



One North Capitol Avenue, Suite 600
Indianapolis, IN 46204
(317) 232-1360
<https://www.in.gov/isda/2352.htm>

UNAPPROVED BOARD OF DIRECTORS MEETING MINUTES

DISCLAIMER: *The following minutes of the Indiana Grain Indemnity Corporation Board of Directors meeting held on Monday, November 22, 2021, are a preliminary draft of the general substance that was proposed, discussed, and/or decided during the meeting. These minutes are not yet approved and are subject to revision.*

Date: Monday, November 22, 2021

Time: 1:00 PM EST

Location: Indiana Soybean Alliance Building
1st Floor Conference Rooms A-C
8425 Keystone Crossing
Indianapolis, IN 46240

Type: Public Meeting

Notice Posted in Advance: Yes

Quorum: Satisfied

Meeting Attendees

Voting Members of the Board Present:

Mr. Mike Buis
Mr. Joe Caffee
Mr. Jim Douglas
Mr. Dave Howell
Mr. Randy Kron
Mr. Ron Reichart
Mr. Peter Schram
Mr. Mike Silver

Non-Voting Members of the Board Present:

Ms. Kelly Mitchell – represented by Mr. Duane Jasheway
Mr. Todd Rokita – represented by Mr. Philip Gordon
Mr. Harry Wilmoth

Members of the Board Absent:

Mr. Kevin Underwood
Ms. Taylor Griswold-Weigle

Resource Staff:

Ms. Aubrey Bush, Operations Specialist, Indiana Grain Buyers & Warehouse Licensing Agency
Ms. Heather Crockett, Section Chief, Office of the Attorney General – via Teams
Ms. Leah Harmon, Director of Information Systems, Indiana State Department of Agriculture – via Teams
Ms. Shelby Huff, Policy & Regulatory Affairs Program Manager, Indiana State Department of Agriculture
Mr. Bruce Kettler, Director, Indiana State Department of Agriculture
Mr. Kyle Kramer, Compliance Officer, Indiana Grain Buyers & Warehouse Licensing Agency
Ms. Katie Nelson, Director of Legislative Affairs, Indiana State Department of Agriculture – via Teams
Mr. Jordan Seger, Deputy Director, Indiana State Department of Agriculture – via Teams
Mr. Kyle Shephard, Deputy Director of Compliance, Indiana Grain Buyers & Warehouse Licensing Agency
Mr. David Vian, Compliance Officer, Indiana Grain Buyers & Warehouse Licensing Agency
Ms. Amanda Williams, Deputy Director of Licensing, Indiana Grain Buyers & Warehouse Licensing Agency

Guests:

Mr. John Baugh, Director of Ag Services Regulations, Purdue University, College of Agriculture
Ms. Amy Cornell, President, Agribusiness Council of Indiana
Mr. Jeff Cummins, Associate Director for Policy Engagement, Indiana Farm Bureau – via Teams
Ms. Leslie Douglass – via Teams
Mr. Dennis Henry, Compliance and Accounting Manager, Indiana Soybean Alliance
Mr. Cress Hizer, Principal, INAg, LLC
Mr. Steve Howell, Senior Director of Industry Affairs, Indiana Soybean Alliance

Ms. Courtney Kingery, Chief Executive Officer, Indiana Soybean Alliance
Mr. Joe Miller, General Counsel, Rose Acre Farms
Mr. Mark Thornburg, Executive Director Legal Affairs, Indiana Farm Bureau
Mr. Nathaniel Warenski, REE-NASS – via Teams

Call to Order: 1:05 PM EST

Roll Call: Bush conducts roll call that identifies eight (8) voting members and three (3) non-voting members of the board to be physically present.

Quorum: Wilmoth states the required quorum of six (6) voting members is met.

Chairman's Welcome: Wilmoth welcomes all attendees to the public board meeting. He verifies the public access link to view today's meeting is posted on the IGIC Meetings, Minutes, and Financials section of the Indiana Grain Indemnity Corporation's ("Corporation") website along with today's meeting agenda.

Review of Previous Board Meeting Minutes: Wilmoth states the minutes from the public board meeting held on Thursday, July 22, 2021, had been previously distributed to all members of the Board of Directors ("Board") and asked if any amendments to the minutes need to be made.

- Discussion on the matter is as follows:
 1. Silver: Page 6, paragraph 5, Reichart's comment should be "valid" instead of "vailed."Wilmoth: The spelling will be corrected.

Motion made by Howell to approve the previous meeting minutes as amended.
Seconded by Reichart and passed without dissent.

Review of Previous Board Executive Session Memorandum: Wilmoth states the memorandum from the executive session held on Thursday, July 22, 2021, had been previously distributed to all members of the Board and asked if any amendments to the memorandum need to be made.

Motion made by Silver to approve the previous executive session memorandum as written.
Seconded by Reichart and passed without dissent.

