

EXHIBIT 3
DATE 2-16-11
HB Section C

**MINUTES
BOARD OF LIVESTOCK MEETING**

- conception rates and missing animals are not accounted for in paid out losses
- next board meeting is in Dillon, April 15 with listening session on 14th in the evening
- three board terms expire Jan 31 and all three are seeking seeking reappointed
- another nomination was received from John Helle who asked to be considered only if one of the current board members chose not to seek reappointment

Brett DeBruycker moved to reappoint the current members who are seeking reappointment. Linda Nielsen seconded. The motion carried unanimously.

3:00 PM _____ RECESS
3:15 PM _____ RECONVENE

USDA Wildlife Services (Predator Damage Management), John Steuber

- moving into the busiest time of the year - calving, lambing season from mid -February into March, April, and May
- helicopter pilot Tim Graff being deployed to Iraq (2nd time) so are looking for replacement for 10 months or so
- 3 1/2 months into Fiscal year still do not have a budget, working on continual resolution - must spend evenly throughout the year while on continual resolution
- the federal earmark of \$255,000 in tri-state predator (MT, WY, ID) did not make it through and is at risk at this time
- still do not have the federal helicopter back, do have funding for leasing one and will do so
- Addressed concerns in the country regarding WS possibly will stop flying
 - not true, but possibility of decrease in flying time due to budget constraints
 - discussion regarding ways to increase in funding for predator control followed
 - Board member John Lehfeldt is working with producer organizations to restore funding to WS for predator control
 - Stockgrowers, Woolgrowers and Cattleman's all support a per capita increase dedicated to restoring predator funding to an adequate balance
 - Christian Mackay commented that the department budget is in
 - if producers attend legislative budget meetings and support a per capita fee increase the legislature could increase spending authority for per capita fee increase dedicated for predator control
- Review of per capita funding history
 - HB124 from the 2001 Legislative session was a huge tax reform bill which changed from three times per year assessment through the counties, down to a single September assessment through revenue
 - department lost approximately \$1.2 million from that change
 - additionally, 2001 and 2002 were dry years where head counts went down
 - the department ended up with negative \$1million in per capita revenues
 - the board implemented a 10% cutback, cut 11 full time employees, delayed vehicle replacement, etc, and fees were increased where possible
 - WS State Director, Larry Handegard, agreed to allow a decrease in predator control funding by the department and used federal carry over for flying to assist

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the department during this hard time. Handegard agreed to allow the decrease in predator control until per capita collection returned to 2001 levels (returned to 2001 levels in 2004). The WS predator control percentage of total per capita has decreased from 13.3% in 2000 to 7.0% in 2010. The WS predator control share of per capita is only \$251,660 as compared to 2000 when they were \$398,273.

- o the department has still not recovered; still down at least 2.5 FTE's from pre-cut total employees, the vehicle replacement program is still struggling
- o predator control funding was \$383,000 in 2001, 2002 dropped to \$183,000 where it stayed until 2007 when the board raised funding to \$243,000
- o aviation insurance and participating counties are paid first with the balance going to WS for predator control

George Harris

- o the board might be looking at per capita maximum allowed increase for the next few years to get predator control funds back to where they should be

Kim Baker, Montana Cattleman's Association

- o the industry is ready now for what needs to be done

Jim Brown, Montana Woolgrowers Association

- o consensus at the December meeting was for the board to use its authority to restore funding to WS, and supportive to raised per capita with it dedicated to WS only

Board discussion followed

- o producers must go to the legislators and get more spending authority so the board can do what needs to be done to increase funding
- o the infrastructure is in place now, if the board defers the problem we may lose what infrastructure we have now
- o need to raise the per capita to the maximum allowed by statute with 5% dedicated to WS
- o at 10% it would go from \$1.75 to 1.92 (cattle), not that burdensome, must do what we need to do to get it done
- o industry people are asking when the subcommittee hearing is, so the hope is that all the industry people are listening and will attend
- o so that subcommittee will make the changes in spending authority so the board can then work at providing the funding

John Lehfeldt moved to increase per capita the maximum (13.2%) with 6% dedicated to to Wildlife Services pending increased spending authority from the legislative budget committee. Brett DeBruycker seconded. Roll call vote:

Stan Boone	No
Linda Nielsen	No
Jeff Lewis	No
Ed Waldner	No
Brett DeBruycker	No
John Lehfeldt	Yes

Board discussion

- o wait for spending authority from legislature
- o not specify percent of increase or percent dedicated
- o need to use part of increase to support department programs

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Stan Boone moved that the board go on record in support of an increase in per capita to provide sufficient predator control funding with industry providing support for the increase in spending authority. Ed Waldner seconded. Roll call vote:

<u>John Lehfeldt</u>	<u>No</u>
<u>Brett DeBruycker</u>	<u>Yes</u>
<u>Ed Waldner</u>	<u>Yes</u>
<u>Jeff Lewis</u>	<u>Yes</u>
<u>Linda Nielsen</u>	<u>Yes</u>
<u>Stan Boone</u>	<u>Yes</u>

John Lehfeldt moved to amend the motion to increase the per capita to the maximum allowed with a percentage of that funding dedicated to WS. The motion died for lack of second.

Les Graham, Montana Livestock Market Association

- o the industry is behind this idea
- o but producers must be contacting their legislators to support the spending increase which can then be backfilled by the board

Public Information Office, Steve Merritt

- o efforts past couple of months have pretty much involved rerecord
- o presented a rerecord program at Stockgrowers, Young Ag Conference
- o will again at the MAGI show this weekend in Great Falls
- o provides a computer to rerecord online

Meat Inspection Bureau, Carol Olmstead

- staff getting ready for federal review this year
 - o will be coming to our building in May
- losing Dr Connolly, contract veterinarian who provided training to some of the contract vets
 - o Dr Connolly will train Dr Liska so he can take over a one hour training program to contracting veterinarians
 - o Animal Health is footing Dr Liska's (part time) costs for now
 - o this cost will need to be included in future Meat Inspection budget
 - o USDA accredited training for Dr Liska is proposed sometime in the future

Milk & Egg Bureau

- grading facility
 - o building has not started yet, planning and permitting continue
 - o proposed that an inspector to go to Horizon Colony as a USDA temporary grading station until about June of this yea
 - o will be accomplished by Roy traveling two times a week starting in February
 - o this will avoid the current practice of trucking product to Washington and back two times a week

Producer Organization Updates

Ariel Overstreet, Montana Stockgrowers Association

- December meeting featured robust policy updates
 - o will work with the department to revise current Trich rules
 - o freeze brand policies