

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 1

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, FEBRUARY 20, 2013

NEVADA STATE DAIRY COMMISSION

KIETZKE PLAZA

4600 KIETZKE LANE, A-107

RENO, NEVADA

APPEARANCES:

COMMISSIONERS PRESENT:

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

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

REPORTED BY:

SUZANNE KUES ROWE, CCR, RPR
Nevada CCR #127

**Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting**

1	INDEX	
2		PAGE
3	LYNN HETTRICK.....	3
4	MILKIAT GREWAL.....	7
5	WARREN GOEDERT.....	24
6		
7		
8		
9		
10		
11	EXHIBITS	
12		
13	1 - MEETING AGENDA.....	3
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 3

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

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

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

7 Mr. Hettrick, would you open the meeting, please?

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

9 This is the time and place set for a regularly
10 scheduled meeting of the Nevada State Dairy Commission for the
11 month of February, 2013.

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

15 A copy of the agenda has been handed to the court
16 reporter with the request that it be part of the official
17 transcript of the 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 G. Crowther, Member of the Commission.

22 Mr. John Collier, Member of the Commission.

23 Mr. Warren W. Goedert, Counsel for the Nevada State
24 Dairy Commission.

25 CHAIRMAN COOK: The first agenda item.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 4

1 MR. HETTRICK: First item on the agenda, Mr. Chairman
2 is public comment or discussion?

3 CHAIRMAN COOK: Anybody from the public have any
4 comments? Anybody down south, Troy?

5 COMMISSIONER CROWTHER: None down here.

6 CHAIRMAN COOK: Okay. Looks like we can move on to
7 number two.

8 MR. HETTRICK: Number two, possible action, license
9 application for vendor distribution license for Ocean Fresh Fish
10 and Seafood Marketing Company, Las Vegas, Nevada. Janet Cho is
11 the vice-president.

12 The applicant seeks a license to distribute ice cream,
13 sherbert, novelties and frozen yogurt in the Southern Nevada
14 marketing area.

15 The applicant's prices and costs have been reviewed by
16 members of the Dairy Commission Staff and are in compliance with
17 the agency's laws and regulations. The applicant will be
18 responsible for the assessments.

19 CHAIRMAN COOK: Is there anybody representing this
20 applicant present?

21 COMMISSIONER CROWTHER: None here.

22 CHAIRMAN COOK: Okay. Is there anything the staff
23 would care to add to this? It's pretty straightforward. I'm a
24 little curious why a fish and seafood marketing company is
25 distributing dairy products. Unless it's fish milk.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 5

1 MR. HETTRICK: Well, you're not far off, Mr. Chairman.
2 I did look at this too, because I had the same thing. And I see
3 what they are distributing currently is two types of ice cream.
4 Premium green tea ice cream with sweet adzuki beans.

5 So, I presume it's specialized for the market that they
6 serve as the Ocean Fresh Fish Company.

7 CHAIRMAN COOK: Do they cater to an Asian clientele?

8 MR. HETTRICK: I would assume so, but I don't know
9 that. So, it is a very unique product and just the one.

10 MR. GOEDERT: Do we know what an adzuki bean is?

11 THE DEFENDANT: Something in that's premium.

12 THE COURT REPORTER: Do we know how to spell it?

13 MR. HETTRICK: A D Z U K I.

14 CHAIRMAN COOK: I think we need to designate a staff
15 member to do a full report on Adzuki beans and how they apply to
16 the dairy industry.

17 COMMISSIONER COLLIER: Better yet, Mr. Chairman, why
18 don't we have a sample to taste.

19 CHAIRMAN COOK: Okay. Except it's got to come from Las
20 Vegas. Troy do you have any comments or questions?

21 COMMISSIONER CROWTHER: I'm just stuck back on that
22 fish milk. How do you milk a fish?

23 CHAIRMAN COOK: Very carefully.

24 MR. GOEDERT: You find a very nice moving stream and
25 you hold the fish up and rub its belly.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 6

1 MR. HETTRICK: Those udders are pretty slippery though.
2 Okay. Any other questions or comments or jokes or wise
3 cracks from anybody? Questions or comments from the staff?
4 Questions or comments from the public?
5 Hearing none, I will entertain a motion.

6 COMMISSIONER COLLIER: Mr. Chairman, that I will so
7 move that the Ocean Fresh Fish and Seafood Marketing Company be
8 granted a peddler distributor license to distribute ice cream,
9 sherbert, novelties and frozen yogurt in the Southern Nevada
10 Marketing Area.

11 COMMISSIONER CROWTHER: Second.

12 CHAIRMAN COOK: Having a motion and a second and no
13 dissenting votes, the motion passes. The license is granted.

14 MR. HETTRICK: Next, Mr. Chairman, is a license
15 application for a retail store importing from out-of-state.

16 Garry & Sun, USA, Reno, Nevada, Malkiat Grewal, owner.
17 I hope I'm saying that is correct.

18 MR. GREWAL: Yes, you are correct.

19 MR. HETTRICK: The applicant seeks a license to
20 distribute butter in the Northern Nevada Marketing Area.

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

24 And the applicant will be responsible for the
25 assessments.

**Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting**

Page 7

1 CHAIRMAN COOK: Would you come have a seat up here,
2 please, and state your name for the benefit of the court reporter
3 and spell it for her, please?

4 MR. GREWAL: Malkiat Grewal. M A L K I A T, last,
5 G R E W A L.

6 CHAIRMAN COOK: Thank you Mr. Grewal. Is there
7 anything that needs to be amended or corrected in the
8 application?

9 MR. GREWAL: No, sir. Everything is correct.

10 CHAIRMAN COOK: I'm curious what kind of butter you're
11 using.

12 MR. GREWAL: It's made from cows milk. It's made in
13 India. From milk they boil it and they turn that into yogurt.
14 From yogurt they turn it into butter, and then boil the butter
15 and make clarified butter.

