Page 1

THE STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY

BEFORE THE NEVADA STATE DAIRY COMMISSION

-000-

TRANSCRIPT OF PROCEEDINGS

PUBLIC MEETING

VIDEO/AUDIO CONFERENCE

9:00 A.M., WEDNESDAY, SEPTEMBER 19, 2012

NEVADA STATE DAIRY COMMISSION

KIETZKE PLAZA

4600 KIETZKE LANE, A-107

RENO, NEVADA

APPEARANCES:

COMMISSIONERS PRESENT:

CHRISTOPHER COOK, Chairman

JOHN COLLIER, Commissioner

TROY CROWTHER, Commissioner

LYNN HETTRICK, Executive Director

REPORTED BY:

SUZANNE KUES ROWE, CCR, RPR

Nevada CCR #127

		Page 2
1	INDEX	
2	PAGE	
3	LYNN HETTRICK3	
4		
5		
6		
7		
8		
9		
10	EXHIBITS	
11		
12	1 - MEETING AGENDA3	
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

	Page 3
1	WEDNESDAY, SEPTEMBER 19, 2012, RENO, NEVADA, 9:00 A.M.
2	-000-
3	(This meeting is held concurrently in Reno and Las
4	Vegas via video conferencing.)
5	CHAIRMAN COOK: Okay. Let's convene this August 21st
6	meeting of the Nevada State Dairy Commission.
7	Mr. Hettrick, would you begin the formalities, please?
8	MR. HETTRICK: Thank you, Mr. Chairman.
9	This is the time and place set for the regularly
10	scheduled meeting of the Nevada State Dairy Commission for the
11	month of September, 2012.
12	This meeting has been scheduled and noticed, and in
13	compliance with the pertinent statutes, including the open
14	meeting law.
15	A copy of the agenda has been handed to the court
16	reporter, with the request that it be part of the transcript of
17	these proceedings.
18	My name is Lynn Hettrick, executive director of the
19	Nevada State Dairy Commission.
20	Present today are Mr. Christopher Cook, chairman,
21	Mr. Troy Crowther, member of the commission, Mr. John Collier,
22	member of the commission, Mr. Warren Goedert, counsel for the
23	State Dairy Commission, and certain members of the commission
24	staff.
25	Those who wish to present statements or evidence to the

	Page 4
1	commission during the meeting are requested to first be
2	acknowledged by the chairman and to identify themselves for the
3	record.
4	CHAIRMAN COOK: Okay. We will proceed with agenda item
5	number one?
6	MR. HETTRICK: Number one, Mr. Chairman, is public
7	comment.
8	CHAIRMAN COOK: Anybody want to make a comment from the
9	public?
10	Seeing none, let's press on to number two.
11	MR. HETTRICK: All right. For possible action, license
12	applications.
13	Processing distributor license application by Chocolat,
14	Glendale, Arizona. Robert Lopez, managing member.
15	The applicant seeks a license to distribute ice cream,
16	(gelato) in the Southern Nevada Marketing Area. Temporary
17	approval was granted on August 22nd, 2012.
18	The applicant's prices and costs have been reviewed by
19	members of the dairy commission staff, and are in compliance with
20	the agency's laws and regulations.
21	The applicant will be responsible for the assessments.
22	CHAIRMAN COOK: Okay. Let me make a correction here,
23	because I said let's open the August meeting. And I meant
24	September meeting.
25	Okay. Is there anyone present representing this

	Page 5
1	applicant?
2	MR. LOPEZ: Yes. My name is Robert Lopez.
3	COMMISSIONERE CROWTHER: Hello. Would you like to come
4	up here to be closer to the microphone?
5	MR. LOPEZ: Good morning, commissioners. My name is
6	Robert Lopez.
7	CHAIRMAN COOK: Thank you, Mr. Lopez. We appreciate
8	you coming to this meeting.
9	Is there anything in the application that needs to be
10	amended? Is it as you submitted it?
11	MR. LOPEZ: Yes, it is.
12	CHAIRMAN COOK: Okay. Tell us a little bit about your
13	business.
14	MR. LOPEZ: Sure. The company started in San Diego.
15	We have been fortunate enough to lease some space up at Palms
16	Casino.
17	The basis of the business is gelato. Basically a dry
18	product that comes in, and then we infuse it, if you will, with
19	milk.
20	And then it is in a frozen batch maker, and the end
21	result is a variety of different gelatos with various different
22	syrups that are put in it for the different flavors.
23	So, we make a bulk batch, then put it in the freezer to
24	get it solid, then it's in serving trays and goes into the
25	serving counters.

	Page 6
1	CHAIRMAN COOK: And that's just the single location at
2	the Palms?
3	MR. LOPEZ: That is correct, at this point, single
4	location.
5	CHAIRMAN COOK: And the mix comes from where, if you
6	don't mind me asking.
7	MR. LOPEZ: The franchisor purchases bulk mix from
8	Milan Italy, actually.
9	And it goes through customs, and then he has a
10	warehouse and stores it in San Diego. He has two units in San
11	Diego. And we will be their first franchisee.
12	How we will be getting it is shipping in quantities,
13	storing it here in an off-site storage facility, and then take
14	the quantities to the unit there at the Palms.
15	CHAIRMAN COOK: Do you also have an operation in
16	Glendale, Arizona?
17	MR. LOPEZ: My core business is Wendy's Old Fashioned
18	Hamburgers. And, yes, I have several stores in the Phoenix area.
19	We also have a store in Henderson, hence the entry to the Las
20	Vegas business.
21	CHAIRMAN COOK: Well, let me say thank you to coming to
22	Nevada to open a business. We appreciate it.
23	MR. LOPEZ: My pleasure.
24	CHAIRMAN COOK: I have no questions. Troy, any
25	questions? John, any questions?

