

FARM PRODUCE INSURANCE AUTHORITY BOARD MEETING

Corn Marketing Program of Michigan, 13750 South Sedona Parkway #5, DeWitt, MI 48820

June 18, 2019, Board Meeting Minutes

MEMBERS PRESENT: Greg Ackerman, Theodore Crowley, James Howe, Mark Kies, Steven Kluemper, Mark Metz, and William Wilson

MEMBERS ABSENT: Benjamin Chaffin, Matthew Frostic, and Gary McDowell

PRESENT FOR MDARD: Peter Anastor, Agriculture Development Division Director; Jeff Haarer, FPIA Administrator/Producer Security Services Section Manager; Dominic Perrone, Compliance Officer; Denise Studders, Auditor; David Hall, Auditor; and Johnathon Schweda, Administrative Technician

GUESTS: Mark Beck, Comerica Bank; Scott Boothroyd, Comerica Bank; Bradley DeVries, Yeo & Yeo (Call-in); Tony Essenmacher, Comerica Bank; Steve Hinkle, Comerica Bank; and Theresa Sisung, Michigan Farm Bureau

Call to Order, Roll Call, Introductions, Approval of Agenda and Prior Minutes – Mark Metz

Mr. Metz called the meeting to order at 9:00am. In place of roll call, Mr. Metz requested that attendees introduce themselves. Following review, a motion to approve the agenda was made by Mr. Ackerman and supported by Mr. Kies. The motion passed by unanimous vote. Following review, a motion to approve the minutes from the December 4, 2018 meeting was made by Mr. Kluemper and supported by Mr. Crowley. The motion passed by unanimous vote.

Comerica Report – Mark Beck, Scott Boothroyd, Tony Essenmacher, and Steve Hinkle

- **Investment Fund** – Mr. Beck reviewed with the Board the investment fund activity and the market's performance over the previous six months while maintaining the Managed Brokerage Account; as well as the current policies, guidelines, and potential future investment strategies for the equity portfolio. Mr. Boothroyd discussed potential future investment strategies for the bond portfolio. Both Mr. Beck and Mr. Boothroyd answered the Board's questions.
- **Banking and Sweep Account** – Mr. Essenmacher reported on the availability of the \$1 million line of credit and the current interest rate of 5.5%. Mr. Essenmacher also discussed the FPIA's checking, sweep and investment bank accounts. Mr. Essenmacher, Mr. Haarer, and Mr. Hinkle answered the Board's questions.

CPA Report – Bradley DeVries, Yeo & Yeo

Mr. DeVries called in to provide the Board an overview of the results from the 2018 Annual Audit, reviewed the governance and findings letters, and answered the Board's questions. Mr. DeVries noted that the opinion was clean and that there were no internal control findings.

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Farm Bureau Industry Status Report – Theresa Sisung

Mrs. Sisung described Michigan's current planting progress with anticipation of a decline in corn acreage for the 2019 growing season. Additionally, Mrs. Sisung discusses the Michigan Farm Bureau's current efforts to assist in alleviating financial burdens on Michigan farmers. Mr. Haarer, Mr. Howe, Mr. Perrone and Mrs. Sisung answer the Board's questions.

Administrator's Report – Jeff Haarer

- **Financial Report** – Mr. Haarer and the Board reviewed the FPIA financial reports and noted that current FPIA assets as of May 31, 2019 totaled \$11,278,803.33. A motion was made by Mr. Kluemper and supported by Mr. Ackerman to approve the financial reports. The motion passed by unanimous vote. Mr. Haarer answers the Board's questions regarding the FPIA's finances.
- **Grain Dealer Status** – Mr. Haarer noted that current weather conditions and negative economic trends in the Michigan agriculture industry would have potential long-term impact on both producers and grain dealers across the state.
- **Administrative Assessment Status and Process** – Mr. Haarer reviewed the quarterly assessment analysis. The Board did not have any questions.
- **Risk Analysis, Priorities, and Audit Review Processes** – Mr. Haarer discussed methodologies used to calculate and assign risk assessment scores to grain dealers licensed in Michigan; including explaining the use of working capital audits. Mr. Haarer, Mr. Perrone, and Mrs. Studders answer the Board's questions.
- **AGRO** – Mr. Haarer and Mr. Perrone describe the training opportunity at the AGRO conference in Savannah, Georgia being held in July.
- **Board Term Update** – Mr. Haarer reviews the positions and their expiration dates and answers the Board's questions.

Old Business – Jeff Haarer

- **MOU between MDARD and FPIA** – Mr. Haarer reviewed the financial history of the indemnity fund and gives a further breakdown of 2019's expected expenses. Mr. Anastor, Mr. Haarer, Mr. Hall, and Mr. Metz answer the Board's questions. Mr. Kies makes a motion, supported by Mr. Wilson, to accept the MOU allocation of \$421,821 for fiscal year 2019 as proposed. The motion passed by unanimous vote.
- **FPIA Director & Officer Liability Insurance** – Mr. Haarer discussed the increase of the insurance fee for the Board via the insurance policy and answers the Board's questions, in conjunction with Mr. Metz. A motion was made by Mr. Kluemper, and supported by Mr. Crowley, to continue the insurance coverage under the FPIA Director & Officer Liability Insurance.
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New Business – Mark Metz

- **Lott Elevator Claims** – Mr. Haarer, Mr. Hall, Mr. Perrone, and Mrs. Studders reviewed the Fact and Finding Order for the Lott Elevator failure. Mr. Haarer noted that 23 claims totaled \$190,323.25 after liquidation of inventory and facilities. Mr. Haarer further noted that after the 90% FPIA calculation and commodity assessments the FPIA payout would be \$170,944.90 for the 23 claimants. They also answer the Board’s questions. Following the discussion, a motion was made by Mr. Ackerman and supported by Mr. Kies to approve the \$170,944.90 payment for the 23 claims. The motion further noted that claims numbers 19-021 and 19-023 to be paid once the appropriate documents are received. The motion passed by unanimous vote.
- **Election of Officers** – Mr. Haarer reviewed the positions of Chair, Vice-Chair, and Treasurer and asks the Board if there are any nominees for the Vice-Chair and Treasurer positions. Mr. Crowley motioned for a unanimous ballot to re-elect Mr. Metz to Vice-Chair and Mr. Kluemper to Treasurer, which is supported by Mr. Wilson. The motion passed unanimously.
- **Next Board Meeting** – Mr. Metz proposed to reconvene on December 10, 2019 at 9:00am with the location to be determined. Mr. Haarer will follow up with Board members to determine which location will work best for most individuals.

Public Comment

No members of the public were present for comment.

Adjournment

A motion was made by Mr. Wilson and supported by Mr. Ackerman to adjourn the meeting. The motion passed by unanimous vote, and the meeting adjourned at 11:50am.