



Farmers Protecting Farmers

- To: Indiana Grain Indemnity Corporation Board
- Subject: Board of Directors Meeting
- When: Tuesday January 26, 2016 at 1p.m. (Eastern Standard Time)
- Where: Indiana Soybean Alliance
Conference Room A & B
8425 Keystone Crossing
Indianapolis, IN 46240
- Agenda:
- Welcome
 - Roll Call – Determine Quorum
 - Board Member Terms (2 Expiring: Bill Tudor, Mike Silver)
 - Minutes of the July 30, 2015 Meeting
 - Treasurer’s Report
 - IGBWLA Director’s Report
 - Old Business
 - Informal Sounding Board Committee Formed
 - Indiana Administrative Code Update
 - Lambright Update
 - New Business
 - Update Contracts for Auditing and Collections
 - Update of Collections
 - Frequency of Collection Updates
 - Opt-Out Requests and Refunds
 - Out of State Licensee’s
 - Adjournment

INDIANA GRAIN INDEMNITY BOARD



OFFICIAL MEETING MINUTES

Chairman Lenny Carpenter called this meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 1:03 p.m. (EDT) on January 26, 2016. The meeting was held in Conference Room A & B at Indiana Soybean Alliance located at 8425 Keystone Crossing, Indianapolis, Indiana 46240.

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

PRESENT: The following voting members were present:

Bob Bischoff	Chris Cherry	Joe Kessie	Randy Kron	Ron Reichart
Mike Silver	William Tudor	Don Villwock	Grant Whaley	

The following nonvoting members or their representatives present were:

Charles L. Carpenter, Director, Indiana Grain Buyers and Warehouse Licensing Agency
Matt Light, Deputy Attorney General, representative of the Attorney General

Chairman Carpenter introduced himself to the board. L. Carpenter reminded the board that the terms for Bill Tudor and Mike Silver are expiring this year and letters will be sent out in May to reappoint or nominate a new member.

RESOURCE: The following resource staffs present were:

Heather Crockett, Deputy Attorney General, Attorney General's Office
Jeff Cummins, ISDA Program Manager of Policy and Regulatory Affairs
Ted McKinney, ISDA Director
Melissa Rekeweg, ISDA Deputy Director
Danae Wise, IGBWLA Licensing Officer
Mark Wuellner, Deputy Chief of Staff, Office of Lt. Governor

The following guests were present:

Ed Ebert, Director of Grain Marketing, Indiana Soybean Alliance
Cress Hizer, INAg LLC/IN Wheat
Greg Noble, Indiana Soybean Alliance Chief Operating Officer
John Shoup, Director of Indiana Agricultural Law Foundation, Indiana Farm Bureau
Mark Thornburg, Director of Legal Affairs, Indiana Farm Bureau

MINUTES: Chairman Carpenter stated that the minutes from the July 30, 2015 meeting had been previously distributed to the board members and asked if there were any changes. **M. Silver Motions, G. Whaley Seconds to approve the minutes. Motion Carries.**

FINANCIAL: Chairman Carpenter read the financials as of December 31, 2015, see Appendix A. The fund contained \$16,618,180.28. There has been approximately \$2,407,684.38 collected from Quarter 3 and \$1,952,161.26 collected from Quarter 4. Approximately 68 producers have opted out of the fund for approximately \$30,168.05.

DIRECTORS REPORT: Chairman Carpenter gave a directors report, see Appendix B. Chairman Carpenter mentions that the IGBWLA office is working to a few licensees who are having difficulty calculating the Indiana Grain Indemnity Fund premium correctly. Moisture Meter season will be ready to start this spring and it is expected that around 500 meters will be inspected and certified. There are no licensee failures to report for the past year and we will continue to monitor each facility closely.

OLD BUSINESS: Chairman Carpenter informs the Board that an informal sounding committee has been formed for IGBWLA. The meeting continued with Jeff Cummins of ISDA updating the Board on the administrative rule changes. Heather Crockett of the Attorney General's office updated the Board on the status of the Lambright case. There is a promissory note that is in the process of being collected that is secured by several tracks of land for approximately \$700,000. H. Crockett reviewed the options for the Board. **A motion was moved by J. Kessie to try and auction off the land and if that didn't work then they would force a foreclosure. The motioned was seconded by D. Villwock. Motion Carries.**

NEW BUSINESS: M. Wuellner gave an overview of the proposed contract between IGIC and IGBWLA, see Appendix C. This contract gives the details on how the audits should be conducted to check that elevators are submitting the producer premiums to the IGIC fund. There were questions about how much time would be invested in the audits and how much would this actually cost. D. Villwock Motions, M. Silver Seconds to table the discussion until IGBWLA has an idea of how much time these audits will take.