	Page 7
1	COMMISSIONER COLLIER: No questions.
2	COMMISSIONER CROWTHER: No, no questions.
3	CHAIRMAN COOK: Seeing no further questions, any
4	questions or comments from the staff or audience?
5	There being none, I will entertain a motion.
6	COMMISSIONER COLLIER: Mr. Chairman, I so move that we
7	accept this application.
8	COMMISSIONER CROWTHER: Second.
9	CHAIRMAN COOK: Okay. Having a motion and a second.
10	COMMISSIONER CROWTHER: I'm sorry. Do we need to state
11	that we approve it or accept it?
12	MR. HETTRICK: Either is fine.
13	CHAIRMAN COOK: I don't know. Counselor?
14	MR. GOEDERT: Either is just fine.
15	COMMISSIONER CROWTHER: Or does it matter?
16	MR. GOEDERT: It doesn't really matter that much.
17	COMMISSIONER CROWTHER: Okay. I will second it.
18	CHAIRMAN COOK: Having a motion and second and no
19	dissenting votes, the motion carries and the application is
20	granted.
21	Thank you, Mr. Lopez, we appreciate you coming. Good
22	luck.
23	MR. LOPEZ: Thank you. We'll need that.
24	MR. HETTRICK: All right. Mr. Chairman, next on the
25	agenda is a retail store importing out-of-state, Tops N Bottoms

	Page 8
1	Frozen Yogurt. They are from Las Vegas. The owner is Jeremy
2	Fullam.
3	The applicant seeks a license to distribute ice cream,
4	novelties, sherbert and frozen yogurt in the Southern Nevada
5	Marketing Area. The applicant's prices and costs have been
6	reviewed by the members of the dairy commission, staff and are in
7	compliance with this agency's laws and regulations. And the
8	applicant will be responsible for the assessments.
9	CHAIRMAN COOK: Is there anyone representing this
10	applicant present?
11	COMMISSIONER CROWTHER: No.
12	CHAIRMAN COOK: Okay. Any comments or questions from
13	the staff? Anything that they can tell us about this
14	application?
15	MR. HETTRICK: The only thing I can tell you from the
16	application that I see, it says they contacted Nevada
17	distributors to see if the product was available locally.
18	It is a product called Honey Hills Farms prepackaged
19	frozen yogurt. So, I'm sure Honey Hills Farms is not made in
20	Nevada, so it must be that they are marketing a specific product.
21	The only single product they're talking about actually
22	marketing, at this moment, is the Honey Hills Farms frozen
23	yogurt.
24	CHAIRMAN COOK: Okay.
25	All right. Well, there being no further questions, I

	Page 9
1	will entertain a motion.
2	COMMISSIONER CROWTHER: I will make a motion to approve
3	the license application for the retail store imported from
4	out-of-state by Tops N Bottoms Frozen Yogurt, Las Vegas, Nevada,
5	to distribute ice cream, novelties, sherbert and frozen yogurt in
6	the Southern Nevada Marketing Area.
7	CHAIRMAN COOK: Okay. Is there a second?
8	COMMISSIONER COLLIER: Mr. Chairman, I second that
9	motion.
10	CHAIRMAN COOK: Having a motion and a second and no
11	dissenting votes, the motion carries, and the license is granted.
12	MR. HETTRICK: Mr. Chairman, next on the agenda is
13	approval of the minutes for the August 15, 2012 meeting.
14	We have one minor change which I will submit to the
15	court reporter. And other than that, the minutes can be approved
16	as submitted.
17	CHAIRMAN COOK: Okay. Do we have a motion to approve
18	the minutes of the last meeting?
19	COMMISSIONER COLLIER: Mr. Chairman, I'll second that.
20	I mean a first.
21	COMMISSIONER CROWTHER: I'll make a motion to approve
22	the minutes of the previous of the last meeting.
23	COMMISSIONER COLLIER: Then I'll second it.
24	CHAIRMAN COOK: I have motion and two seconds, and no
25	dissenting votes

	D 10
1	Page 10
1	The motion carries to accept the minutes of the last
2	meeting as corrected.
3	MR. HETTRICK: All right. Next, Mr. Chairman, is the
4	staff report.
5	Our balance after the report for September, 2012, our
6	balance forward at the end of August was 459,047.25. That's a
7	decrease of 22,691.48 from the end of July.
8	You will recall, in the last meeting I told you that we
9	expected about 20,000 more of the credits issued to come in, and
10	we see in fact about 22,000.
11	The milk price report has been handed out, printed, and
12	so you have that.
13	I attended on Friday a conference that was put on by
14	the University of Nevada, Reno, Extension Service.
15	It was titled changes in the U.S. in the Nevada
16	Agriculture Affecting Future Growth in Nevada Dairies.
17	It basically was very good information. They said they
18	think the next couple of years are going to be tough in the dairy
19	industry, between fuel prices and feed costs with the drought.
20	But, they believe that the long-term outlook for the
21	dairy industry is quite good, and felt pretty good about that.
22	They did some interesting things, went in and one of
23	their crop specialists went, calculated the total amount of tons
24	of hay required for approximately 33,000 dairy cows, which is
25	what they estimate is going to take to handle the Model Dairy and

	Page 11
1	the new dry powder plant. And calculated that we have plenty of
2	acreage and plenty of alfalfa hay in Nevada to take care of it.
3	If you added a corn silage portion to the ration,
4	they're looking for significant acreage increases, in corn
5	silage, which is not produced and can't be hauled very far, not
6	produced in quantity.
7	It can't be hauled very far because of the weight in
8	the water. So, they think there are some opportunities for
9	people maybe to rotate crops and some additional growth in
10	alfalfa across Nevada, and other places, because you can hall the
11	alfalfa hay a lot easier and transport it, even if you
12	transported it from well out into eastern Nevada, it would still
13	be cheaper than hauling hay to California.
14	So, it makes us very competitive. It should be good
15	for our market.
16	A lot of talk about the Farm Bill and the new program
17	that they're proposing, which is insurance. Seems to be some
18	support. I didn't hear any negatives.
19	The basics of that is it's actually an insurance
20	program. If you sign up for it, you get four dollar guaranteed
21	margin paying nothing. You pay nothing for the insurance up to
22	four dollars of margin.
23	Anything above that, you pay additional premiums for.
24	It seems like the break even point, they felt, and everybody
25	looking at it when they showed us was about six to 6.50 percent

