



One North Capitol Avenue, Suite 600
Indianapolis, IN 46204
(317) 232-1360
<https://www.in.gov/isda/2352.htm>

BOARD OF DIRECTORS MEETING MINUTES

Date: Friday, February 28th, 2020

Time: 1:00 PM EST

Location: Hussey-Mayfield Memorial Public Library
Hussey Meeting Room (1st Floor)
250 N 5th Street
Zionsville, IN 46077

Type: Public Meeting

Notice Posted in Advance: Yes

Quorum: Satisfied

Meeting Attendees

Voting Members of the Board:

Mr. Mike Buis
Mr. Joe Caffee
Mr. Dave Howell – via phone
Mr. Randy Kron
Mr. Ron Reichart
Mr. Peter Schram
Mr. Mike Silver
Mr. Kevin Underwood
Mr. Mark Wolf

Non-Voting Members of the Board:

Mr. Philip Gordon, Designated Representative for the Attorney General
Mr. Duane Jasheway, Designated Representative for the State Treasurer
Mr. Harry Wilmoth, IGBWLA Director & Chairman of the Board

Excused Members of the Board:

Mr. Jim Douglas
Mr. Curtis Hill, Indiana Attorney General
Mrs. Kelly Mitchell, Indiana State Treasurer

Resource Staff:

Mrs. Heather Crockett, Section Chief, Office of the Attorney General
Mr. Bruce Kettler, Director, Indiana State Department of Agriculture
Mr. Kyle Shepherd, Grain Compliance Officer, Indiana Grain Buyers and Warehouse Licensing Agency
Mr. Dan Wilkins, Grain Compliance Officer, Indiana Grain Buyers and Warehouse Licensing Agency
Mrs. Amanda Williams, Deputy Director, Indiana Grain Buyers and Warehouse Licensing Agency

Guests:

Mr. Joe Basile, Director of Legal Services, Office of Lieutenant Governor
Mr. John Baugh, Director of Ag Services Regulations, Purdue University, College of Agriculture
Mrs. Amy Cornell, Vice President, Bose Public Affairs Group
Mr. Jeff Cummins, Associate Director for Policy Engagement, Indiana Farm Bureau
Mr. Russ Curry, Lead Designer, Agnetic, LLC
Mr. Dax Denton, Senior Vice President – Government Relations, Indiana Bankers Association
Mr. William Herrod, Corporate Chief Credit Officer, First Financial Bank
Mr. Joe Miller, General Counsel, Rose Acre Farms
Mr. Mark Thornburg, General Counsel and Director of Legal Affairs, Indiana Farm Bureau
Ms. Karen Woods, General Counsel, First Financial Bank

Call to Order: 1:11 PM EST

Roll Call: Williams conducts roll call that identifies eight (8) voting members and (3) non-voting members of the board to be physically present, and one (1) voting member of the board participating via teleconference.

Quorum: Wilmoth states the required quorum of six (6) voting members is met.

Chairman's Welcome: Wilmoth welcomes all attendees to the board meeting and introduces the following new board members:

Mr. Duane Jasheway – replacement designated representative for the Office of the Indiana State Treasurer. Jasheway will be serving in Mrs. Vicki Pool's place on the board.

Mr. Peter Schram – replacement appointee for the Agribusiness Council of Indiana. Schram will be serving in Mr. Bob Bischoff's place on the board until Bischoff's current term officially expires on July 31st, 2023, representing the interest of the seed trade in Indiana.

Review of Previous Board Meeting Minutes: Wilmoth states the minutes from the board meeting held on Tuesday, November 12th, 2019, had been previously distributed to all members of the Board and asked if any amendments to the minutes need to be made.

Motion made by Silver to approve the previous meeting's minutes as read.
Seconded by Underwood and passed without dissent.

Indiana Grain Indemnity Fund Update: Wilmoth provides an update on the Indiana Grain Indemnity Fund ("Fund"). As of January 31st, 2020, the Fund's current balance is \$37,709,244.43 comprised of cash and investments. This balance accounts for the full \$434,087.30 in partial compensation payments that the Indiana Grain Indemnity Corporation ("Corporation") Board of Directors ("Board") approved to make during its July 23rd, 2019, meeting for proven claimants of the Dorsett Bro., Inc., grain failure.

