

Public Meeting - 11/19/2015  
Nevada Dairy Commission

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STATE OF NEVADA

DEPARTMENT OF AGRICULTURE

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NOTICE OF PUBLIC MEETING  
OF THE NEVADA DAIRY COMMISSION

TRANSCRIPT OF PROCEEDINGS

November 19, 2015

Sparks, Nevada

Reported by: Karen Bryson  
Certified Court Reporter #120

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APPEARANCES

CHRISTOPHER COOK, Chairman  
TROY CROWTHER, Commission Member (via videoconference)  
JOHN COLLIER, Commission Member  
LYNN HETTRICK, Deputy Director/Department of Agriculture

ALSO PRESENT:  
HARRY B. WARD, Deputy Attorney General  
KATHY EASLY  
ANNA VICKREY  
AL TRACE  
GARY RECK  
KIMBERLY WHITFIELD (via videoconference)

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1 SPARKS, NEVADA, THURSDAY, NOVEMBER 19, 2015, 1:00 P.M.  
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2

3 CHAIRMAN COOK: Okay. Let us convene this  
4 November meeting of the Nevada State Dairy Commission.

5 Would you open the meeting, please,  
6 Mr. Hettrick.

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

8 This is the time and place set for a regularly  
9 scheduled meeting of the Nevada State Dairy Commission for  
10 the month of November 2015.

11 This meeting has been scheduled and noticed in  
12 compliance with the pertinent statutes, including the open  
13 meeting law. A copy of the agenda has been handed to the  
14 court reporter with the request that it be a part of the  
15 official transcript of these proceedings.

16 My name is Lynn Hettrick, deputy director for  
17 the Department of Agriculture. Present today is  
18 Mr. Christopher Cook, chairman of the commission; Mr. Troy  
19 G. Crowther, member of the commission; Mr. John Collier,  
20 member of the commission.

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

25 CHAIRMAN COOK: Thank you.

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1           Would you proceed to the first agenda item.

2           MR. HETTRICK: First agenda item, Mr. Chairman,  
3 is public comment and discussion.

4           CHAIRMAN COOK: Okay. We have two members from  
5 the public present here.

6           Anybody down there, Troy?

7           COMMISSIONER CROWTHER: No, nobody here.

8           CHAIRMAN COOK: This is your chance. You'll  
9 get another chance at the end of this.

10          Al? Gary? Anything you want to toss on the  
11 table for discussion?

12          MR. TRACE: I'll wait to the end if --

13          CHAIRMAN COOK: Okay.

14          MR. TRACE: -- that's okay with you,  
15 Mr. Chairman.

16          MR. HETTRICK: All right.

17          CHAIRMAN COOK: Okay. Let's move on to number  
18 two, please.

19          MR. HETTRICK: Number two is possible action,  
20 license application, peddler distributor license, for  
21 Swire Coca Cola USA. They're out of Sparks, Nevada. The  
22 contact is Courtney Clark.

23                 The applicants seeks a license to distribute  
24 fluid milk and fluid cream in the northern Nevada  
25 marketing area.

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1 Prices and costs have been reviewed by the  
2 members of the commission staff. They're in compliance  
3 with the laws and regulations.

4 The applicant will be responsible for the  
5 assessments.

6 CHAIRMAN COOK: And I'm guessing there's nobody  
7 representing this applicant? So is there anything that  
8 can be added to this?

9 I'm curious, is this that Coke product that --  
10 that looked at --

11 MS. EASLY: Well, it's a little different  
12 because the Coca Cola Company distributes Fairlife --

13 CHAIRMAN COOK: Fairlife. Okay.

14 MS. EASLY: -- product.

15 This is YUP.

16 CHAIRMAN COOK: YUP?

17 MS. EASLY: Y-U-P.

18 CHAIRMAN COOK: And this is not a Coca Cola  
19 product?

20 MS. EASLY: I guess it is but it's different.

21 CHAIRMAN COOK: It's a processed dairy product  
22 though I'm assuming?

23 MS. EASLY: Yeah, yeah. When I talked to the  
24 lady on the phone, I asked her, I says, we have a Coca  
25 Cola license already.

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1                   And she goes, no, we're different. And she  
2 kept insisting they were different.

3                   So I said, okay. Send in your money.

4                   CHAIRMAN COOK: Okay.

5                   MR. WARD: And just for the record, you said  
6 yeah and not yep when you were responding --

7                   MS. EASLY: No, it's --

8                   MR. WARD: -- to that question.

9                   MS. EASLY: Oh, okay.

10                  MR. WARD: Correct?

11                  CHAIRMAN COOK: No, that'd be a yes in the  
12 affirmative? A yep in the affirmative? A yeah in the  
13 affirmative?

14                  MS. EASLY: Okie dokie.

15                  CHAIRMAN COOK: Or just yeah.

16                  MR. HETTRICK: Got to be careful.

17                  CHAIRMAN COOK: Y-U-P.

18                  MS. EASLY: That's the product, yes, YUP.

19                  CHAIRMAN COOK: YUP. Okay.

20                  MR. HETTRICK: That is Y-U-P.

21                  CHAIRMAN COOK: Is it a -- a UHT type product?  
22 Long life shelf or --

23                  MS. VICKREY: It is basically the same  
24 ultra-filtered type of milk that they were licensed for  
25 previously, yes.

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1 MS. EASLY: One exception is this one claims  
2 it's lactose-free.

3 CHAIRMAN COOK: Okay.

4 MS. EASLY: And the Fairlife does not.

5 CHAIRMAN COOK: Okay. But is Coke making this?  
6 Or we don't know that?

7 MR. HETTRICK: Manufacturer's listed as YUP  
8 Fairlife. And Fairlife says that they are their own dairy  
9 and processing facility. This is a part of that contract  
10 that Coca Cola apparently has with that dairy out of  
11 Minnesota, I think it is. And the product is chocolate  
12 milk, strawberry milk, and vanilla milk. It's not going  
13 to be a regular milk product.

14 CHAIRMAN COOK: Okay. So --

15 MR. HETTRICK: It's a flavored milk --

16 CHAIRMAN COOK: Flavored.

17 MR. HETTRICK: -- specialty type product.

18 So that's -- that's what's going on.

19 CHAIRMAN COOK: Does that mean that there's any  
20 limitations on their license then? They can do any fluid  
21 milk or cream that they want?

22 MR. HETTRICK: They would have to submit  
23 pricing. The only three they've done is those three. So  
24 they're only planning to do the specialty products right  
25 now.



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1 CHAIRMAN COOK: Uh-huh. Okay. I have no  
2 further questions.

3 Troy, any questions?

4 COMMISSIONER CROWTHER: Yeah, just, I guess,  
5 following up on one that you asked. Is this a -- you  
6 asked about it being a shelf-stable product? Is this  
7 something that requires refrigeration? Or no?

