

**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 February 7, 2003, in room 104-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend the Open Session portions of the meeting.

Meeting
February 7, 2003

The meeting was called to order at 11:53 a.m., in Open Session.

Call to Order
Open Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, Kim Arrigo, and Don Brittenham, Office of the General Counsel (OGC); Byron Anderson, Ann Jorgensen, Alan Ott, Tim Witt, Tim Hoffmann, Bill Bing, Craig Witt, and Michael Hand of the Risk Management Agency (RMA); Bruce Babcock representing American Farm Bureau Insurance Services, Inc. (AFBIS); Barbara Leach, Government Relations Policy Advisor; and Sarah Tyree, AgriLogic.

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

Appointment of
Secretary of the
Corporation

RESOLVED: That, Mr. Byron Anderson be, and he is hereby, appointed to serve as Secretary of the Federal Crop Insurance Corporation with all the powers and duties ascribed to such office, and other duties as may be prescribed by the President of the Corporation, the Manager of the Corporation, and the Board of Directors.

The motion carried. (Board Memorandum No. 696; Exhibit No. 2155.)

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

Recognition –
Diana Moslak

RESOLVED, That the Board of Directors (Board) of the Federal Crop Insurance Corporation (FCIC) expresses its strong appreciation for the outstanding efforts of Diana Moslak toward improving the delivery of crop insurance to America’s farmers through her persistent, dedicated, and exemplary support to the FCIC Board.

The motion carried. (Exhibit No. 2160)

The Open Session adjourned at 11:55 a.m., to reconvene in Executive Session.

Adjourn
Open Session
Reconvene
Executive Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC; and Byron Anderson, Secretary.

Present

Also present were Butch May, FFAS; David Grahn, Kim Arrigo, and Don Brittenham, OGC; Diana Moslak, Ann Jorgensen, Alan Ott, Tim Witt, Tim Hoffmann, Bill Bing, Craig Witt, and Michael Hand of RMA; and Bruce Babcock, AFBIS.

Board member Roger Swartz recused himself and left the Executive Session.

Roger Swartz -
Recusal

Joe Glauber, Office of the Chief Economist (OCE), arrived in the Executive Session at 11:57 a.m.

Joe Glauber

Martha Smith, RMA, arrived in the Executive Session at 12:05 p.m.

Martha Smith

The Executive Session adjourned at 12:10 p.m., to reconvene in Open Session.

Adjourn
Executive Session

The meeting was called to order at 12:15 p.m., in Open Session.

Call to Order
Open Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC; and Byron Anderson, Secretary.

Present

Also present were Butch May, FFAS; Joe Glauber, OCE, David Grahn, Kim Arrigo, and Don Brittenham, OGC; Diana Moslak, Ann Jorgensen, Alan Ott, Tim Witt, Tim Hoffmann, Bill Bing, Craig Witt, and Michael Hand of RMA; Bruce Babcock, AFBIS; Barbara Leach, Government Relations Policy Advisor; Sarah Tyree, AgriLogic; and Elizabeth Haws, American Association of Crop Insurers.

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 December 18, 2002.

Dispense with
Reading – Minutes
Accepted

The motion carried. (Exhibit No. 2154.)

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

Recitation

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

Approved –
Expansion of the
Revenue Assurance
Plan of Insurance –
Beginning with the
2004 Crop Year

RESOLVED, That Docket No. CI-RA-State/Crop-Expansion-03-1, Exhibit No. 2158, authorizing implementation of the expansion of the Revenue Assurance plan of insurance with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Board beginning with the 2004 crop year to: (1) Colorado feed and malt barley and sunflowers; (2) Kansas sunflowers; (3) Louisiana corn and soybeans; (4) Minnesota feed and malt barley, canola, and sunflowers; (5) Montana feed and malt barley, sunflowers, and wheat; (6) Nebraska corn, soybeans, and wheat; (7) North Carolina corn and soybeans; (8) South Dakota feed and malt barley and sunflowers; and (9) Virginia corn and soybeans, as authorized under section 508(h) of the Federal Crop Insurance Act, is hereby approved 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 legally sufficient.

