I mean, her coloring books were almost gone. She had
10 two cases of them, and they were almost gone.

11 We even gave out some of the Beef Council's coloring
12 books towards the end there, because we didn't have any of the
13 others left.

14 MR. HETTRICK: Do we have our website on the coloring
15 books and those kind of things?

16 MS. EASLY: I believe we do. I can give you a copy of
17 it.

18 MR. SHAFER: Kathy made a stack of calendars she
19 printed out up, and you wouldn't believe just a one-page
20 calendar, and people snapped those up.

21 MS. EASLY: Gone.

22 But, it just seemed everything we put in, Libby sent
23 down fans, three cases of fans, and gone. I mean.

24 MR. HETTRICK: Yeah. They could give out everything we
25 had. And I think a lot of it does have our web site, and those

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1 kinds of things on it. And I do monitor that on Google
2 analytics. And we've been doing quite well. The hits on the web
3 site are running, probably several hundred a month, where we used
4 to get three in six months.

5 CHAIRMAN COOK: Was there any sort of a spike up
6 following this appearance?

7 MR. HETTRICK: I just looked yesterday at the last 30
8 days, and would that have covered it? I don't remember seeing --
9 yeah, that it would have been.

10 MS. EASLY: It would have been in April.

11 MR. HETTRICK: It would have been from April 7th to May
12 7th. I didn't think I saw any particular spike, it didn't look
13 like any particular spike. But, the hits have been up, so it's
14 hard to tell.

15 Anyway, it's good. We're getting some recognition, we
16 are getting some out there, getting to talk a little about milk
17 safety and, you know, milk quality, and all those things.

18 Good things. And they really appreciated having us
19 there. I mean that was the first thing the gal said when they
20 came back. They said, boy. We really appreciated you being
21 here. And you really drew a crowd. And we would like you to
22 come back. Those are good things. You know.

23 MS. EASLY: And we have scheduled on May 18th for a
24 school fair for Moolissa to go to.

25 CHAIRMAN COOK: In the north or in the south?

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1 MS. EASLY: Here. In Reno. So, she's getting active.

2 CHAIRMAN COOK: Is there any way we can incorporate the
3 processors into this? And get them some exposure as a result
4 of --

5 MR. HETTRICK: Well, we certainly would hand out
6 things, as long as we weren't promoting individual. If everybody
7 had --

8 CHAIRMAN COOK: If we had everybody. Model, Meadow
9 Gold, Anderson and, everybody, and we're not pushing any
10 particular one, we're just telling you about local milk.

11 MR. HETTRICK: To the extent we can do it, I mean yes.

12 I don't know how well that works between north and
13 south and some of those things. But, as long as we don't get any
14 flack from anybody that we're promoting somehow business with
15 state personnel, they'd yell at us.

16 But, other than that, I mean if there's something we
17 can hand out or somebody wants to have, you know, I would suppose
18 as long as it was offered to everybody and they all had an
19 opportunity to come up with something, a display or something, we
20 could.

21 But, I don't know what would happen. There's 30 or 40,
22 ultimately, people who process dairy products, we probably have
23 to offer it to all. If they all gave us something, I don't know
24 how we would deal with it.

25 So, it might be a problem. We just need to look at

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1 that. We're certainly happy to promote anything local and local
2 businesses, but we have to be careful with what the State will
3 let us do.

4 MS. EASLY: And we also worked with Zac Allen at the
5 Nevada Farm Bureau Federation, and Zac sent me this letter that I
6 gave you a copy of, explaining about the fair. And he seemed
7 very happy that we were there as well. And he's planning for
8 next year already to work with us. So.

9 CHAIRMAN COOK: Okay.

10 MS. EASLY: We're excited. I was very excited.

11 MR. SHAFER: I had fun. By the fourth day I was ready
12 to be done with it.

13 MS. EASLY: I got real tired by Sunday.

14 CHAIRMAN COOK: I'm sure you did.

15 MR. SHAFER: You know, I had an hour and 15 minute
16 drive on each end, and we were there until seven every night at
17 least, once the rodeo started, the crowds really died out in the
18 pavilion, so we would have to pack up, and then we would take the
19 suit out to the car.

20 So, they were long days. But, it was fun I had a good
21 time.

22 MS. EASLY: We left the banner up there, but I just
23 didn't feel safe leaving Moolissa there. So, Moolissa went home
24 with me every night.

25 CHAIRMAN COOK: Now the most important question. Who

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1 had to refill the cow? The milking cow?

