

**MINUTES
OF THE
MEETING OF THE BOARD OF DIRECTORS
OF THE
FEDERAL CROP INSURANCE CORPORATION**

A meeting of the Board of Directors (Board) of the Federal Crop Insurance Corporation (FCIC) was held on September 17, 2001, in room 104-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend.

Meeting
September 17, 2001

The meeting was called to order at 9:10 a.m., in Executive Session.

Call to Order
Executive Session

Present were J.B. Penn, Under Secretary, Farm and Foreign Agricultural Services (FFAS); Keith Collins, Chief Economist, USDA; Michael Keating, and Bobby Webster, constituting a statutory quorum; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Kim Arrigo, Office of the General Counsel (OGC); Butch May, FFAS; Joe Glauber, Office of the Chief Economist; Mary Slay, Bart James, Sharon Hestvik, Don Stonecypher, Dave Miller, Tim Witt, Tim Hoffmann, Leiann Nelson, Nelson Maurice, Dave Clauser, Vondie O'Conner, and Bill Bing of the Risk Management Agency (RMA); and Jim Cubie, Ken Ackerman, Brian Brandt, Alan Walters and Dr. Green of Agricultural Conservation Innovation Center and AgFlex (ACIC/AgFlex).

Jim Staiert of the Office of Management and Budget (OBPA) arrived at the meeting at 9:14 a.m.

Jim Staiert

Marian Jenkins of RMA arrived at the meeting at 9:17 a.m.

Marian Jenkins

At 9:40 a.m., Jim Cubie, Ken Ackerman, Brian Brandt, Alan Walters and Dr. Green, ACIC/AgFlex, were asked to leave the meeting and at 10:40 a.m., with the exception of Alan Walters, rejoined the meeting at 10:10 a.m.

J. B. Penn left the meeting at 10:28 a.m.

J. B. Penn

The meeting recessed at 10:30 a.m., and reconvened in Executive Session at 10:50 a.m.

Recess/Reconvene
Executive Session

Present were Keith Collins, Chief Economist, USDA; Michael Keating, and Bobby Webster; Phyllis W. Honor, Acting Manager, FCIC;

Present

and Diana Moslak, Secretary. A statutory quorum was not present.

Also present were Kim Arrigo, OGC; Don Stonecypher, Mary Slay, Sharon Hestvik, Bart James, Janet Jacobs, Suzanne Lazarus, Tim Witt, Tim Hoffmann, Nelson Maurice, Leiann Nelson, Bill Bing, Ron Nesheim, and Dave Clauser, RMA; Jim Staiert, OBPA; and Barry Cleaveland, Stephen Frerichs, Cory Bremer, and Pat Rock of American Agrisurance, Inc. (AmAg)

At 11:02 a.m., Barry Cleaveland, Stephen Frerichs, Cory Bremer, and Pat Rock, AmAg, were asked to leave the meeting.

The meeting recessed at 11:25 a.m., and reconvened in Executive Session at 11:30 a.m.

Present were Keith Collins, Chief Economist, USDA; Michael Keating, and Bobby Webster; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary. A statutory quorum was not present.

Also present were Kim Arrigo, OGC; Butch May, FFAS; Don Stonecypher, Mary Slay, Sharon Hestvik, Bart James, Janet Jacobs, Suzanne Lazarus, Tim Witt, Tim Hoffmann, Nelson Maurice, Leiann Nelson, Bill Bing, Ron Nesheim, and Dave Clauser, RMA; Jim Staiert, OBPA; and Jack Tank of Ag Risk Insurance.

The Executive Session adjourned at 11:45 a.m., to reconvene at 3:04 p.m., in Open Session.

The meeting was called to order in Open Session at 3:04 p.m.

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA; Michael Keating, and Bobby Webster, constituting a statutory quorum; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary.

Also present were Butch May, FFAS; Kim Arrigo, OGC; Joe Glauber, Office of the Chief Economist; Vondie O'Conner, Mary Slay, Sharon Hestvik, Tim Witt, Tim Hoffmann, Larry Piatz, Nelson Maurice, Leiann Nelson, Bill Bing, Janet Jacobs, and Suzanne Lazarus, RMA; Jim Staiert, OBPA; Jim Cubie, ACIC/AgFlex; Barry Cleaveland and Stephen Frerichs, AmAg; Jack Tank, Ag Risk Insurance; Sarah Tyree of Agrilogic, Inc.; and Mike McLeod, American Association of Crop Insurers.