Chairman Carpenter asks the Board how often they would like status updates on the collection. The Board agreed that updates twice a year at the Board meetings would be enough.

Chairman Carpenter brought of a topic related to out of state licensees. Research is being done on out of state grain buyers to determine whether or not they need to collect for the IGIC fund and on what producers does it need to be held out on, if any.

ADJOURNMENT: The Chairman adjourned the meeting at 2:13 p.m.

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

Bob Bischoff	\$74.64	Michael Silver	\$104.56
Chris Cherry	\$65.84	William Tudor	\$76.40
Joe Kessie	\$163.52	Don Villwock	\$88.00
Ron Reichart	\$107.20		

D. Grant Whaley declined submitting a claim for per diem & had no claim for travel.
Randy Kron declined submitting a claim for per diem & had no claim for travel.

**INDIANA GRAIN INDEMNITY CORPORATION
BALANCE SHEET
4/30/2016**

ASSETS

Cash	\$ 2,966,072.65
Investments	<u>20,210,251.12</u>
Total Assets	<u>\$ 23,176,323.77</u>

LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$ 23,176,323.77</u>
Total Liabilities and Fund Balance	<u>\$ 23,176,323.77</u>

**INDIANA GRAIN INDEMNITY CORPORATION
STATEMENT OF OPERATIONS
FOR THE TEN MONTHS ENDING APRIL 30th, 2016**

Revenues:

Investment Interest	\$ 38,957.20
Grain Failure Recoveries	-
Producer Premium Revenue	8,898,877.81
Producer Premium Refund	<u>(49,129.06)</u>
Total Revenues	\$ 8,888,705.95

Expenses:

Failure Reimbursement	\$ -
Travel / Per Diem	1,246.08
Supplies	-
Bank Fees	612.91
Legal Fees	-
Total Expenses	\$ <u>1,858.99</u>

Net Income/(Expense) \$ 8,886,846.96

Fund Balance, 7/01/15 \$ 14,289,476.81

Current Fund Balance \$ 23,176,323.77

Fund List: Type = TF
From 05/01/2016 thru 12/31/2075

Inv No	Investment # Institution	Cusip	CO	Purchase Date	Maturity Date	Par Original Cost	Coupon Yield	Interest Amount	Fund	TOS #
63637	PRODUCER-PREMIUM FD. MERCHANTS BANK OF INDIANA		68	01/28/16	07/28/16	\$500,000.00 \$500,000.00	0.4500 .4500	\$1,137.50	75111	146
63639	PRODUCER-PREMIUM FD. LAKE CITY BANK		43	02/18/16	08/18/16	\$1,000,000.00 \$1,000,000.00	0.8000 .8000	\$4,044.44	75111	146
63640	PRODUCER-PREMIUM FD. FARMERS BANK		12	02/25/16	08/25/16	\$700,000.00 \$700,000.00	0.5500 .5500	\$1,946.39	75111	146
63648	PRODUCER-PREMIUM FD. PROVIDENCE BANK		99	03/24/16	06/23/16	\$500,000.00 \$500,000.00	0.4000 .4000	\$505.56	75111	146
*****	CERTIFICATE OF DEPOSIT TOTAL	*****				\$2,700,000.00 \$2,700,000.00	0.5963 0.5963	\$7,633.89		
44559	PRODUCER-PREMIUM FD. BANK OF NEW YORK	912796JF7	00	02/11/16	08/11/16	\$1,000,000.00 \$998,003.06	0.3950 .4010	\$1,996.94	75111	146
*****	TREASURY BILL TOTAL	*****				\$1,000,000.00 \$998,003.06	0.3950 0.4010	\$1,996.94		
44240	PRODUCER-PREMIUM FD. BANK OF NEW YORK	31315KXR6	00	07/07/15	06/03/16	\$1,000,000.00 \$997,233.33	0.3000 .3050	\$2,766.67	75111	146
44367	PRODUCER-PREMIUM FD. BANK OF NEW YORK	31315KYV6	00	10/02/15	07/01/16	\$1,000,000.00 \$997,649.17	0.3100 .3150	\$2,350.83	75111	146
*****	GOVERNMENT AGY. DISCOUNT NOTES TOTAL	*				\$2,000,000.00 \$1,994,882.50	0.3050 0.3100	\$5,117.50		
44184	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A3J70	00	06/12/15	11/23/16	\$1,000,000.00 \$1,000,000.00	0.6750 .5600	\$9,937.50	75111	146