Indiana Grain Indemnity Fund: Wilmoth provides an update on the Indiana Grain Indemnity Fund ("Fund"). As of October 31, 2021, the Fund's total balance is \$31,735,366.46 comprised of cash and investments. This balance accounts for a \$747,397.37 expense for five (5) partial payments related to the Salamonie Mills, Inc., grain failure approved by the Board during its July 22, 2021, meeting. Wilmoth also explains the Indiana Grain Buyers and Warehouse Licensing Agency ("Agency") continues to work through twelve (12) petitions for review in the Salamonie Mills, Inc., grain failure. Depending on the outcome of these petitions and based on the Agency's Findings of Fact and Final Order as issued on October 26, 2020, the Agency currently estimates the Fund will need to issue at least an additional \$2.1 million to nine (9) of the twelve (12) petitioners.

Agland Grain, Inc., Grain Failure: Wilmoth provides an update on the Agland Grain, Inc., grain failure. To date, the Board has approved and issued \$643,508.98 in partial payments to thirty-five (35) proven claimants. Of all partial payments issued, approximately ninety-seven (97) percent of the checks have already been deposited by eligible claimants. The Agency continues to work through one (1) petition for review related to this matter. Once this petition is closed, the Agency will be able to make its final determinations for this grain failure. At this time, the Agency does not anticipate a request for the Fund to issue any additional payments and will utilize proceeds to issue final payments.

Salamonie Mills, Inc., Grain Failure: Wilmoth provides an update on the Salamonie Mills, Inc., grain failure. To date, the board has approved and issued \$4,515,708.53 in partial payments to 119 proven claimants. Of all partial payments issued, approximately ninety-nine (99) percent of the checks have already been deposited by eligible claimants. The Agency continues to work through twelve (12) petitions for review related to this matter. If these petitioners are unsuccessful, nine (9) of them are still eligible for certain compensation as stated in the Agency's Findings of Fact and Final Order issued on October 26, 2020, once they are no longer in disagreement with the Agency. Under this scenario, the Agency estimates a request to the Fund for approximately \$2.1 million for the nine (9) eligible petitioners.

IGBWLA Performance Review:

- Seger presents to the Board the Performance Review Update for IGIC document.
Seger: Just wanted to pick back up on the Agency Performance Review discussion that we spoke about last board meeting in July. The scope of work document in front of you is a two-page document that I would like to review with you. Let's start with the first page, which is kind of the background. I wanted to do a quick review of what brings us to this discussion, essentially the new legislation is requiring that we perform this performance review, potentially an audit, conducted by a third party, that we would pay to look at processes and procedures within the Agency and then make recommendations to us to incorporate any of those changes for the goal of increased efficiency operating, for the fund, etc. The last bullet point on that was shared with you all on the background portion, is a very lengthy bureaucratic process for procurement, especially when you cross that \$75,000, we get into a whole different process on procurement. In July, you asked us to get a better understanding of a scope of work and cost, we threw out some rather large dollar ranges, and you tasked us to gather some more information, and that is what brings us here today. We are still on page one (1) of the update area. We have worked with two (2) vendors, that are well known in the Ag and auditing industries. Really these discussions are just to get a better idea of what a scope of work would look like and then the related costs, to carry out that scope of work. Second bullet there, really kind of based upon this research, preliminary information from these discussions with these two vendors. Thankfully the cost looks to be below that \$75,000 threshold, really the two discussions with these two companies that we had, we are looking at between the \$40,000 to \$65,000 of work. As you see in bold there, there is no guarantee of that as we go through this process. In the scope of work that I will refer more to page two (2) here in a moment, as we look at a blended scope of work. How we went about this was combining these discussions that we had with these two companies and kind of blend together what this project would look like. This is what we are going to go over and request your feedback on the scope of work, and then push the scope of work out to four (4) different companies, two of which we have already talked to, and two (2) new ones. Send the scope of work out and say to the company this is the project we need to get done, you have seven (7) days to give us back your review and budget if you are interested in working with us on this. So, once we get those bids back, we are hoping to see them all come under that \$75,000, and then would continue through that process. The last bullet there on page one (1), is kind of our request to you all, for your consideration, is input on this, what we would call, starter scope of work which continues on page two (2), and continue to move down this road. Send this starter scope of work out to these four (4) potential companies right after the holiday, and then item two (2), looking for your input, once we get all these bids back, and comments on the scope of work from these four (4) companies, we will put together an evaluation team, if you will, to look at all those bids and the information from the companies, but we are hoping that you all can identify a few members, perhaps two members of the Board, that would be part of that evaluation team, and we would just need to be cognizant of any open door laws or that sort of thing, that is why it is important to meet quorum, so that we can continue this work, and then once we put together that team, basically we will have you all fill out

