

Name of Organization: Nevada Board of Agriculture
Date and Time of Meeting: March 2, 2010 @ 8:30 am
March 3, 2010 @ 8:30 am
Place of Meeting: Nevada Department of Agriculture
405 S. 21st Street
Sparks, NV 89431
Phone: (775) 353-3601

Minutes

March 3, 2010

1. Call to order by Chairman Alan Perazzo

An announcement was made by Director Lesperance. He said that he received a call last night from Marc Johnson, Provost, and UNR Vice President. Director Lesperance said that Marc Johnson was at a Board of Regents meeting today in Las Vegas or would have been here to relay this message directly.

The newspaper was somewhat in error, the College of Agriculture is not shutting down; only certain divisions. Unfortunately, one of the divisions is Animal Science. The Director said the Plant areas, which are really quite inadequate, are remaining. The reason Animal Science is being shut down was lack of graduates and lack of students. I didn't get a chance to get any specific details, but he did want you to know that the College of Agriculture is remaining open, but several areas will be closed. Extension Service is remaining open and I think that was a major part of his message. He apologizes for not being here. He definitely wanted to tell this Board what's going on. I told him that I appreciated that and thought it was good that we worked closely together because it's tough times for everybody.

A. Introduction of Board members and guests.

Board Members Present:

Paul Anderson
Dean Baker
Ramona Morrison
Paul Noe
Alan Perazzo
Martin Plaskett
Boyd Spratling

Board Members Absent:

Dave Barton (recently resigned)
Jim Snyder (excused)

Dave Stix, Jr.
Hank Vogler

Staff Members Present:

Tony Lesperance
Sandie Foley
Christine Munro
Mark Jensen
JoAnn Mothershead
Blaine Northrop
Bill Striejewski
Lon Beal
Joan Holland

Guests:

Peter Krueger, i3 Public Affairs
Don Alt, N. L. S. A.
Lawrence Waugh, Western Energetix
John Cabiniss, AIAM
Nick Economides, Chevron
Daryl Capurro, Wildlife Commission
Ron Cerri, N. C. A.
John Sande, III, Jones & Vargas
Alfredo Alonzo, Lewis & Rocca
Marlene Lockhard, i3 Public Affairs
Gerald Lent, Wildlife Commission

2. Board Business

A. Approval of minutes from the December 8, 2009 and December 9, 2009 Board meetings.

Dave Stix, Jr. made a motion to approve the minutes. Ramona Morrison seconded the motion. Motion passed.

B. Sexual harassment training

C. Ethics training

Sandie Foley advised Board members that she placed the Sexual Harassment and Ethics training information at each of their areas. She asked that the members take the information home with them to read and return the acknowledgement with their travel expense claim. She advised that this satisfies their requirement for training for sexual harassment and ethics training.

7. Resource Protection Division

A. Ramifications of possible budget cuts on predatory animal control.

Mark Jensen said it was a busy time of the year for them as we move towards Spring. Most of you are aware over the last year we've cut about 35% of our state workforce. I've mentioned this before, but I'm bringing it up again. We don't have anybody working in Las Vegas, Eureka, Austin and these cuts create large holes in the map to start to do our work.

As far as the 4 x 10's, we really haven't had much time to process how that is going to work for us. It's going to reduce our ability to be out there working with livestock producers. All we can do is try to slug through this. I don't know exactly how all this is going to work out, but we are struggling right now. We are doing the very best that we can with what we've got.

The good news is that our 3 aircraft are up and running. We do have all our positions staffed with pilots and crew members. This last year I've attended all the Grazing Board meetings but one, and I'll be attending the N-4 Grazing Board meeting in Alamo. It's a good time for me to be able to meet and interact with livestock producers and let them know what is going on with us and the challenges that we face and all the work we're doing.

As far as the Grazing Boards, their dollars are pretty much steady to going down some. But their participation with us as far as the money they pay into the programs to help support the flying part of our work has remained steady. Thanks to the Grazing Boards for hanging in there with us.

Our federal budget is pretty much flat. Everything that we hear from the federal side is that our federal budget will remain flat. We don't anticipate any increases on the federal side. We are hearing that if they freeze the federal budget, we won't even get our cost of living increases. That could translate into about \$40,000 cut per year for our federal budget. You have to remember that sometimes, as you march through time, your employees get cost of living increases and step increases that are automatic and if Congress doesn't give you the money to pay for those, then that is in effect a cut. We'll just have to see how the federal budget goes and go from there.

ASI is putting together and has been working on a letter of support for funding for Wildlife Services. I've passed that on to several groups here in Nevada. I want to thank Tony and Ron of the Cattlemen's Association, Doug with Farm Bureau, and other groups that have signed on to that letter of support for the funding for Wildlife Services. So that's a good thing.

Also, just to brief you on our Wildlife work. Most of you already know that we work closely with NDOW to do wildlife protection work. We have projects with Mule Deer, Sage Grouse, Bighorn Sheep and variety of other things. Basically there are two pots of money that we are kind operating on now for wildlife protection. One is the \$3.00 fee money; most of you remember that you will find on the tags in Nevada, that you pay a \$3.00 predator fee. That money goes into a pot and then that money goes to NDOW. They select projects and write a predation management plan. We work with them to implement the work that they are doing on that \$3.00 fee.

Something that is new in this last year and this is the reason for the handout I gave everyone; it's the Heritage Projects. If you don't know about the Heritage money within the Department of Wildlife, that is dollars that are collected and with those monies the Wildlife Commission has the authority to select projects that they want

done with that money. This last year, there were two private groups that approached the Commission and submitted proposals for predator projects to the Heritage Committee and to the Commission. There were three different proposals, (1) mule deer work in Area 6, (2) sage grouse protection in Elko County, and (3) to supplement some of the flying that we were doing already. Those projects were approved by the Commission. Wildlife Services was identified to do the work and we were moving forward with contracts to do the work. I had reported to the N-1 Grazing Board when I was there that we were planning on doing this work and they were very enthusiastic about that. That brings us to the handout that I distributed to everyone.

I want to make everyone aware of where we are right now. You can see when you read the first letter from the Sierra Club that talks about, (it is written to my supervisor in the Western Regional Office) bringing up a lot of questions about these projects. And that's obviously how it was brought to the attention of our Western Regional Office.

You can see from the letter from Director Mayer (NDOW) that he is still on record questioning the validity of the projects which puts us in a very difficult position; projects that were approved by the Commission. The Commission wants us to do the work. It seems that the Department does not want us to do the work. You can read through this. I wanted to make sure that everybody was aware how we got to where we're at. There's letter in there from the BLM responding to the Sierra Club, a letter from Jeff Green responding to the Sierra Club. I guess the bottom line for us as far as doing this work is in the very last page (handout) where Jeff Green, my supervisor, is requesting or hoping that we can come to some kind of consensus and NDOW can find a value for us to do this work. But until we come to some kind of consensus, those projects, \$212,000 worth of work we were going to do, most of it in Elko County, to protect deer and sage grouse and the other projects, are on hold until we figure something out.

Gerald Lent, Chairman of the Wildlife Commission, addressed the members of the Board. He said he wanted to explain a little more. I was sad to see the College of Agriculture in the paper. I worked for the Main Station Farm for 5 years [doing] undergraduate work. When I was at the University of Nevada I did a lot of research work up there. I hate to see it go, if it's going to go. But, I am here to pledge our cooperation with this Board, the Commission and answer any questions you might have.

I want to explain a little bit. I had an open meeting complaint filed against me because I criticized Director Mayer at a Commission meeting without giving him a 5 day notice. I've got to be careful what I say here today. But, we as a Commission approve projects for the Heritage Committee. The Heritage money we get from bid tags; we had \$607,000 and \$1.2 in requests. We pick out the projects that we think are the most apropos and will do the most good.

From the Heritage, we picked out some predator projects; two of them for Sage Grouse in Elko County and a deer restoration also in various parts of the state. Those are very valid projects. The sage hen in Elko County, most of the leks, the people that submitted that went to Wildlife, found most of the sage hen leks occur in Elko County. So we elected to go there and try to protect them, because there is a threat of them being listed. We wanted to concentrate some predation from ravens where the greatest concentrations of sage hen were. So that is a very valid project.

Well, the Director refused to do them and that's where we have the problem. The Commission is strongly supportive of all predation control to protect the wildlife resources. We are having disagreements with the Department on what constitutes good science. NDOW made their decision to quote bad science for these Commission approved projects. It could very well have quoted good science if they wanted to because there is good science or we wouldn't have picked these projects. These projects benefit everyone here in this room today. These are all predation. It would be very easy for them to go along with it, but there's some problem with Mark's boss. So that's where we are at today.

The problem is that the Director is publicly on record saying that the Commission approved projects are not scientific and questioned the validity of them in an e-mail. That's the whole problem. Our deer herds are so low, predators are concentrating more and more on livestock and sheep. One of the concerns that I have is this pseudo threat letter by Tina Nappe that has some other names on it. That could go back and affect the shut down of predators for even cattle and sheep if the Wildlife Services formed another letter of protest. Essentially, it will shut down Wildlife predation in a sense. So that can reflect in some other industries if we are not careful.

Unfortunately, our Board unlike your Board, cannot fire our Director. The Commission decides where this Heritage money goes, by law. No one has any other say in it. So we delegated it for Sage Brush Rehabilitation, for whatever we want to do. No one has a say in it but us. When the Director says is not based on scientific evidence and therefore it is not legal, we just have a problem with that. It's nobody's job but the Commission, and I'll have Commissioner Capurro relay a couple of concepts he has. That is where we're at today and the Commission stands behind the science on their projects.