Page 12 1 margin. You get much above that, the insurance premium cost 2 gets really high. You get much below that, and it's not worth 3 4 So, there's kind of a break in there. The feeling was that they think that's going to go 5 forward sometime. I don't think soon, and I know Tom looked, and 6 it doesn't look like they are going to make any changes before 7 the election to what the existing Farm Bill is. They may extend 8 9 it. The biggest thing about the insurance program is you 10 11 have a choice. You can sign up for it and get a guaranteed 12 margin and insure more if you want, or you can say no. If you say no, and the price drops, you're free to do 13 14 whatever you want. You're not going to get any four dollar payment or six 15 dollar payment or any other payment guaranteed. You're going to 16 be out there in the open market. But, you can do anything you 17 18 want. If you sign up for the insurance and the price drops 19 below four, the margin drops below four or six, if that's what 20 you insure, you must, to collect money, you must cut back on 21 22 supply. You will have to get rid of dairy cows. So the thing 23 is, they're saying it's self controlled. You decide what you 24 want to do. And you don't have to sign up. But, if you sign up 25

Page 13 they are going to try to control the supply side as well as the 1 margin. 2 And they seem to think that's reasonable. They feel 3 4 that it's, you know, okay. 5 So, we'll see. It's got a long way to go. Certainly isn't passed and it certainly isn't in guaranteed form yet, but 6 that's the form that it's in right now. 7 CHAIRMAN COOK: How is that going to mesh with the CWT 8 9 program? MR. HETTRICK: Well, I think that it will go away. I 10 11 think, if you are talking about milk, I think that will go away 12 and this will be the total replacement, is milk will go away. So, yeah. Again, there's a long ways to go. I think 13 14 Tom hit it on the head when they talked over there like it was going to be very, it was really moving forward. 15 But, when we go and look, after we talked about it a 16 bit, they said no, it looks like they are just going to extend 17 18 what they have for three months and then they will see if they can do anything. 19 20 So, I think this is still the big picture overview what they would like, and I think it's a long ways from what they may 21 get. We'll see. 22 23 But, I thought you might be interested in just how they're doing and what they're doing. 24 25 The one other thing that I wanted to comment about,

Page 14 quickly about, is Pete Olsen made a presentation on the plant out 1 there, and the first time I heard why the plant is really 2 relatively unique. 3 4 There are two other plants like it in the world. And I think they're both in New Zealand and this would be the next one. 5 But, the reason this is unique is when the powdered 6 milk, when the milk is dried, the whole fat milk is dried, it is, 7 comes out into a processing stream where instead of being dried 8 in air that's blown through it and the like, to help dry it and 9 fluff it and all that, it's dried in pure nitrogen. 10 11 CHAIRMAN COOK: Huh. 12 MR. HETTRICK: And this eliminates oxygen getting to the fat that's in the whole milk. 13 14 And the whole system, from the time they start the drying, is in a nitrogen atmosphere, including clear through 15 16 packaging. So, it's packaged with no oxygen in it. Where the fat 17 18 in whole dried milk would normally go rancid within six months because of the oxygen, this apparently has a shelf life of two 19 20 years. So, this is making it very easy for them to go in to 21 under developed regions, particularly in China where they have 22 less electricity, no refrigeration, those kinds of things, and 23 it's virtually a guaranteed market. 24 It's going to take a long time to get electricity in a 25

Page 15

- 1 lot of these places. And they don't have shipping capability.
- 2 And, of course, the cost of freight is way less. You
- 3 reconstitute it in the end.
- 4 Then they said they were actually going to put it in
- 5 these little juice boxes that you've all seen, that you buy the
- 6 little foil in the top when you stick the straw in when they
- 7 reconstitute, and apparently when it goes into that, it's still
- 8 good for six more months and it doesn't take refrigeration.
- 9 They feel like they've got a leg up on the market for
- 10 under developed countries into the future, until they catch up,
- 11 they think this is a big plus.
- So -- and they can do a whole lot of other things with
- 13 it as well. And they can, can adjust the percentages of fat and
- 14 all the things they want to do. They think they will market some
- 15 cream out of there and the like.
- 16 But, very interesting. Their construction is full
- 17 under way, they're driving about ten to 15 pilings a day. And as
- 18 soon as that's done, they expect, and that's supposed to be ten
- 19 days, they expect a full construction crew to be out there
- 20 working, a company out of Utah, doing the work.
- 21 So, very interesting. Fun conference to attend just in
- 22 general.
- 23 Unfortunately, too small and two dairymen. All the
- 24 rest were government folks.
- COMMISSIONER COLLIER: Typical. Is there any plans for

	Page 16
1	cheese?
2	MR. HETTRICK: Not at that plant, no. Might be a
3	future for some cheese, but no plants right now.
4	CHAIRMAN COOK: Are they going to do the packaging down
5	to the juice box level?
6	MR. HETTRICK: No, they are going to be shipping bulk,
7	and they will be reconstituted in the juice packages on the other
8	end is the way I got it. They're going to be in bulk.
9	CHAIRMAN COOK: Now, are they getting any new dairymen
10	out there to step you and sign those quotas?
11	MR. HETTRICK: I'm glad you asked that question.
12	That's a good one.
13	Pete Olsen, who is the DFA board member for the region,
14	and represents our guys in the region, said that they anticipate
15	right now at least 25 percent increase in cow numbers from the
16	existing dairies. At least.
17	They think there is one dairy that has been closed that
18	is going to reopen. Apparently they are aware of negotiations to
19	reopen one of the dairies.
20	Whether it will be new people or, you know, people
21	coming, I have no idea.
22	But he indicated there was at least one dairy that they
23	anticipated reopening, and he said that they had multiple
24	inquiries for people interested in coming here. And he's
25	reiterated the same thing that we have talked about in the nast

	Page 17
1	Apparently multiple dairies in California, who would
2	move in a minute if they could sell their facilities and walk
3	away with, not owing money, or a little money in hand, they would
4	move. But they can't do it.
5	And as of right now, it's, you know, they're just
6	waiting.
7	They're behind because of the first contractor quit
8	after 90 days.
9	They anticipate now that they will open fall of 2013,
10	and they say they're sold out the day they open. They could sell
11	every single pound right up to capacity.
12	So, very good overall picture for us on what we have
13	right now.
14	I told Tom the only negative I heard in the whole thing
15	was, we had an NDEP guy there saying, so what are they going to
16	do with the manure?
17	And immediately, you know, well, it's a four to six
18	food water table, and what are they going to do with the manure?
19	And, you know, so there's a lot of talk about how we
20	are going to dispose of the waste that has to be taken care of.
21	CHAIRMAN COOK: Ship it to Carson City.
22	MR. HETTRICK: We should park some at NDEP.
23	MR. GOEDERT: They produce all of their own.
24	MR. HETTRICK: Anyway, that's a concern, obviously, and
25	it's going to have to be addressed.

