

MEETING MINUTES
AGRICULTURAL PRODUCER SECURITY COUNCIL

April 9, 2018

The Agricultural Producer Security Council held a meeting on Monday, April 9, 2018, at the headquarters of the Wisconsin Department of Agriculture, Trade and Consumer Protection, 2811 Agriculture Drive, Madison, Wisconsin.

Attendance

Seven council members were present: John Manske, John Umhoefer, Nick George, Doug Cropp, Andy Wallendal, Don Hamm and Dave Daniels. Council members Louise Hemstead, Craig Myhre and Jim Zimmerman participated by phone.

DATCP staff members present included Eric Hanson, Jeremy McPherson, Lori Ronnerud, David Woldseth, Michael Carlson and DATCP attorney Paul Lazotte. Tom Bressner from the Wisconsin Agri-Business Association was also in attendance.

Agenda Item I Call to Order

John Manske called the meeting to order at 1:35 p.m.

Agenda Item II Election of Officers

Jeremy McPherson opened nominations for the position of APS Council Chair. John Manske nominated Dave Daniels, and Louise Hemstead 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. Don Hamm so moved, Nick George seconded, and the motion passed unanimously.

Dave Daniels opened nominations for the position of Vice-Chair. John Manske nominated John Umhoefer, and Doug Cropp seconded the nomination. There were no other nominations. Dave Daniels requested a motion to close nominations and cast a unanimous ballot electing John Umhoefer as Vice-Chair. Nick George so moved, John Manske seconded, and the motion passed unanimously.

Dave Daniels opened nominations for the position of Secretary. Doug Cropp nominated Craig Myhre and John Manske seconded the nomination. There were no other nominations. Dave Daniels requested a motion to close the nominations and cast a unanimous ballot electing Craig Myhre as Secretary. Andy Wallendal so moved, John Manske seconded, and the motion passed unanimously.

Agenda Item III Approve Minutes

Chair Daniels asked if there were any comments or corrections to the minutes. Hearing none, John Manske moved to approve the minutes from the October 13, 2017 meeting as presented. Nick George seconded the motion, and the motion passed unanimously.

Agenda Item IV Agriculture Producer Security Fund – Annual Report

Eric reviewed the Annual Report for the Fiscal Year Ended June 30, 2017. Overall the Fund grew by almost \$1 million for the fiscal year. Milk contractor assessment revenue began increasing in June of 2017 due to the expiration of the holiday emergency rule. John Umhoefer asked if the June 1st assessment payment was just for June, July and August. Eric responded that assessments are an annual fee but licensees are allowed to pay it in quarterly installments. Overall license fees remained fairly steady for all 4 license programs. Eric highlighted that interest revenue has increased significantly to \$37,980 in 2017 from \$5,580 in 2015. Eric pointed out that salary and fringe expenditures fluctuated due to a few temporary vacancies related to staff turnover. Supplies and Services were lower in 2017 because the prior 2 years each included payments for the actuarial study. Eric also discussed each of the 4 individual license programs, pointing out that each of them has contributed positively to the overall \$932,000 increase in the cash balance. Eric said that the vegetable contractor balance increased by \$205,870, which was in part the result of assessment increases established by the initial emergency rule.

Dave Daniels asked for clarification of the definition of “procuring producer milk in this state.” Eric said that, generally, out-of-state milk is considered to be procured in this state if it’s delivered to a dairy plant in Wisconsin. However, there are exceptions and every situation is looked at individually.

Agenda Item V Permanent Rule Scope Statement Draft – ATCP 99 & 100

Jeremy McPherson reported that the Governor signed 2017 Wisconsin Act 155 into law. Jeremy reminded the group that, among other things, Act 155 combines grain dealer and warehouse keeper Fund balance thresholds and allows milk contractors to enter into deferred payment contracts. Both of these statutory changes require rulemaking. ATCP 99 rules relating to assessments no longer align with the new combined grain dealer/warehouse keeper Fund balance thresholds. Under this scope statement, DATCP would correct the alignment issue without changing amounts being paid by licensees. Act 155 also requires DATCP to establish a milk contractor deferred payment assessment rate by rule.

John Umhoefer asked whether the scope statement will, or should, allow for clarifying the requirements for deferred payment contracts for milk contractors. Jeremy McPherson said that, although Act 155 authorized DATCP to modify contract terms by rule, the statutory requirements are already quite specific. It was also suggested that specifying any additional contract requirements at this time was premature since we don’t know how these contracts will be structured or what issues might arise. Jeremy McPherson added that, while certain information (such as payment terms and due dates) must be included in every deferred payment contract, we prefer to leave the contracting up to the buyers and sellers. However, if there are things that should be included that currently aren’t, or additional clarifying language is required, we’d be open to considering rule changes down the road.

Chair Daniels asked for a motion to approve the Scope Statement as written. Nick

George so moved and John Manske seconded the motion. The motion passed unanimously. John Manske asked when the scope statements would be presented to the DATCP Board and Jeremy McPherson said at the May 24th Board meeting.

Agenda Item VI Emergency Rule Scope Statement Draft – ATCP 100

Jeremy McPherson explained that Act 155 not only required DATCP to establish a milk contractor deferred payment assessment rate, but also required DATCP to do so by emergency rule until the permanent rule was adopted. Jeremy said that time is of the essence so that both milk contractors and producers will know what the assessment will be before payments start being withheld. The goal is to have the emergency rule in place by August 1, 2018.

Chair Daniels asked for a motion to accept the scope statement as written. Nick George so moved and was seconded by John Manske. The motion passed unanimously.

Agenda Item VII Membership Update

Jeremy McPherson stated that Craig Myhre is the only member whose term is expiring this year. A letter requesting nominations will be sent out prior to June.

John Manske said that, although he has officially retired from Cooperative Network, he anticipates continuing to represent the organization.

Louise Hemstead said that for personal reasons she will need to step down from the Council. She will be sending in a letter of resignation when the date is finalized. The Council and Department thanked her for her service and expressed gratitude for her contributions.

Agenda Item VIII Adjourn

A motion to adjourn was made by John Manske, with a second by John Umhoefer. Motion passed unanimously. The meeting adjourned at approximately 2:25 p.m.