

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

PUBLIC MEETING OF THE
NEVADA DAIRY COMMISSION

oOo

TRANSCRIPT OF PROCEEDINGS
Thursday, February 18, 2016
Sparks, Nevada

REPORTED BY: MICHELLE BLAZER
CCR #469 (NV) - CSR #3361 (CA)

Public Meeting - 2/18/2016
Nevada Dairy Commission

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

oOo

APPEARANCES

COMMISSIONERS:

Christopher Cook - Chairman

John Collier

Troy G. Crowther (Via Videoconference)

ALSO PRESENT:

Dennis Belcourt, Deputy Attorney General

Lynn Hettrick

Kathy Easley

Anna Vickrey

Kimberly Whitfield (Via Videoconference)

oOo

Public Meeting - 2/18/2016
Nevada Dairy Commission

1 Sparks, Nevada, Thursday, February 18, 2016

2 1:01 o'clock, p.m.

3 oOo

4 PURSUANT TO NOTICE, and on Thursday, the 18th
5 day of February 2016, at the hour of 1:01 p.m. of said
6 day, at the offices of State of Nevada Department of
7 Agriculture, Sparks, Nevada, before Michelle Blazer, a
8 Certified Court Reporter, the following proceedings were
9 had:

10 OOO

11 CHAIRMAN COOK: Well, if that's the case, then
12 let us convene the February meeting of the Nevada State
13 Dairy Commission.

14 Mr. Hettrick, would you open the meeting,
15 please?

16 MR. HETTRICK: You know, what? Kathy did you do
17 it to me again?

18 MS. EASLY: What did I not give you?

19 MR. HETTRICK: No opening statement. And this
20 is this --

21 CHAIRMAN COOK: From the minutes of that
22 meeting.

23 MS. EASLY: You want me to get it?

24 MR. HETTRICK: No. It's right there. He's got
25 it.

1 MS. VICKREY: The ones that Anna screwed up to
2 start with.

3 MR. HETTRICK: All right. We are going to go
4 start. All right.

5 This is the time and place set for the regularly
6 scheduled meeting of the Nevada State Dairy Commission
7 for the month of February 2016.

8 This meeting has been scheduled and noticed in
9 compliance with the pertinent statutes, including the
10 Open Meeting Law.

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

14 My name is Lynn Hettrick, Deputy Director of the
15 Department of Agriculture.

16 Present today are Mr. Christopher Cook, Chairman
17 of the Commission; Mr. Troy Crowther, member of the
18 Commission, Mr. John Collier, member of the Commission.

19 Those present to present statements or evidence
20 to the Commission during this meeting are requested to
21 first be acknowledged by the Chairman and to identify
22 themselves for the record.

23 CHAIRMAN COOK: Thank you, Mr. Hettrick. Would
24 you go to the first item on agenda, please?

25 MR. HETTRICK: Yes, Mr. Chairman. First item on

1 the agenda is public comment.

2 CHAIRMAN COOK: Seeing we have no members of the
3 public, we can probably move on.

4 MR. HETTRICK: All right. Number two on agenda
5 for possible action on a license application for
6 processing-distributor, Safeway Tempe Milk, Tempe,
7 Arizona. Chris Blessington is the contact. The
8 applicant seeks a license to distribute fluid milk, fluid
9 cream in the Northern and Southern Nevada marketing
10 areas.

11 The applicant's prices and costs have been
12 reviewed by members of the Dairy Commission staff and
13 they are in compliance with his agency's laws and
14 regulations.

15 The applicant will be responsible for the
16 assessments.

17 CHAIRMAN COOK: And seeing there is nobody
18 present representing the applicant, is there anything
19 else the staff can add to the --

20 MR. HETTRICK: It's very straightforward. They
21 are just bringing milk, it's going to come out of the
22 Arizona area, Tempe, through --

23 CHAIRMAN COOK: Is it their own operation? They
24 have their own?

25 MR. HETTRICK: It says they are buying from the

1 Arizona -- dairy co-op in Arizona. That's all I can tell
2 you about what I saw in the application.

3 CHAIRMAN COOK: I didn't realize Safeway was
4 bottling their own.

5 MS. EASLY: This is Kathy Easly. This is
6 actually the Safeway Tempe milk plant. But he said it
7 wasn't necessary to put the word plant on there.

8 CHAIRMAN COOK: Okay.

9 MR. HETTRICK: Yeah.

10 CHAIRMAN COOK: Well, that's a long way to haul
11 milk from Tempe, Arizona all the way up here. So --

12 MR. HETTRICK: Doesn't seem like it would be
13 very profitable, but apparently they want a license for
14 it to be able to do it if they want to do it.

15 CHAIRMAN COOK: Who knows, with fuel prices down
16 maybe it is profitable.

17 MR. HETTRICK: Maybe for awhile.

18 CHAIRMAN COOK: Okay. Well, I have no further
19 questions. Troy, John, any questions?

20 COMMISSIONER COLLIER: No, I have none.

21 COMMISSIONER CROWTHER: No questions.

22 CHAIRMAN COOK: Okay, I will entertain a motion
23 on this application.

24 COMMISSIONER COLLIER: Mr. Chairman, I move that
25 we accept the processor-distributor application for the

1 Safeway Tempe Milk located in Tempe, Arizona, who seeks
2 to distribute fluid milk, and fluid milk cream in the
3 Northern and Southern marketing areas of the State of
4 Nevada.