Dorsett Bros., Inc., Grain Failure Update:

- Wilmoth reports settlements have been reached on all Petitions of Review that were filed with the Agency contesting the Findings of Fact and Final Order issued on May 31st, 2019 (the "Order").
- Crockett reports Dorsett Bros., Inc., documents are in order and nothing was found to raise any concerns. She recommends not to pursue any further legal action.
- Wilmoth presents a letter received from First Financial Bank. Herrod and Woods introduce themselves to the Board offering to answer questions members may have regarding First Financial Bank, Dorsett Bros., Inc., and/or DDD Farms, LLC.
- Wilmoth presents the Final Payment Distribution Schedule Snap Shot itemizing the amount of reimbursement each claimant received from the Board's approved partial payment schedule, and the amount of reimbursement each claimant is still owed.
- Discussion on the matter as follows:
 1. Silver: Assuming all of the producers are reimbursed according to this [Snap Shot], what would be the total disbursement from the Fund for the Dorsett Bros. grain failure?
Wilmoth: If the Board accepts all claims as shown, the Fund will reimburse a total of \$1,815,129.74 to proven claimants impacted by the Dorsett failure.
 2. Buis: Did [the Appointed Receivership for DDD Farms] ever producer further evidence for the seventeen (17) tickets that were denied prior to our last meeting?
Wilmoth: No. Those seventeen (17) tickets are still denied. There was no sufficient evidence to prove if the tickets were paid for or not. The Receivership has already signed an agreement with the [Indiana Grain Buyers and Warehouse Licensing Agency] ("Agency") in which those seventeen (17) were tickets are not included.
 3. Reichart: Thinking about the potential of this claim and previous grain failures, is this becoming a pattern where the same individual who owns a farming operation and a commercial elevator creates a greater risk to the Fund because of the close relationship? I completely disagree with this situation. However, if everything is right by statute then this

may be a valid claim. Looking forward, how do we work to prevent this same thing from happening again in the future?

Kron: I agree with Reichart. The concern is we have gone through two of these failures where the farm operation and grain elevator seem intertwined and it's difficult to separate the two from each other. As we move forward, we need to figure out how to better address these types of situations. Does that mean extra reviews? Further reviews? What needs to happen to make sure these types of entities maintain sound operations and stay separate?

Silver: I too agree with Reichart and Kron. I don't think we have much choice here. None the less, it is very concerning that we are dealing with this type of situation again. Since the creation of the Fund the nature of our industry has changed. There have been a lot of risk mitigation tools implemented. Farms that we do business with have multiple LLCs incorporated into their operations to mitigate their risks. This presents new challenges to elevators, banks, seed distributors, everybody. We have to stay vigilant and need to make some changes to better address these new challenges.

- Wilmoth presents Amstutz's \$1,993.51 claim to the Board.

Motion made by Kron to approve \$1,993.51 be paid to Amstutz from the Fund to reimburse for his proven loss in relation to the Dorsett Bros., Inc., grain failure.
Seconded by Schram and passed without dissent.

Action Item: Within the next ninety (90) calendar days, issue payment from the Fund to Amstutz to reimburse for his proven loss.

- Wilmoth presents DDD Farms, LLC, \$1,307,524.82 claim to the Board.

Motion made by Reichart to approve \$1,307,524.82 be paid to both DDD Farms, LLC, and First Financial Bank to reimburse the proven loss in relation to the Dorsett Bros., Inc., grain failure.

Seconded by Caffee. Seven (7) in favor. One (1) opposed. One (1) abstained. Motion passes.

Action Item: Within the next ninety (90) calendar days, issue payment from the Fund to DDD Farms, LLC, and First Financial Bank to reimburse for the proven loss.

- Wilmoth presents the remaining \$71,524.11 in claims that is owed to the other forty-four (44) proven claimants that were approved for partial payment during the Board's July 23rd, 2019, meeting.

Motion made by Schram to approve for \$71,524.11 be paid from the Fund to the forty-four (44) proven claimants in accordance to the [Snap Shot] report for their respective loss related to the Dorsett Bros., Inc., grain failure.

Seconded by Kron and passed without dissent.

Action Item: Within the next ninety (90) calendar days, issue payments from the Fund to the forty-four (44) proven claimants in accordance to the [Snap Shot] report to reimburse for their respective proven loss. These payments should fulfill the total reimbursement amount each proven claimant is truly owed.

Cline Grain, Inc., Grain Failure Update:

- Wilmoth re-presents the \$50,695.04 remaining in collected proceeds that need to be distributed to Cline Grain, Inc., grain failure proven claimants. Wilmoth recommends using \$32,376.97 of the aforementioned proceeds to complete payments to those producers who were undercompensated. Furthermore, Wilmoth also recommends using \$18,318.07 of the remaining proceeds to reduce the respective overcompensation payments that were made to certain producers. The \$18,318.07 will

in turn be deposited into the Fund. Under this recommendation, the Board will forgo collecting \$2,337.95 from the produces that were overcompensated.