8 MR. HETTRICK: And to my knowledge, it required  
9 refrigeration and its extended life, I don't know that  
10 it's the same as the Fairlife, which has the really  
11 extended life. This is listed as ultra-filtered? Not  
12 ultra-pasteurized. So how that compares, I can't tell you  
13 what the difference is.

14 MS. VICKREY: So I'm looking at the label real  
15 quick. Two of them I see are shelf stable. Ultra-high  
16 temperature pasteurization.

17 CHAIRMAN COOK: Okay. But flavored milk, so.

18 MS. VICKREY: Uh-huh.

19 CHAIRMAN COOK: Okay.

20 John, questions?

21 COMMISSIONER COLLIER: No, I have no questions.

22 CHAIRMAN COOK: Any additional comments from  
23 staff? Additional comments from public?

24 Seeing none, I'll entertain a motion?

25 COMMISSIONER COLLIER: Mr. Chairman, I move

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1 that the peddler distributor application for Swire Coca  
2 Cola USA located in Sparks, Nevada, be approved. The  
3 applicant seeks a license to distribute fluid milk and  
4 fluid cream in the northern Nevada marketing area.

5 COMMISSIONER CROWTHER: Second.

6 CHAIRMAN COOK: Having a motion and a second  
7 and no dissenting votes, the motion carries. And the  
8 license application is granted.

9 MR. HETTRICK: All right. Next on the agenda,  
10 Mr. Chairman, for possible action is approval of the  
11 minutes for the October 22, 2015, Dairy Commission  
12 meeting. And one very minor change in correction.

13 Other than that, the -- we just need a motion  
14 to approve as corrected, and we'd be done with the  
15 minutes.

16 CHAIRMAN COOK: Okay. I will entertain a  
17 motion.

18 COMMISSIONER CROWTHER: Okay. I will make a  
19 motion that we -- that we approve the minutes of the  
20 October 22, 2015, State Dairy Commission meeting, with the  
21 indicated corrections.

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

24 CHAIRMAN COOK: Motion and a second. No  
25 dissenting votes. The motion carries, and the minutes are

1 adopted.

2 MR. HETTRICK: Next on the agenda,  
3 Mr. Chairman, is update on the Starlicide program. Very  
4 simple update. We did send out a letter to all the  
5 dairymen that was suggested at the last meeting. They  
6 have all been notified. They are making calls.

7 We've notified them to do the program  
8 essentially as it has been done previous to last year.  
9 And that is for them to go ahead and call wildlife  
10 services directly, schedule and negotiate, you know,  
11 whatever pricing and services they want. And then send us  
12 the bill when they're done. And we will pay, as we've  
13 discussed before, 80 percent of the bill up to \$2,000. So  
14 that's been done.

15 Wildlife services contacted Anna to confirm  
16 what the letter said. They would like us to have just  
17 handed them a check for the full amount of whatever money  
18 we would expend. And they wanted to proceed to do however  
19 they wanted to handle the program.

20 But we've gone back to the way it was done  
21 previously, and just said to the dairymen, go ahead and  
22 get whatever services you want and submit the bill.

23 So that's where we're at on that program.  
24 Should be moving forward. They all know they can do it  
25 right now. They can schedule services any time they want.

1 MS. VICKREY: And today we've had three parties  
2 interested. And speaking with wildlife services,  
3 currently they're not seeing a need for it, so they're  
4 holding off until the birds come in.

5 And it just could be a push of cold weather  
6 from the north that'll push them down here. But we would  
7 like some help with -- through DFA if we could get a few  
8 more producers interested.

9 MR. TRACE: Get the word out.

10 MS. VICKREY: Yes.

11 MR. TRACE: Al Trace, DFA.

12 What -- what's the deadline? Maybe you've told  
13 me and I'm not paying attention. I mean, to when the  
14 producer -- the drop dead date when they could call and  
15 say they want to be a part of the program?

16 MS. VICKREY: There's currently no drop dead  
17 date --

18 MR. TRACE: Okay. Okay.

19 MS. VICKREY: -- but they will schedule as  
20 needed.

21 MR. TRACE: Okay.

22 MS. VICKREY: So what they would prefer to do  
23 is have as many dairymen participate at the -- around the  
24 same time as possible, so that, for example, in the Fallon  
25 area, they can hit as many birds at once as possible.

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1 MR. TRACE: Okay.

2 MS. VICKREY: So they're not hopping from farm  
3 to farm.

4 MR. TRACE: Right.

5 Now, let me ask you, you go as far south as  
6 Smith where the new dairy is? That would be included, of  
7 course, right?

8 MS. VICKREY: The entire state, yes.

9 MR. TRACE: Yeah, yeah. Okay.

10 Okay. Well, I think it's a wonderful program.  
11 I know our members who participated in it previously  
12 thought so. So we'll do what we can do to promote it.

13 MS. VICKREY: Thank you.

14 MR. TRACE: Uh-huh.

15 MR. HETTRICK: Any other on that, Mr. Chairman?

16 CHAIRMAN COOK: No. Thank you.

17 MR. HETTRICK: All right. Then we're going to  
18 go to number five. For possible action, discussion of the  
19 reduction of assessments.

20 In your packet you should have the -- yeah,  
21 there you go -- that form there to start with. I'm going  
22 to move to the one -- no, I'm going to move to this one  
23 first only because I want to give them the lead-up to why  
24 we need to discuss -- continue to discuss.

25 So you've got the budget that Kimberly prepared

1 for us. And you can see Kimberly there, if she -- if you  
2 have questions.

3 But essentially what it amounts to is we just  
4 continue to generate more money than expense, and we're  
5 going to have to deal with it in some fashion.

6 The -- right now it appears that it says  
7 projected net revenue, if you look at this sheet you have  
8 in your hand, excluding the balance forward is, we're  
9 \$190,000 net that we're going to add this year to our  
10 reserves.

11 So -- and the reason I wanted to go there first  
12 is so you knew where we were in regard to what we're  
13 projecting for the additional money going to reserve.

14 Then with that, if you will move to the pie  
15 chart that you have -- maybe that's -- yeah, I see John's  
16 got it. There you go. You've got it. So you can see,  
17 this is 2014. And Anna was kind enough to prepare all  
18 these, get them into the packet for us.

19 But you can see the 2014 revenue, million  
20 two-oh-eight. We -- and you will notice in 2014 we still  
21 had the assessment on butter, which took in \$96,000. We  
22 discontinued that, as you remember.

23 So if you go to your next page and look, you  
24 will see that the 2015 revenue eliminates the butter, but  
25 the other ones continue to increase. And we believe it's

1 appropriate to go ahead and reduce the assessments.

2 The assessment that we would recommend that you  
3 reduce is the assessment on fluid milk. And the reason  
4 for that is that will be the biggest benefit to our actual  
5 producers within the State of Nevada.

6 Most of the other products are actually  
7 produced outside the state, shipped in, and we don't mind  
8 letting them pay the tax. To the extent that we can help  
9 our producers, we'd just as soon do that, and our  
10 processors.