Fund List: Type = TF
From 05/01/2016 thru 12/31/2075

Inv No	Investment # Institution	Cusip	CO	Purchase Date	Maturity Date	Par Original Cost	Coupon Yield	Interest Amount	Fund	TOS #
44189	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A5FK0	00	06/17/15	11/28/16	\$1,000,000.00 \$999,750.00	0.6000 .7300	\$8,833.33	75111	146
44222	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A5MW6	00	06/30/15	06/30/17	\$1,000,000.00 \$1,000,000.00	0.5000 1.0000	\$10,152.78	75111	146
44229	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3132Z0AZ4	00	07/01/15	07/01/16	\$1,000,000.00 \$1,000,000.00	0.4000 .4000	\$4,066.67	75111	146
44283	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A2T97	00	07/27/15	09/28/16	\$1,000,000.00 \$1,000,000.00	0.5000 .4400	\$5,958.33	75111	146
44408	PRODUCER-PREMIUM FD. BANK OF NEW YORK	459058DS9	00	11/04/15	10/14/16	\$2,000,000.00 \$2,000,000.00	0.6250 .5400	\$11,979.17	75111	146
44412	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A6ZZ9	00	11/04/15	07/28/17	\$1,500,000.00 \$1,504,505.00	1.2500 .9100	\$32,916.67	75111	146
44434	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A6ZZ9	00	11/13/15	11/15/16	\$1,000,000.00 \$1,007,473.61	1.3750 .6200	\$14,055.56	75111	146
44538	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3136G06J5	00	01/26/16	12/06/18	\$1,000,000.00 \$1,003,518.89	1.0000 1.6200	\$29,027.78	75111	146
44539	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134G62E2	00	01/26/16	05/25/18	\$1,000,000.00 \$1,002,118.06	1.2500 1.2500	\$29,513.89	75111	146
44554	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3133EFKM8	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	3130A7BT1	00	02/26/16	02/26/21	\$1,000,000.00 \$1,000,000.00	1.7300 1.7300	\$87,797.50	75111	146
44577	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134G8LN7	00	02/26/16	02/26/19	\$1,000,000.00 \$1,000,000.00	0.5000 1.8620	\$15,222.22	75111	146
***** GOVT AGENCY COUPONS TOTAL *****										
									<u>\$271,748.34</u>	

Fund List: Type = TF
 From 05/01/2016 thru 12/31/2075

Inv No	Investment # Institution	Cusip	CO	Purchase Date	Maturity Date	Par Original Cost	Coupon Yield	Interest Amount	Fund	TOS #
						\$14,517,365.56	0.9288			
						\$20,200,000.00	0.7416			
						\$20,210,251.12	0.7969	\$286,496.67		

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

**INDIANA GRAIN BUYERS & WAREHOUSE LICENSING AGENCY**

Governor Michael R. Pence

Lt. Governor Sue Ellspermann, Secretary of Agriculture and Rural Development

Ted A. McKinney, Director of Agriculture

Lenny Carpenter, Director of Indiana Grain Buyers and Warehouse Licensing Agency

Director's Report

➤ Communications and Messaging

We have experienced some frustrations with folks not opening or reading their mail. There were some grain buyers that said they knew nothing about collections for the indemnity fund until they received their remittance request form from our office. We had mailed an information piece regarding changes in the legislative session affecting licensing fees, moisture meter fees and the acknowledgement to begin collecting the indemnity fund premiums July 1st at the end of May as a reminder to all. We have resolved most of these issues and only have a few to wrap up now. Moisture meter application fees questions have taken the bulk of our time this month. (Those mailings took place at the end of the year). We will continue to work through these issues on a daily basis. Our staff is also scheduled to be a part of a rapid improvement event for moisture meters next week to improve our efficiency and effectiveness in the entire process.

