

**Transcript of Proceedings - 4/17/2013**  
**Nevada State Dairy Commission Public 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  
AUDIO CONFERENCE

9:00 A.M., WEDNESDAY, APRIL 17, 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, APRIL 17, 2013, RENO, NEVADA, 9:00 A.M.

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

5           CHAIRMAN COOK: Good morning, Troy.

6           COMMISSIONER CROWTHER: Good morning.

7           CHAIRMAN COOK: It is nine a.m.? Are we ready  
8 everybody?

9           Okay. Let us convene this April 2013 meeting of the  
10 Nevada State Dairy Commission.

11           Mr. Hettrick, would you formally open the meeting,  
12 please?

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

14           This is the time and place set for the regularly  
15 scheduled meeting for the Nevada State Dairy Commission for the  
16 month of April, 2013.

17           This meeting has been scheduled and noticed in  
18 compliance with pertinent statutes, including the open meeting  
19 law.

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

23           My name is Lynn Hettrick, Executive Director of the  
24 Nevada State Dairy Commission.

25           Present today are Mr. Christopher Cook, chairman.

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1           Mr. Troy Crowther, member of the commission.

2           Mr. John Collier, member of the commission.

3           Mr. Warren Goedert, Counsel for the Nevada State Dairy  
4 Commission, and members of the staff.

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

9           CHAIRMAN COOK: Will you proceed with the first agenda  
10 item, please?

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

13           CHAIRMAN COOK: Anybody have any public comment to  
14 contribute to this effort?

15           Seeing none, let's proceed.

16           MR. HETTRICK: Number two for possible action, a  
17 license amendment application, a peddler distributor license  
18 Calvada Sales Company, Sparks, Nevada. William Hill is the  
19 branch manager.

20           The applicant seeks a license amendment to distribute  
21 butter in the Northern Nevada Marketing Area.

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

25           The applicant will be responsible for the assessments.

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1           CHAIRMAN COOK: Anybody present representing this  
2 applicant?

3           Okay. Is there anything the staff can add to this  
4 that's --

5           MR. HETTRICK: It's unsalted Darigold butter. And they  
6 currently have a customer that wants it, and they are just  
7 amending to be able to carry it.

8           CHAIRMAN COOK: So they are just adding it to their  
9 list?

10          MR. HETTRICK: Yeah, the items they already carry.

11          CHAIRMAN COOK: Okay. I have no further questions.  
12 Troy, any questions?

13          COMMISSIONER CROWTHER: No questions.

14          CHAIRMAN COOK: John?

15          COMMISSIONER COLLIER: None.

16          CHAIRMAN COOK: No questions? Any questions or  
17 comments from the staff?

18          Questions or comments from members of the public?

19          Seeing none, I will entertain a motion.

20          COMMISSIONER COLLIER: Mr. Chairman, I would move that  
21 we accept the peddler distributor license for Calvada Sales  
22 Company, headquarters in Sparks, Nevada. The applicant seeks a  
23 license amendment to distribute butter in the Northern Nevada  
24 Marketing Area.

25          COMMISSIONER CROWTHER: Second.

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1           CHAIRMAN COOK: We have a motion and a second and no  
2           dissenting votes. Therefore the motion carries.

3           MR. HETRICK: All right, Mr. Chairman, next on the  
4           agenda, again, a license amendment application. This is from JFC  
5           International, Inc., from Las Vegas, Nevada. Takeshi Yoshino is  
6           the office manager.

7           The applicant seeks an amendment to add the Northern  
8           Nevada Marketing Area to their license. Temporary approval was  
9           granted on March 13, 2013.

10          The applicant's prices and costs have been reviewed by  
11          the Dairy Commission staff, and are in compliance with the  
12          agency's laws and regulations.

13          The applicant will be responsible for the assessments.

14          CHAIRMAN COOK: Okay. Is there anyone present  
15          representing this applicant?

16          Okay. Seeing none, is there any questions or comments  
17          that the staff can add to the application.

18          MR. HETRICK: I glanced at this, and it's all  
19          apparently Japanese labeled, or Japanese made products, I don't  
20          know which.

21          But, apparently they are distributing to a specific  
22          market, and they want to carry those products, north and south.

23          CHAIRMAN COOK: Didn't realize there was a Japanese  
24          dairy industry to speak of.

25          MR. HETRICK: I don't know. It's all labeled in, you

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1 know, I don't know.

2 But, it appears to be.

3 CHAIRMAN COOK: Well, any questions or comments from  
4 staff? Questions or comments from the audience?

5 Seeing none, I will entertain a motion.

6 COMMISSIONER CROWTHER: I will make a motion to approve  
7 the peddler distributor license amendment application by JFC  
8 International, Inc., Las Vegas, Nevada, to add the Northern  
9 Nevada Marketing Area to their license.