11 If you go to this page in your packet you can  
12 see down at the bottom? And where it says assessment  
13 calculation? If you go over to the right there it says  
14 assessment rate. You can see on fluid milk the assessment  
15 rate currently is point zero zero zero four?

16 We -- if you eliminated it entirely, again,  
17 looking at your sheet for 2015, you would eliminate  
18 \$208,000 approximate based on last year. We're running at  
19 190,000 over, and all the rest of them, including fluid  
20 milk, are going up.

21 We kind of hate to eliminate it entirely  
22 because we -- we don't want to get in a position where  
23 somewhere down the road things change for whatever reason  
24 and we got to go back to Model Dairy and say we're raising  
25 your tax. But at the same time that's probably the one

1 that makes the most sense and that handles the problem.

2 CHAIRMAN COOK: This is because there is an  
3 aversion to doing tax holidays again or --

4 MR. HETTRICK: Yes. The governor's office  
5 sometime ago after we did them -- well, we did three of  
6 them, as I recall, the governor's office came back and  
7 said we really don't think it's appropriate to collect the  
8 tax and give it back. We would like you not to do that.

9 So even though quite frankly I think it was  
10 really good from our standpoint, publicity-wise we loved  
11 it because everybody we gave money back was very pleased,  
12 and very pleased with the Dairy Commission for doing it.

13 And you saw it in one chunk, where here you  
14 won't see it quite so much that way. But the reality is,  
15 we need to do something, and --

16 CHAIRMAN COOK: Well, if that's going to have  
17 the biggest impact on the domestic operations, the local  
18 operations, I think that's the best -- go with the fluid  
19 milk.

20 MS. VICKREY: And, you know, the fluid milk was  
21 added on when the inspection program came over to the  
22 Dairy Commission years ago. Before then it didn't exist.  
23 And one way it will help us, also, is with the statistics  
24 because we have to take all this information in hand,  
25 enter it once the checks comes in, checks come in with the



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1 payment. So that'll reduce our workload a bit, too.

2 MR. HETTRICK: Essentially they will be able to  
3 just write zero in all those -- the ones that are fluid  
4 milk, and that will save us a lot of work in the -- down  
5 the road as well. So it's -- I mean, it'll reduce our  
6 cost again.

7 MS. VICKREY: Yeah.

8 CHAIRMAN COOK: Yeah. Which we're like a cat  
9 chasing its tail.

10 MR. HETTRICK: I know, but --

11 CHAIRMAN COOK: What a problem, huh?

12 MR. HETTRICK: Yeah, it's a nice problem to  
13 have.

14 CHAIRMAN COOK: Yeah, so we obviously can't  
15 vote on something like that right now, can we?

16 MR. HETTRICK: Yeah, you can.

17 CHAIRMAN COOK: Oh, we can?

18 MR. HETTRICK: It's for action. It's for  
19 action. So, yes, you can make -- you can make a motion to  
20 to eliminate the assessment on milk. And it's in the  
21 statutes that you can change the assessment on any of  
22 these products at any time, so.

23 CHAIRMAN COOK: What other dairy products? Is  
24 there ice cream? Doesn't --

25 MR. HETTRICK: They're all listed right there,

1 Mr. Chairman.

2 CHAIRMAN COOK: Yeah. Doesn't Anderson do some  
3 ice cream production in state?

4 MR. HETTRICK: Anderson does --

5 MS. VICKREY: Yes.

6 MR. HETTRICK: -- Blue Bunny or -- and then  
7 they make some ice cream of their own. I --

8 MS. VICKREY: They -- they do some ice cream.  
9 Not a lot.

10 MR. HETTRICK: Yeah, it's small.

11 CHAIRMAN COOK: And the only thing you're  
12 doing is bottling milk, right?

13 MR. RECK: Bottling milk. And some culture,  
14 buttermilk, whip cream.

15 COMMISSIONER CROWTHER: Lynn?

16 MR. HETTRICK: Yes, sir.

17 COMMISSIONER CROWTHER: Question. Seemed like  
18 when we had these discussions about, you know, this  
19 surplus continuing to grow, there has been some sense that  
20 at least on the short horizon some of our costs may be  
21 going up as well, both, you know, some of the fixed costs,  
22 some of the payroll costs might be increasing.

23 Is that the case?

24 CHAIRMAN COOK: Is our microbiologist on board?

25 MR. HETTRICK: Microbiologist is on board.

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1 CHAIRMAN COOK: Lab's all stocked up and  
2 equipped. And --

3 MR. HETTRICK: Let Anna answer that.

4 MS. VICKREY: Well, there are a few more items  
5 but nothing that is going to significantly impact anything  
6 at this time.

7 MR. HETTRICK: And payroll wise, we're  
8 basically stable at this time. We've had -- as we  
9 discussed I think a meeting or two before, we have had  
10 significant efficiencies, thanks to Kimberly and her  
11 staff, in terms of our auditing, and the way we are doing  
12 auditing.

13 We're actually in the process right now of  
14 trying to eliminate having reporting done by retailers on  
15 anything less than \$50 a year. It actually -- we've got  
16 people who report pennies every month and it costs them \$5  
17 to write a check and the postage and everything else to  
18 send it to us.

19 We would like to do away with that. It will be  
20 a minimal amount in terms of our revenue. But we're going  
21 to continue to have cost savings as we go along. So I  
22 think -- you know, it's -- as I said to you, in many ways  
23 I hate to eliminate all of it. And maybe we -- we should  
24 just cut it to point zero zero zero one.

25 CHAIRMAN COOK: But then licensees still have

1 to go --

2 MR. HETTRICK: Then you have to continue --

3 CHAIRMAN COOK: -- through all this process.

4 MR. HETTRICK: -- to do that.

5 I don't think we have enough expenditures to --  
6 that the growth in the rest of these isn't going to keep  
7 up. And we also -- with the other thing we have to  
8 remember is, the budget office recommendation -- and they  
9 have really been lax in not coming and forcing it on us --  
10 is you get three months of reserves.

11 And right now three months of reserves for us  
12 would be like maybe 100,000, \$150,000. And we're at  
13 \$900,000, a million.

14 COMMISSIONER CROWTHER: Oh, I -- I definitely  
15 agree, something needs to be done to reduce this. My  
16 concern is that we -- you know, we reduce it and then at  
17 some point it starts to flip and we're -- our expenditures  
18 exceed, we have to go back and increase it again. I  
19 certainly don't want to have to do that.

20 MR. HETTRICK: Yeah. No, I totally agree with  
21 you, Troy. I mean, that's been the issue that we have had  
22 all along is we don't want to go there.

23 I will say that I am -- given the way the  
24 economy is going -- and I don't think overall it's very  
25 good -- but right now Nevada is doing pretty well, and

1 northern Nevada in particular is going to grow.

2 With Tesla coming here and Switch coming here,  
3 and everything else that we are seeing right now -- I just  
4 saw another new company with 150 new employees going into  
5 Douglas County -- all the rest of these -- these  
6 assessments are going to continue to grow.