(Docket No. CI-RA-State/Crop-Expansion-03-1, Exhibit No. 2158, was approved by the Board on the basis that the Board was able to determine that the expansion requested by the submitting entity to its Revenue Assurance plan of insurance met all the conditions for approval without expert review as contained in section 4.C of its internal procedures for approval of policies, changes to policies, and certain other actions (as amended, October 22, 2002). In accordance with section 4.C of the internal procedures for approval of policies, changes to policies, and certain other actions, expansion of existing policies submitted under section 508(h) of the Federal Crop Insurance Act may be approved by the Board without expert review provided that: (1) The policy has been operating in such a manner that the premium rates have proven to be actuarially appropriate; (2) The interests of producers are protected and

served; (3) No program vulnerability problems have been identified; and (4) The new premium rates and related materials are appropriate for the expanded area.)

The motion carried. (Board Memorandum No. 699; Exhibit No. 2158.) Board member Roger Swartz recused himself from voting.

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

RESOLVED, That Docket No. CI-CRC-Wheat/Soybeans-03-1, Exhibit No. 2157, authorizing the Federal Crop Insurance Corporation to expand and revise the Crop Revenue Coverage (CRC) plan of insurance to: (1) expand the winter wheat program to all counties where the multiple peril crop insurance (MPCI) winter wheat program is currently being offered in the states of Delaware, Maryland, and Pennsylvania and to defer to the next Board meeting the issue of expansion into New York based on the Risk Management Agency's analysis of an appropriate price discovery mechanism for New York winter wheat; (2) revise the Arkansas wheat price discovery methodology from a hard red winter wheat price based on the Kansas City Board of Trade (KCBOT) hard red winter wheat contract to a soft red winter wheat price based on the Chicago Board of Trade (CBOT) soft red winter wheat contract; (3) revise the California wheat price discovery methodology from a soft white wheat price based on the CBOT and Portland Grain Exchange (PGE) to a hard red winter wheat price based on the KCBOT hard red winter wheat contract; (4) change the pricing methodology for CRC soybean counties in Texas that have a cancellation date prior to March 15 to allow the base price to be released prior to the sales closing date; and (5) allow for written agreements to insure organically grown crops, beginning with the 2004 crop year, is hereby approved 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 legally sufficient.

The motion carried. (Board Memorandum No. 698; Exhibit No. 2157.)

Bruce Babcock left the meeting at 12:50 p.m.

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

RESOLVED, That the Corporate Charters for the Governance Committee and the Finance and Audit Committee are hereby amended to delete all references to the Committee Chair serving as recording Secretary

Roger Swartz –
Recusal

Approved –
Expansion and
Revisions to the
Crop Revenue
Coverage (CRC)
Plan of Insurance –
Beginning with the
2004 Crop Year

Deferred –
Expansion of the
CRC Winter Wheat
Program into New
York

Bruce Babcock

Amendment –
Governance and
Finance and Audit
Corporate Charters

for those Committees. The recording Secretary for those Committees will be selected by the respective Committees.

The motion carried. (Exhibit No. 2161.)

Barbara Leach left the meeting at 12:53 p.m.

Chairman Keith Collins informed the Board of American Agrisurance, Inc.'s withdrawal of the Cotton Cost of Production plan of insurance program submitted to the Board on May 7, 2002. (Exhibit No. 2159.) No action was required by the Board.

The Manager's Report was heard by the Board. No action was taken on this report. (Board Memorandum No. 697; Exhibit No. 2156.)

Butch May, Ann Jorgenson, and Alan Ott left the meeting at 1:00 p.m.

Barbara Leach returned to the meeting at 1:01 p.m.

Jim Staiert of the Office of Budget and Program Analysis arrived at the meeting at 1:02 p.m.

There being no further business to come before the Board, the meeting adjourned at 1:10 p.m., to meet again in April 2003 in Washington, D.C.

February 11, 2003

Byron Anderson, Secretary
Federal Crop Insurance Corporation

Barbara Leach

Withdrawn 508(h)
Submission –
Cotton Cost of
Production

Manager's Report

Butch May
Ann Jorgenson and
Alan Ott

Barbara Leach

Jim Staiert

Adjourn