16 This is like a radical lifestyle, and people are
17 already buying from the company directly. But, it's difficult to
18 bring one pound or half pound. And we are their distributors for
19 other items like massage oils, herbal teas, powders, tablets, we
20 are all importing this since 2000.

21 CHAIRMAN COOK: Is this a product that cater mostly to
22 the Hindu population?

23 MR. GREWAL: No, people who are in healing arts, and
24 health food. Individuals buy because it is just not only to eat,
25 you can also do for massage, specially like baby's massage is

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 8

1 done by butter in India. We can apply on their face as well.

2 Plus, additionally, it can be eaten as well, along with
3 the meat and the vegetables.

4 CHAIRMAN COOK: So, it's boiled and turned to yogurt,
5 and then from yogurt, it's made into butter?

6 MR. GREWAL: Yes.

7 It is more of a manual, that is the old tradition,
8 that's how people used to do when we were there.

9 But, cows milk is more softer, and it is more easily
10 digestible than buffalo's milk. And it comes prepackaged. They
11 are only doing it is, it's going to other parts of the world as
12 well.

13 I travel. Like we go to Midwest or east coast with
14 other principles, so they always buy from there, they pay a
15 shipping of 30 buck FedEx from there to here.

16 And they said, "Why don't you distribute here?"

17 And I said, "I have to get a license, if that is true,
18 then I will bring it here. It is prepackaged. We sell by the
19 pound."

20 CHAIRMAN COOK: So, it's not necessarily something that
21 can be used for internal consuming. It's mostly used for?

22 MR. GREWAL: Messages.

23 COMMISSIONER CROWTHER: Could you move that speaker
24 closer to him? I'm kind of having a hard time hearing.

25 CHAIRMAN COOK: Do you want the explanation?

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 9

1 COMMISSIONER CROWTHER: No, I heard most of it. I did
2 have a question. It sounds like a fair amount of transformation
3 that takes place in this product. Does that fall you under the
4 category of a processor?

5 MR. HETTRICK: He's not doing it. He's buying it
6 prepackaged.

7 THE WITNESS: We are buying prepackaged. We don't do
8 anything here.

9 COMMISSIONER CROWTHER: Okay?

10 MR. GREWAL: It comes in a pound packing and we are
11 going to sell as it is.

12 CHAIRMAN COOK: Does it have to be refrigerated?

13 MR. GREWAL: No. Room temperature. You when you boil
14 it, all the water content are boiled. Is it not Pasteurized.

15 It is pure milk which is boiled. When you boil it, it
16 evaporates. Then you turn into yogurt and then you mash it up
17 and make into a butter, and then you go like three to four hours
18 over fire until the water evaporates completely and then you put
19 it in jars.

20 CHAIRMAN COOK: So, it's packaged in a jar then?

21 COMMISSIONER COLLIER: It's like a cream?

22 MR. GREWAL: It's like a cream. When you want to use
23 it, you can warm it up, or you take a spoon of it and you can dip
24 into your food as well.

25 It is basically, we have sciences that is good for

**Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting**

Page 10

1 calming down the acidic nature of your body it's just to say if
2 you put butter or a ghee or an oil in the body, it helps to calm
3 the acidic nature, acid in your body.

4 It's a lubricant. A lot of people go from here to that
5 part of the world to do therapies. So, this is how they bring
6 back. And they have a hard time sometimes to bring it one
7 bottle, they can bring, and then even when they go to reorder,
8 you can't because it's 35, 30 bucks just to travel by UPS or
9 FedEx. That's for one.

10 COMMISSIONER CROWTHER: Expensive. What types of
11 stores is this sold in?

12 THE WITNESS: Any health food store, they can take it.
13 People with healing art centers, they also carry. People with
14 yoga center, because they know about it. They also sell it to
15 them. And individuals who know about it, they also buy it.

16 CHAIRMAN COOK: Okay. Any other questions?

17 COMMISSIONER COLLIER: I have none.

18 CHAIRMAN COOK: Questions or comments from the staff?

19 MR. HETTRICK: No.

20 CHAIRMAN COOK: Seeing none, and no public present
21 except for Mr. Grewal, I'll entertain a motion.

22 COMMISSIONER CROWTHER: All right. I will make a
23 motion to approve the retail store importing from out-of-state by
24 Gary Anderson USA, Reno, Nevada, to distribute butter in the
25 Northern Nevada marking area.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 11

1 COMMISSIONER COLLIER: I second that.

2 CHAIRMAN COOK: Okay. Having a motion and a second and
3 no dissenting votes, the motion carries and the license is
4 granted.

5 THE WITNESS: Thank you.

6 CHAIRMAN COOK: Thank you Mr. Grewal, thanks for being
7 here.

8 MR. GREWAL: I can leave, right?

9 CHAIRMAN COOK: Yes.

10 MR. HETTRICK: All right. Mr. Chairman, item three on
11 the agenda is a license amendment application, it's a processing
12 distributor license for Kan Pak LLC, Arkansas City, Kansas. Doug
13 Miller is the logistics manager.

