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PUBLIC MEETING OF THE
NEVADA DAIRY COMMISSION

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TRANSCRIPT OF PROCEEDINGS
Thursday, October 20, 2016
Fallon, Nevada

REPORTED BY: Janet Menges, CCR #206

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APPEARANCES:

COMMISSIONER MEMBERS:

Christopher Cook - Chairman

John Collier, Commissioner

Troy G. Crowther, Commissioner (Via Videoconference)

ALSO PRESENT:

Dennis Belcourt, Deputy Attorney General

Anna Vickrey, Operations Manager of Food Safety

Tim Armstrong

Al Trace

Kimberly Whitfield (Via Videoconference)

Public Meeting - 10/20/2016
Nevada Dairy Commission

1 FALLON, NEVADA, THURSDAY, OCTOBER 20, 2016, 1:23 P.M.

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4 CHAIRMAN COOK: Let's get this October meeting
5 of the Dairy Commission, Nevada State Dairy Commission
6 started a little bit late.

7 So Ms. Vickrey, will you do the honors, please.

8 MS. VICKREY: Yes, sir.

9 This is the time and place set for the
10 regularly scheduled meeting of the Nevada State Dairy
11 Commission for the month of October 2016. This meeting
12 has been scheduled and noticed in compliance with the
13 pertinent statutes, including the Open Meeting Law.

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

17 My name is Anna Vickrey, operations manager of
18 food safety for the Department of Agriculture.

19 Present today are Mr. Christopher Cook,
20 chairman; Mr. Troy G. Crowther, member of the
21 Commission; Mr. John Collier, member of the Commission.

22 Those who present statements or evidence to the
23 Commission during this meeting are requested to first be
24 acknowledged by the chairman and to identify themselves
25 for the record.

Public Meeting - 10/20/2016
Nevada Dairy Commission

1 CHAIRMAN COOK: Okay.

2 Let's go to the first agenda item, please.

3 MS. VICKREY: Public comments.

4 CHAIRMAN COOK: I want to take this opportunity
5 to note the passing of Warren Goedert, who had been our
6 in-house counsel prior to the consolidation with the
7 Department of Agriculture. I had it brought to my
8 attention by my wife who mentioned it to me. He
9 actually died on September 11th after what I think was a
10 fairly long difficult battle with cancer. Never did
11 quite know what variety of cancer. It doesn't matter.
12 It finally got to him, but he passed away and I was
13 totally unaware of it until I had it brought to my
14 attention, and I just wanted to have some sort of a
15 public acknowledgement of his contributions to the Dairy
16 Commission over all the years that I was on as a member.

17 So that's all I have to say about it.

18 MS. VICKREY: That is very sad to hear. He was
19 a member of the Commission as long as I have been with
20 the Commission for 18 years. So that is sad to hear. I
21 hadn't heard either.

22 CHAIRMAN COOK: Well, it came as a bit of a
23 surprise and shock. I knew he was ill, but I didn't
24 know he had progressed to that point. So anyhow he has
25 passed on and he was a valued member and attendee at the

1 meetings certainly from the day I started, which was way
2 back in 2004. So he will be missed.

3 So we can move on to number 2, please.

4 MS. VICKREY: Number 2, approval of the minutes
5 for the September 22nd, 2016 Dairy Commission meeting.

6 CHAIRMAN COOK: I will entertain a motion.

7 MR. COLLIER: Mr. Chairman, I move that we
8 accept the minutes of the state Dairy Commission meeting
9 held in Reno, Nevada and Las Vegas on September 22nd,
10 approved with no corrections.

11 MR. CROWTHER: Second.

12 CHAIRMAN COOK: Hearing a motion and a second
13 and no dissenting votes, the minutes are adopted as
14 submitted.

15 MS. VICKREY: Next on the agenda is the staff
16 report.

17 We have been busy. We just participated with
18 FDA on the Taiwanese audit. They actually came to the
19 DFA powder plant here in Fallon and what they were
20 looking for was equivalency with our standards for food
21 safety against theirs. They did find very minimal HACCP
22 violations. We're hoping to have that report to us in
23 about six months, but overall I think it went very well.
24 They also visited four plants, I believe, in California
25 and it sounded like those went very well, also.