7 And I think if we -- if we eat into the reserve  
8 a little bit, I think it's probably going to be offset  
9 within a year or two with the growth of the rest of the  
10 sales.

11 COMMISSIONER CROWTHER: Okay. I would -- I'm  
12 curious to see what -- if there's a projection, you know,  
13 if we stay the course right now, if there's a projection,  
14 whether -- are we still looking at another \$190,000  
15 surplus? Or something less than that? Or more?

16 With the -- with the microbiologist and the  
17 other things that are coming on line, how does that impact  
18 the -- that annual surplus? Not the -- not the surplus  
19 in -- as a whole, but on an annual basis?

20 MR. HETTRICK: Kimberly, you probably can help  
21 more than I can.

22 Are we already counting for the microbiologist  
23 salary within the figures that we have on this chart?

24 MS. WHITFIELD: You're going to -- you just  
25 start, probably have just a half a month's salary to be

1 able to reflect it all on there. And we do have a new  
2 audit time position that is coming up but that's not --

3 MR. HETTRICK: Say it again slowly for us.  
4 It's hard to understand you on the screen.

5 MS. WHITFIELD: I'm sorry.

6 Okay. We are -- a new microbiologist, he just  
7 started, so the numbers you're looking at there are  
8 probably only one payroll cycle, only half a month.

9 And we do still have an audit position open to  
10 be filled, but I believe that's going to be half-funded  
11 only through dairy. The other will be through nutrition.

12 So you would probably need six months out for  
13 that projection on the -- on the personnel. But that's  
14 pretty standard what it's going to be. So you're not  
15 going to have the variances that you do and the  
16 expenditures on equipment or other things that you -- that  
17 you see on there.

18 CHAIRMAN COOK: We've got 700, \$800,000 of  
19 reserves to try to reduce as well, so --

20 MR. HETTRICK: Yes. And as I say, things  
21 continue to grow. And I understand the concern, believe  
22 me. I've been that place this whole time, you know, and  
23 we could see some other changes as well.

24 I mean, it's not impossible that we're going to  
25 see some increased allocation from administration within

1 the department, because we're expanding the headquarters,  
2 southern headquarters, as you know. There are going to be  
3 increased costs.

4 All of the entities within the Department of  
5 Agriculture allocate -- share an allocation of the  
6 expense, and that could change over time as well. So, you  
7 know, I'm -- as much as I would like to be conservative in  
8 that regard, I think we really need to work on reducing  
9 this.

10 And we have to come back -- we'll just have to  
11 come back and -- because I think we're going to have to do  
12 this before the governor's office and administration comes  
13 to us and says you will. And then we won't get choices.

14 CHAIRMAN COOK: If you look at yogurt and ice  
15 cream and the change from 2014 to 2015, the two of those  
16 combined is right around ten percent. So if we did  
17 another ten percent increase in both of those, that takes  
18 up half of what you have given up.

19 MR. HETTRICK: Exactly.

20 CHAIRMAN COOK: Recovers half of what you have  
21 given up by eliminating fluid milk assessment.

22 MR. HETTRICK: Yeah. So that would only give  
23 us a net \$100,000 deduction and -- reduction. And then we  
24 would have maybe the additional expense of half an auditor  
25 and the projected for the microbiologist payroll. Other

1 than that, I think our anticipated expenses are not  
2 significant.

3 COMMISSIONER COLLIER: How many people in this  
4 personnel line are being -- how many people are receiving  
5 a salary out of this personnel budget right here?

6 MR. HETTRICK: How many -- how many auditors do  
7 you have, Kimberly? Including the open position? Because  
8 that's figured in there.

9 MS. WHITFIELD: Well, we have three that are  
10 allocated to dairy, other -- we have a (unintelligible)  
11 but it's not funded for that.

12 MR. HETTRICK: Okay. And then --

13 MS. WHITFIELD: Really, unless you pick up a  
14 whole new program, which wouldn't happen until another  
15 legislative session, you're never going to see these  
16 reserves go down. That's a lot of money.

17 COMMISSIONER COLLIER: Well, how many total  
18 people are being paid for out of the \$686,384? Is that  
19 ten people? Twelve people? Twenty people?

20 MR. HETTRICK: Ten.

21 COMMISSIONER COLLIER: Ten? Okay.

22 MR. HETTRICK: You've got Erica down there?  
23 You counted Erica?

24 MS. VICKREY: Uh-huh.

25 MR. HETTRICK: Yeah. At least ten.



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1                   COMMISSIONER COLLIER:  And you don't anticipate  
2  any more programs?  Or any more personnel that you're  
3  going to be -- you want to bring on during the coming --  
4  and I understand that you have to run that by the  
5  legislature before you do that, so that's -- what is  
6  that --

7                   MR. HETTRICK:  Couldn't do it until 2017.

8                   COMMISSIONER COLLIER:  Yeah.  So that's a long  
9  ways away.

10                  MR. HETTRICK:  And then it would be -- you  
11  couldn't even start it until January and so --

12                  COMMISSIONER COLLIER:  So if we eliminate this  
13  17 percent of the budget here, this \$208,000 worth of  
14  income, how difficult would that be to bring that tax back  
15  on?  Because we're only taxing it point four-tenths of a  
16  percent now.  So if we wanted to bring something back on,  
17  is that a difficult process to do that?

18                  MR. HETTRICK:  Exactly what you're doing right  
19  now.  Put it on the agenda and you could vote.

20                  CHAIRMAN COOK:  I almost think it would be  
21  easier to just bump the yogurt assessment up five  
22  one-hundredths --

23                  MR. HETTRICK:  I think yogurt's limited in  
24  statute to two cents a pound, and we're at the maximum.

25                  CHAIRMAN COOK:  We're at the top already?

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1 MR. HETTRICK: We are as high as we can go on  
2 yogurt.

3 COMMISSIONER COLLIER: Has the consumption of  
4 milk and cream stayed -- it appears to me it's stayed  
5 constant.

6 MR. HETTRICK: It's going up slightly. I think  
7 the number was 201 that we got in '14. And 208 we got in  
8 '15. And I think that will grow -- would grow.

9 I mean, if we eliminate it, it won't grow, but  
10 if we left it alone I think it would grow slowly. But all  
11 the rest of the growing, as Chris pointed out anyway, and  
12 they're the big producers of the revenue already.

13 COMMISSIONER CROWTHER: Lynn?

14 MR. HETTRICK: Yes sir.

15 COMMISSIONER CROWTHER: Would -- if the -- if  
16 that was completely eliminated, that category, the fluid  
17 milk and cream, how does that impact the inspection  
18 requirements as far as, you know, selling below cost, and  
19 that -- and the audit requirements of that? Is that any  
20 impact at all?

