

Jill Long Thompson, Board Chair and Chief Executive Officer
Kenneth A. Spearman, Board Member
Leland A. Strom, Board Member



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
January 8, 2015**

These minutes reflect the business transacted at the January 8, 2015, Regular Meeting of the Farm Credit Administration Board (FCA Board) pursuant to the Government in the Sunshine Act (Act), 5 U.S.C. § 552b, and the regulations of the Farm Credit Administration (FCA) adopted thereunder.

The FCA Board meeting was held at the FCA office in McLean, Virginia, beginning at 9:00 a.m. and concluding at 9:48 a.m. Members of the Board present were:

Jill Long Thompson, Board Chair and Chief Executive Officer
Kenneth A. Spearman, Member
Leland A. Strom, Member

The above named constitute the full Board.

Others present included **Charles Rawls**, General Counsel; **Dale Aultman**, Secretary to the Board; staff of the FCA and Farm Credit System Insurance Corporation (FCSIC); and one member of the general public. (A list of staff attendees is attached as Exhibit A.)

The **Secretary** read a statement that announced the meeting would be conducted according to the requirements of the Government in the Sunshine Act.

Board Chair Long Thompson reviewed the published Agenda. (A copy of the Public Announcement publishing the Agenda for the meeting is attached as Exhibit B.)

Mr. Spearman moved to adopt the Agenda as published.

Mr. Strom seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

Mr. Strom noted that the Agenda did include a portion of the meeting that should be closed to the general public as permitted by the Government in the Sunshine Act and therefore moved that the meeting be closed at that point.

Mr. Spearman seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

OPEN SESSION

Approval of Minutes

Minutes for December 11, 2014 Regular Board Meeting (BM-08-JAN-15-01)

Mr. Spearman moved to approve the minutes for December 11, 2014 Regular Board Meeting.

Mr. Strom seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-08-JAN-15-01)**

(A copy of the official "Board Action Item" is attached as Exhibit C.)

Reports

Equal Employment Opportunity and Inclusion Update

Thais Burlew of the Office of Equal Employment Opportunity and Inclusion presented the **Equal Employment Opportunity and Inclusion Update**.

Board Chair Long Thompson asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

(A copy of the PowerPoint presentation is attached as Exhibit D.)

Auditor's Report on FCA FY 2014/2013 Financial Statements

Elizabeth Dean, Inspector General, and auditors **Matthew Farage** and **Joey Fletcher** from **Harper, Rains, Knight, and Company** presented the **Auditor's Report on FCA FY 2014/2013 Financial Statements**.

Mr. Strom asked staff to provide him with additional information related to travel expenses during the report period. The Office of Management Services will provide that information.

Board Chair Long Thompson asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

(A copy of the PowerPoint presentation is attached as Exhibit E.)

CLOSED SESSION

Board Chair Long Thompson thanked the general public for attending and asked that members of the general public and others not involved in the executive session to exit.

The closed session convened at 9:37 a.m. The electronic recording device was activated so that the proceedings of the closed session were properly recorded as required by the Government in the Sunshine Act.

The **General Counsel** furnished the **Secretary** with a certification, pursuant to 5 U.S.C. § 552b(f), that the portions of the meeting held in closed session may be properly closed to the public.

(A copy of the Certification is attached hereto as Exhibit F.)

Members of the Board present were:

Jill Long Thompson, Board Chair and Chief Executive Officer
Kenneth A. Spearman, Member
Leland A. Strom, Member

The above named constitute the full Board.

Others present included **Dale Aultman**, Secretary to the Board; and **Charles Rawls**, General Counsel. (A list of staff attendees is attached as Exhibit A).

Reports

Executive Session with External Auditor

The FCA Board held an executive session with **Matthew Farage** and **Joey Fletcher** from **Harper, Rains, Knight and Company** regarding the Auditor's Report on FCA FY 2014/2013 Financial Statements.

Others present were Executive Assistants **Inga Smulkstys**, **Russell Middleton**, and **Mark Johansen**; **Dale L. Aultman**, Secretary to the Board; **Charles Rawls**, General Counsel; and **Elizabeth Dean**, Inspector General.