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1 CHAIRMAN COOK: This is prior to establishing
2 export relationships, exporting product to --

3 MS. VICKREY: I believe there has been
4 exporting already. I just think they wanted to look at
5 some equivalency. It wasn't just with powder. It was
6 also with feeder products. This happens on occasion. I
7 believe there is a representative here from DFA that
8 different countries will come in and look at
9 equivalency. China, I believe, was recently in your
10 plant here in Fallon.

11 MR. ARMSTRONG: Yes, they were.

12 CHAIRMAN COOK: All right.

13 MS. VICKREY: Currently I'm getting ready to
14 set up the laboratory down in the Las Vegas building.
15 That will be just a confirmatory lab for antibiotic
16 testing. We have basically just an empty room right now
17 so we're going to be bringing in cabinets and lighting
18 and test methods as well. So we will be busy doing
19 that.

20 CHAIRMAN COOK: This will be testing --

21 MS. VICKREY: Antibiotic residues.

22 CHAIRMAN COOK: The haulers or from the dairies
23 down there or --

24 MS. VICKREY: Well, what happens it's mainly
25 for the dairy farms. If they were to ship milk into

1 California and that milk came up positive and was
2 confirmed positive, they cannot ship milk from that
3 facility until they have a clearing sample, and so to do
4 that we don't have a plant there in Las Vegas currently
5 to be able to facilitate that and move them on faster.
6 That is the reason that we're putting that in at this
7 point in time.

8 CHAIRMAN COOK: Okay.

9 MS. VICKREY: The only other thing we just had
10 our FDA milk splits that we all tested. FDA will send
11 us about 20 samples and each of the analysts in the
12 laboratory have to run tests on all the different test
13 methods that we're approved for and then we submit those
14 results to FDA, and if we all pass then we can continue
15 to run the samples in our lab and have them as official
16 samples. If we don't pass one of the analysts could get
17 kicked out of the program. So we don't have those
18 results yet. So, you know, it will probably be a couple
19 of months until we get those back.

20 CHAIRMAN COOK: Okay.

21 MS. VICKREY: Other than that I believe that is
22 it for now.

23 MR. TRACE: Al Trace, Dairy Farmers of America.

24 I have a question. I don't know if I followed
25 you. You said if some of the farms were to send milk

1 into California. Would that not just be California
2 specifically, maybe Arizona or any state; right? I
3 mean, is it --

4 MS. VICKREY: Any state.

5 The three dairy farms we have in the Las Vegas
6 area, they are actually out in Nye County, ship all of
7 their milk mainly to California.

8 MR. TRACE: Okay.

9 I guess one of the few remaining dairies --
10 plants in California that accept out of state milk,
11 because there's not many that do anymore that.

12 MS. VICKREY: Well, it's Rockview Dairy. So
13 the farms are also Rockview Dairy. So the Ponderosa
14 Group is the owner of the plant and the farms.

15 MR. TRACE: So it's not just a California
16 thing. I guess you answered my question. If that milk
17 was going to Arizona they would require that same sort
18 of stuff maybe or --

19 MS. VICKREY: Well, for us we want to get the
20 farm back up and operating as quickly as possible.
21 Otherwise we have to ship that milk sample somewhere
22 until the milk can be released.

23 MR. TRACE: Thank you.

24 CHAIRMAN COOK: Does the lab have to go through
25 any sort of certification process before we can start

1 doing those tests?

2 MS. VICKREY: Yes.

3 Lisa and myself are both laboratory evaluation
4 officers and we are able to go out and approve any
5 industry or regulatory facility to do the testing. So
6 Erica will have to go through all the evaluations that
7 are done at any other lab.

8 CHAIRMAN COOK: Okay.

9 I don't recall that, and I'm not challenging
10 this at all, I just don't recall that we ever budgeted
11 for that. Did we ever discuss getting a lab established
12 down there?

13 MS. VICKREY: Well, it was kind of a discussion
14 once we got this lab up and functioning that we wanted
15 to have the small lab down there. We used to have the
16 same kind of lab at the old Dairy Commission offices
17 where we only did the antibiotic residues. So we
18 decided it's a good idea, because we ended up having a
19 positive down there about a year and a half ago and it
20 took quite a while until that milk could get released.
21 So it just makes sense to try to help them out as much
22 as possible.

23 CHAIRMAN COOK: Yeah, I'm very much in favor of
24 that.

25 MS. VICKREY: They move a lot of milk, so --

1 CHAIRMAN COOK: Yes, I know. I know.

2 So we're not testing anything that's coming in
3 from out of state that is going to Anderson or Meadow
4 Gold? It's just stuff going from Nye County over to
5 California?

