ILLINOIS GRAIN INSURANCE CORPORATION
SPECIAL BOARD MEETING

Tuesday, May 30, 2017

I. Welcome

Raymond Poe, Director of the Illinois Department of Agriculture ("IDOA") and President of the Illinois Grain Insurance Corporation ("IGIC") called to order a special meeting at approximately 10:03 a.m. in the 4-H Conference Room at the Illinois Department of Agriculture on Tuesday, May 30, 2017. The agenda was posted prior to the meeting and distributed to the Board members and the members of the Advisory Committee.

II. Roll Call

A. Secretary Designee Karen McNaught called the roll. Present were Raymond Poe (President of the IGIC); Karen McNaught, secretary and designee for Attorney General Lisa Madigan; Keith Fanning, designee for the Jennifer Hammer, Director of the Illinois Department of Insurance; Liz Turner, the designee for State Treasurer Michael Frerichs; and Tyler White, Chief Fiscal Officer of the Illinois Department of Agriculture.

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

William Awe; Illinois Soybean Association
Chuck Cawley; IDOA Staff
David Gleason; IDOA Staff
Don Moffitt; IDOA Staff
Joe Small; IDOA Staff
Craig Sondgeroth; IDOA General Counsel
Troy Uphoff; Illinois Farm Bureau

Director Poe introduced Joe Small as the recently appointed Chief of the Bureau of Warehouses.

III. Secretary's Report

A. The minutes of the March 20, 2017, regular meeting were distributed prior to the meeting. There were no additions or corrections.

B. Keith Fanning moved to approve the minutes as written, and Liz Turner 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).

IV. New Business

A. Keller Insolvency (Anna and Ware facilities)

Joe Small reported that Keller Grain had failed on December 29, 2016. Proceeds from the sale of grain, grain assets, and collateral in the amount of $617,155.77 were collected, although there were $15,617.27 in expenses, for a net of $601,538.50, which has been placed in the indemnity trust fund. The total claims to-date are estimated to be $880,734.81, of which $794,349.06 is estimated to be covered by the Grain Code (20 ILCS 40/1-1 *et seq.*). However, due to the soybean checkoff of $2161.74, claims will be reduced proportionately to each claimant who is made an award for soybeans. There is $6874.87 left in the Indemnity Trust Fund from the SGI failure.

Karen McNaught made a motion to transfer up to $190,000.00 from the Illinois Grain Insurance Fund to the Grain Indemnity Trust Account to pay claims for the failure of Keller Grain. Liz Turner seconded the motion.

A discussion was held about the failure of Keller. David Gleason reported that there were 17 claimants who would be paid at 85% for their grain dealer claims. One of those claimants delivered grain within 21 days of the failure and therefore would be paid 100 percent on that portion of his claim (he has a claim for some grain at 85 percent). The only other claim is for a warehouse receipt held by AJ National Bank in Anna. The Department of Agriculture holds letters of credit from AJ National Bank in the amount of $80,000.00, which can be set off from the claim made by the bank on the warehouse receipt. AJ National Bank has made a request for a hearing on the set-off.

Liz Turner stated that if the Department of Agriculture makes a request for the transfer of funds this week, the funds can be transferred by next week. David Gleason and Joe Small stated that when the funds are transferred, payments can be made within another week. Assistant Director Don Moffitt asked whether payments would be made timely, in light of the budget impasse. Joe Small indicated that the statutory requirement of making payments to claimants within 30 days of the final determinations could be met. David Gleason explained that the Illinois Grain Insurance Corporation has its own checking account to pay claims from the Indemnity Trust Account and there is no reliance upon the Illinois Comptroller in issuing warrants.

B. SGI Agri-Marketing, LLC (Gibson City facility)

The dealer failed on November 1, 2016. The facility has been cleaned and Department of Agriculture personnel have vacated the premises. Except for five challenges in which administrative hearings have been requested, all claimants have been paid. Staff at the Department of Agriculture are still attempting to locate and recover grain assets or the proceeds of grain assets.

C. Assessments and Health of the Illinois Grain Insurance Fund

Assistant Director Don Moffitt asked about the health of the Illinois Grain Insurance Fund, in light of the recent failures. David Gleason explained that Keller and SGI had been on the watch list of the Department of Agriculture for several years and, although efforts were made to keep the facilities in compliance, the Department determined that it was no longer feasible to allow the elevators to be licensed.

Assistant Director Moffitt asked whether there should be consideration in increasing the fund, based upon the size of funds in other states. Karen McNaught stated that any increase would require a statutory amendment, which opens the statute to other changes suggested by special interest groups or members of the General Assembly. Karen offered to do a comparison of programs in other states, if there was an interest. Karen also stated that the health of the fund is dependent upon the warehouse examiners, many of whom are eligible or near eligible for retirement. Director Poe stated that he continues to seek approval for personnel.

V. Adjournment

There being no further business, Keith Fanning moved to adjourn the May 30, 2017, special meeting of the Illinois Grain Insurance Corporation Board of Directors. Liz Turner seconded the motion. The meeting was adjourned at approximately 10:36 a.m. on May 30, 2017.

Respectfully submitted,

May 30, 2017

Karen L. McNaught
Secretary Designee