

# INDIANA GRAIN INDEMNITY BOARD



## OFFICIAL MEETING MINUTES

Chairman Sheldon called this meeting of the Indiana Grain Indemnity Corporation Board of Directors to order at 1:05 p.m. (EST) on March 16, 2017. The meeting was held in Conference Rooms C & D at Indiana Farm Bureau located at 225 S East St, Indianapolis, Indiana 46202.

**QUORUM:** Chairman Sheldon did a roll call of the Board members, stated that there was a quorum present. Then everyone went around the room and introduced themselves.

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

Jim Douglas	Joe Kessie – Via Phone	Randy Kron – Via Phone	Mike Silver	Mike Shuter
Ron Reichart	Don Villwock	Grant Whaley		

The following nonvoting members or their representatives present were:

Matt Light, Deputy Attorney General, representative of the Attorney General  
Ed Sheldon, Director, Indiana Grain Buyers & Warehouse Licensing Agency

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

Heather Crockett, Deputy Attorney General, Attorney General’s Office  
Jeff Cummins, ISDA Policy Director  
Melissa Rekeweg, Deputy Director, Indiana State Department of Agriculture  
Danae Schneck, IGBWLA Licensing Officer

**LEGISLATIVE UPDATE:** Jeff Cummins started the meeting with a legislative update. Jeff stated that ISDA is keeping an eye on the budget, a bill regarding career and tech. education and the Grain Buyer’s/IGIC bill. He walked through the most recent amendment, gave a quick review of the retroactive language regarding the Cline Grain Inc failure and the language proposing to allow producers who opted out of the program prior to July 1, 2015 back into the program. Mr. Shuter asked Chairman Sheldon approximately how much money the retroactive language would require the fund to pay out and Chairman Sheldon replied approximately \$600,000.

**MINUTES:** Chairman Sheldon stated that the minutes from the December 12, 2016 meeting had been previously distributed to the board members and asked if there were any changes. **Mr. Silver motions, Mr. Whaley seconds to approve the minutes as amended which includes adding Mr. Whaley to the attendance list. Motion Carries.**

**FINANCIAL:** Chairman Sheldon read the financials as of February 28, 2017, see Appendix A. The fund contained \$30,349,812.49. Mr. Kron asked for an approximate number of those who have opted out of the fund since July 1, 2015 and Chairman Sheldon responded with approximately 220.

**DIRECTOR'S REPORT:** Chairman Sheldon gave a director's report, see Appendix B. Chairman Sheldon gave a brief update on staffing, software, moisture meters, Cline Grain and legislative proposals.

**OLD BUSINESS:** Chairman Sheldon brought it to the Board's attention that the MOU still needed to be signed. Mr. Villwock and Chairman Sheldon signed the document. Danae Schneck presents information to the Board about Jacob Klotz's reentry petition from the December 2016 meeting. Mr. Klotz had actually petitioned the Board and officially reenter the Indemnity Program back in June 2000. It was motioned that the vote allowing Mr. Klotz to reenter the fund in December 2016 needed to be rescinded and that his money that he sent in was to be refunded. **Mr. Silver motions, Mr. Kessie seconds. Motion carries.** A draft of a letter to inform the Indiana licensed grain buyers that the collection is projected to cease June 30, 2017 was presented to the Board. **Mr. Villwock motioned for approval, Mr. Shuter seconds. Motion carries.**

**NEW BUSINESS:** Chairman Sheldon informed the Board that the terms for Mr. Kessie and Mr. Kron are expiring this year and reappointment letters will be sent out around April or May. Danae Schneck presented a situation for Tom Kissel. Due to the 2015 notification letter not reaching him, he did not realize that he had opted out of the Indemnity program in the 90's and as a result he was past the 12 month deadline to submit settlement sheets for refunds from the collection that started in July 2015. Mr. Kissel wanted the Board to consider allowing him to collect the refunds that are past the 12 month limit. **Mr. Reichart motions, Mr. Villwock seconds, one Board member opposed. Motion carries.** The Board was also informed of the status of Don Smith's refund request past the 12 month limit that was discussed at the December 2016 meeting. Don Smith never responded to the letter sent to him requesting him to provide good cause for submitting the refund request late. His request will be disregarded.

Heather Crockett with the Attorney General's office gave an update on the Cline Bankruptcy situation. May 17, 2017 is the deadline to file a claim against Cline Grain. A motion was made for the Indiana Grain Indemnity Corporation and the Attorney General's office to enter into an MOU along with any other co-counsel that may be necessary to pursue all legal remedies to recapture funds that have been dispersed by the Indemnity Fund. A motion was made to make Mr. Randy Kron the designated signer for any MOUs that are needed between the Board and the Attorney General's office. **Mr. Villwock motions, Mr. Silver seconds. Motion carries.**

Melissa Rekeweg with ISDA gave an overview of the IGBWLA's budget and staffing. There was also discussion about possible producer education ideas for the future. Some suggestions were adding to the existing website, working with FSA to create a mass mailing for producers and linking our website to various grain elevator's websites.