2 MS. EASLY: I have no idea. Actually, I think it's on
3 a system where they milk and it comes out of the bucket and goes
4 back in.

5 MR. SHAFER: It wasn't even milk, Kathy. It just
6 recycles through the cow and back up.

7 Any other questions or anything?

8 CHAIRMAN COOK: No, I don't have any. Thanks, Mike.

9 MR. SHAFER: Okay. Good.

10 MR. HETTRICK: Thanks, Mike.

11 MR. SHAFER: No problem.

12 MR. HETTRICK: Kathy has always got to do this. We're
13 going to let Mike play this time, get him involved, since he
14 helped go out there and do all this. So, we thought it would be
15 good.

16 CHAIRMAN COOK: Okay. Well, let's press on to the next
17 agenda item. Thank you, Kathy.

18 MR. HETTRICK: All right. What I'd like to do,
19 Mr. Chairman, is skip over. Because if I do my staff report, you
20 will get a better explanation, perhaps, for item three on the
21 agenda.

22 So, and we are allowed to do that, I will just note on
23 the bottom of our agenda, it does say items may be taken out of
24 order. So, I want to make sure nobody thinks we're doing
25 something incorrectly.

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1 Let's jump, if we may, to item number four, approval of
2 the minutes. The minutes are in the packet there. Two minor
3 corrections. And with those included, if you want to approve the
4 minutes, Mr. Chairman, that would be good.

5 COMMISSIONER FLETCHER: Mr. Chairman, I have a question
6 about another one. On page nine, line 23. I'm just questioning
7 if that's the way you wanted to word that, Lynn.

8 MR. HETTRICK: I haven't got a copy of the minutes in
9 front of me, so I'm going to have to look.

10 COMMISSIONER FLETCHER: Okay. I'll withdraw that.

11 MR. HETTRICK: It should be, "dairymen," so if we can,
12 let's add page nine, line 23, change "dairyman" to "dairymen".
13 And with that change included, if you would like, Mr. Chairman,
14 you can make a motion.

15 CHAIRMAN COOK: Okay. I will entertain a motion.

16 MR. CROWTHER: I will make a motion to approve the
17 minutes of the Dairy Commission meeting on, held on April 18th,
18 2012 with the indicated corrections.

19 COMMISSIONER FLETCHER: Second.

20 CHAIRMAN COOK: Okay. Having a motion and second and
21 no dissenting votes, the motion carries. The minutes are
22 approved.

23 MR. HETTRICK: Okay. Mr. Chairman, we'll go to number
24 five, agenda item. It's the staff report for May 2012.

25 Our balance carry forward for April was 417,328.31.

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1 That's a decrease of 13,848 from March. We anticipate that the
2 June tax credits that we want to talk to you about shortly will
3 move our reserve to below 400,000.

4 The reserve recommended by the LCB is for all, for
5 general fund agencies is three months of expenses. And for us
6 they have recommended a maximum reserve of 321,960 for the years
7 2011, 2012.

8 We've already reduced our reserves by more than
9 \$200,000, anticipated through the budget cycle, and since we have
10 demonstrated the willingness and the ability to reduce the
11 reserves, our plan now is if you approve the tax holiday that we
12 propose, we will propose here in just a moment, it will drop our
13 reserves below 400,000, somewhere between the 320 and 400.

14 And we'll probably just sit then and see how things go.
15 And then we will adjust, as I say, we have shown the willingness
16 and the ability to adjust, so we will just probably sit and just
17 see how things go for a little bit, and then decide what we need
18 to do down the road.

19 So, that's the report on the reserves. The milk price
20 report doesn't come out until the 10th, which is tomorrow, so we
21 don't have a current pricing. The pricing, Bob, that we are
22 aware of is what we gave to you at the last meeting.

23 We did, as I mentioned prior to the meeting, we
24 attended the Western State Dairy Producers' Trade Association,
25 and we did hear that some of the dairies are in trouble. Hay

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1 prices are quite high, and issues, environmental regulations
2 continue to be a problem for some of the states, some of the
3 areas.

4 And then finally on April 30th, I was invited to a
5 meeting organized by the Department of Health and Human Services
6 and the Department of Agriculture.

7 The purpose of the meeting was to explore the
8 possibility of moving various food related agencies into the
9 Department of Agriculture. It was a move that was apparently
10 requested that people start looking at by the governor.