14 The applicant seeks an amendment to add the Southern
15 Nevada Marketing Area to their license.

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

19 The applicant is responsible for the costs and
20 assessments.

21 CHAIRMAN COOK: Okay. Do we have anybody representing
22 this applicant present?

23 MR. HETTRICK: No.

24 CHAIRMAN COOK: Appears not to be the case. Anything
25 the staff needs to add to this?

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 12

1 MR. HETRICK: No.

2 CHAIRMAN COOK: They're just adding the Southern Nevada
3 Marketing Area to an existing license?

4 MR. HETRICK: Yes. I think actually, during an audit,
5 we found out that they were marketing some stuff into Southern
6 Nevada, and that he needed to amend their license, and it was
7 that simple. That's all it really amounts to.

8 COMMISSIONER COLLIER: What kinds of products do they
9 market?

10 MR. HETRICK: I can't answer the question.

11 CHAIRMAN COOK: Fish milk.

12 MR. HETRICK: In an application like that, when
13 they're just amending the Marketing Area.

14 MR. COMBS: Just mixes.

15 COMMISSIONER CROWTHER: Are those yogurt mixes?

16 MR. COMBS: Frozen dairy mixes.

17 CHAIRMAN COOK: Fish milk with adzuki beans.

18 MR. GOEDERT: We're going to milk that all day, aren't
19 we?

20 CHAIRMAN COOK: Any questions?

21 No questions?

22 Any comments or questions from staff? Comments or
23 questions from the nonexistent public? Hearing none, we will
24 entertain a motion.

25 COMMISSIONER COLLIER: Mr. Chairman, I'll make a motion

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 13

1 that we approve the processing distributor license for Kan Pak,
2 LLC, in Arkansas City, Kansas. This applicant, wants to add an
3 amendment to their existing license to add the Southern Nevada
4 Marketing Area to their existing license.

5 CHAIRMAN COOK: Having a motion and a second and no
6 dissenting votes, the motion carries and the amendment is
7 granted.

8 MR. HETTRICK: Next, Mr. Chairman, number four possible
9 action, approval of the minutes of January 16, 2013. The minutes
10 have one very minor change and should be approved as amended,
11 please.

12 CHAIRMAN COOK: Okay. Anybody care to make that
13 motion?

14 COMMISSIONER CROWTHER: I will make a motion to approve
15 the minutes, as changed, of the January 16th, 2013 Dairy, State
16 of Nevada Dairy Commission meeting.

17 COMMISSIONER COLLIER: Mr. Chairman, I will second that
18 motion.

19 CHAIRMAN COOK: Okay. Having a motion and second to
20 approve the January meeting, no dissenting votes, the minutes are
21 approved.

22 MR. HETTRICK: Next on our agenda, Mr. Chairman, is the
23 staff report for our balance carry forward at the end of January
24 was 490,546.54. That's a decrease of 3,816.94 from the end of
25 December.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 14

1 We attribute the small decrease to simple and seasonal
2 variation.

3 We have approved another tax holiday which will reduce
4 our reserves by approximately \$109,000.

5 Our reserve balance will still be higher than the
6 legislative recommendation by the end of the fiscal year, because
7 we still anticipate some additional revenue over and above
8 expense between now and the end of the fiscal year.

9 It's possible we'll do one more or be prepared to do
10 one more near the end of the fiscal year, but we'll just watch
11 that and see how it goes, and then report back to you.

12 CHAIRMAN COOK: When are we going to kick in the next
13 tax holiday?

14 MR. HETTRICK: Its going to be effective soon. We will
15 be mailing it out now.

16 CHAIRMAN COOK: Oh. Okay.

17 MR. HETTRICK: Very soon. The milk price report is
18 printed in your packet, or was here where you got here. The
19 current prices that we have to today are still going down slowly,
20 but not huge amounts.

21 We had our first legislative hearing, kind of a
22 prehearing. I think it's unfortunate that we were one of the
23 first few agencies that got to go in and testify, because I think
24 they all haven't got enough work to do, so they actually read
25 their documents in advance.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 15

1 And somebody picked up on the fact that we had a
2 promotion budget in there, and we had the word coloring book in
3 it. Man. The legislature launched into a big deal about why are
4 we doing coloring books, and where are we getting them printed.
5 Are they coordinating them with the school curriculum, and how
6 are we getting them into the schools. And on and on and on.

7 And we're talking about a program for seven and eight
8 year olds, where we go in and do maybe one 50 minute
9 presentation, perhaps, with our Moolissa the cow, and then we
10 hand out these coloring books so they can take them home, raise
11 awareness, maybe make them think about it again.

12 It's not meant to be tied into curriculums and/or added
13 to curriculums and so on.

14 So, we spent 15 minutes in the legislature talking
15 about coloring books. Which was unfortunate.

16 But, overall everything went fine, went well. We since
17 have gotten a 14, 15 question follow-up from LCB fiscal, but
18 we've already responded to that in answering their questions, and
19 whether they needed in more detail.

20 So, everything looks fine. Moving forward, haven't had
21 any contact beyond that.

22 CHAIRMAN COOK: Any updates on the move from B and I to
23 agriculture?

24 MR. HETTRICK: The question came up there as to they
25 wanted us to justify why we were eliminating three positions and

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 16

1 the moving to Agriculture. And Mr. Barbe was there, the director
2 of the Department of Agriculture.

3 He came down and kinda spoke to it, just said it was a
4 part of the consolidation effort and they were moving people
5 across and thought they could be better utilized. Pretty much
6 that was it.

7 Very little comment, really, made. I think they will
8 delve into it more. We have got more questions in the follow-up,
9 but certainly I didn't see anything that looked like people were
10 questioning what was going on.

11 As long as there's no general fund money, they'll look
12 at it and they'll be attentive and try to act like they are, you
13 know, this coloring book. It cost no general fund money. It's
14 nothing.