10 COMMISSIONER COLLIER: I will second that,  
11 Mr. Chairman.

12 CHAIRMAN COOK: Okay. Having a motion and a second and  
13 there being no dissenting votes, the motion carries. The license  
14 is granted.

15 MR. HETRICK: Next, Mr. Chairman, is a processing  
16 distributor, peddler distributor license amendment for Anderson  
17 Dairy, Las Vegas Nevada. Teresa Sowers, controller.

18 The applicant seeks a license amendment to add Great  
19 Value and Daily Chef labels of fluid milk in the Northern and  
20 Southern Nevada Marketing Areas. Temporary approval was granted  
21 on March 13, 2013.

22 The applicant's prices and costs have been reviewed by  
23 members of the Dairy Commission staff and are in compliance with  
24 the agency's laws and regulations.

25 The applicant will be responsible for the assessments.

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1           CHAIRMAN COOK: Now, I know there's somebody  
2 representing this applicant here.

3           MR. COON: Present.

4           CHAIRMAN COOK: Good morning, Dave.

5           MR. COON: Good morning. Dave Coon, Anderson Dairy.

6           CHAIRMAN COOK: Do you need a spelling?

7           THE COURT REPORTER: Got it.

8           CHAIRMAN COOK: Got it. Anything you need to change on  
9 this, Dave?

10          MR. COON: No.

11          CHAIRMAN COOK: Okay. Are you doing some private label  
12 bottling for somebody?

13          MR. COON: We are. We have picked up the Wal-Mart and  
14 Sam's Clubs down in southern Las Vegas, and the Great Value is  
15 for Wal-Mart, and the peddler label is for Sam's Clubs.

16          CHAIRMAN COOK: That's good news.

17          MR. COON: It is.

18          CHAIRMAN COOK: Okay. Is there anything you want to  
19 add to that? Any questions, Troy, John may have?

20          COMMISSIONER COLLIER: I have none.

21          COMMISSIONER CROWTHER: No, no questions.

22          CHAIRMAN COOK: Questions or comments from audience  
23 members?

24          MR. HETRICK: Nope.

25          CHAIRMAN COOK: All I can say is congratulations.



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1 MR. COON: Thank you very much.

2 CHAIRMAN COOK: And if we can get this motion made, we  
3 will get this thing granted as quick as possible.

4 COMMISSIONER COLLIER: Mr. Chairman, I'd like to move  
5 that we accept the peddler distributor application for Anderson  
6 Dairy, who is seeking a license to amend their license to add the  
7 Great Value and Daily Chief labels of fluid milk in the Northern  
8 and Southern Marketing Areas.

9 MR. CROWTHER: I think that's Daily Chef.

10 COMMISSIONER COLLIER: Chef. Didn't have an "i" in it.  
11 I apologize.

12 COMMISSIONER CROWTHER: I will second that.

13 CHAIRMAN COOK: I have a motion and a corrected second.  
14 There being no dissenting votes, the motion carries. The license  
15 is granted.

16 MR. COON: Thank you.

17 CHAIRMAN COOK: It's our pleasure.

18 MR. HETRICK: Next, Mr. Chairman, Meadow Gold Dairy,  
19 Las Vegas, Nevada. Steve Weiland, general sales manager.

20 The applicant seeks a license amendment to distribute  
21 the Mariana's label of fluid milk in the Southern Nevada  
22 Marketing Area.

23 The applicant's prices and costs have been reviewed by  
24 members of the Dairy Commission staff, and are in compliance with  
25 this agency's laws and regulations.

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1           The applicant will be responsible for the assessments.

2           CHAIRMAN COOK: Do we have anybody representing this  
3 applicant present? Mariana's label. Are they private labeling,  
4 or are they bringing it in?

5           MR. HETRICK: Apparently Meadow Gold is going to  
6 package under the Mariana's label, which I presume is a local  
7 market that wants their own name, the way I see it.

8           It says, "Intends to sell milk in the Mariana stores in  
9 the Southern Nevada Marketing Area.

10          CHAIRMAN COOK: Okay. All right. Any questions, Troy?

11          COMMISSIONER CROWTHER: No.

12          CHAIRMAN COOK: John?

13          COMMISSIONER COLLIER: I have none.

14          CHAIRMAN COOK: Questions or comments from the staff?

15          Questions or comments from the public?

16          Seeing none, I'll entertain a motion.

17          COMMISSIONER CROWTHER: I will make a motion to approve  
18 the processing distributor/peddler distributor license amendment  
19 application by Meadow Gold Dairy, Las Vegas, Nevada, to  
20 distribute the Mariana's label of fluid milk in the Southern  
21 Nevada Marketing Area.

22          COMMISSIONER COLLIER: I will second that,  
23 Mr. Chairman.

24          CHAIRMAN COOK: Okay. Having a motion and a second on  
25 this item and no dissenting votes, the motion carries, the

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1 license is granted.