	Page 18
1	But, our regulations and rules are a lot more
2	reasonable than other states. So, it can be done. It's not
3	going to be cheap, and they are going to have to make sure that,
4	you know, the system flows the dollars around where it has to to
5	make it work.
6	And ultimately they are going to make it work.
7	COMMISSIONER COLLIER: Is there anybody in the, the
8	marketplace that processes the manure for fertilizer for home
9	use, like Bandini does over in California?
10	MR. HETTRICK: They received a call from somebody out
11	of San Diego who said he wants to come up here and buy it all and
12	process it and make it into a commercial fertilizer.
13	But, they don't have that guy in hand, and they don't
14	know what his process is or how he intends to do it, or where he
15	intends to market it.
16	But, they did get the phone call that some guy out of
17	San Diego, and they had gotten it that day, and they hadn't
18	spoken to him.
19	They just got a phone message that said I understand
20	you are putting in a plant; I understand construction is under
21	way. I want to talk to you because I process this stuff and make
22	it into commercial grade fertilizer and I'm interested in coming
23	to Nevada. And they were going to call him later that day.
24	MR. GOEDERT: Do you need fertilizer?
25	COMMISSIONER COLLIER: No. Warren. I have plenty of

	Page 19
1	aged fertilizer. 25-year-old fertilizer.
2	MR. GOEDERT: I was trying to pawn some off on you.
3	COMMISSIONER COLLIER: And it grows daily. My pile
4	grows daily.
5	MR. GOEDERT: You know where it comes from.
6	COMMISSIONER COLLIER: We have seven garbage cans that
7	we get rid of it.
8	MR. GOEDERT: Oh, really?
9	COMMISSIONER COLLIER: Yeah. We have so much of it.
10	MR. GOEDERT: We have got a whole bunch of it out at
11	the ranch too. It's about six feet high and 20 feet wide.
12	COMMISSIONER COLLIER: Maybe we ought to go into
13	fertilization.
14	CHAIRMAN COOK: Has anybody broached the subject of a
15	digester?
16	MR. HETTRICK: They talked about digesters. The
17	comments generally, they were expensive and kind of new
18	technology that they're not real comfortable with, and they, I
19	think they acknowledge that there are some that have been working
20	and doing reasonably well.
21	But, expense a big issue right now, still, with them
22	not, they're not positive what the price is going to be, and it's
23	obviously it's going to be based on the international market.
24	It's not going to be based on saying Class IV, Nevada. It's
25	going to be an international market to make them competitive no

Page 20 1 matter what. So, I think there's a hang up there, and they feel 2 like, again, the bio digesters beyond being new technology and 3 expensive, they realize they're out there, and might be a way to 4 5 get rid of it. CHAIRMAN COOK: It would almost seem to me like it 6 might be something that the plant could offer. 7 MR. HETTRICK: I think their options, I don't think 8 they want to haul manure very far. So, I think they'll, you 9 know, they'll -- I don't know whether -- again, I am not certain, 10 11 I'm not familiar enough with bio digesters. 12 I don't know whether small scale at individual dairies works, or a bigger one somewhere works better. 13 14 I know when we were talking with the yogurt folks, they were talking about the fact, that the way you combined it with 15 the manure, that was worth hauling, because the production of 16 methane was higher for some reason if you did that. 17 18 We don't have whey in this situation, so whether or not there's a single plant capability, I have no idea. I don't know. 19 20 CHAIRMAN COOK: Okay. All right. Well, let's press on. 21 MR. HETTRICK: Okay. Next on the agenda is the legal 22 23 report. 24 MR. GOEDERT: I got nothing to report. I mean, we haven't been sued by anybody. We're doing 25

	Page 21
1	okay that way. Have for quite a while, and I just look at that
2	as a good thing.
3	CHAIRMAN COOK: It means you're doing your job.
4	MR. GOEDERT: Well, somebody is doing it.
5	CHAIRMAN COOK: Keeping us out of trouble.
6	Okay. Next?
7	MR. HETTRICK: Consideration of other matters relating
8	to the dairy industry, next on the agenda.
9	CHAIRMAN COOK: Anything? Anybody? Buehler? Buehler?
10	MR. HETTRICK: Last on the agenda, Mr. Chairman, public
11	comment and discussion.
12	COMMISSIONER CROWTHER: I do. I'm sorry. I had
13	comment.
14	I had a meeting. Some guys approached me and just
15	wanted to pick my brain a little bit on, went to lunch. Some
16	guys that are, have been approached to do a dairy in Vietnam.
17	Apparently, there is similar to China, there's a
18	shortage of protein and some real concern over there.
19	And so they offered, this guy had an island over in
20	Vietnam. And they have approached him to look at, you know,
21	building a dairy there.
22	And in very preliminary stages, but, you know , I don't
23	know if, you know, in this powder plant if China is the only
24	Asian market they have approached. Apparently Vietnam has some
25	pretty significant needs as well.

	Page 22
1	Just throw it out there. Maybe you could pass that
2	along to those guys.
3	MR. HETTRICK: Okay. I'll make sure that they find
4	that out, I can shoot an e-mail to Frances and let him know of
5	the potential market in Vietnam.
6	CHAIRMAN COOK: Okay.
7	MR. HETTRICK: All right. That's all we have,
8	Mr. Chairman.
9	CHAIRMAN COOK: Anything else? Anybody have any
10	comments, questions?
11	COMMISSIONER COLLIER: None here.
12	CHAIRMAN COOK: Seeing none, we will adjourn this
13	meeting of the September meeting of the Nevada State Dairy
14	Commission.
15	(Whereupon proceedings concluded at 9:23 a.m.)
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

		Page 23
1	BOARD SIGNATURE PAGE	
2		
3		
4		
5		
6		
7		
8		_
9		
10	CHRISTOPHER COOK, CHAIRMAN	
11		
12		
13		
14		-
15		
16	JOHN COLLIER, MEMBER	
17		
18		
19		
20		
21		
22	TROY CROWTHER, MEMBER	
23		
24		
25		