5 COMMISSIONER CROWTHER: Second.

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

9 MR. HETTRICK: Number three, Mr. Chairman, for
10 possible action, approval of the minutes. I have -- you
11 should have in your packets copies of some minor typo
12 changes that just need to be completed. Other than that,
13 we just need a motion to approve the, the minutes as
14 amended.

15 CHAIRMAN COOK: Wonder if it would be easier for
16 Kathy to change the spelling of her last name. Okay. I
17 will entertain a motion.

18 COMMISSIONER CROWTHER: Mr. Chairman, I will
19 make a motion to approve the minutes of the January 21st,
20 2016, Nevada Dairy Commission Meeting with the indicated
21 changes.

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

24 CHAIRMAN COOK: Having a motion and a second on
25 the adoption of the January minutes and no dissenting

1 votes, the motion carries, the minutes are adopted.

2 MR. HETTRICK: Thank you, Mr. Chairman.

3 Number four on the agenda is an update on the
4 start Starlicide program. And what I have, Mr. Chairman,
5 is an e-mail that was sent to me, and I don't want to
6 pass the e-mail out because we would have to put 1,000
7 items into the record which we don't need, and it would
8 include a bunch of e-mail addresses.

9 But what I would like to do is read you the body
10 of the e-mail because I think it is informative in regard
11 to the Avitrol that you folks approved for use in the
12 dairies.

13 So what I have here is an e-mail from a
14 gentleman who attended the training that we did over in
15 Fallon. He's a commercial applicator of pesticides, and
16 he did a, an application. So I will read you the body of
17 his e-mail.

18 It says: "Folks, I have conducted an Avitrol",
19 that's A-v-i-t-r-o-l, "treatment on a large Nevada dairy.
20 It works much better than we were expecting. We picked
21 up two 55-gallon barrels of dead birds just around the
22 barns and down the feed alleys. Birds were just falling
23 out of the sky. Although I was skeptical at first, I am
24 not now. Avitrol is different than Starlicide in that it
25 affection the birds within minutes. Pre-baiting with

1 rolled corn or cracked corn is necessary. Also, timing
2 is very important. The birds need to eat the bait at
3 once and the best time is at sun up when they first
4 arrive from the roost.

5 "Also, the birds will not eat as much Avitrol as
6 they would take in Starlicide. Reaction time is limited
7 so you don't need as much to do a treatment. This is
8 also why several treatments may be recommended.

9 "A majority of the poisoned birds died on the
10 dairy with only a fraction of a five-gallon bucket that
11 made it to a roost site about two miles away.

12 Un-poisoned birds were very flighty. You will need to
13 have help on hand to pick up dead birds the day of
14 treatment.

15 "The Avitrol extremely affects the birds' social
16 structure. Within minutes, the birds", in parenthesis,
17 "(about 20,000), were in a free-for-all frenzy of flying.
18 They were no longer in a large cloud like flocks. It was
19 a sight to see. Several dairy groups of birds left the area.
20 We also harassed birds with shotguns after the initial
21 treatment and while we were picking up dead birds.

22 "About midway through the following day flocks
23 of birds started forming, but they seemed to be flighty.
24 There was no where near the original number of birds.
25 Perhaps another treatment would be necessary to disperse

1 the remaining birds.

2 "If you have any questions, feel free to contact
3 me and, better yet, to help me treat your dairy.
4 Regards."

5 Apparently they were quite pleased with the way
6 it works. We did send one of our pesticide folks, Brett
7 Allen went out and followed up on this, and apparently
8 they were, they were pleased with the results they got.
9 And based on this, very inexpensive. And the use rate is
10 much lower because it affects them almost immediately.
11 And the birds, as he said, it affects the social
12 structure and they were immediately in a flight frenzy
13 instead of the, and I am sure you have seen how the birds
14 all fly together and they all move together. Apparently
15 they just broke that all apart and they were going all
16 which way as they were really disturbed.

17 So it looks like that's working quite well and
18 it's very cost effective.

19 CHAIRMAN COOK: This is only one?

20 MR. HETTRICK: Well, this is the only one we got
21 a letter back on.

22 We did hear earlier on, the Ponderosa Dairy down
23 in Pahrump, Pahrump area, Amargosa, did treat and they
24 weren't as pleased, but we are not certain they did it
25 correctly. We think they had somebody or else they did

1 it themselves, perhaps, but we think they had some
2 somebody come out of California who did the treatment and
3 didn't follow the recommendation on the pre-baiting and
4 that type of thing. We don't know that for a fact, that
5 was kind of what we were led to believe.

6 But these folks were apparently quite pleased
7 with what happened.

8 CHAIRMAN COOK: How many dairies have
9 participated so far?

10 MS. VICKREY: I know of I believe five that have
11 participated. So --

12 COMMISSIONER COLLIER: Good.

13 MS. VICKREY: I haven't heard anything other
14 than from the Amargosa Valley dairies. Uh-huh.

15 CHAIRMAN COOK: Well, good.

16 MR. HETTRICK: So just so you know where we are
17 at, I think it's more effective than the anticipated, and
18 it's definitely cost effective.