2 MR. HETTRICK: Next, Mr. Chairman, is item number three  
3 on the agenda for possible action, approval of the minutes for  
4 the March 20 meeting of the Dairy Commission.

5 There are several minor changes, amendments to the  
6 record, and I will hand those to the court reporter. And other  
7 than that, we just need a motion to approve as corrected.

8 COMMISSIONER COLLIER: Mr. Chairman, I would move that  
9 we accept the minutes as corrected for the Dairy Commission  
10 meeting on March the 20th.

11 COMMISSIONER CROWTHER: Second.

12 CHAIRMAN COOK: Okay. A motion and a second to accept  
13 the amended minutes from the March 20th meeting. No dissenting  
14 votes, motion carries. The minutes are accepted with the noted  
15 corrections.

16 MR. HETTRICK: Next, Mr. Chairman, number four on the  
17 agenda is the staff report.

18 The staff report for April 2013, our balance carry  
19 forward at the end of March was 409,696.95. That is a decrease  
20 of 104,046.32 from the end of February.

21 The large decrease is as a result of some of the  
22 quarterly expenses coming through, as well as the reduced revenue  
23 due to the tax holiday that we just implemented the previous  
24 month, so we are seeing the effect of both of those. The  
25 expected number is nothing unusual, so we're just seeing what we

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1     anticipated.

2             The milk price report is printed and has been handed  
3     out.    Should be in your packet.

4             On April 2nd, the legislature had a workshop on the  
5     proposed mergers in the Department of Agriculture.

6             And while we were listed on that agenda and were  
7     present, we were not asked at the time to provide any additional  
8     testimony and no action was taken.

9             Since that time, SB 469, which is the bill that moves  
10    the Dairy Commission to the Department of Agriculture, was made  
11    exempt.  What they call exempt, which means it wasn't passed by  
12    the first house deadline.  Exempting a bill is generally not a  
13    good thing in terms of what is going on with the bill.

14            It can be done because they're trying to tie it to the  
15    budget, which may take a little longer, because they're trying to  
16    put all the numbers together and massage them and make sure they  
17    are happy.  But, none of this has budgetary impact on the general  
18    fund, so it shouldn't be an issue.

19            So, in my opinion, it doesn't, it's probably not -- it  
20    probably indicates they are not committed to doing it yet at the  
21    very best.

22            So, we'll see what's going to happen.  I did e-mail  
23    Mr. Barbee, and asked him if he thought the director of the  
24    Department of Agriculture, asked if he thought that they had  
25    issues or there were problems.

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1           And he responded that he thought it was all on track,  
2           and they were trying to make sure it tied all out to budget and  
3           the like, and he felt there might be some under current of people  
4           whether or not supporting it, but he thought in the end it was  
5           going to be okay. So, that's what he said.

6           And that's all I know at the moment. It may be a part  
7           of the, of the, as I noted in the comments, The Infamous End  
8           Game, and we will see whether or not, you know, what happens at  
9           the very end, if it's thrown into that last two or three days,  
10          there's no telling what will happen.

11           CHAIRMAN COOK: Mad scramble to get everything voted  
12          on.

13           MR. HETTRICK: And whether or not somebody is really  
14          supporting it, or they are going to play games of not having time  
15          to get somewhere or not get a vote. Kill it by doing something  
16          like that. Don't have any idea what they'll do. So we'll just  
17          see what happens.

18           Finally, Kathy and the ladies down in Las Vegas all  
19          went out to the Clark County Fair, Overton. And we're going to  
20          have them, they've got a little slide show they prepared for you  
21          to see what that looked like, and they're going, we're going to  
22          let them do the presentation on what they did at the Clark County  
23          Fair.

24           MS. EASLY: Kathy Easley.

25           Okay. Yes, we did go down to the fair again. It was a

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1 lot of fun. The gals from the Vegas office came over and helped  
2 out, so I had someone with me every day, and the fair was  
3 Thursday the 11th through Sunday the 14th.

4 And there's our booth on the left there, and Julie and  
5 Kimberly aren't in this set of pictures, but that's Erica, she's  
6 from our Las Vegas office. And that was her and I -- I'm in the  
7 cow suit, by the way.

8 CHAIRMAN COOK: Is there any significance to the fact  
9 that there's a big mushroom behind you?

10 MS. EASLY: No. Milk stickers, coloring books, pencils  
11 were the hit of the day. And the kids passing by the Nevada  
12 State Dairy Commission's booth.

13 We took down a thousand coloring books, and over a  
14 thousand pencils. And we had a role of stickers that probably  
15 had about four or 500 on it. And I came back with nothing.

16 So, that gives you an idea of how many kids came to our  
17 booth and really enjoyed, as you can see, the stick -- every  
18 sicker there is exactly the same, but they had to make sure they  
19 got the right one.

