

**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 April 11, 2002, 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
April 11, 2002

The meeting was called to order at 9:40 a.m., in Open Session.

Call to Order
Open Session

Present were J.B. Penn, Under Secretary, Farm and Foreign Agricultural Services (FFAS); Keith Collins, Chief Economist, USDA and Acting Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May and Beth Bechdol, FFAS; Kim Arrigo, Office of the General Counsel (OGC); Joe Glauber, Office of the Chief Economist (OCE); Jim Staiert of the Office of Budget and Program Analysis (OBPA); David Brunson, Marian Jenkins, Larry Piatz, Tim Witt, Tim Hoffmann, Leiann Nelson, Jay Garner, Bob Vollmert, Vondie O'Conner, Lee Ziegler, Phyllis Honor, and Janet Jacobs of the Risk Management Agency (RMA); Elizabeth Haws, American Association of Crop Insurers (AAIC); Doug Fraley and Ron Brichler, Great American Insurance Company; Kent Olson, North Dakota Professional Insurance Agents (PIA); Joe Davis and Sarah Tyree, AgriLogic; Terry Reed, Larry McGillis, Corey McGillis, Danny Boe, Gordy Delano, and Brent Newgard, Mayport Insurance; Bob Parkerson and Dallas Smith, National Crop Insurance Services (NCIS); Barry Cleaveland, Stephen Frerichs, and Steve Wilson of American Agrisurance (AmAg); David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter; Kevin Scally of Crop Hail Management (CHM); Mike Duff of Agriservices, L.L.C. (ALLC); Bruce Babcock, Iowa State University; Ken Ackerman of Olsson, Frank and Weeda, P.C.; David Bossman and Barbara Leach of American Agri-Business Insurance Company; Linda Vickers of Wells Fargo; John Joyce, Rain and Hail, L.L. C.; Eugene Gantz of Ag Risk Strategies, Inc.; and Bob Gaffney and Mike Coleman of ACE American Insurance Company

Former FCIC Board members Michael Keating, Bobby Webster and Jack Kintzle joined the meeting via conference call.

Kim Arrigo advised the Board on the process of conflict of interest and read a recitation to be read at each and every Board meeting.

Recitation

Acting Chairman Keith Collins recognized the service of Phyllis Honor as the Acting Administrator of RMA and Acting Manager and Board member of FCIC during the period January 2001 through February 2002.

Phyllis Honor -
Service Recognition

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

Jack Kintzle
Bobby Webster and
Michael Keating -
Resolution of
Appreciation and
Acknowledgement
of Service

RESOLVED, That the Board hereby recognizes and acknowledges the outstanding service and contributions of:

Jack Kintzle of Iowa who served as a farming industry Board member from October 12, 1995 until his resignation on July 1, 2001.

Bobby Webster of Georgia who served as a farming industry Board member during the period of October 12, 1995 through March 7, 2002.

Michael Keating of Kansas who served as the insurance industry Board member during the period of October 12, 1995 through March 7, 2002.

AND BE IT FURTHER RESOLVED, That the Board expresses its gratitude for the devoted service you provided as a member of this Board to the ranchers and farmers we serve and the agricultural and insurance industries as a whole. Our sincere and best wishes to each of you as you move forward to fulfill other commitments that life will bring your way.

The motion carried.

The meeting recessed at 10:08 a.m., and reconvened in Executive Session at 10:10 a.m.

Recess/Reconvene
Executive Session

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA and Acting Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May and Beth Bechdol, FFAS; Kim Arrigo, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; Alan Ott, David Brunson, Marian Jenkins, Larry Piatz, Tim Witt, Tim Hoffmann, Leian

Nelson, Jay Garner, Bob Vollmert, Vondie O'Conner, and Lee Ziegler, RMA; Bruce Babcock, Barry Cleaveland, Stephen Frerichs, and Steve Wilson, AmAg.

The Executive Session recessed at 11:15 a.m., and reconvened in Executive Session at 11:25 a.m.

Recess/Reconvene
Executive Session

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA and Acting Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, FFAS; Kim Arrigo, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; and Alan Ott, David Brunson, Marian Jenkins, Larry Piatz, Tim Witt, Tim Hoffmann, Leiann Nelson, Jay Garner, Bob Vollmert, Vondie O'Conner, and Lee Ziegler, RMA.

