

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 January 18, 2006, in Room 104-A of the Jamie L. Whitten Federal Office Building, Jefferson Drive, Washington, D.C. The public was invited to attend the open session portion of the meeting.

Meeting  
January 18, 2006

The meeting was called to order at 1:10 p.m. in open session.

Call to Order  
Open Session

Dr. Collins began the meeting by introducing Eldon Gould, the newly appointed administrator for the Risk Management Agency and manager for the Federal Crop Insurance Corporation. Mr. Gould, a farmer from Illinois with a history of public policy leadership, began his appointment in November of 2005.

Introduction of  
Administrator/  
Manager

The Chairman then requested Board members and guests to introduce themselves. Present were Keith Collins, Chief Economist USDA and Chairperson; JB Penn, Under Secretary Farm and Foreign Agricultural Services (FFAS); Floyd Gaibler, Deputy Under Secretary FFAS; John Askew; Bill Classen; Tim Kelleher (participating by phone); Frank Jones; Mike Pickens and Luis Monterde, constituting a statutory quorum; Eldon Gould, Manager, FCIC; Brent Doane, Secretary, FCIC.

Present

Also present were Butch May, FFAS; David Grahn, Don Brittenham, and Kim Arrigo, Office of the General Counsel (OGC); Alan Ott, Amy Roeder, James Callan, Byron Anderson, Cindy Spoor, Eric Edgington, Tim Hoffmann, William Murphy, Velerie Edleman (phone) and Bridger Roy, Risk Management Agency (RMA); David Graves, American Association of Crop Insurers; Sarah Tyree, AgriLogic; Jason Schickedanz, Kerry Shropshire, AgForce Inc.; Wayne Hamilton, Jerry Stuth, Richard Conner, GMS; Evan Brennan, OFW; Rebecca Braaten, Farm Credit Services; Dan Wogsland, US Durum Growers; Barbara Leach, Leach and Havoc, Tyler Wegemeyer, House Ag Committee; Linda Vickers and Dan Rosenstein, Rural Community Insurance Services.

David Grahn read the recitation to all members of the Board to advise the Board of its responsibilities in representing the interests of the FCIC and USDA. No issues were identified that would require recusal of any members of the Board for this meeting.

Recitation

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 June 8, 2005.

Dispense with  
Reading Minutes

The motion carried. (Exhibit No. 2835)

Approved

Amy Roeder and Dr. Jerry Stuth provided the Board with a combined presentation on the Pasture, Rangeland and Forage (PRF) Rainfall Index and the PRF Vegetation Index pilot programs with a recommendation that the Board approve the programs.

Pasture,  
Rangeland and  
Forage Rainfall  
Index

Discussion regarding both the PRF rainfall and vegetative index programs centered around PayGo impacts and the need for periodic ground or site visits to insured grids so as to confirm biomass loss. Dr. Collins explained that because the PRF programs were publicly announced prior to May 23, 2005, that such programs were not subject to the offset provisions of PayGo. It was agreed that RMA would come back to the Board with thoughts regarding how best to address the confirmation of biomass loss. This may include thoughts regarding site visits.

The Chair offered the following resolution, which was seconded, for adoption:

RESOLVED, that pursuant to the information contained in Docket No. CI -Pasture Rangeland and Forage - Rainfall Index Pilot Program - 06-01, Exhibit No. 2832, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board hereby approves implementation of the Pasture, Rangeland, and Forage Rainfall Index, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager beginning with the 2007 crop year through the evaluation period as authorized under section 523(a)(4)(b) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy technically and legally sufficient.

The Board voted to approve the resolution.

Approved

The Chair offered the following resolution, which was seconded, for adoption:

Pasture,  
Rangeland and  
Forage Vegetative  
Index

RESOLVED, that pursuant to the information contained in Docket No. CI -Pasture Rangeland and Forage - Vegetative Index Pilot Program - 06-01, Exhibit No. 2833, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board hereby approves

implementation of the Pasture, Rangeland, and Forage Vegetation Index, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager beginning with the 2007 crop year through the evaluation period as authorized under section 523(a)(4)(b) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy technically and legally sufficient.

The Board voted to approve the resolution.

Approved

Tim Hoffmann provided the Board with a presentation on the North Dakota Personal T-Yield pilot programs with a recommendation that the Board approve the program. This program is designed to factor in the use of long rotations in North Dakota when coming up with a producers actual production history.

North Dakota PTY

During the presentation, concerns were raised regarding the impact of the PayGo requirements, and the work load placed upon RMA and the companies, so as to allow for implementation for the 2006 crop year.

This program would require that a funding offset be found should OMB decide not to grant a waiver. Lastly, RMA staff was confident that the program could successfully be implemented for the 2006 crop year if the PayGo requirements could be met.

The Chair offered a motion approving the pilot program as recommended by RMA staff. Such motion was seconded. During discussion, Mr. Kelleher, citing again concerns regarding the time and expense for companies and the uncertainty of an OMB waiver or finding sufficient offsets, offered an amendment to the motion, which was seconded, to begin the program in the 2007 crop year rather than 2006 crop year.

The Board voted to approve the amendment.

The Board voted upon the following resolution as amended:

RESOLVED, that pursuant to the information contained in Docket No. CI - Personal T-Yield Pilot Program - 06-01, Exhibit No. 2834, as well as other related materials that were submitted to the Board on this matter, the Board hereby approves implementation of the Personal Transitional Yield Pilot in North Dakota with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager beginning with the 2007 crop year through the evaluation period as authorized under section 508(g)(B)(ii)(III) of the Federal Crop Insurance Act. AND BE IT FURTHER

RESOLVED, that the Board delegates to the Manager the authority to make such technical procedural changes as are necessary to make the PTY Pilot Program technically and legally sufficient.

The following crops are included: Barley, Canola/Rapeseed, Corn, Dry Beans, Dry Peas, Flax, Grain Sorghum, Millet, Mustard, Oats, Rye, Safflower, Soybeans, Sunflower Seed, and Wheat.

Approved

The resolution as amended was approved.

Dr. Collins asked Eldon Gould, FCIC Manager for the Manager's Report. Mr. Gould noted that the report was contained in materials distributed to each Board member and that the reading of the report be dispensed. Mr. Gould also provided the Board with additional information regarding his background. Hearing no objection, Dr. Collins agreed to dispense with a reading of the Manager's Report (Board Exhibit No. 2836)

Manager's Report

John Askew expressed his appreciation to RMA for their diligence in addressing issues regarding the planned pulse releases by the Army Corp of Engineers on the Missouri River.

Other Business

The next meeting will be February 14 & 15, 2006. This will be in conjunction with the Ag Outlook Conference.

Next Meeting

There being no further business to come before the Board the meeting adjourned at noon to meet again in February 2006.

Adjourn

January 18, 2006

/signed/  
 Brent Doane, Secretary  
 Federal Crop Insurance Corporation

