

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 July 30, 2009, in Room 108-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
July 30, 2009

The meeting was called to order at 8:00 a.m. in open session.

Call to Order
Open Session

Kim Arrigo 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 and advised each member to act accordingly.

Recitation

The Board then immediately went into executive session to discuss confidential matters with Risk Management Agency (RMA) staff and submitters of private products under the Federal Crop Insurance Act (FCIA).

Executive Session

The open session of the Board reconvened at 2:30 p.m.

Reconvene Open
Session

The Chairman requested Board members to introduce themselves. Present were Joe Glauber, Chief Economist, USDA; Curt Sindergard, Luis Monterde, Susan Rogers, James Nickel, Mike Pickens (phone), Frank Jones Jr., and Bill Murphy, Manager, constituting a statutory quorum; Tim Witt, Acting Deputy Manager and Cindy Spoor, Secretary, FCIC.

Present

Also present were Kim Arrigo and Alicia Peden, Office of the General Counsel (OGC); Tom Worth, Velerie Eddleman (phone), Kent Lanclos, Leiann Nelson, Virgil Ireland, Mary Alonzo, Matt Kamphoefner, Vondie O'Conner (phone), Bill Bing (phone), Miles Patri, Pat Engel and Sarah Buettner-Connelly of RMA; Ken Ackerman, Olsen, Frank and Weeda; Alex Offerdahl, Watts and Associates; Adin Hester and Clif Parks, Olive Growers Counsel; David Bossman, AgWin; Robert Cerda and LeWayne Jansonius, CIS; Dan Wagsland, NDGGA; Stephan Frerichs, Rain and Hail; David Graves, AACI; Reece Langley, USA Rice; Jeff Harrison, Combest and Sell and Paul Bleiberg, Crop Insurance Research Bureau.

Chairman Glauber asked Bill Murphy for the Manager's Report (the Manager's Report is available on line at www.rma.usda.gov). Mr. Murphy reported that The Food, Conservation, and Energy Act of

Manager's Report

2008 required RMA to enter into agreements with five expert reviewers to develop and recommend a methodology for determining an expected market price for sorghum. A notice has been posted in the Federal Register that outlines the process RMA is recommending to be used and invites public comment on the recommendation. The reports received from the expert reviewers are available for review at RMA's website, www.rma.usda.gov. RMA is holding a public meeting for those who wish to provide comments on the recommended pricing process on August 20, 2009, at 9:00 AM in Kansas City, Missouri. Mr. Murphy also noted that Janie Simms Hipp, J.D., LL.M., was selected as the Director of the Risk Management Education Division, effective July 20.

Hearing no objection, Dr. Glauber agreed to dispense with a reading of the Manager's Report. (Exhibit 3012)

Dispense with Reading – Minutes

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 25, 2009.

The motion carried. (Exhibit 3013)

Approved

The next agenda item was Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 101 07-30-09 02.

Concept Proposal 101

Chairman Glauber offered the following resolution, which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 101 07-30-09 02, Exhibit 3014, the Board approves the advance payment for the Confidential Submission Section 522(b) Concept Proposal 101, as authorized under section 522(b) of the Federal Crop Insurance Act.

There being no discussion the Board the Board voted to approve the resolution. (Exhibit 3014)

Approved

Chairman Glauber then offered the following resolution, which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept

proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 101 07-30-09 02, Exhibit 3014, the Board approves the advance payment of \$65,000. By accepting the advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the July 2010 submission period.

By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitter. The submitter will be required to prove that all costs are necessary and reasonable.

There being no discussion the Board the Board voted to approve the resolution. (Exhibit 3014)

Approved

Chairman Glauber then offered the following resolution, which was seconded:

Concept Proposal
102

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 102 07-30-09 02, Exhibit 3015, the Board approves the advance payment for the Confidential Submission Section 522(b) Concept Proposal 102, as authorized under section 522(b) of the Federal Crop Insurance Act.

