



Livestock Loss Board Members Present:

Elaine Allestad – Chairperson
Larry Trexler
Doreen Gillespie
Seth Wilson via telephone

Staff: George Edwards – Executive Director

Guests: Evan Waters – Department of Livestock
Brian Simonson – Department of Livestock

Chair Elaine Allestad called the meeting to order.

Introductions:

- Each board member, board staff and guests introduced themselves.

Board Minutes:

Board members reviewed the September 28, 2017 minutes. Ms. Allestad asked if there were any corrections or additions. None were offered.

Motion: Larry Trexler made a motion to approve the minutes. Doreen Gillespie seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

Reports:

George Edwards, Executive Director – Mr. Edwards provided current loss statistics for the budget year. The board started the July 1 budget year with \$300,000. Currently \$167,000 has been paid out in claims. This leaves \$133,000

for the remaining budget year ending on June 30th. Mr. Edwards said this should be enough money as very few claims come in from January through April. Claims typically peak in October and November. He estimates that the board will exceed \$200,000 in claims for calendar year 2018.

The Board of Livestock has asked if livestock owners submitting claims are paying per-capita fees. Most of the owners are paying per-capita but many of the people submitting mountain lion loss claims do not. These appear to be hobby farms primarily around Missoula.

Claim processes have been smooth all year except for one claim on a high value horse. This claim will be discussed later in the meeting. No one has complained about values on claims. We did receive a claim for alpacas. A letter was sent informing the owner that alpacas are not covered by this board. Mr. Edwards also called the owner to explain that the law lists specific animals covered by the board.

Mr. Edwards provided a brief oral history of the board for those in attendance. Board members asked him to write a history of the board for future reference. Mr. Trexler brought up that at the beginning of the board, a rancher told him you guys are trying to fund this with a bake sale. Mr. Edwards said Defenders of Wildlife provided seed money for death loss claims in the first two years. Mrs. Allestad said a bake sale was discussed in early board minutes. Mr. Edwards briefly spoke about federal funding from a bill in 2008. This federal bill provided for a five-year demonstration project to fund loss claims and loss prevention due to wolves. Even though five years has passed the board has still been able to get federal funding and without it there would be little or no money for loss prevention grants. Because this was a five-year program there is no certainty that funding will be available in the future. Bills for state funding have passed the legislature in past sessions but were vetoed by the governor each time.

A rancher in the Lewistown area attended Montana Cattlemens Association meeting where Mr. Edwards spoke about board programs. She praised the board's balanced approach and really liked the board's job trailer program. The program using materials from the trailer and wildlife services personnel installing temporary electric fencing has been a huge success. A couple of ranches in NW Montana that previously had wolf predation used the board's program and did not have any losses during calving.

Evan Waters, DoL Accounting Bureau Chief – Mr. Waters began by saying he projects at the current rate of claim payments the board may run out of money for loss claims by 2021. Mrs. Allestad stated the board's policy is to not pay mountain lion loss claims until claims from wolves and grizzly bears are covered first. Mr. Simonson asked if the board had tried to request additional funding. Mrs. Allestad said yes we have. Mr. Waters said although the board receives

\$200,000 per year, the board can spend up to \$300,000 which would be money from the board's savings. Mr. Simonson said this appears to be a bad trajectory.

Mr. Edwards stated he had submitted a request for additional operations funding in the governor's budget but it was denied. The request was to enable the board to hold more board meetings as vacancy savings each year has greatly reduced the operations budget. Vacancy savings applied to an agency with one employee is problematic as there is no where to recoup the loss of funding. State policy says agencies with less than 20 employees are exempt from vacancy savings but Mr. Edwards is an employee of the Department of Livestock assigned to this board. It would take a legislative change so the board hired their executive director. Mrs. Gillespie said this would be a positive direction. Mr. Edwards stated the only way he could go as a proponent should a legislative bill be introduced would be to go through Mr. Simonson or Mr. Honeycutt to ask the governor's office for permission. Mrs. Allestad stated this is how she thought the position was originally set up. A bill like this would get the board back to the original intent. Mr. Simonson said this would be a conversation with Mr. Honeycutt.

