

Iowa Grain Depositors and Sellers Indemnity Fund
Iowa Grain Indemnity Fund Board
Meeting Minutes for April 16, 2009
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DATE: April 16, 2009
TO: Members of the Grain Indemnity Fund Board
FROM: Angela Burke Boston, Secretary Designee
RE: Summary of the Minutes April 16, 2009

The Grain Indemnity Fund Board (hereafter "Board" or "Fund") held a meeting on Thursday, April 16, 2009 in the Second Floor Conference Room at the 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:

Angela Burke Boston (Board Secretary Designee)	330 Maple St. Des Moines, IA 50319
Steve Larson (Board Treasurer Designee)	Lucas State Office Building Des Moines, IA 50319
Ed Hershberger (Board Member & Industry Rep.)	Kalona, IA 52247
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
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 Cheryl Petersen, Secretary	Wallace State Office Bldg. Des Moines, IA 50319 Wallace State Office Bldg.

Grain Warehouse Bureau

Des Moines, IA 50319

This meeting, upon duly prescribed notice, was called to order by the Chairperson at 1:06 P.M.

The evidentiary hearing for the Goodell claim appeal proceeded immediately after the roll call.

Steve Larson had to leave the meeting early. Kyle Rice from the Treasurer's Office was the Board Treasurer designee who substituted for Steve Larson for most of the Board meeting.

The Chairperson called for any additions or corrections to the minutes for the March 19, 2009 Board meeting. There were no corrections or questions regarding the Board minutes. Ed Hershberger 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 April 14, 2009 was \$8,092,232.63. Sharon Smith made a motion to approve the Treasurer's Report. Tom Kaldenberg 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 March 31, 2009 was \$8,120,032.63. The Equity in the Iowa Grain Indemnity Fund as of March 31, 2009 was \$8,111,136.74. There is a decrease in the Fund for the month of March in the amount of \$11,222.90. There is a fiscal year to date decrease in the Fund for the nine months ending March 31, 2009 of \$73,681.76. 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. Kyle Rice 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 presented a claim before the Board. Claim number GD-5156-4.00 for Cedar Hill, Inc. at VeraSun Dyersville, LLC (VeraSun.) This claim was tabled at last month's Board meeting so that legal counsel could have adequate time to review the claim. This claim was originally split into two different claim recommendations because of spot pricing versus contract pricing and timing of deliveries. Steve Moline did not concur with the bureau's initial determination. However, the original denial recommendation was made moot by the termination of VeraSun's license on March 31, 2009. The termination of VeraSun's grain dealer license triggered a second incurrence date, which allowed another 120 day window for submitting potential claims by the sellers of the grain. VeraSun allowed its grain dealer licenses to

terminate as the business was taken over by Valero at that time.

Richard stated that it was now the Bureau's recommendation that claim GD-5156-4.00 for Cedar Hill, Inc. be approved in its entirety in the amount of \$1,310.25. Richard asked for any questions regarding this claim.

The Chairperson asked if the claim was in regard to the grain price difference.

Richard Wahl explained that this involved the difference in spot pricing versus contract pricing. VeraSun had spot priced the grain upon delivery when, in fact, there was a contract price that should have been used.

With no more questions, the Chairperson asked for a motion to approve the claim. Sandy Simpson made a motion to approve the claim, and Ed Hershberger seconded the motion. The motion carried unanimously.

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

Richard Wahl shared that the bill from Inspections & Appeals for the services of the administrative law judge had arrived and was now due. Richard said that he would like the Board's approval to "direct-bill" this charge to the Grain Indemnity Fund as a Board expense. The bill consisted of two hours ending March 31, 2009, in the amount of \$181.00.

The Chairperson asked for a motion to approve payment of this bill. Angela Burke Boston made a motion to approve payment, and Sandy Simpson seconded the motion. The motion carried unanimously.

The Chairperson asked for any other business to discuss.

Richard Wahl noted that the Grain Indemnity Fund bill went through the Legislature and has been signed and is now in effect. The payment limit on the claims now stands at \$300,000.00, rather than the previous amount of \$150,000.00. The cap on the Fund now stands at 8 million dollars instead of the previous 6 million dollars. Richard added that the Board needs to meet frequently for claims. The Board is required to review the financial books and Fund balance on a quarterly basis. The Board then decides annually if there needs to be an adjustment in the Fund fees and votes on this issue. Richard also said that it was possible for the Board to meet less frequently, if there was less activity and fewer issues to discuss. It would, however, involve a rule change for Board meetings to occur less often.

Richard felt it was a good idea to meet in person again. The Chairperson agreed, stating that lately there were many issues and claims to discuss.

The Chairperson asked for any other business to be brought before the Board.

Sandy Simpson noted that there had been some grain dealer licenses pulled recently and inquired about them.

Richard Wahl stated that the Bureau had suspended the licenses of two companies. The Seed Company, Inc. located in Lynnville, Iowa had their grain dealer and warehouse operator licenses suspended. This company is a specialty soybean processing plant. The company is currently under temporary suspension. The Seed Company, Inc. will be defunct. Ongoing financial problems have prevented the company from obtaining any further financing. There is talk of the company manager and farmers who are invested in the company (having the most grain stored there) to create a new limited liability company. This entity would take over the defunct company temporarily to liquidate the grain in an orderly fashion pursuant to normal business practices, would clean the beans and export them. This method would ensure more profitability for the remaining stored grain than if the stored beans were loaded up and sold on site, as is.

The Chairperson asked about the status of the aforementioned company.

Richard replied that the company is locked up and secured. The bank is directly across the street from this seed company and as a result, thieves would have their work cut out for them should they be so brazen. Richard also said that the other company with financial problems was Watkins Elevator, Inc. in Watkins, Iowa. This elevator faced similar financing problems like that of the previously mentioned company. The warehouse operator and grain dealer licenses of Watkins Elevator, Inc. have been revoked. This company will soon be under departmental receivership. It is a small business, but processing the papers and claims will be a lengthy, involved process. There are currently about 70,000 bushels of corn and 50,000 bushels of soybeans at this facility.

The Chairperson asked if there was any other business to be brought before the Board. There was none.

The next regularly scheduled board meeting will be an in person board meeting on Thursday, May 21, 2009 at 1:00 P.M. in the second floor conference room at the Henry Wallace State Office Building. The administrative law judge will also be in attendance to facilitate Board members with forming an official decision on the Goodell appeal that was the subject of the evidentiary hearing at this meeting.

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 2:40 P.M.