

State Brand Board
Minutes of the Meeting
May 15, 2012

The South Dakota State Brand Board met on May 15, 2012 at the State Brand Board office in Pierre, SD. Chairman Mark Kimball called the meeting to order at 10:30 a.m. Members present were Wanda Blair, Bart Blum, Curt Mortenson, and Scott Vance. Others present were Harold Deering, Larry Stearns, Wray Shouldis, Scott Rechtenbaugh, Shorty Zilverberg, Ron Fravel, Doug Paxton, Joel Olivier, Ken Halligan, Linda Gilbert, Kenny Fox, Bob Fortune, Silvia Christen, Marvin Jessen, Nathan Sanderson, Chet Brokaw, Jodie Anderson, Katie Konda, John Kerstiens, Jerry Vogeler and Bob Mercer.

Blair moved and Blum seconded the motion to adopt the agenda. Motion carried.

Blair moved and Blum seconded the motion to approve the minutes for the March 28, 2012 and April 27, 2012 conference call. Motion carried.

Director's Report: Stearns reported that in March 2012, there were 83 brand applications, 46 new brands, 33 transfers, 14 re-recorded brands and 2 brand books sold. For April, 2012, there were 61 applications, 41 new brands, 48 transfers, 15 re-recorded brands and 3 brand books sold. To date in May 2012, there have been 45 brand applications made, 27 new brands, 16 transfers, 17 re-recorded brands and 6 brand books sold. Conflict checks on brand applications are about two weeks behind.

Included in the meeting packet were:

1. The Mar-Apr 2012 reports of cash balances, revenues and expenses, for the Brand Board.
2. Minutes of the March 28, 2012 meeting and April 27, 2012 conference call
3. Director's Report
4. Brand Inspection Report
5. Monthly Financial Condition Statement for FY2012 and FY2013

The director reported that the cancelled brands list from the 2010 renewal period is now available for viewing at the Brand Board office. These brands must be applied for and go through a conflict check as any other brand application.

Stearns also said that the SD Brand Board and SD Department of Agriculture are hosting the 2012 International Livestock Identification Association conference on July 22-25, 2012 in Rapid City at the Civic Center Holiday Inn. We have Temple Grandin scheduled for July 24 and our brand inspectors have been invited to attend her presentation, an inspector training session following the presentation and the barbeque that evening at the Blair Ranch. Also, the DOT has replaced the signs at the Missouri River and is in the process of placing others. The St. Onge L/S tally project is still progressing. We are now working on importing the data into our state network. Finally, the salary increases for state employees goes into effect July 1, 2012.

Chief Brand Inspector's Report: Shouldis reported that for March 2012, we inspected 94,802 head; 75,741 at livestock markets, 432 at locker plants and 18,629 head inspected on locals. For April 2012, there were 74,335 inspected at livestock markets, 488 at lockers and 23,666 on local inspections for a total of 98,489. There were 956 holds in March and 2,021 holds in April 2012.

For March/April 2012, there were 4 new holds for \$3,435 that came into the office. These holds involved 3 cows and 1 heifer. Eight holds were paid out on 5 cows and 1 heifer, 1 calf, 1 bull and 8 horses for \$7,903. To date in FY2012 there has been \$57,380 paid out on 82 head of livestock. For the last two

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months, there were 13 recovered stray reports filed involving 23 head of livestock: 6 steers, 8 heifers, 4 cows, 1 calf, 1 bull and 3 horses. All were from livestock markets.

Investigators Report: Scott Rechtenbaugh reported that in the last 2 months there were 2 road checks conducted with 5 citations issued. The investigators are actively working on follow-up investigations on five cases. Stromer has met with 26 full-time and part-time inspectors while Zilverberg has met with 13.

Financial Report: Stearns gave the financial report. Mortenson asked where we go with the local inspection budget being used up. The director said that although the budget of local inspectors has been used, that additional salary will be covered by additional local inspections.

Administrative Rules Discussion: Stearns presented financial information for two options, \$1.00 per head inspection fee and a \$.90 per head inspection fee with a legislative increase in what is paid for local inspections so that inspectors are not subsidizing local inspections. Following a brief discussion by the Board, Kimball asked for input from the audience. Jerry Vogeler, SD Livestock Markets Association said that the SDLMA supports an increase in inspection fee to \$.90 and will work for legislation for a fee on local inspections to go to the inspectors and that they support higher compensation to local inspectors.

Sylvia Kristen, SDSGA, said that the Stockgrowers oppose a \$.20 increase at this time. They are neutral on support for an increase in the inspection fee to \$.90. They too, would support legislation for a service fee on local inspections. She also thanked Nathan Sanderson for working for a compromise solution on behalf of the Governor's office.

Jodie Anderson, SDCA, thanked Sanderson for the efforts in working out a compromise. The SD Cattlemen's Board of Directors supports a \$.10 fee increase and efforts to look at legislation and work to advance the Brand Program.

Nathan Sanderson from the Governor's Office, said that the Governor wanted to work for compromise and outlined the steps taken to work out a compromise. He said the governor's office is still interested in compromise and will support Brand Board decisions.

Kimball said his concern is to keep the program viable financially and suggested increasing to \$1.00 and reducing the inspection fee following a favorable outcome in legislation to implement a service fee on locals. Mortenson said that we need to be prudent and pay our inspectors right. He suggested that he thought that the inspection numbers would go down.

Following the discussion, Mortenson moved to implement a new administrative rules hearing process to move the brand inspection fee to \$.90 and the duplicate brand certificate fee to \$5.00. Blum seconded the motion. Blair added that she is worried about inspection numbers and feels that they will decrease. Blum said that he felt the inspectors deserved more than the COLA increase. Vance said he was on board with the fee increase, but was not certain on the increased payment to local inspectors without legislation. The motion passed with voting as follows: Blum, yes; Blair, yes; Mortenson, yes; Vance, yes; and Kimball abstained.

Sanderson said in public comment that he wished to thank Director Stearns for the number of financial iterations and support that he provided during the course of seeking a compromise.

The meeting recessed for lunch at 11:45 a.m. and resumed at 1:00 p.m.

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Local Inspection Salary: Stearns outlined a plan for additional pay to inspectors for local inspections. Mortenson said he is in favor of giving the inspector \$10 on local inspections and that the Board has struggled with this for years. Mortenson moved to pay inspectors \$10 for each inspection of 100 head of livestock or less. Blair seconded the motion. Vance said that the livestock markets were never against paying inspectors. The motion passed with voting as follows: Blum, yes; Blair, yes; Mortenson, yes; Vance, no; and Kimball, yes. This will provide an opportunity to evaluate this type of payment to inspectors and lay some ground work for prospective legislation.

Inspector Fuel Reimbursement: During the discussion, Kimball said that we do not have any choice. The inspectors should not subsidize the program. Blair moved to authorize conditional compensation of \$.14 to inspectors on reimbursed miles. Blum seconded the motion. Vance said that this is a reason to support auction markets. The motion passed with all members voting yes. The compensation will be paid after May 2012 reimbursements have been made.

The administrative rules hearing was set for June 27, 2012 at 10:30 am CDT at the Matthew Training Center in the Foss Building.

Blair moved and Vance seconded the motion to adjourn. The motion carried and the meeting adjourned at 1:30 p.m.

Respectfully submitted,

Larry Stearns


Director


President

These minutes were filed for the record on 5-1-2012.