➤ IGBWLA Staffing

The Audit Supervisor role is still open as we continue to evaluate the need for this position. Our Licensing Officer, Ms. Danae Wise is now officially listed as Danae Schneck after her marriage October 9, 2015. As we all adjust (especially me), please do not list her emails to you as spam. Our two newest field auditors have each completed their training and are now boots on the ground and ready to go. We have seven field auditors currently throughout the state.

➤ Inspect and certify moisture meters

Our team is anxiously anticipating moisture meter season this spring. Our best guess today is that we will be asked to inspect and certify over 500 moisture meters this year.

➤ Another year in the books

No licensee failure to report for the past year is good news to deliver to one and all. However, the problems in Southern Indiana remind us all just how narrow the margins are between success and failure. We continue to monitor each licensee and to question those previously licensed or not licensed at all when questions arise to their business practices. By remaining vigilant in these efforts our hope is to maintain the integrity and stability of the grain industry for all Hoosiers.

AGREEMENT FOR SERVICES

This AGREEMENT FOR SERVICES (the "Agreement") is made and entered into by and between Indiana Grain Indemnity Corporation ("IGIC") and Indiana Grain Buyers and Warehouse Licensing Agency ("Agency").

Recitals

WHEREAS, the Indiana Grain Indemnity Fund (the "Fund") was created in 1995 to protect farmers from major financial losses in the event of a licensed grain buyer failure;

WHEREAS, IGIC oversees and administers the Fund and the Agency manages the indemnity program;

WHEREAS, IGIC collects funds from grain buyers for the purposes of funding the Fund;

WHEREAS, during the 2015 General Assembly of the Indiana State Legislature, House Bill 1549 (the "Act") was signed into law, under which the minimum amount required to be in the Fund was raised to \$25 million to ensure that farmers have adequate financial protections in the event of a licensed grain buyer failure;

WHEREAS, at the time HB 1549 was enacted, the Fund contained approximately \$14 million;

WHEREAS, on or about July 1, 2015 IGIC started collecting premiums from licensed grain buyers to remit to the Fund ("Producer Premiums") and will continue that process until the Fund reaches \$25 million; and

WHEREAS, IGIC desires to contract with the Agency to provide collection, refund and auditing services to ensure that all owed Producer Premiums are being collected and that grain sellers opting out of the Fund receive a refund of Producer Premium (the "Services").

NOW, THEREFORE, in consideration of the promises, the mutual covenants and agreements herein contained, and other valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties do hereby covenant and agree as follows:

1. SERVICES TO BE PERFORMED.

Since the time of the enactment of the Act, Agency has performed the following Services, and will continue to perform such Services throughout the Term (as such term is defined in Section 4) of this Agreement:

- a) Services related to collection of Producer Premiums:
 1. Accept and process remittances of premiums and the corresponding documents.
 2. Keep an accurate accounting for the funds deposited.
 3. Maintain records showing the grain buyers who remitted the Producer Premiums, the grain buyer's addresses, the date the premium was received, and the amount of the premium.
- b) Services related to the auditing of Producer Premiums:
 1. Conduct audits of the records of grain buyers to determine compliance with the Act under an audit schedule determined by Agency.
 2. Determine whether an audited grain buyer is, based on the records reviewed, in compliance with the remittance requirements of the Act.
 3. Retain according to the terms of Agency's records retention schedule documents supporting the audit.

- c) Services related to refunds of Producer Premiums:
 - 1. Receive producer requests for refunds of Producer Premiums.
 - 2. Verify eligibility of person making refund request.
 - 3. Verify the completeness and accuracy of the refund request.
 - 4. Gather information necessary to complete the refund form.
 - 5. Issue a refund check on eligible and complete requests.
 - 6. Maintain records related to refund requests.
- d) Provide written reports to IGIC regularly scheduled board meetings on the services performed under this Section 1, or more frequently as reasonably requested by IGIC.