Because of the NEPA agreements with Department, there is a question on whether we go forward. But we're looking right now, that if we can't give to Wildlife Services, we might outsource these predator projects. We have the ability to write contracts for anybody who wants to go in and take predators out. So we are thinking maybe outsourcing them, because we feel they're valid projects. Director Mayer submitted substitute projects. If you look at the substitute projects, out in central Nevada, there are no deer. We're supposed to do predation in areas where there are no deer. We have a lot of problems with those substitutes and I am only one vote on the Commission, but I think the consensus of the Commission is that his projects are not more scientific than ours. So that is where we stand.

Commissioner Lent said he would leave a copy with the Director.

We wrote a letter to Senator Salazar on wild horses. I also want to announce, the Cattlemen's Association Resolution 4, 2005; they extended it over to 2008. The mule deer population has been on the decline. Mule deer are an important major species. It appears there are many ecological benefits to the rural communities of the state of Nevada on mule deer. Our mule deer are declining tremendously. So what I have done as of yesterday, I've appointed a Mule Deer Restoration Committee. I've heard reports that the Department is emphasizing antelope and elk. They have written off mule deer as a non-renewable natural resource. I have appointed the committee and lot of them are in Elko; John Carpenter is on the committee. We're going to study and do whatever we can to bring mule deer back. That's what we were charged by the Governor to do and by golly, we're going to try and do that. That is one of our big, big concerns that I initiated just yesterday. For the Cattlemen's Association, I don't know if that resolution was passed on this year; we agree with that and we are going to go forward effective right now.

We pledge that this Commission will work with this Board and you are welcome to any of our meetings. We'll work with you on whatever you want to do. We won't always be eye-to-eye, but I think we have a lot in common and we want to work with you guys, attend your meetings, and I'd like you to attend our meetings. I am here to answer any questions.

Boyd Spratling said he was concerned about elk and elk populations. As a Board member and from Elko County, I'm concerned about elk populations and elk plans that are now coming up for review. He said he would like to see cooperation in future problems between the Board of Agriculture in these planning processes for increasing elk numbers. I know every one of those plans are coming for review in the next couple of years. I would like to solidify that cooperation between your Commission and this Department.

Gerald Lent said he has had a lot of pressure from sportsmen in Elko County to put more elk in there. I did write a letter to the sportsmen, Elko County Advisory Board and some individuals up there stating I would not open the Elk Plan up at this time, because there wasn't enough evidence. I directed that to the Department of Wildlife. The way the Elk Plan reads, is you have to go back through the BLM or Forest Service and they determine that there's enough grazing from the planners, and if there's enough to put out more elk. Then they set it up through the Department of Wildlife. The Department of Wildlife comes to the Commission and requests we open up the Elk Plan again. I said I would not open up the Elko Plan until I have scientific data that it needs to be open. I just sent that letter out at the last Commission meeting.

8. Petroleum Technology Bureau

A. Request permission to adopt as permanent, proposed changes to NAC 590.065 (LCB File No. R111-08)

1. A request to remove the prohibition to manganese in gasoline.

Bill Striejewski said the first Item, 8.A, is an action item requesting to remove the prohibition of manganese in gasoline that is in NAC 590.065, LCB File No. R111-08. At the December Board meeting, after a great deal of discussion on this issue, it was ultimately tabled pending response to a number of questions that the Board had and to be revisited today.

In few minutes, I would like to answer those questions that the Board had, to the best of my ability. But first I would like to go over a logistic issue that surfaced last week and hopefully if there's any confusion among the Board, I hope that I can clear that up.

Last week, my plan was to be proactive in the event that the Board voted to remove the prohibition. After the Board makes an approval, I have to submit a number of different documents to the LCB for their review and then be included on the Legislative Commission agenda. The Board had already approved three changes on the LCB File No. R111-08 in December. I had already submitted these documents once and appeared before a Legislative Commission. So I contacted LCB to see whether I needed to resubmit all these documents again. I e-mailed this question to Debra Corp who is my contact at the LCB. She was out of the office for the week, but I received a call from a person who was taking care of her matters.

I was told that since they already approved changes in R111-08, and had been accepted by the Legislative Commission and enacted, that that file was now closed. The woman I spoke with had discussed this with both Ms. Corp as well as the principal Deputy Legislative Counsel that had worked on this file before. I was already scheduled to meet with Board member Anderson that afternoon and he and I informed Director Lesperance of the situation and then we spoke with AG Munro. She said that generally it's best in these situations to defer to LCB's opinion and that just maybe especially true last week during special session. It was at this time that I put together an e-mail that I hoped was clear enough for everyone to understand what the situation was.

Following this, Mr. Krueger and Ms. Lockhard contacted LCB to see what could be done. And by the end of last Thursday, they had told me that reopening the file may not be a problem and that Ms. Corp would be in touch with me on the matter.

I spoke with her on Friday. She offered two potential options. She would have to consult with Brenda Erdos, who is her boss and the Legislative Counsel. However,

Ms. Erdos was also very busy with the special session and on Monday, Ms. Corp was out of the office. Short story long, it was not until yesterday afternoon that I was able to speak with Debra after she had talked with her boss to get some guidance on it. And Debra has said that indeed, we can move forward by creating a new file. It will be assigned a new LCB number, but it will contain language that states that one issue has been separated out from the issues that have already been resolved and that workshops and hearings have already been held so that we don't have to repeat that process and reinvent the wheel. I am sure if there is any questions, either myself or AG Munro can answer those.

As I move forward to the more current things, I'd like to mention that I distributed letters to the Board. This is a letter that I received from Mr. Cabaniss on behalf of the Association of International Automobile Manufacturers, Inc. (AIAM) reiterating that group's opposition to lifting the prohibition. He wasn't certain whether he could be here. This letter is the only submission on this issue that I received since our December meeting.

Moving on, there were a number of outstanding questions that came out of the December meeting and as best I can, I would like to comment on these.

The first two questions, which I will sort of combine, was:

- are other states testing for the presence of MMT, and;
- would testing be required if the ban were lifted”?

The answer to the first part; I've surveyed the other states where MMT is allowed. Every state other than California, at this time, none of them currently test for MMT. Two states, specifically Michigan and Mississippi, said that they have the ability to test for MMT and could in the cases of complaint, but they do it for routine sampling. Nor have they been testing for complaints as they have no evidence that MMT has been used in their state.

Furthermore, EPA does not require testing for MMT and I suppose it would ultimately be up to the Board to request that we do the testing. If it's decided that we should test fuel on a routine basis, I want to mention that I would estimate the cost to be \$50,000 - \$60,000 to get both of the petroleum labs up and running to do this testing. This would take new instrumentation both in Las Vegas and in Sparks and consumable supplies for both sides, such as gases and so on and also retrofitting the ventilation systems in both locations. I need to mention that the Las Vegas petroleum lab is severely cramped in terms of space and that I'm not certain how spatially we would even make that work to set up an instrument there.

If it's decided that routine testing is not cost effective or necessary, I have located third party outside testing labs that can do the testing in terms of complaints or occasional random sampling of the market. That also would not be close to cost efficient to do routinely, but would not be difficult to do.

The second part of that:

- do other states require labeling of their pumps and is labeling required?

The answer to that is that labeling is not required by the EPA, nor is it mentioned in NIST Handbook 130 which is the Uniform Laws and Regulations in the areas of Legal Metrology and Engine Fuel Quality which is sort of the written Bible for many aspects of Weights and Measures in their various jobs.

In my survey of other states, where MMT is allowed, none of them require any labeling specific to MMT. If the Board feels that is still something they would like, that's fine, but this is way it stands.

Board member Vogler asked was:

- how is Nevada's stand on MMT in the case of interstate commerce?

Bill said not being an attorney, I think this question would be best answered by Christine Munro.

Christine responded said she did look at this issue. Because this issue of MMT is an option, EPA gives states the option to put it in their gas or not. I don't think there is an issue of interstate commerce violations or anything like that. Because it is an option, it's a choice and because there really is no labeling, there's nothing required if you do add it in. I don't think that interstate commerce really is an issue. If we keep the ban, I think that's fine. There's no problem with interstate commerce. If we take away the ban, I don't think there's a problem with it either. So based on my limited experience and judgment in that, I don't think that would be an issue.

Hank Vogler said we all know how tough things are in the state of Nevada and I keep having this reoccurring nightmare that we're going to be stopping every tourist, dipping their tanks and see if they have any MMT on board and turning them around at the border, which ought to really help us out quite a bit with our economic downturn. It's not an illegal product anywhere except in Nevada and California. And this seems a little ridiculous and it's far beyond what we should be dealing with.

Hank Vogler moved that we allow the use of MMT in the fuels in the state.

That's my motion. That's my comment.

Paul Anderson said as you all know in the last meeting, this topic caused me a great deal of concern about which direction to go. Obviously, the ones [questions] that Bill addressed were some of those and we've ironed those out; health environmental issues being a concern as well. That was one where really I wanted to make sure that we're doing the right thing for the state; whether or not we keep the ban or do away with it. On this one, really what I looked at carefully was the EPA's approval of

this product. Like I said, this was one where I was deeply concerned about us making the decision if it could cause harm to our state. The bottom line is in 1995, the EPA offered a waiver for MMT to be used. This is the same process that approved ethanol that we talked about. Ethanol in Washoe and Clark County is mandated, and all of California now is mandated to have 10% ethanol in it. Ethanol and MMT have to go through the same waiver process; the same approval process for the EPA to say yes, go ahead and go with it. The fact is that since 1995 this waiver has been in place and as I understand it, it's been challenged several times by different groups to do away with the waiver. But at this point, it stills stands. So I guess what I say based upon the EPA's approval of this product, it's not like they approved it 6 months ago, it's been in place for several months. And so far, nothing has been found to truly say, yes, this a problem environmentally and health wise. And with that, I think we would be pretty comfortable if we go ahead and move with the removing of the ban from our records.