15 So, it has no impact on budget whatsoever, but, you
16 know, they have to show that they're doing their job, so they
17 went through it all.

18 But, beyond that, because it has no general fund money
19 in it, I don't see them having any hesitation about doing it
20 ultimately.

21 So, other than that, everything went well. I thought
22 it was fine. Our bill is in. It's the same bill we did two
23 years ago. It's SB 80, if anybody wants to follow it.

24 The hearing is scheduled, and I have forgotten right
25 now the date, but I think it's sometime in March, and we'll go

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 17

1 and do that.

2 We were notified, do a presentation on that. We were
3 notified Senator Settlemeyer sent an e-mail to us a couple days,
4 and Assemblyman Asley has put in a bill to expand the
5 distribution of raw milk.

6 It appears that what's happening is a gentleman has
7 applied to Nye County for the, to fulfill the requirements of our
8 statutes to market raw milk. They approved it. They have
9 appointed the three people they have to appoint. They have to
10 create their own milk commission within the county to do it.
11 They have done all of those things.

12 Then the question came up afterward, well, but we want
13 to sell it in Clark County. And we got approved in Nye County.
14 So, how can we do that?

15 The question came back to us as to whether or not we
16 thought the law allowed them to distribute it in Clark County.
17 And we said no. That's why it says county to county. You have
18 to have an approval. We don't think you can do it.

19 If somebody wants to come from Clark and buy it in Nye
20 and go back, but if you are going to distribute it in Clark
21 County, we think that would be inappropriate, based on the
22 statute.

23 And I think they went to Mr. Asley, and they are trying
24 to get him to modify the law to allow him to market it in Clark
25 County.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 18

1 We probably don't have a problem with that. I mean we
2 have the same concerns about the safety of raw milk, but the
3 safety of raw milk is going to be determined in Nye County. And
4 once they've done their job and followed the statutes, where they
5 distribute is probably not a big deal to us.

6 So, and how they distribute, to me, I think the bigger
7 question will be Clark County has its own health department and
8 Clark County has their own business licensing requirements, and I
9 think they may play.

10 But, from our standpoint, I don't think we, once it's
11 produced and followed, produced under the laws and regulations
12 that we have regarding raw milk, how it's distributed really
13 isn't an issue for us.

14 And so, you know, that's where we think it is right
15 now.

16 We attended the Tulare World Ag Expo last week.
17 Fascinating show. I went down. This is the first time I went.
18 In the past, of course, Kathy and Lisa have done it, and Walter
19 went down this time as well, and really interesting.

20 2.1 million square feet of displays, all agriculture.
21 1500 exhibitors. Some of these display areas are just massive.

22 And if you ever want to see a big tractor, you go to
23 this thing. Because, I mean, they had some tractors there that
24 were just unbelievable and equipment the same way. Just massive
25 equipment was there.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 19

1 Very interesting to walk around and look at. A lot of
2 new technology.

3 North Dakota, South Dakota, Kansas, Texas and Nevada
4 were there pretty much soliciting dairies to move from California
5 to their states.

6 We were, we had probably four or five people come up
7 from the media, various media outlets and say, so tell us about
8 why you're trying to take cows away from California and
9 negatively impact California's dairy industry.

10 And I ended up doing a TV interview for the local ABC
11 affiliate, which aired. Kathy was at breakfast in the hotel next
12 morning sitting there, and a man was sitting nearby. And they
13 got to talking.

14 She said, "I'm with the Nevada Dairy Commission."

15 "Oh, I saw you guys on the news last night talking
16 about taking cows from California."

17 And so it was quite interesting. So, it actually got
18 played and that's in the biggest dairy shed in the country. So
19 that was kinda nice.

20 And we also did a nationally syndicated radio show that
21 went all over the country.

22 And, in fact, that guy called me again yesterday and
23 said, "How do I get more information about the DFA plant? I want
24 to put some more information on the new DFA plant on to the
25 nationally syndicated thing."

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 20

1 So, we're getting some good play out of it. We talked
2 to lots and lots of people. People from Holland, Canada. They
3 were interesting. They actually came from Holland and went to
4 Canada, and they're not happy. And they sat and talked to us
5 for quite a while, it's two cousins and a father or something, I
6 don't remember now.

7 But, really nice people. But, one of the cousins said,
8 well, I was at your booth last year. I have your brochure. I
9 looked at it before I came here this year. I still have it. I'm
10 still interested. We're still talking, now that the plant's
11 going, we're still interested.

12 There's one large dairy looking at 3,000 acres,
13 approximately, in Smith Valley. The guy owns a dairy over in
14 Northern California near Petaluma somewhere. His, he's very
15 seriously looking to buy this and establish a brand new dairy,
16 quite large.

17 And he's going the fly back and forth between them to
18 operate them. They not going to close the California dairies,
19 just going to add one in Nevada.

20 CHAIRMAN COOK: And his Nevada operation is going to
21 feed to the Fallon plant?

22 MR. HETTRICK: Mm-hmm. Talked to a lot of people. Lot
23 of Fallon folks were there. We had help. I mean Fallon visitors
24 were there and came by and said hello us to. We had Rick Lattin
25 from Lattin farms in Fallon. That was really a benefit for us,

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 21

1 because he actually farms in the Fallon area.

2 And so when people would walk up and want to talk about
3 dairy, they would say, well what's the cost of land in Fallon?
4 And he could stand there and say, well, actually the cost of land
5 is really low.

6 But, the water right is \$5,250 an acre, and then you
7 pay for the dirt. And he said and the dirt can range from 750 to
8 2750. So, he said the price of land with water and dirt is 6,000
9 to 8,000 an acre.