6 MS. VICKREY: Correct, right.

7 CHAIRMAN COOK: Okay.

8 MS. VICKREY: That's all I have.

9 The only other thing is I believe we want
10 Kimberly to give us a quick run over the budget.

11 MS. WHITFIELD: This report is the budget
12 summary year-to-date as of 10/18/2016. Our net revenue
13 year-to-date, which ties to DAWN, the state system,
14 \$802,812.79 and excluding the balance forward the net
15 revenue year-to-date is a negative \$179,980.21.

16 Any questions?

17 CHAIRMAN COOK: That's how much we've chipped
18 off of the reserve, the 179?

19 MS. WHITFIELD: No, the reserves, if you look
20 at the bottom, item 86, the agency reserves are over a
21 million at this point, \$1,100,434.

22 MR. CROWTHER: I think what the Chairman is
23 asking, though, does this 179, is that making a downward
24 impact on that reserve? Is that the overall picture,
25 this will --

1 MS. WHITFIELD: Yes.

2 MR. CROWTHER: -- affect the reserve by
3 bringing it down?

4 MS. WHITFIELD: The reserve hasn't changed
5 since last month. That's still the same amount that's
6 showing in DAWN.

7 CHAIRMAN COOK: We have a legislative session
8 coming up.

9 MR. CROWTHER: Then I'm confused. How does the
10 negative 179,980 impact the reserve? Seems like there
11 should be some reduction in the reserve because of that,
12 a deficit?

13 MS. WHITFIELD: Well, what I'm saying is they
14 don't change the figure of the reserve in DAWN. That's
15 why we do it this way to see what the difference is.
16 The balance forward is what makes the difference, the
17 \$982,793. So next month this should get smaller, the
18 balance forward.

19 MR. CROWTHER: The balance forward, not the
20 reserve?

21 MS. WHITFIELD: Right.

22 MR. CROWTHER: So what does that reserve, then,
23 represent? It sounds like the balance forward is really
24 the relevant number; is that correct?

25 MS. WHITFIELD: Well, that's what was in there.

1 MR. CROWTHER: How does line 86 on this page,
2 how does it change, how does it ever change?

3 MS. WHITFIELD: It never changes until they
4 take something out of it. It's like a savings. It's
5 not your --

6 CHAIRMAN COOK: So if I understand this, it
7 looks like we're operating at a deficit and I think the
8 question is how do we fund that deficit. I'm not an
9 expert on government accounting so --

10 MS. WHITFIELD: This just started the fiscal
11 year of 2017, July, August and partial September. You
12 don't even have all of it. It's only three months'
13 worth of our revenues coming in from this. So that will
14 go down eventually as we continue to --

15 CHAIRMAN COOK: Okay, so we've front-end loaded
16 some expenses, but the revenue to cover those doesn't
17 come in until later in the year?

18 MS. WHITFIELD: Yes.

19 MS. VICKREY: And we probably won't start
20 seeing any real significant changes in these numbers for
21 several more months, and I don't think we're going to
22 see a big change regardless because even though we took
23 off the fluid assessments our yogurt assessments are
24 still increasing.

25 So I think in the next few months we probably

1 ought to start taking a look at cutting some more
2 revenue, and I think my suggestion would be is to cut
3 the yogurt assessment in half until we start spending
4 down some of that reserve.

5 CHAIRMAN COOK: It's encouraging to see yogurt
6 sales growing that much, but unfortunately we're not
7 making any of it here, or fortunately, I guess.

8 MS. VICKREY: We're eating a lot of it.

9 MR. COLLIER: We're selling a lot of it.

10 CHAIRMAN COOK: Okay, thank you.

11 Troy, any questions?

12 MR. CROWTHER: No.

13 CHAIRMAN COOK: John?

14 MR. COLLIER: I have a question.

15 Why down here on the third line from the bottom
16 it says year-to-date expenses \$802,812.79 and on the
17 second line from the bottom it says net revenue
18 year-to-date ties to DAWN, whatever that is,
19 \$802,812.79? Is that the same figure as the expenses,
20 what is that all about? This is hard for me to
21 understand or read.

22 MS. WHITFIELD: Okay.

23 MR. COLLIER: I'm not a government accounting
24 specialist here, so --

25 MS. WHITFIELD: At the top the monthly

1 assessment total is \$1,160,911.92. Then below the
2 monthly expense total is the 358,099.13. So the million
3 -- the top number minus that is the year-to-date total
4 expenses, the \$802,812.79. So it really does tie to
5 DAWN. That's what it was showing.

