

FARM PRODUCE INSURANCE AUTHORITY BOARD MEETING

Microsoft Teams Online Meeting
June 18, 2020, Board Meeting Minutes

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

MEMBERS ABSENT: Gary McDowell and Theodore Crowley

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/Moderator

GUESTS: Mark Beck, Comerica Bank; Bradley DeVries, Yeo & Yeo; Tony Essenmacher, 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. Schweda gave an overview of using Microsoft Teams. Mr. Kies 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; Mrs. Hereford 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 mentioned there are still 7 bonds maturing in 2020 with an approximate value of \$1.2 million, 11 bonds maturing in 2021, and another 14 bonds maturing in 2022. He went on to answer the Board’s questions.
- **Banking and Sweep Account** – Mr. Essenmacher reviewed the FPIA’s \$1 million line of credit. He then discussed the deposit error which occurred in December over the past two years and the steps Comerica is taking to correct the error.

CPA Report – Bradley DeVries, Yeo & Yeo

Mr. DeVries reviewed the completed audit and its results of the independent auditor’s report, auditor’s opinion letter, and a communication letter with general updates and findings. He summarized the clean audit and confirmed the statements used by the Farm Produce Insurance Authority are accurate throughout the year. Mr. DeVries discussed the positive internal controls taken by the administrative team. He continued to say the 2020 audit will be conducted by the State of Michigan’s Auditor General due to the State’s budget constraints.

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Farm Bureau Report – Theresa Sisung

Ms. Sisung discussed the 9th Circuit Court's decision on the use of Dicamba. If Dicamba is currently owned by a producer it may be used up until July 31st, but not may not be purchased. She stated clarification on the Coronavirus Food Assistance Program (CFAP) has been sent out to the county directors. As of June 15th, approximately 1,900 non-specialty crop growers have been paid over \$10 million. The program and process is working to get funds to the producers.

Administrator's Report – Jeff Haarer

- **Financial Report** – Mr. Haarer reviewed the balance sheet; with total balances at \$11,390,436.56, and the Profit and Loss statement.

Mrs. Hereford motioned to accept the financial report without edits; Mr. Wilson seconded and the motion carried unanimously.

Mr. Kies motioned to accept the auditor's report without edits; Mr. Ewald seconded and the motion carried unanimously.

- **Grain Dealer, Producer Security Section, and Staffing Updates** – Mr. Haarer discussed the status of the new licensees and the volume of revenue generated from the licensing program. He noted the auditor's report shown the administrative costs are nearing the financial cap and the Producer Security Team is looking at other avenues for funding its staff (i.e., commodity audits, feed tonnage audits, dairy securities, etc.).
- **Risk Analysis, Priorities, and Audit Review Process Under COVID-19** – Mr. Haarer mentioned there is 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 have continued conducting ICE exams. Mr. Hall stated it is becoming easier to enter facilities as the facilities are developing security procedures; he believes the market is doing well for the elevators at this time. Mr. Perrone agreed saying dry beans have even seen an uptick in sales.
- **Board Term Update** – Mr. Haarer thanked Mr. Metz for all of his work on the FPIA Board and noted both Mr. Metz (representing Wheat Producers) and Mr. Crowley's (representing General Farm Interests) positions on the FPIA Board are up for renewal.
- **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

- **MOU Between MDARD and FPIA** – Mr. Haarer reviewed the MOU and the administrative expenses accrued from staffing. Mr. Haarer is requesting \$415,343.00 for administrative operating expenses.

Mr. Wilson motioned to approve the spend plan for \$415,343.00 for administrative operating expenses; Ms. Wilcox seconded and the motion carried unanimously.

- **FPIA Director & Office Liability Insurance** – Mr. Haarer reviewed the Farm Produce Insurance Authority's liability insurance and noted unless there was any disapproval he would renew the policy. He then answered questions from the Board.

New Business – Mark Metz & Jeff Haarer

- **Chelsea Grain, LLC Claims** – Mr. Haarer reviewed the Finding of Fact and Final Order document. He provided an update on the current payment status of the claimants and of the status on sale of the elevator facility itself. Mr. Haarer explained the claim calculation process for each of the 28 claims totaling \$463,097.10 and answered questions.

Mr. Kies motioned to approve the payments declared in the Finding of Fact and Final Order; Ms. Wilcox seconded and the motion carried unanimously.

- **Election of Vice and Co-Vice Chairs** – Mr. Haarer stated the Board is in need of new Vice and Co-Vice Chairs with Ms. Wilcox remaining the Treasurer; he talked with Mr. Kies about the Vice Chair, Mr. Wilson about the Co-Vice Chair, and Ms. Wilcox about the Treasurer positions prior to the meeting and they all showed interest. Mr. Metz asked if there was additional interest and receiving no further input asked if there was a motion for to close the nominations and cast a unanimous ballot for the positions.

Mrs. Herford motioned for a unanimous ballot to elect Mr. Kies to Vice Chair, Mr. Wilson to Co-Vice Chair, and Mrs. Wilcox to remain Treasurer; Mr. Ewald seconded and the motion carried unanimously.

- **Next Board Meeting** – Mr. Haarer proposed to reconvene on December 10, 2020 at 9:00am in Frankenmuth, MI at Star of the West. Mr. Schweda asked the Board if a digital packet would be preferred in place of the physical binders for the next meeting; all Board Members agreed a digital packet is preferred.

Public Comment

No members of the public were present for comment.

Adjournment

A motion was made by Mr. Haag and supported by Mr. Ewald to adjourn the meeting. The motion passed by unanimous vote and the meeting adjourned at 11:05am.