19 CHAIRMAN COOK: And this is not one that is --
20 We are not relying upon the Federal Government to produce
21 the Avitrol; right?

22 MR. HETTRICK: No. This is a private company.

23 CHAIRMAN COOK: -- so it's commercially
24 available, and --

25 MR. HETTRICK: Yep. Readily available.

1 COMMISSIONER COLLIER: What is the charge by the
2 private company to the dairymen to administer this?

3 MR. HETTRICK: Do you know? I don't know.

4 MS. VICKREY: Oh, no.

5 MR. HETTRICK: I know it says in his e-mail that
6 it was -- it says, "A five-pound box of double strength
7 of whole corn costs \$276. After pre-baiting this would
8 be mixed with 45 pounds of similar material making a
9 total of 50."

10 And he thought at the time it was only going to
11 affect 150 starlings. It turned out this was prior to
12 his application. But it turned out that obviously it had
13 a much greater effect on the birds than they anticipated.

14 CHAIRMAN COOK: So the material was actually
15 bought already mixed in with some food?

16 MR. HETTRICK: It's mixed with, yeah, comes from
17 a manufacturer mixed with corn, and then you mix it
18 with -- that five pounds is added to 45 pounds regular
19 corn. You blend it up and spread it.

20 CHAIRMAN COOK: So the corn's already treated,
21 then, you are just mixing it with more?

22 MR. HETTRICK: More, yeah, to spread it out and
23 give it enough spread that birds can get to it. It
24 doesn't take very much obviously, and pretty effective.

25 So at 276, I mean, we were talking about

1 treatments that were costing thousands. And 276 and some
2 application costs, it's got to be more, more economical
3 for the dairymen.

4 CHAIRMAN COOK: Well, and if most of the
5 mortality is taking place at the dairy, you don't have
6 the issue of people complaining about birds falling out
7 of their trees and --

8 MR. HETTRICK: Exactly. At the roost sights,
9 which is a good thing. So I think we are pleased.

10 All right. Unless you have questions, I will
11 move on.

12 COMMISSIONER CROWTHER: No questions.

13 CHAIRMAN COOK: I have nothing further. Go
14 ahead.

15 COMMISSIONER COLLIER: I have none.

16 MR. HETTRICK: Okay. No? All right?

17 COMMISSIONER CROWTHER: No.

18 MR. HETTRICK: So next is the staff report and
19 all I have for you is in the packets, it's the milk
20 pricing. The price did fall significantly in the month
21 of February, over \$2 a hundred weight north and south.
22 And I'm sure the dairymen are not pleased with that, but
23 that's what's going on at the time.

24 CHAIRMAN COOK: Did you get any, any reports on
25 what's happening with herd sizes? And because I know

1 that's one of the things we used to constantly get
2 reports on, the --

3 MR. HETTRICK: Fluctuation?

4 CHAIRMAN COOK: Yeah. The --

5 MR. HETTRICK: Progressive Dairymen Magazine
6 every month, but I didn't look at it this month. So I
7 can't give you an answer. Don't know. Yeah.

8 MR. HETTRICK: Questions on the pricing? No?
9 Next one is your, your --

10 CHAIRMAN COOK: Financial --

11 MR. HETTRICK: Financial sheet. Interesting
12 that if you look at the very top it says balance forward
13 from the previous fiscal year, 802, and if you look at
14 the very bottom it says balance forward projected for the
15 end of the fiscal year, 801. So those numbers are in
16 thousands, sorry.

17 And, however, we have not yet seen 100 percent
18 of the impact of the reduction of the fluid milk
19 assessment so that will come on and we will see a full
20 year of expenses for the other things that we have done.

21 So I anticipate those numbers will actually go
22 down some. And we will have some impact on the -- on the
23 reserves, but at least it's not still going up, which is
24 what we have been fighting for.

25 CHAIRMAN COOK: Has it drawn any attention from

1 the LCB and --

2 MR. HETTRICK: No. We are in the middle of a
3 work program right now, and which means we have to submit
4 the budget like this. And that was one of the things I
5 raised immediately is be prepared because we are probably
6 going to get questions when this goes into fiscal about
7 why our reserves are so high. So we are just going to
8 have to be prepared to tell them that we are working on
9 it and we are making all kinds of changes and they are
10 not realized yet in what, what they see and what we see
11 before us at the moment.

12 Okay. So unless there are questions on that,
13 and I thank Kimberly for producing that and getting it to
14 us.

15 CHAIRMAN COOK: Curious if we have to have
16 another revenue category for cellulose.

17 MR. HETTRICK: Cellulose, I am not following,
18 I'm sorry.

19 CHAIRMAN COOK: Parmesan cheese additive. Been
20 all over the papers and the news the last couple of days.

21 MR. HETTRICK: Yes. Do we need an assessment
22 category for that?

23 CHAIRMAN COOK: You know the pre-packaged,
24 pre-diced, sliced, chopped, whatever it is that has --

25 MR. HETTRICK: Yeah.

1 MS. EASLY: Parmesan.

2 CHAIRMAN COOK: Parmesan has relatively high
3 amounts of cellulose added.

4 MR. HETTRICK: Amazing. I bet it costs less
5 than cheese.

6 CHAIRMAN COOK: I think it was New York Times or
7 Bloomberg or somebody had a big exposé on that in the
8 last couple of days.