21 MR. HETTRICK: No, none -- no impact  
22 whatsoever. When --

23 COMMISSIONER CROWTHER: Or licensing? I  
24 mean --

25 MR. HETTRICK: No.

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1 COMMISSIONER CROWTHER: -- if somebody's going  
2 to come in and just sell fluid milk and cream, they --

3 MR. HETTRICK: They'll fill out --

4 COMMISSIONER CROWTHER: -- they still have to  
5 have a license?

6 MR. HETTRICK: Yes, they still have to license.  
7 Part of that goes back to health and safety reasons for us  
8 to go out and inspect. But, also, we need to know who  
9 they are and where they are in case there are cost price  
10 complaints or concerns.

11 So they will still have to do all of that. It  
12 won't eliminate it. Even if we do away with the tax on  
13 the under \$50 a year reporters, they still have to buy a  
14 license so we know they're out there and we can go audit  
15 them if we need to to make sure they're just not telling  
16 us they sell under 50. We will -- we will need to  
17 occasionally look at some of those and verify.

18 COMMISSIONER CROWTHER: Okay.

19 COMMISSIONER COLLIER: So if we eliminated this  
20 \$208,000, are we eliminating this four-tenths of a percent  
21 tax on the fluid milk, that would really benefit our  
22 processors, wouldn't it?

23 MR. HETTRICK: Yes, it benefits our folks to  
24 the extent that they pay that 208,000. Yes.

25 COMMISSIONER COLLIER: That's correct.

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1 MR. HETTRICK: Yeah.

2 Gary, would you agree, would it be beneficial?

3 MR. RECK: I'll vote.

4 CHAIRMAN COOK: Well, I -- I think just by  
5 eliminating all this --

6 MR. HETTRICK: Just the paperwork.

7 CHAIRMAN COOK: -- you're going to save --

8 MR. HETTRICK: Yeah, you're going to save more  
9 money just on having to keep track --

10 CHAIRMAN COOK: The processors --

11 MR. HETTRICK: -- of it all and fill the form  
12 out.

13 I mean, everything we do, it helps them is a  
14 plus, and we'd like to do it.

15 COMMISSIONER COLLIER: What do you think,  
16 Mr. Chairman?

17 CHAIRMAN COOK: I'm open for a motion from one  
18 of you -- one of the commissioners.

19 COMMISSIONER CROWTHER: I will make a motion  
20 for -- if we're ready for that? If there's no --

21 CHAIRMAN COOK: I'm ready.

22 COMMISSIONER CROWTHER: -- further discussion?

23 COMMISSIONER COLLIER: Go for it.

24 CHAIRMAN COOK: We're all done discussing it.

25 COMMISSIONER COLLIER: Yeah.

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1 COMMISSIONER CROWTHER: Okay. Well, tell me if  
2 I get this right then.

3 I will make a motion. I move that we eliminate  
4 the assessment on milk and cream? Is that the category?  
5 Is that what it's called?

6 MR. HETTRICK: Fluid milk.

7 COMMISSIONER CROWTHER: Fluid milk. Effective  
8 when?

9 MR. HETTRICK: What makes sense? Fiscal year  
10 is July 1. So you want to do it January 1? Does that  
11 make sense?

12 MS. VICKREY: Yes.

13 MR. HETTRICK: That gives us time to notify  
14 everybody so we don't have people who pay and don't  
15 realize they didn't need to and we have to refund. And it  
16 gives us some time to notify. So I would suggest 1/1/16.

17 COMMISSIONER COLLIER: That sounds good.

18 COMMISSIONER CROWTHER: Let me start that over  
19 again then.

20 I will make a motion that we eliminate the  
21 assessments on fluid milk to be effective January 1, 2016.

22 CHAIRMAN COOK: Fluid milk and fluid cream.

23 COMMISSIONER CROWTHER: Fluid milk and fluid  
24 cream.

25 COMMISSIONER COLLIER: I will second that

1 motion, Mr. Chairman.

2 CHAIRMAN COOK: Okay. I have a motion and a  
3 second, and no dissenting votes. So the motion carries.  
4 And we have saved our processors some money.

5 MR. RECK: Thank you.

6 CHAIRMAN COOK: You're welcome. Happy to do  
7 it.

8 MR. HETTRICK: All right. Next, Mr. Chairman,  
9 is the staff report. Within your packet you have the milk  
10 pricing. It's not changed hardly at all. Very little  
11 movement. So everything is about the same as it was.

12 Quick report on our trailer. It came time for  
13 our trailer to actually be completed, and they have been  
14 so busy at the trailer company, they can't keep up with --  
15 their part suppliers can't keep up with the demand.

16 So they have been unable to get the parts to  
17 complete our trailer. But we expect that to be done  
18 before the end of this month. In fact, tomorrow they said  
19 they hope they would have it.

20 CHAIRMAN COOK: This was the one for Phoenix,  
21 right?

22 MR. HETTRICK: Right. This is the one from  
23 Phoenix. And they're very good about it. They feel bad.  
24 And normally they wouldn't release the trailer until we  
25 paid them, but they called up and said we know if you --

1 you want it, and we promised it to you, so we know the  
2 state's good for it, so if you want to pick it up the  
3 minute it's done, we'll call you, you can come and get it.  
4 We'll bill you. So that's nice. We will be able to get  
5 it as soon as we can.

6 Moo-Lissa has been out the last two weeks at  
7 Washoe County Park System. Had 1100 people last weekend  
8 there. And they wrote us a letter and said she was a huge  
9 attraction, and they appreciated us being able to provide  
10 her.

11 She's there again this coming weekend. They  
12 expect a much smaller crowd, but they wanted to keep her  
13 because she is such a huge draw. So we are doing that.  
14 And after that she will come back.

15 COMMISSIONER COLLIER: Is our new cow going to  
16 be stationed in Las Vegas --

17 MR. HETTRICK: We're still --

18 COMMISSIONER COLLIER: -- so they can use it  
19 down there?

20 MR. HETTRICK: We're still on hold on the new  
21 cow waiting to see how much storage room for trailer and  
22 cow we have. We're -- we're game. We'd love to have a  
23 cow down there, but we need to know that we can house --

24 CHAIRMAN COOK: I thought Troy offered to put  
25 it in his garage.

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1 COMMISSIONER CROWTHER: That's -- I live on a  
2 corner. I have room on the side of my house.

3 COMMISSIONER COLLIER: Your CC&Rs wouldn't  
4 prevent you from doing that, would they?

5 COMMISSIONER CROWTHER: What's that?

6 COMMISSIONER COLLIER: Your homeowner's  
7 association wouldn't prevent you from having that trailer  
8 out there, would they?

9 COMMISSIONER CROWTHER: No, it would not. It  
10 would not. I live in a -- in a homeowner-friendly area.

11 COMMISSIONER COLLIER: There you go.

12 MR. HETTRICK: All right. Well, we're still  
13 working on the trailer and the cow, so we'll continue  
14 there, but she's not -- we've got no plans to purchase the  
15 second trailer and cow at this moment.

