DATE: October 21, 2010

TO: Members of the Grain Indemnity Fund Board

FROM: Cheryl Petersen, Secretary

RE: Summary of the Minutes October 21, 2010

The Grain Depositors and Sellers Indemnity Fund Board (hereafter “Board” or “Fund”) held a meeting by telephone conference call on Thursday, October 21, 2010, in the office of Richard Wahl, Wallace State Office Building, 502 East 9th 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:

Kyle Rice (Board Treasurer
Designee)               State Capitol Building
Des Moines, IA 50319

Joseph Sinclair
(Board Member & Industry Rep.)       Albia, IA 52531

Curtis Sindergard
(Board Member & Producer Rep.)        Rolfe, IA 50581

Michael Kettwick
(Board Member & Banking Industry Rep.)       Buffalo Center, IA 50424

Sharon Smith
(Board Member & Producer Rep.)       Knoxville, IA 50138

Sandy Simpson
(Board Member & Industry Rep.)       Onawa, IA 51040

Steve Moline (Assistant Attorney
General for the Fund)              Lucas State Office Bldg.
Des Moines, IA 50319

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
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.

The Chairperson called for any additions or corrections to the August 26, 2010 Board minutes. There were no corrections or questions regarding the Board minutes. Kyle Rice made a motion to approve the minutes. Sandy Simpson seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Kyle Rice to present the Treasurer’s Report. The balance of the Fund as of October 21, 2010 was $7,161,366.91. Joe Sinclair made a motion to approve the Treasurer’s Report. Mike Kettwick seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Jeff Walker to present the September financial statement. The balance in the Investment in State of Iowa Pooled Accounts as of September 30, 2010 was $7,196,726.05. The Equity in the Iowa Grain Indemnity Fund as of September 30, 2010 was $7,182,801.77. There is a net decrease in the Fund for the month of September in the amount of $33,630.42. There is a fiscal year to date decrease in the Fund as of September 30, 2010 in the amount of $85,032.25. 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. Curtis Sindergard made a motion to approve the financial statements. Kyle Rice seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Jeff Walker to also present the August 31, 2010 financial statement since it did not get approved in September. The balance in the Investment in State of Iowa Pooled Accounts as of August 31, 2010 was $7,222,680.97. The equity in the Iowa Grain Indemnity Fund as of August 31, 2010 was $7,216,432.19. While reporting the August 31 financial statements, Jeff noted an error in the “Statement of Revenues and Expenditures”. This “Statement of Revenues and Expenditures” will be corrected and sent to the Board members in their November Board meeting packets. There is a fiscal year to date decrease in the Fund as of August 31, 2010 in the amount of $51,401.83. 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 as corrected. Curtis Sindergard made a motion to approve the corrected financial statements. Joseph Sinclair 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 new business to come before the Board.
Richard Wahl formally introduced and welcomed Michael Kettwick as a new Board member. The legislative changes passed in the last session and effective July 1, 2010, removed the Insurance Commissioner’s designee and replaced that person with a representative from the banking industry. Michael is now our banking industry representative on the Board. He holds the position as Vice President of Ag & Commercial Lending at Farmers Trust & Savings Bank in Buffalo Center, Iowa.

Richard Wahl commented briefly on the VeraSun bankruptcy. The legal counsel to the VeraSun reorganized debtors was demanding repayment of money from farmers and grain dealers that had sold grain and gotten paid 90 days prior to VeraSun’s bankruptcy filing. It was Richard’s understanding that this attempt to collect was abandoned in regard to grain payments to farmers.

Richard mentioned that the Grain Warehouse Bureau finished the annual report regarding expenses versus payments for the fund. Richard said this report will be presented and reviewed at the November 18, 2010 Board Meeting. The report will be mailed out with the usual packet of monthly Board Meeting documents prior to the next meeting.

The Chairperson asked if there was any other business to be brought before the Board.

Michael Kettwick inquired about VeraSun. He wondered if the VeraSun legal counsel did not go after the farmers for money, would they still be after the grain elevators that were paid for corn in the 90 days prior to VeraSun’s bankruptcy.

Steve Moline responded by stating that there are indications that claims against grain elevators also would likely not be pursued, at least with regards to some elevators. A deadline to file responses to the preference action claims expires on October 30, 2010. Steve indicated that he felt by the first week in November, the department would know if, and how many, preference actions would be pursued by the VeraSun legal counsel against grain dealers. The Chairperson asked Steve Moline if he had heard of any talk of any possible filings. Steve responded that he had not heard of any such filings.

The Chairperson asked the Board if there were any other questions.

Curtis Sindergard was curious about past monetary recoveries by the Fund. The presence of the two “Claims Recovery Receivables” in the financial statement notes made him wonder how often we made recoveries. He also asked if these individuals were barred from being licensed in Iowa, were they allowed to be licensed in another state. Steve Moline responded to Curtis’ inquiry by stating that the department’s authority is limited by the geographic boundaries of the state of Iowa. Steve added that monetary recovery for the Fund has been very successful on the warehouse side, and not so much on the grain dealer side. Steve said that warehouse claims generally are recovered in the 90 cents on the dollar range. Steve reported that if a grain dealer goes insolvent, the Fund does not often recover much because the Fund is an unsecured creditor in most situations. An insolvent grain dealer does not usually have enough assets to cover their
secured debt, let alone their unsecured debt. The department’s monetary recovery in such cases is much less. Jeff Walker also noted during the discussion that there was no longer any receivable amount listed on the balance sheet for the two cases; the notations were just there in case some income came in from the income-tax refund offset program in the future.

The Chairperson again asked for any other business.

Joseph Sinclair briefly discussed the potentially flood contaminated grain becoming a risk for the indemnity fund.

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

The next regularly scheduled Board meeting will be a telephone conference meeting on Thursday, November 18, 2010 at 2:00 P.M. in Richard Wahl’s office at the Henry Wallace State Office Building.

With no further business, the Chairperson asked for a motion to adjourn. Kyle Rice made a motion to adjourn. Sandy Simpson seconded the motion, and the Board approved the motion unanimously.

The meeting adjourned at 2:28 P.M.