20 Moolissa made her rounds and was always greeted by  
21 enthusiastic children and adults.

22 MR. HETTRICK: And adults.

23 MS. EASLY: The gentleman down there in the center,  
24 that's Tuna. He was the gentleman in charge of the agriculture  
25 small animal barn, and he is the one who actually invited us

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1 down.

2 As you can see, the children are still there. Kids  
3 mobbed us. Moolissa was even a favorite among the adults.

4 Here she is being escorted by the 4-H representative to  
5 help out at their event. He came over and got me and walked me  
6 over to the 4-H area, and I did my thing, and he walked me back.

7 This is Rosie. Rosie is the dairy cow, and she was  
8 right next to our booth in the ag building. And she's due to  
9 have her baby in June. But, she was the sweetest, most gentle  
10 thing I have ever been around, and we just truly enjoyed having  
11 Rosie behind us. She was quiet and really good.

12 Baby goats were another popular attraction at the  
13 event. They were directly across from us. The little goat down  
14 in the bottom, it wasn't even a week old at this point.

15 The one up on the right is two weeks old. The ones on  
16 the left are a month old.

17 And that little guy I'm holding there, I want to buy,  
18 but my husband won't let me have him.

19 COMMISSIONER COLLIER: I wonder why.

20 MS. EASLY: He's so adorable and so cute. But they  
21 like this little play thing, and they jump up and down on it.

22 CHAIRMAN COOK: Operative phrase there is "he", which  
23 means he grows up to be a ram.

24 MS. EASLY: No, no. Well, yeah, but he's a dwarf, so  
25 he would be smaller than my dogs.

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1                   CHAIRMAN COLLIER: Is that what they call a male goat,  
2 is a ram?

3                   CHAIRMAN COOK: I don't know. All I know is they get  
4 horns and they get mean.

5                   MS. EASLY: Also, another thing that was really popular  
6 were the new born chicks and the rabbits and piglets. You could  
7 hear them all peeping and you could actually go and pet the  
8 piglets.

9                   And as you can see, the little picture on the right  
10 shows a hatchling, that one was only hours old, and at one point  
11 we saw this crowd around the booth where the hatchlings were.

12                   And all of a sudden, you know, they were just all  
13 huddled, and everybody, it got bigger and bigger, and then you  
14 hear this round of applause, and they're going, "Yay!"

15                   I went, "Oh. We must have had another baby born."

16                   And they all agree.

17                   This is the baby rabbits. At this point they were  
18 three days old. The first one was born in the cage, the showing  
19 cages, on Thursday morning. And somebody freaked out, so they  
20 went and got her and took her and put her in a private box.

21                   And she didn't have a single baby again all day. And  
22 we were, I was worried about it, because, I thought, how can you  
23 hold that back for so long? So, when we came in Friday morning,  
24 she had eleven.

25                   COMMISSIONER COLLIER: She could have eaten those if



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1 she had gotten really spooked. That's what I understand.

2 MS. EASLY: And there's our sow with her piglets. And  
3 they're just adorable. They're just little tiny. I mean, they  
4 weren't any bigger than that.

5 And these you could pet, as long as momma wasn't  
6 watching. Because the minute they started squealing, she was  
7 over there going, "what?"

8 And, of course, we had turkeys and geese and ducks and  
9 the big one with the -- peacocks.

10 Peacock was right behind us. Boy, was he noisy. And  
11 this was on the last day as we were packing up I went to go get  
12 the car, and everything was, like I said, stickers, coloring  
13 books, pencils were all gone.

14 You notice the little orbs like on the picture? That  
15 is not rain. That is dust. It was so dusty and so dirty. But,  
16 it was still a lot of fun.

17 I think we made a lot of good contacts, and I think  
18 they are going to be asking us back again next year.

19 CHAIRMAN COOK: Thank you.

20 MS. EASLY: There's one picture missing. I don't know  
21 what happened to it, but there was this gentleman from down south  
22 that you all know, right, Troy?

23 COMMISSIONER CROWTHER: Yes. It's on my camera.

24 MS. EASLY: Oh, it's on your camera.

25 COMMISSIONER CROWTHER: I purposely left it off.

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1 MS. EASLY: I knew we took pictures. I didn't realize  
2 it was on your camera.

3 CHAIRMAN COOK: Did he get any suit time?

4 MS. EASLY: Not in it. I was in it. He was next to  
5 me.

6 COMMISSIONER CROWTHER: I was not in it. No. No.

7 MR. HETRICK: So was there a crowd, Troy? What did  
8 you think when you were there?

9 COMMISSIONER CROWTHER: I always end up there on  
10 Saturday. And Saturday, I think, is probably the biggest day.

11 And yes, it was very crowded. It was -- yeah. It was  
12 huge. In fact, when I was in the small animal pavilion, of  
13 course, Moolissa was kind of roaming around, or I guess you would  
14 call it grazing. I don't know.

