

**INDIANA GRAIN INDEMNITY BOARD  
OFFICIAL MINUTES**

A meeting of the Indiana Grain Indemnity Board was called to order by Chairperson, Joseph Pearson on Thursday, June 27, 1996, at 9:00 a.m. in conference room B of the Indiana Farm Bureau Corporation Headquarters.

PRESENT: The following voting members were present:  
John Colvin                      Jerry Rulon  
Ken Klemme                      Atlee Oyler  
Roger Hadley

The nonvoting members or their representatives present were:  
Joseph Pearson, Acting Director of Indiana Commodity Warehouse Licensing Agency  
Mike Frick, representing the State Treasurer of Indiana  
Chip Garver, representing the Attorney General of Indiana

Project Manager Ron Culler was present.

ABSENT: Four voting members were absent: William Tudor, Herman Rettinger, Greg Noble, Don Villwock

RESOURCE The following resource staff was present:  
STAFF: Joe Miller                      JoAnn Verbarg  
Cresswell Hizer                      Mary McCory

MINUTES: The minutes of the May 24, 1996, board meeting were approved as written (motion from Colvin, second from Hadley).

**MOTIONS:**

The next order of business was approval of the letter to be mailed to registered grain buyers (see Exhibit A of these minutes). Klemme moved (second by Rulon) to approve the letter. After discussions the following amendments were made:

Rulon moved (second by Hadley) to amend item number 3 to state that the Agrain producer premium refund request@ forms can be duplicated. AMENDMENT PASSED.

Klemme moved (second by Rulon) that the first phrase, AAs you were previously informed@ be removed. AMENDMENT PASSED.

In the second sentence, Rulon moved (second by Colvin) to strike the word Aand@ and insert the word Auntil@ and that the phrase Aon a quarterly basis@ be deleted. AMENDMENT PASSED.

In the first sentence, Klemme moved (second by Hadley), to strike the word Aafter@ and insert the phrase Aon or after@ July 1, 1996. AMENDMENT PASSED.

Klemme moved (second by Hadley) that in item 1 the second sentence be deleted and the following language be inserted, AAlthough not required, we urge you to display this certificate in a prominent

place at your facility.@ AMENDMENT PASSED.

Klemme moved (second by Hadley) that at the end of the first paragraph, the following sentence be added, AAll remittances shall be made payable to Indiana Grain Indemnity Corporation at P.O. Box 66635, Indianapolis, IN 46266-6635@. AMENDMENT PASSED.

There being no further amendments, the main motion was voted upon and APPROVED AS AMENDED.

The next order of business was a list of four issues (included as part of these minutes as exhibit B) for the board to discuss:

Issue 1

Klemme moved (second by Rulon) that a list of registered grain buyers be compiled and upon request be made available to anyone. The date compiled be stated on the list and disclaimer language be on the list; that the list may not be inclusive and is subject to change; that a separate paragraph be inserted into the letter. MOTION PASSED.

Issue 2

After discussion on the contracts with farmers that state they are selling a service instead of a product to seed companies buying seed, it was noted that a farmer would expect the Grain Indemnity Fund to help if the seed company goes insolvent. Rulon moved (second by Colvin) that the premium be collected in this issue. MOTION PASSED.

Issue 3

After discussion, it was noted that no action was needed since the statutes covered this situation in the definition of a producer.

Issue 4

Oyler moved (second by Klemme) that the board accept payments anytime, but at least quarterly. MOTION PASSED.

Chairperson Pearson recognized Oyler who introduced Julie Minner, Second Vice President, Corporate Cash Management with NBD Bank who presented an overview of lockbox procedures (Exhibit C in these minutes). The bank would need to know how to handle several situations that could occur.

Hadley moved (second from Rulon) that:

Unsigned checks are forwarded to the State Treasurer to handle.

Post dated checks are held and sent to the State Treasurer to handle.

If there is a difference between the written amount in numbers and words that the bank goes by the written words.

If the words Apaid in full@ are on the check, the check is rejected and sent to the treasurer to handle.

