

# State Brand Board

## Minutes of the Meeting

### September 5, 2012

The South Dakota State Brand Board met on September 5, 2012 at the State Brand Board office in Pierre, SD. Vice Chairman Curt Mortenson called the meeting to order at 10:35 a.m. Members present were Wanda Blair, Bart Blum, Curt Mortenson and Scott Vance. Mark Kimball joined the meeting later in the morning. Others present were Harold Deering, Larry Stearns, Wray Shouldis, Nathan Sanderson, Ron Fravel, Silvia Christen, Katie Konda, and Jim Murphy.

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 August 1, 2012 meeting. Motion carried.

Director's Report: Stearns reported that in July 2012, there were 57 brand applications, 43 new brands, 27 transfers, and 10 brand books sold. For August, 2012, there were 37 applications, 38 new brands, 53 transfers, and 5 brand books sold.

Included in the meeting packet were:

1. The July-August 2012 report of cash balances, revenues and expenses, for the Brand Board.
2. Minutes of the August 1, 2012 meeting
3. Director's Report
4. Brand Inspection Report
5. Policy Proposals
6. Legislative Audit Report
7. Letter to Government Operations and Audit Committee (GOAC)
8. Press Releases

Directors Report: The director reported that the 90 cent brand inspection fee took place on September 1, 2012. The fee for a duplicate brand certificate also increased to \$5.00 at the same time. He discussed the Legislative Audit report and letter to GOAC. The report showed that the reported brand inspection numbers were accurate. The Audit also suggested several policy changes that will be discussed in this meeting.

Stearns also said that more unbranded abandoned horses are showing up in east river counties. The Brand office is working with the sheriff's offices in those counties to dispose of the horses. He reported that the #2 Brand Book Supplement will be coming out soon. Finally, he reported that new computers were ordered for the Brand office. All Windows software that is currently used in the office is no longer supported by the state or Microsoft.

Chief Brand Inspector's Report: Shouldis reported that for July 2012, we inspected 77,069 head; 57,790 at livestock markets, 350 at locker plants and 18,929 head inspected on locals. For August 2012, there were 38,424 inspected at livestock markets, 281 at lockers and 30,963 on local inspections for a total of 69,668. There were 4,267 holds in July and 866 holds in August 2012. Most of the July holds were with one large group of cattle. The increased numbers inspected are drought related. Vance said that most producers were moving cattle earlier this year than usual. Blair said that some in her area were still holding out as long as possible.

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For July/Aug 2012, there were 8 new holds for \$7,440 that came into the office. These holds involved 3 cows, 3 heifers, 1 bull and 4 horses. Seven holds were paid out on 4 cows, 1 steer, 1 bull and 1 horse, for \$5,667.

In July/August 2012, we had 13 recovered stray reports filed on 27 head consisting of 8 cows, 13 heifers, 4 calves, 2 bulls and 0 horses.

Financial Report: Stearns reported that he included the cash center balances for July 31 as well as August 31, 2012 for comparison purposes. For July 2012, the Board received \$63,716 in receipts and paid \$199,007 in expenses. In August, 2012, there were receipts of \$66,269 and expenses of \$163,844. The increased expenses were from the payment of the mileage bonus in July for FY2012 and having three pay periods in July.

For brand inspection, there were \$60,056 in receipts and \$132,516 in expenses for July, while August showed \$62,270 in receipts and \$137,502 in expenses. Stearns added that \$2,340 expense in the Theft and Prevention fund was registration fees for brand inspectors for Temple Grandin at the ILIA and the training session that followed and other related expenses.

Hold Hearing #BB135: This hold carried over from the last meeting. This hold was for \$719.15 on one black cow which sold at Winner Livestock Market as an estray on June 10, 2011. As no owner was found for the cow, Blair moved and Mortenson seconded the motion to escheat the funds to the Livestock Theft and Prevention Fund. The motion carried

#### Proposed Policy Changes:

Stearns explained that several Brand Board policies were drafted at the suggestion of the Legislative Audit and GOAC meeting.

#### Brand Inspection Numbers Reporting:

The following policy was presented and adopted by the Board. Blair moved to accept the reporting policy, Blum seconded the motion which carried on the following roll call vote – Mortenson, yes; Blum, yes; Vance, yes; Blair, yes; and Kimball, yes.

### **Brand Inspection Reports**

#### **Livestock Markets, Locker Plants, Feedlots and Private Sales:**

The numbers of livestock inspected at livestock markets, locker plants, feedlots and private sales will be compiled monthly as the reports come into the office. These numbers will be reported as the month following the inspections, so that the inspection numbers and moneys received for these inspections will coincide.

When compiling the brand inspection report for livestock markets, locker plants, feedlots, and private sales, any updated numbers will be corrected on the report for the last three months. Any inspection numbers updated prior to three months will be reported in the current month.

#### **Local Inspections:**

Local inspection reports will be compiled monthly at the end of the month. Local inspections coming to the office after the monthly cutoff will be recorded in the following month. Brand inspection reports included as information to the Brand Board in their meeting packet will be included in the minutes or attached with the corresponding minutes on the Brand Board website [www.sdbrandboard.com](http://www.sdbrandboard.com).

