

FARM PRODUCE INSURANCE AUTHORITY BOARD MEETING

Michigan Agricultural Commodities – 445 North Canal Road, Lansing, MI 48917

December 10, 2019, Board Meeting Minutes

MEMBERS PRESENT: Jason Haag, Stephen Ewald, Rita Herford, James Howe, Mark Metz, Nichole Wilcox, Mark Kies, William Wilson, and Theodore Crowley

MEMBERS ABSENT: 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 9:03am and asked for introductions. Mr. Kies motioned to accept the agenda without edit; Mr. Wilson seconded and the motion passed unanimously. Mr. Wilson motioned to accept the previous minutes without edit; Mr. Kies seconded and the motion passed unanimously.

CPA Report – Bradley DeVries, Yeo & Yeo

Mr. DeVries reviewed the process of the annual audit and discussed the expected timeline for completing and reporting the results of this audit at the June meeting and stating the process will begin in February 2020. He continued to explain what the final report of the audit will consist of; the independent auditor's report, auditor's opinion letter, and a communication letter with general updates and findings.

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

- **Investment Fund** – Mr. Beck reviewed the Board's investments and explained the investment fund has made its money back from the recent recession. He discussed the breakdown of the investment report (attached). Mr. Beck stated the investments are doing well compared to the benchmark. He mentioned 15 bonds are maturing in 2020 with an approximate value of \$2.8 million, 11 bonds maturing in 2021, and another 15 bonds maturing in 2022. Mr. Beck recommended switching from a pure value investment style to a dividend style due to the difficulty in finding growth managers who operate in the pure value investment style. He went on to answer the Board's questions.
- **Banking and Sweep Account** – Mr. Hinkle mentioned he provided the signature and approval update forms for the Board's financial accounts and Mr. Haarer explained to the

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Board why the forms were necessary to renew and/or update checking account approvers due to the change in treasurer and co-vice chair. Mr. Essenmacher reviewed the FPIA's \$1 million line of credit. Mr. Boothroyd, Mr. Essenmacher, Mr. Hinkle, and Mr. Haarer answered the Board's questions.

Regional Updates

Mr. Metz asked the Board Members to give an update on the status of their respective regions with regards to the growing season and harvesting.

Administrator's Report – Jeff Haarer

- **Financial Report** – Mr. Haarer reviewed the balance sheet provided in the binders; with total balances at \$10,997,333.77. He mentioned there is liability insurance of \$1 million covering the Board. Since January 1, 2019, \$269,000 in revenue was made from the investments. There was a deposit error from a UAW check being deposited into the FPIA checking account, this was caught and corrected within the same month and did not appear on the monthly statement.
 - **Grain Dealer Status** – Mr. Haarer discussed the resolution of the Lott Insolvency and explained the remaining assets that were intended to be sold to replenish FPIA's funds are not in elevator owner's name and thus will not be accessible to the FPIA. Mr. Wilson mentioned he was approached by a former customer of the Lott Elevator who wanted to thank the Board for their efforts in making the insolvency's resolution go smoothly.
 - **Producer Security Section and Staffing Update** – Mr. Haarer reviewed the administrative costs of the program and how the bank fees for 2019 are approximately \$44,000 due to switching to a managed investment account. The Memorandum of Understanding between the FPIA and MDARD for \$421,821.00 was approved at the previous Board meeting for administrative costs.
 - **Administrative Assessment Status and Process** – Mr. Haarer answered various questions asked by the Board regarding administrative assessment collections, financial caps for collecting assessments, and responsibilities of managing the Board's financial transactions.

Mr. Haag motioned to accept the financial report without edits; Mr. Kies seconded and the motion carried unanimously.

- **Producer Security Presentation** – Mr. Haarer presented an overview of the Producer Security Team's responsibilities and activities. He explained how the Team has begun conducting working capital audits in place of inventory/obligation based audits and Mr. Perrone and Mr. Hall both mentioned how receptive the elevators have been about these audits. Mr. Haarer, Mr. Hall, and Mr. Perrone answered the Board's questions about contracting policies, hedging practices, and workloads.

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- **Producer Security Strategic Planning Session** – Mr. Haarer mentioned he is holding a strategic planning meeting with stakeholders to determine whether or not the Farm Produce Insurance Act and/or the Grain Dealers Act need/s updating.
- **Board Term Update** – Mr. Haarer pointed out the list of Board Members in each of their binders with contact information for each.

Old Business

- **No old business**

New Business – Mark Metz

- **Election of Co-Vice Chair and Treasurer** – Mr. Haarer reviewed the positions of Co-Vice Chair and Treasurer and Mr. Metz asked the Board if there are any nominees for the Co-Vice Chair and Treasurer positions. Mr. Haag motioned for a unanimous ballot to elect Mr. Kies to Co-Vice Chair and Mrs. Wilcox to Treasurer, which was supported by Mr. Crowley. The motion passed unanimously.
- **Next Board Meeting** – Mr. Metz proposed to reconvene on June 18, 2020 at 9:00am in Frankenmuth, MI at Star of the West. Mr. Haarer agreed to reach out to the selected location to confirm the location.

Public Comment

No members of the public were present for comment.

Adjournment

A motion was made by Mr. Wilson and supported by Mr. Crowley to adjourn the meeting. The motion passed by unanimous vote and the meeting adjourned at 11:40am.