approved @ 7/16/12 IGIC Special Board meeting

ILLINOIS GRAIN INSURANCE CORPORATION BOARD MEETING

Special Meeting

Tuesday, April 10, 2012

I. Welcome

Robert Flider, 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 10:11 a.m. in Room 66 of the IDOA on Tuesday, April 10, 2012. 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.

B. Present were Robert Flider (President of the IGIC); Karen McNaught, secretary and designee for Attorney General Lisa Madigan;

Keith Fanning, designee for the Illinois Department of Insurance, by telephone conference.

Liz Turner, the designee of the State Treasurer, by telephone conference.

III. Introduction of Attendees and Advisory Committee

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

Phil Thornton; Illinois Corn Growers Association
Rae F. Payne; Illinois Farm Bureau
Stuart Selinger; IDOA staff

IV. Secretary's Report

A. The minutes of the March 27, 2012, 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 Director Flider seconded the motion. There being no discussion, the motion was called for a vote and the minutes were approved.

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. IGIC By-Laws–First Reading to Consider Amendment to Article V

A copy of the current by-laws of the Illinois Grain Insurance Corporation were distributed at the regular meeting on March 27, 2012. Written notice of the proposed amendment to the by-laws of the Illinois Grain Insurance Corporation was given on March 27, 2012. The first reading of the proposed amendment to Article V of the the by-laws of the Illinois Grain Insurance Corporation were read by Stuart Selinger. The proposed amendment to Article V is:

ARTICLE V

AUDIT OF CORPORATE BOOKS

On or about December 1 of every even numbered fiscal year, the Board shall cause the books and records of the Corporation, for the two previous fiscal-year periods, to be audited by an independent public accountant licensed under the Illinois Public Accounting Act ((225 ILCS 450/1 *et seq.*)(as in effect now or hereafter amended)) or an entity permitted to engage in the practice of public accounting pursuant to Section 14(b)(3) of the Illinois Public Accounting Act ((225 ILCS 450/14(b)(3))(as in effect now or hereafter amended)). A copy of such audit shall be kept by the Corporation and be available for public inspection in accordance with Article II, Section 3 of these bylaws. No funds from the Illinois Grain Insurance Fund shall be expended to pay for any audit.

Stuart Selinger explained that the current by-law is contrary to custom and practice. At the present, audits are done biennially in December in even-numbered fiscal years. The amendment to the by-laws would address audit findings made by the Auditor General.

Director Flider asked if there was any discussion or other proposed amendments. No additions, corrections, modifications, or other proposed amendments were made. Director Flider suggested that the matter be set at a later date when the Board will need to meet for a Special Meeting. There was no further discussion.

B. Appointment of FOIA Officer

The Illinois Grain Insurance Corporation is required to designate an officer who can comply with requests pursuant to the Illinois Freedom of Information

Act (5 ILCS 140/1 *et seq.* Keith Fanning made a motion that Karen McNaught be designated as the FOIA officer for the Illinois Grain Insurance Corporation. Director Flider seconded the motion. There was no further discussion. Director Flider then called the matter for a vote and the motion was approved.

C. Update on Handy Feed & HandyScape, Inc.

Handy Feed & HandyScape, Inc. was a Class I Warehouse and grain dealer in Milstadt, Illinois and was operated by Gerald (Jerry) Paule. On March 30, 2012, the licenses expired and the entity requested an extension of time to file for licensure. The extension was denied on the basis that the Department of Agriculture found the entity to be approximately $180,000 deficient in being able to cover grain assets. Two examiners have been on site since April 1, 2012.

A hearing is scheduled for April 12, 2012, to show why the licenses should be reinstated. If Handy is not able to show cause, the entity will fail.

A creditors informational meeting for potential claimants is scheduled for April 16, 2012, and assistance will be available on April 17, 2012, at the facility for potential grain claimants. The grain inventory is expected to be sold on Friday, April 13, 2012, with shipping to commence on Monday, April 16, 2012.

There were seed beans and seed corn at the site, some of which was pre-paid. The Illinois Department of Agriculture was successful in getting Monsanto and Stine Seed to assist with the distribution of seed.

A Special Meeting is anticipated in July or August of 2012. If the entity fails, there will be an expected draw on the Grain Insurance Fund of approximately $180,000.00.

VI. Adjournment

There being no further business, Keith Fanning made a motion to adjourn. Karen McNaught seconded the motion. The special meeting of the Illinois Grain Insurance Corporation was adjourned at approximately 10:30 a.m. on Tuesday, April 10, 2012.

Respectfully submitted,

April 10, 2012

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