16 We've got approval from everybody to do it, but  
17 we got to have the room and the -- and get everything  
18 done. We're still in the process, so.

19 MR. TRACE: The new cow will be a Holstein,  
20 also?

21 MR. HETTRICK: Oh, yeah, yeah, yeah. And then  
22 we have to come up with a new name. That's the hard part.

23 MR. TRACE: That was my next questions.

24 COMMISSIONER COLLIER: Moo-Lisa two.

25 CHAIRMAN COOK: Another excuse for a contest --



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1 MR. HETTRICK: Contest.

2 CHAIRMAN COOK: -- and promotional.

3 MR. HETTRICK: Also in your packet is a Global  
4 Dairy Market Outlook, talking about kind of where dairy  
5 and the like is going.

6 COMMISSIONER COLLIER: This is really good.  
7 Can we get this every month? This is really neat. I just  
8 glanced through it, and it's really -- I mean, having gone  
9 to that conference, this is really very good information.

10 MR. HETTRICK: I don't know. Did you --

11 MS. VICKREY: Well, we should be able to. I  
12 will make sure we get it.

13 COMMISSIONER COLLIER: Yeah, that would be  
14 great. That would be great.

15 MS. VICKREY: It's not looking good right now,  
16 that's all I know.

17 MR. HETTRICK: Yeah, yeah. But that's for your  
18 information. There's way more than we can go over --  
19 we'll go over here, so. But that -- that's all I have for  
20 staff report.

21 Do you have anything else, Anna?

22 MS. VICKREY: The -- no. The only report I  
23 have is I did go down to Las Vegas and visit a new  
24 plastics manufacturer. They're Parker's Plastics? And  
25 they're about ready to come on board here in the next

1 couple of months.

2 CHAIRMAN COOK: Are they blowing milk jugs

3 or --

4 MS. VICKREY: They're blowing the little quart  
5 jugs?

6 CHAIRMAN COOK: Okay.

7 MS. VICKREY: It's interesting. We were down  
8 there and they were -- they were making the -- the little  
9 honey bears? And painting -- painting little eyes on  
10 them. It was fun.

11 CHAIRMAN COOK: That's a new plant?

12 MS. VICKREY: Yes, it is.

13 CHAIRMAN COOK: Where -- is it -- is it moved  
14 from somewhere else? Or is it just --

15 MS. VICKREY: No. Brand new plastics facility.  
16 It's the third, I believe, in the -- in the country that  
17 they own.

18 CHAIRMAN COOK: Oh, good. Well, that's  
19 interesting.

20 MR. HETTRICK: And that's what the new business  
21 in Douglas is, is a company that does plastics and rubber  
22 products.

23 MS. VICKREY: Okay.

24 MR. HETTRICK: So -- and they're moving.

25 They're moving out of California. Slow but sure, we're

1 making headway.

2 CHAIRMAN COOK: Well, that's good.

3 MR. HETTRICK: Oh, I will mention then -- that  
4 makes me think. We are set up to go again to the World  
5 Ago Expo. We're determining, you know, who is going to go  
6 and the like.

7 I think I will go again, one more time at  
8 least, just because of the dairy background, so we --  
9 because we're still interested obviously in ultimately  
10 bringing more dairies on for the DFA plant. And we will  
11 be taking the new trailer and Moo-Lissa again.

12 CHAIRMAN COOK: Question: Is there a similar  
13 sort of conference that you're aware of for people in the  
14 processing end of the dairy industry? Would they be trade  
15 shows or --

16 MR. RECK: There's different trade shows  
17 across the country. Gary Reck with Model Dairy.

18 CHAIRMAN COOK: You know, just wondering if --

19 MR. RECK: Yearly there's different ones.  
20 There's a huge convenience store deal down in Vegas every  
21 year. So, yeah, they're kind of scattered around. We  
22 attend those in one way or the other.

23 CHAIRMAN COOK: I just wondered if we can't  
24 target some of the processing side of the industry and try  
25 to -- maybe cheese or --

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1 MR. HETTRICK: Well, the only problem we have  
2 is they don't have any milk supply.

3 CHAIRMAN COOK: But --

4 MR. TRACE: Yeah, we got to get the cows in  
5 first.

6 MR. HETTRICK: Can't get enough cows now. So,  
7 I mean, I would love to have more people instead in more  
8 cows.

9 CHAIRMAN COOK: Well, while we're working the  
10 producers at Tulare Ag Fair we get somebody else working  
11 the processors at another fair and we'll -- you know, we  
12 don't have to worry about what came first, the chicken or  
13 the egg.

14 MR. TRACE: He's trying to get competition in  
15 for the area.

16 CHAIRMAN COOK: We'll get them all here at the  
17 same time.

18 COMMISSIONER COLLIER: How many dairies do we  
19 have now? Is it 30? Still in the 30?

20 MR. HETTRICK: About 30.

21 MS. VICKREY: Twenty-eight?

22 COMMISSIONER COLLIER: Twenty-eight?

23 MR. HETTRICK: Yeah.

24 CHAIRMAN COOK: Moving target.

25 MR. HETTRICK: Well, we've got -- yeah, we've

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1 got, what, one or two, the small new ones. Al knows.

2 MR. TRACE: Yeah, I -- Al Trace, Dairy Farmers  
3 of America.

4 First of all, John, this is a very good report.  
5 Very depressing report, though.

6 Yeah, I'll take a few minutes and give you a  
7 little report on Fallon and our dairy.

8 CHAIRMAN COOK: Do we need to go to the next  
9 agenda item to do that?

10 MR. HETTRICK: Yeah, let's do that. Go off the  
11 staff report. And let's move on to public comment.

12 And then you're up, Al. Go ahead.

13 CHAIRMAN COOK: Okay. Public comments? You're  
14 the public.

15 MR. TRACE: I'm the public.

16 Well, at this point we do still need more milk  
17 in the area, but our plant is currently running about a  
18 million to a million two a day, the Fallon plant.

19 The good news is that that's all Nevada milk.  
20 We're not bringing any milk from over the hill. So we  
21 have grown in the last year, both internally, and, you  
22 know, some new growth, the new builds.

23 The bad news, if you will, that's a two million  
24 pounds a day plant, as you all know. But, quite frankly,  
25 we're not in a hurry to get to two million pounds because

1 the world price is in the tank. And every pound we make  
2 more is just bleeding red ink quite honestly. There's no  
3 secret about that.

4 So we can't take our foot off the gas pedal.  
5 We still need, you know, to be working for -- for -- you  
6 know, we need probably another 8,000 cows, I think, to get  
7 to where we need to for our Fallon plant. Because  
8 obviously we're still going to supply Gary and Model Dairy  
9 in Reno with their needs.

10 I guess to Lynn's point earlier, we have two  
11 pretty -- what adjective I want to use -- two pretty  
12 positive prospects. We have had a gentleman who was in  
13 again last week and looked at Jernigan's Dairy again.