The closed session ended at 9: 47 a.m.

ADJOURNMENT

There being no further business to come before the Board, **Board Chair Long Thompson** indicated she would entertain a motion to adjourn the meeting.

Mr. Spearman moved that the meeting be adjourned.

Mr. Strom seconded the motion.

Board Chair Long Thompson called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

The meeting adjourned at 9:48 a.m.

NOTATIONAL VOTE ACTIONS

There were three notational vote actions by the FCA Board from December 12, 2014, through January 7, 2015.

Item Number	Action Date	Voting Results	Subject
NV 14-24	12/17/2014	Approved	Tier1/Tier2 Capital Framework Proposed Rule -- Extension of Comment Period
NV 14-25	12/17/2014	Approved	Approve CoBank, ACB, to include certain allocated equities in its calculation of core surplus
NV 14-26	12/31/2014	Approved	FCA 2015 Compensation Program

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on January 8, 2015.

_____/s/
Jill Long Thompson
Board Chair and Chief Executive Officer

_____/s/
Dale L. Aultman
Secretary to the Board

Approved: **February 12, 2015**

**STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
January 8, 2015**

JILL LONG THOMPSON, Board Chair and Chief Executive Officer
KENNETH A. SPEARMAN, Board Member
LELAND A. STROM, Board Member

OFFICE	OPEN SESSION	CLOSED SESSION
Office of the Board		
Aultman, Dale	X	X
Smulkstys, Inga	X	X
Corey, Kathryn	X	
Buccolo, Deb	X	
Johansen, Mark	X	X
Calhoun, Gaye	X	
Middleton, Russell	X	X
OCOO		
Hoffman, William	X	
OCPA		
Stokke, Mike	X	
Meaux, Willy	X	
OSMO		
Rea, Laurie	X	
OGC		
Rawls, Charles	X	X
Strickland, Joy	X	
Donner, Mary Alice	X	
Kramp, Kevin	X	

OFFICE	OPEN SESSION	CLOSED SESSION
OE		
Coleman, Robert	X	
Paulsen, Roger	X	
OIG		
Dean, Elizabeth	X	X
Matthew Farage (Auditor from Harper, Rains, Knight and Company)	X	X
Joey Fletcher (Auditor from Harper, Rains, Knight and Company)	X	X
Cerne, Sonya	X	
ORP		
Van Meter, Gary	X	
Mardock, Barry	X	
OMS		
Smith, Stephen	X	
FCSIC		
Rubin, Howard	X	
Pfitzinger, Rick	X	
EEO & Inclusion		
Burlew, Thais	X	
GENERAL PUBLIC	1	

**PUBLIC ANNOUNCEMENT OF
 MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT
 Farm Credit Administration Board
 Regular Meeting
 January 8, 2015**

Summary: Notice is hereby given, pursuant to the Government in the Sunshine Act (5 U.S.C. Sec. 552b(e) (1)), of the forthcoming regular meeting of the Farm Credit Administration Board.

Date and Time: The regular meeting of the Board will be held January 8, 2015. The meeting is scheduled to be held at the office of the Farm Credit Administration in McLean, Virginia, from 9:00 a.m. until such time as the Board may conclude its business.

Address: Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090. Submit attendance requests via e-mail to VisitorRequest@FCA.gov. See SUPPLEMENTARY INFORMATION for further information about attendance requests.

For Further Information Contact: Dale L. Aultman, Secretary to the Farm Credit Administration Board (703) 883-4009. TTY is (703) 883-4056.

Supplementary Information: Parts of this meeting of the Board will be open to the public (limited space available), and parts will be closed to the public. Please send an e-mail to VisitorRequest@FCA.gov at least 24 hours before the meeting. In your e-mail include: name, postal address, entity you are representing (if applicable), and telephone number. You will receive an e-mail confirmation from us. Please be prepared to show a photo identification when you arrive. If you need assistance for accessibility reasons, or if you have any questions, contact Dale L. Aultman, Secretary to the Farm Credit Administration Board, at (703) 883-4009. The matters to be considered at the meeting are:

OPEN SESSION

- 1 **Approval of Minutes**
December 11, 2014

- 2 **Reports**
- 3 Equal Employment Opportunity and Inclusion Update
- 3 Auditor’s Report on FCA FY 2014/2013 Financial Statements

CLOSED SESSION

- 4 Executive Meeting with Auditors¹

December 29, 2014

 Date

/s/

 Dale L. Aultman
 Secretary to the Board

¹Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(2).