	Page 24
1	STATE OF NEVADA)
) Ss.
2	COUNTY OF DOUGLAS)
3	
4	I, SUZANNE KUES ROWE, Certified Court Reporter,
5	licensed in the State of Nevada, License #127, and a Notary
6	Public in and for the State of Nevada, County of Douglas, do
7	hereby certify that the foregoing proceeding was reported by me
8	and was thereafter transcribed under my direction into
9	typewriting; that the foregoing is a full, complete and true
10	record of said proceedings.
11	I further certify that I am not of counsel or attorney
12	for either or any of the parties in the foregoing proceeding and
13	caption named, or in any way interested in the outcome of the
14	cause named in said caption.
15	
16	
17	
18	Date: September 24, 2012
19	
20	
21	
22	
23	
24	SUZANNE KUES ROWE, CCR #127
25	

		<u> </u>		
A	attend 15:21	caption 24:13,14	commission 1:3,11	countries 15:10
accept 7:7,11 10:1	attended 10:13	care 11:2 17:20	3:6,10,19,21,22,23	County 24:2,6
acknowledge 19:19	attorney 24:11	carries 7:19 9:11 10:1	3:23 4:1,19 8:6	couple 10:18
acknowledged 4:2	audience 7:4	Carson 17:21	22:14	course 15:2
acreage 11:2,4	August 3:5 4:17,23	Casino 5:16	Commissioner 1:17	court 3:15 9:15 24:4
action 4:11	9:13 10:6	catch 15:10	1:18 7:1,2,6,8,10,15	cow 16:15
added 11:3	available 8:17	cause 24:14	7:17 8:11 9:2,8,19	cows 10:24 12:23
additional 11:9,23	aware 16:18	CCR 1:24,24 24:24	9:21,23 15:25 18:7	cream 4:15 8:3 9:5
addressed 17:25	A-107 1:13	certain 3:23 20:10	18:25 19:3,6,9,12	15:15
adjourn 22:12	a.m 1:10 3:1 22:15	certainly 13:5,6	21:12 22:11	credits 10:9
adjust 15:13		Certified 24:4	COMMISSIONERE	crew 15:19
aged 19:1	B	certify 24:7,11	5:3	crop 10:23
agency's 4:20 8:7	back 12:21	chairman 1:16 3:5,8	commissioners 1:16	crops 11:9
agenda 2:12 3:15 4:4	balance 10:5,6	3:20 4:2,4,6,8,22	5:5	Crowther 1:18 3:21
7:25 9:12 20:22	Bandini 18:9	5:7,12 6:1,5,15,21	company 5:14 15:20	5:3 7:2,8,10,15,17
21:8,10	based 19:23,24	6:24 7:3,6,9,13,18	competitive 11:14	8:11 9:2,21 21:12
Agriculture 10:16	basically 5:17 10:17	7:24 8:9,12,24 9:7,8	19:25	23:22
air 14:9	basics 11:19	9:10,12,17,19,24	complete 24:9	customs 6:9
alfalfa 11:2,10,11	basis 5:17	10:3 13:8 14:11	compliance 3:13 4:19	cut 12:21
amended 5:10	batch 5:20,23	16:4,9 17:21 19:14	8:7	CWT 13:8
amount 10:23	believe 10:20	20:6,20 21:3,5,9,10	concern 17:24 21:18	
anticipate 16:14 17:9	better 20:13	22:6,8,9,12 23:10	concluded 22:15	D
anticipated 16:23	beyond 20:3	change 9:14	concurrently 3:3	daily 19:3,4
anybody 4:8 18:7	big 13:20 15:11 19:21	changes 10:15 12:7	conference 1:8 10:13	dairies 10:16 16:16
19:14 20:25 21:9	bigger 20:13	cheap 18:3	15:21	16:19 17:1 20:12
22:9	biggest 12:10	cheaper 11:13	conferencing 3:4	dairy 1:3,11 3:6,10,19
Anyway 17:24	Bill 11:16 12:8	cheese 16:1,3	Consideration 21:7	3:23 4:19 8:6 10:18
apparently 14:19	bio 20:3,11	China 14:22 21:17,23	construction 15:16,19	10:21,24,25 12:23
15:7 16:18 17:1	bit 5:12 13:17 21:15	Chocolat 4:13	18:20	16:17,22 21:8,16,21
21:17,24	blown 14:9	choice 12:11	contacted 8:16	22:13
APPEARANCES	board 16:13 23:1	Christopher 1:16	contractor 17:7	dairymen 15:23 16:9
1:15	Bottoms 7:25 9:4	3:20 23:10	control 13:1	Date 24:18
applicant 4:15,21 5:1	box 16:5	City 17:21	controlled 12:24	day 15:17 17:10
8:3,8,10	boxes 15:5	Class 19:24	convene 3:5	18:17,23
applicant's 4:18 8:5	brain 21:15	clear 14:15	Cook 1:16 3:5,20 4:4	days 15:19 17:8
application 4:13 5:9	break 11:24 12:4	closed 16:17	4:8,22 5:7,12 6:1,5	decide 12:24
7:7,19 8:14,16 9:3	broached 19:14	closer 5:4	6:15,21,24 7:3,9,13	decrease 10:7
applications 4:12	Buehler 21:9,9	collect 12:21	7:18 8:9,12,24 9:7	DEPARTMENT 1:2
appreciate 5:7 6:22	building 21:21	Collier 1:17 3:21 7:1	9:10,17,24 13:8	developed 14:22
7:21	bulk 5:23 6:7 16:6,8	7:6 9:8,19,23 15:25	14:11 16:4,9 17:21	15:10
approached 21:14,16	bunch 19:10	18:7,25 19:3,6,9,12	19:14 20:6,20 21:3	DFA 16:13
21:20,24	business 1:2 5:13,17	22:11 23:16	21:5,9 22:6,9,12	Diego 5:14 6:10,11
approval 4:17 9:13	6:17,20,22	combined 20:15	23:10	18:11,17
approve 7:11 9:2,17	buy 15:5 18:11	come 5:3 10:9 18:11	copy 3:15	different 5:21,21,22
9:21		comes 5:18 6:5 14:8	core 6:17	digester 19:15
approved 9:15	<u>C</u>	19:5	corn 11:3,4	digesters 19:16 20:3
approximately 10:24	calculated 10:23 11:1	comfortable 19:18	correct 6:3	20:11
area 4:16 6:18 8:5 9:6	California 11:13 17:1	coming 5:8 6:21 7:21	corrected 10:2	direction 24:8
Arizona 4:14 6:16	18:9	16:21,24 18:22	correction 4:22	director 1:20 3:18
Asian 21:24	call 18:10,16,23	comment 4:7,8 13:25	cost 12:2 15:2	discussion 21:11
asked 16:11	called 8:18	21:11,13	costs 4:18 8:5 10:19	dispose 17:20
asking 6:6	cans 19:6	comments 7:4 8:12	counsel 3:22 24:11	dissenting 7:19 9:11
assessments 4:21 8:8	capability 15:1 20:19	19:17 22:10	Counselor 7:13	9:25
atmosphere 14:15	capacity 17:11	commercial 18:12,22	counters 5:25	distribute 4:15 8:3