6 See, the revenues are higher than what the
7 expenses are so --

8 MR. COLLIER: I don't have a clue what this is
9 all about. Do you?

10 CHAIRMAN COOK: No, but I think we probably
11 ought not to tie up time at this point to try to get a
12 lesson in government accounting.

13 MR. COLLIER: Let's move forward.

14 MS. VICKREY: It is very confusing.

15 MR. COLLIER: Let's move forward.

16 MS. VICKREY: And I think if we just keep a
17 good eye on that reserve, because if we end up bringing
18 in less money than we are expending then they'll start
19 pulling that money out of reserves to do -- they'll do a
20 work program and pull it back in to pay for our bills.
21 So that's the number I think we really need to keep a
22 good eye on.

23 CHAIRMAN COOK: Yes, that's our concern making
24 sure that agency reserve doesn't get out of control and
25 get too large. So that's the figure we need to keep an

1 eye on.

2 Okay, anything else in the way of staff report?

3 MS. VICKREY: No.

4 CHAIRMAN COOK: That's it.

5 Let's move on to the next item.

6 MS. VICKREY: Consideration of any other
7 matters relating to the Dairy Industry.

8 CHAIRMAN COOK: This is your chance, Al, want
9 to give us updates on what is happening with the price?

10 MR. TRACE: Al Trace, Dairy Farmers of America.

11 Pricing to the dairy farmers isn't real good.

12 It hasn't changed much since the last --

13 CHAIRMAN COOK: Gone down even a little bit
14 more.

15 MR. TRACE: Yes, pretty quick overview. So the
16 dairy farmers are certainly struggling across the
17 country. I would say that the dairy farmers here in
18 Northern Nevada with our new plant with the reduced
19 hauling rate it helps them a little bit, but overall
20 pricing isn't -- and really our crystal ball within DFA
21 doesn't show any relief until maybe the end of next
22 year.

23 So we'll see, the federal order hearings are
24 over with, of course. The federal order actually is
25 installed or actually takes place, happens, voted in by

1 referendum, producer referendum. I think it will
2 improve the Nevada prices just ever so vaguely. I think
3 what it will do is just put some stability in the
4 marketplace instead of being so volatile, but it's not
5 going to be a huge help. I think written the way as it
6 is, if it comes back from USDA, they'll include a higher
7 protein pricing, so that could help particularly our
8 colored breeds, our Jersey breeds in the area, but
9 nothing earth shattering.

10 So other than that, I think in the interest of
11 time Tim Armstrong, our plant manager is here. After
12 we're offline, our last agenda item we are going to do
13 some powder tasting. So I will forego my time, because
14 he has a little video of the plant and we will go with
15 that, if that is all right.

16 CHAIRMAN COOK: Thank you.

17 Anybody else have anything they want to put on
18 the table for consideration for the Dairy Industry?

19 MR. COLLIER: I have nothing.

20 CHAIRMAN COOK: Then let's move on to number 5.

21 MS. VICKREY: Public comments and discussion.

22 CHAIRMAN COOK: Anybody from the public want to
23 throw anything out, staff?

24 Troy, anything you want to put on the table for
25 discussion?

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1 MR. CROWTHER: No.

2 CHAIRMAN COOK: Okay.

3 Well, then, I guess we can wrap this one up.

4 MS. VICKREY: Okay.

5 CHAIRMAN COOK: I'll go ahead call the meeting.

6 Thank you.

7 (Meeting adjourned at 1:42 p.m.)

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1 STATE OF NEVADA)
) SS.
2 COUNTY OF WASHOE)

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5 I, JANET MENGES, a Certified Court Reporter in
6 and for the County of Washoe, State of Nevada, do hereby
7 certify:

8

9 That I was personally present for the purpose
10 of acting as Certified Court Reporter at the Nevada
11 Dairy Commission Meeting

12

13 That said transcript which appears hereinbefore
14 was taken in verbatim stenotype notes by me and
15 thereafter transcribed into typewriting as herein
16 appears to the best of my knowledge, skill and ability
17 and is a true record thereof.

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19

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21 JANET MENGES, CCR #206, RPR, CP

22 California CCR # 5785

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COMMISSIONER CHRISTOPHER COOK

COMMISSIONER JOHN COLLIER

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