2. CONSIDERATION.

In consideration for performance of the Services, IGIC shall pay Agency \$75.00 per hour of staff time. Agency shall submit invoices for Services performed during the Contract and for Services provided from the time of enactment of the Act through the date of this Agreement, and IGIC shall pay Agency within thirty (30) days of receipt.

3. INDEPENDENT AGENCY.

Agency shall at all times be deemed to be an independent contractor. Nothing contained in this Agreement shall be construed as creating the relation of employer and employee, agent or joint venturer between Agency and IGIC. IGIC acknowledges that this Agreement with Agency is a non-exclusive contract for providing services to IGIC.

4. TERM.

The term of this Agreement is effective as of January 26, 2016 and shall expire on December 31, 2017, unless earlier terminated in accordance with Section 5 below (the "Term").

5. TERMINATION.

- a) Either party shall have the right, with or without cause, to terminate this Agreement by providing the other party thirty (30) days prior written notice.
- b) Either party shall have the right to terminate this Agreement should the other party default in its obligations under this Agreement, and either fail to correct such default within thirty (30) days after receipt of written notice specifying same.
- c) IGIC shall pay Agency for services properly rendered or substantially completed prior to the effective date of termination.
- d) This Agreement may be suspended and/or terminated immediately if either party has breached, defaulted, or committed fraud under this Agreement or another agreement between IGIC and Agency. Further, either party's breach or default of other agreements or obligations related to this Agreement shall constitute a material breach of this Agreement.

6. COMPLIANCE WITH LAWS.

Both parties shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Agreement shall be reviewed by Agency and IGIC to determine whether the provisions of this Agreement require formal modification.

7. LIMITATION OF LIABILITY.

Neither Agency nor IGIC shall be liable to the other for any consequential, exemplary, special, incidental or punitive damages including, without limitation, lost profits, even if such damages are foreseeable or the damaged party has been advised of the possibility of such damages and regardless

of whether any such damages are deemed to result from the failure or inadequacy of any exclusive or other remedy.

8. ASSIGNMENT.

Neither party shall assign this Agreement without the prior written consent of the other party.

9. MODIFICATIONS.

This Agreement may not be modified, supplemented, or amended, except by a written agreement signed by both parties.

10. DISPUTES.

Should any disputes arise with respect to this Agreement, IGIC and Agency agree to act immediately to resolve such disputes. Time is of the essence in the resolution of disputes.

11. FORCE MAJEURE.

In the event that either party is unable to perform any of its obligations under this Agreement or to enjoy any of its benefits because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall give reasonable notice to the other party and shall use reasonable efforts to resume performance. Upon receipt of such notice, all obligations under this Agreement shall be immediately suspended. If the period of nonperformance exceeds sixty (60) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Agreement.

12. TAXES.

Agency is exempt from most state and local taxes and many federal taxes. Agency will not be responsible for any taxes levied on IGIC as a result of this Agreement.

13. ORDER OF PRECEDENCE; INCORPORATION BY REFERENCE.

Any inconsistency or ambiguity in this Agreement shall be resolved by giving precedence in the following order: (1) this Agreement, (2) any Scope(s) of Work, (3) attachments prepared by Agency, and (4) attachments prepared by IGIC. All attachments, and all documents referred to in this paragraph are hereby incorporated fully by reference.

14. ENTIRE AGREEMENT.

This Agreement and all Exhibits hereto contain the entire Agreement between the parties with respect to the matters covered herein. This Agreement cannot be modified except in writing signed by both parties.

15. SEVERABILITY.

If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be illegal or otherwise unenforceable, that finding shall not invalidate the whole of this Agreement, or the remaining sections, subsections, clauses or provisions of this Agreement.

16. WAIVER.

The failure of any party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. To be in force and enforceable, any specific waiver must be in writing and must be signed by both parties.

17. NOTICES.

All notices and other communications hereunder to Agency shall be in writing and shall be deemed to be given if delivered personally, by facsimile transmission, registered or certified mail (return receipt requested), postage prepaid, or deposited for overnight delivery with a reputable overnight delivery service, such as Federal Express, to Agency at:

Indiana Grain Buyers and Warehouse Licensing Agency
Attn: Licensing Officer
1 North Capitol Ave.
Suite 600
Indianapolis, IN 46204

All notices and other communications hereunder to IGIC shall be in writing and shall be deemed to be given if delivered personally, by facsimile transmission, registered or certified mail (return receipt requested), postage prepaid, or deposited for overnight delivery with a reputable overnight delivery service, such as Federal Express, to the following IGIC Board member who shall receive service on behalf of IGIC:

18. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the state of Indiana, and suit, if any, must be brought in courts located in Marion County, Indiana.

