

# INDIANA GRAIN INDEMNITY BOARD

## OFFICIAL MEETING MINUTES

Chairman William Johnson called the meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 10:09 a.m. on July 24, 2007. The meeting was held in Assembly Hall B on the first 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	Fred Reichart	Don Villwock
Roger Hadley	Herman Rettinger	
Lynn Lykins	Lee Rulon	

The nonvoting members or their representatives present were:

William K. Johnson, Director of Indiana Grain Buyers & Warehouse Licensing Agency  
Duane Jasheway, representative of the Treasurer of State  
Greg Zoeller, representative of the Attorney General

**ABSENT:** The voting member absent for the meeting was:

Robert Ax	Mike Shuter	William Tudor
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**RESOURCE** The following resource people were present:

**STAFF:**

Dennis Henry, Indiana Grain Buyers & Warehouse Licensing Agency  
Kyleen Nash, Legal Counsel, Lt. Governor's Office  
Justin Schneider, Legal Counsel, Indiana Farm Bureau  
Mark Thornburg, Legal Counsel, Indiana Farm Bureau

The following guests were present:

Bruce Jones, Legal Intern, Lt. Governor's Office  
Parker Sawyers, Legal Intern, Lt. Governor's Office

**WELCOME:** Chairman Johnson welcomed the board members, resource staff and guests. He gave a brief history of events that lead to the closing of Osborn Feed & Grain, Inc. at Montpelier, Blackford County, Indiana. He also stated that following the closing, a Claims Hearing was held to obtain a listing of obligations. The Finding of Fact & Final Order regarding Osborn Feed & Grain, Inc. was prepared and first and second priority claims were paid from calling of the bond and the liquidation of grain assets.

**QUORUM:** Chairman Johnson asked for a Roll Call of board members.

Robert Ax – No Answer (absent)  
John Colvin – Present  
Roger Hadley – Present  
Lynn Lykins – Present  
Mike Shuter – No Answer (absent)  
Fred Reichart – Present  
Herman Rettinger – Present

Lee Rulon – Present  
William Tudor – No Answer (absent)  
Don Villwock – No Answer (arrived at 10:18 a.m. for **NEW BUSINESS**)

Chairman Johnson stated that there was a quorum present with six members.

**MINUTES:** Copies of the minutes of the previous meeting (May 24, 2007) were mailed to board members to review. J. Colvin moved to approve the minutes as written. (Seconded from R. Hadley) *The minutes of the May 24, 2007, meeting were approved as written.*

**FINANCIAL:** The next order of business was the financial report prepared by Duane Jasheway on June 30, 2007, disclosing a fund balance of \$14,872,194.42. Included with the balance sheet was a statement of operation and a listing of fund investment information. D. Jasheway reported that the average rate of return on investments is up to 5.25%. Copies of the reports were distributed (Exhibit A). A motion by F. Reichart was made to accept the financials as they were presented. (Seconded by L. Lykins) *The motion was carried and the financials were approved as presented as of June 30, 2007 and the amount of the fund on July 1, 2007 was certified to be \$14,872,194.42.*

**OLD BUSINESS:** Chairman Johnson reminded the board that the Indiana Grain Buyers & Warehouse Licensing Agency (IGBWL) would be hosting the 2007 American Association of Warehouse Control Officials (AAWCO) Annual Conference, August 5 – 8, 2007 at the Indianapolis Hilton hotel. He noted that emphasis would be on biofuels and this conference would have an additional Field Staff program. Chairman Johnson invited the board to attend this conference.