Boyd Spratling commented that at the end of last December's meeting, the concern was for the ability of this Department to test for MMT played pretty heavily in tabling this thing. When you stop and think this thing through actually, if the ban in is place, there is a greater need to be testing for it than if it's allowed. So that obligation is really more appropriate currently than if we changed the law. I think that being a reason that we don't lift the ban is probably a moot point.

Dave Stix, Jr. said he appreciates the science and all those issues about the EPA part of it and that's not my concern. I've seen what Paul's talked about; I don't have a problem with the EPA issue. My problem is the manufacturers. Even since our last Board meeting, I've taken the next level because of our operation of understanding the modern diesel engines and emission issues. That what goes into motor oils and fuel is so much more important now, than it was a few decades ago.

My concern is our Chevrolet automobiles that are in our fleet do not recommend this product. The idea of putting a metal in the engine is bringing back these issues I've learned in the diesel engine is that that is what they are really trying to curb. The DPF filters and what have you they're putting in these engines are to collect those materials from going into the atmosphere. So that's my concern and a previous life of selling and dealing with warranty issues with big trucks. It is such a huge burden to put on the automobile manufacturers because the consumer will blame and expect warranty. So I don't want to belabor this issue, but I thought that was one of the questions that was raised. If it wasn't, that's water over the bridge. My concern is that a lot of automobile manufacturers don't want this in there. Maybe, I'm taking a real layman's look at this, but I can see the difference between ethanol and MMT. There has to be a huge difference between the two. One of them is a metal and the other one is not. That's my point. I'm having a tough time supporting the removal of the ban for that reason.

Paul Anderson said he would ask for Bill's assistance on this as well. One of the concerns I know, what you're referring to is the exhaust; that after treatment of that

exhaust, once it leaves catalytic converters and such. Bill wasn't part of the EPA's approval to make sure that it doesn't foul the exhaust system? As I understood it, that was one of the things that they have to review to make sure that it didn't fail the exhaust systems.

Bill Striejewski responded he didn't recall that exactly, but may well be.

Dave Stix, Jr., responded in answer to that and said in our last packet, I thought there was an independent study that showed the issue of the catalytic converters. I thought there was a test done. It wasn't EPA I don't think.

Paul Anderson said actually what we saw was two sides. One side said yes, it fouls it. The other side said no, it doesn't. Both of them had scientific evidence of both. As I understand it, that was part of the EPA approval through the waiver is that it did not cause a problem. Obviously, they don't want it to plug catalytic converters and potentially cause more emissions that way. I believe it was part of the process.

Dean Baker said he didn't think this was something that we have the ability or in the place to make judgments on. I think we should go along with the rest of the states and say that it is available particularly because the surrounding states deliver fuel to us. We would have an obligation if we put this forward to see that they were delivering without it and I don't think that a practical thing.

Chairman Perazzo said he would like to make a comment as far as with the Board and our decision here today. It says in our regulations that we need to make a decision based on sound science.

Christine Munro said it's in our statute, NRS 590.070; 'the State Board of Agriculture shall adopt by regulations, specifications for motor vehicle fuel based upon scientific evidence which demonstrates that any motor vehicle fuel which is produced in accordance with the specifications is of sufficient quality to ensure appropriate performance when used in a motor vehicle in this state'.

Christine Munro said you basically have to make your decision based upon scientific evidence.

Dean Baker said he thought EPA has to do that; that it shouldn't say that Nevada needs to do that same thing.

Dean Baker moved to life the ban on MMT. Hank Vogler seconded the motion.

Hank Vogler said we've got sound science on both sides that come up with two different conclusions. Well, okay, that's easy to deal with. We don't let any MMT into this state. Okay, that's easy to deal with. What about the guy that goes right down to the parts store and picks it off up of the shelf and dumps it in his engine? Can anybody differentiate whether it came in the gas or in the oil additive? So you wind up

with basically the same thing and it's not illegal to sell it as an additive in the state. It's sold here right now. That was brought out several times at the last meeting. We are beating a dead horse.

Paul Anderson said he agreed with Hank. One way or another, someone is going to be unhappy with our decision. Looking at the cost to our Department, I truly believe if we keep the prohibition, we are going to be putting a burden on Mr. Striejewski's department to make sure that product doesn't end up in this state. As far as an added expense, that's where it's going to be. And you are correct, we can see the bottle sitting there, that those are available over the counter. You and I can choose to go put that in our vehicle right now. And likewise, that's why I agree with you on your motion.

Dave Stix, Jr., I've learned a lot through the last two meetings and I know one thing now, I won't put this product in my automobile. That's what's cool about this. But, other than Mr. Chevron telling me that they don't use it at all, I want to know when I go to the pump that this stuff is not there. If the Board truly wishes to do this and automobile manufacturers in the booklets are warning us, do we now have an obligation to tell the public that the product is in it?

Paul Anderson said he understood where Dave was coming from with that as well. Because the warranty issue causes some concern, because of the fact... I randomly polled three vehicles, and all of them recommended that you don't add anything containing metals or specifically MMT into your vehicle. There is no requirement that we label pumps or anything like that. I understand that is something that we actually have latitude with; the Department saying that any pump contains MMT. That's something that we would want to look at going down the road if we do lift the ban. The last thing we want to do is make it the Department of Agriculture's responsibility to put the labels on.

We've been told by the Afton Company that it is a cost competitive product and will help the cost of fuel in our region. I would say that at that point then, it should be the marketer and the retailer's responsibility to make sure that those labels are on the dispenser; if that's where we are going to go with this.

Paul Noe said how do we know that there's not MMT in the pumps when we go to a rural station or somewhere? We don't, is that correct?

Paul Anderson said it's banned by the state right now. It shouldn't be there. As Bill said we're not testing it right now, so we don't know if it's there. The question is if you head north or east from here, it's quite possible that you're putting it in and not even knowing about it at that point. So, to answer your question, you don't know. Other than the fact, that Nevada bans it, so I would like to think that it's not in your fuel in this region.

Open to public comment:

John Sande, III, law firm of Jones Vargas - Reno.

I am here representing the Nevada Franchised Auto Dealers Association. I thought we would have workshops again and be able to get more information, but I can tell you that 100% of everyone that I talked to is adamantly against this. And they are very concerned about it and if I were on the Board, I would be very worried about just going and throwing out the opposition of the car dealers and also the manufacturers.

I don't really think you need to take any action today. As a matter of fact, I don't believe you can take any action and I'll tell you why. It's a legal argument. NRS 233B.050 is one of the statutes that's in the Administrative Code and tells you how to adopt regulations as an agency. It says that every agency shall adopt rules of practice, setting forth the nature and requirements of all formal and informal procedures available, including a description of all forms and instructions used by the agency and you should have this available to the public. You as an agency are supposed to adopt rules and procedures telling everybody how you conduct your meetings.

From my understanding, the Board has never adopted any rules or procedures, rules of practice, because when I contacted the Board, I was told that you don't have any. Therefore, last time, what occurred, you basically went through a notice of the meeting under the Administrative Code as you're supposed to and you gave notice and you had a hearing. At that hearing you voted on the MMT issue and it was tie vote. It killed the regulation. The regulation was dead. Now, there is Roberts Rules of Order that talk about how you can move to reconsider and the State of Nevada Legislature has adopted them; other agencies have. But you haven't. So if you look at it from a legal standpoint and I gave Christine a copy of an Attorney General's opinion, basically it's my opinion that once that was killed, you couldn't reconsider. And secondly, even if you did have the right to reconsider, my understanding was the person who moved to reconsider was not on the prevailing side. The person that moved to reconsider was on the side he voted in favor of the resolution.

So, therefore, even under Roberts Rules of Order, that wouldn't apply. So, I don't think this is appropriately before you today. I think what we should do is go back and have workshops and at the workshops, there were not very many people there, I know now that there will be tons of people, including my car dealers, and really go through the scientific evidence. For example, I was not under the impression that the EPA had approved this and I think we ought to look at that. Did they actually go out and say, "yes, this is a good product, go ahead and use it"?

Christine Munro said she looked at this and talked to the open meeting law deputy and some other people who...this particular section of NRS 233B.050, regarding the rules of practice. These are the rules of practice when you are having a hearing, or you're doing a license certification where you're doing a suspension, or you're having

a hearing on whether or not someone has violated a regulation or statute that you're in charge of deciding.

So, it's my understanding that the rules of practice are for the quasi-judicial or hearings that are taking place with certain boards and commissions that do license revocations, do license suspensions. So I don't know that his legal argument is actually the same thing that we're talking about. What we're talking about here is regulation adopting which is also under NRS233B. And you have done the notice and you've had the workshop, you've noticed, you've had the hearing. It is my understanding from reading the minutes that we were provided yesterday, that this particular regulation, the motion didn't fail, but it wasn't defeated either. It was tabled because the Board wanted more information. It's what I get from the minutes. So, the Board wanting more information is a good thing.

I don't know that there has been a violation of procedure as far as adopting regulations and really the Board has to comply with the open meeting law; that's clear. I found some Attorney General opinions that talk about how Roberts Rule of Order has kind of been preempted by the open meeting law. The open meeting law applies to all boards, all commissions and they have to follow it. So, we do want to have a procedure that's pretty much understood; you have motions, you have seconds, we have comments, we vote. That's followed here. But for this particular.....this is rule making. What we're doing here is rule making which is a little bit different; definitely different than a quasi-judicial proceeding.

So, I don't know that the rules of practice apply in this matter. I am giving you my opinion. I could be wrong; a judge could tell me I'm wrong. But, based upon what I've seen and understood what had happened since December's meeting, I think you tabled your discussion on this regulation, because it was very important that you get all the information and now you've taken it up again. I don't think there's been any violation. I think you done everything and I know Bill has spent a lot of time with the hearings, the notices, and talking to LCB so that we can do it right. And we want to make sure we do it right.