19. AUTHORITY TO BIND.

The person signing for each party represents that he/she has been duly authorized by such party to sign this Agreement and has obtained all necessary or applicable approvals to make this Agreement fully binding upon the party when his/her signature is affixed, and accepted by the other party.

20. COUNTERPARTS.

This Agreement may be executed in any number of counterparts and any party hereto may execute any counterpart, each of which, when executed and delivered, will be deemed to be an original and all of which counterparts, when taken together, will be deemed to be but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

NON-COLLUSION AND ACCEPTANCE

The undersigned attests, subject to the penalties for perjury, that he/she is IGIC, or that he/she is the properly authorized representative, agent, member or officer of IGIC, that he/she has not, nor has any other member, employee, representative, agent or officer of IGIC, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized representatives as of the day and year indicated below.

Indiana Grain Buyers and Warehouse Licensing Agency

Indiana Grain Indemnity Corporation

By: _____

By: _____

Printed: _____

Printed: _____

Its: _____

Its: _____

Date: _____

Date: _____

CONTRACT FOR SERVICES

[COPY]

THIS CONTRACT is made and entered into by and between the Indiana Grain Indemnity Corporation, as established by Public Law 250-1995 (hereinafter referred to as the "Corporation") and the State of Indiana acting by and through the Treasurer of State (hereinafter referred to as the "Treasurer"). The parties to this Contract, in consideration of the mutual covenants, obligations, and stipulations set forth herein, witnesseth that and agree as follows:

1. Term of Contract

The term of this Contract shall be from July 1, 1996 until June 30, 1997 (hereinafter referred to as the "Expiration Date"), unless sooner terminated as described in this Contract.

2. Purpose of Contract

This Contract is to establish the terms under which the Treasurer shall provide to the Corporation certain services connected with the operation of the Indiana Grain Indemnity Program which is administered by the Corporation.

3. Duties and Responsibilities of the Treasurer

The Treasurer shall provide the following services:

A. Collection of Producer Premiums:

1. Accept and process remittances of premiums and the corresponding documents through a lockbox established by the Corporation.
2. Keep an accurate accounting of the funds deposited through the lockbox.
3. Maintain records showing the grain buyer who remitted the producer premiums, the grain buyer's address, the date the premium was received, and the amount of the premium.

B. Processing of Refunds:

1. Receive producer requests for refunds.
2. Verify the eligibility of person making the refund request.
3. Verify the completeness and accuracy of the refund request.
4. Gather information necessary to complete the refund form.
5. Issue a refund check on eligible and complete requests.
6. Entry of information of the refund request in a database.

C. Accounting of Funds:

1. Manage the Producer Premium Fund by investing the money received to the Fund in investments allowable under the investment laws of the State of Indiana to maximize the return to the Fund.
2. Manage the Operating Account by maintaining an adequate balance for operating expenses and refunds, reconcile account activity, and transfer excess balances to the Producer Premium Fund.

D. Data Collection Software:

1. Develop software in accordance with the specifications and to the standards provided by the Corporation. Such software shall include:
 - a. Database of registered grain buyers by company and facility.
 - b. Database of persons requesting and receiving refunds of premiums paid.
 - c. Operating system that process refund checks.
 - d. Operating system that issues IRS Form 1099.
 - e. Operating system that produces the following reports:
 1. Account balances
 2. Remittances received
 3. Refunds processed
 4. Registered grain buyers
 5. Producers requesting and receiving refunds
 6. Listing of producers who received 1099's
 7. Comparison of remittances and refunds

E. Reports:

1. The Treasurer shall provide reports to the Corporation on a monthly basis or as requested by the Corporation.

4. Duties and Responsibilities of the Corporation

The Corporation shall:

- A. Reimburse the Treasurer for any supplies needed in order to perform the requirements specified herein.
- B. Provide payment to the Treasurer, on a monthly basis, upon presentment of an itemized statement for services and supplies.
- C. Provide assistance in the operation of the program for those services to be performed by the Treasurer.

