

# INDIANA GRAIN INDEMNITY BOARD

## OFFICIAL MEETING MINUTES

Chairman Robert Benson called the meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 10:00 am. on January 28, 2004. The meeting was held in the Ball Street Room, second floor of the Indiana Farm Bureau Head Quarters located at 225 S. East Street, Indianapolis, Indiana. Notice of the meeting was printed on the OCA and IGBWLA website and faxed to media on January 22, 2004.

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

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

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  
Larry Hopkins, representing the Attorney General

**ABSENT:** Lynn Lykins

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

**STAFF:**

Cress Hizer	William Johnson
Dennis Henry	John Steinhart

Chairman Benson stated that there was a quorum present.

**MINUTES:** Since copies of the minutes of the previous meeting (May 29, 2003) were mailed to board members and are available on the web, D. Villwock moved to dispense with the reading of the minutes and approve them as written. (Second from J. Colvin) *The motion was carried and the minutes of the May 29, 2003 meeting were approved as written.*

**FINANCIAL:** The next order of business was the financial report prepared by Duane Jasheway. As of December 31, 2003 the fund balance was \$13,588,462.21. Along with the balance sheet was a statement of operation and a listing of fund investment information. D. Jasheway stated that the average rate of return was about 1.19%. Copies were distributed (Exhibit A & B). Motion by A. Oyler was made to accept the financials as they were presented. (Second from R. Hadley) *The motion was carried and the financial statements were accepted as presented.*

**OLD BUSINESS:** R. Benson turned the floor over to John Steinhart to discuss the current status of the preemption issue regarding the United States Department of Agriculture's new rules regarding the U.S. Warehouse Act. J. Steinhart stated that a working group had been put together and as of their last meeting in July of 2003 there were two unresolved issues. Discussions regarding these issues were made with additional comments from D. Villwock and W. Tudor.

**NEW BUSINESS:** Chairman Benson presented to the Board the Finding of Fact and Final Order (Exhibit C) regarding Citizen's Grain, LLC. B. Benson and J. Steinhart gave the board a brief timeline of events that lead up to this document. Along with this document was a schedule A (Exhibit D) that outlined claims, along with monetary distributions of the bond collection and the sale of the grain assets.

Presented to the Board were claims by producers not covered by grain assets and the bond, schedule B (Exhibit E). J. Steinhart went through each of the claims.

- CG-101: Indiana Grain Buyers & Warehouse Licensing Agency (IGBWLA) allows claim as filed.
- CG-104: IGBWLA allows claim as filed.
- CG-106: IGBWLA allows claim as amended.
- CG-112: Mr. Anderson, claimant, through his attorney has filed an appeal of the Fact and Final Order ([Click here to request a copy of the appeal](#)). There was much discussion by the Board regarding this claim including discussion about DP charges and the two promissory notes attached to the appeal as well as the date of the grain deposited at Citizen's Grain, LLC. IGBWLA allows claim to the extent of \$33,286.93 based on evidence submitted by the claimant.
- CG-114: IGBWLA allows claim as filed.
- CG-117: IGBWLA allows claim as filed.

- CG-118: IGBWLA allows claim as filed.
- CG-121: IGBWLA allows claim as filed.
- CG-123: IGBWLA allows claim as filed.
- CG-125: IGBWLA allows claim as filed.
- CG-126: IGBWLA allows claim as filed. J. Steinhart noted that the grain bank corn was converted to DP.
- CG-129: IGBWLA allows claim as filed.
- CG-130: IGBWLA allows claim as filed.
- CG-131: IGBWLA allows claim as filed.
- CG-136: IGBWLA allows claim as filed.
- CG-139: IGBWLA allows claim as filed.
- CG-141: IGBWLA allows claim as filed.
- CG-142: IGBWLA allows claim as filed.
- CG-143: IGBWLA allows claim as filed.
- CG-149: IGBWLA allows claim as filed.
- CG-150: IGBWLA allows claim as filed.

J. Steinhart noted that claim CG-148 did not provide proof that they paid into the fund.

B. Benson took chairman’s privilege and asked to exempt claims CG-106, CG-112 & CG-130 from general vote and be taken individually.

D. Villwock moved to accept claim CG-106 as amended. W. Tudor asked if claimant had proved payment into the fund. It was discussed that claimant was not only a contractor but also a producer themselves. (Second from J. Colvin) **Motion was carried 7-0 to accept claim CG-106 as amended with two abstentions.**

R. Hadley moved to accept claim CG-112 as filed. (Second by F. Reichart) J. Rulon asked for a roll call vote. More discussion regarding DP charges were had by the board. **Motion was carried 7-0 to accept claim CG-112 as allowed with two abstentions from J. Rulon and L. Rulon.**

D. Villwock moved to reconsider claim CG-106 and called for a roll call vote. (Second from R. Hadley) The Board had further discussion regarding this claim. **Motion was carried 6-0 to accept claim CG-106 as amended with three abstentions from J. Rulon, L. Rulon and A. Oylar.**

J. Colvin moved to accept claim CG-130 as filed. (Second from J. Rulon) **Motion was carried to accept claim CG-130 as filed.**

D. Villwock moved to accept the remaining claims as filed. (Second from J. Colvin) **Motion was carried to accept the remaining claims as filed.**

The total amount of claims approved for payment was \$544,270.68 less applicable SPARC deductions with a total net due producers of \$543,297.85.