	1	l	İ	
9:5	felt 10:21 11:24	17:23 18:24 19:2,5	Hills 8:18,19,22	know 7:13 12:6 13:4
distributor 4:13	fertilization 19:13	19:8,10 20:24 21:4	hit 13:14	16:20 17:5,17,19
distributors 8:17	fertilizer 18:8,12,22	goes 5:24 6:9 15:7	home 18:8	18:4,14 19:5 20:10
doing 13:24,24 15:20	18:24 19:1,1	going 10:18,25 12:5,7	Honey 8:18,19,22	20:10,12,14,19
19:20 20:25 21:3,4	find 22:3	12:15,16 13:1,8,15	Huh 14:11	21:20,22,23,23 22:4
dollar 11:20 12:15,16	fine 7:12,14	13:17 14:25 15:4		KUES 1:24 24:4,24
dollars 11:22 18:4	first 4:1 6:11 9:20	16:4,6,8,18 17:15	I	
Douglas 24:2,6	14:2 17:7	17:18,20,25 18:3,3	ice 4:15 8:3 9:5	L
dried 14:7,7,8,10,18	flavors 5:22	18:6,23 19:22,23,24	idea 16:21 20:19	LANE 1:13
driving 15:17	flows 18:4	19:25	identify 4:2	Las 3:3 6:19 8:1 9:4
drops 12:13,19,20	fluff 14:10	good 5:5 7:21 10:17	immediately 17:17	law 3:14
drought 10:19	foil 15:6	10:21,21 11:14 15:8	imported 9:3	laws 4:20 8:7
dry 5:17 11:1 14:9	folks 15:24 20:14	16:12 17:12 21:2	importing 7:25	lease 5:15
drying 14:15	food 17:18	gotten 18:17	including 3:13 14:15	leg 15:9
	foregoing 24:7,9,12	government 15:24	increase 16:15	legal 20:22
E	form 13:6,7	grade 18:22	increases 11:4	let's 3:5 4:10,23 20:21
easier 11:11	formalities 3:7	granted 4:17 7:20	INDEX 2:1	level 16:5
eastern 11:12	fortunate 5:15	9:11	indicated 16:22	license 4:11,13,15 8:3
easy 14:21	forward 10:6 12:6	grows 19:3,4	individual 20:12	9:3,11 24:5
either 7:12,14 24:12	13:15	growth 10:16 11:9	industry 1:2 10:19,21	licensed 24:5
election 12:8	four 11:20,22 12:15	guaranteed 11:20	21:8	life 14:19
electricity 14:23,25	12:20,20 17:17	12:11,16 13:6 14:24	information 10:17	little 5:12 15:5,6 17:3
eliminates 14:12	Frances 22:4	guy 17:15 18:13,16	infuse 5:18	21:15
entertain 7:5 9:1	franchisee 6:11	21:19	inquiries 16:24	locally 8:17
entry 6:19	franchisor 6:7	guys 16:14 21:14,16	insurance 11:17,19	location 6:1,4
estimate 10:25	free 12:13	22:2	11:21 12:2,10,19	long 13:5,13,21 14:25
everybody 11:24	freezer 5:23		insure 12:12,21	long-term 10:20
evidence 3:25	freight 15:2	H	intends 18:14,15	look 12:7 13:16 21:1
executive 1:20 3:18	Friday 10:13	hall 11:10	interested 13:23	21:20
EXHIBITS 2:10	frozen 5:20 8:1,4,19	Hamburgers 6:18	16:24 18:22 24:13	looked 12:6
existing 12:8 16:16	8:22 9:4,5	hand 17:3 18:13	interesting 10:22	looking 11:4,25
expect 15:18,19	fuel 10:19	handed 3:15 10:11	15:16,21	looks 13:17
expected 10:9	full 15:16,19 24:9	handle 10:25	international 19:23	Lopez 4:14 5:2,2,5,6
expense 19:21	Fullam 8:2	hang 20:2	19:25	5:7,11,14 6:3,7,17
expensive 19:17 20:4	Fun 15:21	haul 20:9	island 21:19	6:23 7:21,23
extend 12:8 13:17	further 7:3 8:25	hauled 11:5,7	issue 19:21	lot 11:11,16 15:1,12
Extension 10:14	24:11	hauling 11:13 20:16	issued 10:9	17:19 18:1
e-mail 22:4	future 10:16 15:10	hay 10:24 11:2,11,13	Italy 6:8	luck 7:22
V IIIMII 22. T	16:3	head 13:14	item 4:4	lunch 21:15
F	10.0	hear 11:18	IV 19:24	Lynn 1:20 2:3 3:18
facilities 17:2	G	heard 14:2 17:14	I 1 17.2T	Lymn 1.20 2.3 3.10
facility 6:13	garbage 19:6	held 3:3	J	
fact 10:10 20:15	gelato 4:16 5:17	Hello 5:3	Jeremy 8:1	maker 5:20
fall 17:9	gelatos 5:21	help 14:9	job 21:3	making 14:21
familiar 20:11	general 15:22	Henderson 6:19	John 1:17 3:21 6:25	managing 4:14
far 11:5,7 20:9	generally 19:17	Hettrick 1:20 2:3 3:7	23:16	manure 17:16,18
Farm 11:16 12:8	getting 6:12 14:12	3:8,18 4:6,11 7:12	juice 15:5 16:5,7	18:8 20:9,16
Farms 8:18,19,22	16:9	7:24 8:15 9:12 10:3	July 10:7	margin 11:21,22 12:1
Fashioned 6:17	glad 16:11	13:10 14:12 16:2,6	July 10.7	12:12,20 13:2
fat 14:7,13,17 15:13	Glendale 4:14 6:16	16:11 17:22,24	K	market 11:15 12:17
feed 10:19	go 12:5 13:5,10,11,12	18:10 19:16 20:8,22	Keeping 21:5	14:24 15:9,14 18:15
feel 13:3 15:9 20:2	13:13,16 14:18,21	21:7,10 22:3,7	KIETZKE 1:12,13	19:23,25 21:24 22:5
feeling 12:5	19:12	high 12:3 19:11	kind 12:4 19:17	marketing 4:16 8:5
feet 19:11,11	Goedert 3:22 7:14,16	higher 20:17	kinds 14:23	8:20,22 9:6
1666 17.11,11	Julie 3.22 /.14,10	mgnci 20.17	MIIUS 14.43	0.20,22 7.0
		1		I

