

**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 via telephone conference on September 24, 2003, in room 221-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend.

Meeting
September 24, 2003

The meeting was called to order at 2:30 p.m., in Open Session.

Call to Order
Open Session

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

Present

Also present were David Grahn, Office of the General Counsel (OGC); Alan Ott, Vondie O’Conner, Anjie Minnick, Shannon Persetic, Bill Zillman, Tim Witt (via conference call), Tim Hoffmann (via conference call), Bill Bing (via conference call), Lesley Schmidt (via conference call), Leiann Nelson (via conference call) of the Risk Management Agency (RMA); Barbara Leach, David Bossman, Pete Griffin, Applied Analytics.

David Grahn read a recitation to all members of the Board.

Recitation

The Open Session adjourned at 2:34 p.m. to reconvene in Executive Session at 2:35 p.m.

Adjourn Open
Session
Reconvene
Executive Session

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

Present

Also present were David Grahn, Office of the General Counsel (OGC); Alan Ott, Vondie O’Conner, Anjie Minnick, Shannon Persetic, Bill Zillman, Tim Witt (via conference call), Tim Hoffmann (via conference call), Bill Bing (via conference call), Lesley Schmidt (via conference call), Leiann Nelson (via conference call) of the Risk Management Agency (RMA); Barbara Leach, David Bossman, Pete Griffin, Applied Analytics.

The Executive Session adjourned at 3:08 p.m. to reconvene in Open Session at 3:10 p.m.

Adjourn Executive Session
Reconvene Open Session

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

Present

Also present were David Grahn, Office of the General Counsel (OGC); Alan Ott, Vondie O’Conner, Anjie Minnick, Shannon Persetic, Bill Zillman, Tim Witt (via conference call), Tim Hoffmann (via conference call), Bill Bing (via conference call), Lesley Schmidt (via conference call), Leiann Nelson (via conference call) of the Risk Management Agency (RMA); Barbara Leach, David Bossman, Pete Griffin, Applied Analytics.

The Chairperson of the Board stated that the Board wanted the minutes to reflect that the Board had issues with regard to the process for approval of reimbursement of research & development and maintenance costs. The issues are: question of reasonableness of contractor costs that are submitted, and the affiliation of individuals to both the contractors and as the entity submitting the products, and the question of the appropriate amount of compensation. The Chairperson stated that these issues will be taken up with the Governance Committee with a focus on professional/contractor costs and formal recommendations regarding the resolution of these issues will be presented to the Board.

Concerns Raised by the Board

A motion was made to adopt the following resolution:

RESOLVED, That Applied Analytics Group's request for maintenance costs, as amended by the Risk Management Agency to reflect \$601,284.76 as the total amount reimbursable for the Livestock Risk Protection plan of insurance and as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

The motion was lost.

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

RESOLVED, That Applied Analytics Group's request for maintenance costs, as amended by the Risk Management Agency to reflect \$601,284.76 as the total amount reimbursable for the Livestock Risk Protection plan of insurance and as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

The motion was lost.

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

RESOLVED, That Applied Analytics Group's request for maintenance costs, as amended by the Risk Management Agency as further to reflect the hourly rate of \$102.89 for hours submitted by Mr. David Bossman as the total amount reimbursable for the Livestock Risk Protection plan of insurance and as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

The motion carried. (Board Memorandum No. 723; Exhibit No. 2189)

There being no further business to come before the Board, the meeting adjourned at 3:35 p.m.

September 30, 2003

/signed/
Byron Anderson, Secretary
Federal Crop Insurance Corporation

Maintenance Costs
Reimbursement –
Livestock Gross
Margin