15 Just meandering through the animal pavilion getting  
16 pictures, and basically on the opposite end of the pavilion from  
17 where the booth was, and so I visited Moolissa, and then walked  
18 around where the booth was.

19 And there was nobody, you know, our people were not at  
20 the booth, but there were still people gathering information and,  
21 you know, getting coloring books, the little kids there. So,  
22 there was some excitement about the booth even without Moolissa  
23 there.

24 MS. EASLY: We had the people across the way from,  
25 where the chicks were and stuff. We had them keep an eye,

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1 whenever we went walking, we asked them and they kept an eye on  
2 the booth, so there was no worries about anybody doing any  
3 damage.

4 And another hit was the TV this year. We didn't have  
5 the TV last year. But the TV, the kids would actually just stand  
6 there and watch the presentation that we have on the disk for  
7 them. And so I think that was a big hit too.

8 MR. HETTRICK: All right.

9 CHAIRMAN COOK: Well, good.

10 MR. HETTRICK: Anyway, we are pleased with what went on  
11 there. Hopefully we won't have to defend too much about the  
12 coloring books and pencils with the legislature. Kimberly gave  
13 me a bad time about that, and they gave away a thousand of them,  
14 and I get to go defend it.

15 MS. EASLY: Of each.

16 MR. HETTRICK: I'm looking forward to that.

17 CHAIRMAN COOK: Just remind them it didn't cost the  
18 state taxpayers any money.

19 MR. HETTRICK: Any money. Yes. So, all right. Next  
20 is the legal report?

21 MR. GOEDERT: Well, we still don't have really any  
22 legal issues to deal with. We're pretty much free of that. So.

23 CHAIRMAN COOK: Another month goes by with the good  
24 services of Counselor Goedert standing on the barricades.

25 MR. GOEDERT: Shotgun in hand.

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1           CHAIRMAN COOK: Protecting the Dairy Commission.

2           COMMISSIONER COLLIER: I feel safer already.

3           MR. GOEDERT: Just don't turn your back.

4           COMMISSIONER COLLIER: I know. I know.

5           MR. HETTRICK: We are down to item number seven, but  
6 before we get to item number seven, I do want to recognize that  
7 Francis Pacheco and Al Trace from DFA are here, and joined us for  
8 the meeting as well on this end just for the folks down there.

9           So, you see who they are, if you see them sitting in  
10 the background, and ask them if they have any comment or anything  
11 they would like to say?

12           MR. PACHECO: Sure.

13           MR. HETTRICK: Please. Please do. Come on up there  
14 and sit down.

15           MR. PACHECO: Okay. Well, I want to thank you for the  
16 excellent welcome I received when I walked in. It's good to see  
17 the directors. The new director here, I haven't met this  
18 gentleman here, and but I'm sure I will get to know him as time  
19 goes on.

20           And everyone else here it's nice to see you again. I  
21 came up here because just this month we had a producer meeting in  
22 Fallon, Nevada, our membership base. 80 percent of the members  
23 were at the meeting, which was a very nice turnout for our spring  
24 meetings.

25           We had NRCS come in. They have a new agent in the area

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1 that's going to be helping our membership there with programs  
2 available for USDA.

3 We had reports on what's going on with our plant. We  
4 had our director of design and improvement for the plant there,  
5 he gave a quick synopses of where the plant is in its progress,  
6 and had a bunch of photos, a nice Power Point presentation.

7 It was a very nice meeting. We did invite the  
8 commission to participate, I wanted to make sure that that was  
9 known, we did invite everybody

10 And we had a report from a Simplot Company, who came in  
11 and said they have a lot of different programs and products that  
12 could help increase yields. And, of course, cows eat food and so  
13 we need to maximize food and milk production, so that's what  
14 we're doing.

15 With the plant, I'll give you a couple things on the  
16 plant.

17 It is moving forward. We were expecting to take milk  
18 in around October. However, it looks like it's going to be  
19 pushed back to November, so around Thanksgiving time at this  
20 point.

21 The progress is great on the plant. I mean they are  
22 pouring walls right now, and floors, and so everything is falling  
23 in line. The silos are up, you can see where the facility is for  
24 quite a while. The silos are nice and shiny, you can't miss 'em.  
25 And everybody is very pleased to see the progress our producers

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1 and everybody we run into in the area.

2           The other thing, I wanted to just go ahead and this is  
3 through the efforts of Al. Al has been one of the, I guess you  
4 could say special agents in the area to try to promote the area  
5 to bring in new producers, and he's been working with producers  
6 throughout the country, actually. And producers from Washington,  
7 New Mexico, California.

8           And any size. You know, there's a few small, you know,  
9 depends, relatively speaking, a few hundred cows that are vacant  
10 in Fallon, so we're trying to get those populated.

11           We're working with producers who want to do Green Field  
12 and get that moving, and there is interest there.