My only inclination here is to make sure you follow the process procedurally and that it's done correctly. I don't think the rules of practice apply in this case. That is dealing with quasi-judicial proceedings when you're revoking a license. People have to do process rights, and there has to be a procedure for how you do the licensing or the revocation.

Ramona Morrison said she wanted to reiterate with regard to the intent of tabling at least from my point of view. It was to get more information, particularly on the cost of testing or if it would be applicable.

Lawrence Waugh, Western Energetix

Mr. Waugh thanked the Board for allowing him to state his position and that is to remove the ban on manganese or MMT in the state of Nevada. Now, I'd like to tell you why. I've heard a lot about the marketing advantages that it might give the state of Nevada and additional supply.

I have attended all the hearings and workshops. And there is very good science on both parts, some for and some against. It's almost like the conflict on global warming. But, in this case, there is a third entity and that's federal EPA. Historically, our state of Nevada, has followed EPA regulations. When EPA first issued the ban on manganese, the state of Nevada did also. Several years later, EPA lifted that ban and from what I can find out, the only reason our state hasn't is because it hasn't been addressed. Today it is. Now, should Nevada keep this on the books as a stand-alone regulation and bear the burden of oversight? There are other products that are being used very widely, would they have to be removed and at what expense to the Department of Agriculture when 48 other states approved this?

Why should Nevada stand alone and not follow EPA regulation that who absorbs all the science and they make the final decisions whether it is harmful to the environment? Does it do what it says it supposed to do? The burden of reporting for this comes on us. And we have to file monthly or accumulate monthly Volume Metric Additive Reconciliation records that we have put enough of this additive in there, but we haven't put too much. We have to keep those records for 7 years. That's the enforcement part if you follow the EPA guidelines. If you don't, Mr. Striejewski is going to have to buy some very expensive equipment, but he can buy what's on the EPA approved list to test this. It all comes down to the EPA regulations and there is a very good reason. I believe that we've followed those regulations in the past. I see good arguments on both sides; focus on what was submitted to EPA and how they made the final decision. So, I encourage you to remove the ban on manganese.

Peter Krueger, Afton Corporation

Peter said he and Marlene Lockhard were here on behalf of the Afton Corporation. We're here simply here to ask the Board to repeal the ban based on the science that was heard in the course of the public hearings and workshop.

John Cabaniss, Association of International Automobile Manufacturers, Inc.

I think our position was clear last time. I just wanted to clarify opposition to the ban being repealed; just a couple of clarifications on the discussion today.

Mr. Anderson is correct that the EPA granted the waiver for MMT in 1995 after they had denied it like three or four times, basically, through a lawsuit that was overturned and approved. Part of that is they do have to look at its effects on emission control and catalytic converters. But keep in mind that was in 1995. The emission

requirements for automobiles, the standards have changed several times since then and in fact, they are up for reconsideration again now, but what's changed a lot in that 15 years, is that the challenge has gotten significantly higher as we explained in our papers that we provided last time. EPA hasn't looked at this in 15 years. There has been a lot of studies done. The reason EPA hasn't really looked at it is because very little MMT has been used in this country and so it hasn't been a priority for them. Those are a lot of other additives they haven't looked at either.

As far as the after market additives are concerned, people use those occasionally. They'll put it in if they think they need to have something cleaned out or something. I kind of think of it in terms of alcohol or whiskey. You drink a drink or a glass of wine once in awhile; it's not typically a health problem. But, if you drink it at every meal, several bottles a day, then it becomes an issue. Occasional use of MMT in gasoline is not going to make a lot of difference. If you use it all the time, that's when the issues occur, typically when it's not known whether it's in it or not.

Nick Economides, Chevron

Mr. Economides said he worked for Chevron, but I don't represent Chevron here today. I came out on my own because I've been part of this process since last June. I've been working on clean air and fuel issues. I think I know a thing or two about fuels; it's been 30 years now, it's my life. Even though my company and my industry has basically has thrown in the towel; it's a foregone conclusion you're going to pass this.

I just wanted to have a couple of words to focus on what's right as an individual. What's right. There are two sides of every issue. People can throw science data studies – pro/con on just about everything. But the right answer is one. And unfortunately, through this process, we didn't do a good job getting you what you needed in order to make the right choice and you are about to make the wrong choice.

The question is why? What is the benefit for what you are doing? What is wrong with what you are trying to fix right now? You are not doing it because you're concerned about your motoring public. You have plenty of data in front of you from the auto makers, from the dealers that say, this not good for the motoring public. It is not good for the cars. And you're not doing this for the environment because it's not good for the cars. It's not good for the environment. The catalytic converter gets plugged or the sensors not working properly. You are not doing it for the public. You're doing it for supply? What is going to change on your supply outlook? You are already getting fuel from Utah. You will be getting fuel from Utah in the future with MMT. There is no change in the outlook of the supply. In fact, my folks back home, said you know, have you thought about this? Right now, if we run out of fuel that comes from the west from California, we have no hesitation to go get fuel from the east that comes from Utah to keep our stations running. If we know there is MMT in the fuel that's coming

from Utah, we won't do that in the future. That's not helping the supply outlook situation what you're doing. That's hurting it.

The last consideration that one could possibly think why you are doing this is price. Well, prices set in this particular market, historically, by the high priced fuel which is what comes from the west. And the lower priced fuel that comes from the east lays somewhere competitively priced. You are not going to get an advantage. The producer who is going to get the advantage of making a fuel at a lower cost because they are using MMT, what knowledge or guarantee could you possibly have to believe that would be given over to you or any sizeable portion of that would be passed on to you or your motoring public in the state of Nevada? So, in conclusion, on the issue of liability; this issue of environment, the issue of supply stability, the issue of price, we see no advantage. So we reiterate, why are you doing this?

Alfredo Alonzo, Lewis & Roca law firm on behalf of the Alliance of Automobile Manufacturers.

We are essentially the other. John indicated he represents one part of the industry. I represent the rest; GM, Ford and mostly American manufacturers, including Toyota. Just to reiterate, we oppose this. For the record, if I had issues with, for instance how you run a station, I would probably talk to someone who runs a gas station. If I needed issues with respect to ranching or water, I'd probably talk to a rancher. Dean knows a lot more about water than I do. If you want to talk about fuels and what is good or bad for an automobile, you ought to talk to the automobile manufacturers and we're telling you, it's bad. It's bad for the environment, bad for automobiles and by the way, you won't be affecting Washoe County or Clark, because they already have rules they are going to be dealing with; how they mix their fuels. So, you are going to affect the rurals, the rest of the State. That's who gets this fuel. And I just caution you ahead of time, I think it's more prudent to discuss this with the automobile manufacturers and find out what really does work with our automobiles before you do it. That's my comment.

Ramona Morrison said the thing that stands out in this whole debate is how it is that the automobile manufacturers with such a strong apparent concern for this whole additive have not prevailed in any of the other 49 states? You have come before this Board with you as an attorney representing them at probably a pretty good price per hour, and come in to express concerns and it seems it would have happened in the other states as well. But here we are; the last state that isn't allowing it, how come this argument hasn't prevailed in other states?

Alonzo Alfredo said first of all because I am not attorney.

Ramona Morrison apologized and was sorry to insult you.

Alonzo Alfredo said because it's barely used in other states that's why. I think what you have is a situation that this is used so sparingly around the rest of the country, it's

just simply not an issue. It's an issue here, because here we are the first time in front of you when the rest of the world is moving away from it. We're actually saying we're going to allow it. I think that is what is so shocking to the system for all the manufacturers and the dealers. Yeah, the dealers telling you, we're going to see it in our shops. It's going to be bad for us. You've got the manufacturers saying the same thing. Right now, again, you're only going to affect the rest the rest of the rural counties. You're not going affect the larger counties. They're going to use ethanol. So that's something that's really important to remember here. They're going to use you as guinea pigs. And that's the thing I think everybody needs to understand. This isn't something that used all over the country. It's used extremely sparingly and every manufacturer that I've spoken to says we don't even know where it is used. It's so minimal that they....again, you've heard there is no testing. So, it's very, very difficult to find out where it is. But, where it has been used, it has caused problems for the automobiles. And again, it would be no different than when you have an ailment and you want to go see a doctor. I think you've got to talk to the experts.

Chairman Perazzo commented that Board members received a copy of a letter from Rob Franklin, President of United Oil. He [Rob Franklin] wanted the letter read as public comment. Chairman Perazzo said the letter is from Rob Franklin, United Oil in Twin Falls, Idaho. He owns and operates an oil company, medium sized, family-owned. In his letter he urged the Board of Agriculture to approve MMT use in Nevada.

Marlene Lockhard representing Afton Corporation spoke to the Board. She said very quickly, I simply want to say that with all that you've heard, there has not been one incident, there has not been one loss over MMT in manufacturing automobiles and it's used worldwide. There is just not an issue.

Chairman Perazzo called for a vote.

The Director suggested that we poll the votes.

Chairman Perazzo reiterated that the motion is that the ban be lifted. So if you say yes, I'm in favor of the motion, then the ban would be lifted.

Christine Munro asked what is your proposed regulation, is it just striking out, what is your proposed regulation? Because that is what we're dealing with here is regulation. You're striking through that line Sub. C. So that's really what you're voting on; removing the language.

Director Lesperance said to Christine Munro that she raised a good point and I would suggest that the motion should basically say that. He said the motion doesn't currently say that. It's implied.

Christine Munro said the motion is we want to remove this portion of the regulation.

Chairman Perazzo asked that the motion be rephrased.

Member Baker said he would like it corrected and still move.

Christine Munro asked Bill Striejewski to read exactly what is going to be taken out of the regulation. So we all understand.

Bill Striejewski said in NAC 590.065, Section 7 states a person shall not sell, offer for sale, supply or offer to supply in this State any gasoline intended for use in a vehicle which is primarily driven on a highway if: (c) manganese or any compound of manganese has been added to the gasoline.

