

**ILLINOIS GRAIN INSURANCE CORPORATION
BOARD MEETING**

Tuesday, April 14, 2015

I. Welcome

Philip Nelson, Director of the Illinois Department of Agriculture (“IDOA”) and President of the Illinois Grain Insurance Corporation (“IGIC”) called to order a regular meeting at approximately 10:05 a.m. in the FFA Conference Room at the Illinois Department of Agriculture on Tuesday, April 14, 2015. The agenda was posted prior to the meeting and distributed to the Board members of the Advisory Committee.

II. Roll Call

A. Secretary designee Karen McNaught called the roll. Present were Philip Nelson (President of the IGIC); Karen McNaught, secretary and designee for Attorney General Lisa Madigan; Keith Fanning, designee for the Director of the Illinois Department of Insurance, James A. Stephens; Laura Cadagin, Chief Fiscal Officer of the IDOA; and Liz Turner, the designee for State Treasurer Michael Frerichs. Prior to the meeting, Keith Fanning and Liz Turner submitted of re-appointment to serve as designees on the Board of Directors of the Illinois Grain Insurance Corporation.

B. Others present included members of the Advisory Board, attendees, and IDOA staff:

Jeff Adkisson; Grain and Feed Association of Illinois
Harold Gates; Illinois Bankers Association
Dan Litteken; Grain and Feed Association of Illinois
Donald Ludwig; Grain and Feed Association of Illinois, Advisory Committee
Rae Payne, Illinois Farm Bureau
Chuck Cowley; IDOA staff
David Gleason; IDOA staff
Stuart Selinger; IDOA staff
Craig Sondgeroth, IDOA General Counsel
Kevin Wiegmann, IDOA staff

III. Treasurer’s Report

A. Liz Turner, designee of the Illinois Treasurer, provided the following report.

The balance in a money market account as of March 31, 2015, in the Illinois Grain Insurance Fund was \$7,413, 737.91. There is a deposit in transit of \$972.00. The money market fund balance is invested in Illinois Funds, which currently is earning interest at 0.017 percent. See Exhibit A.

- B. Keith Fanning moved to approve the Treasurer’s Report. Karen McNaught seconded the motion. There was no discussion. After a vote, the Treasurer’s Report was approved as submitted.

IV. Secretary’s Report

- A. The minutes of the March 11, 2014, regular meeting were distributed prior to the meeting. There were no additions or corrections.
- B. Laura Cadagin moved to approve the minutes as written, and Keith Fanning seconded the motion. There being no discussion, the motion was called for a vote and the minutes were approved as written.
- C. The minutes will be available on the IDOA website at www.agr.state.il.us, (then click on Inspections & Regulation then on Warehouses/Coops).

V. New Business

- A. Update Balance and Assessment

Stuart Selinger reported that as of March 31, 2014, there was a cash balance in the Illinois Grain Insurance Fund of \$7,414,709.91 and an equity balance of \$7,467,124.30. In the last fiscal year, there were no draws on the Illinois Grain Insurance Fund.

Revenues from assessments through March 30, 2015, were as follows:

Emergency capacity assessment	\$ 15,749.00
Interest from Illinois Funds	\$ 726.70
Interest on Grain Indemnity Trust Account Funds	\$ 4.65
Interest on Illinois Prime Fund	\$ 0.00
Newly licensed grain dealer assessments	\$ 25,646.00
Newly licensed warehouse assessments	\$ 2,017.00
Penalties	\$ 750.00
Permanent capacity assessment	\$ 34,677.00
Printer fees	\$ 2,700.00
Recovery on claims paid	\$ 14,047.82
Reimbursement from Grain Indemnity Trust Account	\$ 0.00
Services in kind from IDOA	\$ 0.00
Subsequent assessments written off	\$ 0.00
Temporary capacity assessments	<u>\$ 38,193.00</u>

Total revenues for the fiscal year to-date are \$ 185,103.17

The difference between the report provided by the Department of Agriculture and the Treasurer's Report is a \$972.00 deposit that was in transit from the Department to the Treasurer. The check came into the Department at the end of the month and had not reached the Treasurer's Office at the time that report was completed. The Balance Sheet and Statement of Finances is attached hereto as Exhibit B.

B. Update on Grain Dealer & Grain Warehouse Licensures.

Stuart Selinger reported that there are 258 licensed companies (a loss of 7 from the previous year) at 975 licensed locations (a loss of 5 from the previous year). Of these 258 licensed companies, 241 are Class I State Warehouses, 12 are Class II State Warehouses, and 21 are federal warehouse licensees (of which 14 participate in Illinois Grain Insurance Program and 7 do not participate in the Program). There are 250 grain dealers, 243 of which have full licenses and 7 of which have incidental licenses. Licensees have a total permanent storage capacity in Illinois of 1,380,000,000 bushels, which is the largest in the nation.