marketplace 18:8 matter 7:15,16 20:1 matters 21:7 mean 9:20 20:25 means 21:3 meant 4:23 meeting 1:7 2:12 3:3 3:6,10,12,14 4:1,23 4:24 5:8 9:13,18,22 10:2.8 21:14 22:13 22:13 member 3:21,22 4:14 16:13 23:16,22 members 3:23 4:19 8:6 mesh 13:8 message 18:19 methane 20:17 microphone 5:4 Milan 6:8 milk 5:19 10:11 13:11 13:12 14:7,7,7,13 14:18 **mind** 6:6 **minor** 9:14 **minute** 17:2 minutes 9:13.15.18 9:22 10:1 mix 6:5.7 Model 10:25 **moment** 8:22 money 12:21 17:3,3 month 3:11 months 13:18 14:18 15:8 morning 5:5 **motion** 7:5,9,18,19 9:1,2,9,10,11,17,21 9:24 10:1 move 7:6 17:2,4 **moving** 13:15 **multiple** 16:23 17:1

N

N 7:25 9:4 name 3:18 5:2,5 named 24:13,14 NDEP 17:15,22 need 7:10,23 18:24 needs 5:9 21:25 negative 17:14 negatives 11:18 negotiations 16:18 Nevada 1:1,3,11,14 1:24 3:1,6,10,19 4:16 6:22 8:4,16,20 9:4,6 10:14,15,16 11:2,10,12 18:23 19:24 22:13 24:1,5 24:6 new 11:1,16 14:5 16:9 16:20 19:17 20:3 nitrogen 14:10,15 normally 14:18 Notary 24:5 noticed 3:12 novelties 8:4 9:5 number 4:5,6,10 numbers 16:15

 \mathbf{o} **obviously** 17:24 19:23 offer 20:7 **offered** 21:19 **off-site** 6:13 Oh 19:8 okay 3:5 4:4,22,25 5:12 7:9,17 8:12,24 9:7,17 13:4 20:20 20:22 21:1,6 22:3,6 Old 6:17 **Olsen** 14:1 16:13 **oOo** 3:2 **open** 3:13 4:23 6:22 12:17 17:9.10 operation 6:15 opportunities 11:8 options 20:8 ought 19:12 outcome 24:13 outlook 10:20 out-of-state 7:25 9:4 overall 17:12 overview 13:20 **owing** 17:3 owner 8:1 oxygen 14:12,17,19 **o0o** 1:4

Ppackaged 14:17 packages 16:7 packaging 14:16 16:4 PAGE 2:2 23:1 Palms 5:15 6:2,14 park 17:22 part 3:16 particularly 14:22

parties 24:12 pass 22:1 passed 13:6 pawn 19:2 pay 11:21,23 **paying** 11:21 payment 12:15,16,16 **people** 11:9 16:20,20 16:24 percent 11:25 16:15 percentages 15:13 pertinent 3:13 **Pete** 14:1 16:13 Phoenix 6:18 **phone** 18:16,19 pick 21:15 **picture** 13:20 17:12 **pile** 19:3 **pilings** 15:17 place 3:9 places 11:10 15:1 **plans** 15:25 **plant** 11:1 14:1,2 16:2 18:20 20:7,19 21:23 **plants** 14:4 16:3 **PLAZA** 1:12 please 3:7 pleasure 6:23 **plenty** 11:1,2 18:25 **plus** 15:11 **point** 6:3 11:24 portion 11:3 positive 19:22 possible 4:11 potential 22:5 **pound** 17:11 powder 11:1 21:23 powdered 14:6 preliminary 21:22 premium 12:2 premiums 11:23 prepackaged 8:18 present 1:16 3:20,25 4:25 8:10 presentation 14:1 press 4:10 20:21 pretty 10:21 21:25 previous 9:22 **price** 10:11 12:13,19 19:22 **prices** 4:18 8:5 10:19

proceedings 1:6 3:17 22:15 24:10 process 18:12,14,21 processes 18:8 **processing** 4:13 14:8 produce 17:23 **produced** 11:5,6 **product** 5:18 8:17,18 8:20,21 production 20:16 program 11:16,20 12:10 13:9 proposing 11:17 protein 21:18 **public** 1:7 4:6,9 21:10 24:6 purchases 6:7 **pure** 14:10 **put** 5:22,23 10:13 15:4 putting 18:20

Q
quantities 6:12,14
quantity 11:6
question 16:11
questions 6:24,25,25
7:1,2,3,4 8:12,25
22:10
quickly 14:1
quit 17:7
quite 10:21 21:1
quotas 16:10