**NEW BUSINESS:** (Board member D. Villwock arrives at 10:18 a.m.) Chairman Johnson started saying that the Findings of Fact and Final Order regarding Osborn Feed & Grain, Inc. called the bond and only first priority claims were completely satisfied. Second priority claims were paid a percentage of the remaining funds and brings before the board the remaining claims to be reviewed and voted on for approval. Chairman Johnson reviewed claims individually as stated in the Findings of Fact and Final Order (exhibit B). He then reviewed for the board members Schedule B (exhibit C). Chairman Johnson stated that Schedule B gives a detail of each claim and those presenting claim before the board. Chairman Johnson asked for the board to vote on approval of claims with exempt to Claim OFG-125. A motion by J. Colvin was made to approve all claims as presented on Schedule B with exception to OFG-125 for payment from the fund. (Seconded by R. Hadley) *The motion was carried unanimately and the claims as presented in Schedule B were approved for payment from the Indiana Grain Indemnity Fund.*

Chairman Johnson then addressed with the board claim OFG-125. There was a long discussion regarding this claim and documents filed under this claim. Chairman Johnson then asked the board to vote on approving the claim as presented on Schedule B. A motion by R. Hadley was made to pay claim OFG-125 as stated on Schedule B. (Second by D. Villwock) After additional conversation regarding this claim. *The motion was carried to approve claim OFG-125 for payment from the Indiana Grain Indemnity Fund.*

Chairman Johnson stated that the Indiana Grain Indemnity Corporation may possibly recover funds from Osborn Feed and Grain, Inc. although they have not filed for bankruptcy. G. Zoeller gave the board some advise on handling recovery from firms that cause claims to the fund. Chairman Johnson stated that with the boards approval, the agency will work with the Attorney General's Office and staff attorneys to try and recover additional funds from the closing of Osborn Feed & Grain, Inc. A motion by D. Villwock was made to give the agency authority to work with the Attorney General's Office and staff attorneys to see if funds paid on claims from Osborn Feed & Grain, Inc. can be recovered. (Second by J. Colvin) *The motion was carried to give the agency authority to work with the Attorney General's Office and staff attorneys on possible recovery of claims from Osborn Feed & Grain, Inc.*

Chairman Johnson reported to the board that the State Board of Accounts has just completed the audit of the Indiana Grain Indemnity Corporation for the period of April 1, 2005 to March 31, 2007 and found the corporation

in compliance with all applicable laws and regulations.

**ADJOURNMENT:** It was motioned that the meeting adjourn by D. Villwock. (Seconded by L. Rulon) The meeting adjourned at 11:44 a.m.

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

Roger Hadley	\$166.00	Herman Rettinger	\$140.40
Lynn Lykins	\$98.00	Lee Rulon	\$80.40
Fred Reichart	\$102.00	William Tudor	\$74.00

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

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

Respectfully submitted by Dennis Henry on September 20, 2007.

*Exhibit A*

## INDIANA GRAIN INDEMNITY CORPORATION BALANCE SHEET 6/30/2007

### ASSETS

Cash	\$35,086.04
Investments	14,837,108.38
<b>Total Assets</b>	<b><u>\$14,872,194.42</u></b>

### LIABILITIES AND FUND BALANCE

Fund Balance	\$14,872,194.42
<b>Total Liabilities and Fund Balance</b>	<b><u>\$14,872,194.42</u></b>

## STATEMENT OF OPERATIONS FOR THE TWELVE MONTHS ENDING JUNE 30, 2007

### Revenues:

Investment Interest	\$798,734.34
Grain Failure Reimbursement	<u>222,590.39</u>
<b>Total Revenues</b>	<b><u>1,021,324.73</u></b>

### Expenses:

Failure Reimbursement	0.00
Bank Charges	1,183.16
Advertising	0.00
Supplies	41.80
Travel	1,820.00
ID Billing	0.00
Salary Reimbursement	0.00

<b>Total Expenses</b>	<u>3,044.96</u>
<b>Net Income</b>	1,018,279.77
<b>Fund Balance, 07/01/06</b>	<u>13,853,914.65</u>
<b>Current Fund Balance</b>	<u>\$14,872,194.42</u>