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for December 11, 2014 Regular Board Meeting

BM-08-JAN-15-01

Effective Date: January 8, 2015

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for December 11, 2014, Regular Board Meeting as submitted.

DATED THIS 8th DAY OF JANUARY 2015

BY ORDER OF THE BOARD

/s/
Dale L. Aultman
Secretary to the Board



OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY AND INCLUSION

DIVERSITY UPDATE

FCA Board Meeting
January 8, 2015

Thais Burlew
Director

Exhibit D of 1-8-2015 FCA Board Meeting



Agenda

- Demographics at FCA
- Diversity Programs

Diversity at FCA*

- 286 Employees in FY 2014
- 59 % Men; 41 % Women
- Minority representation maintained at 22 %
- Veterans representation maintained at 11.4 % of FCA workforce

*Preliminary data

Demographics*

- Women represent 41.3 % of FCA workforce
 - 48.1 % of CLF
 - 43.5 % of FCL
- Hispanics represent 5.3 % of FCA workforce
 - 10 % of CLF
 - 8.2 % of FCL
- Blacks represent 9.1 % of FCA workforce
 - 12 % of CLF
 - 17.9 % of FCL
- Asian represent 6 % of FCA workforce
 - 3.9 % of CLF
 - 5.8 % of FCL

*Preliminary data

VH 38 and Above*

- VH 38 (47 Employees)
 - 48.9 % Male; 51.1 % Female; 40.4 % Minority
- VH 39 (59 Employees)
 - 59.3 % Male; 40.7 % Female; 27.1 % Minority
- VH 40 (50 Employees)
 - 72 % Male; 28 % Female; 12 % Minority

*Preliminary data

VH 38 and Above* (continued)

- VH 41 (37 Employees)
 - 48.6 % Male; 51.4 % Female; 8.1 % Minority
- VH 42 and Above
 - 70 % Male; 30 % Female; 5 % Minority

*Preliminary data

Individuals with Disabilities*

- 10.8 % of employees are disabled
- 1.8 % have targeted disability
 - Targeted disabilities are deafness, blindness, missing extremities, partial paralysis, complete paralysis, epilepsy, severe intellectual disability, psychiatric disability, and dwarfism
- FCA Accommodates

*Preliminary data

Areas of Opportunity*

- Minorities represent 22 % of FCA workforce
 - 27.6 % of CLF
 - 34.6 % of FCL
- Veterans represent approximately 11.4 % of FCA workforce
 - Over 54.5 % of those vets are or will be retirement eligible by 2018
- Minorities in Senior Ranks (VH 41 and above) represent 7 %

*Preliminary data



Brown Bag Lunches

- A. K. Ward
- Sheryl Sandberg Video
- Neil Horikoshi
- National Military Appreciation Month
- Jennifer Kable

Brown Bag Lunches (continued)

- Freedom Rider Joan Mulholland
- Women's Equality Day Celebration
- Kristi Boswell- American Farm Bureau Federation
- Senior Advisor on White House Initiatives on Asian Americans and Pacific Islanders
- Mental Health Awareness



Thank You



Farm Credit Administration

Fiscal Year 2014

Financial Statement Audit

Exhibit E of 1-8-2015 FCA Board Meeting

Harper, Rains, Knight and Company, P.A.