10 And we wouldn't have known that, but once he said it,
11 of course, we heard it, and knew about it, and understood. They
12 asked about how much water was, he said they're in the Newlands
13 Project and they get their water through Newlands, and he said we
14 get three-and-a-half to four and a half acre feet of water for a
15 year. It's been stable for 20 years. We don't expect any
16 changes, so it was really helpful to have them there, plus he
17 knows a lot of the Fallon folks and a lot of the other farming
18 community type folks around. So, it was very helpful to have him
19 there.

20 And then, of course, DFA brought in the pictures they
21 have the, the photographs and the drawing they have of the plant,
22 and we had that set up on our table. Because it's obviously the
23 draw for a dairy person is, look. You got a captive market. You
24 got a place to sell your milk, you got people who want you there.
25 And, oh. By the way, our regulations are very user friendly and

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 22

1 that kind of thing.

2 So, we had a lot of comment, a lot of people come by on
3 that.

4 So, it worked out really well. We were pleased with
5 the results.

6 We have signed up for next year already, because we
7 could fix the price, otherwise they're raising the price. So, we
8 went ahead and signed up, fixed price, going to be in the exact
9 same place, which is an excellent location.

10 You walk into the dairy building, there are multiple
11 doors, but we are at one of the doors. And we are immediately in
12 the door as you walk in. It's the first thing you come to.

13 And, of course, we have Moolissa's head sitting on the
14 table. And poor old Moolissa must have been petted 10,000 times
15 a day. Every kid that walked by had to touch it, and about half
16 the adults.

17 And if you could charge for putting it on your head,
18 and we don't let them because of the liability and the fact that
19 it would get dropped and broken.

20 COMMISSIONER COLLIER: Does it still have fabric on it?

21 MR. HETTRICK: Barely. It's incredible. Can I have my
22 picture with it? Can I wear it?

23 It's just unbelievable. It attracts more attention.
24 You just can't imagine.

25 All and all, it went very well. I e-mailed all the

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 23

1 Commissioners, and told you we had one dairyman come by, and he
2 was, he was, he felt like we didn't jump up and be quite
3 enthusiastic enough about the plant, and kind of emailed us, and
4 said, well, you know, I came by there, and nobody seemed very
5 enthusiastic particularly.

6 And I wasn't pleased with that. The booth looked nice,
7 everything was okay, all of it was good, but I thought there
8 should be more enthusiasm.

9 We have talked about it. We don't know who he talked
10 to. He said he introduced himself, but we don't remember him
11 introducing himself, if he did. And the gentleman is a dairyman
12 in Fallon.

13 I wouldn't know him by sight, so I wouldn't know if I
14 talked to him or didn't talk to him. Rick Lattin would have
15 known him, and so would Al Trace. But, obviously those two
16 weren't there, so it had to be one of the three of us, or two of
17 the three, he said two people were there.

18 But, we don't remember talking to the man. So, how
19 that went, I don't know.

20 I e-mailed him back and told him I was sorry he was
21 dissatisfied. I think I copied all of you on what we did, and
22 so, but it was, you know, what can you do? I can't change it
23 after the fact. He's, you know, I don't know.

24 I mean we talked to hundreds of people every day and we
25 were there for the three days, and I would tell you that I would

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 24

1 think all but perhaps one was, were satisfied.

2 We certainly didn't hear anything else. So, you can't
3 please everybody all the time. It's just the way it goes. You
4 know, that's the way it is. So, unless you have questions about
5 that, I'll move on.

6 MS. EASLY: The drawing.

7 COMMISSIONER CROWTHER: A lot of the discussion sounds
8 like they were focused around bringing additional producers to
9 the state.

10 Was there any, did you sense any interest in, for
11 example, a yogurt plant or cheese or any additional processors
12 coming to the state?

13 MR. HETTRICK: No processors that I'm aware of came and
14 talked to us at the booth.

15 CHAIRMAN COOK: These Dutch people were producers?

16 MR. HETTRICK: Producers. And I'm not aware of any
17 processors.

18 We did talk, we went around and talked to a lot of
19 people on various technologies that we thought would be
20 interesting, ultimately, to the dairy industry and we ought to
21 know a little about it, so we were aware of them if, indeed, they
22 came this way. We talked to a lot of people where we would go up
23 and say, you know, where are you making this thing?

24 Or tell us about your product, and they would. And
25 then we would say, well, where are you making this thing?

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 25

1 For instance, there's a new technology, I won't bore
2 you with it; it looks to be very interesting.

3 It's being developed in Grass Valley, California, and
4 they are having to expand. They seem to think that they are
5 going to be manufacturing a lot of these things.

6 And after I talked to them for a few minutes, I said,
7 "Well, you're certainly not going to manufacture any significant
8 amount of these things in Grass Valley, California. Why don't
9 you move to Nevada?"

10 And the guy said, "Well, we are actually considering
11 Nevada."

12 I said, "Well, you really need to consider Nevada. And
13 went through the attributes of the taxes and all the things. We
14 did that multiple times, over and over again, that we talked to
15 somebody, a guy walked up to us first day, has a little bolus,
16 it's like the magnets they stick in cows to attract metal to keep
17 it from perforating the cows' insides. This little bolus has a
18 radio and a thermometer.

19 And you put it in the cow. And every five minutes it
20 takes the cow's temperature and radios it to a computer, receiver
21 to a computer.

22 And then you watch that, and if you see a rise in
23 temperature, you immediately go check that cow because the cow's
24 either in heat and becoming more active in that regard, which
25 they want to know to be able to read the cow, or the cow is

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 26

1 getting sick, and if you treat it sooner, you can shorten the
2 length of time the cow has to be out of the line and receiving
3 antibiotics, because it's less ill or has less illness to treat.