Mr. Edwards said there is an increase in the governor's budget which would cover his wages. It is a line item in HB 2 and it \$111,655 in 2020 and \$111,509 in 2021. This board's budget is included with the Department of Livestock's budget. As board members you can not lobby for money outside of the governor's budget. The correction that increased the 2020/2021 budget happened when a snapshot of current operations occurred this past July. When it was discovered that Mr. Edwards wasn't being paid even the minimum for his pay band you as board members voted to raise his salary to 80% of the state's market survey.

Mr. Waters said the license plate fund has \$41,335 in it from all the years the plate has been available. The plate brought in \$7,760 in 2018.

Mr. Waters spoke about the transfer of funds to the board's grant fund. Under state law money in excess of \$300,000 is transferred into the fund. This year that was \$15,393. The law allows the board to hold out 10% for operations and Mr. Edwards suggested the board to do that because the current budget appears to be short of funds by the end of the budget year. Mr. Waters budget projection sheet shows that the board may be about \$15,000 over budget. Mr. Simonson said the new budget will correct this for the next year. Mr. Waters said he will use the 10% allowed to help get the board through this budget year. Projections will change once the board meeting expenses show up. Mr. Waters said he will spend all of the general fund then the 10% allowed and finally use license plate funds to get us through this year.

Motion: Larry Trexler made a motion to approve Mr. Waters to do the fund transfers per the general discussion. Seth Wilson seconded the motion.

Discussion: Elaine Allestad stated that the license plate money is needed this time. **Vote:** All in favor, none opposed. Motion carried.

Increases to Mr. Edwards wages occurred back in July via emails from board members. He included a sheet for this board meeting in order to allow for public comment on actions that occurred outside of a regular board meeting. For the record the emails concerned increasing Mr. Edwards wages to 80% of the market rate. This is for job code 137237 which is unique to the board's executive director position. Mr. Edwards said there will be a new market survey that takes effect on July 1st which could cause an additional increase to Mr. Edwards wages. It would be up to the board to decide whether to leave Mr. Edwards under the current market rate or to adopt the new market rate in July 2019.

Mr. Edwards explained that the market rate is determined by doing a survey of wages from our neighboring states. It is done every two years. Because the board is a line item budget from general fund and is separate of Department of Livestock funding, the board can set his salary anywhere you want. Mr. Trexler and Mrs. Gillespie both stated Mr. Edwards is a one man show and does a fantastic job. Mr. Simonson said when you contemplate this the Department of Livestock may still be at 80% of the 2014 market survey. Mr. Edwards said when he spoke with Mr. Honeycutt his salary is based on the 2016 market survey. Mr. Edwards went on to say he was missed when the Department of Livestock increased department employees to 80% of the market rate. Mr. Simonson said the time to make the increase would be just before the next wage snapshot in 2020. This is a funding issue and could cause the board to be over budget again. Mr. Trexler asked if a motion is ahead of time. Mrs. Allestad said no it should be done. Mr. Edwards advised the board that if they increase him to the 2018 market rate it could cause them to have to use license plate funds again. If the board waits until snapshot it would only hit the board's budget for one year instead of two. Mr. Simonson said it would amount to about \$4,000 per year.

Motion: Larry Trexler made a motion to approve the current pay and to use the new market survey in July for the 80% salary rate. Doreen Gillespie seconded the motion. **Discussion:** Seth Wilson said he wanted to make sure that Mr. Edwards is paid at least the 80% of the most current market rate. He went on to say as a matter of principle it would be most equitable to base Mr. Edwards wage at the most current market rate. Mrs. Allestad said if we don't do it now it will be trying to catch up again. **Vote:** All in favor, none opposed. Motion carried.