Chairman Benson asked J. Steinhart to discuss IGBWLA’s findings regarding Citizen’s Grain, LLC and procedures that have been implemented by IGBWLA as a result of the findings. Auditing procedures were discussed noting that the number of current licensees, number of audits performed last year, other auditing functions performed by staff, the current number of auditors. D. Villwock asked for a proposal to presented to the board by IGBWLA regarding possible financial assistance.

**RECESS:** At 12:05 p.m. Chairman Benson asked to break for five (5) minutes. The meeting was reconvened at 12:10 p.m.

**OTHER BUSINESS:** The date for the annual meeting was set for Thursday, May 27, 2004 at 10:00 a.m. in the Farm Bureau Headquarter building.

L. Hopkins stated there was nothing to report from the Attorney General’s Office.

C. Hizer stated to the Board to continue to encourage federal government to resolve the issue regarding the USDA Warehouse Act and stated grain & feed’s stand on this issue.

D. Villwock moved to adjourn the meeting. (Second by L. Rulon) **Motion carried to adjourn the meeting.**

The meeting adjourned at 12:30 pm.

Claim forms and travel vouchers submitted by:

			Rettinger, Herman	\$126.84	Mileage & per diem
Hadley, Roger	\$148.60	Mileage & per diem	Rulon, Jerry	\$73.80	Mileage & per diem

Lykins, Lynn		Absent	Rulon, Lee	\$75.84	Mileage & per diem
Oyler, Atlee	\$94.20	Mileage & per diem	Tudor, William	\$20.40	Mileage & per diem
Reichart, Fred	\$94.20	Mileage & per diem	Villwock, Don	\$50.00	Per diem only

No claim for Mileage by J. Colvin & D. Villwock. No claim for Per diem by J. Colvin.

Respectfully submitted by Dennis Henry on January 29, 2004.

**Exhibit A**

INDIANA GRAIN INDEMNITY CORPORATION  
BALANCE SHEET  
12/31/2003

**ASSETS**

Cash	\$ 38,420.70
Investments	<u>13,550,041.51</u>

<b>Total Assets</b>	<b>\$ <u>13,588,462.21</u></b>
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**LIABILITIES AND FUND BALANCE**

Fund Balance	<u>\$ 13,588,462.21</u>
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<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>13,588,462.21</u></b>
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INDIANA GRAIN INDEMNITY CORPORATION  
STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDING DECEMBER 31, 2003

**Revenues:**

Investment Interest	<u>\$ 92,223.34</u>
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<b>Total Revenues</b>	<b><u>92,223.34</u></b>
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**Expenses:**

Bank Charges	718.30
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Supplies	27.06
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<b>Total Expenses</b>	<b><u>745.36</u></b>
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<b>Net Income</b>	<b><u>91,477.98</u></b>
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<b>Fund Balance, 07/01/03</b>	<b><u>13,496,984.23</u></b>
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<b>Fund Balance, 12/31/2003</b>	<b>\$ <u>13,588,462.21</u></b>
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**Exhibit B**

FUND LIST: TYPE = TF  
FROM 01/01/2004 THRU 12/31/2015

<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 Amt</u>	<u>Fund / Center</u>	<u>TOS #</u>
61577	PRODUCER – PREMIUM FD ST. JOSEPH CAPITAL BANK	71	10/02/2003	04/01/2004	1,000,000.00 1,000,000.00	1.4300 1.4300	7,229.44	6990-100400	146
61593	PRODUCER – PREMIUM FD ST. JOSEPH CAPITAL BANK	71	11/06/2003	05/06/2004	1,000,000.00 1,000,000.00	1.5000 1.5000	7,583.33	6990-100400	146
61594	PRODUCER – PREMIUM FD IRWIN UNION BANK & TRUST CO.	03	11/06/2003	02/05/2004	1,000,000.00 1,000,000.00	1.2200 1.2200	3,083.89	6990-100400	146
61611	PRODUCER – PREMIUM FD FIRST INDIANA BANK, N.A.	49	12/04/2003	06/03/2004	945,000.00 945,000.00	1.3500 1.3500	6,449.63	6990-100400	146
*****CERTIFICATE OF DEPOSIT TOTAL*****					3,945,000.00 3,945,000.00	1.3753 1.3753	24,346.29		
35919	PRODUCER – PREMIUM FD BANK OF NEW YORK	00	10/02/2003	01/15/2004	2,045,000.00 2,038,856.48	1.0300 1.0470	6,143.52	6990-100400	146
35947	PRODUCER – PREMIUM FD BANK OF NEW YORK	00	11/06/2003	02/04/2004	2,220,000.00 2,214,144.75	1.0550 1.0720	5,855.25	6990-100400	146
35950	PRODUCER – PREMIUM FD BANK OF NEW YORK	00	11/13/2003	06/09/2004	2,320,000.00 2,303,837.33	1.2000 1.2250	16,162.67	6990-100400	146
35994	PRODUCER – PREMIUM FD BANK OF NEW YORK	00	12/17/2003	06/15/2004	3,065,000.00 3,048,202.95	1.0900 1.1110	16,797.05	6990-100400	146
*****GOVERNMENT AGY DISCOUNT NOTES TOTAL*****					9,650,000.00 9,605,041.51	1.0957 1.1159	44,958.49		
*****TOTAL FOR FUND CODE*****					13,595,000.00	1.1768	69,304.78		
Date: 01/02/2004					13,550,041.51	1.1912			