

Dear Chair Vang and Members of the Agriculture Finance and Policy Committee,

Thank you very much for allowing us to provide feedback regarding grain elevator bonding and associated questions and concerns that have arisen during the Indemnity Fund's implementation. We strongly believe that a hybrid indemnity fund and elevator bond model suits Minnesota well and wish to continue work with MDA staff and stakeholders to ensure we tailor the best solution for everyone.

After considering MDA and stakeholder questions and concerns, we have reviewed the South Carolina grain elevator bond and indemnity law and believe it can work for Minnesota.

A hybrid approach, combining the financial expertise of a surety company with the financial backstop of an indemnity fund, is a very reliable solution. We believe the surety prequalification process inherent in a bond requirement, including an informed financial review, is a vital part of helping to ensure that grain elevator operators are able to satisfy their obligations. After the bond is placed, the surety's ongoing financial monitoring and ability to assist in times of crisis can help prevent a default or insolvency. Although no mechanism can fully eliminate the possibility of insolvency, bond requirements do substantially reduce this risk.

We are available to answer any questions you may have. We look forward to continuing to work with you.

Sincerely,

Adam Brackemyre
VP, Government Affairs
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