

Iowa Grain Depositors and Sellers Indemnity Fund  
Iowa Grain Indemnity Fund Board  
Meeting Minutes for October 15, 2009  
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DATE: October 15, 2009  
TO: Members of the Grain Indemnity Fund Board  
FROM: Angela Burke Boston, Secretary Designee  
RE: Summary of the Minutes October 15, 2009

The Grain Indemnity Fund Board (hereafter “Board” or “Fund”) held a meeting by telephone conference call on Thursday, October 15, 2009, in the office of Richard Wahl, Wallace State Office Building, 502 East 9<sup>th</sup> Street, Des Moines, Iowa, with John Whipple, Consumer Protection & Industry Services Division Director and president designee, as Chairperson.

Attending the meeting in addition to John Whipple (hereafter “Chairperson”) were the following:

Angela Burke Boston (Board Secretary Designee)	330 Maple St. Des Moines, IA 50319
Steve Larson (Board Treasurer Designee)	State Capitol Bldg. Des Moines, IA 50319
Tom Kaldenberg (Board Member & Producer Rep.)	Albia, IA 52531
Sharon Smith (Board Member & Producer Rep.)	Knoxville, IA 50138
Sandy Simpson (Board Member & Industry Rep.)	Onawa, IA 51040
Richard Wahl, Bureau Chief Grain Warehouse Bureau	Wallace State Office Bldg. Des Moines, IA 50319
Jeff Walker, Accountant Grain Warehouse Bureau	Wallace State Office Bldg. Des Moines, IA 50319
Cheryl Petersen, Secretary Grain Warehouse Bureau	Wallace State Office Bldg. Des Moines, IA 50319

This meeting, upon duly prescribed notice, was called to order by the Chairperson at 2:03 P.M. The Chairperson noted that this meeting of the Grain Depositors and Sellers Indemnity Fund was being held by telephone conference call since it was impractical for members to travel to a common location for a meeting projected to last only a few minutes.

Steve Moline and Ed Hershberger did not participate in the Board meeting.

The Chairperson called for any additions or corrections to the minutes for the September 17, 2009 Board meeting. There were no corrections or questions regarding the Board minutes. Sandy Simpson made a motion to approve the minutes. Steve Larson seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Steve Larson to present the Treasurer's Report. The balance of the Fund as of October 14, 2009 was \$6,708,623.17. Tom Kaldenberg made a motion to approve the Treasurer's Report. Sharon Smith seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Jeff Walker to present the financial statement. The balance in the Investment in State of Iowa Pooled Accounts as of September 30, 2009 was \$6,744,028.17. The Equity in the Iowa Grain Indemnity Fund as of September 30, 2009 was \$7,390,958.76. There is a decrease in the Fund for the month of September in the amount of \$29,610.20. There is a fiscal year to date decrease in the Fund as of September 30, 2009 in the amount of \$84,301.32. The Chairperson asked if there were any questions about the financial statements. Hearing none, the Chairperson called for a motion to accept the financial statements. Angela Burke Boston made a motion to approve the financial statements. Sandy Simpson seconded the motion, and the Board approved the motion unanimously.

There was no reason for the Board to go into closed session.

The Chairperson asked for any other business. Steve Larson inquired about the threshold on assessment for the Fund. Richard Wahl responded that the Fund's automatic threshold is three million dollars. Steve Larson also asked Richard if there were any increasing grain claims on the horizon in the next 6 to 10 months. Richard did not feel any large claims would be looming in the near future.

Richard Wahl also noted that this matter will come up for formal discussion at the beginning of the calendar year. The Board will need to formally decide if there is going to be an assessment for the next fiscal year. This decision must be made prior to May 2010. Richard added that it is discretionary between three and eight million dollars for an assessment. Richard stated that an active assessment for an entire year would bring in approximately five million dollars to the Fund. Richard was of the opinion that it would take the Fund dipping to a balance of three million dollars to justify triggering an assessment.

Steve Larson asked if there were any updates on Troy Elevator, Inc. (Troy) Richard Wahl explained that Troy is in Chapter 11 Bankruptcy. The last financial information the Grain Warehouse Bureau received regarding Troy indicated they are deficient on their current ratio. The bankruptcy filing, however, stayed IDALS from taking any license suspension action at this time. Richard added that Steve Moline has been in contact with Troy's attorneys. Steve has received assurances that grain delivered to the elevator would be paid for and taken care of like it has been in the past. The elevator's failure to do that would result in the Department of

Agriculture (Department) taking further action. Should grain checks not clear in the future, the Department would re-think the matter and Steve Moline would petition the bankruptcy court for relief from stay. This would enable the Department to pursue license suspension action at that time. Richard noted that Troy is in the early stages of bankruptcy. The company filed a petition and the court granted Troy the authority to pay for grain that was delivered not more than 20 days prior to the filing of bankruptcy. This enabled the elevator to take care of all the unpaid grain deliveries and outstanding grain checks. Richard expressed that he did not feel the Fund would have any grain claims as a result of the bankruptcy filing. Richard acknowledged that Troy is still working on developing their debtor-in-possession financing plan. The elevator was involved in hog production and this contributed to their losses. Richard asked for any questions. There were none.

Richard Wahl announced that Secretary Northey held a Grain Indemnity Fund Stakeholder's Meeting on potential Grain Indemnity Fund (GIF) legislation in the Henry Wallace state office building on September 22, 2009. Richard said the key people attending the meeting were The Agribusiness Association of Iowa (A.A.I.), Iowa Institute for Cooperatives, The Renewable Fuels Association, Farm Bureau, and the corn and soybean producer organizations. A.A.I. headlined the meeting for all the grain people in attendance.

The consensus at the GIF Stakeholder's Meeting was to transfer the majority of the indemnity fund participation fees that the industry pays from the warehouse side onto the grain dealer side. This fee transfer would be more equitable, as payment would be on bushels being merchandised through rather than when the bushels are received for storage. There was also a consensus to keep the ratio of payments between producers and industry roughly the same. Richard added that annual assessment of five million dollars would be about 10% paid by industry people (businesses that are licensed by the Department,) and 90% by producers by way of a check-off. Richard expressed the possibility that A.A.I. might advance this issue in the legislature in the next session. The consensus is that there would not be much opposition if this issue were introduced to the legislature. Richard stated that this issue would be handled by A.A.I. and not the Department.

Richard Wahl spoke briefly about the Grain Warehouse Bureau Summary of Expenses Fiscal Year 2009 hard copy that was mailed earlier in the Board member's GIF packets. Richard noted that expenses increased quite a bit. Grain companies suffered from massive margin calls with skyrocketing grain prices the year prior. The probability of failure rating of some grain companies increased the need for extra exams. The VeraSun and Watkins Elevator, Inc. failures also incurred extra expenses with attending Department personnel and other related expenses associated with grain company failures. Richard asked for any questions. There were none.

Richard Wahl finished the Board meeting by asking the Board members how they felt about being contacted prior to the monthly Board meetings. Steve Larson preferred being reached by email rather than by telephone. His preference was noted and will be changed to email notification. There were no other changes requested by any other Board member.

The Chairperson asked for any other business. There was none.

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The next regularly scheduled Board meeting will be a telephone conference meeting on Thursday, November 19, 2009 at 2:00 P.M. in the office of Richard Wahl at the Henry Wallace State Office Building.

With no further business, the Chairperson asked for a motion to adjourn. Angela Burke Boston made a motion to adjourn. Sharon Smith seconded the motion, and the Board approved the motion unanimously.

The meeting adjourned at 2:24 P.M.