9 MR. HETTRICK: All right. If there are no
10 further questions on the fiscal, we will move on to the
11 NAC, number six on the agenda, Mr. Chairman.

12 NAC is the Nevada Administrative Code. It is
13 the rulemaking that pertains to -- yep, that's it. To
14 our ability to enforce the Nevada Revised Statutes.

15 And what you see here and the way it's produced
16 is you see on the left what we are proposing to do with
17 the language, and on the right the reason that we are
18 doing that.

19 And pretty much self-explanatory.

20 For instance, if you drop down to the second
21 one, the first one is just defining what a distributor
22 is, and what Anna has done is gone through here. And we
23 have processing distributors and every other kind of
24 distributor under the sun, and really, when you get down
25 to it, they are all just a distributor. They are selling

1 milk. And we have been through this terminology forever
2 trying to keep it straight.

3 We've decided that we should just put it back to
4 where they are all a distributor and it's over with.
5 Rules apply to all of them. So that's what the first
6 section does.

7 The next section, the language already appears
8 elsewhere, so she's eliminating it so it's not just
9 duplicated.

10 Then, for instance, at the very bottom 584.0381
11 on the first page, if you look over to the note on the
12 right, the way if you have a bad milk test now, before
13 you can begin shipping milk again it takes four samples.
14 That's not necessary. Anna's lab and Anna's
15 environmental checking of these samples, one sample is
16 sufficient to prove they are in compliance. So we are
17 changing it so these people can ship milk and stay in
18 business, which we think is a good thing for our
19 dairymen.

20 So these are the kinds of things that are going
21 on here.

22 If you go through and just look at the
23 explanations for each, if you have a question, we'd be
24 happy to answer it. Most of this is very
25 straightforward.

1 And by the way, at the workshop we had agreement
2 from everybody who was there, even the people who came
3 and questioned other things and wanted us to address
4 other issues agreed with what we have done in the NAC.
5 And Dave Coon was there and spoke as well and in full
6 support of everything we are doing here. Just so you
7 know.

8 CHAIRMAN COOK: Any changes to any of the raw
9 milk?

10 MS. VICKREY: No.

11 MR. HETTRICK: No.

12 That's all in statute, and we don't really want
13 to get into it much. If it's not going to come out of
14 statute we are not going to probably address it here.

15 The assessed dairy products, if you go to
16 page 3, NAC 584.5792 that's a good one because we are
17 changing it. It used to be that it listed every single
18 item. For instance, you can see in the line it says
19 distribution of fluid milk. Well, we are no longer
20 assessing a fee on fluid milk. So by changing the
21 terminology to simply assess dairy products, it means you
22 only have to report the things that we assess. They
23 don't have to give us a report on the fluid milk, it
24 saves time and money for everybody, saves us accounting,
25 saves them accounting.

1 See if there is anything else that I see that
2 jumps out.

3 The bulk of, on page 4, it's all just clarifying
4 that there is one kind of distributor, we don't need to
5 make them all different.

6 Page 5, we don't need to specify the various
7 breeds of cows, it doesn't make sense. We added the
8 words in the middle of the page 5 "or Federal Milk Market
9 Order" because as you all know, California is considering
10 going to a Federal Marketing Order and if they do we will
11 be under that same Marketing Order.

12 So we added that language so we are ahead of the
13 curve in the event that it occurs.

14 Let me go to page 6. Tuberculosis is defined
15 elsewhere. These are all repealed now. Everything you
16 see from here on, on page 6 it says repealed, all of this
17 language is going to disappear entirely. So tuberculosis
18 is already defined. Brucellosis is defined. Go to the
19 next page, we have unnecessary language in regard to
20 charities.

21 Again, we are removing various distinctions on
22 page 7 regarding types of distributors. They just don't
23 make sense anymore.

24 And then you will find several that are outside
25 the purview of our -- when we review some of the NAC that

1 was written years ago was a stretch when the Dairy
2 Commission was really a heavy regulatory body, and we
3 determined that many of these things are outside the
4 scope of our NRS authority. So we have eliminated those.

5 We don't -- we are not a business regulator.
6 For instance, that first one, we don't regulate loans
7 that a dairy processor might make or not make. We don't
8 modify or -- we don't review or modify their contracts.

9 On page 8 in the middle of the page, we don't
10 determine whether or not they are participating in
11 profits or losses. We just --

12 COMMISSIONER COLLIER: This has all been the
13 law?

14 MS. VICKREY: Uh-huh.

15 MR. HETTRICK: Yeah. If you look at the -- a
16 businessman obviously will look at this and go you gotta
17 be kidding me. A regulatory agency is telling me what my
18 profit and loss sharing has to be?

19 COMMISSIONER CROWTHER: Lynn?

20 MR. HETTRICK: Yes.

21 COMMISSIONER CROWTHER: I have a question. For
22 example, the one at the bottom of page 7.

23 MR. HETTRICK: Yes.

24 COMMISSIONER CROWTHER: Loans to wholesale
25 customers held by distributors. I recall there were

1 certain things that were I think originally put in here
2 to actually protect the distributors, and although it
3 looks like it's more restrictive, what -- for example,
4 those bunkers and the cases I think were prohibited from
5 providing those to the wholesaler -- or to the retailers,
6 and that was actually something that the distributor
7 requested because it kept them, it allowed them to say
8 no, we cannot do this.