**ADJOURNMENT:** The Chairman adjourned the meeting around 3:10 p.m.

Claim forms and travel vouchers for mileage submitted by:

Jim Douglas	\$34.20	Ron Reichart	\$49.40
Mike Shuter	\$38.00	Mike Silver	\$47.12
Don Villwock	\$76.00	Grant Whaley	\$72.20

**INDIANA GRAIN INDEMNITY CORPORATION  
BALANCE SHEET  
2/28/2017**

**ASSETS**

Cash	\$ 858,227.21
Investments	<u>29,491,585.28</u>
<b>Total Assets</b>	<b><u>\$ 30,349,812.49</u></b>

**LIABILITIES AND FUND BALANCE**

Fund Balance	<u>\$ 30,349,812.49</u>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 30,349,812.49</u></b>

**INDIANA GRAIN INDEMNITY CORPORATION**  
**STATEMENT OF OPERATIONS**  
**FOR THE EIGHT MONTHS ENDING FEBRUARY 28, 2017**

**Revenues:**

Investment Interest	\$ 135,206.51
Grain Failure Recoveries	-
Producer Premium Revenue	9,775,662.31
Producer Premium Refunds	<u>(45,297.18)</u>
<b>Total Revenues</b>	<b>\$ 9,865,571.64</b>

**Expenses:**

Grain Failure Payouts	\$ 4,072,127.01
Travel / Per Diem	1,122.20
Supplies	-
Bank Fees	492.09
Legal Fees	<u>-</u>
<b>Total Expenses</b>	<b><u>\$ 4,073,741.30</u></b>

**Net Income/(Expense)** **\$ 5,791,830.34**

**Fund Balance, 7/01/16** **\$ 24,557,982.15**

**Current Fund Balance** **\$ 30,349,812.49**

Fund List: Type = TF, All Funds  
 From 03/01/2017 thru 12/31/2075

Inv No	Investment # / Institution	CUSIP	CO	Purchase Date	Maturity Date	Par Book Value	Coupon Yield	Interest Amount	Fund	TOS #
63703	PRODUCER-PREMIUM FD. FARMERS BANK		12	08/25/16	05/25/17	\$1,000,000.00	0.6000 .6000	\$4,550.00	75111	146
63746	PRODUCER-PREMIUM FD. PROVIDENCE BANK		99	12/22/16	03/23/17	\$1,000,000.00	0.5500 .5500	\$1,390.28	75111	146
63756	PRODUCER-PREMIUM FD. MERCHANTS BANK OF INDIANA		68	01/26/17	07/27/17	\$1,000,000.00	0.7000 .7000	\$3,538.89	75111	146
63761	PRODUCER-PREMIUM FD. LAKE CITY BANK		43	02/16/17	08/17/17	\$1,000,000.00	1.0500 1.0500	\$5,308.33	75111	146
	***** CERTIFICATE OF DEPOSIT TOTAL *****					\$4,000,000.00	0.7250	\$14,787.50		
44926	PRODUCER-PREMIUM FD. BANK OF NEW YORK		00	10/20/16	03/30/17	\$2,500,000.00	0.3800 .3860	\$4,248.61	75111	146
44980	PRODUCER-PREMIUM FD. BANK OF NEW YORK		00	12/16/16	06/01/17	\$1,000,000.00	0.6100 .6200	\$2,829.72	75111	146
	***** TREASURY BILL TOTAL *****					\$3,500,000.00	0.4457	\$7,078.33		
44927	PRODUCER-PREMIUM FD. BANK OF NEW YORK		00	10/21/16	05/03/17	\$2,500,000.00	0.4900 .4980	\$6,601.39	75111	146
	***** GOVERNMENT AGY. DISCOUNT NOTES TOTAL					\$2,500,000.00	0.4900	\$6,601.39		