13           So, right now we -- Al has recently reported to us that  
14 there is a producer that is in the process of going through the  
15 permitting to have a facility permitted and built, and hopefully  
16 in production by year's end.

17           So, whatever the commission can do to assist with that,  
18 if there's any issues, we would be reaching out to you, and  
19 seeing what we can do if there's a need for it, we would  
20 appreciate any assistance possible, because the sooner we get the  
21 dairy up and running, of course, the better it is for everybody  
22 involved.

23           MR. HETTRICK: Mm-hmm.

24           MR. PACHECO: There is still I mean that's all the good  
25 side of what dairy is facing.

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1           You know, there is still a huge discrepancy between  
2 what feed costs and cost of production is versus milk price.  
3 That, that's one of the main factors the dairy industry is facing  
4 here in Nevada and in California.

5           It's due to the amount of feed that has to travel this  
6 way, and the low milk price. Relatively speaking, if you were  
7 looking ten years ago, this is a great milk price. But, when we  
8 look at what the feed costs are, and it's not so great, because  
9 it's basically all eaten up.

10           We have experienced quite a few sell-offs in  
11 California. And on the opposite side, I could say this much. If  
12 it wasn't for that plant going in, you would have had less  
13 producers in this market, in Nevada, because they would have also  
14 sold out.

15           But, they are willing to go ahead and stick in there  
16 and eat up that equity, because they are hoping to come out on  
17 the other side with a stronger industry.

18           So, that's what we see going on right now.

19           And again, I want to you know Al is in your area. I  
20 mean he lives in Minden, he's your local representative here.

21           Al does have an event coming up on the 25th, and I'm  
22 going to ask him to come up and report to the commission what's  
23 going on there. Hopefully we'll see some people from the  
24 commission at this event.

25           But, before I exit here, back to my seat, is there any

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1 questions for me?

2 CHAIRMAN COOK: Is there any heard reduction programs  
3 on the horizon? It wouldn't seem like there would be, at least  
4 not locally, but maybe in California, are you aware of any?

5 MR. PACHECO: No. The heard reductions that are going  
6 on are banks liquidating dairies.

7 Last month we had a 3,000 cow dairy liquidated. We had  
8 a dairy last month, last week that was a 700 cow dairy  
9 liquidated.

10 COMMISSIONER COLLIER: In Nevada?

11 MR. PACHECO: No, no, no. This is in California.

12 This is what I'm saying. In Nevada there is optimism  
13 of stabilizing the dairy industry. And so banks are giving a  
14 little bit more time there.

15 But, in California, we were just informed yesterday  
16 that a producer that's shipping six loads of milk a day, he's  
17 going to be liquidated within three weeks.

18 And so that, that's where the state is of the  
19 economics, and with the financial institutions saying that if  
20 it's not feasible. We are not going to pump more money in to  
21 keep people in business. We are just liquidating. And that's  
22 what's going on there.

23 So, the buyout program, it's industry involved. It's  
24 financially directed is what's going on there.

25 On the other side, what I do want to go ahead and say



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1 that we were informed that the Farm Bill is going to be moving  
2 pretty quickly now.

3 They are looking at getting it into the House and  
4 Senate for a vote, maybe by the middle of next month, middle of  
5 May, end of May.

6 We will be actively involved in pushing that for, Dairy  
7 Farmers of America is very supportive of the Dairy Security Act  
8 in the Farm Bill.

9 We are very supportive of how it has the approach of  
10 giving stability through a margin protection, giving stability  
11 through the Stabilization Act, which is basically some type of  
12 guidance or governor, when there's too much milk, that it doesn't  
13 pay all the money out, giving a signal to the producers to cut  
14 back on production, because nobody is going to milk cows for  
15 free.

16 And one of the big things that came out was the  
17 Goldblat Amendment, that said we will do away with the  
18 stabilization part of the bill.

19 Well, if you do away with the stabilization part of the  
20 bill, are you are doing is pumping in margin money, and this bill  
21 will cost so much money to the taxpayers. When it's all said and  
22 done, we are going to be blamed for it not working.

23 You need to have margin protection through Risk  
24 Management as well as a Stabilization Act, so that you just don't  
25 keep producing milk without the market signals.

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1           And so that's, it's very important.

2           And we may ask the commission at some point or the  
3 state, we will be addressing this with you guys in the next  
4 month, to be involved in DSA, if there's any questions or  
5 concerns about the Dairy Security Act, please let us know. We  
6 have been very supportive of it thus far, and it is going to be  
7 attached to the Farm Bill.

8           So that's moving forward.

9           MR. GOEDERT: Francis, could you send me a copy of the  
10 bill that they're voting on?

11          MR. PACHECO: The Dairy Security Act? Yes, I can.  
12 Yes, I will make sure that we do that.

13          MR. GOEDERT: I appreciate that.

14          MR. PACHECO: Tom, did you have a question?

15          MR. ORZECH: What's your read for the push in  
16 California for the Federal Order System.

17          MR. PACHECO: The push in the California system for a  
18 Federal Order is self inflicted, in the lack of responsiveness  
19 from the Department of Food and Ag there, to the dairy industry.