the paperwork, etc. We had discussed in July, the idea of helping cover cost from the Indemnity Fund, it is an option that the legislator had given, they did not assign any dollars with this mandate, but that was an option that was given, that the Indemnity Fund can pay for some of this work, and again at this stage in the game we are looking at that \$40,000 to \$65,000 range to get this done. I will turn to the second page here, titled starter scope of work. Again, we blended the scope of works from these two (2) companies that we worked with to get at the end game here, and an end product that will benefit the Agency. At the very end of that page, there are some items for consideration. Just want everybody to be on the same page here, that while we are hiring an independent group to go do this, this will likely be a very, very, very large time commitment on the part of Harry and the team. These auditing companies are good, but they have never delved into this space, so it is going to take some time for them to get the Grain Buyer 101 done, and that is going to mean setting down with Harry and team to just get the overview, let alone to look at its files and procedures, though we may see a dollar figure for this to come in under \$75,000, I just want to make it known, that we will be looking for a good end product, and will likely contribute a lot of Harry and team time to this, also dealing with short staffing and all the other current work load, just need to have that consideration. We will work through any kind of file access, security, and privacy issues. The term of contract is kind of my last consideration there. If we agree upon a scope of work that is effective, we are looking at a contract for one year, that could mean that the work could be done in 6 months, that is fine, but if we do a one-year contract that allows for some time to do this and do it right. Go back and forth a little bit, and we wouldn't need to deal with contract extensions, that sort of thing. I'll stop there, and just requesting for you all, as the board, any feedback on background and process, if there are any questions there and really the meat of this is really your feedback on this on this starter scope work that begins on page two, then we can start through this bidding process. So, with that all, I will pause.

- Discussion on the matter is as follows:

1. **Silver:** Under your column heading, in the left-hand margin, the first item you have audit process review, and then you have a couple process and deliverables, understand and document process. Can you go through in a little more explanation, each one of those items on the right-hand side of that word or phrase that is on the left-hand side? Audit process review and deliverables, what is a deliverable, for example? What are the definitions around some of these if you would please?

Seeger: Yes sir, thanks for your question, Mike. So, Audit process & review is really sit down and review of our procedures that the Grain Compliance Officers would walk through as they are interacting with licensees, so that is really that third party looking at our paperwork, our software, our forms, our templates that we utilize that information that we get from a licensee, how we organize and take in the information from the licensee. That is really the nuts and bolts of how our folks operate when they hit the ground at a facility or as they request documentation and records from a licensee. Deliverables meaning the outcome, the findings, and any kind of formulas within the documentation and templates. I will call out that this is much more involved than handing over file cabinet to this business. This front piece of it, is going to be a lot of education from Harry and the grain compliance officers with this third party, sit down and do a tabletop exercise, walk through the documents, software, and paperwork.

2. **Silver:** Are these, what would be reviewed here, are those written procedures that are in place in the Agency now, are they documented? Standard operating procedures?

Seeger: Those are the procedures that would be reviews, some of which is documented, and I will give Harry kudos for really buttoning up the documentation of those operating procedures, but some of this is verbal as well. How a grain compliance officer interacts with

company, what some of the initial phone calls or emails are before they even show up on site. It is a mix of documented procedures, our templates, our software, our paperwork that we use, but I would also say verbal commentary as well, from Harry and his team.

3. **Buis:** Who did this audit 5 years ago?

Seeger: It has not been done formally; this is a new mandate that just came out with the 2021 legislative session.

Buis: And how many years have we had the grain indemnity fund now?

Wilmoth: Well, this is of the Agency and the Agency was created in 1975.

4. **Schram:** A comment about the one-year term, it is required to do at least once every five years, I would think that maybe we would want to line something up a little more lengthy, when we get to that point. And then, my other question that I have is just how extensive this audit will be, are we just going to audit 1 or two assessments, or all the assessments that the Agency has done?

Wilmoth: What do you mean by assessment, of a licensee?

Schram: Yeah.

Seeger: Just to respond to your term of contract, yes, the way the language and statute specifies that we have to do this once every five years. I understand what you are saying that when we need to do this again, maybe the longer contract, some of the logic there is that we want these findings soon enough, and if there are corrective actions, then we want to know those and remedy as quickly as possible, a part of the logic with the one year term is that when we get those findings, there is an incentive there for the company to wrap up its findings within one year and share those findings with us,. Since this is a new process for us, and we are working these companies in a new way. I wouldn't want to rope in with one company for multiple reviews, if we were to find a better vendor or if we weren't perfectly satisfied with this review, I would want us to have some flexibility for the next review down the road, if that makes sense there.

Schram: That makes sense.

5. **Caffee:** That does make some sense, I run a commercial bank for a living, we are under an audit or an examination for about 180 days of the year. I can't buy pens without someone auditing the process. There is some advantage to having the same company to do the review from a continuity standpoint, there is also a price advantage to using the same firm for multiple reviews, the heavy lifting is done the first time they are engaged in the process, however I don't know if you are engaged in audit firms, or CPA firms to get these quotes. With the turnover, I don't know if they will be able to gage for multiple five-year periods. I just wanted to throw out that there is some advantage to having the same firm several times.

Seeger: I understood that and appreciate the feedback, and I would just say as well, we are trying to work under our state procurement guidelines with those dollar thresholds, too.

