

## FARM PRODUCE INSURANCE AUTHORITY BOARD MEETING

Microsoft Teams Online Meeting

December 10, 2020, Board Meeting Minutes – Draft

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**MEMBERS PRESENT:** Jason Haag, Stephen Ewald, Gerald Heck, Terry Page, Rita Herford, James Howe, Nichole Wilcox, Mark Kies, and William Wilson

**MEMBERS ABSENT:** Gary McDowell

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

**GUESTS:** Mark Beck, Comerica Bank; Tony Essenmacher, Comerica Bank; and Theresa Sisung, Michigan Farm Bureau (MFB)

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### **Call to Order, Roll Call, and Approval of Agenda and Prior Minutes – Mark Kies**

Mr. Kies called the meeting to order at 9:01am and asked for introductions. Mr. Schweda gave an overview of using Microsoft Teams. Mr. Heck motioned to accept the agenda without edit; Mr. Ewald seconded and the motion passed unanimously. Mr. Haag motioned to accept the previous minutes without edit; Mr. Ewald seconded and the motion passed unanimously.

### **Comerica Report – Mark Beck and Tony Essenmacher**

- **Investment Fund** – Mr. Beck reviewed the Board’s investments and explained the investment fund is doing well in a volatile market due to the pandemic. He discussed the breakdown of the investment report. Mr. Beck stated the investments are doing well compared to the benchmark. He went on to answer the Board’s questions.
- **Banking and Sweep Account** – Mr. Essenmacher reviewed the FPIA’s \$1 million line of credit.

### **Michigan Farm Bureau Report – Theresa Sisung**

Ms. Sisung discussed a review of the 2020 virtual State Annual Meeting at MFB. A new policy book has been developed and will be forwarded to America Farm Bureau to ensure the Michigan book has the national stamp of approval. MFB is amid determining what events will be held in 2021, with more information coming out soon.

### **Administrator’s Report – Jeff Haarer**

Mr. Haarer provided an opportunity for the new board members, Mr. Heck and Mr. Page, to introduce themselves and for the entire Board to provide an update on their respective regions.

- **Financial Report** – Mr. Haarer reviewed the balance sheet, with total liabilities and equity at \$10,887,817.22, and the Profit and Loss statement. Mr. Wilson inquired on the program allocation and the Program’s financial cap (listed under Old Business) and Mr. Haarer

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explained the current status of the Program and the distribution of expenses. Discussion arose on edits and updates to the Program's statute.

- **CPA Update** – Mr. Haarer stated Yeo & Yeo will not be completing the 2020 annual audit. The Michigan Auditor General's Office will be conducting the annual audit in early 2021.
- **Grain Dealer Status** – Mr. Haarer has been working with, and continues to work with, representatives of Chelsea Grain on recouping costs for the claims resulting of the Chelsea Grain elevator's failure. Mr. Haarer also stated the auditing team is working with Mason Elevator, who are closing this location, on ensuring outstanding payments are made to its respective farmers and awaiting a potential merger with another Michigan licensed elevator. The volume of new licenses in Michigan balances out the number of expiring and/or cancelled licenses.
- **Administrative Assessment Status and Process** – Mr. Haarer reviewed the aggregate totals of program assessments collected by year. Discussion arose on the potential to raise the assessment value of \$0.15 per \$1,000 of grain sold at a licensed grain elevator, which has not occurred since the inception of the producer securities program. Mr. Haarer will bring recommendation to annual meeting in June 2021.
- **Risk Analysis, Priorities, and Audit Review Process Under COVID-19** – Mr. Haarer mentioned there is still some concern in the industry among elevators due to the pandemic and it is a situation the Producer Security Team is keeping a close watch on. The auditors continue to conduct Inventory Control Exams. The number of audits is not as high as previous years due to the pandemic. Mrs. Studders explained the process for arranging and completing these exams either in-person or virtually.
- **Producer Security Section and Staffing Updates** – Mr. Haarer discussed staffing adjustments as the Producer Security Team looks at other avenues for funding its staff salaries (i.e., commodity audits, grant reviews, feed tonnage audits, dairy securities, etc.). Mrs. Studders and Mr. Schweda are both funded 50% by the FPIA, Mr. Haarer is funded approximately 75% by the FPIA, and both Mr. Hall and Mr. Perrone are 95% funded by the FPIA.
- **Board Term Update** – Mr. Haarer mentioned there are two new board members, Mr. Heck and Mr. Page. He asked Mrs. Sisung if she, at MFB, had any in-person meetings with Mr. Crowley, a former board member, to deliver his resolution and confirmed it will be mailed to his home address. Mr. Haarer reviewed the expiration dates for current board members.
- **AGRO** – Mr. Haarer explained the annual AGRO meeting was scheduled to be held in Minnesota in 2020 but has been cancelled due to the pandemic. He continued to note he and Mr. Perrone, a past president of AGRO, are working closely with the organization.

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### Old Business – Jeff Haarer

- **Producer Security Program Allocation/Strategic Planning** – Mr. Haarer discussed with the Board the validity of increasing the amount of funding that should be invested in equity and reviewed the current statutory obligations.
- **Approval of the Financial Report** – Mr. Wilson motioned to accept the financial report without edit; Mr. Heck seconded and the motion passed unanimously.

### New Business – Mark Kies & Jeff Haarer

- **Next Board Meeting** – Mr. Haarer proposed to reconvene on June 16, 2021 at 9:00am in Frankenmuth, MI at Star of the West (pending in-person meetings are permitted).

### Public Comment

No members of the public were present for comment.

### Adjournment

A motion was made by Mr. Howe and supported by Mr. Heck to adjourn the meeting. The motion passed by unanimous vote and the meeting adjourned at 10:47am.