Dean Baker said he so moved that (language) in that section as spoken. HanK Vogler seconded the motion.

Christine Munro said you are moving that the Board remove Section 7 C from NAC 590.065.

Dean Baker said mentioning MMT.

Christine Munro said now we're clear.

Polled vote:

Dean Baker – aye
Hank Vogler – aye
Dave Stix, Jr. – no
Boyd Spratling – aye
Martin Plaskett – aye
Paul Noe – aye
Paul Anderson – aye
Ramona Morrison – aye
Alan Perazzo – aye

B. Update on approved actions at December Board meeting, approved by Legislative Commission.

1. Changes to the gasoline regulations in NAC 590.065 (LCB File No. R111-08).

Bill Striejewski said Item B is just an information item. He said he wanted to update the Board on the actions that they approved in the December Board meeting which have now been approved and enacted by the Legislative Commission. The Commission met on January 28th and among other actions, they approved without comment or questions, two items on the agenda which are listed here. Specifically,

these were the amendments to NAC 590.065, other than the manganese action we just heard and the amendments to NAC 590.051, concerning bio-diesel regulations.

As I did at the December meeting for the variance procedure, I just included copies in your packet of the two adopted regulations as they were presented to the Legislative Commission.

Just to review changes to NAC 590.065, that sets specifications for gasoline and exceptions to those specifications and the Commission approved the following amendments which were to update the regulation as it pertains to gasoline and ethanol blends. They approved Clark County Air Quality's request to increase the wintertime RVP maximum from 9 pounds per square inch to 13.5. And we also updated the allowed sulfur maximum from the previous 300 parts per million down to a maximum of 95 parts per million.

2. Changes to the biodiesel regulations in NAC 590.051 (LCB File No. R209-08.)

The changes to the biodiesel regulations with these approved amendments NAC 590.051 have now been updated to reference the current ASTM standard for Biodiesel Feedstock which is also referred to as B100 as well Biodiesel Diesel Blend containing between 6 and 20 percent biodiesel and also how to street blend of 5 percent biodiesel.

Board member Paul Anderson said he wanted to thank Bill and Lon both for their time and effort; the amount of stress that has been put on them over these different issues that have come before us in the last couple meetings. A majority of Bill's time has been focused on this and thankfully now, hopefully he can look at his department instead of all these issues that have become before the Board. Again, Lon, I want to thank you as well for your assistance.

C. Update on labs in Reno and Las Vegas

Bill gave a brief update on labs. As always, we are continuing to try to provide the best possible service to all the people in Nevada. And to that end, I would like report that the final sample count for 2009 was 3,987 which is a significant increase over the previous year. Now, there was some increase in failures and resamples; many having to do with ethanol and so on. But even more so, we were just able to really get a much more complete sampling statewide. To that end, I would also like Lon Beal and also Dave Walch of Weights and Measures for their help and support, because if they don't do the sampling, we can't do the testing and the system doesn't work.

And also, for their support when we've had complaints and other issues. Sometimes, when we get a failing sample or a complaint, it's never a station on Kietzke that takes 2 minutes to drive over to; its Denio and Jackpot. Their support in helping us rectify those situations and get the fuel correct is really, really vital.

To that end, I know that Weights and Measures budget has tightened; while the inspectors statewide have the same amount of duties of which ours is only a fraction of that. But, I'd like to recognize their hard work as our program wouldn't exist without them.

I would like to thank and compliment Shannon Rudolph in Las Vegas and Christi Lew in Sparks for their continuing high work ethic and their diligence in doing the lab work for their department. I rely on them implicitly and their professionalism has made it easier for me to take care of these legislative duties.

I still do have training plans for Christi, but these currently are on hold pending the aftermath of the Special Session and so on, but in the future I hope to report that she has been able to attend the same ASTM classes that Shannon and I have attended and found so valuable in our work.

Boyd Spratling asked about Bills' lab. Are you funded through fees or do your salaries come from general fund?

Bill said our entire program is fee funded. Rather it is being funded based on the number of devices or stations or something like that which has an added flow to it. We are one of the agencies that are funded out of the Gas Pollution Fund. The Gas Pollution Fund comes from the smog inspections that are required here in Washoe County and in Clark County. It's administered by the DMV and a number of agencies are funded out of that. Ourselves, part of Weight and Measures, part of the DMV, NDOT, Washoe County Air Quality, Clark County Air Quality and Nevada Environmental Protection.

As a sign of what's going on economically, you're allowed a two-year exemption to get a smog inspection when you buy a new vehicle. But when car sales have gone down, our part has actually gone up. In the last legislative special session, much of the required reserve was skimmed off of that. I'm sure it happened that day, but I'm just not sure what the amount is. We all get a pretty solid amount. My budget went down somewhat in the 2009 session; it wasn't affected as badly as the general fund areas.

Director Lesperance said so everyone is clear on this. The general fund supports administration; which is myself, Sandie, and the fiscal office. It supports Plant Industry, the infrastructure of Plant Industry, only Dawn Rafferty, Ed Foster, and Plant Pathologist and the Entomologist and one secretary. Where we ran into a problem is the general funds supported 4 veterinarians. I can never find enough grant money or the willingness to change from general funds to grant funds on the veterinarian's part.

And if you recall, some of the deliberations we had in the last legislative session, Mrs. McClain was not the only person that did not understand why we should be paying 4 vets out of the general funds. There was a lot of opposition to that. And obviously, we won't be paying 4 vets out of the general fund come the first of July. I still have

the same problem. At the next legislative session, I'll lose another vet if I cannot find a way to put one of them on fees or something. Fees cover Weights and Measures 100%, cover Petroleum 100%, and now cover Brands 100%. Half of Chris's salary was paid out of general funds. That's been eliminated at this point in time. So 100% of Brands is fees.

Boyd Spratling asked even enforcement?

Director said there really isn't enforcement anymore. There are Brand Inspectors that can act in an enforcement capacity when required, but the basic enforcement unit disappeared at the last legislative session. There are 3 or 4 that fall into that capacity and we'll go to there in a minute. We'll be talking about it. But, in your comment, I just want to make it clear, that Weights and Measures, Petroleum, and Brands are 100% fees at this point in time. Administration, Plant Industry and ADL are the units that use what's left of the general fund.

10. Livestock Identification Division

Director Lesperance made the presentation for Livestock Identification Division. He said he is trying look at a more efficient way to have our Brands Department work. I am talking about dividing the State up into 3 areas; there would be northeast, there would be southern; and there would be western and have a supervisory Brands official in each area. I believe this would eliminate a lot of travel costs. It requires creating 3 new positions that we have no current personnel classification for. Most of you on the Board have never had the pleasure of dealing with Personnel in Carson. I finally came to the conclusion in my deliberations with Personnel, that I cannot take a square rod and put it through a round hole. It's not going to work.

I've tried to force the issue on several occasions and it can't be done. So, I kind of backed up and talking with Personnel, I asked I could come and we could start from scratch. I need to educate them on what the Brands Division is all about. They have no idea. You can't blame them for that; they're basically, mostly women that don't have any agricultural background. Almost all of them come from an urban setting and I have gone so far as to suggest that I would be more than happy, if somebody could help me, to take them to a branding. So they could understand some of these problems or they could ride with an inspector for day or two to understand what is required. And this has not met with total opposition I might add. So, I am going to have to work with Personnel to create what I think we've got to do to keep Brands solvent. I think the industry is supporting it. It's going to take some time because we can go ahead and get new positions on the books if they approve them, but that doesn't mean I'm going to fill them, because you can't fill them at this point in time.

So we're going to be limping along for a year or so and what I did was try to take advantage of the personnel we have in Elko. JoAnn Mothershead has been there for a great number of years. She has an excellent knowledge of the workings within the

building in Elko as well as the Brands Division in general. So, I've made her co-administrator. Everything that goes on in that building, she's in charge of.

Blaine Northrop is now our head Brands guy. He is going to be in charge of everything that's going on in the field which includes all the brand inspectors, the enforcement issues, and everything else.

I'd like for both of you to give your impression of where you're at and what's happening and then I'd like to have Blaine give an update on the retirement issues and new hires. I'd like to have Joanne bring us up-to-date on the head tax. Feel free to say whatever's on your mind. As of this point in time, you guys are the administrative unit of the Division of Brands. I will make sure that you attend all future Board meetings, because I can tell you've enjoyed the last day and a half. We'll make sure you get to all the rest of them. So, Joanne, you go first.

JoAnn Mothershead introduced herself and said I've been with the Department since 1988. I started in 1986 part time and then went full time in 1988. We are starting to gear up for our head tax season. Last year, we were short from the previous year of \$3,600, which is not real bad. We hope that it doesn't get any lower. We try to discover new names by checking temporary and new brands, and lifetime horse applications, as well as Lucia monitors brand inspections as they come in. We have a lot of out of state cattle that come for pasture and we generate revenue through them too on a pro-rated basis.

We generated 70,702 invoices in FY 2009. On a brand reporting year, that would still be an additional 4,000+. I have to say that with the sale yard issue, if we do not recover the money that is lying out there, the other sale yard has said that they would ask for reimbursement. If they do that, it doesn't leave any extra money for our budget.

Blaine Northrop said Chris Collis retired as of last Friday, which was his last day. Also, Cle Williams in Pahrump retired because of health problems. He had a stroke. He is on the road to recovery, but he thought it would be best [to retire] because he just couldn't get out of his house to do his job.

We hired Delbert Reese last Saturday. I was down in Pahrump and hired Delbert Reese, who is a former ranch manager. Some of you may know him; he comes from the Elko area. He is going to be an asset to us down there.

I terminated Patti DuBois as of Friday morning. Tony, do you want me to get into why or anything?

