

# INDIANA GRAIN INDEMNITY BOARD



## OFFICIAL MEETING MINUTES

Chairman Sheldon called this meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 1:00 p.m. (EST) on December 12, 2016. The meeting was held in Conference Rooms A & B at Indiana Farm Bureau located at 225 S East St, Indianapolis, Indiana 46202.

**QUORUM:** Chairman Sheldon did a roll call of the Board members, stated that there was a quorum present.

**PRESENT:** The following voting members were present:

Bob Bischoff	Jim Douglas	Joe Kessie – Via Phone	Randy Kron – Via Phone	
Mike Silver – Via Phone	Mike Shuter	Ron Reichart	Don Villwock	Grant Whaley – Via Phone

The following nonvoting members or their representatives present were:

Vicki Pool, Chief Accountant, representative of the Treasurer of State  
Ed Sheldon, Director, Indiana Grain Buyers & Warehouse Licensing Agency

**RESOURCE:** The following resource staff were present:

Joe Basile, Staff Attorney, Office of Lt. Governor  
David Bausman, ISDA Policy Director  
Melissa Rekeweg, Deputy Director, Indiana State Department of Agriculture  
Danae Schneck, IGBWLA Licensing Officer

**MINUTES:** Chairman Sheldon stated that the minutes from the November 22, 2016 meeting had been previously distributed to the board members and asked if there were any changes. **Mr. Villwock motions, Mr. Bischoff seconds to approve the minutes. Motion Carries.**

**FINANCIAL:** Vicki Pool read the financials as of November 30, 2016, see Appendix A. The fund contained \$29,371,496.84.

**DIRECTOR'S REPORT:** Chairman Sheldon gave a director's report, see Appendix B. Chairman Sheldon gave a brief update on Cline Grain, Inc., staffing, legislative proposals, audits and the Grain Buyers – IGIC Memorandum of Understanding (MOU). Mr. Villwock inquired about how our audits are looking in general and Chairman Sheldon informed the Board that everything is looking good so far.

**OLD BUSINESS:** The meeting continued with David Bausman giving an update on the Board's advisory capacity with respect to the IGBWLA. Bausman referred to a North Carolina dental case from 2014 that dealt a lot with anti-trust issues. Mr. Shuter asked if this would require legislative changes and David confirmed that it would require changes.

Next, Joe Basile went over the MOU updates. The Terms section was altered and a renewal provision was added to the document. **Mr. Villwock motions to accept the MOU, Mr. Shuter seconds. Motion carries. Mr. Shuter made a motion to appoint Mr. Villwock to sign the MOU, Mr. Silver seconds. Motion carries.**

**NEW BUSINESS:** Allen Franz and Jacob Klotz are two producers who have submitted a Petition to Reenter the Indiana Grain Indemnity Fund form, see Appendix C. The Board asked if either of the petitioners were affected by the Cline Grain, Inc. failure and Chairman Sheldon informed the Board that neither were involved. A motion was made to allow Allen Franz back into the program after the refunded premiums and appropriate interest has been paid back. **Mr. Silver motions, Mr. Bischoff seconds. Motion carries.** A motion was made to allow Jacob Klotz back into the program after the refunded premiums and appropriate interest has been paid back. **Mr. Silver motions, Mr. Bischoff seconds. Motion carries.**

Lastly, David Bausman gave an update on the legislative proposals discussed at the last meeting. Bausman thanked Mr. Reichart for his help and work on the proposals. Bausman gave a brief overview of the changes being made to the IGBWLA bill. He then explains two pending issues that are not currently in the proposal. First, the 12 month rule is being questioned. There has been discussion as to whether or not this time frame is long enough. Second, there are two legislators are planning to draft and file legislation that would retroactively cover producers that were not covered in the Cline Grain, Inc. failure due to the 12 month rule. There was a motion made to approve the proposed changes that Bausman discussed. **Mr. Reichart motions, Mr. Silver seconds. Motion carries.** Another motion was made to combine the IGIC changes with the IGBWLA bill. **Mr. Silver motions, Mr. Whaley seconds. Motion carries.** A final motion displaying the Board's support for retaining the 12 month rule was made. **Mr. Villwock motions, Mr. Shuter seconds. Motion carries.**

Finally, Bausman walked through the appeals process in regards to an elevator failure for Jim Douglas, our newest Board member.