14 He was a DFA member in New Mexico -- New  
15 Mexico, sold his herd, and would like to get his foot in  
16 the door with our situation here. He wants to milk more  
17 cows than what that place will hold. But his thought  
18 would be he could, you know, buy that place and milk and  
19 learn the lay of the land and build a new place.

20 And then we have -- we have a dairymen, one of  
21 our members from southern California, who has made several  
22 trips in the area that would like to relocate here and  
23 build a new dairy in Churchill County proper.

24 So he's a very good dairyman. Getting squeezed  
25 out in California. He grows almonds over there. So he'd

1 keep his trees over there, come over here and dairy. He  
2 was looking at 2500-cow dairy, something like that.

3 He's a class act, a good -- so we're working  
4 closely with him. He's made several trips to the area.  
5 So those are our two that are on the front edge of this.

6 I have been communicating and been in  
7 discussion with a gentleman that -- he's actually from  
8 Boardman, Oregon. Well, the owner lives in Wisconsin.  
9 He's a potato farmer.

10 But they own 23,000 acres in Winnemucca that  
11 they talked about possibly dairying. They dairy. They  
12 milk 30,000 cows in Boardman, Oregon. They're part of  
13 Tilamook -- Tilamook, and some relationship there.

14 I don't know where it's going to go. You know,  
15 I -- I -- who knows. It's really early. And right now  
16 with the price and everything, it's not penciling for him  
17 at all.

18 There was discussions at one point he would  
19 milk 10,000 cows in Winnemucca, but I think that's a  
20 little over the top. Quite honestly, I don't think we  
21 need that many more cows. We would -- we would just see.  
22 You know, you don't walk away from those conversations.  
23 We'll stay in touch with him and see -- see what happens  
24 there, so.

25 CHAIRMAN COOK: He can send the rest of his

1 milk up to Idaho to Chobani.

2 MR. TRACE: Yeah. Well, you know, that would  
3 be the other option because we do supply -- we have a full  
4 supply agreement with Chobani.

5 But, you know, it's a good distance up there,  
6 transfer the freight. The freight would be -- and we've  
7 always -- we, DFA, have been pretty firm in our belief  
8 that the Fallon plant, once we hit two million, we want to  
9 cap it at two million.

10 We don't need a balancing plant because to your  
11 point, you know, we would -- if we have extras that have  
12 to go to Idaho or else over the hill in California, that's  
13 just extra expense for our -- all our other members.

14 So we do have -- right now I scribbled down  
15 here before I come in our -- our DFA western region in  
16 general, which includes Nevada, we're about a seasonal  
17 level. We're marketing last -- the last two weeks on  
18 average 397 loads of milk a day.

19 So that's out of 300 farms. That would be  
20 inclusive of our Nevada members. Out of that, Fallon is  
21 taking about 18 to 20 loads a day, so, you know, seven  
22 days a week. So the good thing, also, about Fallon, we  
23 have I think -- unless Anna knows something I don't -- we  
24 have got the kinks out of that plant.

25 It's -- you know, our spores are good. Our,



1 you know, specs are good. Our customers are happy. So  
2 when we do -- and the market will rebound. When it does,  
3 we should be ready to rock and roll pretty well as far as,  
4 you know, the quality of product that's coming out of that  
5 plant.

6 So in a sense, being down at a low level has  
7 given us time to, you know, work through all the other  
8 stuff, if you -- if that's what you want to call it, to  
9 get the plant going.

10 One more thing I'll just comment on quickly. I  
11 think everybody is aware, as we speak, the Federal Milk  
12 Marketing Order Hearings are going on in California? I --  
13 I don't think -- I guess I have my own opinions how that  
14 will affect Nevada, I will share with you in a minute --  
15 but we're in week nine. We think it's going to go one  
16 more week. It's a long, arduous process.

17 There's been people come in to testify against  
18 the federal order from Wisconsin, Michigan, from all over  
19 the country, because, you know, when you get a federal  
20 order instead of state order, boy, it really connects you  
21 with all the other federal orders across the country.

22 So I think it would be one more week of  
23 hearings and testimony, and at that point it will go back  
24 to USDA's desk. And if they take it to the next step,  
25 then actually the members vote on it in California.

1           At the end of the day, if it were to pass, the  
2 early -- the soonest the federal order would be in  
3 California would be the -- probably mid-2017. So it's a  
4 long ways out yet. It's a long process.

5           I think -- and, maybe, Gary, you can clean me  
6 up on this, I -- if you know -- it's -- I think -- not to  
7 think -- I know at this point they would include our plant  
8 in Fallon and Model Dairy in Reno would be the two plants  
9 they would include in this federal order.

10           And if -- and I'm not sure if it's 20 or 25  
11 percent. It wouldn't affect our plant if we're going to  
12 export it. It would be more Model, Gary's plant. And I  
13 believe the number -- and I don't know if you know this,  
14 Gary, you can clean me up -- but I think it's -- if you  
15 sell more than 20 percent of your milk out of state, then  
16 you have to pay into the pool.

17           So in that case we are a little bit against  
18 that because we would rather keep that money home. So if  
19 we had -- you know, if we had to pay into the pool, that  
20 would just be spreading that like peanut butter, we  
21 wouldn't -- I'm just throwing out a number -- instead of  
22 ten cents we might only have five cents to share with our  
23 producers. So I think from that point alone, you know, we  
24 would be against it.

25           There was -- I'll stop at this. I had -- I

1 have to read this because it gives -- this is Nevada  
2 related. There was a proposal offered this week. I'll  
3 just read it, final proposal was offered on behalf of  
4 Ponderosa Dairy, the Nevada dairy. They ship to Rockview  
5 Dairy in California. Sales into California from dairies  
6 outside the state such as Ponderosa are not included in  
7 the current California order pool.

8 So Ponderosa proposed language that would  
9 regulate milk from farms located out of the order, like  
10 they are, that sell milk into the order, while -- while  
11 alternatively allowing these farms to gain a single plant  
12 blend price similar to how their milk is currently  
13 handled.

14 So -- and that won't pass I don't think  
15 because the bottom line is Ponderosa would be a little  
16 concerned, if the order does go in, it's going to lower  
17 their price, so.

18 I'll stop there, if there's maybe more you care  
19 to hear about.

20 CHAIRMAN COOK: Are you up to speed on what the  
21 Churchill County Development Authority is trying to do  
22 with the rail siding out there?

23 MR. TRACE: No, I'm not. I know they talked to  
24 our people at the plant. And we're trying to stay abreast  
25 of that because I think it would be advantageous for us to

1 get the rail in there, you know, to get our product to the  
2 port over in Oakland where it's going.

3 I would say -- I forgot to tell you actually  
4 one more thing.

5 We announced -- we had the groundbreaking two  
6 weeks ago, DFA did, of a plant that's very similar. It's  
7 just exactly like Fallon. It's in western Kansas, in  
8 Garden City, Kansas.