Director Lesperance said no, I don't think it's necessary. She was correctly terminated by everything I understand. Hopefully, it won't go any further than that, although, certainly it has been made clear to me, it has a potential. She worked in

Clark County; the Pahrump area. And we have had, historically, a problem in the Pahrump area.

The Director said he does know Delbert Reese from my Elko days. I think that getting him there would be a real stroke of luck. Blaine said he is going to be a good one on board. I can see that already.

Blaine Northrop continued and said he had another new hire, Jim Black in Jackpot. He is a former Elko County Deputy, retired. He lives right in Jackpot, so that would help some producers that go to Twin Falls with one or two cows. They can stop by and get a brand inspection on the way through without having to call a brand inspector from 50 miles away. So it will kind of handy to have someone right in that area where you can give them a call and meet them. So it's a producer friendly deal.

We did an investigation with the Lyon County Sheriff's Department. We impounded 34 horses, 53 goats, 24 llamas, 15 sheep, 6 pigs, 11 chickens, 7 rabbits, 1 guinea hen. The horses we seized off the property. They were in such bad shape that we hauled them off from the property. We did everything right. I was called by Sheriff's Department and I told the sheriff, first let me get a licensed veterinarian on the property cause as far as he and I making that call, we are not able to sign the certificate. So we had the veterinarian go in and seize all the horses, took them to fairgrounds in Lander County and from there to the fairgrounds in Elko County, in a facility here where they could be fed and cared for. One horse did die in the facility because he was so weak. There were dead goats, dead llamas, dead animals all over the place which we loaded up. I brought half of the goats and the one horse in for necropsy to Dr. Dan. Necropsies would come back and confirm that the animals had been starved to death.

We were in court two days and because the defense attorney of the lady that we took the horses from said that we did an illegal seizure. After two days in court, the judge decided that we did everything right, there was not an illegal seizure and the animals stay as is at the veterinarian's discretion. We fought against the animals going back, but she won that deal. So we may be back there at a later date. We have court hearings on March 10th for criminal charges. I cited her with 44 counts of animal cruelty, and the court date is scheduled for March 10th.

We had 27 counts of theft in Churchill County. I don't how many of you are familiar with this. We had a guy go to California, bought 27 bulls from a guy; got them into Nevada and never paid the guy in California for the bulls. He put his iron on them and ran them through Fallon sale barns and sold them all. We got a complaint signed. We did an investigation. We hauled the bulls into Nevada and some went into Oregon after they were sold, but the district attorney decided he's not going to follow through and charge him with theft. His reasoning is the victim in California filed a civil suit against the person in Nevada and he didn't think that he should have to file a criminal suit. We are fighting that and we sure would like to have the Board behind

us. We would like to push the DA to charge criminally. We did the investigation. We don't think this person should be able to walk away for what he did.

Joanne and I will be subpoenaed to Tribal Court in McDermitt on March 19th over a tribal issue with some people up there. There is still an ongoing investigation; we won't get into it deep. But I have the FBI involved also because it is on the reservation.

We're working with other states, California, Oregon, Idaho and all the states around us. I'm probably on the phone with them almost every day with one of them. I was called by Idaho a week ago about a guy up there. They've been trying to catch him for about a year. They had information that he was loaded with horses, not his, and he was headed to Mexico with them. I took off over to Wells and to stop him. About 4:00 pm that afternoon, here comes this guy over the hill, so I pulled him over and held him. No paperwork; nothing on the horses. I called Idaho and I escorted him back to Idaho to a check site south of Twin Falls where I turned him over to Idaho brands inspectors, two deputy sheriffs, and highway patrol.

But also, that day I was over there, I was kind of lucky. I pulled a trailer over from Idaho that was headed north back to Idaho from a roping in Phoenix, Arizona. They had left Arizona to go back to Idaho. I checked their paperwork and interviewed the driver and sent the trailer back to Idaho. I didn't know it at the time when I pulled them over, but two days later we found out the driver of the vehicle killed a guy down there in Phoenix, Arizona, execution style. So, if I'd of know then, what I know now..... The APB notice wasn't on the radio yet. I was lucky because I was in a high visibility area.

We have to attend the Western States Livestock Identification next week. All our deputy brand inspectors and I will begin an annual 20-hour training which is required by POST. It's a good place to go; you get information from all over the United States. You have all the states coming in, all the brand inspection states and you can pick up information on what they are doing. It's surprising what you run into.

We are members of the Western States Livestock Identification Association and we will continue to be members of them for the simple reason that anytime we get a theft report here in Nevada, within 20 – 30 minutes, I can have that report in Missouri, Kansas, Texas, Colorado, and any state there is.

Director Lesperance asked Blaine about a case he broke in Elko County some time ago. Has the District Attorney done anything with that case yet?

Blaine said right now he hasn't. I made an arrest up in the O'Neil Basin. We had a guy, we had the cattle and had the others ranchers present and when I questioned the guy about why he had these cattle, why the brands were altered, why the ear tags has changed, he couldn't answer. So, I arrested the person on the spot. The reason that hasn't gotten very far yet is because of a murder investigation that the DA's been

working on for probably 2 months. And according to the DA, he doesn't want to start on this until he'd done with a court hearing on this murder investigation.

I got a call about a month ago from a gal in Arizona that had a horse on her dad's property in Las Vegas. The horse disappeared. We found the horse; it left Arizona. The livestock investigator was there in Las Vegas last week. I had let him know, we had information. That was on Friday. By Friday evening, we found the horse and knew exactly where it was at. The horse was stolen out of Las Vegas and was taken into Arizona and sold again for \$3,000. Since the federal act was committed in Arizona, charges will be pending against the person over there for stealing the horse. We impounded the horse and it is presently being held by Arizona until the court hearings.

Sale barns: Blaine said I don't know how many of you know Nevada Livestock. We've changed the format over there. I don't know if it's good or bad yet, but I took the knowledge I have from sale barns in North Dakota, South Dakota, Montana, Wyoming. I've worked them all; two as an investigator for 17 years in North Dakota. What we did was schedule running the cattle through the pipes one at a time which takes time and three brand inspectors are just standing there watching the same cattle. We assigned the producer a load number which he already has when he comes in and list the cattle and pen number then so we're not standing there just running the cattle through one at a time. If you have a 100 head of calves, we split up and brand inspect part of the calves.

It cuts the time down for the sale barn and cuts down the time for us. And with 2 inspectors over there, we can put less hours in. We worked a system here two weeks ago at a special sale, it had some bugs. By the second day, it worked really well. Even the brand inspector, Elaine Jones, commented on how fast and well it worked.

We have another special sale coming up over there in two weeks. We'll run the same system through it again. It cuts the time down on the brand inspectors. I don't know if our stats are right, but according to what I was told by Jack Payne, this last sale cost .66 cents a head.

So I am hoping to use this system on regular sale days. I think it will cut our brand inspectors time in half. We're giving the same quality inspections. Everything is being looked at and it's being done a lot faster with less cost to us. I am hoping that we'll get the bugs out. The system works, it's just getting the people used to it. The sale barn staff, the barn managers and our brand inspectors needs to work together. It speeds the process up enough to save money. That is what I'm trying to do. Hopefully, if we get the system working well, I can get the other sale barns to take a good look at it. On normal sale days, we'll be cutting back on brand inspectors and save us a lot of money.

Director Lesperance said to Blaine that in regards to that, he received 3 telephone calls which indicated the people were happy with what you've done out there and I

think those are the first 3 happy telephone calls I've received from the Fallon area in quite some time. I'd say you did good.

Director Lesperance said he made a telephone call to both of you the other day. I think I kind of surprised you by doing what I did. I think Joanne is still.....it's tough deal, I realize that. But, we have no choice. This is the direction we've got to go to. It's the only direction we can go. I just wanted to thank both of you profusely for not hesitating a second to take on this assignment. It was a great relief to me because I didn't have any other options, except move myself up there. I sure wasn't looking forward to that. I want to thank you both. I think you've jumped right into it. I would ask you both, you're talking to the whole Board, if you see problems at this point in time, that need to be corrected or anything else, I'd ask you to come forward with that and let's get that out on the table. It's going to be a learning experience for all of us. And the other thing is once you get done, I'm going to open it up to the Board; if they have any questions of you.

JoAnn said she had one other comment. Yesterday, everybody was inquiring about the free inspection. There are no free inspections. What we deem a free inspection when we get a sale yard packet in, is anything that has come into the sale on a brand inspection, is not charged a brand inspection again. And it is considered free. That total will be taken off the number of head that goes through the sale. They are only charged one time; either in the country or at the sale yard. But nothing is free.

Dave Stix, Jr. asked Blaine about the bull case in California and you asked about some support there. A lot of times in this business, especially, if you know the people, cattle are released knowing that payment will come later, but with all the issues you have with in front of you, perhaps this one of those cases where the DA is right. That if the owner of the bull knew he was going to have a payment later, and it didn't come, that it is a civil issue. You've got your plate full. It sounds like an issue between the guy that sold it and the person who bought it. I can only assume he was you know that happens all the time. We send cattle and have a brand inspection, knowing payment will come later. So that was just a comment for you.

Dave said it seems like you're doing an awesome job with what you're doing at the sale yards. I think there is a lot of excitement about how that's going to pan out. There is one missing link. This is a suggestion you might need to work on, is that in this day and age of technology, we need to work on trying to eliminate the person having to handwrite out thousands of brands. The technology is out there to get that done to have that done in the database, electronically through the computer.

Dave said I caution you on tallying up numbers on costs of inspections right now. That might be used later down the road. Because it's not just the cost of what is happening at the sale yards, there are all the other costs in administration that are involved as well.

Director Lesperance said he wanted to respond to the technology issue. The Brands Committee has looked at that and we have estimates of what it's going to cost. I can assure you the Brands Division does not have the money to install the technology in any way, shape, or form. It would be great if the sale barns could do that, but they are looking to us to install that technology. It depends on the system, but you're looking at values from \$25,000 - \$75,000.