Legal Discussion - Grant Application Disclaimer:

During a prior board meeting a question came up about board's liability if someone became hurt during a loss prevention project. Mr. Edwards contacted the state tort division and asked about a disclaimer clause. They supplied what they called the Cadillac version which is multiple pages long. Mr. Edwards said the board should adopt at least the first section of the suggested disclaimer. Mrs. Gillespie agreed. Mrs. Allestad asked about other statements available. Mr. Edwards said he went to tort as they are the state's insurance division for

agencies. Tort division recommended that the board take the disclaimer in part or in whole. Mr. Trexler said he is concerned that if the disclaimer is too restrictive it may cause small producers from applying for grants. Mr. Wilson said he doesn't want to see this become too complicated. Both Mr. Trexler and Mrs. Gillespie said the first paragraph covers it.

Motion: Seth Wilson made a motion to add the first paragraph of the disclaimer to the board's grant application. Larry Trexler seconded the motion. **Discussion:** Elaine Allestad said the paragraph may be too brief. **Vote:** All in favor, none opposed. Motion carried.

Legislative Update:

Mr. Edwards has a legislative watch list that he shares with board members. Proposed legislation includes a bill LC 2777 to add black bear caused loss to the board by Representative McKamey. Mr. Edwards met with Ms. McKamey and FWP officials to speak about the bill. Mr. Edwards expressed that the board would not be in favor of this bill based upon prior board discussions where the original intent of the board was based upon endangered species. Senator Gillespie has a bill draft LC 2892 which would allow the board to hire their director to avoid vacancy savings. Prior to becoming a Senator he had spoken with Mr. Edwards about what hurts the board's budget. The board had discussed this problem in past meetings and were looking for a solution. Representative Shaw has a bill draft LC 2894 which would increase the board's death loss account to \$300,000. This is the bill Representative Shaw said he would run after the legislature added mountain lion caused loss to the board.

Mrs. Allestad asked how would the board get the governor's permission to testify on the bills. Mr. Edwards said per law board contact with the governor's office goes through the Department of Livestock so we would ask Mr. Honeycutt to take the message to the governor's office after a board motion on the bills. Mrs. Allestad said Mr. Edwards is our witness for legislative hearings. Mr. Edwards cautioned the board on taking positions on bills as this could alienate groups with policy such as Farm Bureau's policy to add black bears to our board.

Motion: Seth Wilson made a motion to stay informational on LC 2777. Larry Trexler seconded the motion. **Discussion:** Mr. Trexler stated the board should not support a bill unless funding for it is included. **Vote:** All in favor, none opposed. Motion carried.

Mr. Edwards expressed some concern about his position should LC 2892 pass the legislature. He asked the board to keep him in his position and to keep the focus on vacancy savings as this is the issue. He handed out the state policy on vacancy savings. Senator Gillespie entered the meeting and said his bill is to amend the law to allow the board to hire their director. Mr. Simonson asked if Mr.

Edwards had discussed this with Mr. Honeycutt. He said no because the board had not discussed this yet but he would like to inform Mr. Honeycutt now.

Motion: Larry Trexler made a motion to support this bill and to keep Mr. Edwards in his current position. His motion included preliminary wording to amend 2-15-121(2)(d). Seth Wilson seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

The third bill by Representative Shaw does not have any wording available at this time.

Motion: Larry Trexler made a motion to support bills that increase funding for the board. Doreen Gillespie seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

High Value Claims:

This agenda item was added for the purpose of public comment on a high valued horse claim this year. Board members review the claim via email with four of the five board members agreeing to pay the value based upon the BLS horse appraiser that the board uses on all horse claims. Doreen Gillespie voted against the high payment. The payment was \$15,000 dollars Mr. Edwards received an email from BLS horse appraiser Jann Parker showing that a horse with the same breeding just sold for \$100,000 dollars. Mr. Edwards said most of the registered horse claims are valued around \$1,500 but this was an unusual situation and that is why he asked the board to become involved in the payment decision. Mrs. Gillespie has seen club calf bulls sell for as much as \$100,000. She went on to say that the board did not know if the colt was sound. She is concerned that this opens the door for extremely high value animals. Mr. Trexler said he knows the family that submitted the claim and they have been raising these high dollar horses for years. He went on to say Jann Parker's assessment really helped in making the decision to pay the high amount. Mr. Edwards said in a phone call with Jann Parker she said anything less than \$20,000 is a bargain considering the breeding involved. Mr. Edwards said on cattle he has used averages from other registered sales. Mrs. Gillespie said she can agree with this method but this case was not based on sales. Mrs. Allestad said the board has always used BLS sales for horse values. Mr. Edwards said Jann Parker does use BLS horse sales but the market has never had a horse with this kind of breeding. She consulted with others in the horse sale business across the nation to help come up with a fair value.