4 Very interesting stuff. We said to him, "Why aren't
5 you making this thing in Nevada? You're crazy if you're building
6 it anywhere else. You ought to be in Nevada."

7 We did that over and over again with people.

8 And then NNDA sent down Jojo Meyers, who is one of
9 their front people. And all she did for one full day and I think
10 a part of the second day, was went from manufacturer to
11 manufacturer and said, if you or your company was to expand or
12 move and was considering a location, who would I talk to about
13 being in Nevada.

14 And that's all she did. Got contact information. They
15 are going to start calling, following these up. And there were
16 hundreds of companies there. And she's, all she did for a day
17 and half was walk around and ask for contact info.

18 We're really mining that, trying to come up with
19 opportunities to move people here.

20 But, no, we didn't. Back to the original question, I
21 kind of stretched that out a lot. But, no, we didn't have
22 anybody as a processor come to us about cheese or yogurt or those
23 kinds of things.

24 CHAIRMAN COOK: Well good job. That's exactly what I
25 think we need to be doing.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 27

1 MR. HETTRICK: I do too. I think it's good and really
2 well received. And it's funny that we got the one complaint.
3 Because everybody else, we commented while we were there, that
4 everybody else would come up and say wow it's great you guys are
5 here and you you're talking to people and putting Nevada on the
6 map and let people know Nevada exists. I mean everybody walked
7 up and said that. And then we got the one complaint.

8 So, it's just the way, you know, you can't please
9 everybody all the time. It's just the way it is.

10 So, all right. Again, unless there are other
11 questions, I'll move on.

12 CHAIRMAN COOK: Okay. No.

13 MR. HETTRICK: All right. The next thing I want to do
14 is recognize Mike Combs, because Mike's going to be leaving us.
15 Today is his last day here.

16 And we hate to see him go. He's been a valued addition
17 to our staff, and truly a pleasure to work with.

18 And we hate to see you go, but he's going to go over to
19 Grand Sierra Resort and work in their accounting department.

20 And unfortunately, the state, as you know, doesn't
21 allow us to raise salaries or change grades or anything else.
22 We're fixed.

23 So, you know, people have to, if they want to advance
24 right now, they have to go look and see what's out there.

25 And Mike's got an opportunity that's too good to pass

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 28

1 up, so he's going to move on.

2 But, we want to thank Mike for his service to the Dairy
3 Commission and for being a friend and somebody that we have
4 enjoyed working with.

5 CHAIRMAN COOK: Congratulations.

6 MR. HETTRICK: All right. And then next from there is
7 Troy and Chris, your turns as commissioners are coming up in
8 June. And if you have an interest, we hope you do, in serving
9 again.

10 We would like to see you write the letter, requesting
11 to be reappointed, and you can submit that letter to us. We'll
12 probably send it in to the Governor's office with a cover letter.

13 There may be a requirement to fill in a new application
14 that's available on line, I don't know. But I know if you go to
15 the governor's website, they usually have something up there that
16 says application for serving on boards and commissions, and you
17 can pull it down.

18 But, whether or not you have to do that because you
19 have been here for a while, I don't know whether you have to do
20 it again or not.

21 If we send it in and do it early, which is what we
22 would like to do, then the if they come back and say we want a
23 new application, we'll know, and then we'll let you know and you
24 can go from there.

25 But, we do want to mention that, and let you know that

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 29

1 if you want to reapply, both of you, that we certainly support
2 that and would be happy to send a cover letter saying,
3 particularly now with the changes coming, this kind of continuity
4 and the, you know, the knowledge of what the industry's doing and
5 so on, would be beneficial to us, and we would like to maintain
6 that continuity if we could.

7 CHAIRMAN COOK: Okay.

8 COMMISSIONER CROWTHER: I appreciate the heads up.

9 MR. HETTRICK: All right. So, just go from there and
10 let us know what you want to do.

11 CHAIRMAN COOK: I'll write one. Troy, are you going to
12 write one?

13 COMMISSIONER CROWTHER: I'll write one.

14 MR. HETTRICK: And then finally --

15 CHAIRMAN COOK: I assume we address this to the
16 governor?

17 MR. HETTRICK: Yeah, I would address it to the
18 governor. Yeah. Just write the letter to the governor and say
19 maybe you'd like to serve again.

20 I thought we would let the newest commissioner choose.

21 These are people that actually stopped long enough to
22 read the application for the three day and two nights at the
23 Silver Legacy and dinner, and whatever. And they're there in the
24 bottom.

25 And if, John, you want to pull one out, we will notify

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 30

1 the lucky winner.

2 COMMISSIONER COLLIER: What a great honor.

3 CHAIRMAN COOK: Shouldn't that be a milk can?

4 COMMISSIONER COLLIER: Looks like Becca Peterson.

5 Pederson.

6 COMMISSIONER CROWTHER: Danish, maybe. B E C C A,

7 P E D E R S O N.

8 MR. HETTRICK: I'm sorry?

9 COMMISSIONER CROWTHER: I said, that's like a nice
10 Danish name.

11 MR. HETTRICK: All right. Next on the agenda, Mr.
12 Chairman, the legal report.

13 MR. GOEDERT: The legal report, there's nothing of a
14 serious legal nature that we are confronted with.

15 I would like to, just as a, just to pat myself on the
16 back, actually.

17 At one time, California wouldn't let us take our milk
18 into California. And that resulted in a Supreme Court decision,
19 saying that you can't do that.