**ADJOURNMENT:** The Chairman adjourned the meeting around 2:35 p.m.

Claim forms and travel vouchers for mileage submitted by:

Bob Bischoff	\$21.28	Jim Douglas	\$34.20
Ron Reichart	\$49.40	Mike Shuter	\$38.00
Don Villwock	\$76.00		

**INDIANA GRAIN INDEMNITY CORPORATION  
BALANCE SHEET  
11/30/2016**

**ASSETS**

Cash	\$ 5,629,968.06
Investments	<u>23,741,528.78</u>
<b>Total Assets</b>	<b><u>\$ 29,371,496.84</u></b>

**LIABILITIES AND FUND BALANCE**

Fund Balance	\$ <u>29,371,496.84</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 29,371,496.84</u></b>

**INDIANA GRAIN INDEMNITY CORPORATION  
STATEMENT OF OPERATIONS  
FOR THE FIVE MONTHS ENDING NOVEMBER 30, 2016**

**Revenues:**

Investment Interest	\$ 73,635.50
Grain Failure Recoveries	-
Producer Premium Revenue	4,772,227.54
Producer Premium Refunds	<u>(31,375.28)</u>
<b>Total Revenues</b>	<b>\$ 4,814,487.76</b>

**Expenses:**

Failure Reimbursement	\$ -
Travel / Per Diem	671.52
Supplies	-
Bank Fees	301.55
Legal Fees	<u>-</u>
<b>Total Expenses</b>	<b>\$ 973.07</b>

**Net Income/(Expense)** \$ 4,813,514.69

**Fund Balance, 7/01/16** \$ 24,557,982.15

**Current Fund Balance** \$ 29,371,496.84

Fund List: Type = TF, All Funds  
From 12/01/2016 thru 12/31/2075

Inv No	Investment # / Institution	CO	Purchase Date	Maturity Date	Par Book Value	Coupon Yield	Interest Amount	Fund	TOS #
63683	PRODUCER-PREMIUM FD. PROVIDENCE BANK	99	06/23/16	12/22/16	\$750,000.00	0.5000 .5000	\$1,895.83	75111	146
63699	PRODUCER-PREMIUM FD. MERCHANTS BANK OF INDIANA	68	07/28/16	01/26/17	\$1,000,000.00	0.5000 .5000	\$2,527.78	75111	146
63700	PRODUCER-PREMIUM FD. LAKE CITY BANK	43	08/18/16	02/16/17	\$1,000,000.00	0.7200 .7200	\$3,640.00	75111	146
63703	PRODUCER-PREMIUM FD. FARMERS BANK	12	08/25/16	05/25/17	\$1,000,000.00	0.6000 .6000	\$4,550.00	75111	146
*****	CERTIFICATE OF DEPOSIT TOTAL *****				\$3,750,000.00	0.5853 0.5853	\$12,613.61		
44926	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	10/20/16	03/30/17	\$2,500,000.00	0.3800 .3860	\$4,248.61	75111	146
*****	TREASURY BILL TOTAL *****				\$2,500,000.00	0.3800 0.3860	\$4,248.61		
44927	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	10/21/16	05/03/17	\$2,500,000.00	0.4900 .4980	\$6,601.39	75111	146
*****	GOVERNMENT AGY. DISCOUNT NOTES TOTAL				\$2,500,000.00	0.4900 0.4980	\$6,601.39		
44538	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	01/26/16	12/06/18	\$1,000,000.00	1.0000 1.6200	\$29,027.78	75111	146

