

**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 August 22, 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
August 22, 2001

The meeting was called to order at 9:45 a.m., in Executive Session.

Call to Order
Executive Session

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.

Present

Also present were Kim Arrigo, Office of the General Counsel (OGC); Marian Jenkins, Don Stonecypher, Mike Przybylski, Vondie O'Conner, Mary Slay, Sharon Hestvik, Tim Witt, Larry Piatz, Nelson Maurice, Bob Vollmert, Leiann Nelson, Bill Bing, Lewis Jenkins, Melinda May, and Dave Miller of the Risk Management Agency (RMA); Jim Staiert of the Office of Management and Budget (OBPA); and David Bossman, Peter Griffin, Phil Olson, Dan Carlisle, and Barbara Leach of American Agri-Business Insurance Company (AABIC).

Butch May, Farm and Foreign Agricultural Services (FFAS) arrived at the meeting at 9:50 a.m.

Butch May

At 10:20 a.m., David Bossman, Peter Griffin, Phil Olson, Dan Carlisle, and Barbara Leach, AABIC, were asked to leave the meeting and at 10:40 a.m., were invited back into the meeting.

The meeting recessed at 11:00 a.m., and reconvened in Executive Session at 11:10 a.m.

Recess/Reconvene
Executive Session

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 Butch May, FFAS; Kim Arrigo, OGC; Marian Jenkins, Don Stonecypher, Mike Przybylski, Vondie O'Conner, Mary Slay,

Present

Sharon Hestvik, Tim Witt, Larry Piatz, Nelson Maurice, Bob Vollmert, Leiann Nelson, Bill Bing, Lewis Jenkins, Melinda May, and Dave Miller, RMA; Jim Staiert, OBPA; and Barry Cleaveland, Bruce Babcock, Michael Gottschalk and Robert Tatge of Iowa Agricultural Insurance Innovations, L.L.C. (IAII).

The Executive Session adjourned at 12:20 p.m., to reconvene at 1:30 p.m., in Open Session.

The meeting was called to order in Open Session at 1:35 p.m.

Adjourn
Executive Session

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.

Call to Order
Open Session

Present

Also present were Thomas Hunt Shipman, Butch May and Matt O'Mara, FFAS; Kim Arrigo, OGC; Marian Jenkins, Don Stonecypher, Mike Przybylski, Vondie O'Conner, Mary Slay, Sharon Hestvik, Tim Witt, Larry Piatz, Nelson Maurice, Bob Vollmert, Leiann Nelson, Bill Bing, Lewis Jenkins, Melinda May, and Dave Miller, RMA; Jim Staiert, OBPA; Ken Ackerman of Olsson, Frank and Weeda, P.C.; David Bossman and Barbara Leach, AABIC; Roger Swartz of American Farm Bureau Insurance Services; Jim Alexander of Country Mutual Insurance; Paul Horel of Crop Insurance Research Bureau; Robert Parkerson of National Crop Insurance Services; Barry Cleaveland and Michael Gottschalk, IAII; and Sarah Tyree of AgriLogic, Inc.

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 2, 2001.

The motion carried. (Exhibit No. 2058.)

Dispense with Reading
and Minutes Accepted

Ernest Hayashi of the Office of the Inspector General arrived at the meeting at 1:40 p.m.

Paul Horel left the meeting at 2:14 p.m.

Ernest Hayashi

David Bossman, AABIC, proposed to the Board that the pilot Livestock Risk Protection (LRP) program be tabled until the November

Paul Horel

2001 Board meeting.

A motion was made and seconded to accept AABIC's proposal to table the pilot LRP program resubmission as proposed by AABIC.

The motion carried. (Board Memorandum No. 623; Exhibit No. 2060.)

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

RESOLVED, That, in lieu of an extension of time, the Federal Crop Insurance Corporation's Board of Directors (Board) suspend action on the pilot Livestock Gross Margin (LGM) insurance policy until such time as IAII resubmits its proposal ready for Board approval and potential implementation that addresses the problems with the program raised by expert reviewers, Risk Management Agency (RMA) staff and legal counsel. RMA will have 15 days to evaluate the resubmission for completeness prior to consideration by the Board. If not complete, the resubmission will be returned to IAII. Once the resubmission is determined to be complete, the Board will make a determination within 15 days whether expert reviews are then necessary. If expert reviews are necessary, the Board will proceed as soon as possible to contract for such reviews, and upon receipt of those reviews, the Board will have 45 days to take action on the resubmission. If expert reviews are not required, the Board will have 45 days after the determination that they are not necessary to take action on the resubmission.

A motion was made and seconded to accept IAII's proposal and to suspend Board action on the pilot LGM insurance policy submission as proposed by IAII.

The motion carried. (This action tables Board Memorandum No. 624; Exhibit No. 2061, for consideration at a future Board meeting.)

There being no further business to come before the Board, the

Request to Table by
AABIC - Pilot LRP
Program

Acceptance to Table
the Pilot LRP Program

Request for
Suspension of Action
by IAII - Pilot LGM
Insurance Policy

Acceptance to Suspend
Action for the Pilot
LGM Insurance Policy

meeting adjourned at 2:35 p.m., to meet again in September 2001 in Washington, D.C.

Adjourn

/s/ Diana Moslak _____

August 22, 2001

Diana Moslak, Secretary
Federal Crop Insurance Corporation