5. Compensation of the Treasurer by the Corporation

The Treasurer shall be compensated for the term of this contract in accordance with amount and on the schedule identified on Appendix A attached hereto and incorporated herein.

6. Governing Laws

This Contract shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

7. Compliance With Laws

The parties agree to comply with all applicable Federal, State and local laws, rules, regulations, or ordinances, and all provisions required thereby are herein included and incorporated by reference. The enactment of any State or Federal statute or the promulgation of regulations thereunder after execution of this Contract shall be reviewed by the parties to determine whether the provisions of the Contract require formal amendment.

8. Termination of Contract

This Contract may be terminated by either party providing ninety (90) days prior written notice. Upon termination, the Treasurer shall be compensated for services provided.

9. Penalties/Interest/Attorney's Fees

The Treasurer will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as authorized by Indiana Law, in part, I.C. 5-17-5-1, I.C. 34-2-22-1 et. seq. and I.C. 34-4-16-1.1 et. seq.

10. Indemnification

The Corporation agrees to indemnify, defend, and hold harmless the Treasurer and the Treasurer's agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Corporation.

11. Independent Contractor

Both parties hereto, in the performance of this Contract, will be acting in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. The parties will not assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees, or subcontractors of the other parties.

12. Notice to Parties

Notice, statement, or other communications between the parties shall be sent to the following address, unless otherwise specifically advised.

A. Notices to the Corporation shall be sent to:

Indiana Grain Indemnity Corporation
ISTA Center, Suite 414
150 West Market Street
Indianapolis, IN 46204

B. Notices to the Treasurer shall be sent to:

Treasurer of State
Statehouse Room 242
Indianapolis, IN 46204

C. Payments to the Treasurer shall be sent to:

Treasurer of State
Statehouse Room 242
Indianapolis, IN 46204

13. Authority to Bind

Notwithstanding anything in this Contract to the contrary, the signatory for the parties represent that they each have been duly authorized to execute Contracts on behalf of the respective parties.

14. Severability

The invalidity of any section, subsection, clause or provision of this Contract shall not affect the validity of the remaining sections, subsections, clauses or provisions of the Contract.

15. Remedies Not Impaired

No delay or omission of the parties to this Contract in exercising any right or remedy available under this Contract shall impair any such right or remedy, or constitute a waiver of any default or any acquiescence thereto.

16. Access to Records

The Corporation shall have full access to the records of the Treasurer that pertain to the performance of this Contract and the Treasurer shall make such records available at the Treasurer's office at all reasonable times during the Contract period, for inspection by the Corporation.

17. Assignment

This Contract may not be assigned by either party without the prior written consent of the other party to this Contract.

18. Successors and Assignees

This Contract shall be binding on the parties, their successors or assigns.

19. Force Majeure; Suspension and Termination

In the event that either party is unable to perform any of its obligations under this Contract or to enjoy any of its benefits because of (or if failure to perform the services is caused by) natural disaster, actions or decrees of governmental bodies or communication line failure not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so effected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Contract shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may by giving written notice terminate this Contract.

20. Renewal Option

This Contract may be renewed for one full year subject to the approval of the parties and all other appropriate State agencies and the renegotiation of the fee to be paid to the Treasurer for providing the services specified herein.

21. Substantial Performance

This Contract shall be deemed to have been substantially performed only when fully performed according to its terms and conditions and any modification thereof.

22. Waiver of Rights

No right conferred on either party under this Contract shall be deemed waived and no breach of this Contract excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

23. Confidentiality of State Information

The Treasurer understands and agrees that data, materials and information disclosed to the Treasurer may contain confidential and protected data; therefore, the Treasurer promises and assures that data, material, and other information gathered, based upon or disclosed to the Treasurer for the purpose of this Contract will not be disclosed to others.

24. Confidentiality of Data, Property Rights in Products, and Copyright Prohibition

The Treasurer further agrees that all information, data, findings, recommendations, proposals, etc., by whatever name described and by whatever form therein, secured, developed, written, or produced by the Treasurer in furtherance of this Contract shall be the property of the Corporation and that the Treasurer shall take such action as is necessary under law to preserve such property rights in and of the Corporation while such property is within the control and/or custody of the Treasurer. By this Contract the Treasurer specifically waives and/or releases to the Corporation any cognizable property right in the Treasurer or the State to copyright or patent such information, data, findings, recommendations, proposals, software, etc.

