

**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 2, 2003, in room 108-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend.

Meeting
September 2, 2003

The meeting was called to order at 2:40 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); Roger Swartz (via conference call), 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; David Hatch, Deputy Manager, FCIC; and Byron Anderson, Secretary.

Present

Also present were Floyd Gaibler, FFAS; Joe Glauber, Office of the Chief Economist; Kim Arrigo, Office of the General Counsel (OGC); Alan Ott, Vondie O’Conner, Diana Moslak, Anjie Minnick, Shannon Persetic, Tim Witt (via conference call), Tim Hoffmann (via conference call), Dave Clauser (via conference call), Bill Bing (via conference call), Lesley Schmidt (via conference call), Leiann Nelson (via conference call) of the Risk Management Agency (RMA); Claire Flynn, American Association of Crop Insurers (AACI), Barbara Leach, David Bossman, Applied Analytics; and Linda Vickers, Rural Community Insurance Services (RCIS).

Kim Arrigo read a recitation to all members of the Board.

Recitation

The Chairperson of the Board stated that the Board wanted the minutes to reflect that the Board had two issues with regard to the process for approval of reimbursement of research & development and maintenance costs. The first issue is the question of reasonableness of contractor costs that are submitted. The second issue is 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 and formal recommendations regarding the resolution of these issues will be presented to the Board.

Concerns Raised by
the Board

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

RESOLVED, That the Pennsylvania Department of Agriculture's request for research and development costs, as amended by the Risk Management Agency to reflect \$18,862.15 as the total amount reimbursable for the Adjusted Gross Revenue-Lite plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

Research and
Development
Reimbursement –
Adjusted Gross
Revenue-Lite

The motion carried. (Board Memorandum No. 721; Exhibit No. 2187)

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

RESOLVED, That Iowa Agricultural Insurance Innovations, L.L.C.'s request for maintenance costs, as amended by the Risk Management Agency to reflect \$33,951.33 as the total amount reimbursable for the Livestock Gross Margin plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

Maintenance Costs
Reimbursement –
Livestock Gross
Margin

The motion carried. (Board Memorandum No. 722; Exhibit No. 2188)

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

RESOLVED, That Applied Analytic's request for reimbursement for maintenance costs for its Livestock Risk Protection plan of insurance, (Board Memorandum No. 723; Exhibit No. 2189), is tabled until the Board receives adequate information from the submitter and RMA to take action at a board meeting to be scheduled prior to September 25, 2003.

Tabled –
Maintenance Costs
Reimbursement -
Livestock Risk
Protection

The motion carried.

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

RESOLVED, That Agricultural Conservation Innovation Center's request for maintenance costs, as amended by the Risk Management Agency to reflect \$20,510.22 as the total amount reimbursable for the Nutrient Best Management Practice plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

Maintenance Costs
Reimbursement –
Nutrient Best
Management
Practice

The motion carried. (Board Memorandum No. 724; Exhibit No. 2190)

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

RESOLVED, That American Farm Bureau Insurance Services, Inc. request for reimbursement of year three maintenance costs in the amount of \$350,632.26 for Revenue Assurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

Year Three
Maintenance Costs
Reimbursement –
American Farm
Bureau Insurance
Services, Inc.

The motion carried. (Board Memorandum No. 725; Exhibit No. 2191). Board member Roger Swartz recused himself from voting.

Roger Swartz-
Recusal

There being no further business to come before the Board, the meeting adjourned at 3:00 p.m.

September 10, 2003

/signed/

Byron Anderson, Secretary
Federal Crop Insurance Corporation