Motion made by Silver to: (1) use \$32,376.97 of the remaining proceeds to accurately pay proven claimants who were undercompensated in the Cline Grain, Inc., grain failure; (2) use \$18,318.07 of the remaining proceeds to reduce, pro rate, the amount of money certain prove claimants were overcompensated in the Cline Grain, Inc., grain failure; and (3) the Corporation shall not seek any legal action to recover the outstanding \$2,337.95 from proven claimants who were overcompensated in the Cline Grain, Inc., grain failure.

Seconded by Kron and passed without dissent.

Action Items: (1) Using \$32,379.67 of the remaining proceeds, issue payment to the proven claimants who were undercompensated for their proven losses in the Cline Grain, Inc., grain failure. (2) Transfer \$18,318.07 of the remaining proceeds to the Fund.

- Wilmoth re-presents to the Board the payments that were made to the Indiana Corn Marketing Council (“ICMC”) and Indiana Soybean Alliance (“ISA”) associations from the Fund in the amount of \$3,897.30 and \$12,042.23, respectively. As neither association satisfies the definition of “producer” as defined in statute, neither one should have received reimbursement payments from the Fund.
- Discussion on the matter as follows:
 1. Kron: To reaffirm, not seeking any legal action on this specific matter doesn’t set any precedent for anything that may happen in the future, correct?

Gordon: Correct. The Board’s action that is being taken now has been discussed and has a clear basis of why it’s going to vote. It’s not going to carry over for a similar situation.

Motion made by Silver for the Corporation not to seek any formal or informal legal action against ICMC or ISA to recover any of the money either association received from the Fund related to the Cline Grain, Inc., grain failure.

Seconded by Kron and passed without dissent.

Zero Storage Capacity Special Committee Update

- Wilmoth updates the board on the committee’s first meeting. Members of the committee and attending public discussed the following items:
 1. Revisiting and redistributing educational material about the Indiana Grain Indemnity Program to producers.
 2. Dissecting the ripple effect of an end user becoming insolvent that could cause a truck house to become insolvent because payment wasn’t made from end user to truck house.
 3. Ensure fair bonding requirements are set on all licensees and relative to the amount of business being conducted.
 4. Licensees not operating a physical location within Indiana always receive notice of an audit compared to licensees that have physical locations in Indiana may or may not have notice.
 5. Looking at a licensee’s financial and legal structure to better understand comprehensive risk.
 6. Promotion of the strengths and services offered by independent country elevators operating in Indiana’s grain industry. Stereotypes about country elevator failures could make producers wary to do business with solvent independents.
- Official committee meeting minutes will be presented at the Board’s next scheduled meeting.
- Wilmoth presents four (4) travel vouchers totaling \$200.95 for mileage reimbursement to members of the committee that attended the February 14th, meeting.

Motion made by Kron to approve all four (4) travel vouchers to be paid from the Fund to the committee members for mileage reimbursement.

Seconded by Buis and passed without dissent.

Action Item: Issue payments from the fund to the four (4) committee members who submitted a travel voucher for mileage reimbursement.

IGBWLA Director’s Report

- Mr. Ross Newton left the Agency in December of 2019 to expand his career into agriculture finance. We are thankful for his service to the Agency. Williams has been promoted to serve as the Agency’s Deputy Director effected January of 2020.
- After reviewing the Agency’s current organizational structure there will be changes to the now vacant position to increase its productivity.
- The Agency is currently accepting moisture meter applications. Last year it tested 530 meters, and will be expecting to test another 500 to 525 meters this year. Instead of the usual formal letter reminders that have been sent in the past, the Agency mailed postcards to drive licensees to the website and reduce cost.

Board Members Expiring Terms

- Buis’ term will expire on July 31st, 2020. Wilmoth will send written notification to the President of Indiana Farmers Union to notify the association of Buis’ expiring term and to request an appointee for the Board.
- Silver’s term will expire on July 31st, 2020. Wilmoth will send written notification to the President of Agribusiness Council of Indiana to notify the association of Silver’s expiring term and to request an appointee for the Board.

Adjournment: 3:15 PM EST

Motion made by Underwood to adjourn the meeting.
 Seconded by Reichart and passed without dissent.

The following travel vouchers for mileage reimbursement were submitted after the meeting was adjourned:

Name	Amount
Mr. Mike Buis	\$ 34.88
Mr. Joe Caffee	\$109.44
Mr. Ron Reichart	\$ 40.89
Mr. Peter Schram	\$ 20.82
Mr. Mike Silver	\$ 38.23
Mr. Kevin Underwood	\$ 44.69
Mr. Mark Wolf	\$ 77.52
Grand Total	\$366.47

Minutes submitted by: Amanda Williams

Adopted by the Board during the meeting on: 07 / 22 / 2020

Chairman’s Signature: 