9 Is this loan provision one of those? I mean, is
10 this -- are we taking out a protection for the, the
11 processor or the distributor?

12 MR. HETTRICK: I guess you could look at it that
13 way, Troy, but Dave Coon was the one fellow who actually
14 had requested, in my experience being on the Dairy
15 Commission, some language regarding loans or bunkers and
16 those kind of things. And we reviewed this with Dave and
17 he said yeah, this just doesn't apply anymore. We don't
18 need it. We don't -- we don't think it's necessary, we
19 don't feel it applies. And if you --

20 COMMISSIONER CROWTHER: I just want to make sure
21 that we are not cutting the legs off, you know, some
22 distributor who is able to now tell their retailer, no
23 I'm sorry, we cannot, we can't finance you because of
24 this. And that gives them some, you know, added, you
25 know, protection where taking this out removes extra

1 protection. I, it's a question, I don't know --

2 MR. HETTRICK: Yeah.

3 COMMISSIONER CROWTHER: -- if that's been
4 considered.

5 MR. HETTRICK: Yeah, we did consider it because
6 it is, it pertains indeed to I think several of the
7 following sections where we say as well that we don't
8 think we have the authority to do it.

9 And I think that's probably the answer, is, in
10 fact, is I think first given Dave, being the only one who
11 cared and showed up before, and my knowledge, and he said
12 we don't need it.

13 But second, I truly believe we don't have the
14 NRS authority to do it. Even if we felt like we wanted
15 to leave it I think they over-reached when they did it.
16 And I don't think -- I think if it got challenged we'd
17 probably have a hard fight to prove we have a right to
18 regulate loans if they did.

19 COMMISSIONER CROWTHER: Is that something we
20 should probably run by our counsel here?

21 MR. HETTRICK: Dennis?

22 COMMISSIONER CROWTHER: Have you heard of that?

23 MR. BELCOURT: Well, I can take a look at it.

24 You know, I think I probably looked at these provisions
25 long ago when I first started representing you and I was

1 thinking that, I mean, the Commission, the only thing it
2 does is makes sure people don't sell for less than cost.

3 MR. HETTRICK: Cost.

4 MR. BELCOURT: And if this has anything to do
5 with that, I don't know if this was some notion that well
6 hey, a loan can be a way to, you know, a forgivable loan,
7 say, can be a way to, you know, to sell for less than
8 cost. You pay the distributor and so you are actually
9 selling for less than cost. But, you know, I don't know
10 whether that's the case.

11 I would be happy to take a look at it and see if
12 there is, you know, what the origin of this was. But
13 when is it going to adoption?

14 MR. HETTRICK: We will have a hearing -- we have
15 to schedule a hearing yet and be at least 30 days out.

16 MR. BELCOURT: Okay. I will take a look at that
17 and perhaps I can get you some thoughts after this.

18 COMMISSIONER CROWTHER: I would be curious. You
19 mentioned the history. I would be curious about the
20 history of that and why it was originally put in there,
21 you know, if it was to protect our distributors that way.

22 CHAIRMAN COOK: In any of these proposed changes
23 did any of the language change that was specific to a
24 retailer or a vendor requiring the supplier to provide
25 bunkers or dispensers or whatever as part of the terms of

1 them getting the business?

2 Because I think what Troy is thinking about was
3 that the situation that Anderson faced with some of the
4 casinos down in Vegas, that in order for them to secure
5 the contract they had to put up not only the dispensers
6 for the milk, but they also wanted them to put up
7 dispensers for orange juice and other sorts of things
8 that were unrelated to the products that they were
9 selling.

10 COMMISSIONER CROWTHER: My concern is that, you
11 know, although this isn't bunkers, it looks like
12 something that could be along the same line.

13 CHAIRMAN COOK: That's why I am wondering if
14 there isn't some language in there that refers
15 specifically to equipment as opposed to the broad
16 category of loan, which would imply monetary or, you
17 know, money being offered. So --

18 MR. HETTRICK: To me, I mean, we can go back and
19 look. This was put into NAC in 1979. It was updated one
20 time in 1996. I'm not aware of it having been used at
21 all in that period of time, I'm not aware of it being
22 used. And the, if you look at, for instance, in the loan
23 one, it says distributor number two: Says, "A
24 distributor may make a renewal loan of money to a
25 prospective wholesale customer", da, da, da, da, da,

1 "if", and then it says, "the distributor advises the
2 Commission that he wishes to make or remove a loan."

3 I am not aware of ever having been notified of
4 anything of such.

5 "The loan is appropriately secured and requires
6 payment of the prevailing market rate."

7 We don't check that. I mean, we have nobody who
8 does that work.

9 CHAIRMAN COOK: Okay.

10 MR. HETTRICK: And C, "The loan is not
11 contingent upon the purchase of dairy products."

12 So they are just loaning them money. I mean, it
13 has no contingency to dairy product whatsoever.

14 CHAIRMAN COOK: Which means you have no
15 business --

16 MR. HETTRICK: Yeah, which means we have no
17 business in this.

18 COMMISSIONER CROWTHER: The point, though, that
19 C, C, loan is not contingent. It's saying that it's okay
20 to make loans as long as these apply and, you know, these
21 arms-length provisions are in place. And that's, I
22 guess, what makes me wonder if this was put in there
23 specifically to protect them.

