

INDIANA GRAIN INDEMNITY BOARD

OFFICIAL MINUTES

Chairperson Joseph Pearson called the 1998 annual meeting of the Indiana Grain Indemnity Board to order on May 27, 1998, at 9:05 a.m. The meeting was held in Conference Rooms A and B at the Indiana Farm Bureau Corporation headquarters located at 225 South East Street, Indianapolis, Indiana.

PRESENT: The following voting members were present:

John Colvin
Greg Noble
Jerry Rulon

Roger Hadley II
William Tudor
Don Villwock

Ken Klemme
Herman Rettinger, Jr.

The nonvoting members or their representatives present were:

Joseph R. Pearson, Acting Director of Indiana Grain Buyers and Warehouse Licensing Agency

Mike Frick, Deputy Treasurer of the state of Indiana

J.D. Lux, Deputy Attorney General

ABSENT: Atlee Oyler, voting member

RESOURCE The following resource people were present:

STAFF:

Dennis Henry
Mary McCory
Jenny Manier

John Steinhart
Joe Miller

OTHERS: Mr. & Mrs. Gary Robbins
DeeDee Sigler

Valerie Tomlin, Indiana Agri-news
Darren Johnston, Agri-America

MINUTES: The minutes of the February 27, 1998, regular meeting and the February 27 and April 14, 1998, executive sessions were approved as written (motion from Villwock, second from Rettinger)

The next order of business was a financial report presented by Frick. The fund balance as of May 22, 1998, was \$11,119,470.50. The financial report was approved with a motion from Colvin and a second from Hadley (see exhibits A, B, & C).

A reentry request from Lonnie Moore, Winchester, Indiana, was denied because it was faxed on May 26, 1998, (exhibit D). Tudor asked for a letter be sent to Mr. Moore to request reentry again next year. IC 26-4-5-2(a) (1) states "the producer petitions the board for approval of reentry into the grain indemnity program by hand delivering or sending by certified mail, return receipt requested, a written request in a form required by the board."

Report of the nominating committee chaired by Ken Klemme, nominated Don Villwock and Greg Noble for reelection as vice-chairman and secretary-treasurer respectively. Rulon moved (second by Hadley) that Don Villwock be reelected as vice-chairman and Greg Noble as secretary-treasurer. Motion passed.

The next item of business was claims from producers of Prairie Productions, Inc.(PPI) and Battleground Hybrids, Inc. (BHI). Findings of Fact and Final Orders of the Indiana Grain Buyers and Warehouse Licensing Agency's (IGWLA) March 20, 1998, claims hearing for Prairie Production, Inc. and Battleground Hybrids, Inc. were mailed to board members on May 15, 1998 (exhibit E). A spreadsheet listing claimants and the respective amounts due (exhibit F) was mailed to board members with the annual meeting agenda. The mailing also consisted of a report regarding a claim from Gary Robbins (exhibit G).

Joe Miller, counsel for Indiana Grain Indemnity Board (IGIC), reminded the board a claim determined valid for the Indiana Grain Buyers and Warehouse Licensing Agency may be different for the Indemnity Corporation's statute. He cited claim number 10 which included a 1995 crop that was before the July 1, 1996, effective date of the Indemnity Fund.

Klemme stated that some of the claimants of PPI and BHI are customers of Demeter, Inc. Since he is an officer of that company, he has a conflict of interest with those claims and will abstain from discussion and voting regarding those claims.

Noble stated that he wanted to abstain if the vote was taken for the block of claims. He has a conflict of interest with one claimant.

Villwock moved (second by Rulon) to pay the claims totaling \$1,180,176.12 to the 26 claimants. Motion passed. Klemme and Noble abstained.

The claim of Gary Robbins was the next order of business. The claim of Mr. Robbins was for 3841.79 bushels of grain for \$14,406.71. Mr. Robbins sold grain to Coy Ray, an unregistered out-of-state grain buyer, who delivered the grain to Gibson Consolidated Terminals(GCT). GCT deducted the indemnity premium and paid Coy Ray for the grain. Coy Ray did not pay Gary Robbins. Mr. Robbins has pursued with the local prosecutor. Villwock moved (second from Rulon) to deny the claim. Motion carried.

The board recessed at 10:30 a.m and reconvened at 10:50 a.m.

IC 26-4-4-9 requires the board to certify the amount in the fund as of May 1 each year. Frick prepared a report as of April 30, 1998, which stated the fund contained \$10,441,129.08. Villwock moved to certify that amount. Colvin seconded the motion. Motion passed.

The May 27, 1998, fund balance after paying the PPI/BHI claim of \$1,180,176.12 is \$9,939,294.38. Frick reported that the premium collected by grain buyers in April, May and June, 1998 would not be received until July 31, 1998. The collections for this quarter in 1997 were \$916,629. Villwock moved (second by Hadley) the board cease collections of the producer premiums as of July 1, 1998. Motion passed.

The draft of the letter to the organizations (exhibit H) regarding terms of the directors was passed after it was amended to add Association after Indiana Bankers and to replace Rural Bankers with Community Bankers Association of Indiana.

Klemme moved (second by Noble) that the producer letter (exhibit I) be approved and mailed to all producers listed with the USDA statistical service at Purdue University. Motion passed.

Colvin moved (second by Hadley) that the new producer notice (exhibit J) be approved. Motion passed.

Hadley requested all letters and notices regarding the ceasing of Indemnity premiums be communicated to the SPARC office.

Hadley moved (second from Klemme) the letter to grain buyers (exhibit K) be approved. Motion passed.

Noble moved (second from Hadley) to combine the notice to cease withholding premiums (exhibit L) and the notice to new producers. Motion passed.

Lux reported on the definition of a "new producer". He stated that no other state has defined new producer. He recommended that the board not define the term.

Villwock asked if there is work in progress to clarify the IGBWLA statute. Pearson stated that Jenny Manier and Joe Miller will be working on a draft this summer which will be presented to the 1999 Indiana General Assembly.

Henry presented the a report of audits (exhibit M) that have been conducted by IGBWLA for the Indiana Grain Indemnity Corporation. The number of Indemnity Fund audits completed exceeded the amount required. Klemme moved (second by Rettinger) to approve the audit report. Motion passed.

Miller said IC 26-4-6-6 may require claimants to subrogate their rights to the board. He suggested the board hire an attorney to handle this process with the Tippecanoe Superior Court.

Pearson requested Manier and Miller review and finalize the subrogation form.

Villwock moved (second from Noble) that the subrogation form be drafted and claimants be required to come to Indianapolis to sign their form and receive their IGIC check. Motion passed.

Miller suggested the following attorneys for employment with the Board:

Ed Chosnek John Bates Bader

George Hooper Jim Carlbery

A meeting was scheduled for June 10, 1998, at 9:00 a.m. for the Board to consider employing an attorney.

Rettinger moved (second from Noble) to adjourn the meeting. Motion passed.

Respectfully submitted by Mary McCory

June 3, 1998