Caffee: Are these CPA firms that you are seeking quotes from?

Seeger: Yes, auditing CPA firms, both of which specialize in the ag industry, yes. After receiving council from our attorney, in order to keep this bidding process clean, we are going to go through, that is why I am not in this public meeting sharing specific names of these potential vendor companies. I know Peter had a question on how many times we are looking to review. Really the basis for that, the foundation is the Agency responsibility as defined in statute, those are the key buckets, the instances that we are looking to bring on this firm to review.

Caffee: Typically, I know that we are a bit of a different animal, but typically an audit firm would recommend the scope of the audit that they would take a sample of those assessments, I would be surprised if they want to look at them all or take a sample, or if we want to spend the time and energy to look at them all. Typically, it's a sample.

6. **Kettler:** Joe, back to your question, which I find very interesting, so you're saying that there is a lot of turnovers, tends to be a lot of turnovers of the people that come into these firms?
- Caffee:** Especially at the audit level, typically the auditor's life, they tend to travel a lot, and they are on the road. That has changed a little bit because a lot of our audits have now moved off site. That is move of an entry level type position and then you move into other things.
- Kettler:** Is part of what you're saying though, at the same time, if you have to do more than one of these, there is an advantage to sticking to one firm because of the way they train their people, the processes they use, the way they go about it, could still have advantage even with the turnover from people?
- Caffee:** That would be accurate.
- Wilmoth:** The only thing I will add to that from working with technology developers and our legal team is transferring our knowledge to them, as well, can be a pretty big battle, as we start talking about mark to market, DP, longs and shorts, you all may say sure, not so much for the other, I am not so sure if their normal, or we are normal, but the opposite.
- Schram:** The purpose of my question was, we are trying to define a scope of work, so frequency and how random those assessments are, kind of the spirit of the law is pretty vague, I mean once every five years. So, I think our role is to protect the fund, so we can operate under the law and can have a very limited scope, or we can work to do some other things that are independent of an audit and are more internalized. But, we need to define and come to grips with our decision to define the scope.
7. **Reichart:** I guess I have maybe two questions. The first being, Is the audit process, once every five years or no less than once every five years?
- Seger:** The statute says the Agency must do this review once every five years, and I believe that would have started in July of 2021, is the start of the clock.
- Gordon:** Hey Jordan this is Philip from the AG's office, and its at least once every five years, so I guess by the spirit of language, once is required, it could be done more.
- Wilmoth:** Could you give that reference really quick Philip.
- Gordon:** It's IC 26-3-7-3.
- Wilmoth:** So, Board members in your binder you will see an IGBWLA tab, that has the full law in it, so if you wanted to read what it says, you can find it in that section under section 3.
- Kettler:** Just remember, this is a minor point, but this statute was effective upon passage, so it actually doesn't start at the beginning of a fiscal year.
- Wilmoth:** It was on April 29.
- Kettler:** Yeah, so we have a little difference between the state fiscal year, since this statute was effective upon passage.
8. **Reichart:** Question number two, I guess, Jordan is, and maybe this falls under what we are trying to get at, but we talked about the audit firm reviewing the auditing process, or will they come in and spot check the preexisting audits that have been done for a licensee as a random sample?
- Seger:** Yes, and It will likely be a blend of both, It will probably be a review of our auditing processes, to get an understanding, and then that being followed up with this randomized sample of records and walk through.
9. **Reichart:** This is just a comment, but in my mind, I guess I am not sure, it feels like maybe this first go around, maybe we should work on the auditing practice, and then maybe follow-up. That is kind of the purpose of my first question. First, I wanted to make sure that we have covered the auditing process perfected, and there is no apparent flaws within the audit. When an auditor goes out to a licensee to conduct an audit, are they following a process that is going to capture or catch any improprieties or anything that might raise the flag a little

sooner. So, kind of the process itself, and then when we get to that point, and follow-up pretty quickly and then spot checking the preexisting audits. Just a comment, know the direction yet.

Seeger: Great comment, I'm sitting here taking notes.

10. **Silver:** Jordan, to Ron's point, I think basically reviewing the auditing process is an important step, but that alone without a sample or review of the licensees, to see if they are being applied or done correctly, I think would be an important part. I don't think you can do one without the other, and then I think the question becomes how large a sample to you use, and how do you define that sample piece, I know when the external auditors come into our company, they pull so many files for review and see if we are consistent in the application of what we say we are doing, and I think that would be appropriate for whatever this scope of work entails also.

Wilmoth: Mike, is that like their policy, like how they sample or like your request in how they sample?

Silver: That is their review, and how they sample they don't want us pulling the samples that they are going to review, they want to pull the samples.

Wilmoth: But they may come in and say our policy is every fifth one, and you just go okay. Jim did you have something you wanted to say?

Douglas: No, Mike pretty well covered what I was thinking, so thank you.