700 12th St NW, Suite 700
Washington, DC 20005



Matthew Farage, Vice President
202-558-5167
mfarage@hrkcpa.com

Auditors' Report Overview

Opinion on FCA's FY 2014 Financial Statements

Unmodified Opinion ("clean" opinion)

Report on FCA's Internal Controls over Financial Reporting

No opinion issued

No significant deficiencies or material weaknesses identified

Report on FCA's Compliance and Other Matters

No opinion issued

No instances of non-compliance identified

Audit Strategy

Key Audit Areas:

- Payroll Expenditures (85% of total expenditures)
- Investments (97% of total assets)
- Assessments

Methodology:

- Reliance on controls at service providers
- Testing of controls in place at FCA
- Interim and yearend substantive testing

Financial Statements

Financial Statement Analysis:

- *Balance Sheet – All Line Items were materially consistent with prior year.*
- *Capitalized Assets were all fully depreciated by the close of FY2014.*

BALANCE SHEET

As of September 30, 2014 and 2013
(In Dollars)

	2014	2013
General property, equipment, and software net (Note 5)	-	134,301

Financial Statements

Financial Statement Analysis – Cont'd:

- Balance Sheet – Cont'd
- Investments were consistent with Board direction.

BALANCE SHEET

As of September 30, 2014 and 2013
(In Dollars)

	2014	2013
Investments (Note 3)	36,622,819	38,352,286

Intragovernmental Securities

Amounts for 2014 Balance Sheet Reporting

	Cost	Amortized (Premium) Discount	Investments Net	Interest Receivable	09/30/14 Investment Balance	Market Value Disclosure
Nonmarketable						
Market-based	\$36,966,568	\$(464,334)	\$36,502,234	\$120,585	\$36,622,819	\$36,631,024

Premiums and discounts are amortized and interest is accrued using the level-yield, scientific method of effective interest amortization over the term of the respective issues. Interest revenue on investments was \$283,835 and \$377,344 for FYs 2014 and 2013, respectively.

Financial Statements

Financial Statement Analysis – Cont'd:

- **Statement of Net Cost** – *Gross Costs remained consistent across each program, with Safety and Soundness seeing an increase of \$3 million in FY14.*

STATEMENT OF NET COST

For the Years Ended September 30, 2014 and 2013

(In Dollars)

	2014	2013
Safety and Soundness		
Gross costs	\$ 46,560,458	\$ 43,424,434
Less: earned revenue	<u>(39,811,531)</u>	<u>(39,550,402)</u>
Net costs	\$ 6,748,927	\$ 3,874,032

- *Earned Revenues were materially consistent with prior year and budgeted amounts.*

Financial Statements

Financial Statement Analysis – Cont'd:

- Statement of Changes in Net Position – Other Financing Sources were materially consistent with prior year.

STATEMENT OF CHANGES IN NET POSITION		
For the Years Ended September 30, 2014 and 2013		
(In Dollars)		
	2014	2013
Cumulative Results of Operations		
Beginning balances	\$ 30,000,317	\$ 29,519,942
Other Financing Sources (Non-Exchange)		
Imputed financing sources		
Federal employee benefits (Note 9)	2,798,072	2,527,728
Rent (Note 10)	2,500,000	2,700,000
Total financing sources	5,298,072	5,227,728
Net cost of operations	(8,568,143)	(4,747,353)
Net change	(3,270,071)	480,375
Cumulative results of operations	\$ 26,730,246	\$ 30,000,317
Net position	\$ 26,730,246	\$ 30,000,317

- Decrease in Net Position due to increase spending in Safety and Soundness, as presented on Statement of Net Cost.

Financial Statements

Financial Statement Analysis – Cont'd:

- **Statement of Budgetary Resources** – Only major change in FY2014 was the increase in Obligations Incurred, which is in line with the overall increase in Net Cost of Operations.

STATEMENT OF BUDGETARY RESOURCES		
For the Years Ended September 30, 2014 and 2013		
(In Dollars)		
	2014	2013
Obligations incurred	55,053,636	51,047,305

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000



CERTIFICATE OF CLOSED MEETING

The General Counsel, in accordance with the Government in the Sunshine Act, 5 U.S.C. § 552b(f)(1), hereby certifies that the Farm Credit Administration Board regular meeting of January 8, 2015, was properly closed to the public on the basis of the exemption set forth below:

- Information related solely to the internal practices of an Agency – 5 U.S.C. §552b(c)(2).

_____/s/_____
Charles R. Rawls
General Counsel

Date: January 8, 2015