24 MR. HETTRICK: Well, if it's not contingent upon
25 the purchase of dairy products then why would they loan

1 them money? Unless they just want to loan them money as
2 a money lender. I mean, it's not contingent upon the
3 purchase of dairy products. So it would mean that you
4 don't have to buy a product from me. If you want to loan
5 me money you can. And then it says we have to approve
6 it? Has nothing to do with the Dairy Commission. It is
7 not contingent upon the purchase of dairy products.

8 COMMISSIONER CROWTHER: I don't think we have to
9 approve, just have to be advised about it.

10 MR. HETTRICK: Look at Sub D there, Troy.

11 COMMISSIONER CROWTHER: Okay.

12 MR. HETTRICK: We just don't belong in this
13 business. It's not what we do.

14 COMMISSIONER CROWTHER: I understand, but again,
15 if they are making a loan and, again, like the bunkers,
16 they are making it contingent upon -- they are doing
17 business contingent upon them making a non arms-length
18 loan, I think that goes against good business practices
19 for our industry. Again, I'd like to see the history
20 behind this one.

21 MR. BELCOURT: I will look into it.

22 MS. VICKREY: Okay.

23 MR. HETTRICK: Dennis will look and we can go
24 from there.

25 Questions on any of the other?

1 CHAIRMAN COOK: I think if Anderson was -- Dave
2 and Anderson were okay with this and he felt that his
3 protections on the issue of providing equipment were
4 still intact, then I don't have a real concern about
5 making these changes and streamlining it.

6 MR. HETTRICK: Okay. Well, I think we should
7 have Dennis go ahead and do the look-see and come back
8 and we can discuss it next time. We will agendaize it and
9 we will review it and go from there.

10 MS. VICKREY: And I did provide these documents
11 to Gary Reck at Model and he didn't have any concerns,
12 apparently, because he never showed up for the workshop,
13 either. So he knew he could contact me if he had
14 problems.

15 MR. HETTRICK: We accept comments, written or
16 verbal, and they were invited to the workshop.

17 MS. VICKREY: Yeah.

18 CHAIRMAN COOK: Okay.

19 MR. HETTRICK: And that would have been true of
20 Meadow Gold in Las Vegas as well. They all were noticed,
21 all copied, and all invited to participate if they had
22 concerns.

23 CHAIRMAN COOK: So we will have Dennis take a
24 look, get the history of that one section that Troy is
25 concerned about --

1 MR. HETTRICK: Yeah.

2 CHAIRMAN COOK: -- and then we will -- what's
3 the procedure? Going to be schedule a --

4 MR. HETTRICK: We will do it next time again.
5 Answer the questions, decide if you folks are happy with
6 it. If you are, then we will schedule -- and we will
7 probably schedule for shortly thereafter a hearing
8 because we are -- the formal hearing because we have a
9 30-day window and we don't want to go to the -- all the
10 way to the next meeting and then go 30 days after that,
11 we are never going to adopt these.

12 So probably what we will do is schedule the
13 hearing for a few days after the formal adoption hearing
14 for after. Because we are allowed -- if Dennis came in
15 and said nope, you don't want to do this, and you guys
16 said nope, we don't want to change it, we can adopt that
17 into the formal hearing when we do the hearing shortly
18 after the Dairy Commission meeting.

19 And then we can submit that as our final
20 document to LCB. So we can fix it and we can do whatever
21 is deemed necessary to do. And that way go ahead and
22 proceed to get this adopted and into the record.

23 CHAIRMAN COOK: Okay. And then they will take
24 effect immediately or next fiscal year?

25 MR. HETTRICK: No, they will take effect as soon

1 as they go to the Secretary of State and get filed where
2 the people can see them.

3 CHAIRMAN COOK: All right.

4 MR. HETTRICK: Gets posted to the Secretary of
5 State's office.

6 CHAIRMAN COOK: Okay.

7 MR. HETTRICK: All right. We will do that. I
8 don't have anything else, unless you do, on the balance
9 of this.

10 CHAIRMAN COOK: I have nothing further on the --

11 MR. HETTRICK: Okay. Then we have consideration
12 of other matters pertaining to the dairy industry. I
13 don't have anything under that heading, Mr. Chairman.

14 And finally, we have public comment again.

15 CHAIRMAN COOK: Any -- just curious if there is
16 anything coming out of the Fallon plant on how their
17 sales -- if the sales are holding up, if they are
18 stockpiling inventory because they can't sell the stuff
19 or if you know of any --

20 MR. HETTRICK: I haven't heard.

21 MS. VICKREY: I haven't heard of any changes.

22 CHAIRMAN COOK: Because there is some pretty
23 interesting things happening in the ocean shipping
24 business that freight rates are collapsing.

25 MR. HETTRICK: And the milk price is, too,

1 unfortunately.

2 I mean, \$2.50 on a hundred weight about the
3 average drop, and I'm sure that milk is becoming very
4 attractive between freight and the price. But, you know,
5 I don't think that price is very helpful to our dairy,
6 dairymen directly.

