

Iowa Grain Depositors and Sellers Indemnity Fund  
Iowa Grain Indemnity Fund Board  
Meeting Minutes for February 19, 2009  
Page 1

DATE: February 19, 2009  
TO: Members of the Grain Indemnity Fund Board  
FROM: Angela Burke Boston, Secretary Designee  
RE: Summary of the Minutes February 19, 2009

The Grain Indemnity Fund Board (hereafter “Board” or “Fund”) held a meeting by telephone conference call on Thursday, February 19, 2009 at the 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)	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	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. 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 minutes for the January 15, 2009 Board meeting. There were no corrections or questions regarding the Board minutes. Sandy Simpson made a motion to approve the minutes, Ed Hershberger 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 February 17, 2009 was \$8,127,192.59. Tom Kaldenberg made a motion to approve the Treasurer's Report. Ed Hershberger 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 January 31, 2009 was \$8,156,969.09. The Equity in the Iowa Grain Indemnity Fund as of January 31, 2009 was \$8,128,972.86. There is a decrease in the Fund for the month of January in the amount of \$26,973.46. There is a fiscal year to date decrease in the Fund for the seven months ending January 31, 2009 of \$55,845.64. 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. Sharon Smith 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 this Board meeting's first claim. The first claim is for Reagan L. Miller. The claim number is G5126-1.00. This claim is against VeraSun Energy Corporation (VeraSun) in Charles City. This claim involved two loads of grain delivered to the VeraSun Charles City plant in September. The claimant did not cash the check before the filing of VeraSun's bankruptcy. Grain was delivered prior to the October 11<sup>th</sup>, 2008 date. As a result, the claimant is barred from getting replacement payment at this point. Richard announced that it was the Bureau's recommendation that claim G5126-1.00 be approved and paid in the amount of \$11,610.49. Richard asked for any questions regarding this claim.

Steve Larson asked, since this is a bankruptcy, if the GIF Fund could get money from the

bankruptcy court.

Steve Moline responded that VeraSun has approximately 1.6 billion dollars in secured or other priority debt. The proposed sale of assets, that is now pending, would raise 200 million dollars, which Steve estimated to be roughly 25 cents on the dollar or less. Those dollars would be the most valuable assets of all the ethanol plants that VeraSun owns. Steve went on to say that while there is not a great chance of recovery, the Department of Agriculture will still file a claim.

The Chairperson asked if there were any questions regarding the Reagan L. Miller claim.

Tom Kaldenberg asked about the date of VeraSun's bankruptcy. Richard Wahl answered by saying that the bankruptcy petition was filed on October 31, 2008. VeraSun has permission from the court to reissue new checks to pay for grain delivered 20 days prior to the bankruptcy. Grain that was delivered by producers before October 11, 2008, is barred from getting paid right now. Such producers would have a claim in the bankruptcy. Richard stated that the Fund's job is to provide coverage for 90% of a claim and to take the claim against bankruptcy off the farmer's hands. Richard shared that if the claimant had cashed his grain check prior to VeraSun's bankruptcy, the claimant would have been paid for his grain.

Ed Hershberger inquired about the claimant's home address, noting that the claimant was from Minnesota. He wondered where the claimant produced the grain and how this might affect his claim.

Richard Wahl was unsure of where the grain was produced. Richard added that since the grain was delivered into the state of Iowa to a licensed plant, it would be a covered transaction provided the claimant raised the grain somewhere.

The Chairperson asked for a motion to approve the claim. Ed Hershberger made a motion to approve the claim, and Sandy Simpson seconded the motion. The motion carried unanimously.

Richard Wahl presented one more claim this month to the Board. This claim is for William J. Bonert. The claim number is GD-5156-2.00. Richard said this claim was similar to the first claim. One load of grain was delivered to the VeraSun Dyersville plant slightly ahead of the cut-off date. Richard said it was the Bureau's recommendation that claim GD-5156-2.00 be approved and paid in the amount of \$5,499.42. There were no questions regarding this claim.

The Chairperson asked for a motion to approve the claim. Tom Kaldenberg made a motion to approve the claim, and Steve Larson seconded the motion. The motion carried unanimously.

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

Richard Wahl said that he wanted to update the Board on some items. He shared that he had

attended a producer meeting for VeraSun customers in Fort Dodge on Tuesday, February 17, 2009. It was informative for the farmers in attendance. The farmers were perturbed that some VeraSun plants chose to accept some deliveries from old contracted corn from some farmers and not others. Richard explained that VeraSun's financing covenants for their debtor in possession financing require that they stick with a spot market pricing structure. VeraSun cannot accept all contracts. They must be careful to mix both low and high contract prices to arrive at an average that is acceptable to their financing covenant. Richard said when VeraSun presented this financial information to the farmers, it satisfied many in attendance.

Richard Wahl also reported that there are two pieces of indemnity legislation moving through the legislature currently. One bill came out of the House Ag Committee that will raise the claim payment limit from \$150,000.00 to \$300,000.00 and raise the cap of the Fund to \$8 million. The second bill is from the Senate Ag Committee that also raises the claim payment limit to \$300,000.00, but increases the cap of the Fund to \$12 million instead of \$8 million. Richard went on to say that neither bill includes any changes to the industry fees that grain dealers and warehouse operators pay. The department's request to increase the assessment on bushels purchased from a quarter cent to one-half cent was denied. The maximum assessment will remain at a quarter cent per bushel purchased.

The Chairperson relayed that the House Ag Committee asked the department to put together an informal group over the summer, to further discuss the bushel purchased assessment rate. This would include the participation of Agribusiness Association of Iowa (AAI), Iowa Farm Bureau, Iowa Corn Growers Association, and the Iowa Institute of Cooperatives. The Chairperson shared that prior to the Board meeting, AAI informed him that they were not going to move the amendment which changes how the industry fees are assessed despite two years of negotiations with the department.

Ed Hershberger inquired as to why AAI decided to leave that amendment alone for now.

The Chairperson replied that Mark Reisinger, CEO of AAI, told him that the bill will proceed as is and that AAI would take a look at industry fees next year.

Sandy Simpson said she had seen a television report on VeraSun stating that paid claims had reached \$25,000.00. Richard Wahl agreed with that report, adding that this would include all claims filed and approved for payment currently. This does not include any appealed claims.

Richard Wahl asked if Steve Moline had any new information about the appeal process. Steve Moline said that Attorney Bob Malloy is representing the two entities who are appealing their rejected claims. Steve is in contact with Attorney Malloy, but has not heard back from him. Since the claimants are on vacation, it could be the month of June before the appeal proceeds further. Steve added that it would involve a full evidentiary hearing.

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 a telephone conference meeting on Thursday, March 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 2:28 P.M.