Fund List: Type = TF, All Funds  
From 12/01/2016 thru 12/31/2075

Inv No	Investment # / Institution	CO	Purchase Date	Maturity Date	Par Book Value	Coupon Yield	Interest Amount	Fund	TOS #
44554	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	02/05/16	10/20/17	\$1,000,000.00 \$1,000,000.00	0.7100 .8100	\$12,286.94	75111	146
44573	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	02/26/16	02/26/21	\$1,000,000.00 \$1,000,000.00	1.7300 1.7300	\$87,797.50	75111	146
44713	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	05/24/16	08/24/18	\$1,000,000.00 \$1,000,000.00	0.7500 1.1800	\$17,125.00	75111	146
44716	PRODUCER-PREMIUM FD. BANK OF NEW YORK 44716	00	05/26/16	11/26/19	\$1,000,000.00 \$1,000,000.00	1.3000 1.3000	\$46,186.11	75111	146
44725	PRODUCER-PREMIUM FD. BANK OF NEW YORK 44725	00	05/31/16	05/24/19	\$1,000,000.00 \$1,000,000.00	1.1800 1.1800	\$35,662.22	75111	146
44738	PRODUCER-PREMIUM FD. BANK OF NEW YORK 44738	00	06/03/16	06/09/17	\$1,000,000.00 \$1,002,169.33	1.0000 .7690	\$10,305.56	75111	146
44823	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	07/27/16	07/27/20	\$1,000,000.00 \$1,000,000.00	1.3200 1.3200	\$53,570.00	75111	146
44831	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	07/29/16	07/27/21	\$1,000,000.00 \$997,500.00	1.0200 1.9800	\$51,680.00	75111	146
44833	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	08/09/16	01/28/19	\$2,000,000.00 \$2,000,302.78	1.1500 1.1600	\$57,627.78	75111	146
44854	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	08/23/16	08/23/17	\$1,000,000.00 \$1,000,000.00	0.7500 .7500	\$7,604.17	75111	146
44856	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	08/24/16	08/16/19	\$1,000,000.00 \$999,916.67	1.2000 1.2100	\$36,233.33	75111	146

Fund List: Type = TF, All Funds  
From 12/01/2016 thru 12/31/2075

Inv No	Investment # / Institution	CO	Purchase Date	Maturity Date	Par Book Value	Coupon Yield	Interest Amount	Fund	TOS #
44874	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	09/08/16	06/08/18	\$1,000,000.00 \$1,002,490.00	1.2500 1.1100	\$22,152.78	75111	146
44916	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	09/30/16	09/28/18	\$1,000,000.00 \$1,000,000.00	1.0200 1.0200	\$20,626.67	75111	146

\*\*\*\*\* GOVT AGENCY COUPONS TOTAL \*\*\*\*\*

\*\*\*\*\* TOTAL FOR FUND CODE \*\*\*\*\*

\*\*\*\*\*  
\$487,885.84  
\*\*\*\*\*  
\$511,349.45  
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**IGBWLA Director's Report**

December 12, 2016

- Cline Grain
  - 2 appeals to Findings of Fact and Final Order – process is ongoing
    - First hearing held 11/18
    - Next hearing scheduled for 12/16
    - Possible conclusion date of process is unknown
  - Per board decision on 11/22:
    - Distributed pro-rata share of bond proceeds to all claimants, again reserving money to cover appeals
    - Included letter of explanation, subrogation agreement, and form to disclose liens and indicate preferred time of payment
    - Mailing sent 12/5
    - A few calls and questions received, with most expressing appreciation
- Staffing
  - Dakota Shephard started as field auditor on December 5. Primary area of responsibility will be east-central Indiana
  - Exploring adding an additional auditor position in central Indiana. This person would also have licensing/central office responsibilities.
- Legislative Proposals
  - Studying potential legislative proposals to address needed changes in IGWBLA and IGIC statutes
    - Study group of industry & government representatives providing input
    - Full report and proposal to be presented at next IGIC meeting in December for approval
- Audits – field staff continue to conduct regular audits at licensed facilities
  - IGIF and ICMC/SPARC checkoff audits usually completed concurrently with regular state audits
- IGBWLA / IGIC Memorandum of Understanding
  - Revisions completed
  - To be presented for consideration at December 12 board meeting