There being no discussion the Board voted to approve the resolution. (Exhibit 3015)

Approved

Chairman Glauber then offered the following resolution, which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket

No. CI – Confidential Submission Section 522(b) Concept Proposal 102 07-30-09 02, Exhibit 3015, the Board approves the advance payment of \$227,500. By accepting the advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the January 2011 submission period.

By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitter. The submitter will be required to prove that all costs are necessary and reasonable.

There being no discussion the Board voted to approve the resolution. (Exhibit 3015)

Approved

Next, Dr. Glauber offered the following resolution, which was seconded:

Concept Proposal
103

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 103 07-30-09 02, Exhibit 3016, the Board approves the advance payment for the Confidential Submission Section 522(b) Concept Proposal 103, as authorized under section 522(b) of the Federal Crop Insurance Act.

There being no discussion the Board voted but failed to approve the resolution. (Exhibit 3016)

Disapproved

Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 104 07-30-09 02 was the next action item before the Board.

Concept Proposal
104

Chair Glauber offered the following resolution, which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal

104 07-30-09 02, Exhibit 3017, the Board approves the advance payment for the Confidential Submission Section 522(b) Concept Proposal 104, as authorized under section 522(b) of the Federal Crop Insurance Act.

There being no discussion the Board voted to approve the resolution. (Exhibit 3017)

Approved

Chairman Glauber then offered the following resolution, which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 104 07-30-09 02, Exhibit 3017, the Board approves the advance payment of \$110,000. By accepting the advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the January 2011 submission period.

By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitter. The submitter will be required to prove that all costs are necessary and reasonable.

There being no discussion the Board voted to approve the resolution. (Exhibit 3017)

Approved

Next, Dr. Glauber offered the following resolution, which was seconded:

Concept Proposal
105

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 105 07-30-09 02, Exhibit 3018, the Board approves the advance payment for the Confidential Submission Section 522(b) Concept Proposal 105, as authorized under section 522(b) of the Federal Crop Insurance Act.

There being no discussion the Board voted but failed to approve the resolution. (Exhibit 3018)

Disapproved

Chairman Glauber offered the following resolution, which was seconded:

Concept Proposal
106

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 106 07-30-09 01, Exhibit 3019, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 106 and directs that: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the Confidential Submission Section 522(b) Concept Proposal 106 prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 3019)

Approved

Chairman Glauber then noted that Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 107 07-30-09 01 would be taken up for action at the next Board meeting as requested by the submitter due to unforeseen circumstances.

Concept Proposal
107

Chair Glauber also stated that action on Docket No. CI – Confidential Submission Section 522(b) Concept Proposal 108 07-30-09 01, as agreed to by the submitter, would be postponed so that legal issues could be resolved.

Concept Proposal
108

Chairman Glauber offered the following resolution, which was seconded:

Concept Proposal
109

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket

No. CI – Confidential Submission Section 522(b) Concept Proposal 109 07-30-09 01, Exhibit 3022, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 109 and directs that: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the Confidential Submission Section 522(b) Concept Proposal 109 prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 3022)

Approved

Chairman Glauber offered the following resolution, which was seconded:

Confidential
Submission 0010

RESOLVED, that pursuant to the information contained in Docket No. CI – Confidential Submission 0010 07–30–09–01, Exhibit 3023, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board approves Docket No. CI – Confidential Submission 0010 07–30–09–01, under section 508(h) of the Federal Crop Insurance Act (Act) with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under sections 508(h) 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 legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 3023)

Approved

Confidential Submission 0010 refers to a Fresh Market Bean 508(h) crop insurance product submitted by the North Carolina Snap Bean Growers and the North Carolina Department of Agriculture. The product is an Actual Production History (APH) plan of insurance for fresh market beans.

Docket No. CI – Confidential Submission 0012 07-30-09 02 was the next action item before the Board.

Confidential
Submission 0012

Chairman Glauber offered the following resolution, which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI – Confidential Submission 0012 07-30-09 02, Exhibit No. 3024, as well as other material that were submitted to the Board on

this matter, the Board hereby approves Docket No. CI – Confidential Submission 0012 07-30-09 02 in Alabama, Arizona, Arkansas, California, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager 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.