At 11:40 a.m., Bruce Babcock, Barry Cleaveland, Stephen Frerichs, and Steve Wilson, AmAg, were invited back into Executive Session.

At 11:47 a.m., Bruce Babcock, Barry Cleaveland, Stephen Frerichs, and Steve Wilson, AmAg, were asked to leave the meeting and David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter; Kevin Scally, CHM; and Mike Duff, ALLC, were invited into Executive Session. Board Member Roger Swartz recused himself and left Executive Session.

The Executive Session adjourned at 1:00 p.m., to reconvene in Open Session at 1:05 p.m.

Adjourn
Executive Session
Reconvene
Open Session

The Acting Chair recognized Ms. Ann Veneman, Secretary of Agriculture, who welcomed the existing and newly appointed Board members and spoke about the Board's role in exercising great diligence in their stewardship of taxpayer dollars and policymaking decisions to ensure crop insurance and other risk management tools for farmers and ranchers are sound and fair.

Secretary Veneman

J. B. Penn, Keith Collins, Ross Davidson, Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt were sworn in as members of the Board of Directors of the FCIC, with Secretary Veneman administering the Oath of Office.

Swearing in
Ceremony

The meeting recessed at 1:20 p.m., and reconvened in Executive Session at 1:22 p.m.

Recess/Reconvene
Executive Session

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA and Acting Chairperson; Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, FFAS; Kim Arrigo, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; and Alan Ott, David Brunson, Marian Jenkins, Larry Piatz, Tim Witt, Tim Hoffmann, Leiann Nelson, Jay Garner, Bob Vollmert, Vondie O'Conner, and Lee Ziegler, RMA.

The Executive Session adjourned at 1:55 p.m., to reconvene in Open Session.

Adjourn
Executive Session

The meeting was called to Order in Open Session at 2:00 p.m.

Call to Order
Open Session

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA and Acting Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May and Beth Bechdol, FFAS; Kim Arrigo, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; David Brunson, Marian Jenkins, Larry Piatz, Tim Witt, Tim Hoffmann, Leiann Nelson, Jay Garner, Bob Vollmert, Vondie O'Conner, Alan Ott, Craig Witt, and Lee Ziegler, RMA; Elizabeth Haws, AAIC; Doug Fraley and Ron Brichler, Great American Insurance Company; Kent Olson, North Dakota PIA; Joe Davis and Sarah Tyree, AgriLogic; Terry Reed, Larry McGillis, Corey McGillis, Danny Boe, Gordy Delano, and Brent Newgard, Mayport Insurance; Bob Parkerson and Dallas Smith, NCIS; Barry Cleaveland, Stephen Frerichs, and Steve Wilson, AmAg; David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter; Kevin Scally, CHM; Mike Duff, ALLC; Bruce Babcock, Iowa State University; Ken Ackerman of Olsson, Frank and Weeda, P.C.; David Bossman and Barbara Leach of American Agri-Business Insurance Company; Linda Vickers of Wells Fargo; John Joyce, Rain and Hail, L.L. C.; Eugene Gantz of Ag Risk Strategies, Inc.; Bob Gaffney and Mike Coleman of ACE American Insurance Company; and Russell Redding, Pennsylvania Department of Agriculture.

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

Selection of
Chairperson

RESOLVED, That Keith Collins, who is a current member of the Federal Crop Insurance Corporation Board of Directors, is selected to serve as Chairperson of the Federal Crop Insurance Corporation Board of Directors for as long as Keith Collins shall serve on the Board of Directors or until a majority of members of the Board of Directors have been replaced or a majority of the Board of Directors vote to select a new Chairperson.

The motion carried. (Board Memorandum No. 645; Exhibit No. 2090.)

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 February 7, 2002.

Dispense with
Reading -
Minutes Accepted

The motion carried. (Exhibit No. 2091.)

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

Notice of Intent to
Disapprove –
Timber Coverage™

RESOLVED, That the submitting entity is notified of the Board's intent to disapprove Docket No. CI-TC™-02-1, Exhibit No. 2092, on the basis that the Board has been unable to make a determination that the submission complies with all applicable provisions of the Federal Crop Insurance Act, the interests of producers are adequately protected, the premium rates are actuarially appropriate, and that program integrity will be protected for the reasons set forth in the expert, Risk Management Agency, and the Office of the General Counsel reviews, and the concerns raised by the Board in Executive Session. This notice of intent to disapprove will also be provided to the submitting entity in writing.