7 CHAIRMAN COOK: Any of that showing up yet in --

8 MR. HETTRICK: Not that I am aware of. Are you
9 aware of anything?

10 MS. VICKREY: No.

11 MR. HETTRICK: It's only been 30 days. So I
12 think it will take a little longer than that before you
13 will start seeing an impact.

14 CHAIRMAN COOK: Okay. Did we go to the Tulare
15 Ag Fair?

16 MR. HETTRICK: Yes.

17 CHAIRMAN COOK: Anything to report on that?

18 MS. VICKREY: Well, we had a lot of children
19 come and milk our cow. A cow's a big hit. And it's fun
20 to see the kids that were there last year coming to look
21 for us.

22 Because if you walk around, they have tons of
23 equipment, things to see, there is nothing really for the
24 children to do. So I think that's the highlight of the
25 day.

1 Because you'd see them earlier in the day and
2 then later in the day the parents would have to bring
3 them back before they would leave.

4 MR. HETTRICK: Before they could leave.

5 CHAIRMAN COOK: It amazes me that in the heart
6 of the California dairy country that Nevada industry
7 would show up with a -- a milkable model cow and nobody
8 else from that area would have anything like that.

9 MS. VICKREY: Well, and it's interesting, too,
10 because we have children of dairy parents that own
11 dairies, they're milking the cow because they can't get
12 near the real cows, you know, they are too small. So
13 they really have a good time.

14 But we did, I think one big benefit for us is
15 that we had a lot of producers throughout the state that
16 said oh, great, Nevada is here. They'd stop and talk to
17 us about their harvests and what they are planting this
18 year. They are so glad to see us. We had some dairymen
19 show up.

20 And, of course, DFA was there and we talked to
21 everybody about, you know, the possibility of coming out
22 here to, you know, open up a dairy farm.

23 So who knows? See what happens. It was a great
24 trip.

25 MR. HETTRICK: Anna went, this was her first

1 trip down to go. We had Jessie Fegundes went. Her
2 brother, Bobby went two years ago. They are both really
3 great. Young people, FFA students, very knowledgeable
4 and bright young people. And then also Russ Wilhelm of
5 our staff, he is our -- our seed specialist and so he
6 kind of represented the ag side. Jessie is kind of a
7 broad spectrum because she is now a public information
8 officer here. So she could cover most everything. And
9 then Anna, of course, is our dairy expert. So we really
10 covered it well, and I think they enjoyed it. There is a
11 lot to see. It's really a great experience.

12 CHAIRMAN COOK: Did you develop some good leads?

13 MS. VICKREY: I am hoping, and we referred them
14 over to the FAA because they had a lot of people there
15 that were, you know, going through the crowds as well.
16 So we will see.

17 CHAIRMAN COOK: Good.

18 MS. VICKREY: Yeah.

19 MR. HETTRICK: Nice to have a presence there.
20 Nevada is on the map. And we had a big sign up that said
21 Nevada Agriculture on it and Russ said people walked by
22 and said I didn't know there were agriculture in Nevada.
23 So that alone is a positive, quite frankly. So yeah, we
24 were pleased. Excited about it.

25 CHAIRMAN COOK: Okay.

1 MR. HETTRICK: All right.

2 COMMISSIONER COLLIER: I see you got the IAMCA
3 packet --

4 MR. HETTRICK: Yep.

5 CHAIRMAN COOK: -- for us?

6 MR. HETTRICK: Kathy put that out. You guys
7 should take a look at it. If you have an interest we
8 should be looking to do something on that fairly soon.

9 CHAIRMAN COOK: Okay. Anna, you went to the
10 organizing meeting for this; didn't you?

11 MS. VICKREY: Yes, I did, in Sacramento. So it
12 sounds like they have got some really good speakers this
13 year. And they just got that put out after the meeting.
14 So I guess the biggest part of it is to make sure we get
15 the flights early so it is a little less expensive.

16 COMMISSIONER COLLIER: I'd be very interested in
17 attending if it's in the budget and that type of thing.
18 So --

19 MS. VICKREY: We will make it work.

20 MR. HETTRICK: Yeah, I think we can do it. I
21 think we may have to do a work program, but I think we
22 can do it. So --

23 CHAIRMAN COOK: Anybody from the staff that can
24 go?

25 MR. HETTRICK: Make sure you take a look, too,

1 Troy, if you have an interest.

2 COMMISSIONER CROWTHER: Yeah, I'm interested.

3 The one that I think Chris and I were at in Toronto,
4 that's the last time I have been to one.

5 MR. HETTRICK: Yeah.

6 COMMISSIONER CROWTHER: That was very
7 beneficial.

8 COMMISSIONER COLLIER: I think it would be
9 important for all of us to go if it can be worked out.

10 MR. HETTRICK: I don't think they will let us do
11 all of that, but we will -- the budget for travel is
12 mightily limited. So I think it's most important that
13 commissioners go.

14 CHAIRMAN COOK: -- that excess in the reserve
15 account.

16 MR. HETTRICK: Yeah, yeah, I totally agree with
17 you, but --

18 CHAIRMAN COOK: Beneficial to the industry.

19 MR. HETTRICK: -- LCB fiscal tends to frown on
20 multiple people going to meetings.

21 So if we -- but I do think it's most important
22 that the commissioners go and Anna, if she can do it, and
23 schedule a time as well. I think it's important.