Board Members asked to have high value claims process to be placed on a future agenda which may include a cap on how much will be paid for high value animals. Mr. Trexler said the current system the board uses has worked well for years.

Board members discussed naming a Vice Chair in the event that the Chairman is unavailable. When Whitney Klasna was on the board Mrs. Allestad had appointed her Vice Chair. Mr. Edwards said he didn't know if a formal procedure was needed to appoint a Vice Chair. Mrs. Allestad said she is appointing Larry Trexler as Vice Chair based upon him having the most experience with the board.

Grant Applications:

A general discussion covering all the applications. Mr. Edward said the board didn't receive many grant requests due to it being late in the year when the USFWS released the money. Applications turned in are asking for \$66,053 from the federal funds. Some of the state grant applications could be listed under either the federal or state side because wolves inhabit the same areas. The board has already voted to take 10% off the top of the \$15,000 in state grant funds.

Board members started their discussion with the Western Bear Foundation grant applications. One of them was to electric fence a residential yard and the other was to fence a calving and lambing area. Mr. Edwards said the residential yard does not fit with the board's mission.

Rockport Colony submitted an incomplete form asking for money on an electric fencing project they had just completed. They neglected to state a purpose for the fence on the application or any other details. Mr. Edwards asked them to complete the form, but they did not. The electric fence is already installed to help with the large number of grizzly bears in the area. Mrs. Allestad said the board would need a breakout of labor and materials in order to consider this grant. Mr. Wilson said the spirit of the grant is to propose an action and then do it. Part of the discussion is for future reference. Mr. Wilson said a seven-wire alternating hot and ground fence runs about \$4.00 per linier foot but knows it can be done for \$3.62. Mr. Trexler said a five-wire fence is about \$2.00 per linier foot.

Miller Colony submitted an incomplete form as well. Mr. Edwards spoke with them and they asked him to let the board know it was for additional guard dogs to help with grizzly bear and wolf problems. Mr. Edwards said the colonies are really struggling with the form and appear to need help with it.

Board members began to review each grant one by one. The first grant is the Blackfoot Challenge. Mrs. Gillespie said this one looks pretty good. Mr. Edwards cautioned the board to watch out for grant applications that sometimes list other federal money as part of the match. Mr. Wilson said the Challenge has a lot of cost share matches from non-federal sources. Mr. Edwards said the Blackfoot Challenge keeps very good records and report in to him throughout the year on activities. Mr. Trexler said he likes the large area covered by grants. He said the Centennial is also a large area and range riders are really helping.

Motion: Larry Trexler made a motion to approve the Blackfoot Challenge's request for \$20,000 from the federal funds. Doreen Gillespie seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

The Centennial Valley Association submitted two grant applications. One for wolf loss prevention and another for grizzly bear loss prevention. Mrs. Allestad said their grants may be a duplication of services in the same area. Mrs. Gillespie asked what can be asked for. Mr. Edwards said the board has allowed for expenses such as horse trailers and hay for having range riders. Mr. Edwards said the Centennial Valley Association does comprehensive reports and share them with the board office and association members. Mr. Trexler said this grant covers a huge area. Mr. Trexler speaks with them frequently and they have a lot more in expenses than what they are asking for. Mrs. Allestad said they are way over the required match.

Motion: Larry Trexler made a motion to approve the Centennial Valley Association's request for \$15,000 from the federal funds and \$10,000 from state grant funds. Seth Wilson seconded the motion. **Discussion:** Mr. Trexler said this covers a large area. **Vote:** All in favor, none opposed. Motion carried.