11 So, the idea was to put these folks together, have a
12 meeting and discussion about what made sense and make a
13 recommendation to the Governor's office.

14 There was no formal decision announced at that meeting,
15 but it certainly appears to me, that from what I saw, they're
16 going to move anything that's based on Federal Department of
17 Agriculture food programs, they're going to move into the
18 Department of Agriculture, is what I think.

19 There's a purchasing commodity food program through the
20 Department of Administration, it sounded to me like that would go
21 to the Department of Agriculture. State level.

22 And the two food, what they call food safety agencies,
23 which is the Health Division within the Department of Health and
24 Human Services, the rest of the Department of Health and Human
25 Services deals primarily with health.

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1 It truly, medical care, those kind of things, or food
2 for people who are, you know, short nutritionally. So, it's
3 health care type oriented things.

4 The health division is actually inspecting restaurants,
5 food processors, other than dairy, to make sure they are safe and
6 complying with the law and all those things.

7 I think that, and it appears to me that the Dairy
8 Commission are going to get moved, all of them into the
9 Department of Agriculture. Based on what the conversation was,
10 and what was going around.

11 That recommendation is being worked up between Mike
12 Wilden, the head of the Department of Health and Human Services,
13 and Jim Barbee, the head of the Department of Agriculture.

14 They have to make a recommendation to the governor by
15 May 14th, and hopefully well get a firm decision what they're
16 going to do shortly thereafter.

17 One thing that did occur that kind of also indicates
18 we're going that direction is we had continuing input from the
19 Department of Business and Industry, where we are located now,
20 saying send over your fiscal work, send over your accounting
21 procedures, payables, receivables. We are going to take it all
22 over.

23 And we went down to a meeting, Walter went, and we said
24 to them, are you aware that there's this discussion going on, and
25 this may be premature, because there's no use going through

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1 shifting everything to you guys and turn around and shift it all
2 back.

3 And a couple days later, we got an e-mail message that
4 said given the possibility you are going to move, we're going to
5 hold on any shift.

6 So, I think they probably talked to somebody. It looks
7 to me like they got the word that it was likely that we were
8 going to get moved to the Department of Agriculture and not be a
9 part of their consolidation.

10 So, from our standpoint, we would prefer that. I mean
11 the lack of the consolidation, and we just haven't been real
12 pleased with the speed, and, and what's the word I want. Speed
13 and accuracy, I guess, I hate to say it, of the work that has
14 been going on where we have had to go through B and I.

15 So, I think we'll be happier hopefully going back to
16 being our own stand alone agency.

17 So, that's all I have on the staff report.

18 MR. GOEDERT: Can I ask a question?

19 MR. HETTRICK: Oh, please.

20 MR. GOEDERT: If we end up with agriculture, the
21 Department of Agriculture, are they going, do we have any
22 indication that they are going to want to take over our
23 accounting and all of that new?

24 MR. HETTRICK: No. At this time, no. I mean Tom and I
25 went over and visited with them and I mean I can't tell you what

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1 will happen in the future, and frankly that's probably our
2 biggest fear of going to the Department of Agriculture.

3 And I have expressed that to them, that it's the fear
4 of the unknown. You don't know what they are going to do down
5 the road.

6 We know what we would like to do, what we think is the
7 best, but we don't know what they may decide they want to do.

8 But, as of this time, they said no. We don't have any
9 interest in taking over your stuff. You would be stand alone,
10 our board would not be over you in any way. They wouldn't, you
11 wouldn't have to report to our board, you wouldn't have any of
12 those things.

13 You would just basically become a part of our
14 organizational chart. Which makes a lot of sense, because people
15 can't find us.

16 If you go to the state website, you don't find us
17 unless you know to look for Business and Industry. And the
18 average person doesn't do that, looking for dairy. So, we think
19 it would be a better fit in that regard.

20 So, I can't give you a direct absolute answer, but my
21 feeling is at least initially, no, they're not going to deal with
22 our books, our accounting, any of that stuff now. The other --

23 MR. GOEDERT: They would have to change the statutes in
24 order to do that in, in any event.

25 MR. HETTRICK: I think. I think we would have the same

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1 issues before when you evaluated it before in regard to B and I.

2 The one thing that will happen has already occurred is
3 Human Resources work for both B and I and the Department of
4 Agriculture and have been taken over by the Department of
5 Administration, in their new Human Resources Division, or
6 whatever they're calling it.

