

INDIANA GRAIN INDEMNITY BOARD

OFFICIAL MEETING MINUTES

Chairman Robert Benson called the annual meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 10:01 a.m. on May 27, 2004. The meeting was held in the Butler Room on the second floor of the Indiana Farm Bureau Corporate Headquarters located at 225 South East Street, Indianapolis, Indiana.

PRESENT: The following voting members were present:

John Colvin	Atlee Oyler	Lee Rulon	Don Villwock
Roger Hadley	Fred Reichart	Jerry Rulon	
Lynn Lykins	Herman Rettinger	William Tudor	

The nonvoting member or their representatives present were:

Robert Benson, Director of Indiana Grain Buyers & Warehouse Licensing Agency
Duane Jasheway, representative of the Treasurer of state

ABSENT: Larry Hopkins, representative of the Attorney General (non-voting member)

RESOURCE The following resource people were present:

STAFF:

Joseph R. Pearson	Jerome McCluskey	Dennis Henry	William Johnson
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QUORUM: Chairman Benson stated that there was a quorum present.

First order of business was introductions of Board members and guests. Others present were:

John Baugh – Purdue University	Cress Hizer – Agibusiness Council of Indiana
Mark Thornburg – Farm Bureau	John Schwarz – Farm Bureau
Sarah Ash – Farm Bureau	Jeff Haarer – MI Dept of Agriculture
Bob Boehm – MI Farm Bureau	

MINUTES: Copies of the minutes of the previous meeting (January 28, 2004) were mailed to board members. R. Benson asked that the 3rd sentence of the Other Business section be changed to, “The Board was asked to continue to encourage federal government to resolve the issue regarding the USDA Warehouse Act”. D. Villwock moved to dispense with the reading of the minutes and approve them as amended. (Second from J. Colvin) *The minutes of the January 28, 2004, meeting were approved as amended.*

FINANCIAL: The next order of business was the financial report prepared by Duane Jasheway on April 30, 2004, disclosing a fund balance of \$13,071,892.80. Along with the balance sheet was a statement of operation and a listing of fund investment information. Copies were distributed (Exhibit A). D. Jasheway stated that the average rate of return is averaging approximately a 1.18% yield for the fund. Motion by J. Rulon was made to accept the financials as they were presented and certify the amount of the fund is \$13,071,892.80 as of May 1, 2004. (Second from R. Hadley) *The motion was carried and the financial statements were approved and the amount of the fund on May 1, 2004 was certified to be \$13,071,892.80.*

BOARD

APPOINTMENTS: With the schedule of staggered terms of office, two (2) board member’s terms had expired. Letters were mailed to the appointing organizations. The Indiana Grain and Feed Association re-appointed Lynn Lykins to an additional four (4) year term. The Indiana Farmers Union re-appointed William Tudor to an additional four (4) year term. Terms for these two appointments will expire in 2008.

COMMITTEE: The nominating committee consisted of A. Oyler, Chair, L. Rulon and L. Lykins. A. Oyler stated that both D. Villwock and R. Hadley were asked and agreed to serve in their current positions. Nominations were as follows:
Don Villwock for Vice President
Roger Hadley as Secretary/Treasurer

Chairman Benson asked for additional nominations from the floor. He noted that the bylaws state that the Secretary and Treasurer can be the same person.

A. Oyler made a motion that the nominations be closed and that the officers be elected by acclamation. (Second by L. Rulon) *Motion carried and the nominees were elected to their appropriate offices unanimously.*

Chairman Benson noted to the Board that flowers on their behalf were sent to the church for John Steinhart's funeral.

OLD BUSINESS: Chairman Benson gave the Board an update on the Citizen's Grain failure. He stated that there was one protest to the findings of fact and final order and a hearing date had been set, but 5 days prior to that date the subrogation form was received from the protester. The check was then mailed and the Treasurer's Office stated that it had been cashed. The situation is still being monitored. If bankruptcy goes to court, a claim will be filed by the Board to recover any funds. It was noted by J. McCluskey that the claim would probably fall after the banks.

NEW BUSINESS: Chairman Benson reported to the Board there had been a failure in Minnesota of approximately one million and Illinois had another failure at Watseka Farmer's Grain Company Cooperation. It was too early to know the approximate loss.

On a separate note, Illinois had opened their statute to change their indemnity fund cap.

OLD BUSINEES: J. Pearson addressed the group regarding the Federal Warehouse Act and pre-emption. He discussed what has currently conspired and passed out a draft framework document and reviewed this with the Board. Much discussion between the meeting attendees regarding this document and issue.

Discussion was brought up by Chairman Benson regarding the Board's interest in financial assistance to IGBWLA. IGIC statute was quoted regarding contracting for fund compliance audits. Concerns were talked about and J. Pearson commented on the situation and thanked the Board for the concern.

COMMENTS: Chairman Benson gave an IGBWLA status report. He noted the agency has instituted more procedures, tracking and tiered auditing. It was noted that financials are being reviewed by a CPA that is on staff, the field staff now has new auditing software and the office is instituting a stronger enforcement on timeliness of renewal & financials. The Agency also has Bio-security guidelines in place for the field staff.

