

INDIANA GRAIN INDEMNITY BOARD

OFFICIAL MEETING MINUTES

Out-going Chairman Sarah Ash Simpson called the annual meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 10:07 a.m. on May 27, 2009. The meeting was held in Assembly Hall D on the first floor of the Indiana Farm Bureau Corporate Headquarters located at 225 South East Street, Indianapolis, Indiana.

Out-going Chairman Simpson addressed the board reflecting on her experience with the Board and the Indiana Grain Buyers and Warehouse Licensing Agency over the past year. She gave the Board an update on the personnel restructuring of the Indiana State Department of Agriculture. She is continuing her position as Assistant Director, Regulatory Affairs concentrating on the role as Indiana Land Resource Council Executive. She announced to the Board the new Director of Indiana Grain Buyers and Warehouse Licensing Agency and therefore the new Chairman of the IGIC Board, Jerome G. Hawkins. New Chairman Hawkins then gave the Board a brief biography of his experience with the IGBWLA and the grain industry.

QUORUM: Chairman Hawkins did a roll call of the Board members and stated that there was a quorum present.

PRESENT: The following voting members were present:

Roger Hadley, II	Ron Reichart	William Tudor
Joseph F. Kessie	Herman Rettinger	Don Villwock
Don Lowe	Lee Rulon	

The following nonvoting members or their representatives present were:

Jerome G. Hawkins, Director, Indiana Grain Buyers & Warehouse Licensing Agency
Rich Bramer, Chief Attorney, representative of the Attorney General
Vicki Pool, Chief Accountant, representative of the Treasurer of State

ABSENT: The voting members absent for the meeting were:

Robert G. Ax Mike Shuter

RESOURCE The following resource staff present were:

Sarah Ash Simpson, Asst. Director of Regulatory Affairs, IN State Dept of Agriculture
Dennis Henry, Indiana Grain Buyers & Warehouse Licensing Agency

The following guests were present:

John Allread, Intern, Indiana Farm Bureau
John Colvin, Retiring Board Member, Indiana Grain Indemnity Corporation

Tony Hahn, Chief of Staff, Indiana State Department of Agriculture
Anne Hazlett, Director, Indiana State Department of Agriculture
Cress Hizer, Indiana Grain & Feed Association
Fred Reichart, Cargill, Inc.
Mark Thornburg, Attorney, Indiana Farm Bureau

BOARD

APPOINTMENTS: With the schedule of staggered terms of office, two (2) board members' terms had expired. Letters were mailed to the appointing organizations. The Indiana Farm Bureau reappointed Herman Rettinger to represent them on the board for an additional four (4) year term. The Indiana Bankers Association appointed Joseph F. Kessie to represent them on the board for a four (4) year term. These four (4) year terms will expire in the year 2013.

With the appointment of J. Kessie, Chairman Hawkins asked him to give the board a short bio on himself.

J. Colvin, out-going board member was then presented with a certificate of appreciation by Chairman Hawkins. J. Colvin then thanked the board & staff for the experience with the Indiana Indemnity Fund.

Chairman Hawkins then introduced the new Director of Agriculture, Anne Hazlett to the board. A. Hazlett addressed the board and gave them background of her experience with Agriculture not only in Indiana but in Washington D.C.

NOMINATIONS

COMMITTEE: Chairman Hawkins asked for the report from the Nomination Committee. J. Colvin reported on behalf of the committee. The committee which consisted of himself, Robert Ax and Herman Rettinger convened and they are nominating D. Villwock to continue as Vice Chairman and Lee Rulon for the Secretary/Treasurer position. With no other nominations from the floor D. Lowe motioned that nominations be closed and that the officers be elected by acclamation. (Second by R. Hadley) *Motion carried and the nominees were elected to their respective offices unanimously.*

MINUTES: Copies of the minutes of the previous meeting (October 2, 2008) were forwarded to board members to review. W. Tudor moved to approve the minutes as written. (Second from D. Villwock) *The minutes of the October 2, 2008 meeting were approved as written.*

FINANCIAL: The next order of business was the financial report prepared by Vicki Pool on April 30, 2009, disclosing a fund balance of \$15,397,561.69. Included with the balance sheet were a statement of operations and a listing of fund investment information. V. Pool reported that the average rate of return on investments is only about ½ % due to the current economy. Copies of the reports were distributed (Exhibit A). A motion by D. Villwock was made to accept the financials as they were presented. (Second by R. Hadley) *Motion carried and the financial reports were accepted as written.* Chairman Hawkins then asked for a motion to certify the balance in the fund. D. Villwock motioned to certify the fund balance as of May 1, 2009 to be \$15,397,561.69. (Second by D. Lowe) *The motion was carried and the board certified the fund balance as of May 1, 2009 to be \$15,397,561.69.*

OLD BUSINESS: S. Simpson gave the board an update on the latest failure the Indiana Grain Buyers and Warehouse Licensing Agency is dealing with, Lambright's, Inc. The agency had liquidated all grain and unencumbered assets and issued a Finding of Fact and Final Order which was then appealed. The agency is still working on the appeals and another legal issue concerning this failure. The board then discussed some of the specifics concerning this failure and how this may impact the board when the claims are presented to the board.

