

Iowa Grain Depositors and Sellers Indemnity Fund
Iowa Grain Indemnity Fund Board
Meeting Minutes for July 15, 2010
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DATE: July 15, 2010
TO: Members of the Grain Indemnity Fund Board
FROM: Cheryl Petersen, Secretary
RE: Summary of the Minutes July 15, 2010

The Grain Indemnity Fund Board (hereafter “Board” or “Fund”) held a meeting by telephone conference call on Thursday, July 15, 2010, in the office of Richard Wahl, Wallace State Office Building, 502 East 9th Street, Des Moines, Iowa, with Karey Claghorn, Deputy Secretary of Agriculture and president designee, as Chairperson.

Attending the meeting in addition to Karey Claghorn (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
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
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 2:02 P.M.

Curtis Sindergard was not available for the Board meeting.

The Chairperson called for any additions or corrections to the June 17, 2010 Board minutes. There were no corrections or questions regarding the Board minutes. Joseph Sinclair 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 July 12, 2010 was \$7,274,545.51. Sharon Smith made a motion to approve the Treasurer's Report. Sandy Simpson 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 June 30, 2010 was \$7,280,724.21. The Equity in the Iowa Grain Indemnity Fund as of June 30, 2010 was \$7,267,834.02. There is a net decrease in the Fund for the month of June in the amount of \$33,930.14. There is a fiscal year to date decrease in the Fund as of June 30, 2010 in the amount of \$207,426.06. 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. Kyle Rice made a motion to approve the financial statements. Sharon Smith seconded the motion, and the Board approved the motion unanimously.

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

Steve Moline updated the Board on Troy Elevator, Inc. (Troy). Steve stated that the Department of Agriculture (department) has been working with Troy throughout their process of reorganization in U.S. bankruptcy court. Their plan of reorganization was approved by the court late last week. Part of that plan is the implementation called "take-out" financing through a local credit union. This plan is based, in part, on a loan guarantee that has been provided by the U.S.D.A. Steve shared that he has a copy of the commitment letter from U.S.D.A. indicating they will go through with the plan. The department has asked to meet with Troy and Troy has indicated they will do so in the very near future. The department will also go over the requirements Troy must meet to hold a grain and/or warehouse dealer license in Iowa, as well as what they need to do with structuring the term of their financing. Steve finished by stating, that when Troy has completed those requirements, they will be treated just like any other potential licensee. The Chairperson asked for any questions or comments.

Richard Wahl discussed Watkins Elevator, Inc. (Watkins) Richard had been contacted by John Harder recently. Mr. Harder was one of the claimants from the failed Watkins. Mr. Harder had a business association with the owner of Watkins, Bill Ballard. Richard went on to say that since that time, Mr. Harder purchased the physical facility of Watkins Elevator, Inc. Mr. Harder is nearing the closing date on purchasing the elevator. Mr. Harder is planning on applying for a grain dealer license, and perhaps a warehouse license, to be able to operate the Watkins facility. Mr. Harder asked Richard if he could place Mr. Ballard as his day-to-day operations manager. Richard explained to Mr. Harder that since Mr. Ballard is the president and sole stockholder of

the failed Watkins Elevator, Inc., that would not be possible. Richard explained to Mr. Harder that the department has statutory authority to deny a license application and renewals from companies that have had their license(s) previously revoked or have held outstanding debts to the Fund. Richard stated that the failure of Watkins did cost the Fund in excess of \$400,000.00 dollars, adding that there has been no recovery of those funds. Richard explained that the department exercised its authority to deny the license to any company that Mr. Ballard is associated with in management or in a controlling function role. Richard asked for any questions or comments.

Joseph Sinclair asked if there was a petition process for Mr. Harder that would enable him to appeal the department's decision regarding Mr. Ballard. Richard Wahl said Mr. Harder can ask for a contested case hearing before the department to re-examine his request. Richard added that since it is a Board matter, the Board would need to be involved in any input in the contested case.

Richard Wahl ended the Board meeting by explaining that a producer had recently called him about his grain settlement. The producer noticed that a Fund assessment had been deducted on his settlement and inquired about it. Richard explained that there was no active assessment at this time. The producer told Richard that Cargill corn plant in Eddyville, Iowa, had mistakenly deducted a Fund assessment on his grain settlement. The head merchandiser at Eddyville was contacted and instructed to cease this assessment. The head merchandiser assured Richard that he would refund all monies to the persons who were incorrectly charged the assessment.

The next regularly scheduled Board meeting will be a telephone conference meeting on Thursday, August 26, 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. Sandy Simpson made a motion to adjourn. Sharon Smith seconded the motion, and the Board approved the motion unanimously.

The meeting adjourned at 2:17 P.M.