Inv No	Investment # / Institution	CUSIP	CO	Purchase Date	Maturity Date	Par Book Value	Coupon Yield	Interest Amount	Fund	TOS #
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
44713	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134G9MV6	00	05/24/16	08/24/18	\$1,000,000.00 \$1,000,000.00	0.7500 1.1800	\$17,125.00	75111	146
44716	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3136G3QD0	00	05/26/16	11/26/19	\$1,000,000.00 \$1,000,000.00	1.3000 1.3000	\$46,186.11	75111	146
44725	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134G9NL7	00	05/31/16	05/24/19	\$1,000,000.00 \$1,000,000.00	1.1800 1.1800	\$35,662.22	75111	146
44738	PRODUCER-PREMIUM FD. BANK OF NEW YORK	313379FW4	00	06/03/16	06/09/17	\$1,000,000.00 \$1,000,000.00	1.0000 .7690	\$10,305.56	75111	146
44823	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3133EGNK7	00	07/27/16	07/27/20	\$1,000,000.00 \$1,000,000.00	1.3200 1.3200	\$53,570.00	75111	146
44831	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134G9V38	00	07/29/16	07/27/21	\$1,000,000.00 \$997,500.00	1.0200 1.9800	\$51,680.00	75111	146
44833	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A8WC3	00	08/09/16	01/28/19	\$2,000,000.00 \$2,000,000.00	1.1500 1.1600	\$57,627.78	75111	146
44854	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A92C4	00	08/23/16	08/23/17	\$1,000,000.00 \$500,000.00	0.7500 .7500	\$7,604.17	75111	146
44856	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3135G0N58	00	08/24/16	08/16/19	\$1,000,000.00 \$999,916.67	1.2000 1.2100	\$36,233.33	75111	146

Fund List: Type = TF, All Funds  
 From 03/01/2017 thru 12/31/2075

Inv No	Investment # / Institution	CUSIP	CO	Purchase Date	Maturity Date	Par Book Value	Coupon Yield	Interest Amount	Fund	TOS #
44874	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3130A9AZ4	00	09/08/16	06/08/18	\$1,000,000.00 \$1,002,490.00	1.2500 1.1100	\$22,152.78	75111	146
44916	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134GAPQ1	00	09/30/16	09/28/18	\$1,000,000.00 \$1,000,000.00	1.0200 1.0200	\$20,626.67	75111	146
45058	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3133EGW84	00	02/10/17	12/19/18	\$1,500,000.00 \$1,502,400.00	1.2000 1.2050	\$33,850.00	75111	146
45059	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134G9JD0	00	02/10/17	05/11/18	\$1,500,000.00 \$1,503,708.33	1.0000 1.0000	\$18,958.33	75111	146
45067	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134GA6K5	00	02/22/17	02/22/19	\$1,500,000.00 \$1,500,000.00	0.7500 1.6200	\$22,812.50	75111	146
45072	PRODUCER-PREMIUM FD. BANK OF NEW YORK	3134GA2W3	00	02/28/17	02/28/20	\$1,500,000.00 \$1,499,250.00	1.1250 1.8600	\$51,328.13	75111	146
***** GOVT AGENCY COUPONS TOTAL *****										
								<u>\$585,807.02</u>		
***** TOTAL FOR FUND CODE *****										
								<u>\$614,274.24</u>		

## IGBWLA Director's Report

March 16, 2017

- Staffing
  - Interviews scheduled for combination central Indiana auditor and central office position
  - Preparing for wave of renewal applications due March 31
- Software
  - Phase 1 Licensing nearing testing phase.
  - Phase 2 Auditing will follow upon implementation of licensing software
- Audits – field staff continue to conduct regular audits at licensed facilities
  - IGIF and ICMC/SPARC checkoff audits usually completed concurrently with regular state audits
- Moisture Meter Inspections
  - Starting late March/early April and typically completed by June 1
  - ~600 tested in 2016
- Cline Grain
  - Appeals to Findings of Fact and Final Order
    - Order on appeal received from ALJ 2/15 – IGBWLA decision affirmed
    - Waiting on decision of ultimate authority (Kyleen Welling)
    - Upon decision of ultimate authority, both sides have opportunity to ask for judicial review
  - IGIF Payments to Producers
    - All eligible claimants submitted subrogation agreement for payment and have been issued check from IGIF
    - Upon final conclusion of appeals, additional small distribution to all claimants will be made
    - Pro-rated payment to SPARC/ICMC needed
  - Bankruptcy
    - Cline Grain Inc. and related entities filed for bankruptcy January 3, 2017
    - Attorney General's office handling for IGIC & IGBWLA
- Legislative Proposals
  - Originated with proposed changes developed by Agency and working group of Ag. Industry representatives
  - 3 separate bills introduced involving Agency & IGIC (2 House, 1 Senate)
    - HB 1237 and SB 476 have passed respective chambers
      - Similar but different language in each
      - Both include additional retroactive payment to some Cline claimants and clearing the 1990's IGIF opt-outs from the record
    - Much staff time (Agency, ISDA, LG) devoted to following progress of bills
    - Considerable work with ag groups and legislators in developing and revising language