Chairman Hawkins reminded the board that at the last meeting in 2008 they voted on Responsible Officers as reported to the Indiana Department of Revenue on behalf of the Indiana Grain Indemnity Corporation. At that meeting then Chairman Simpson and D. Villwock were voted to be the Responsible Officers for the corporation. D. Villwock moved for the board to adopt protocol that the Chairman of the Indiana Grain Indemnity Corporation be the Responsible Officer as reported to the Indiana Department of Revenue. (Second by D. Lowe) ***Motion was carried to list J. Hawkins and remove S. Simpson as responsible officers for the Indiana Department of Revenue's records.***

NEW BUSINESS: Chairman Hawkins announced to the board that we have received a Petition to Reenter the Fund, which, per statute, is to be voted on only during an annual meeting. The petition was received on January 28, 2009 from Von Waymire. Copies of the original refund request were forwarded to the Treasurer's Office and V. Pool calculated interest and principle due back to the fund. (Exhibit B) Copies were presented to the board members for discussion. L. Rulon requested to withdraw from the vote to reenter the fund. D. Villwock motioned that the petition to reenter the fund from Von Waymire be approved and be allowed to reenter the fund and will be covered by the fund when interest and principle is paid back to the fund. (Second by R. Hadley) ***Motion was passed to allow Von Waymire to reenter the fund and will be covered by the fund when interest and principle are paid back to the fund.***

Chairman Hawkins then gave the board some updates on the latest legislation changes to the indemnity program and the agency statute. The main changes to the indemnity program are raising the fund balance that would cease collections during collection periods from ten million dollars (\$10,000,000.00) to fifteen million dollars (\$15,000,000.00). It also raises the amount that would start the collection of premiums should the fund fall below five million dollars (\$5,000,000.00) to ten million dollars (\$10,000,000.00). The most important change to the agency statute is the implantation of fees for filing financial statements late. It will also allow the agency to post a list of licensees that it had been prohibited prior.

D. Henry notified the board that the Indiana Grain Indemnity Corporation Rule, Title 825 needs to be readopted before the end of the year. D. Villwock motioned that the Rule, Title 825 be readopted, with any changes reflecting the latest legislation. (Second by R. Hadley) ***Motion was carried to readopt Title 825, reflecting any legislative changes.*** D. Henry told the board this carried motion would be relayed to Indiana State Department of Agriculture staff that will be working on the Rule readopting.

Chairman Hawkins informed the board that the Indiana Grain Buyers & Warehouse Licensing Agency has accepted the retirement of one of the audit staff. Phil Flint officially retired March 30th after over Twenty-Two (22) years of service to the State of Indiana.

ADJOURNMENT: It was motioned that the meeting adjourn by D. Lowe. (Second by W. Tudor) The meeting adjourned at 11:14 a.m.

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

Roger Hadley, II	\$157.60	Herman Rettinger	\$149.44
Joseph F. Kessie	\$113.52	Lee Rulon	\$83.44
Don Lowe	\$95.76	William Tudor	\$76.40
Ron Reichart	\$107.20		

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

Joseph F. Kessie declined submitting a claim for per diem.

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

Respectfully submitted by Dennis Henry on June 24, 2009.

Exhibit A

**INDIANA GRAIN INDEMNITY CORPORATION
BALANCE SHEET
4/30/2009**

ASSETS

Cash	\$ 426,615.72
Investments	<u>14,970,945.97</u>
Total Assets	<u>\$ 15,397,561.69</u>

LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$ 15,397,561.69</u>
Total Liabilities and Fund Balance	<u>\$ 15,397,561.69</u>

Exhibit A continued

INDIANA GRAIN INDEMNITY CORPORATION
STATEMENT OF OPERATIONS
FOR THE TEN MONTHS ENDING APRIL 30, 2009

Revenues:

Investment Interest \$ 257,913.18

Total Revenues \$ 257,913.18

Expenses:

Failure Reimbursement \$ 42,925.96

Travel 813.04

Supplies 103.96

Bank Fees 291.95

Total Expenses \$ 44,134.91

Net Income \$ 213,778.27

Fund Balance, 7/01/08 \$ 15,183,783.42

Current Fund Balance \$ 15,397,561.69

Fund List: Type = TF
From 05/01/2009 thru 12/31/2020

<u>Inv No</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 Amount</u>	<u>Fund / Center</u>	<u>TOS #</u>
62642	PRODUCER-PREMIUM FD. SCB BANK 500062400	73	11/13/08	05/14/09	1,000,000.00 1,000,000.00	3.4000 3.4000	17,188.89	6990-100400	146
62647	PRODUCER-PREMIUM FD. IRWIN UNION BANK & TRUST CO. 80794506	03	11/20/08	05/21/09	1,000,000.00 1,000,000.00	2.6800 2.6800	13,548.89	6990-100400	146
62652	PRODUCER-PREMIUM FD. FLAGSTAR BANK 425788153	99	12/04/08	06/04/09	1,000,000.00 1,000,000.00	2.9200 2.9200	14,762.22	6990-100400	146
62659	PRODUCER-PREMIUM FD. IRWIN UNION BANK & TRUST CO. 80832389	03	12/18/08	06/18/09	1,520,000.00 1,520,000.00	2.8100 2.8100	21,593.29	6990-100400	146
62672	PRODUCER-PREMIUM FD. IRWIN UNION BANK & TRUST CO. 80836877	03	01/08/09	07/09/09	350,000.00 350,000.00	1.9200 1.9200	3,397.33	6990-100400	146
62674	PRODUCER-PREMIUM FD. INDIANA BUSINESS BANK	49	01/08/09	07/09/09	262,000.00 262,000.00	2.7500 2.7500	3,642.53	6990-100400	146
62686	PRODUCER-PREMIUM FD. STOCK YARDS BANK & TRUST CO. 160927	99	01/15/09	07/16/09	350,000.00 350,000.00	1.7500 1.7500	3,096.53	6990-100400	146
62714	PRODUCER-PREMIUM FD. FIRST FEDERAL SAVINGS BANK 400047779	35	02/26/09	05/28/09	1,000,000.00 1,000,000.00	0.8600 .8600	2,173.89	6990-100400	146
***** CERTIFICATE OF DEPOSIT TOTAL *****					6,482,000.00	2.4894	<u>79,403.57</u>		

Fund List: Type = TF
From 05/01/2009 thru 12/31/2020

<u>Inv No</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 Amount</u>	<u>Fund / Center</u>	<u>TOS #</u>
					6,482,000.00	2.4894			
40140	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	01/07/09	06/29/09	2,000,000.00 1,996,443.89	0.3700 .3760	3,556.11	6990-100400	146
40172	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	01/26/09	06/30/09	1,500,000.00 1,497,093.75	0.4500 .4571	2,906.25	6990-100400	146
40181	PRODUCER-PREMIUM FD. BANK OF NEW YORK	00	02/10/09	05/08/09	5,000,000.00 4,995,408.33	0.3800 .3856	4,591.67	6990-100400	146
***** GOVERNMENT AGY. DISCOUNT NOTES TOTAL *					8,500,000.00 8,488,945.97	0.3900 0.3960	<u>11,054.03</u>		
***** TOTAL FOR FUND CODE *****					14,982,000.00 14,970,945.97	1.2983 1.3017	<u>90,457.60</u>		

Petition to Reenter the Indiana Grain Indemnity Fund

Calculation of Amount Due:

<u>Individual</u>	<u>Original Refund Amount</u>	<u>Date of Refund</u>	<u>Days Outstanding</u>	<u>Date of Reentry</u>	<u>Average Interest Rate</u>	<u>Interest Due</u>	<u>Total Due</u>
Von Waymire	\$ 70.33	5/1/1998	4045	5/27/2009	3.79%	\$ 29.54	\$ 99.87

Calculation of Weighted Average Interest:

<u>Fiscal Year</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Number of Days</u>	<u>FY Ave Interest</u>	<u>Weighted Average Interest</u>
FY98	5/1/1998	6/30/1998	61	5.09%	0.08%
FY99	7/1/1998	6/30/1999	365	2.49%	0.22%
FY00	7/1/1999	6/30/2000	366	8.44%	0.76%
FY01	7/1/2000	6/30/2001	365	6.04%	0.55%
FY02	7/1/2001	6/30/2002	365	3.62%	0.33%
FY03	7/1/2002	6/30/2003	365	1.64%	0.15%
FY04	7/1/2003	6/30/2004	366	1.36%	0.12%
FY05	7/1/2004	6/30/2005	365	1.95%	0.18%
FY06	7/1/2005	6/30/2006	365	3.33%	0.30%
FY07	7/1/2006	6/30/2007	365	5.15%	0.46%
FY08	7/1/2007	6/30/2008	366	5.41%	0.49%
FY09	7/1/2008	5/27/2009	331	1.84%	0.15%
Total			<u>4,045</u>		<u>3.79%</u>