The motion carried. (Board Memorandum No. 646; Docket No. CI-TC™-02-1; Exhibit No. 2092.)

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

Notice of Intent to
Disapprove –
Whole-Farm
Revenue Protection
Plan

RESOLVED, That the submitting entity is notified of the Board's intent to disapprove Docket No. CI-WFRP-02-1, Exhibit No. 2093, on the basis that the Board has been unable to make a determination that the submission complies with all applicable provisions of the Federal Crop Insurance Act, the interests of producers are adequately protected, the

premium rates are actuarially appropriate, and that program integrity will be protected for the reasons set forth in the expert, Risk Management Agency, and Office of the General Counsel reviews, and the concerns raised by the Board in Executive Session. This notice of intent to disapprove will also be provided to the submitting entity in writing.

The motion carried. Board member Roger Swartz recused himself from voting. (Board Memorandum No. 647; Docket No. CI-WFRP-02-1; Exhibit No. 2093.)

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

RESOLVED: That 1) the Manager of the Federal Crop Insurance Corporation be directed to perform the activities necessary to enter into contracts with persons or entities on the attached list of proposed expert reviewers, and 2) the attached general statement of work be used to structure the contracts.

The motion carried. (Board Memorandum No. 648; Exhibit No. 2094.)

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

RESOLVED: That: (1) Board Memorandum No. 649, Exhibit No. 2095, authorizing expert review of the 2003 Written Agreement Handbook, be, and it is hereby, approved for expert review subject to the condition that it be cleared for legal sufficiency by the Office of the General Counsel, and subsequently approved by the Manager prior to expert review; (2) after clearance for legal sufficiency and approval by the Manager of the Corporation, the Manager is authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the 2003 Written Agreement Handbook prior to Board action; and (3) the attached task order statement of work will be used to execute the contracts.

The motion carried. (Board Memorandum No. 649; Exhibit No. 2095.)

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

RESOLVED, That Docket No. CI-FCIC-Pilots-Variou-02-1, Exhibit No. 2096, authorizing the Federal Crop Insurance Corporation to continue to offer specified pilot insurance programs for additional years,

Expanded List of Reviewers

2003 Written Agreement Handbook – Approval of Reviewers and Alternates; Task Order Statement of Work; and Execution of the Contract

Continuation of Various FCIC Pilot Crop Insurance Programs

as indicated in the background data, for areas where each pilot program is currently offered, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final pilot program procedural requirements.

The motion carried. (Board Memorandum No. 650; Docket No. CI-FCIC-Pilots-Various-02-1; Exhibit No. 2096.)

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

RESOLVED: That American Farm Bureau Insurance Services is suspended from receiving any contracts for expert review from the Federal Crop Insurance Corporation Board of Directors as of April 11, 2002, and until such time as Roger Swartz is no longer affiliated with American Farm Bureau Insurance Services or no longer is a member of the Federal Crop Insurance Corporation Board of Directors.

The motion carried. (Board Memorandum No. 651; Exhibit No. 2097.) Board member Roger Swartz recused himself from voting.

Secretary Samuel Hayes of the Pennsylvania Department of Agriculture joined the meeting at 2:15 p.m., via telephone. Secretary Hayes spoke about risk management education, crop insurance and other risk management tools and expressed his appreciation to the Board and RMA staff for their assistance in these endeavors.

Secretary Samuel Hayes left the meeting at 2:25 p.m.

Russell Redding, Deputy Secretary, Pennsylvania Department of Agriculture, spoke to the Board about crop insurance, increased participation in the program, crop loss assistance programs, partnership agreements and risk management educational and outreach program activities in the State of Pennsylvania.

August Schumacher, SJH and Company, Inc., arrived at the meeting at 2:40 p.m.

Jay Garner, RMA, made a presentation to the Board on the Salmon feasibility study submitted by the University of Alaska Fairbanks.

Temporary
Suspension –
AFBIS

Secretary Samuel
Hayes

Russell Redding
Deputy Secretary

August Schumacher

Salmon Feasibility
Study

There being no further business to come before the Board, the meeting adjourned at 2:50 p.m., to meet again in late April 2002 or early May 2002 in Washington, D.C., via telephone conference.

Adjourn

April 11, 2002

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