20                When you look at the Federal Order System and how they  
21 value the milk, especially when we are talking -- this is  
22 predominantly cheese milk, which is Class Three in the Federal  
23 Order, and in California it's the 4b price.

24                And in the last two and a half years, we're going back  
25 to January of 2010, they used to be one of those disposable

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1 factors. But now they have realized the nutritional importance  
2 of it, and the value of it as well, internationally. Globally.

3 So, that whey product should enhance producers' milk  
4 checks. And the way milk is priced, it's basically through  
5 what's known as end product pricing.

6 You take the products coming from the milk stream, and  
7 then you take the value of those products, minus what a make  
8 allowance is, through a study. Determine the yield, whenever you  
9 process, use that as a factor, and the residual should be coming  
10 back to the producers.

11 And that's how the Federal Order does it. They  
12 incorporate a whey factor into the Class Three price.

13 Whereas, California used to do that, but they  
14 established a snubber. So, in the Federal Order system, there is  
15 a full value of whey versus, in California, a snubber.

16 And just the last month, it was a \$1.91 difference per  
17 hundred weight. Now when you take 45 percent of the milk in  
18 California goes into cheese production, okay, that tells you what  
19 a dollar, what's a \$1.90 times .45, that's going to give you the  
20 money lost.

21 And if you go back to January 2010, and this is what I  
22 been doing is lobbying in Sacramento, is that since January 2010,  
23 we can calculate, because it's historical. The difference  
24 between Class Three and 4b has resulted in a loss to the  
25 producers of 798 million dollars.

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1           So, if you have a thousand cow facility, that equates  
2 to, I mean it's astounding. It's over half a million dollars a  
3 year.

4           So, we have been very active in trying to educate the  
5 need for change through our state system. And if not, we will be  
6 looking at a Federal Order System. So, that's kind of where  
7 that's, it's based on money.

8           MR. ORZECH: I know, I mean all the things I'm reading,  
9 the hang up is the quota system. That seems to be. But now they  
10 put something, I guess, in the bill back in Washington that would  
11 allow that quota system to remain, and be on its own within  
12 California.

13           How do you see that actually, do you think that that's  
14 a possibility?

15           MR. PACHECO: Oh, yes. Without a doubt. Back in the  
16 '96 Farm Bill, this same amendment was already approved back then  
17 to allow the California producers to enter into a Federal Order  
18 System with their quota system intact, okay?

19           The Federal Order System basically is a system that  
20 prices milk. The quota system and pooling system is something  
21 outside of that.

22           So, what the California producers just want to be sure,  
23 because in the other Federal Orders, they do not have the same  
24 pooling issues and quota issues. California producers want to be  
25 sure that if they want to have the quota system they are allowed

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1 to have the quota system.

2 And it is a stand alone bill, it's HR 1396 that was  
3 introduced bipartisanly by Jim Costa, a Democrat and David  
4 Valado, who is a Republican down in the Fresno, Tulare area. It  
5 shouldn't be an issue, because it really doesn't affect anybody  
6 else other than California.

7 And that's being run right now as a stand alone, but it  
8 could be attached to the Farm Bill when the DSA goes in also.

9 CHAIRMAN COOK: So, who is getting the benefit of that  
10 price difference between the 4b and the Class Three? Is it the  
11 cheese processors?

12 MR. PACHECO: Oh, definitely. Definitely. You can  
13 look at cheese processors in California. They have several other  
14 plants across the country, which are paying the Federal Order  
15 price and surviving and flourishing.

16 So, this is just a direct enhancement to their bottom  
17 line is what it is. It's not going to cost a consumer any more  
18 money. It's not going to cost the consumer any more money.

19 CHAIRMAN COOK: Am I correct in assuming that the halls  
20 of California state legislature in Sacramento are also crawling  
21 with lobbyists for cheese processors?

22 MR. PACHECO: Oh. It's funny. And talk about the age  
23 of information.

24 There is a daily update, a legislative update that they  
25 can log on to and see what bills, or actions on bills or what

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1 not.

2 This bill, which is bill AB 31 that has been put forth  
3 to basically say that the spread of this whey factor shouldn't be  
4 more than 90 percent. Okay?

5 That's the bill being put forth by the California Dairy  
6 Industry, the producers segment. And as well as, because there's  
7 a lot of smaller plants that do not have the economic viability  
8 to put in a whey dry system, the bill allows a three million  
9 pound credit per month. Back.

10 So, they don't have to pay this additional fee for whey  
11 for the first three million pounds. All of them don't have to  
12 pay that. So, they actually get milk cheaper, okay?