9 So my only point is that we really believe in  
10 the export market. The prices are down now. They will  
11 rebound. So that plant is going to be for export. We  
12 might be competing with Fallon, but there's plenty we  
13 think of -- you know, to go around.

14 It's going to be twice the size as Fallon.  
15 Fallon's two million pounds a day. It's going to be a  
16 four-million pound -- they -- they have the milk supply  
17 there right now though.

18 They probably -- you know, they wouldn't have  
19 to go and look for milk like we're still trying to find a  
20 milk supply here, so.

21 COMMISSIONER COLLIER: What is our total  
22 capacity? I think I heard it one time that we had a  
23 capacity for 35,000 head of dairy cattle over in the  
24 Churchill County area and Lyon County?

25 MR. TRACE: Yeah, I don't -- I don't --

1 COMMISSIONER COLLIER: Is that -- is that still  
2 in the projections? Or is that still --

3 MR. TRACE: Yeah, I don't know, John, for sure.  
4 I mean, we certainly wouldn't need that many cows ourself,  
5 but that might include steers, and -- I don't know, but --

6 COMMISSIONER COLLIER: I'm just -- I'm just  
7 curious.

8 MR. TRACE: I know when we started our project  
9 in Fallon we worked closely with UNR, and I can't remember  
10 the people's names, but they said there was plenty of feed  
11 in the area.

12 Because as myself working in Idaho some, and I  
13 work in California some, I had members that chewed me up  
14 pretty good, you know, saying, well, you're lowering my  
15 price, you're taking my feed supply away from me, you  
16 know.

17 Because a fair amount of our hay does go to  
18 California and such. But, you know, we were assured that  
19 that wouldn't be the case. There's plenty of feed to go  
20 around. Now, that could have been before going into four  
21 years of a drought, also, you know, which I'm sure --

22 COMMISSIONER COLLIER: So how many cows do we  
23 have there now that are producing there?

24 MR. TRACE: We have in Fallon proper  
25 probably -- I got to think of the new guys, new ones --

1 well, not -- let's just say DFA, that would be Churchill  
2 and Lyon County now, probably 20, 22,000.

3 Would that be a number that you would -- I  
4 think, yeah, yeah.

5 MR. HETTRICK: The only thing I heard, John, on  
6 that was that when the expansion began, Churchill County  
7 said there is a finite number. We're not sure what it  
8 is --

9 COMMISSIONER COLLIER: Right, right.

10 MR. HETTRICK: -- but we think that, you know,  
11 we can tolerate -- and the number I heard at the time was  
12 40,000.

13 MR. TRACE: Okay. Okay.

14 MR. HETTRICK: But they felt that if it  
15 approached 40,000 cows, that they would be in a position  
16 where that would be all the cows they would like to see  
17 within the county.

18 MR. TRACE: Yeah.

19 COMMISSIONER COLLIER: Yeah, I remember  
20 that discussion.

21 MR. HETTRICK: Yeah, that was what I heard.

22 In regard to the rail, the question was asked  
23 in regard to the rail?

24 COMMISSIONER COLLIER: Yeah.

25 MR. HETTRICK: We -- you folks voted on that

1 and approved it. We had them send it. They kind of came  
2 back and said, well, where do we stand on this? They  
3 said, send us an invoice. We got to have something. We  
4 just can't write a check.

5 So I had them send us an invoice. They -- my  
6 understanding was the invoice was paid either end of last  
7 week or Monday of this week.

8 So we actually have sent them the money and  
9 they should have their grant writer working proceeding  
10 trying to get the grant to complete the rail siding.

11 CHAIRMAN COOK: Well, so there is progress  
12 being made.

13 MR. HETTRICK: Oh, yeah. Should be.

14 CHAIRMAN COOK: Yeah.

15 MR. HETTRICK: Everything we know, it should  
16 be.

17 CHAIRMAN COOK: Okay. All right.

18 Well, Al, I will tell you that I shared an  
19 article with Lynn earlier today that was on Bloomberg, was  
20 an interview with Gary Shilling, an economist, giving an  
21 assessment of the true state of China's economy?

22 One of the things that he concluded with was  
23 that they would be rotating to more of a consumer-based  
24 economy. And with their growing middle class, he  
25 emphasized things like food quality and those kinds of

1 things and quantity would be increasing.

2 And so, you know, longer term it looks  
3 relatively optimistic.

4 MR. TRACE: It does. You know, China's just  
5 over-bought right now. And to your point, they don't  
6 trust their own product, you know, and they see something  
7 from America -- because remember the melamine scare a few  
8 years ago?

9 MR. HETTRICK: Oh, yeah.

10 MR. TRACE: So they just love product from  
11 America. I mean, they see that, you know, they think it's  
12 safer, and such.

13 So, yeah, it's -- the good thing about China  
14 over-buying right now, it's forced us, DFA, in our case  
15 anyhow, we had too many eggs in our baskets. We've kind  
16 of looked elsewhere. You know, we got some product going  
17 to Brazil, got some going to Vietnam, so.

18 MR. HETTRICK: It's not all bad.

19 MR. TRACE: Yeah, yeah, it's not all bad.

20 CHAIRMAN COOK: Yeah, I've had milk in Brazil.

21 MR. TRACE: Yeah.

22 MR. HETTRICK: You weren't impressed.

23 CHAIRMAN COOK: It's not good. It's not good.

24 Parma I think was the company that provided it. It was  
25 UHT and yellow in color, and --



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1 MR. TRACE: Almost -- it scarred you for life.

2 CHAIRMAN COOK: Yeah, it was --

3 MR. TRACE: You can still taste it.

4 MR. HETTRICK: Yeah.

5 CHAIRMAN COOK: They just don't get fresh dairy  
6 product like we do here.

7 MR. TRACE: Yeah, right.

8 CHAIRMAN COOK: Okay. Next item would be  
9 public comments.

10 MR. HETTRICK: That was it. We did public  
11 comment so Al could speak.

12 CHAIRMAN COOK: We did. Okay.

13 So I guess we're done, unless anybody else has  
14 anything they want to throw on the table for discussion,  
15 conversation?

16 Nothing?

17 MR. HETTRICK: I think we're done.

18 CHAIRMAN COOK: All right. Well, that being  
19 the case, then let's adjourn.

20 (Exhibit 1 marked.)

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22 (1:52 p.m. proceedings concluded.)

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BOARD SIGNATURE PAGE

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CHRISTOPHER COOK, CHAIRMAN

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TROY CROWTHER, COMMISSION MEMBER

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JOHN COLLIER, COMMISSION MEMBER

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

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5 I, Karen Bryson, a Certified Court Reporter  
6 and notary public in and for the County of Washoe, State  
7 of Nevada, do hereby certify:

8 That on November 19, 2015, I reported the  
9 proceedings entitled herein;

10 That the foregoing transcript is a true and  
11 correct transcript of the stenographic notes of testimony  
12 taken by me in the above-captioned matter to the best of  
13 my knowledge, skill, and ability.

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Karen Bryson, CCR #120

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