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Brand inspection numbers are subject to change.

#### Inspector Salary Policy:

The following policy was presented and adopted by the Board. Mortenson moved to accept the salary policy with the suggested changes, Blair seconded the motion which carried on the following roll call vote – Mortenson, yes; Blum, yes; Vance, yes; Blair, yes; and Kimball, yes.

#### Brand Inspector Salary Policy

Fulltime Brand Inspectors: Brand Board full-time inspectors are exempt employees working under a Belo contract. Their salary structure emulates the Bureau of Human Resources Job Class 14 Exempt Employee. Starting salary for full-time inspectors without experience is \$29,000 per year with a \$500 increase in six months and an additional \$500 increase at one year or \$30,000 at the end of year one. Following that, annual increases will be according to legislative salary policy plus 2 percent until the BHR Job Worth for Class 14 is reached. At that time, the inspector will receive increases according to legislative salary policy. The starting salary for new full-time inspectors, with brand inspecting experience, will be set according to their previous experience. The table below is an example of the salary schedule using a 3 percent cola increase and 2 percent increase. Adjustments to the inspector's salary and salary schedule can be made from time to time with Brand Board and Bureau of Human Resources approval.

Salary Policy Example			
Projected Beginning Salary Progression (September 1, 2012)			
	Salary	Annual Increases	% increase
Start	\$29,000.00		
6 months	\$ 29,500.00		
Year 1	\$ 30,000.00		
Year 2	\$ 31,500.00	leg 3%+ Inc 2%	5%
Year 3	\$ 33,075.00	leg 3%+ inc 2%	5%
Year 4	\$ 34,728.75	leg 3%+ inc 2%	5%
Year 5	\$ 36,465.19	leg 3%+ inc 2%	5%
Year 6	\$ 38,288.45	leg 3%+ inc 2%	5%
Year 7	\$ 39,437.10	leg 3%	3%
Year 8	\$ 40,620.21	leg 3%	3%
Year 9	\$ 41,838.82	leg 3%	3%
Year 10	\$ 43,093.98	leg 3%	3%

Leg 3% = Legislative Salary Policy

Part-time Brand Inspectors: The part-time brand inspectors working at livestock markets will be receiving \$100 per day at all west river markets except at Ft. Pierre L/S where the daily rate is \$115 per day effective July 1, 2012. Part-time salary for in-state open markets can be set by the Brand Board Director and Chief Brand Inspector and is subject to Brand Board approval.

Local Inspectors: Local brand inspectors will be paid \$.90 per head for the first ten head inspected and \$.35 per head for any above 10 ten head effective September 1, 2012.

All salary policies are subject to change.

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Brand Inspection Policy

After a brief discussion, this policy was tabled until the next meeting for further review.

Legislative Proposals:

#1. This proposal establishes a service fee for local brand inspections of 100 head or fewer. The fee amount and conditions under which it will be charged and paid to the brand inspectors will be determined by administrative rule. This proposal is a result of the earlier compromise which lowered the proposed brand inspection fee from \$1 to \$.90 per head.

Mortenson moved and Blum seconded the motion that the Board proceeds with this legislative proposal. Motion carried.

#2. This proposal would establish a permit process for producers who live east river and graze livestock on west river pasture that they owned or leased to take the livestock home without a brand inspection. This proposal is not being pursued by the Board.

#3. This proposal would allow a producer to use a shipper's permit to take livestock from a west river pasture to a willing instate open market to get a brand inspection. This would be useful in areas where it is difficult to find a nearby brand inspector or inspection facilities were not available on site. Mortenson moved and Blair seconded the motion to proceed with this proposal which passed with a 4-1 vote.

Open Comment: Nathan Sanderson, from the governor's office, explained the submission process and time frame for submission of legislative proposals. Vance apologized for missing the previous meeting because of family illness.

The meeting recessed for lunch and resumed at 1:10 pm.

Legislative Proposals: (continued)

#4. This proposal would allow a fee to be charged for a permit to let livestock pastured in western South Dakota to be transported to an east river arena or barn for recreational purposes. The board has the ability to allow this, however would like to establish a fee over the inspection fee for the permitting process. This proposal was tabled for later discussion.

#5. This proposal asked for a fee to be allowed for a permit to allow licensed and bonded order buyers to sign the market clearance to change ownership of livestock purchased at a livestock market. The Board is not pursuing this proposal at this time.

#6. This proposal would allow a higher fee to be charged for horse inspections as costs at livestock markets exceed revenues. An alternative to this would be elimination of the horse inspection except for lifetime travel permits. Mortenson moved to proceed with this proposal and look at both options. Blair seconded the motion which passed.

The next meeting was set for October 11, 2012 at 10:30 a.m.

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Blair moved and Mortenson seconded the motion which passed to move into executive session at 2:05 p.m. pursuant to SDCL 1-25-2 (1) personnel issues. The motion carried. The meeting came out of executive session at 2:15 p.m.

Blair moved the meeting adjourn; Blum seconded the motion which carried. The meeting adjourned at 2:15 p.m.

Larry Stearns  
Director

Curt Mortenson, V. Pres.  
President

These minutes were filed for the record on 10/11/12.