

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 April 27, 2006, 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
April 27, 2006

The meeting was called to order at 11:00 a.m. in open session.

Call to Order
Open Session

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

The Board then immediately went into executive session to discuss confidential matters with RMA staff and submitters.

Executive Session

The open session of the Board reconvened at 1:00 p.m.

Reconvene Open
Session

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); John Askew; Bill Classen; Tim Kelleher; Frank Jones; Mike Pickens and Luis Monterde, constituting a statutory quorum; Eldon Gould, Manager, FCIC; and Brent Doane, Secretary, FCIC.

Present

Also present were Floyd Gaibler, Deputy Under Secretary, FFAS; Butch May, FFAS; David Grahn and Kim Arrigo, Office of the General Counsel (OGC); James Callan, Alan Ott, William Murphy, Tim Witt, Kent Lanclos, Tom Worth, Cindy Spoor and Bridger Roy of the Risk Management Agency (RMA); Jim Staiert, Office of Budget and Program Analysis; David Graves, American Association of Crop Insurers; Sarah Tyree, AgriLogic; Stephen Frerichs and Scott Arnold, Rain and Hail; Fritz Schwartz, American Sesame Growers Association; David Bossman, Applied Analytics; Sarah Hagerty, Tuttle, Taylor and Heron; Jay Wilson, National Sheep Industry Improvement Center; and Ray Mulera, RCIS.

Dr. Collins asked Eldon Gould, FCIC Manager for the Manager's Report (Exhibit 2844). Mr. Gould, noting that the report was

Manager's Report

contained in materials distributed to each Board member, suggested that the reading of the report be dispensed. Mr. Gould commented specifically on RMA's activities with regard to Asiatic Citrus Canker (ACC), planned water releases on the Missouri River, Colorado prevented planting issues related to water availability, and the importance of soybean rust documentation.

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 February 15, 2006.

Dispense with
Reading –
Minutes

The motion carried. (Exhibit No. 2843)

Approved

Kent Lanclos provided the Board with a presentation on the Forage Seed Pilot Program with a recommendation that the Board convert the pilot program to a regulatory program as time and resources permit.

Forage Seed Pilot

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

RESOLVED, that pursuant to the information contained in Docket No. CI-Forage Seed Pilot Program – 06-01, Exhibit No. 2846, as well as other related materials that may have been submitted to the Board for consideration and discussion on this matter, the Board approves the continuation and expansion of the Pilot Forage Seed Crop Insurance Program until such time as the program has been made permanent through the rule-making process, 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 section 522(c) and 523(a)(4)(b) 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.

The Board voted to approve the resolution. (Exhibit 2846)

Approved

Kent Lanclos provided the Board with a presentation on the Onion Stage Removal Pilot Program with a recommendation that the Board continue the program subject to future evaluation.

Onion Stage
Removal Option

Mr. Kelleher commented that he generally is opposed to optional features that serve to complicate already relatively small programs, however, in this case, the systems are in place, the resource demand is low and the participation among eligible producers is sufficiently high so that his concern is unwarranted in this situation. Dr. Collins also noted that the members had received a letter from the New York Farm Bureau supporting the continuation of the

program.

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

RESOLVED, that pursuant to the information contained in Docket No. CI- Onion Stage Removal-06-01, Exhibit No. 2845, as well as other material that were submitted to the Board on this matter, the Board hereby approves continuation of the Onion Stage Removal Option Pilot beginning with the 2007 crop year 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 section 522 (c) and 523 (a)(4)(C) of the Federal Crop Insurance Act (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.

The Board voted to approve the resolution. (Exhibit 2845)

Approved

Next the Board took up the matter of 508(h) submissions. Due to the confidentiality of business information, the Chair would not mention the names of the products or submitters.

508(h)
Submissions

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

RESOLVED, that pursuant to the information contained in Exhibit No. 2847, as well as other materials that were submitted to the Board on this matter, the Board hereby is postponing action on this Docket until after the Board receives the evaluation of the livestock programs. Postponement of the action on this Docket will toll the remaining time in the maintenance period although only those costs incurred through July 1, 2006 are eligible for reimbursement.

The Board voted to approve the resolution.

Approved

Lastly, Chairman Collins provided an overview of the FCIC Board retreat. It was noted that this was the second retreat since passage of the Agriculture Risk Protection Act (ARPA). The Board addressed topics such as program performance, rates, actuarial soundness of the program, T-yields and the reference yield cycle for adjusting rates. Additionally, the Chair commented regarding a series of meetings with program stakeholders. Four groups meeting with the Board were:

Retreat Recap

- House and Senate Agriculture Committee staff
- Representatives of agent group organizations
- Representatives of company group organizations
- Representatives of producer group organizations

The Chair indicated that future meetings with stakeholder groups would continue, likely on a yearly basis.

Chairman Collins then thanked the Board members and staff for their participation and efforts.

There being no further business to come before the Board the meeting adjourned to meet again July 11–13, 2006.

Approved Adjourn
Next Meeting

April 27, 2006

/signed/

Brent Doane, Secretary
Federal Crop Insurance Corporation

