

Minutes

September 7, 2011

N. C. Board of Agriculture

Emergency Meeting

Casey M. Armstrong

Kirk Mathis

Maurice K. Berry, Jr.

Mark Peters

Jean J. Boseman

Elbert R. Pitt, Jr.

William F. Johnston

Larry Sampson

C. Osmond Kearney, Jr.

Jeffery B. Turner

Steve Troxler, Chairman

Table of Contents

Call to Order

Update on Agricultural Damage from Hurricane Irene/Crop Report

USDA-FSA Disaster Relief Programs

Enforcement of Motor Vehicle Rules During Disasters

Update on Agricultural Damage from Tornadoes

Townsend's Plant Closings - Effect on Contract Growers

Proposed State Disaster Relief Program

Forest Fires

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An emergency meeting of the Board of Agriculture was held at the Hunt Horse Complex at the North Carolina State Fairgrounds in Raleigh, NC. Commissioner of Agriculture Steve Troxler called the meeting to order at 1:00 pm and read the Ethics Reminder. The following Board members were in attendance: Maurice Berry, Ossie Kearney, Bert Pitt, Casey Armstrong, Jean Boseman, Kirk Mathis and Mark Peters. Jeff Turner joined the meeting by phone.



Commissioner Troxler thanked the Board members for attending the emergency meeting and then called upon Zane Hedgecock to open up the meeting with prayer.



The first agenda item was an update on the agricultural damage from Hurricane Irene. Commissioner Troxler described the severe damage seen when he flew over the areas hit by the storm with Speaker Tom Tillis, President Pro Tem Phil Berger, Senator Rouzer and Representative Brisson. The trip was made in a NC Forest Service helicopter over Eastern NC. He stressed the fact that the damage is reminiscent of or more severe than Hurricane Floyd.

Commissioner Troxler showed the Board members pictures taken during his fly over and described the photos as they were shown. He explained that infrastructure damage was not as severe as it could have been. Although isolated tornadoes destroyed structures such as grain bins and barns, flooding and wind damage to crops was the most prevalent and severe. He also explained that a lot of the damage is because the tobacco crop had not yet been harvested.

With the need help to the affected areas as soon as possible Commissioner Troxler called the Board together to get input and ideas on formulating the appropriate response after the disaster. In addition to hearing from the Board, Commissioner Troxler noted that there were several members of the general public in the audience and that he would like to hear their ideas as well.



Going around the table, each Board member then updated the Commissioner on the damage in their area. Several Board members explained that if the crop had not been harvested, it was blown over and damaged, but noted they are still trying to salvage and harvest anything they can. Jean Boseman passed around pictures of the damage to the corn and tobacco crop at her farm.

Discussion ensued on the damage to North Carolina's tobacco crop. Many tobacco farmers were experiencing an excellent tobacco crop when the hurricane hit causing them to lose the majority of their crop. Ossie Kearney reported a lot of damage to his tobacco, noting that forty to fifty percent had been harvested. After the storm, they were without power and unable to harvest giving them only a three to four day window. Several members commented that power outages were the biggest hindrance following the storm. Bert Pitt reported that Edgecombe County had a loss of about forty million dollars, over half of which was in tobacco.

Casey Armstrong reported that the equine evacuation plan they had in place worked very well and they had no loss of equine. Jeff Turner explained that the vast majority of livestock came out fairly well. He noted that there was some structural damage, but it had been repaired. Mark Peters described the affect on the nursery industry, noting that there was damage to greenhouses.



Commissioner Troxler then called upon Mr. Herb Vanderberry to give the crop report. Mr. Vanderberry described three reports and presented a map showing the exposure of the crop acreage that was in the path of the storm. This included three-fourths (3/4) of corn, tobacco, and soybean and over ninety percent (90%) of cotton. Twelve percent (12%) of the corn crop had been harvested; thirty-two percent (32%) to forty percent (40%) of tobacco had been harvested; and cotton and soybeans had not yet been harvested. Responding to a question from Ossie Kearney, Mr. Vanderberry explained that they did not measure for quality. Mr. Vanderberry thanked the farmers for cooperating in surveys as their cooperation enables them to collect accurate data.

Using the map provided by Mr. Vanderberry, Commissioner Troxler pointed out that the storm hit the heart of agriculture (east of Interstate 95).



Being that there were several state legislators in attendance, as well representatives from numerous federal offices, Commissioner Troxler asked that each one be introduced and recognized. State legislators in attendance were Senator Brent Jackson, Senator David Rouzer, Representative Jennifer Weiss, Representative Jimmy Dixon, Representative James Langdon, and Representative Efton Sager. A staff member from Senator Ed Jones office and two members from the President Pro Tem's office were also in attendance.

Representatives from the following Congressional offices were in attendance: Senator Burr, Congresswoman Ellmers, and Congressman Butterfield.



Aaron Martin, State Executive Director of the Farm Service Agency, was called upon to talk about any assistance they have available. Mr. Martin noted that several people of their state committee were also present. He then listed the programs that were available at the present time.

This included the Emergency Conservation Program (ECP), the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP), the Livestock Indemnity Program, the Livestock Forage Program, and the Noninsured Crop Disaster Assistance Program (NAP). Mr. Martin encouraged everyone to go to their county offices where the staff is ready to assist and answer questions.

Pender Sharp, a member of the state FSA committee, then came forward to give remarks. Mr. Sharp thanked Commissioner Troxler for the leadership he has shown. He then explained that FSA receives their funding from Congress which therefore dictates what they are capable of doing. He described tools that could offer serious help to farmers in need. The Crop Assistance Program (CAP) contains funds that the Secretary of Agriculture can use at his discretion for disasters across the nation.

