

MEETING MINUTES
AGRICULTURAL PRODUCER SECURITY COUNCIL

December 14, 2022

The Agricultural Producer Security Council held a meeting on Wednesday, December 14, 2022 in the Board Room at 2811 Agriculture Drive, Madison.

Attendance

Seven Council members were in attendance: Jason Culotta, Dave Daniels, Don Hamm, Howard Hartmann, Jerry Lippert, John Umhoefer and Jennifer Wickman. Two council members attended virtually: Steve Tzrebiatowski and Tina Hinchley.

DATCP staff members attending included Jeremy McPherson, Sally Sutherland, David Woldseth, and Paul LaZotte. Lori Ronnerud attended virtually. Tom Bressner from the Wisconsin Agri-Business Association was also in attendance. Secretary Randy Romanski attended at the beginning of the meeting.

Agenda Item I Call to Order

Chair Dave Daniels called the meeting to order at 1:32 p.m.

Agenda Item II Introductions

Recognizing that a new member has been appointed to the Council, introductions were made.

Agenda Item III Remarks from Secretary Romanski

DATCP Secretary Randy Romanski addressed the Council and welcomed the newest member, Jerry Lippert. Secretary Romanski provided opening remarks and thanked everyone for their service on this important Council.

John Umhoefer commented that his group supports the resources DATCP provides. Dave Daniels mentioned that his industry appreciates DATCP's work and recognizes how it benefits them.

Agenda Item IV Election of Officers

Dave Daniels transferred control of the meeting to Jeremy McPherson who opened nominations for the position of APS Council Chair. Don Hamm nominated Dave Daniels and, Jennifer Wickman seconded the nomination. There were no other nominations. Jeremy McPherson requested a motion to close the nominations and cast a unanimous

ballot electing Dave Daniels as Chair. Jason Culotta so moved, Jerry Lippert seconded, and the motion passed unanimously.

Dave Daniels resumed control of the meeting and opened nominations for the position of Vice-Chair. Jason Culotta nominated Don Hamm, and Howard Hartman seconded the nomination. There were no other nominations. Dave Daniels requested a motion to close nominations and cast a unanimous ballot electing Don Hamm as Vice-Chair. Jerry Lippert so moved, John Umhoefer seconded, and the motion passed unanimously.

Dave Daniels opened nominations for the position of Secretary. Jerry Lippert nominated John Umhoefer, and Howard Hartman seconded the nomination. There were no other nominations. Dave Daniels requested a motion to close the nominations and cast a unanimous ballot electing John Umhoefer as Secretary. Jason Culotta so moved, Steve Tzrebiatowski seconded, and the motion passed unanimously.

Agenda Item V Approve Minutes from December 9, 2021 meeting

Chair Dave Daniels asked if there were any comments or corrections to the minutes from the December 9, 2021, meeting. Jason Culotta moved to approve the minutes as submitted. Jennifer Wickman seconded the motion. The motion was passed unanimously.

Agenda Item VI Agriculture Producer Security Program Update

Jeremy McPherson provided an update of the Agricultural Producer Security Program, noting that, externally, it was a quiet year with no new defaults being reported. Internally, however, there have been a number of staffing changes. At the end of 2021, both Eric Hanson and a veteran grain auditor, Larry Kronschnobel, retired. Sally Sutherland, formerly the Lead Worker for the Grain Warehouse Keeper program, was promoted into the Section Manager position, creating yet another vacancy. Sally has worked in the Bureau in various roles since 2007. Filling Sally's Lead Worker position was Robert Klein, a long-time grain auditor, which left a fourth vacancy. As of the meeting date, recruitments are ongoing to fill the remaining vacant positions. Finally, our Bureau's Financial Specialist, and also the minutes keeper for the Council, is retiring before the end of the year.

Jeremy added that despite the staffing changes, we have a number of veteran staff who have responded well to the challenges. While we've had to shuffle priorities, we have remained able to meet our basic regulatory responsibilities regarding conducting field reviews and issuing licenses.

Agenda Item VII Agriculture Producer Security Fund – Annual Report

Jeremy reviewed the Statement of Revenues, Expenses, and Cash Balances. He highlighted the significant trending declines in revenues, relatively steady expenditures, default payments made during the year, and a decrease in the overall Fund for the Fiscal Year 2021. He noted that, while declines in revenue are normally seen as a bad thing, they are a good thing in this case. The various triggers that are built into the program to limit revenues when the Fund balance is strong are working as designed. Sally discussed individual program balances, noting and explaining the year to year variances in program revenues and expenses. She mentioned that Grain Warehouse Keepers will likely get License Fee Credits for the first time next license year. Jeremy then went through the remainder of the Annual Report. He also pointed out that amounts recovered from prior defaults have exceeded defaults paid over the last 5 years by about \$100,000.

Howard Hartmann asked about the default by Pipeline Foods, LLC, and how the fact that they were a Minnesota based company impacted the program. Jeremy explained that out-of-state companies that buy from Wisconsin producers are generally regulated by Wis. Stat. ch. 126. While each situation with out-of-state companies must be looked at on a case by case basis, generally producers are covered if product is received in Wisconsin by the out-of-state company.

John Umhoefer asked if the State pays any stipends for auditors that are now working from home. Jeremy replied no. Employees that are either headquartered from their home or are part-time telecommuters are required to provide their own work space and internet service.

John Umhoefer asked about the trends in milk contractor license fees and credits over the last few years. Jeremy responded that some milk contractors that had previously opted-out of participating in the Fund are now participants. The amount of credits available to each licensee are prorated based on the total license fees paid over the previous four years, except that opt-out contractors are not eligible for credits. Therefore, it'll take 5 license cycles for new participants to be eligible for the full amount of credit.

Dave Daniels asked about deferred payment use for Milk Contractors. Sally replied that the use of deferred payment in the milk industry has been increasing. John Umhoefer suggested that the annual deferred payment obligation amounts be listed on the milk contractor table of the report on page 13, similar to the way it is presented for grain dealers.

Jeremy concluded by saying that, overall, the Fund is healthy and stable. Vegetable contractors are making steady progress at rebuilding their balance and fees in the grain dealer and milk contractor programs remain low due to holidays and thresholds.

Chair Daniels thanked the staff for the thorough report and asked if there were any other questions or comments.

Jason Culotta mentioned that there had been a couple ownership/name changes in his industry recently. Jeremy said that there have also been similar changes in the milk industry and added that it's a good idea for contractors to contact us early in the process, because there could be some unintended consequences. Licenses do not transfer to new legal entities. As a result, there could be significant impacts on license fees, assessments, security, and/or financial statement filing requirements depending on how a sale or ownership change is structured.

Agenda Item VIII Adjourn

John Umhoefer moved to adjourn the meeting at 3:20 p.m. Jason Culotta seconded the motion. The motion was passed unanimously.

John Umhoefer, Secretary

Dave Daniels, Chair