That Indiana Grain Indemnity Corp. or any variation is accepted as payee.

That P.O. Box 66635, Indianapolis, IN 46266-6635 be used for quarterly reports and remittances.

MOTION PASSED.

Hadley moved (second by Klemme) that \$1000 from the registration/producer premium account be moved into lockbox account. MOTION CARRIED.

Oyler moved (second by Hadley) that the Information Order Form (see Exhibit D) is amended to add to the items, the Registered Buyers List and to change Aprogram@ to ACorp.@ MOTION CARRIED.

Rulon moved (second by Klemme) that the letter to Those Requesting a Refund Form be amended as noted in Exhibit E attached to these minutes. MOTION CARRIED.

Klemme moved (second by Colvin) to approve the amended Certificate of Registration as noted in Exhibit F of these minutes. MOTION CARRIED.

Culler reported that a list of 700 buyers has been compiled. There have been 366 registered buyers and 126 have paid. One hundred forty-five cards (second notices) have been received back as not qualifying to collect the premium. Thirty-nine of those are questionable. There are 189 firms that need follow up calls.

Next order of business was the contract for services with the Indiana State Treasurer. Klemme moved (second by Colvin) to approve the contract with the amendments on Pages 1 and 2 and the Appendix A as noted in Exhibit G of these minutes. Also included in the motion was approval for the chairperson or the secretary to have authority to sign the contract. MOTION CARRIED.

Oyler moved (second by Hadley) to approve the Indiana Grain Indemnity Corp. Information & Facts sheet as noted in Exhibit H of these minutes. MOTION CARRIED.

The news release was reviewed. Hadley moved to accept (second from Rulon). After discussion Klemme moved (second by Colvin) to amend the release as noted in Exhibit I of these minutes. MOTION CARRIED.

Next order of business was the bank resolution for the lockbox. Culler reviewed the document and explained the resolution and stated the secretary has to certify that it is a true and accurate resolution of the board. Rulon moved (second by Klemme) that the board resolves the following: that the resolution from NBD Bank is accepted and that the Treasurer of State or designee of the Treasurer of State has approval from time to time by the board and is authorized to sign on behalf of the board; further that the option four authorization of a facsimile signature is not a part of this resolution. MOTION APPROVED.

Next order of business was the Final Rule LSA Document #95-279. Culler stated it did not get published due to errors on Page 2 and Page 4 (see Exhibit J of these minutes). Klemme moved (second by Rulon) to resend the previous adoption of final rule and to reconsider the final rule. MOTION CARRIED. Rulon moved (second by Colvin) to adopt final rules as presented. MOTION ADOPTED.

Culler reported he had contacted two attorneys on the possibility of representing the Indemnity Corporation in bankruptcy courts. There will be more information at the next meeting.

Oyler reported he contacted Society Bank, Bank 1 and NBD for possible loans. NBD is only interested if they get the lockbox.

Klemme commented on the five-day notice required whenever there is a failure. It was decided that the statute determines the chairperson can make the notice.

Colvin reported the Putnam County ASCS office was not aware of the Indiana Indemnity Fund.

After a discussion regarding potential refund requests, Hadley moved (second by Rulon) that the board authorizes the treasurer to maintain a \$1000.00 balance in the checking account. MOTION CARRIED.

Klemme reported that Noble wanted audits conducted prior to October 1, 1996 and made a motion that Indiana Commodity Warehouse Licensing Agency during the month of August conducts Indemnity Fund audits during all the audits they perform under their oversight. In addition, they audit five federally licensed firms and five buyers. After Hadley=s second, the MOTION PASSED.

After discussion and the checking of calendars, it was decided the next meeting would be Tuesday, November 19, 1996. The July 18, 1996, meeting would be canceled.

There being no other business, Klemme moved (second from Hadley) that the meeting be adjourned. Meeting was adjourned at 12:55 p.m.

Respectfully submitted,  
Mary McCory

August 8, 1996  
Faxed to Greg Noble