Dave Stix, Jr. said it has been his experience that those costs are put on by the individual that's using the technology. I'm sorry; I didn't mean to indicate that we have to provide that. But if we can help in anyway to encourage the producer, this would help streamline the process.

Boyd Spratling said there's some debate out there on this Brands Committee eliminating brand inspections for horses. And what you've told us in the report on criminal activity, how as an administrator do you think that would affect what you do?

Blaine said it would as far as brand inspections on horses, do you mean stolen horses?

Boyd Spratling said no. If brand inspection requirements are removed on horses, how does that affect your ability to do the enforcement you just did.....in the case you reported on?

Blaine said we would just refer to the sheriff's Department because we wouldn't be part of the horse's recovery program anymore. The Sheriff's Department would be responsible for the missing and stray horses. Brand inspections were the only way to track this horse, because there was a brand inspection done at the time of purchase. But, I guess I am a staunch supporter of brand inspections. I do believe in brand inspecting horses. It's the only traceability we have.

Director Lesperance said he has urged this Brands Committee to think pretty carefully about eliminating brand inspections for horses. There are some very good reasons in my mind. We inspect the BLM gathers and quite frequently we end up with other animals in those gathers. Other horses that have gotten out and belong to somebody else, branded or even cattle. And the way the BLM handles these situations, or was handling these situations, is that they figured the cost of the gather, they prorate it back on the animal. Most of these gathers run \$1,500 - \$2,000, some even more than that per animal. There have been instances, some pretty sad instances actually, where somebody's horse got picked up in this and the BLM charged them the full rate of the gather on a per animal basis. It's pretty hard to cough up \$1,500 for cows that might be worth \$500 and that's happened on several occasions.

In dealing with the Director of BLM here in the state, I've made it absolutely clear, we will inspect these things and any animal that is gathered incorrectly will be returned at no cost to the proper owner or we will not certify the gather. So far that has worked pretty good. I think we have a good agreement and eliminated most of those

problems. I think it is critical that we continue to inspect these gathers which means we are to continue to inspect horses. The cost of that, I forget the value we get returned, it's not something we lose money on incidentally, but I would suggest you don't want to get out of inspecting horses because that is a protection we have in place for local ownership of better animals that get caught in these gathers.

11. Department employee comments and suggestions to the Board of Agriculture.

None

12. Public Comments

Ron Cerri, President of the Nevada Cattlemen's Association. One of the things that we heard in the Board discussion early on was the requirement to.... was it 10% reduction in the Department regarding the money that comes into this Department? I guess my real concern is why did Veterinary Services take it so hard. It seems like they took the brunt of this shortfall, this lack of funds the Department has anymore. I'm really concerned about the ramifications to the livestock industry of not having a state veterinarian. And how that is going to work as far as surveillance goes, cattle coming in on health permits to this state, where that void is going to be made up?

Also, I know, we had to take the cut, was that the only way we could get the 10% cut? Was there other ways? Holly, also I know, does a lot for this Department, particularly when it comes to paperwork, the monotonous stuff. Now with what's left of the Department, who's going to have to do that? What is the efficiency going to be? How long are we going to be waiting for stuff to get done? Will stuff get done? That sort of thing..

I think there's a good chance that, my feeling is I think there is a good chance that we could even lose another veterinarian. We know that we have other.....I'll just say it that Dr. Dan in Elko is in the reserves. If he gets called out, we won't have a veterinary there.

With that Dr. Dan and the loss of Dr. LaRussa, can the Veterinary Department function? I don't think so. I did a little investigating. You know, Holly has got 25 years in the department. What are the state laws that says when an employee has been in service that long and is let go there's severance pay? I hear it's going to be something like \$125,000. Where is that going to come from? It's got to come out of Veterinary Services. Where are you going to get that?

Anyway, on top of that, I wish that we would have had a little bit more information before this came down. Just like all of us said yesterday, the Plant Industry stood up and protected their side of things. We didn't know. We had no idea. Believe me, I would have tried to stand up and do something. Our association would have written letters or whatever it took to try to preserve these positions. It's pretty hard to do,

when you don't know it. I know that it was a chance, didn't see it in the budget, didn't see it.....you know.....we could see that Plant Industries would have full notice on it, but I did not see that Veterinary Industry did. Whether it would have made a change, I doubt it. I wanted this Board to know that's our concern.

Director Lesperance said the reason Plant Industry was ahead of the curve, was thanks to Senator Horsford who made his move 10 days ahead of time. So they had a chance to respond. I believe you talked to me Friday, and I believe I told you I thought we were okay on the 10%. There maybe additional ones, but I don't know where they are coming from, because I didn't know. The 10% did not include LaRussa or Holly or anybody else. It included no layoffs of any kind.

I think it was Monday, about 2:00 pm in the afternoon, when I received an e-mail that had the information in it. That was the first I knew of LaRussa being laid off. I didn't even know Holly was. How Holly got picked up is beyond my comprehension. Her name was never mentioned in any way, shape, or form. That position, in any discussion, never surfaced. I am going to try and find out how that happened.

There was a great deal of support for eliminating a veterinarian. That came about out of the legislative session. I will tell you point blank, I never worked harder in my life that to protect those 4 veterinary positions in the last legislative session. Because there was a majority of the assembly, Democrats, that wanted to take away a veterinary position. It didn't happen. There was only one reason that didn't happen. I stayed down there and fought to the bitter end and I saved that position. It was not even discussed this time. I didn't even get a chance to respond to that. I was told Friday afternoon, everything is fine. In fact, I can show you, and I will show you, an e-mail from Lynn Hetrick....I had to go to Paradise over the weekend. I was concerned about it. I sent Lynn Hetrick an e-mail Friday afternoon and I'm going to show you this before you leave, gave him my cell phone, my telephone in Paradise and I said if anything comes up, I can be in Carson in 4 – 5 hours. He said, "go, have a good weekend, nothing is going to happen".

I haven't responded to Lynn, but I am going to respond this afternoon, that I really enjoyed my weekend. So at 2:00 pm Friday afternoon, I was told the 10% was it. If I would have had the slightest idea, I would have been on your phone. I would have been trying to get you guys to get down there every way possible.

Ron Cerri said I guess you can see where I'm coming from as representative of the livestock industry. Veterinary is very important to us and Veterinary Services not only works for our industry, but they keep track for the general public; rabies, West Nile Virus, everything that goes on. And so, with one less veterinarian and maybe another one less veterinarian, how are we going to take care of all responsibilities, the surveillance? What if we have an outbreak? What if we lose another vet? I am concerned about the Department as a whole.

Director Lesperance said he appreciates Ron's concern. I will have no choice, but to put Dr. Rink in as acting state veterinarian. That's the only option I have at this point in time and I will have to operate with 3 vets and ask them to cover all the issues. I have no idea how I'm going to replace Holly, because she does a massive amount of information gathering and collating, reports and everything else. They have nobody to fill that position. I've already started looking at possibilities, taking some money away from some other divisions and put together enough funds to put Holly back on as of July 1st on some grants. It's the only option I have. If I can't do that, I'll go up another position. I understand it. I am going to be down to 3 accountants. Do you know how many....they did 7,000 brand inspections. A brand inspection is an invoice which means I get a check which means I am processing just with Brands, 70,000 checks a year. I'm processing another 30,000 – 40,000 for the rest of the Department. I'm going to do this with 3 accountants? I've been in business enough myself to know what it takes to do these things. I can't possibly do this with 3 accountants. And I'm being told to expect a 50% cut next year. And I'll tell you point blank, you're going to lose another veterinarian at that time unless we can come up with some way to take them off general funds. I can't do that by myself. I've got to have industry support.

Ramona Morrison asked Ron Cerri, "were you down at the legislative session, the last session?" This vet issue was a major part of the Department of Ag's presentation because the vets were on the chopping block. I will vouch for Tony on that. That was a major portion of the discussion and a lot of it had to do with the fact of trying to educate those urban legislators that they need Veterinary Services as much or more than the rest of us.

Ron Cerri said he knows they have to do a lot of work just to keep the labs accredited. That probably takes 50% or more of Dr. Rink's time right there. And then to have to now become state veterinarian and if we lose another position, we basically don't have a Department.

Ramona Morrison said it might be worth the Nevada Cattlemen's Association and the Nevada Livestock Association sending letters of protest to the committees that handle those issues and made those final decisions.

Ron Cerri asked if we still have the opportunity to

Ramona Morrison said you might want to do it politically to raise a stink so we don't lose anymore.

Director Lesperance said you want to remember, the budgeting for the next biennium is already started and we're less than 10 months away right now; facing the gun again. I can assure you, I will do everything in my power to protect what's left. But, you've heard Senator Raggio, you've heard everybody, you're looking at another 50% cut.

Dave Stix, Jr. said communication is so important Tony. Your report, I really appreciate that. In yesterday's meeting you made it very clear to this Board, that the bucks stops with you and that's really important. I still think there is a disagreement. I still think we need to clear the air on micromanaging issues. The only reason I'm bringing it up is this happened to us in a special session. Let's not be so naïve here. My point about you communicating today, Tony, is I left the Board meeting yesterday thinking you were the one that made the call on the two vets by yourself. Which that is entirely up to you, if that happened. What you told us here today, Tony, don't get mad, what you told me here today....

Director Lesperance said I'm sorry. This is a sensitive issue because I also got blamed for cutting Plant Industry by people right in Fallon and have made it abundantly clear and told everybody they got the proof of it.

Dave Stix, Jr. said I know and my point is, Tony, ugly as it is, the politics, is we were micromanaged over the weekend by the special session. Elected officials said that these two positions have to go. You didn't have the choice. That's what I'm hearing you report.