7 And so it doesn't matter which of the two agencies
8 we're placed under, we will, Human Resources will go through the
9 state Department of Administration either way.

10 So, that won't change for us.

11 But, we hope we get back our computer access for our
12 budgeting and our bills and everything else, and that's what we
13 anticipated going there.

14 Again, the fear of the unknown is we don't know what
15 they'll do when they actually put in the bill or two years from
16 now, but we do know what we had at B and I.

17 CHAIRMAN COOK: Is that going to take legislative
18 action to formally move us from B and I to agriculture?

19 MR. HETTRICK: It will definitely take action to move
20 us. Because our statute says that we're created within B and I.
21 So, they will have to have legislative action to do that.

22 Now, whether or not some of the nutritional programs
23 they have in the Department of Education, I don't know how
24 they're listed. And whether or not that actually takes
25 legislative action, I don't know. I can't answer that question.

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1 So then, unless there are more questions or comments in
2 regard to that, then what we want to talk to you about,
3 Mr. Chairman, is to go back to agenda item number three.

4 Based on the reserves that we have at this time and the
5 revenues as we can project it, we feel it's appropriate to go
6 ahead and do another tax holiday.

7 We are proposing that we do that tax holiday for the
8 month of June, which is Dairy Month. We think that's an
9 appropriate thing to send our licensees something that says we
10 are pleased to give a tax holiday for dairy month.

11 And we are proposing to, Gayle did a lot of work, and
12 we have been able now to average the annual payments from every
13 licensee, rather than picking a single month, which we did the
14 first time, and so we've averaged them and done some other nice
15 detail work where we have been able to eliminate penalties, if
16 they had any, and late payments and some of those things.

17 So, it really worked out much more correctly, I guess.
18 It wasn't wrong the first time, but this is precise and much
19 nicer.

20 And we are recommending that we do 80 percent of one
21 month as a reduction this time.

22 So, if somebody had a bill for a hundred bucks, we're
23 going, their average monthly bill was a hundred dollars on their
24 assessment we're going to send them a credit for \$80.

25 We will actually mail out the credit, we'll specify

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1 they can take it on their June payment or after, until they use
2 it up. Because obviously some have fluctuation. And we
3 anticipate that that move will push us below the 400,000, which
4 is where we want to be. It will be about an \$88,000 reduction in
5 reserves that we will be giving back in June.

6 CHAIRMAN COOK: And everything is in place to be able
7 to initiate this on short notice?

8 MR. HETTRICK: Tomorrow morning. We're ready to go.

9 CHAIRMAN COOK: Is this something that requires a
10 motion?

11 MR. HETTRICK: It doesn't really require a vote. We
12 just need to have you folks know that that's what we intend to
13 do, and we wanted to inform you what we were doing and what we
14 think the impact will be.

15 We like it, we like it going out in June, and we're
16 pleased to be able to give back to the people who pay the
17 assessments.

18 We wrote a letter that says we appreciate the fact that
19 you do business in Nevada, and we are pleased to send you a
20 credit on your account.

21 CHAIRMAN COOK: Okay. Sounds good to me.

22 MR. HETTRICK: That's all I --

23 MR. CROWTHER: It's based on the average for June or
24 for the average overall?

25 MR. HETTRICK: Yes. It's based on the average monthly

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1 fee they pay, and we are giving them 80 percent of one month.

2 MR. CROWTHER: Okay.

3 MR. HETTRICK: So, if they pay a hundred a month, they
4 are going to get averaged for the 12 month year, then we are
5 going to give them an \$80 credit this time.

6 Some of the credits are quite large I saw in, we're
7 signing individual letters, and there are credits of \$15,000,
8 credits of five and \$6,000. There's some large credits.

9 MR. CROWTHER: Okay. Yeah, the reason I ask is because
10 it seems like some of the, some businesses probably have seasonal
11 fluctuations.

12 So, if we're saying 80 percent of, you know, a high,
13 one of their highest months, versus 80 percent of one of their
14 lowest months, that may make a difference to the company.

15 But, you're saying we're averaging for one year and
16 just taking that, not necessarily fixing any particular month.

17 MR. HETTRICK: That's correct.

18 MR. CROWTHER: Okay.

19 MR. HETTRICK: That's correct, and you're hitting it on
20 the head. The first time we did it, we chose a month, and you're
21 correct. Some people had high months, some people had a low
22 month. And we just, at that time we didn't have the adjustment
23 that Gayle was able to make to our data base so we could average
24 them.