25. Ownership of Documents and Materials

All documents, records, programs, data, film, tape, articles, memos and other materials developed under this Contract will be the property of the Corporation. Use of these materials other than related to Contract performance by the Treasurer without prior written consent of the Corporation is prohibited. During the performance of the services specified herein, the Treasurer shall be responsible for any loss or damage to these materials developed for or supplied by the Corporation and used to develop or assist in the services provided herein, while they are in the possession of the Treasurer and any loss or damage thereto shall be restored at the Treasurer's expense. Full, immediate and unrestricted access to the work product of the Treasurer during the term of this Contract shall be available to the Corporation.

26. Disputes

Should any disputes arise with respect to this Contract, the parties agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

The Treasurer agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Contract which are not affected by the dispute.

WITNESS WHEREOF, the parties hereto have executed this Contract on the dates entered below.

TREASURER OF THE STATE OF INDIANA

INDIANA GRAIN INDEMNITY CORPORATION

Joyce Brinkman

Joseph R. Pearson

Joyce Brinkman

JOSEPH R. PEARSON, CHAIRMAN

Printed Name & Title

Printed Name & Title

DATE: 7-10-1996

DATE: July 5, 1996

APPROVED

BY: _____
WILLIAM SHREWSBERRY, COMMISSIONER
THE DEPARTMENT OF ADMINISTRATION

DATED: _____

APPROVED

BY: _____
KATHERINE L. DAVIS,, DIRECTOR
THE STATE BUDGET AGENCY

DATED: _____

APPROVED AS TO FORM AND LEGALITY

BY: _____
PAMELA CARTER
ATTORNEY GENERAL OF THE STATE OF INDIANA

DATED: _____

APPROVED AND RATIFIED

APPENDIX A

ANNUAL EXPENSE	OBJECT	PAYMENT BASIS
\$30,700.00	Personnel	Monthly
\$700.00 (COST NOT TO EXCEED)	File Cabinets	Statement
\$5,000.00	Software Development	*
<u>\$600.00</u>	Software Maintenance	Monthly
\$37,000.00 (TOTAL COST)		

* 50% of the total agreed cost for software development shall be paid within 30 days of the Corporation receiving an invoice from the Treasurer after July 1, 1996; 25% of the total agreed cost of software development within 30 days of the Corporation receiving an invoice from the Treasurer after data collection procedures meet the requirements of the Corporation; and 25% of the total agreed cost of software development within 30 days of the Corporation receiving an invoice from the Treasurer after the report generation procedures meet the requirements of the Corporation.

ELP

FEE SCHEDULE

The following fee schedule shall be used to determine the compensation to the Agency for completion of the specified audit. The actual amount to be paid by the board shall be specified on an invoice submitted to the board by the Agency.

Fee for a random audit of a state licensed facility conducted by the Agency at the time of an Agency audit:

Staff time \$33.00 per hour

Estimated time for audit 2 hours and for reporting 1.5 hours

Fee for a complaint investigation audit of a state licensed facility conducted by the Agency at the time of an Agency audit:

Staff time \$33.00 per hour

Estimated time for audit 3 hours and for reporting 1.5 hours

Fee for a complaint investigation audit of a state licensed facility conducted by the Agency when not scheduled to be at the facility to conduct an Agency audit:

Staff time \$33.00 per hour

Travel time \$43.00 per hour

Estimated time for audit 3 hours and for reporting 1.5 hours, travel time will vary.

Fee for a random audit of a non-state licensed facility:

Staff time \$33.00 per hour

Travel time \$43.00 per hour

Estimated time for audit 4 hours and for reporting 1.5 hours, travel time will vary.

Fee for a complaint investigation audit of a non-state licensed facility:

Staff time \$33.00 per hour

Travel time \$43.00 per hour

Estimated time for audit 5 hours and for reporting 1.5 hours, travel time will vary.

Staff time includes but is not be limited to the following:

- a. review of the records
- b. auditor's report generation
- c. pre and post audit interviews
- d. report to Corporation generation
- e. correspondence preparation