FUND LIST: TYPE = TF  
FROM 07/01/2007 THRU 12/31/2020

<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>
6230 3	PRODUCER PREMIUM FD FCN BANK, NATIONAL ASSOC. 6119578	24	03/29/200 7	09/27/2007	1,090,000.00  1,090,000.00	5.3800  5.3800	29,646.79	6990- 100400	146
6233 6	PRODUCER PREMIUM FD FIRST MERCHANTS BANK, NA 60316325	18	05/24/200 7	11/21/2007	1,017,000.00  1,017,000.00	5.3000  5.3000	27,100.23	6990- 100400	146
					2,107,000.00	5.3414	<u>56,747.02</u>		
					2,107,000.00	5.3414			
**CERTIFICATE OF DEPOSIT TOTAL**									
3811 6	PRODUCER PREMIUM FD BANK OF NEW YORK	00	03/16/200 7	09/10/2007	1,000,000.00  975,005.83	5.0550  5.2570	24,994.17	6990- 100400	146
3814 5	PRODUCER PREMIUM FD BANK OF NEW YORK	00	04/02/200 7	10/01/2007	1,155,000.00  1,125,512.21	5.0500  5.2540	29,487.79	6990- 100400	146
3818 1	PRODUCER PREMIUM FD BANK OF NEW YORK	00	04/19/200 7	10/03/2007	990,000.00  966,807.88	5.0500  5.2430	23,192.13	6990- 100400	146
3820 2	PRODUCER PREMIUM FD JPMORGAN CHASE BANK, N.A	99	04/25/200 7	10/17/2007	1,000,000.00  975,427.08	5.0550  5.2540	24,572.92	6990- 100400	146
3823 4	PRODUCER PREMIUM FD BANK OF NEW YORK	00	05/02/200 7	10/31/2007	1,000,000.00  974,520.00	5.0400  5.2440	25,480.00	6990- 100400	146
3824 8	PRODUCER PREMIUM FD BANK OF NEW YORK	00	05/15/200 7	08/13/2007	1,735,000.00  1,712,835.38	5.1100  5.2480	22,164.63	6990- 100400	146
					6,880,000.00	5.0651	<u>148,891.64</u>		
					6,730,108.38	5.2499			
**GOVERNMENT AGY DISCOUNT NOTES TOTAL**									
36810	PRODUCER PREMIUM FD BANK OF NEW YORK	00	07/27/2005	07/27/2007	1,000,000.00  1,000,000.00	5.0000  4.5000	101,388.89	6990- 100400	146
37066	PRODUCER PREMIUM FD	00	01/18/2006	01/18/2008	1,000,000.00	5.1250	103,923.61	6990- 100400	146

	BANK OF NEW YORK				1,000,000.00	5.1250			
37922	PRODUCER PREMIUM FD BANK OF NEW YORK	00	12/14/2006	12/14/2007	1,000,000.00	5.2000	52,722.22	6990-100400	146
					1,000,000.00	5.2000			
38016	PRODUCER PREMIUM FD BANK OF NEW YORK	00	01/30/2007	01/30/2008	1,000,000.00	5.2500	53,229.17	6990-100400	146
					1,000,000.00	5.2500			
38078	PRODUCER PREMIUM FD BANK OF NEW YORK	00	03/01/2007	03/01/2012	1,000,000.00	5.5000	279,125.00	6990-100400	146
					1,000,000.00	6.0000			
38236	PRODUCER PREMIUM FD BANK OF NEW YORK	00	05/04/2007	11/02/2007	1,000,000.00	5.2500	26,541.67	6990-100400	146
					1,000,000.00	5.2500			
	**GOVT AGENCY COUPONS TOTAL**				6,000,000.00	5.2208	<u>616,930.56</u>		
					6,000,000.00	5.2208			
	**TOTAL FOR FUND CODE**				14,987,000.00	5.1663	<u>823,569.22</u>		
					0	5.2511			
					14,837,108.38				

Date: 07/02/2007