R ranch 19:11 rancid 14:18 ration 11:3 real 19:18 21:18 realize 20:4 really 7:16 12:3 13:15 14:2 19:8 reason 14:6 20:17 **reasonable** 13:3 18:2 reasonably 19:20 recall 10:8 received 18:10 reconstitute 15:3,7 reconstituted 16:7 record 4:3 24:10 refrigeration 14:23 15:8 region 16:13.14 regions 14:22

regularly 3:9 regulations 4:20 8:7 18.1 reiterated 16:25 relating 21:7 relatively 14:3 **Reno** 1:14 3:1,3 10:14 **reopen** 16:18,19 reopening 16:23 replacement 13:12 report 10:4,5,11 20:23,24 reported 1:24 24:7 reporter 3:16 9:15 24.4representing 4:25 8:9 represents 16:14 request 3:16 requested 4:1 required 10:24 responsible 4:21 8:8 rest 15:24 result 5:21 retail 7:25 9:3 **reviewed** 4:18 8:6 **rid** 12:23 19:7 20:5 **right** 4:11 7:24 8:25 10:3 13:7 16:3,15 17:5,11,13 19:21 20:20 22:7 **Robert** 4:14 5:2,6 rotate 11:9 **ROWE** 1:24 24:4,24 **RPR** 1:24 rules 18:1

S San 5:14 6:10,10 18:11.17 saying 12:24 17:15 19:24 says 8:16 scale 20:12 scheduled 3:10,12 second 7:8,9,17,18 9:7,8,10,19,23 seconds 9:24 see 8:16,17 10:10 13:5 13:18,22 Seeing 4:10 7:3 22:12 seeks 4:15 8:3 seen 15:5 self 12:24 sell 17:2.10

proceeding 24:7,12

printed 10:11

proceed 4:4

September 1:10 3:1	store 6:19 7:25 9:3	told 10:8 17:14	wants 18:11	25-year-old 19:1
3:11 4:24 10:5	stores 6:10,18	Tom 12:6 13:14 17:14	warehouse 6:10	
22:13 24:18	storing 6:13	tons 10:23	Warren 3:22 18:25	3
Service 10:14	straw 15:6	top 15:6	waste 17:20	3 2:3,12
serving 5:24,25	stream 14:8	Tops 7:25 9:4	water 11:8 17:18	33,000 10:24
set 3:9	stuff 18:21	total 10:23 13:12	way 13:5 15:2,17 16:8	,000 10.21
seven 19:6	subject 19:14	tough 10:18	18:21 20:4,15 21:1	4
shelf 14:19	submit 9:14	transcribed 24:8	24:13	459,047.25 10:6
sherbert 8:4 9:5	submitted 5:10 9:16	transcript 1:6 3:16	ways 13:13,21	4600 1:13
Ship 17:21	sued 20:25	transport 11:11	WEDNESDAY 1:10	1000 1.13
shipping 6:12 15:1	supply 12:22 13:1	transported 11:12	3:1	6
16:6	support 11:18	trays 5:24	weight 11:7	6.50 11:25
shoot 22:4	supposed 15:18	trouble 21:5	Wendy's 6:17	
shortage 21:18	sure 5:14 8:19 18:3	Troy 1:18 3:21 6:24	went 10:22,23 21:15	9
showed 11:25	22:3	23:22	we'll 7:23 13:5,22	9:00 1:10 3:1
side 13:1	SUZANNE 1:24 24:4	true 24:9	We're 20:25	9:23 22:15
sign 11:20 12:11,19	24:24	try 13:1	whey 20:18	90 17:8
12:25,25 16:10	syrups 5:22	trying 19:2	wide 19:11	
SIGNATURE 23:1	system 14:14 18:4	two 4:10 6:10 9:24	wish 3:25	
significant 11:4 21:25		14:4,19 15:23	work 15:20 18:5,6	
silage 11:3,5	T	typewriting 24:9	working 15:20 19:19	
similar 21:17	table 17:18	Typical 15:25	works 20:13,13	
single 6:1,3 8:21	take 6:13 10:25 11:2		world 14:4	
17:11 20:19	14:25 15:8	U	worth 12:3 20:16	
situation 20:18	taken 17:20	ultimately 18:6		
six 11:25 12:15,20	talk 11:16 17:19	understand 18:19,20	Y	
14:18 15:8 17:17	18:21	Unfortunately 15:23	yeah 13:13 19:9	
19:11	talked 13:14,16 16:25	unique 14:3,6	years 10:18 14:20	
small 15:23 20:12	19:16	unit 6:14	yogurt 8:1,4,19,23	
sold 17:10	talking 8:21 13:11	units 6:10	9:4,5 20:14	
solid 5:24	20:14,15	University 10:14		
somebody 18:10 21:4	technology 19:18	use 18:9		
soon 12:6 15:18	20:3	Utah 15:20	Zealand 14:5	
sorry 7:10 21:12 Southern 4:16 8:4 9:6	tell 5:12 8:13,15	U.S 10:15	#	
space 5:15	Temporary 4:16			
space 5:15 specialists 10:23	ten 15:17,18 thank 3:8 5:7 6:21		#127 1:24 24:5,24	
specific 8:20	7:21,23	variety 5:21 various 5:21	1	
spoken 18:18	thing 8:15 12:10,23	Various 5:21 Vegas 3:4 6:20 8:1	1 2:12	
Ss 24:1	13:25 16:25 17:14	9:4	15 9:13 15:17	
staff 3:24 4:19 7:4 8:6	21:2	video 3:4	19 1:10 3:1	
8:13 10:4	things 10:22 14:23	VIDEO/AUDIO 1:8	1,10 3,1	
stages 21:22	15:12,14	Vietnam 21:16,20,24	2	
start 14:14	think 10:18 11:8 12:5	22:5	20 19:11	
started 5:14	12:6 13:3,10,11,11	virtually 14:24	20,000 10:9	
state 1:1,3,11 3:6,10	13:13,20,21 14:5	votes 7:19 9:11,25	2012 1:10 3:1,11 4:17	
3:19,23 7:10 22:13	15:11,14 16:17		9:13 10:5 24:18	
24:1,5,6	19:19 20:2,8,8,9	W	2013 17:9	
statements 3:25	thought 13:23	waiting 17:6	21st 3:5	
states 18:2	three 13:18	walk 17:2	22nd 4:17	
statutes 3:13	throw 22:1	want 4:8 12:12,14,18	22,000 10:10	
step 16:10	time 3:9 14:2,14,25	12:25 15:14 18:21	22,691.48 10:7	
stick 15:6	titled 10:15	20:9	24 24:18	
storage 6:13	today 3:20	wanted 13:25 21:15	25 16:15	
_	_			
	I	<u> </u>	I	I