13 But, here's the issue is that there's 56 plants in  
14 California producing cheese. 14 of those produce 90 percent of  
15 the cheese. So, you have like 30 of them that don't even produce  
16 milk or take in milk of three million pounds, so they are  
17 actually going to benefit nicely.

18 The other ones, the larger cheese manufacturers would  
19 be paying a closer competitive price to what the milk is valued  
20 at in other orders or other states.

21 And that's kind of where we're at with this AB 31.  
22 Actually, it was supposed to go to the ag committee today, the  
23 bill was supposed to go today, and last week they decided they  
24 are moving it to a couple weeks out, so that freed up my day.  
25 So, that's why I'm here.

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1           MR. HETTRICK: We're glad you're here.

2           MR. PACHECO: Okay. So, Al, do you want to let them  
3 know about the event, please?

4           MR. TRACE: Good morning. Al Trace, DFA. Nice to see  
5 some familiar faces, and look forward to meeting the rest of you  
6 as we go forward here.

7           Without taking up too much time, I just want to back up  
8 and let everything everybody know not only about an upcoming tour  
9 we have, but a month ago, we had, on March 5th, what we deemed a  
10 Fallon producer tour. We held it in conjunction with the every  
11 other year event that's called the Western Dairy Management  
12 Conference held in Reno here, and we piggy backed off of that.

13           We sponsored six dairy farm families from four states  
14 to come in the day before. We had a brief meeting with them the  
15 morning of, Tuesday morning. Lynn graciously was there, and we  
16 thank you for that, and welcomed them to Nevada on behalf of the  
17 Commission.

18           Had a brief meeting, actually loaded a bus, drove to  
19 Fallon, looked at our plant, looked at some empty lease  
20 facilities up there, some ground. And drove down through Smith  
21 Valley, Yerington area, and up around Lake Tahoe just to show  
22 them the whole area, so they get a snapshot, if you will.

23           We had a family from New Mexico, a family from the  
24 state of Washington, a family -- three families from California,  
25 and a family from Idaho.

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1           The young family from Idaho is still kinda serious,  
2           kicking tires. They're going to plan on making a revisit here to  
3           the Fallon area I think in another month to try to get things  
4           aligned.

5           So, what Francis referred to next Thursday, the 25th,  
6           we're going to have a what we call a legislative/planning tour.  
7           We've invited the tri-county, being Churchill, Pershing and Lyon  
8           County, the commissioners the planners, we invited the  
9           commission.

10           So far we have 30 RSVPs. We are going to meet at a  
11           little place up there called the Old Post Office. We are going  
12           to give a brief report about DFA.

13           Our plant facility manager, Wes Clarkson will be there  
14           to give a report about the plant, where we're at and what's going  
15           on there. We are working real close with an ag developer out of  
16           Colorado, who actually has an office in Fallon now, a satellite  
17           office, who is helping us in the process of developing new  
18           dairies.

19           We will all give brief reports, we will actually load a  
20           shuttle bus. Because of logistics, we can't drive over to the  
21           plant. We are going to load the shuttle bus around 10:30 and  
22           take a little plant tour, and come back and conclude by noon.

23           We just really want to make the people in the area  
24           aware as we move forward and anticipate new bills that everybody  
25           is on base with what we're doing. You know, if we could ever use



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1 help and assistance in the permitting processing and such.

2 One more brief thing. Francis did refer to we have a  
3 new bill pretty close, you know, it's in the due diligence  
4 permitting process now, so we are excited about that.

5 We have a couple existing members in Fallon who are, I  
6 think, finally positioned that they will be able to start  
7 building new barns. Each one had about a thousand cows.

8 There was an empty facility that was recently sold, so  
9 we are anticipating that will be populated in due time over the  
10 next year or so.

11 Things are starting to bubble. It's exciting and we  
12 are doing incredibly well, I think, based on everything Francis  
13 said, as far as the pricing and the input costs and everything  
14 being upside-down for dairy producers right now, so that's it.

15 Is there any questions?

16 Thank you for giving me the time.

17 MR. HETTRICK: Thank you. We appreciate you guys  
18 coming and, you know, giving us an update and being here.

19 So, much appreciated.

20 Okay. We will polish this off and go from there.

21 Mr. Chairman, item number six is consideration of any  
22 other matters relating to the dairy industry.

23 CHAIRMAN COOK: Anybody have any thoughts, comments,  
24 insights they want to add? Get on the record?

25 Seeing none.

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1           MR. HETTRICK: And the final thing is public comment  
2 and discussion, and I think we just did that, so I think we are  
3 in good shape.

4           CHAIRMAN COOK: Okay. Are we ready to adjourn?

5           MR. HETTRICK: As far as I know, we are ready to  
6 adjourn.

7           CHAIRMAN COOK: Okay. We're done. We're adjourned.

8           MR. HETTRICK: Thank you all.

9           (Whereupon proceedings concluded at 9:41 a.m.)

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