Recess/Reconvene
Executive Session

Present

Adjourn
Executive Session

Call to Order
Open Session

Present

A motion was made and seconded to dispense with the reading of the Minutes and to approve the Minutes of the meeting of the Board held on August 22, 2001.

Dispense with Reading and Minutes Accepted

The motion carried. (Exhibit No. 2062.)

Jim Cubie, ACIC/AgFlex, proposed the following resolution to the Board:

Request to Table by ACIC/AgFlex - Pilot Nutrient Management/Best Management Practice Insurance Program

RESOLVED, That the Federal Crop Insurance Corporation's Board of Directors (Board) suspend action on the pilot Nutrient Management/Best Management Practice Insurance Program until its November 2001 Board meeting. During the interim, the Company and Risk Management Agency will exchange by not later than October 9, 2001, a list of primary issues to be discussed by the parties at a meeting to occur by not later than October 19, 2001.

A motion was made and seconded to accept ACIC/AgFlex's proposal and to suspend Board action on the pilot Nutrient Management/Best Management Practice Insurance Program submission as proposed by ACIC/AgFlex.

Acceptance to Table the Pilot Nutrient Management//Best Management Practice Insurance Program

The motion carried. (This action tables Board Memorandum No. 625; Docket No. CI-NUTRIENT-BMP-01-1; Exhibit No. 2063, for consideration at the November 2001 Board meeting.)

Joe Connor and Jennifer Bell of the Office of Management and Budget arrived at the meeting at 3:10 p.m.

Joe Connor
Jennifer Bell

Barry Cleaveland, AmAg, proposed the following resolution to the Board:

Crop Revenue Coverage - 2002 Crop Year Coarse Grains, Cotton and Rice Changes

RESOLVED, That, revisions to the harvest price discovery and base price discovery periods be approved for the 2002 crop year with adjustments in the dates for the release of prices to be coordinated and approved by the Risk Management Agency; revisions to allow a one-year lag in price factors and to allow the enterprise unit selection to remain in effect from year to year unless the insured elects a change by the sales closing date be approved beginning with the 2002 crop year; the revision to the method of calculating the amount of indemnity on CRC enterprise units be tabled; the change to the Commodity Exchange Endorsement be amended so that in the event a harvest price cannot be determined, the CRC harvest price would be the base price; and the language approved by the Board for CRC wheat on July 19, 2001, regarding the inability to determine a base or harvest price due to insufficient trades be approved for the CRC policy for coarse grains, cotton and rice.

A motion was made and seconded to accept AmAg’s proposal.

The motion carried. (Board Memorandum No. 626; Docket No. CI-CRC-CGRAINS/CTN/RICE-01-1; Exhibit No. 2064.)

A motion was made and seconded to approve the following resolution:

RESOLVED: That: 1) the Manager of the Corporation be authorized to enter into and execute contracts with the persons or entities from the list of reviewers provided the Board, or the alternates in case the proposed persons are not available, to review the “Hybrid Seed Price Endorsement” prior to Board action; and 2) the task order statement of work be used to execute the contracts.

The motion carried. (Board Memorandum No. 627; Exhibit No. 2065.)

Keith Collins, Acting Chairman, proposed the following resolution to the Board:

WHEREAS, the Federal Crop Insurance Corporation’s Board of Directors is concerned that feedback from some cotton interest groups and producers suggest that recent increased cotton plantings may potentially be a result of program abuse or certain cotton crop insurance program features, either individually or in concert with other USDA programs, NOW THEREFORE BE IT RESOLVED: That the Federal Crop Insurance Corporation is directed to conduct a study through use of a contract, with at least one independent reviewer, preferably a reviewer who has current or past experience with the production and growing of cotton in Southern States, that will: (1) evaluate all aspects of the current cotton crop insurance program and any effect it may have on increased cotton plantings, if any; (2) evaluate the impacts that other USDA programs may have on increased plantings resulting from price support and other initiatives for cotton including the Loan Deficiency Program; and (3) identify any other program or factor that may influence planting decisions regarding cotton.

A motion was made and seconded to accept the Acting Chairman’s proposal.

The motion carried. (Exhibit No. 2066.)

Hybrid Seed Price
Endorsement—
Approval of Reviewers
and Alternates; Task
Order Statement of
Work; and Execution of
the Contract.

Cotton Crop Insurance
Program Study
(Increased Cotton
Planted Acreage)

There being no further business to come before the Board, the meeting adjourned at 3:30 p.m., to meet again on September 25, 2001, in Washington, D.C.

Adjourn

September 17, 2001

/s/ Diana Moslak
Diana Moslak, Secretary
Federal Crop Insurance Corporation