24 COMMISSIONER COLLIER: Yeah, I think it's very
25 important.

1 COMMISSIONER CROWTHER: Who should we contact?
2 Anna? Is that our contact person for this?

3 MR. HETTRICK: You need to let us know if you
4 have an interest in going, you can do that with Kathy.
5 If you want to, let us know you have an interest and the
6 timing will work for you and then we will go back to
7 fiscal and make sure they tell us we can do that or how
8 many we can do because ultimately they are the ones we
9 are going to have to dig the money out of our budget to
10 make it happen.

11 COMMISSIONER CROWTHER: Okay.

12 MR. HETTRICK: Just let us know what you want to
13 do.

14 CHAIRMAN COOK: The 27th. So that's a Sunday
15 through a Wednesday. The end of the month.

16 MS. VICKREY: And I think it's key to let us
17 know if you wanted to stay longer, especially if you take
18 your spouse or something, since you are traveling anyway.

19 MR. HETTRICK: You can do that, but you can't,
20 you know, they won't pay for the time in between, but
21 they will pay for the airfare for you and the room for
22 the nights of the conference for you, and then they will
23 pay obviously your airfare home. If you decide to split
24 that or whatever, you can do that. But that's at your
25 expense.

1 COMMISSIONER CROWTHER: There were, as I recall,
2 we could pay, you know, out of our pocket for our spouses
3 to do a -- they had like a whole separate program that
4 they were doing while we were in classes. Is that also
5 available here?

6 MS. VICKREY: I'm not sure. It would say on the
7 agenda if there is.

8 MR. HETTRICK: I haven't looked at the agenda,
9 but I believe that they'd have a spouse program to almost
10 all of them, and yes, you can obviously do that if you
11 want to pay for it yourself.

12 COMMISSIONER CROWTHER: I did not see one on
13 this agenda, but --

14 MS. VICKREY: And I think they were talking
15 about not having that available this time.

16 COMMISSIONER CROWTHER: Okay.

17 COMMISSIONER COLLIER: They did that when we
18 went to Montana. So --

19 MR. HETTRICK: This is in Vancouver, I think.
20 Literally downtown, if I'm not mistaken.

21 CHAIRMAN COOK: Right on the bay.

22 MR. HETTRICK: Probably plenty of activities
23 that they can get to without having a spouse's program.
24 That's probably what they are thinking.

25 COMMISSIONER CROWTHER: Right. Like that dinner

1 cruise if we want to pay for our spouse to come along
2 also --

3 MR. HETTRICK: Oh, I'm sure you could do that.

4 COMMISSIONER CROWTHER: -- things like that.

5 Okay.

6 MS. VICKREY: Yes.

7 MR. HETTRICK: I am sure you can do that.

8 CHAIRMAN COOK: Have any of the registration
9 material online yet or --

10 MS. VICKREY: I haven't seen any.

11 CHAIRMAN COOK: Okay. Well --

12 MR. HETTRICK: We will dig for you as soon as
13 you tell us you have an interest in going.

14 COMMISSIONER COLLIER: I have a very definite
15 interest in going and I want to take my wife, also.

16 MR. HETTRICK: Okay. Yeah.

17 CHAIRMAN COOK: I have a definite interest but I
18 am going to be in Hawaii in the early part of the month
19 so somewhere along the line I am going to have to work.

20 MR. HETTRICK: And if you give us enough lead
21 time and work it so Kathy can do it for you she can make
22 reservations for airplanes to make sure your spouse can
23 fly with you, you are on the same flights and all those
24 things. But be aware that you will have to give her a
25 credit card to pay for it. That the state won't let us

1 buy any of it or fund it in advance or any of those
2 things. So just be aware.

3 COMMISSIONER COLLIER: Now, will the state pay
4 the conference fee?

5 MR. HETTRICK: For you.

6 COMMISSIONER COLLIER: Yes. For us, yes. But
7 the travel and all of that we have to pay that ahead of
8 time?

9 MR. HETTRICK: Only for your spouse. You may
10 end up having to pay it and then get it reimbursed is the
11 way the state will work. They want to see the actual
12 bill. They are not -- if we book it for you we may be
13 able to do it that way.

14 COMMISSIONER COLLIER: Okay.

15 MR. HETTRICK: But it just depends how we are
16 doing it, when we are doing it, what the timeframes are.
17 There are a whole bunch of variables.

18 We will do it, if we can pre-do it we will, but
19 if not, you may have to put it on your credit card and
20 then we will get it back.

21 COMMISSIONER COLLIER: Okay.

22 CHAIRMAN COOK: Okay. All right.

23 Public comments?

24 Seeing none, and since there is a 2:00 o'clock
25 meeting coming up, we are done.

**Public Meeting - 2/18/2016
Nevada Dairy Commission**

1 MR. HETTRICK: Thank you all.

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

3 o0o

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEVADA)
2) ss.
3 COUNTY OF WASHOE)
4

5 I, MICHELLE BLAZER, a Certified Court Reporter
6 in and for the State of Nevada, do hereby certify:
7

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

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

18
19
20 MICHELLE BLAZER, CCR #469 (NV) CSR #3361 (CA)

21 BONANZA REPORTING - RENO
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COMMISSIONER CHRISTOPHER COOK

CHAIRMAN JOHN COLLIER

COMMISSIONER TROY G. CROWTHER