There being no discussion the Board voted to approve the resolution. (Exhibit 3024)

Approved

Confidential Submission 0014 refers to a 508(h) crop insurance product submitted by the Plains Cotton Growers, Inc. (PCG). This insurance product is a Cottonseed Pilot Endorsement (CPE).

Docket No. CI – Proposed Actual Revenue History (ARH) Dry Pea and Lentil Pilot Crop Insurance Program 09 – 01 and Docket No. CI – Proposed Actual Revenue History (ARH) Sugar Beet Pilot Crop Insurance Program 09 – 01 were the next action items before the Board.

ARH Dry Peas and Lentils

ARH Sugar Beet

Chair Glauber called upon Mary Alonzo of RMA to brief the Board regarding these items. She stated that these ARH programs parallel Actual Production History with similar provisions and administrative rules but that the ARH guarantee would be based on a producer's own historical crop revenue and would offer protection for yield, price and quality based losses.

Chairman Glauber next offered the following resolution, which was seconded:

ARH Dry Peas and Lentils

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance proposed to be offered under the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Proposed Actual Revenue History (ARH) Dry Pea and Lentil Pilot Crop Insurance Program 09 - 01, Exhibit 3025, the Board approves expert review for the proposed Actual Revenue History Dry Pea and Lentil Plan of Insurance and directs that: 1) the Manager of the Corporation be authorized to take such action as

necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the proposed Actual Revenue History Dry Pea and Lentil Plan of Insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 3025)

Approved

Dr. Glauber offered the following resolution, which was seconded:

ARH Sugar Beet

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance proposed to be offered under the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Proposed Actual Revenue History (ARH) Sugar Beet Pilot Crop Insurance Program 09 - 01, Exhibit 3026, the Board approves expert review for the proposed Actual Revenue History - Sugar Beet Plan of Insurance and directs that: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the proposed Actual Revenue History - Sugar Beet Plan of Insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 3026)

Approved

Docket No. CI – Actual Production History (APH) Sesame Pilot Crop Insurance Program 09-01 was the next action item before the Board.

APH Sesame

Chair Glauber called upon Matt Kampofner to brief the Board regarding APH Sesame. Mr. Kampofner stated that 2008 Farm Bill directed the development of a MPCl program for sesame. This proposed pilot is APH based, with coverage levels from 50-75 percent, and would potentially be offered in Texas and Oklahoma.

Dr. Glauber offered the following resolution, which was seconded:

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews of any policy or plan of insurance, or any related material or modification of a policy or plan

of insurance proposed to be offered under the Act, NOW
THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Actual Production History (APH) Sesame Pilot Crop Insurance Program 09-01, Exhibit 3027, the Board approves expert review for the proposed Actual Production History Sesame Plan of Insurance and directs that: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the proposed Actual Production History Sesame Plan of Insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 3027)

Approved

The next agenda item was Docket No. CI – Delegation of Authority for the Removal of County/Crop Programs from the Area-Based Yield Plans of Insurance 09-01.

Delegation of Authority to Remove County/Crop Programs

Dr. Glauber offered the following resolution, which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI – Delegation of Authority for the Removal of County/Crop Programs from the Area-Based Yield Plans of Insurance 09-01, Exhibit 3028, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board approves amending the Memorandum on the FCIC Board Delegations of Authority by adding to Appendix A: (74) Remove insurance on an area yield basis.

There being no discussion the Board voted to approve the resolution. (Exhibit 3028)

Approved

Chair Glauber then offered the following resolution, which was seconded:

Expert Reviewer Expansion

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts for reviews of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance proposed to be offered under the Act by persons experienced as actuaries and in underwriting, NOW THEREFORE BE IT RESOLVED, that the list of approved expert reviewers be amended to add Christopher Gross, Christopher Gross Consulting, Inc. as an actuarial reviewer.

Christopher Gross

There being no discussion the Board voted to approve the resolution. (Exhibit 3029)

Approved