Rae Payne asked if there had been any change in the nonparticipating federal warehouses. Stu Selinger responded that the number of nonparticipants remains fairly constant and is made up of mostly larger grain handlers, such as ADM and other such companies. Stu also indicated that federal entities are required to be insured as grain dealers and therefore grain sellers are protected, even though grain depositors who engage in business with the federal warehouses are not protected if they do not participate in the program.

C. Insolvency/Facilitation Update

Stuart Selinger reported that there have been no insolvencies since 2012 and no producers have lost money in the last three fiscal years. An analysis of grain claims since the inception of the Illinois Grain Insurance Corporation is attached hereto as Exhibit C.

D. Mandatory Ethics Training for Board Members

Craig Sondgeroth, the new General Counsel and Ethics Officer at the Illinois Department of Agriculture, was introduced and was asked to speak by Director Nelson about the mandatory ethics training. Craig Sondgeroth stated that he is required to ensure compliance of all Board members and Advisory Board members in completing the ethics training.

Contained in the materials made available to the Board members and the

Advisory Committee members, is the 2015 ethics training. Each Board member and Advisory Committee member should read the materials and then complete the certification form. The certification forms should be returned to Craig Sondgeroth at the Illinois Department of Agriculture, State Fairgrounds, P.O. Box 19281, Springfield, Illinois, 62794 within the next thirty (30) days. Members were reminded that failure to complete the ethics training may result in removal from the Illinois Grain Insurance Corporation Board.

Secretary Designee McNaught explained that Director Flider, Board Member Laura Cadagin, and Designee Keith Fanning need only sign the compliance form and return it to Stuart Selinger, if each has previously completed the training for their respective employers. However, all other persons must take the training prior to completing the form. Designees (Fanning, McNaught, and Turner) should also provide the training to the statutory Board members (James Stephens, Lisa Madigan, Michael Frerichs) and have them sign and return the completed training certification form to Craig Sondgeroth.

Rae Payne asked Craig if he would mail the ethics training to Dale Hadden, the Advisory Committee Member from the Illinois Farm Bureau, who was unable to be at the meeting. Craig stated that he would mail the training materials to Mr. Hadden.

Questions about the ethics training should be directed to Ethics Officer Craig Sondgeroth. He can be contacted via electronic mail at craig.sondgeroth@illinois.gov.

E. Reappointment of Advisory Committee Members

Stuart Selinger stated that he will send a request for the various members of the Advisory Committee to appoint persons to serve during the 2016-17 year. There are two members selected from the Grain and Feed Association of Illinois and one each from the Farm Bureau, Farmers Union, Illinois Corn Growers, Illinois Soybean Association, Illinois Bankers Association, and Community Bankers Association.

F. Warehouse Examiner Staffing Levels

Stuart Selinger advised that there are currently 14 employees in the Bureau of Warehouses. Many of the warehouse examiner positions have been eroded due to retirement. At present, the Department has 13 warehouse examiners, eleven of which are full time. Of the 11, six are currently eligible for retirement and four will be eligible for retirement within the next two years. Generally it takes 6-18 months to prepare an examiner to be able to conduct an examination independently.

Recently, the Bureau of Warehouses was able to fill one position in Livingston County, but it would like to hire for the positions in Jefferson, Effingham, and Peoria Counties. There are two unfilled Warehouse Specialists and one unfilled Warehouse Examiner positions. The bureau also recently posted a position for an Administrative Assistant, which became available when Brenda Schandley took a position in another bureau.

Stuart indicated that the bureau has been able to meet all of the statutory requirements to complete at least one examination biennially at each facility. When asked, Stuart stated that he thought there should be at least 15 full-time warehouse positions. Stuart provided the list of current warehouse examiners. See Exhibit D.

Karen McNaught requested that the Illinois Department of Agriculture attempt to fill the vacant positions, since the health of the Grain Insurance Corporation depends upon the examinations performed. She also suggested that recruiting at some of the major State universities may be an option that the Department would like to consider. Director Nelson indicated that he is aware of the problem and is making attempts to address these concerns.

VI. Old Business

A. Indemnity Trust Account Update

Stuart Selinger indicated that because there have been no insolvencies in that last fiscal year, no additional sub-accounts have been established. Stuart reminded the members that the indemnity trust account was established to quickly pay for equity assets or rolling stock in the event of a failure.

VIII. Adjournment

There being no further business, Keith Fanning moved to adjourn the April 14, 2015, meeting of the Illinois Grain Insurance Corporation Board of Directors. Laura Cadagin seconded the motion. The meeting was adjourned at approximately 10:36 a.m. on April 14, 2015.

Respectfully submitted,

April 14, 2015

/s/ Karen L. McNaught
Karen L. McNaught
Secretary Designee