Director Lesperance said as near as he can figure out, that decision was made late Saturday night – early Sunday morning.

Dave Stix, Jr. said they was nothing the cattle industry or God, Almighty could have done to help in this situation. But it teaches us a valuable lesson, what's around the bend, and I think the report from Plant Industry is an important one. I'm enlightened to know and talking with Ron yesterday, I was feeling this, is there is a weakness in Veterinary Science and that is there isn't enough outside money helping.

Director Lesperance said there isn't. I cannot put a vet on soft money or whatever you want to call it.

Dave Stix, Jr. said if I heard right yesterday, in the other departments such as Plant Industry, the department heads that run each one of those are paid, just the single individuals, by general fund and all the little folks running around are paid by outside money. Okay. The only question I have to ask you is beyond my point, because I'm done with that, is what about the money that is coming in to fund those? Is that protected because of the federal laws, that they can't touch that or do we have to raise that issue as well?

Director Lesperance said if allowed that money to go into reserve, it's up for grabs. I learned that the hard way this weekend. So, I'm going to be very careful on what money goes into reserves. I will keep the reserves at the bare bones minimum from this point on, because it's been made very clear, that is state money once it goes into reserves, whether you paid it in fees or whatever.

Hank Vogler said why are we such a small industry? Last year, what did we lose; three trappers?. We fought hard to get one back, or we'd have lost both. One went into retirement. Now, I could be a poop and say, well, if I asked Mr. Jensen, more calls are made to the cowboys than they are to the sheepherders anymore; to fly on calving ground. We did call around and did everything we could.

Now, on the issue of Mr. Payne; before we left the meeting last time, I was accused of trying to destroy the Brand Department. And I do not know how that stretch was made. For goodness sake, I don't know how we back ourselves into these corners. We are a small industry and we should find some common ground. I've known Mr. Lesperance for a gazillion years and I do not know that at anytime that he's has ever lost focus of agriculture and has done everything in his entire lifetime career that I have been around him, that he was ever anti-livestock. He does have the _ _ _ _ _ personality on the earth and he does _ _ _ _ _ people off, but he has never, ever, ever lost focus for everybody sitting at this table.

For goodness sake, and if he said he went to the mats for us, by God, I believe he did. Now, if that offended Mr. Lesperance, well we used to get in fist fights in the classroom. We didn't get along then either. He was trying to teach me so I would be dumb sheepherder. See how well he did. No kidding, focus on the issue. We need a veterinarian, sheepherders, need veterinarians, cowboys need animal damage control. Do we get together? Do we call Pete Paris? Do we call every sheepherder and cowboy in the state and we all go down en masse and stand up in front of the Capitol and hold signs with cowboy hats on and naked so we can get the news media to look at us? This is why we are a Board. We go back to our individual groups and we rally the troops and we bring them to the table.

Ramona Morrison said I would like to reiterate what Hank just said. I would like to take it one step further and it's probably not politically correct, but I call it self-cannibalization. We have a Director who has put in ungodly amounts of time, especially at the last legislative session. I couldn't keep up with him. So I think at the end of the day, we as an industry, need to look back to our Department, our Director, and everybody that is there swinging on our behalf, especially in these tough times. If we have an issue, bring it up. I do not understand the backbiting that goes on in the industry.

Ron Cerri: I'm not coming down on Director Lesperance.

Ramona Morrison: I know you're not. The problem is what gets said out in the industry winds up back here and these guys are working extraordinarily long hours, under extraordinarily adverse situations. And frankly, everyone is getting tired. And so, any little negative comment, I think goes from a little negative comment to a huge negative comment because of the stress they are under.

Ron Cerri: We have to have the ability to ask.

Ramona Morrison: We do.

Ron Cerri: We do not understand unless we ask and we get answers. My question is was there another way? Could the 10% ...I think I got my answer.

Ramona Morrison: Where were our cowboy legislators to call us who were right there in the room at the time? So at the end of the day, what happened?

Sandie Foley, employee, asked permission from the Chairman if she could make a comment under Number 11, Employee Comments.

She said because I work here, because I observe what goes on here and know you all rather well, I implore you as a Board to stay very cohesive at this time right now and band together, stay on the same track, focus. We're all in this together and it's for the good of the Department.

We get these things handed to us, what he (the Director) told you today is absolutely the truth. At three o'clock he came to me and he said, "look at this". And the justification was not there, there was no rhyme or reason why they did it. How do they sweep our reserves? I've never heard of anything like that in my life; 1.2 million dollars. For us, it's huge.

I have two ladies out here who are volunteers from AARP who man the reception area, because I've lost that position. And when I have to cover that position if they don't come in, I have to scrounge around to all the clerical staff, "can you come out here for lunch?", "can you spend two hours?", "can you do this?" because nobody has the time to spend a full 8 hours out there. "Can you take an hour?", "okay, can you do lunch?"; it's pathetic! I can tell you as an employee of this Department, it's just awful. We are being pounded every day, doing more and more. We can't do it anymore.

Ramona Morrison said and emotions are high.

Sandie Foley said we get a little testy once in a while, because you just can't handle the volume anymore by yourself.

Ron Cerri said and now that will just compound because one less veterinarian in that department. Look at the stress it's going to put on them.

Dean Baker said having spent part of last week directly in the legislative building and the maize after that and part of the finagling at 2:00 am Sunday night, if that is the way decisions are made, this State is in a tragic situation. The way that was run even though our group was staying there almost 24 hours a day, somebody listening and watching, and getting in that building with those lobbyists there, most of which had real problems. I stood there and argued mainly with people. The gentlemen, Peter Krueger, was helpful to me; one of the Senators that was related to the labor unions. To think that group was making the kind of decisions that they made under those

conditions is ridiculous. I got so mad there that.....I don't know. I didn't know what was happening to the Department of Ag, but what I was dealing with was other people and some people related. At the mention of the agricultural legislators; I know that Pete Goicoechea was working as hard as he could. Dean Rhodes was nice to talk to. I don't know how hard he worked, but I do know that he was paying attention. John Carpenter with his leg broken and using his walking thing was trying. I know that if I had to be there for the hours that they were, think about it, you're there for 4 days well into the night and end up at 2:00 am making decisions. That is total irrational. Sorry. That whole thing is ridiculous. This state needs for one thing to totally redo its tax system and I'm opinionated on that. Having spent time on the tax commission and otherwise, this state's tax system is ridiculous.

Don Alt, Nevada Livestock Association, said we strongly feel that if you received something, you should pay for it. That opinion, we think if we want certain services from this group right here, in this Department, we should be paying for that. We have a group right now working with the governor to facilitate that. I know that there is going to be a certain segment of the industry that is probably going to resist that. But, my own personal thing, I consider them welfare ranchers and they want someone else to help pay for what they need. I think we should, the sheep people, the cattle people, the dairy people, should have a meeting away from here to talk about how we can raise the money to support different things so this Department is industry financed. And then we won't have to worry about what happens in Carson City.

Ramona Morrison said she wanted to reiterate because of situations that both of us [Alan Perazzo] were close to under the previous management. We are so fortunate, I cannot tell you, how fortunate we are to have a Director who can add 2 + 2. And he knows budget, he knows budgets, because that has been about a full time job managing these budgets. Unfortunately, we had hired a Director previously, who hadn't had any budget experience. And because the rush situation the Board was in to hire somebody, because of the deadline the Governor put on the Board, a Director was hired and come to find out she really didn't have budgeting experience. So, we are extremely fortunate, I think in this set of circumstances, to have someone who's very capable in that area.

Dean Baker said having spent a lot of years on Boards, the decisions of Boards and who they hire to run. Some of my worst experiences were as a Director and Chairman of Mount Wheeler Power. I used talk with Vern Dalton. Producers Livestock, the only thing I did at Producers Livestock, is that I'll admit to, is that I got rid of a manager who would have broken the company. We replaced him with one who made more money in a few years or made it work better than ever.

One of the things that Vern Dalton told me about his Board and they had their problems with managers; Vern Dalton said once, he got so frustrated, with the manager and what was he doing and what he was costing Wells Rural Electric and his Board would keep going along with him. He finally said, I stood up before that Board and said I would have huge respect for any of you here. I would hire any of

you to manage my ranch or do things for me. I would have great respect that you would do it. And this Board here, I think is every bit as good as that. But, he said, as a Board I wouldn't trust you to take care of my toilet.

I don't mean to be critical, but it is important that as a Board, it's not easy to find managers. I ask that this Board could do it and we can. But, one of the things that did make Producers work is every Board meeting we held, at the end of the Board meeting, and we can't do it here, we looked at each other and we would talk about what the management is like, how successful it is, and if there was any little urge in any Board member that something was wrong, we talked it out and came to a conclusion if the Chairman needed to say anything or not. It's tough, because this Board has had a history of managers. It's tough and we as a Board have got to work hard to keep good ones. I appreciate Tony.

Chairman Perazzo said as a Board member too, I would like to express my appreciation to Tony and to Sandie and to the Department. It's not an easy time right now and I know we've been through some tough times even with our dairy having to lay people off and try to make ends meet. It's not an easy time.

I do feel that the Department is working better together than has it has in a long time. And I think a lot has to do with our Director. I hope that we as Board members continue to work together. And if we do have issues, I would appreciate a phone call. I was President of the Dairy Herd Improvement Association for some 20 years and if I didn't get phone calls, I felt good. Things were going good. If I don't hear a lot from Tony, I am kind of thinking that this is not bad thing. Things are going better than I think.

Dean Baker asked the Chairman of the Board to express our appreciation to Tony Lesperance.

13. Date of next meeting

Ramona Morrison moved to hold the next meeting on June 15 & 16, 2010. Paul Noe seconded the motion. Motion passed.

14. Adjournment

Hank Vogler moved to adjourn the meeting. Ramona Morrison seconded the motion. Motion passed.

