

MEETING MINUTES

AGRICULTURAL PRODUCER SECURITY COUNCIL

April 19, 2016

Call to order

The Agricultural Producer Security (APS) Council held a meeting on Tuesday, April 19, 2016, at the headquarters of the Wisconsin Department of Agriculture, Trade and Consumer Protection, 2811 Agriculture Drive, Madison, Wisconsin.

Attendance

Nine council members were present: Nick George, Don Hamm, Louise Hemstead, John Manske, Craig Myhre, Jeremie Pavelski, John Umhoefer Jim Zimmerman, and Dave Daniels (by speaker phone).

One council member, Doug Cropp, was absent.

DATCP staff members present were Eric Hanson, Jeremy McPherson, and Lori Ronnerud. Tom Bressner from the Wisconsin Agri- Business Association, Inc. was also in attendance.

Agenda Item I Call to Order

Chairman John Manske called the meeting to order at 9:32 am.

Agenda Item II Approve Minutes

Louise Hemstead asked for clarification of a correction from the Feb. 18th minutes relating to a discussion from the December 16, 2015 meeting. Typos were noted on pages 1, 3, and 4.

Nick George moved to approve the corrected minutes from the February 18, 2016 meeting. The motion was seconded by Jeremie Pavelski. The motion passed unanimously without further discussion.

Agenda Item III Public Records Information

Karley Downing, DATCP Chief Legal Counsel, gave a presentation regarding Wisconsin's Public Records Law and reminded the group that records created by, or in the possession of, Council members may be subject to a public records request. Karley described records that are considered public and provided examples. She also discussed the length of time records must be retained, how to dispose of records, and penalties for failure to comply with the public records law. Jeremie P. asked about disclosing contractor financial information. Chapter 126 specifically exempts certain contractor financial records from public disclosure. John Manske asked about voicemail. Voicemail can be a public record, and the recommendation was to keep a log, including the general content of the call.

Karley asked that anyone who receives a public records request, either in writing or orally, forward the request to DATCP immediately. We have an obligation to release records expediently. Requests may be forwarded to datcpublicrecords@wisconsin.gov.

Agenda Item IV Emergency Rules

Jeremy McPherson reported that the Governor approved the emergency rule to lower the milk contractor assessment holiday threshold from \$11 million to \$5 million. The rule will go into effect on May 1st. There is a hearing scheduled for May 4th at 2:00 pm. Written comments accepted until May 18th.

John Manske asked about the status of a permanent rule for Vegetable Contractors. Jeremy M. said the hope was to combine the rule package with other rule changes under consideration by the council. However, time is running short to begin the process. The vegetable emergency rule will only be in effect for two years.

Agenda Item V Actuarial Study Q & A

Jeremy M. summarized a report that was distributed to the group addressing four questions that the Council posed at its April meeting. He described how the actuary segregated the existing fund balance between the four programs; he explained the expected decrease in coverage for producers by segregating the fund, along with increases needed to provide similar coverage to the combined fund; he indicated that revising the actuarial study with an increase to co-insurance would cost between \$3,000 and \$4,000; finally, he explained how vegetable contractor risk would change by shortening payment terms.

John Umhoefer offered a motion to recommend the department to engage Milliman to conduct an additional analysis of a scenario that changes producer co-insurance to 50%. Dave Daniels seconded the motion. During discussion, Jim Zimmerman questioned whether 50% was the right amount, noting that crop insurance covers 60-70% of a loss. Nick George expressed the same concern. John Umhoefer felt 50% was reasonable and that it reflected the risk of doing business, noting that processors don't have coverage if they are not paid. Jim Zimmerman offered an amendment to the motion to cover 65% of the loss. John Umhoefer asked for clarification of the amendment, if it would mean that the producer share (co-insurance) would be 35 percent. Jim Z. said that was what he intended. Craig Myhre seconded the motion. Motion passed 6-3 by show of hands. John Manske asked if there was more discussion on the motion as amended. The vote on the amended motion carried on voice vote without additional discussion.

Agenda Item VI Policy Change Recommendations

There was an open discussion regarding potential policy changes to the APS Program. During this discussion, John Manske had to leave and turned over control of the meeting to Dave Daniels.

The possibility of combining the Grain Dealer and Grain Warehouse portion of the program was discussed. There was concern that a number of Grain Dealers are federally licensed warehouses and combining programs might create a fairness issue. Staff clarified that there would still be separate licenses for each program, requiring separate license fees and assessments, and only the balances would be combined. It was agreed that staff would prepare a schedule showing what it would look like to combine grain fund balances.

Other policy topics discussed included appropriate funding levels (per the Milliman study), modifying payment terms for vegetable contractors, increasing producers' share of defaults, and requiring a direct contribution into the Fund from producers.

In the end, council members agreed that recommendations regarding the following items would be made at the next meeting:

1. Provide assessment incentive for Vegetable Contractors that limit payment terms with growers to no more than 30 days.
2. Reduce assessment rates for Milk Contractors.
3. Combine the grain Warehouse and Grain Dealer Fund limits/thresholds.
4. Increase producers' share of defaults to 35%.
5. Segregate Fund by industry group.
6. Allow Milk Contractors to enter into deferred payment contracts.
7. Create a specific producer assessment.
8. Recommend adjusting Fund balance limits and thresholds based on the actuarial study's results at either the 80% confidence interval or the 90% confidence interval.

Agenda Item VII Adjourn

The next Council meeting will be at the end of June or early July. Jeremy will send an e-mail with potential dates.

Motion to adjourn the meeting was made by Louise Hemstead and seconded by Jeremie Pavelski. Motion unanimously approved at 11:45 am.