

Iowa Grain Depositors and Sellers Indemnity Fund
Iowa Grain Indemnity Fund Board
Meeting Minutes for February 16, 2012
Page 1

The Grain Depositors and Sellers Indemnity Fund Board (hereafter “Board” or “Fund”) held a meeting by telephone conference call on Thursday, February 16, 2012, in the office of Richard Wahl, Wallace State Office Building, 502 East 9th Street, Des Moines, Iowa, with Steve Moline, Consumer Protection and Industry Services Division Director and president designee, as Chairperson.

Attending the meeting in addition to Steve Moline (hereafter “Chairperson”) were the following:

Jake Friedrichsen (Board Treasurer Designee)	State Capitol Building Des Moines, IA 50319
Curtis Sindergard (Board Member & Producer Rep.)	Rolfe, IA 50581
Sharon Smith (Board Member & Producer Rep.)	Knoxville, IA 50138
Lori Goetzinger (Board Member & Industry Rep.)	Ralston, IA 51459
Michael Kettwick (Board Member & Banking Industry Rep.)	Buffalo Center, IA 50424
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

Joseph Sinclair and Tim Benton were unavailable for the Board meeting.

This meeting, upon duly prescribed notice, was called to order by the Chairperson at 2:02 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 January 19, 2012 Board minutes. There were no corrections or questions regarding the Board minutes. The Chairperson called for a motion to accept the Board minutes. Lori Goetzinger made a motion to approve the minutes. Sharon Smith seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Jake Friedrichsen to present the Treasurer's Report. The balance of the Fund as of February 16, 2012 was \$6,837,664.70. The Chairperson asked if there were any questions about the Treasurer's Report. Hearing none, the Chairperson called for a motion to accept the Treasurer's Report. Curtis Sindergard made a motion to approve the Treasurer's Report. Michael Kettwick seconded the motion, and the Board approved the motion unanimously.

The Chairperson called on Jeff Walker to present the January 31, 2012 financial statement. The balance in the Investment in State of Iowa Pooled Accounts as of January 31, 2012 was \$6,837,228.35. The Equity in the Iowa Grain Indemnity Fund as of January 31, 2012 was \$6,819,428.67. There is a net decrease in the Fund for the month of January in the amount of \$34,130.04. There is a fiscal year to date decrease in the Fund as of January 31, 2012 in the amount of \$83,261.59. 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. Michael Kettwick made a motion to approve the financial statements. Lori Goetzingler 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 explained that it was that time of the year where the Board is required by statute to set the assessment fee for the Fund for the upcoming fiscal year. This would be for the fiscal year that begins July 1, 2012. Richard stated that the Fund balance is below the cap of \$8 million dollars, but has not yet reached the automatic trigger point of \$3 million dollars to activate a new assessment. He suggested the Board either vote on it today, table it until next month, or meet in person to discuss the assessment fee. Richard declared that it was again the Grain Warehouse Bureau's recommendation that there not be an assessment enacted for the next fiscal year. Richard based this on the fact that the Fund currently has approximately \$6.7 million dollars. Richard indicated that if the Board was to raise the assessment fee for a year at the maximum rate, it would bring an estimated \$5 million dollars into the Fund. Richard said the Fund would then quickly reach the cap and the Board would have to stop the assessment again. Richard asked for any discussion from the Board regarding an assessment.

Curtis Sindergard agreed with Richard Wahl's decision to not enact a new assessment for the upcoming new fiscal year starting July 1, 2012. Curtis said that the Grain Warehouse Bureau and the Board need to continue to be vigilant with the Fund. Richard agreed with Curtis.

Richard Wahl explained that Jeff Walker did a projection worksheet for the Fund in mid-year 2009. Jeff estimated that the Fund balance would be \$6.2 million dollars at the beginning of the new fiscal year starting July 1, 2012. The actual balance in the fund is a little better than the projection, as the Fund received an unexpected payment from the Crestland Cooperative bankruptcy case.

Curtis Sindergard asked if the assessment could be adjusted at any time or just during this time of the year only. Richard responded by saying that the Board can only exercise its assessment

rate setting authority between January 1 and May 1. Richard added that if the Fund goes down to the \$3 million dollar mark, an assessment is triggered automatically.

Richard went on to say that the indemnity assessments are a two part fee structure. The part that applies to the grain dealers and warehouse operators is set at a rate of fourteen thousands of a cent per bushel. The producer rate is set at a maximum as one quarter of a cent per bushel. The grain dealers' and warehouse operators' set rate cannot be changed by the Board. The producer rate, however, can be set lower than one quarter of a cent per bushel. Richard shared that the grain industry people who helped the bureau craft legislation to revise the fee structure, are very sensitive to the ratio of "producer to industry" payments. The old and new fee structures generate about 90% from the producers and 10% from the industry. If the Board lowers the producer assessment rate, that would change the ratio of producer to industry payments. Any change in rates would require administrative rule making procedures and the Board would likely need to offer the affected parties an opportunity to appear before the Board to address the change.

Richard Wahl proposed the following language to the Board, "Be it resolved that there shall be no indemnity assessment for the new state fiscal year beginning July 1, 2012 and ending June 30, 2013." Curtis Sindergard moved the motion as proposed. Sharon Smith seconded the motion. The Chairperson asked if there was any further discussion on this motion before the Board. Hearing none, the Chairperson then asked for a roll call vote, to which the Board approved the motion unanimously.

The Chairperson asked for any other business to come before the Board. Richard Wahl mentioned that IDALS legislation, which included some changes to the grain dealer and warehouse law and one minor change to the GIF law, was recently introduced as an Iowa Senate study bill. Richard stated that copies of this bill were emailed to Board members prior to the Board meeting. Richard discussed the bill highlights very briefly.

The Chairperson asked the Board if they had any questions for Richard Wahl regarding the Iowa Senate study bill discussion.

The Chairman asked for any other business to come before the Board. There was none.

The Chairperson announced that the next regularly scheduled Board meeting will be a telephone conference on Thursday, March 15, 2012 at 2:00 P.M. in Richard Wahl's office at the Henry Wallace State Office Building.

The Chairman asked for a motion to adjourn. Michael Kettwick made a motion. Jake Friedrichsen seconded the motion, and the Board approved the motion unanimously. The Board meeting adjourned at 2:20 P.M.

Minutes Submitted by Cheryl Petersen, February 20, 2012