Seeger: And I will respond to that comment, I think it's right one theme here. I think if you break this up it is kind of two phases, phase one being an audit of the auditing process, more of a desktop exercise, and two, review of a random sample. That seems to flow very well, and I think Harry and the Grain Buyers team and help guide perhaps.

11. **Douglas:** Does that range of money, of what the estimate was here, from the directors in the room, is that what they would expect? Is that estimated cost of what they would expect in a scope of work, from people would have had some experience?

Schram: I don't think you can define the cost, until you define the scope of work. I think we have to define what we want and then we have to find out the cost.

Wilmoth: I guess the only thing I would comment to, that Jordan put on the bottom of the page, in the considerations, I think Peter is right, but what Joe was saying is that there is a very big uphill lift in the time investment so like what Peter said how do you put a price tag on it? I just know from working with people, I could talk to you guys all day about DP, and longs and shorts, and market rallies and market falls, I have had lawyers and technology people sit on the other side of the table from me and just look dumbfounded because I take it for granted.

12. **Reichert:** Why was this embedded into law? Was it to come into audit, and say here is the current audit process, as I mentioned earlier, kind of the audit process, is to hire someone to come in and say, are these current practices right or wrong, I mean or sufficient, are they meeting the statute and helping to identify faster, more potential failures? Which is it? It can't be both, I don't think. Mike's spot on, I think in the spirit is to come in and say let's do an audit to see if everybody meeting the criteria. Which is totally different than is the audit process itself? And I don't know the answer here, I'm struggling a little bit here, I guess. It feels like what the scope should consist more of, coming in and doing an audit, to see if the licensees are meeting the standards set forth in law, versus the auditing and the practice itself.

Howell: You don't think they can do both, Ron?

Reichert: I don't know, my senses are yes, they can do both, but just listening to this conversation, I think in my experience, it's kind of like Joe's. The heavy lifting, it's going to take

them a lot to understand the terms and this business and all that stuff. Is that going to tap out that \$75,000, or throw us into another level, let alone the time frame it takes to establish this bench line and the process, and then we are going to ask them to take it to the next level and say, now that you understand the process, we want you to see, here at where we are with these licensees, are they meeting the standards?

13. **Howell:** Then the third thing is, are you saying it may be cheaper, Joe, to offer them more than one year of that, or one term of that process?

Caffee: Well, perhaps, I have never had an auditor not try to get me for more than one year. There are two different types of audits, there is the type of audit you to mark up, put a check beside the box, like their asking us to do here, and theres the type of audit you learn something from and improve your organization, those two things cost different, and learn different deliverables from them, as well. What I am getting from the conversations here is we desire the type of audit that will tell us if we, or Harry are your employees doing their jobs at the local levels. I'm guessing they are already going in and checking the box that says yes, this grain buyer fulfills these requirements, is that accurate?

Wilmoth: The way the Agency is structured, there is a licensing component, which is based in Indianapolis, that consists of Amanda and Aubrey and that is a lot of the renewals, the reviewing of the financial statements, the insurance, the bonding, etc. And then there is the compliance component, when you hear about the physical compliance officers, they are based around the state going to different licensees that are assigned to review their records, dispositions, maybe if they have a hedging account, all those different records. That is part of how we obtain the 80% test metric. Maybe to provide a little clarification, this is what was added, "The director shall engage an independent third-party firm to conduct a performance review of the agency's auditing practices and procedures at least once every five (5) years." They are not going to come in and audit just the licensees, I am just reading the black and white lettering of the law. Getting the firm to conduct a review of the Agency's process of audits and procedures.

Gordon: Harry, just to add onto that too, I think you, Joe, mentioned it as well. There are two types of audits, there is one where they come in and do the audit, and nothing really happens, but the legislator made it very clear that they want the Agency to make reasonable efforts to make improvements, and corrective measures, I don't think reasonable efforts is necessarily defined, but they certainly have to implement any corrective measures that they find and report that to the board.

14. **Kron:** I think I can agree with what's been said, you're talking about doing an audit of the process, but then that's step one, step two is how is it applied and I think that is where we are falling short on, the process can be perfectly great, but if it's not followed through to the very end. I think in banking world, they are going to make sure you have that process in place, but that you are going to follow through to the very end and there is action taken, if needed. Is that fair, Joe?

Caffee: No that is completely accurate, the way I see this going is the auditors will come in and audit this process, in my field, we spend a total number of dollars on compliance and then we hire auditors to make sure our compliance people are doing it right, and then in the audit there is a list of recommendations, then the board of directors has to make a choice is it worth pursuing to correct or not .

Kron: Yeah, kind of which ones are material and which ones are not.

Caffee: Yeah, kind of which ones are worth the time and energy and which ones are not. The auditors will find something because they want to do an audit again. They're not picking on them, but they will find something.

Kron: It's a two-step process. You're auditing the process, and the procedures of catching the right things. And then, two, the second step is what happens after the audit, is there follow through of the procedures or what happens? I don't want to speak for any legislators, but I talked to plenty of legislators about this and that is kind of what their intent was.