20 And it seems kind of ironic to me that we are now in
21 charge of our own milk, in this state, and California can't come
22 in and take over our bailiwick, which I think is great.

23 Anyway, that's just historically that's what happened.

24 CHAIRMAN COOK: Is that the Hillside Dairy decision you
25 are referring to?

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 31

1 MR. GOEDERT: That's it. It is, and they didn't even
2 let me argue it. I just got to go watch it.

3 CHAIRMAN COOK: Did you really?

4 MR. GOEDERT: Yeah.

5 MR. HETTRICK: You wrote the briefs and then got to go
6 watch?

7 MR. GOEDERT: That was it.

8 CHAIRMAN COOK: Who actually did argue that? Was that
9 Chip English that did that?

10 MR. GOEDERT: Olsen was the one who was arguing it for
11 the Supreme Court, to the Supreme Court.

12 COMMISSIONER COLLIER: Huh. How come you didn't argue
13 it?

14 MR. GOEDERT: Um, I don't know. I don't know. They
15 just didn't let me do that. They let me write some briefs and
16 stuff. We made some argument that way.

17 But, they let, I can't remember his first name. He's
18 dead now, but he was very articulate. He knew what he was doing,
19 and he knew everybody on the Supreme Court. So, it was a much
20 better thing that he argued it than I.

21 MR. HETTRICK: Well, a good result. I'm glad. It
22 turned out well.

23 MR. GOEDERT: Well, it made California sit up and take
24 notice, for sure.

25 MR. HETTRICK: We kind of chuckled various times when

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 32

1 you say that. People would come by and talk about real
2 California milk, and depending on who it was and what we were
3 talking about at the time, we kind of chuckle and say, yeah.
4 Well, yeah, we only ship 20 loads a day into California for that
5 real California milk. And people would kind of laugh and look at
6 it.

7 MR. GOEDERT: California had basically small herds.
8 They didn't have any big herds like we have, where we were
9 getting a lot of milk. And they wanted to be little dairy
10 farmers. And like you mentioned Petaluma.

11 MR. HETTRICK: Yeah.

12 MR. GOEDERT: Oh, yeah. They were little, I mean I
13 don't know how many cows they had, but not enough to really have
14 a big industry.

15 So, it was an interesting time.

16 MR. HETTRICK: All right. Good. Anything else, any
17 questions there?

18 All right. The final thing on the agenda, well, two,
19 actually. Consideration of any other matter relating to the
20 dairy industry.

21 CHAIRMAN COOK: How is the Fallon plant progressing?

22 MR. HETTRICK: They have the pictures there. I think
23 you've seen those. They are about 30 days old, but the last, we
24 were told while we were over there from Al Trace that they have
25 actually got at least two or three of the five silos up that are

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 33

1 going to hold material. It's going very quickly.

2 I think they figure now it might be October before they
3 are in operation, but, I think that would be the latest that it
4 would be in operation. And they seem to feel like they are
5 getting some activity now.

6 The fact that it's actually building, dairymen see it,
7 it's not pie in the sky. It's actually going to be there, and
8 they are going to be able to sell milk.

9 CHAIRMAN COOK: Are they getting commitments from the
10 producers out there?

11 MR. HETTRICK: Some. Perazzo is building, I don't know
12 whether they call it a remodel or a new dairy, but he's upgrading
13 his facility, which is quite old and small, and I think he's
14 tripling in size. And there are others who are doing more.

15 But, I don't know, we can sit down and go through
16 producer by producer with him. But, they are still short. We
17 told most people we need 13 to 20,000 dairy cows, depending when
18 you count the dry and the young stock, and all the rest.

19 But, around 13,000 milking cows, at least we need, to
20 satisfy the milk produce that will be required to run the plant
21 at capacity.

22 We had a couple people walk up to us and tell us that
23 Darigold is building a similar plant in Washington. But, we
24 asked Al Trace about that.

25 And he said, "I've heard the rumor, but we think that's

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 34

1 all it is right now is a rumor. There's nothing under
2 construction. They're just talking about they want to get into
3 that same market."

4 So, clearly the market appears to be a viable one.
5 People are looking at it. That's good for us.

6 And, Mr. Chairman, the final thing on the agenda is
7 public comment and discussion.

8 CHAIRMAN COOK: Well, we are about out of public. Any
9 public in Vegas that want to comment?

10 Other than some paper rustling?

11 COMMISSIONER CROWTHER: There's no public down here.

12 CHAIRMAN COOK: Is Dave there?

13 MR. HETTRICK: No, Dave it is not here today.

14 He talked to me on the phone, and I believe it's
15 suitable for public knowledge. Dave talked to me on the phone
16 yesterday, and said we haven't been able to say anything, but we
17 can now. We have taken over the supplying of milk for Wal-Mart
18 and Sam's Club in Southern Nevada, Southern Utah and Northern
19 Arizona.

20 They're doing a large expansion of their plant, and
21 their bottling line and changing their facilities around, and
22 today is Dave's day to go out with Wal-Mart store managers all
23 over the south and talk to them about providing the milk, and
24 what they're going to be able to do for them and those kinds of
25 things.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 35

1 CHAIRMAN COOK: Where are they going to be sourcing all
2 this additional milk from?

3 MR. HETTRICK: I don't know. He didn't mention it.
4 And as you know, they get 99 percent of their milk from Utah. I
5 presume they feel they have enough milk supply to be able to
6 continue.

7 CHAIRMAN COOK: That's a big commitment on their part
8 to expand to that. Huge.

9 MR. HETTRICK: Yeah. Very excited. That's a good
10 thing for them. We'll see where it goes.

11 CHAIRMAN COOK: Okay.

12 MR. HETTRICK: I guess the other thing I might mention,
13 I don't know. Do you think I should mention the Model Dairy
14 situation, what's going on there?