25 So, we went ahead and did it because we had

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1 instructions that we needed to reduce reserves. So we just chose
2 a month and did it, moved forward.

3 But this time we were able to do it in a lot more
4 sophisticated fashion and more even, fairer to everybody, and
5 we're pleased to be able to do it again.

6 MR. CROWTHER: Okay.

7 CHAIRMAN COOK: I suspect the industry will like that.

8 MR. HETTRICK: I would hope. So, we'd like to get some
9 publicity, but we are not getting much publicity out of it.

10 This is the third tax decrease since June 1 of 2011
11 that the tax commission will have done, and, you know -- I mean
12 the Dairy Commission. I said tax commission. Dairy Commission
13 will have done, and we're quite pleased with that. I mean
14 obviously the reserves, we had reserves they were in place, we
15 needed to reduce them.

16 But, we continue to save money and we are having to go
17 farther each time, you know, we're having to do more.

18 So, it's a good problem to have.

19 CHAIRMAN COOK: Yes. Very good. Thank you.

20 MR. HETTRICK: All right. Next is --

21 MR. CROWTHER: I'm sorry. Does this require a vote or
22 not?

23 MR. HETTRICK: No, it doesn't. We have the ability to
24 do this. It doesn't require any formal action.

25 MR. CROWTHER: Okay.

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1 MR. HETTRICK: Next will be the legal report, presented
2 by Mr. Goedert.

3 MR. GOEDERT: You haven't given me enough time to stir
4 up litigation since the last meeting.

5 MR. HETTRICK: Yeah, we had a short month this time.

6 MR. GOEDERT: I have nothing to -- we're essentially
7 the same as we were last month.

8 Everything is going along fine from a legal standpoint,
9 and we'll take any problems that come along in the meantime.

10 CHAIRMAN COOK: Thus, more evidence you're doing a damn
11 good job.

12 MR. GOEDERT: Thank you.

13 MR. HETTRICK: Okay. Mr. Chairman, next is
14 consideration of any matters relating to the dairy industry.

15 We have got a little more public participation now. We
16 got three folks, which is really nice to see. That's great. And
17 I don't know if anybody has any comments they would like to make
18 or not?

19 CHAIRMAN COOK: Dave?

20 MR. COON: Dave Coon, Anderson Dairy. We appreciate
21 the reduction in the assessments. That's good news. Especially
22 in these times. Thank you.

23 CHAIRMAN COOK: You're welcome.

24 MR. CROWTHER: I might say, Anderson had quite a
25 presence out at the fair as well. They had a good presence out

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1 there.

2 MR. SHAFER: The line for their ice cream building was
3 long all day long. We were right across from them. We could see
4 it, and it was just nonstop all day.

5 CHAIRMAN COOK: How many times did you go through that
6 line, Mike?

7 MR. SHAFER: Ask Kathy all the different types of food
8 she ate when she was there.

9 MS. EASLY: Oh, come on.

10 MR. SHAFER: Each time she came back, she had something
11 different. It was crazy.

12 MS. EASLY: Except in the afternoon, I always had a
13 funnel cake.

14 CHAIRMAN COOK: How many corn dogs did you eat?

15 MS. EASLY: One.

16 MR. HETTRICK: A day.

17 CHAIRMAN COOK: Or Indian tacos?

18 MS. EASLY: One.

19 MR. GOEDERT: Can I ask Kathy a question? Did you ever
20 get to the Grand Canyon or not?

21 MS. EASLY: Yes, I did. And Hoover Dam.

22 MR. GOEDERT: No, it's Boulder Dam. Only if you are a
23 Republican is it Hoover Dam.

24 MR. HETTRICK: All right. The last item on the agenda
25 Mr. Chairman, item eight is public comments and discussion.

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1 CHAIRMAN COOK: Okay. Back to the same three members
2 of the public. Comments? Discussion? Questions? Observations?
3 At a boys? None of the above?

4 MR. HETTRICK: That's it. That's all we have,
5 Mr. Chairman.

6 CHAIRMAN COOK: Well, if nobody else has anything to
7 bring before this august body, we will adjourn the meeting.

8 MR. HETTRICK: Thank you all.

9 (Whereupon proceedings concluded at 9:42 a.m.)

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BOARD SIGNATURE PAGE

CHRISTOPHER COOK, CHAIRMAN

BOB FLETCHER, 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: May 10, 2012

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SUZANNE KUES ROWE, CCR #127

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