Wilmoth: Policies and procedures, review that, but now we are going to start from the beginning and actually do an actual real one, not just that.

Kron: They'll review, there not just going to walk with you on a new one, they're going to go through some, like one or two, past audits, and maybe more, and say okay, how did this go from beginning to end, and what actions were taken. I think, I don't want to put words in anyone's mouth, but I think that is where they were going from what is being said here.

Silver: That is exactly what I think it needs to be Randy, the definition of the policies, procedures, and process, and but then the key here is the application in the process. That is looking at the licensee's sample, and see if the policies and procedures, if they have deficiency in them then the audit is going to find that. If they are fine, then fabulous, and then they are going to look for the application of those two particular cases. At least that is my vision for what this should be, and I would agree with you Randy, after talking with numerous legislators, I think that is what they had in mind. As it has been said here before, this board's responsibility is to protect the fund, number one, but also concurrently with that to pay any claimant that is in full compliance with the law, that is just due, his or her just due, in a timely manner. That is why we are here, that is our judiciary responsibility. This Board has engaged the Warehouse Licensing Agency to perform that work, and we pay for it.

15. **Reichart:** I agree with everything that has been said, review the auditing practice, make sure there are no fatal flaws, or steps that are missing that allows the Agency to conduct its business and to audit the licensees, so I do believe it is a two-step deal or process, but I also wonder, just thinking back, previous Boards have had conversations around is there a commonality between failures in the past. I am wondering if we would learn more auditing the previous failures and see what we similar. What are we really trying to accomplish? Have the firm come in and audit the process, and a follow-up audit that audits the application. If you go back and audit these past failures, is there a common thread you can grab on to. If there is a common thread out there, is that where we say there is something missing in this auditing process. I hate to throw more questions than there is answers.

Silver: I know in previous board meetings, in previous years, we have had discussions about forensic work and looking at some of these cases and causing factors. WE have talked about that in previous failures.

Schram: That is probably outside the scope of what this bill is asking for.

Howell: But it's our money, if we make it better by doing the right thing then, we can make sure we are doing the right things, and looking for the right things, it serves the common good.

Reichart: What if the audited process is flawed first, and Harry's group is following the process as laid out, but we are missing a step in there, If we are following steps 1-10, and then there is a step 11, that fatal, maybe that is what is missing. Is there a common thread? Is that what we are looking for? A lot of this stuff is broad so if you are asking for a performance review of the Agency, the auditing practices, and procedures? Who wrote these processes up in the beginning? What makes the procedures right? If I was an auditor that would be the first thing, I would want to know I guess, and then start the sampling piece.

16. **Kettler:** If I might, go back to this piece in legislation that Harry provided, it says we have to engage an independent third-party firm to conduct a performance review of the agency's auditing practices and procedures, and then it says that the agency shall make reasonable

efforts to implement any corrective measures identified in the performance review to enhance and improve the agency's auditing practices and procedures. The agency shall make the findings of the performance review available to the board. Harry, if you would, there is five bullets at the top of this page. My question to you is, based upon your discussion and what you think the statute is telling us what we need to do, do these 5 bullets at the top here, do they get us and you as the board, to the point of saying, if those five bullets are met, forget items below that, those are just kind of particulars of how we would do that. My question is, are you comfortable with the 5 bullets right there, have adequately captured what you had hoped, and what you think based on the language of this statute gets? And if not, what are we missing? To me, if you are comfortable with what these five things get, if it gets to what you think as an IGIC Board are comfortable with, then whoever you decide is going to be part of this review, then it will give them the understanding of what they need to think about as well.

Buis: Say they come back, and say they don't like our process? What's our next procedure then? Do we reevaluate how we do things? Are they going to come back and make a bunch of suggestions? With those five steps out there, are they going to want quicker results for the claimants? Then do we have to sit down and reevaluate our procedures and how we do things?

Kettler: In the statute the way that it is written, we, the agency is required to make reasonable effort to make those improvements by law. This thing to me is kind of a two-step process, they will have to come in and look at what we are doing, and I don't think, I think Joe hit it on the head. I have never been involved in one of these, where they didn't have recommendations. I think I have shared with you before, as an Agency, and I know that Harry and his team, hey, if we can get better, then let's get better, let's figure out how to get better. That is perfectly fine, but I have never been involved in any of these, in any audit, where there aren't half a dozen things that need to be doing. It may not be the law, it may not be required, it may not be accounting standards or anything, but they're going to tell you something. Yes, we are going to have to make reasonable effort to make improvements.

Wilmoth: You talked about claimants, this encompasses the Agency's process in general, although it may lead up to the procedure declaring a failure or not. You're talking about the payment of claimants, and that is more on the IGIC side, not saying that they may not looking into the IGIC side, it won't necessarily be focusing on the board's process for payments. Now the Agency makes payments in the event of the failure. They are looking at all policies and procedures.