15 MR. ORZECH: It's public.

16 MR. HETTRICK: Yeah. While we were in Tulare, Jim
17 Breslin called Tom and told him that he had received a call from
18 Dean Foods, and Dean Foods said they were cutting back on
19 managers, and his position was being eliminated.

20 So, Jim Breslin won't be at Model or managing Dean
21 Foods anymore.

22 CHAIRMAN COOK: Oh. I'm sorry to hear that.

23 MR. HETTRICK: Yeah. We all are. And I think Dean
24 lost the WalMart contract and went to Anderson.

25 COMMISSIONER COLLIER: In Southern Nevada.

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 36

1 CHAIRMAN COOK: That wouldn't have impacted him up
2 here, would it?

3 MR. HETTRICK: He was managing both plants.

4 CHAIRMAN COOK: Meadow Gold was also under Jim?

5 MR. HETTRICK: Mm-hmm.

6 CHAIRMAN COOK: Oh. Well, sorry to hear that. He's
7 been a valued member of our community.

8 MR. HETTRICK: Absolutely. He's been a real asset, as
9 you say, just in the community as an active participant in a lot
10 of community activities.

11 It's a shame to see that occur, but, you know, been
12 there a long time and, you know, so he said he's going to take
13 some time off and then decide what he's going to do. Move on.

14 CHAIRMAN COOK: Okay. Well, that isn't very good news,
15 but things change, so.

16 Okay. Any other comments, questions? Observations?
17 Input?

18 Seeing none, let us adjourn. Take care, Troy. Happy
19 tax season.

20 COMMISSIONER CROWTHER: Lynn?

21 MR. HETTRICK: Yes, sir.

22 COMMISSIONER CROWTHER: Just send a hard copy of that
23 letter to you then?

24 MR. HETTRICK: That would be fine. Send us a hard
25 copy, we'll put a cover letter together with it. We'll send it

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 37

1 in, and then just let them know we think it's important to keep
2 the continuity, and we would recommend it for reappointment, and
3 see what they do.

4 Technically there's some rules that will say you don't
5 go beyond six years or two terms or something, but often if they
6 don't get applicants, they ignore those.

7 Even if they get applicants, depending on who they are,
8 they ignore them. So, we will make a case for continuity and see
9 what we can do.

10 CHAIRMAN COOK: Okay. So, we probably shouldn't make
11 reference to the fact that we were appointed.

12 MR. HETTRICK: No, I wouldn't go back and say this
13 would be my third term. I wouldn't say any of that.

14 I would just say my term is approaching its end, and I
15 would like to serve again. I've learned a great deal about the
16 industry, and I enjoy working with the people involved, and the
17 dairy industry is growing right now, and we're in the middle of a
18 lot of changes between the move to ag and the new plant in
19 Fallon, and we think the continuity would be important, and put
20 something together like that.

21 COMMISSIONER COLLIER: How long is the term of a
22 commissioner?

23 MR. HETTRICK: What are they, two years?

24 MR. ORZECH: Three years.

25 MR. GOEDERT: Someone asked me the other day about the

Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting

Page 38

1 powdered milk. If it's reconstituted, is it, does it have a
2 shelf life of two years without?

3 MR. HETTRICK: I don't know what the actual numbers
4 are, Warren. What I've been told in regard to this milk product
5 is, is that it's actually packaged in nitrogen. Somehow the
6 oxygen is expelled. Normally that would go rancid with oxygen in
7 it.

8 But, because of the way they package it, it doesn't.
9 That means they extend the shelf life in the first iteration in
10 the powdering process. Then once it gets to China, from what I
11 understand in the meeting I was in, that they were talking about
12 they got to put it into those foil juice packs, they are going to
13 reconstitute it, put it in the foil juice packs, where you stick
14 the straw in the top.

15 There's no air in those, and I guess they are going to
16 ultrapasteurize that when they reconstitute it.

17 And once it goes in there, it could be transported.
18 And the storage life is very long, I don't know what it is, but
19 long.

20 And it doesn't have to be refrigerated. At all. So,
21 they can ship it out to the hinterlands of China and deliver
22 whole milk.

23 CHAIRMAN COOK: Where there is no refrigeration.

24 MR. HETTRICK: Yeah, no electricity, no refrigeration,
25 and they can deliver whole milk. Which, otherwise, they couldn't

**Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting**

Page 39

1 do.

2 MR. GOEDERT: I was telling somebody the other day is
3 that the shelf life on it, once you reconstitute it and put it in
4 there, is amazing. Absolutely amazing.

5 MR. HETTRICK: And without refrigeration, as I
6 understand it. So, it is, yeah. I mean they are hitting a very
7 specific market.

8 It was developed by New Zealand, and New Zealand has
9 two of these plants, and that's all they have right now. And
10 apparently DFA has found a market to do the same thing, and
11 that's why they built this plant.

12 MR. GOEDERT: Makes sense.

13 COMMISSIONER CROWTHER: Thanks, you guys.

14 MR. HETTRICK: All right. See you next month, Troy.

15 CHAIRMAN COOK: Take care, Troy.

16 COMMISSIONER COLLIER: Gentlemen, we will see you next
17 month.

18 (Whereupon proceedings concluded at 9:47 a.m.)
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**Transcript of Proceedings - 2/20/2013
Nevada State Dairy Commission Public Meeting**

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BOARD SIGNATURE PAGE

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JOHN COLLIER, MEMBER

TROY CROWTHER, MEMBER

