

**AGREEMENT  
BETWEEN  
THE FARM SERVICE AGENCY  
AND  
THE STATE OF MONTANA  
FOR THE PURPOSE OF ESTABLISHING A STATE GRANT  
TO PROVIDE FORAGE LOSS ASSISTANCE TO LIVESTOCK PRODUCERS**

In accordance with the terms of this Agreement, the Farm Service Agency (FSA) agrees to provide a grant to the State of Montana for distribution to eligible livestock producers whose forage has been adversely impacted by severe drought in 2006.

**A. BACKGROUND AND PURPOSE**

On August 29, 2006, the Secretary of Agriculture authorized FSA to provide assistance to livestock producers whose forage was adversely impacted by drought. Funding for this program is authorized under clause (3) of Section 32 of the Act of August 24, 1935, (Section 32), which allows the Secretary to use funds under that authority to reestablish farmers' purchasing power.

**B. DETERMINING AMOUNT OF ASSISTANCE**

The amount of the grant to the State of Montana is \$933,443, which is based on the number of adult beef cattle and sheep in eligible counties in the State as provided by the National Agricultural Statistics Service.

**C. PROVIDING ASSISTANCE**

In the provision of assistance under this grant Agreement to eligible livestock producers whose forage was adversely impacted:

1. Application procedures for livestock forage loss funds will be as determined by Montana.
2. Assistance shall be provided only to livestock producers that suffered forage losses in eligible counties. Eligible counties are those reaching exceptional drought (D4 Drought on the U.S. Drought Monitor) or D3 (extreme drought) during March 7 to August 31. A list of those counties in Montana is attached as Appendix A.
3. Assistance for forage losses may include such losses as forage losses, the cost of additional supplemental feed, cost of relocating cattle to new feed supplies, increased feed transportation cost, and emergency water supply as a result of drought or other losses specifically related to the forage losses caused by drought.

4. Funds shall be provided to eligible livestock producers for the sole purpose of reestablishing livestock producers' purchasing power as provided for in clause (3) of Section 32.
5. Assistance shall only be provided to eligible livestock producers that suffered forage losses as part of a farming operation.
6. The amount of assistance provided to a livestock producer shall not exceed the amount of forage or related losses suffered by the producer as a result of drought in 2006.
7. Assistance by the State from the funds made available under this agreement shall be limited using the tax identification number of the livestock producer. Except for a general partnership or joint venture, the total amount of assistance that may be provided with respect to the tax identification number of a livestock producer shall not exceed \$10,000. In the case of a general partnership or joint venture, the total amount of assistance that may be provided to the general partnership or joint venture shall not exceed \$10,000 times the number of members of the general partnership or joint venture. The State may apply further limits and controls to ensure equitable distribution of this finite amount of funds.
8. If assistance is provided from multiple locations for the State, the State shall ensure that all payments to a livestock producer do not exceed the payment limitation and are not duplicative.

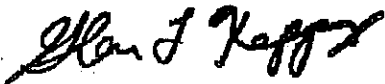
#### D. TERMS OF THIS AGREEMENT

1. The State agrees to accept the funds for the purposes for which they were granted and to use the funds only in a manner that is in accordance with this Agreement. The entire amount authorized will be paid to the State by a one-time electronic transfer using bank information supplied by the State. The State will have sole responsibility for any costs that may be associated with the distribution of the funds released from FSA.


2. The State's administration of the funds, as well as its financial obligations with respect to this grant and its obligation to file reports and other information, will be governed by this Agreement and by the provisions of 7 CFR Part 3016, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (attachment). Any notices or reports required to be filed by that regulation shall be sent to the Chief Financial Officer, FSA, as directed in writing by the Chief Financial Officer, FSA. The Chief Financial Officer, FSA, will specify the reporting requirements, due dates, and interest handling requirements in writing to the State after the funds are advanced to the State. Upon any failure by the State to comply with this Agreement or with the aforementioned regulations, FSA may require a refund of the grant with interest. Handling of any interest while the funds are held by the State shall be governed by the aforementioned regulations and shall, unless FSA agrees otherwise, be returned to FSA.
3. The State shall retain financial and other records relating to the funds for a period of 3 years after completion of the distribution of grant funds or until final resolution of any audit findings or litigation claims relating to the distribution of such funds.
4. The State agrees to allow any representative of the Department of Agriculture (the Department), including FSA and the Office of the Inspector General, and the Comptroller General of the United States to have access to and the right to examine all records and documents related to this Agreement.
5. The State agrees to cover all costs associated with investigations or appeals that may be conducted in relation to the administration or management of the funds made available under this agreement. Neither the Department nor any other agency of the Federal Government shall be responsible for administrative or management costs incurred by the State or third parties in connection with these grant funds.
6. The State is responsible for reporting all the funds expended under this program, as may be required by the United States Internal Revenue Service, and generally accepted accounting principles.
7. The State agrees to execute the following Federal forms: "Assurances-Non-Construction Programs" and the "Certifications Regarding Lobbying; Debarment, Suspension, and Other Responsibility Matter; and Drug-Free Workplace Requirements".
8. This Agreement shall be valid from the date of the last signature affixed hereto. Further, this Agreement may be amended, extended, or modified by written amendment signed by the authorized officials of FSA and the State.

9. This Agreement may be terminated by FSA through written notice to the State if FSA determines that the State has failed to comply with the provisions of this Agreement, or other applicable laws or regulations. In the event this Agreement is terminated for any reason due to the fault of the State or because of any false representations made by the State to FSA, all FSA funds expended under this agreement shall be returned to FSA.
10. This Agreement confers no rights on any person or entity not a party to this Agreement. The parties agree that this Agreement creates no third party rights.
11. The State shall have 1 year from the end of the month of receipt of the funds from FSA in which to complete its own distribution of the funds made available by this grant. However, the State may provide a written request to FSA to grant an extension of that deadline. Such a request for an extension of the disbursement deadline will be reviewed for approval by the Chief Financial Officer, FSA. The State shall refund to FSA funds provided under this Agreement that are not distributed by this deadline.

It is so agreed.

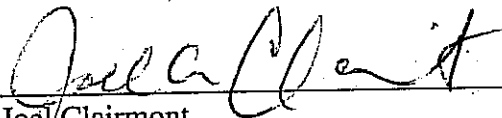


SEP 15 2006



Teresa C. Lasseter  
Administrator  
Farm Service Agency

Date



Joel Clairmont  
Deputy Director  
Montana Department of Agriculture

Date

9/22/06

**State of Montana  
Eligible Counties**

**Appendix A**

Big Horn  
Carbon  
Carter  
Custer  
Fallon  
Powder River  
Rosebud