17. **Caffee:** for the first go around, these five bullet points that are presented here at the top of this second page, make a lot of sense, and I think we will learn after the first one, if those are what we are looking for. I think a lot of what we talked about is encapsulated in there.

Reichart: That is what I think, too, I think I agree with those five, and it is the auditing of the auditing process, and it may or may not turn up another step. My guess is that you hope that your auditing process is accurate, but maybe it turns up another step that we may be looking for. We have got to establish a baseline before we jump to hey here is the problem that we are dealing with. My hope is that we learn nothing, the process would as written or as followed, be the right process, but if it turns up that we should ask this question at this point in time to maybe turn up things a little quicker, I think that is the kind of stuff we are looking for.

Silver: I like the words, the wording is great, but the interpretation of the meaning of those words is in the, in my mind, going to be in the eyes of the person who is submitting the proposal to do the work. Assess the maturity of the audit function, I get the words, but what

does assess mean? Every one of us can come up with a little bit of a different meaning. I get the words, they are great words, and I don't disagree with anything there. I like that, but assess the audit quality review process. I understand the words, but what does that mean? Evaluate the audits recommendations and follow up procedures over identified deficiencies, I get that one, I don't have too many questions about that one. If deficiencies are found, they are going to notate them, and we will see what procedures need to be taken care of. Assess the efficiency and effectiveness of the audit plan and procedure. Not exactly sure what that means. Now again, I have no problem with the five bullets, but it is going to depend on the person reading it, what the metrics are to measure it for one. I'm fine with the five bullets, but it doesn't answer all the questions, sitting here as a board member, at some point and time, I am sure we are going to be asked to approve some type of expenditure for the monies to fund this, and that is all I have to say about that. But I would like to come back down to the bottom of that page. Not that page, it's the first page. ISDA requests the IGIC for consideration, once ISDA has received all bids which are timely submitted by the proposal deadline, then those bids will be provided to the evaluation team, for review. Which may ultimately include IGIC members. I would like to see that statement say, which will include at least two IGIC Board member in that selection process. I don't like that word may. I think that the Board should take action in the selection committee, some, two people from this Board will be on that selection committee. That is my comment.

Seeger: I have been taking notes on all your feedback, and that is one of the actions here, for you all to nominate two of your peers to helps us walk through this process.

18. **Wilmoth:** Ron, did you make a motion earlier?

Reichert: No, I guess I was just questioning, is that the game here? Do we need to take action on defining the scope and then move on here? We have beat this horse pretty good as of now.

Seeger: The theme of the five bullets at the top, and I understand from the comments that there is a lot more detail that will go into that, but the theme of these five bullets is in alignment with your thinking on this, then we would like to hear you all express that through a vote. As well as for you to nominate two members from the Board to help us walk this review, the bids that we get that will add more meat to these five bullets and continue through this process. The theme of it, and the two individuals that will walk through this process with us. From a cost standpoint, right now just the way it is going to work from a contractual standpoint, ISDA would foot the bill for this thing initially, as we discussed here today and a little bit in July, but we have not budgeted for this so it is likely that ISDA would come back to you and ask for reimbursement for the cost associated for this project.

19. **Kron:** Motion to move forward with these 5 bullet points, as we move forward to define the this, the devil is in every word and how you define it. I would move that we move forward and that Mike Silver and Joe Caffee would be the two representatives from here, and I would give them the latitude to refine this to make sure it meets, and we are comfortable with what we are asking for. That would be my motion.

Wilmoth: I heard the motion, on that note, with what I heard today, with Joe's experience with auditing and banking, and that, and Mike's knowledge of grain merchandising, and probably going through the auditing process itself, I think I can be behind those nominations. Randy's motion, just to verify is, moving forward with these five, and already appointing Mike Silver and Joe Caffee to be those IGIC representation members.

Kron: And allow them to help redefine this.

Wilmoth: Okay, and making sure that they get thorough input in the guidance of creating the scope of work.

Buis: seconded

Wilmoth: Motion has been made and seconded. Motion passed without dissent.

Joe will you accept the nomination?

Caffee: Yes, that is fine.

Wilmoth: Mike, same question. I don't know if you were anticipating that, but accepting to help with the input in guidance and drafting.

Silver: Yes, I will.

20. **Kettler:** Where is the board currently on reimbursing the cost of this?

Schram: We need to let these gentlemen define the scope, the frequency, and some of those other things, but I would be willing to reimburse but I am not willing to give a blank check.

Kron: Harry, from the process of the state, it can't go over the \$75,000, or we have to go back and do the whole process again, correct? Do I understand that right?