Discussion ensued about the federal response to disasters and programs like SURE. The program has not worked as well as they thought it would when it was created and there is a need for better programs.

Larry Atkinson with the Risk Management Agency then gave comments. He explained that this was one of the worst disasters that they have seen and that they are trying to bring in additional adjusters to handle all of the claims. He reported that ninety eight percent (98%) of tobacco is covered by some form of crop insurance, eighty seven percent (87%) of peanuts are covered, and eighty seven percent (87%) of soybeans are covered. The concern is that they only count plants that are harvested by machines.

There was some discussion on crop insurance. Pender Sharp wanted to make clear that crop insurance is not like personal home insurance. Federal crop insurance only covers a portion of what is damaged.



Sharron Stewart, Emergency Programs Division Director, was then called upon to give an update on the tornado damage from the spring. Ms. Stewart showed a power point presentation that described the damage and recovery since the disaster.



The next item on the agenda was an update on the closing of the Townsends, Inc. plants in North Carolina. Commissioner Troxler explained that the eminent closing of the poultry operations in North Carolina would affect 700-1000 jobs and then called upon Kim Decker, Marketing Specialist with the Department, to give more information.

Mr. Decker reported that a month and half ago, the Ukrainian company that owns Townsends, Inc. decided to shut the operation down. The plant in Mocksville closed about a month ago and the closing of the Pittsboro plant will soon put about 300 out of work. This week marked the sixth week that no chicks were placed. If a buyer is found today, it would take 5-6 weeks to replenish the supply line.

Although there are a couple of international companies that are looking at buying Townsends, Inc, there is not a lot of time left before the effects start hitting the growers. Currently, there are about 60,000 outstanding loans. Unfortunately, the growers who are suddenly finding themselves without a contract do not have a safety net and cannot draw unemployment.

Currently, they are having meetings with growers to educate them on what their options are and offering financial counseling. Mr. Decker thanked Farm Bureau, the Rural Center, RAFI, Land Loss Prevention, Department of Justice, Department of Insurance and the local community colleges. All have been involved in the loan assistance and education and have attended the meetings.

Commissioner Troxler noted that the public and private sector have both been involved in trying to avoid the closure of the plants. Discussion continued on the expenses that farmers have to bear and the options available to the growers.



John Statton with State Emergency Management was called upon to discuss their role after disasters. Mr. Statton explained that they have a whole community approach to help citizens cope. At Emergency Management, they provide individual assessments including homes and other uninsured losses. Commissioner thanked Mr. Statton for all of their efforts.



Commissioner Troxler then asked Ray Starling, General Counsel at the Department, to lead a discussion on what we can do within the state to bridge people financially within agriculture.

Mr. Starling mentioned that he had come up with a list of ideas to spark discussion. The immediate need is access to funds, which is not being met by existing programs. He pointed out that it was important to remember that disasters come in many different forms. There was discussion on the terms of loan guarantee programs that would utilize two things already in place - the Ag Finance Authority and private banking institutions that understand the needs of the agricultural community.

The second idea brought forth by Mr. Starling was using the expertise within the Department of Agriculture and within our state and getting boots on the ground and folks in the field. This would include leveraging man power within the Department of Agriculture and volunteers from the partners we are already used to working with. This would work through the existing Emergency Management system and different aid would be needed depending on the type of disaster.

Again using something already in place, the third idea would give the Board of Agriculture authority to suspend certain rules that impede preparation and recovery from storms.

There was discussion on this topic and the need to be prepared prior to the next disaster. Mr. Starling then presented ideas that would address infrastructure needs and set up a rainy day fund for agriculture. He cited similar funding programs in Missouri and Louisiana.

Mr. Starling then asked for questions and the Board members discussed several ideas including setting up a database that would match available resources across the state to people in need.



The last item on the agenda was an update on the state's forest fires. Mr. Wib Owen, State Forester, presented the Board with this information.

Mr. Owen noted that North Carolina generally sees about five thousand (5000) fires a year that burn about twenty-five thousand (25,000) acres. Currently, we have surpassed the average in both acres burned and number of fires. Hurricane Irene has helped put some fires out in the east but North Carolina still stands to have a dire fall season.

Mr. Owen then gave an update on "project fires" (significant fires). The NC Forest Service has an incident management team of 45 people that just manage the project fires. This does not include the boots on the ground. Normally, the worst fire season is in the spring from March to May, but this year's fires started in February. The total cost of the fires to date is \$7.3 million. Although we will get some federal money, most expenses are paid from the State and are a significant portion of the Forest Service's operating budget.



At the conclusion of Mr. Owen's presentation, Commissioner Troxler opened up the floor to the general public for comment. No one in attendance wished to provide comment.

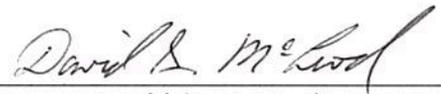
There being no further business to discuss, Commissioner Troxler thanked everyone for attending and entertained a motion for adjournment. Ossie Kearney moved that the meeting be adjourned, which MOTION was seconded by Kirk Mathis. The motion carried by unanimous vote and the meeting was adjourned.

Recorded and Prepared by:
Christina L. Waggett

Adopted by the Board this 25th day
of January, 2012.



Steven W. Troxler
Commissioner of Agriculture
Chairman



David S. McLeod
Secretary