The Dahl Ranch submitted a grant request for labor, materials, equipment and dog food. Because of the daily presence of wolves in their pastures near their buildings they are now night penning many of their cattle and other livestock. Board members questioned what are the increased costs. Mr. Wilson said they are having problems with keeping the night penning area clean. Board members told Mr. Edwards to receive records from the Dahl Ranch before issuing any money. A concern is that they are asking for a lot of money for the number of animals covered.

Motion: Seth Wilson made a motion to approve the Dahl Ranch request for \$16,578 pending them providing documentation before issuing the money. Larry Trexler seconded the motion. **Discussion:** Doreen Gillespie said the board needs more information from grant applicants. Larry Trexler said to keep this on hold until the documentation is received. **Vote:** All in favor, none opposed. Motion carried

Granite Conservation District submitted a grant request to keep their carcass removal program functioning. Both Mrs. Allestad and Mr. Trexler said this is a great program that is working well for their area. Mr. Wilson spoke about his knowledge of this program and how well it is ran.

Motion: Larry Trexler made a motion to approve the Granite Conservation Districts request for \$14,475 from the federal funds. Doreen Gillespie seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

Miller Colony submitted a incomplete grant form. Mr. Edwards spoke with them and they told him it is for guard dogs. Board members spoke about they Colonies being wonderful neighbors. Mr. Edwards asked if the board would accept this grant similar to the Dahl Ranch pending additional information.

Motion: Larry Trexler made a motion to approve the Miller Colony request for \$1,125 from the state funds pending them providing receipts for guard dogs. Doreen Gillespie seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

Rockport Colony's application was incomplete, and the board did not consider this grant application for funding. Mrs. Allestad said there is not enough information to review anything. Mr. Trexler aid nothing is listed. Mr. Edwards said he personally told them to list specifics on labor and materials. None of this was supplied.

Western Bear Foundation submitted two grant applications but only one covered livestock. Board members rejected the non-livestock application and accepted the grant covering livestock. The accepted grant was for electric fencing around sheep pens.

Motion: Doreen Gillespie made a motion to approve the Schmidt property grant request for \$749.20 from the state funds. Larry Trexler seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

Because of questions on grant applications, Mr. Edwards suggested that the board revamp the entire grant application. He will work on this section by section and seek board input so that future grant applicants submit more detail in their applications.

Mr. Edwards asked the board if they wanted to provide the remaining \$2,729 in state grant money to USDA Wildlife Services for their grizzly bear investigation work.

Motion: Doreen Gillespie made a motion to provide the remaining grizzly bear grant money to Wildlife Services. Larry Trexler seconded the motion. **Discussion:** None. **Vote:** All in favor, none opposed. Motion carried.

Board members decided to use the remaining federal funding for more fence supplies and a UTV for the board's loss prevention trailer. Mrs. Allestad said this is our way of selling loss prevention projects. If it works for the rancher, they can apply to the board to keep the supplies if they provide half of the cost of the supplies. Mr. Edwards said a few environmental groups are supplying matching funds to pay for a person to install the electric fencing through USDA Wildlife Services. Mr. Edwards advised the board that the money can only be used for supplies. He said Wildlife Services is using an old 4-wheeler that needs to go

back to an existing program. The supplies are all ran through the Department of Livestock's purchasing department. Wildlife Services will supply a list of supplies needed and will submit it to the board office.

Motion: Larry Trexler made a motion to use the remaining federal grant money to buy supplies and a UTV for the board's loss prevention trailer. Seth Wilson seconded the motion. **Discussion:** Mr. Wilson said he really likes this program and if Wildlife Services is the messenger that is terrific. **Vote:** All in favor, none opposed. Motion carried.

Board Meeting Date – A date for the next board meeting will be set when the budget allows.

Public Comment: None

Motion: Doreen Gillespie made a motion to adjourn. Larry Trexler seconded the motion.
Adjourned

DATED this 19th day of September, 2019

A handwritten signature in black ink, appearing to read "Seth Wilson", written over a horizontal line.

Seth Wilson, Chairman
Montana Livestock Loss Board