ADJOURNMENT: It was motioned that the meeting adjourn by R. Hadley. (Seconded by F. Reichart) The meeting adjourned at 11:45 a.m.

Claim forms and travel vouchers for mileage and per diem submitted by:

Roger Hadley	\$148.60	Herman Rettinger	\$136.84
Lynn Lykins	\$90.80	Jerry Rulon	\$73.80
Atlee Oyler	\$94.20	Lee Rulon	\$75.84
Fred Reichart	\$94.20	William Tudor	\$70.40
		Don Villwock	\$50.00

John Colvin declined submitting a claim for mileage & per diem and Don Villwock declined a claim for mileage.

Respectfully submitted by Dennis Henry on June 15, 2004.

Exhibit A

INDIANA GRAIN INDEMNITY CORPORATION
BALANCE SHEET
4/30/04

ASSETS

Cash	\$21,320.64
Investments	<u>13,050,572.16</u>
Total Assets	<u>\$13,071,892.80</u>

LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$13,071,892.80</u>
Total Liabilities and Fund Balance	<u>\$13,071,892.80</u>

INDIANA GRAIN INDEMNITY CORPORATION
STATEMENT OF OPERATIONS
FOR THE TEN MONTHS ENDING APRIL 30, 2004

Revenues:

Investment Interest	<u>\$121,248.93</u>
Total Revenues	<u>121,248.93</u>

Expenses:

Bank Charges	1,203.73
Supplies	132.07
Travel	733.88
Failure Reimbursement	544,270.68
Total Expenses	<u>546,340.36</u>

Net Income (425,091.43)

Fund Balance, 07/01/03 13,496,984.23

Fund Balance, 4/30/04 \$13,071,892.80

Exhibit A Continued

FUND LIST: TYPE = TF
 FROM 05/01/2004 THRU 05/31/2004

<u>Inv #</u>	<u>Investment #/Institution</u>	<u>CO</u>	<u>Purchase date</u>	<u>Maturity date</u>	<u>Par Original Cost</u>	<u>Coupon Yield</u>	<u>Interest Amt</u>	<u>Fund / Center</u>	<u>TOS #</u>
6159 3	PRODUCER PREMIUM FD ST. JOSEPH CAPITAL BANK 4003335	71	11/06/200 3	05/06/2004	1,000,000.00 1,000,000.00	1.5000 1.5000	7,583.33	6990- 100400	146
6163 9	PRODUCER PREMIUM FD HEARTLAND COMMUNITY BANK	41	02/05/200 4	05/06/2004	1,000,000.00 1,000,000.00	1.2900 1.2900	3,260.83	6990- 100400	146
					2,000,000.00	1.3950	<u>10,844.1</u>		
					2,000,000.00	1.3950	<u>6</u>		
	CERTIFICATE OF DEPOSIT TOTAL								
3604 7	PRODUCER PREMIUM FD BANK OF NEW YORK	00	02/04/200 4	05/03/2004	2,300,000.00 2,294,257.03	1.0100 1.0270	5,742.97	6990- 100400	146
					2,300,000.00	1.0100	<u>5,742.97</u>		
	GOVERNMENT AGY DISCOUNT NOTES TOTAL								
					4,300,000.00	1.1891	16,587.1		
	TOT FOR FUND CODE								
					4,294,257.03	1.1982	3		

Date: 05/03/2004

FUND LIST: TYPE = TF
 FROM 06/01/2004 THRU 12/31/2004

<u>Inv #</u>	<u>Investment #/Institution</u>	<u>CO</u>	<u>Purchase date</u>	<u>Maturity date</u>	<u>Par Original Cost</u>	<u>Coupon Yield</u>	<u>Interest Amt</u>	<u>Fund / Center</u>	<u>TOS #</u>
6161 1	PRODUCER PREMIUM FD FIRST INDIANA BANK, NA	49	12/04/200 3	06/03/2004	945,000.00 945,000.00	1.3500 1.3500	6,449.63 6,449.63	6990- 100400	146
CERTIFICATE OF DEPOSIT TOTAL					945,000.00	1.3500	6,449.63		
3595 0	PRODUCER PREMIUM FD BANK OF NEW YORK	00	11/13/200 3	06/09/2004	2,320,000.00 2,303,837.33	1.2000 1.2250	16,162.6 7	6990- 100400	146
3599 4	PRODUCER PREMIUM FD BANK OF NEW YORK	00	12/17/200 3	06/15/2004	3,065,000.00 3,048,202.95	1.0900 1.1110	16,797.0 5	6990- 100400	146
3613 6	PRODUCER PREMIUM FD BANK OF NEW YORK	00	04/13/200 4	10/15/2004	2,473,000.00 2,459,274.85	1.0800 1.1010	13,725.1 5	6990- 100400	146
GOVERNMENT AGY DISCOUNT NOTES TOTAL					7,858,000.00	1.1193	46,684.8		
					7,811,315.13	1.1415	7		
TOT FOR FUND CODE					8,803,000.00	1.1441	53,134.5		
					8,759,315.13	1.1639	0		

Date: 05/10/2004