Gordon: It could still be over that \$75,000, but what happens if it is over that \$75,000, it triggers the full procurement process, involving the Indiana Department of Administration typically it takes about a year, so it is a timelier process. Jordan kind of outlined the possibility depending on the pricing, that if it goes above that threshold that it triggers the whole process, which does take longer. If it is below that threshold, it's called a request for quotation and it is a more informal process, and I think Jordan outlined it and would seek four bids within that framework. Jordan, if you are still on the line, I don't know if ISDA considered whether this would qualify as a special procurement based on the agricultural area, that an auditor typically wouldn't have a lot of experience in Ag, so I didn't know if that was something that you looked at from the statutorily standpoint, whether there were any exceptions that may fit into that process. Typically, what would happen is if there were an exception, it would shorten the process up, and it would potentially permit a lower bid or something that, I know there is a portion of the statute that permits the acceptance of a bid that is of substantial government savings, um as well to an entity. Jordan, if you are on the line, if any of those things were considered or if you or anybody over at ISDA explored that.

Seeger: Yes, we have explored the special procurement avenue, upon counsel from our lawyer, they didn't believe that we would satisfy any of those special procurement divisions that would allow us to go down that road, but we did anyway. We went through the process of filing out the special procurement paperwork, as we were going through that process, before we put the request in, but with the bids coming back under 75,000, we did not go ahead and submit the special procurement paperwork. We figured we would get a no anyways.

Schram: What was the frequency on the bids? Was it annual or was it once every 5 years?

Seeger: Those bids, that dollar range, was just one process, one snapshot.

21. **Reichert:** Are there any bylaws or anything, we as the board are allowed to reimburse?

Gordon: Yes, my understanding is that you are, and I can see if I can find it in reference, the law mentions it as a duty to the corporation. Defined as administrative expenses may include the performance review of the Agency's auditing practices and procedures.

Kettler: Ron, remember we talked, and the statute says the Agency must do the review, the Board may reimburse, or pay for that review. So there is that must and may, or shall and may.

Gordon: For clarification, just putting an issue on the table here, just generally about reimbursement, from what I am hearing from Jordan, and from the bullet points, the two bids were below that \$75,000 threshold so its not even triggered the IDOA process, as far as the numbers your looking at potentially, you know, in the future, what that would look like

reimbursing if the ISDA already foots the cost, right now, at least with these two bids, it sounds like it is going to be below that threshold.

22. **Reichart:** I guess with that in mind, I would probably move to the indemnity board would be in favor of or to reimburse up to the \$75,000 in this initial audit.

Wilmoth: Ron's motion is for the board to reimburse ISDA for up to \$74,999, for a scope of work that would be put together, as long as it does not exceed that amount.

Howell: Second

Wilmoth: Seconded by Howell. Motion passes without dissent.

IGBWLA Director's Report:

- Using the Indiana Grain Indemnity Corporation Historical Review document, Wilmoth presents to the Board a historical overview of the Corporation for the past twenty-six (26) years including the number of yearly board meetings, active collection periods, and grain failures.
- Using the Indiana Grain Indemnity Fund Historical Review document, Wilmoth presents to the Board a historical overview of the Fund for the past seven (7) fiscal years.
- Using the Public Meeting Presentation, Wilmoth updates the Board on the Agency's implementation and communication efforts of House Enrolled Act 1483 from the 2021 legislative session.
- Wilmoth introduces the Agency's newest Compliance Officers Vian and Krammer to the Board. He also informs the Board the Agency is currently accepting applications for two other Compliance Officer positions located in its west central and southwest territories.
- The Agency mailed post card reminders to all licensees for its upcoming grain moisture meter inspection program asking all applications to be submitted by February 1.
- Using the Public Meeting Presentation, Wilmoth presents to the Board a breakdown of Indiana's grain industry. The Agency currently has 207 licensees (124 buyer-warehouse, 78 grain buyer only, 3 warehouse only, and 2 grain bank) that operate 353 facilities across the state. Collectively, licensees have a total licensed storage capacity of 643.9 million bushels of grain. In 2020, licensees purchased over 1.3 billion bushels of grain from producers paying more than \$7.1 billion.
- Since November of 2018, the Agency has processed three (3) grain failures, recalculated one (1) grain failure, conducted fifteen (15) license closeouts, assisted in three (3) mergers and acquisition deals that affected thirteen (13) licenses, issued eight (8) new licenses, recategorized three (3) licensees, and was unable to approve five (5) initial license applications.

Adjournment: 3:12 PM EST

Motion made by Silver to adjourn the meeting.

Seconded by Buis and passed without dissent.

Executive Session: An executive session was held for a discussion of records classified as confidential by state or federal statute (Indiana Code 5-14-1.5-6.1(b)(7)) pursuant to Indiana Code 26-3-7-6.5(d) following the adjournment of the public meeting.

The following travel vouchers for mileage reimbursement were submitted after the meeting was adjourned:

Name	Amount
Mr. Mike Buis	\$ 61.30
Mr. Joe Caffee	\$164.57
Mr. Jim Douglas	\$ 57.85
Mr. Dave Howell	\$ 50.95
Mr. Ron Reichart	\$ 73.72

Mr. Peter Schram	\$ 42.21
Mr. Mike Silver	\$ 54.63
Grand Total	\$505.23

Adopted by the Board during the meeting on: ____ / ____ / ____

Chairman's Signature: _____