

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Board Member
Jeffery S. Hall, Board Member



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

These minutes reflect the business transacted at the October 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 10:02 a.m. Members of the Board present were:

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Member
Jeffery S. Hall, 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 two members 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.

The **Board Chairman** reviewed the published Agenda. (A copy of the Public Announcement publishing the Agenda for the meeting is attached as Exhibit B.)

Mr. Tonsager moved to adopt the Agenda as published.

Mr. Hall seconded the motion.

There being no further discussion, **Board Chairman Spearman** called the question.

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

Mr. Hall noted that the Agenda did not include any portion of the meeting that should be closed to the public as permitted by the Government in the Sunshine Act and therefore moved that the meeting remain entirely open.

Mr. Tonsager seconded the motion.

There being no further discussion, **Board Chairman Spearman** called the question.

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

OPEN SESSION

Approval of Minutes

Minutes for September 10, 2015 (BM-8-OCT-15-01)

Mr. Tonsager moved to approve the minutes for September 10, 2015, FCA Regular Board Meeting.

Mr. Hall seconded the motion.

There being no further discussion, **Board Chairman Spearman** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-8-OCT-15-01)**

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

New Business

Board Resolution on National Cooperative Month (BM-8-OCT-15-02)

Chairman Spearman noted that October is National Cooperative Month and directed the **Board Secretary** to present an action item relating to an FCA Resolution recognizing National Cooperative Month.

The **Secretary** recommended the Board approve a draft resolution, which he then read. (A copy of the Resolution is attached as Exhibit D.)

The **Board Chairman** called for a motion on the recommendation.

Mr. Hall moved that the Board adopt the Resolution on National Cooperative Month.

Mr. Tonsager seconded the motion.

Chairman Spearman opened the meeting for discussion by the Board.

Mr. Hall stated that he had a statement which he would like attached to the minutes. (A copy of the statement is attached as Exhibit E.)

Chairman Spearman directed the Secretary to add the statement to the minutes.

There being no further discussion, **Chairman Spearman** called the question.

The **Secretary** polled the Members and the motion carried unanimously. **(BM-8-OCT-15-02)**

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

Reports

U.S. Agricultural Exports to China: Risks and Rewards

Dennis Shields of the Office of Regulatory Policy presented the report on U.S. Agricultural Exports to China: Risks and Rewards.

Board Chairman Spearman 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 G.)

Update on Recruitment

Jerome Fowlkes of the Office of Management Services and **Sharon Wilhite** of the Office of Examination presented an Update on Recruitment.

Board Chairman Spearman 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 H.)

ADJOURNMENT

There being no further business to come before the Board, Board **Chairman Spearman** indicated he would entertain a motion to adjourn the meeting.

Mr. Tonsager moved that the meeting be adjourned.

Mr. Hall seconded the motion.

Board Chairman Spearman called the question.

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

The meeting adjourned at 10:02 a.m.

NOTATIONAL VOTE ACTIONS

There were five notational vote actions approved by the FCA Board from September 11, 2015, through October 7, 2015 as follows:

Item Number	Action Date	Voting Results	Subject
NV 15-15	09/11/2015	Approved	FCA Fiscal Year 2016 Revised Budget and the FCA Fiscal Year 2017 Proposed Budget.
NV 15-16	09/15/2015	Approved	Proposed plan of merger of Chisholm Train Farm Credit, ACA, with Farm Credit Services of East Central Oklahoma, ACA. If the voting stockholders of both associations vote to approve the plan of merger and all conditions for final approval are met, the plan of merger will take effect on January 1, 2016, and the name of the continuing association will be Oklahoma AgCredit, ACA.
NV 15-17	09/25/2015	Approved	Request by CoBank, ACB, for case-by-case approval of an investment under regulation 12 C.F.R. 615.5140(e). Under the approved request, CoBank may invest up to \$11.0 million in bonds issued by a rural community medical facility. FCA placed conditions on CoBank in conjunction with this investment.
NV 15-18	09/25/2015	Approved	Selection of Chief Information Officer and Director of the Office of Information Technology.
NV 15-19	10/07/2015	Approved	Request by Farm Credit Mid-America, ACA, for case-by-case approval of an investment under regulation 12 C.F.R. 615.5140(e). Under the approved request, Mid-America may invest \$7.8 million in taxable economic development revenue bonds issued by the rural town of Demotte, Indiana, on behalf of Belstra Milling Company, Inc.

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

_____/s/_____
Kenneth A. Spearman
Board Chairman and Chief Executive Officer

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

Approved: November 12, 2015

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

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Board Member
Jeffery S. Hall, Board Member

OFFICE	OPEN SESSION
Office of the Board	
Aultman, Dale	X
Middleton, Russell	X
Corey, Kathryn	X
Kramp, Kevin	X
Laguarda, Wendy	X
Calhoun, Gaye	X
COO	
Hoffman, William	X
Ibelli, Heyam	X
OCPA	
Stokke, Mike	X
Meaux, Willy	X
OSMO	
Rea, Laurie	X
OGC	
Rawls, Charles	X
Strickland, Joy	X
Donner, Mary Alice	X

OFFICE	OPEN SESSION
OE	
Coleman, Robert	X
Wilhite, Sharon	X
OIG	
Dean, Elizabeth	X
Cerne, Sonya	X
ORP	
Van Meter, Gary	X
Mardock, Barry	X
Gabriel, Steve	X
Shields, Dennis	X
D'Antoni, Jeremy	X
OMS	
Smith, Stephen	X
Fowlkes, Jerome	X
EEOI	
Burlew, Thais	X
FCSIC	
Rubin, Howard	X
GENERAL PUBLIC	2

Farm Credit Administration

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

**PUBLIC ANNOUNCEMENT OF
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT
Farm Credit Administration Board
Regular Meeting
October 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 October 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: This meeting of the Board will be open to the public (limited space available). 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

- Approval of Minutes**
 - 1 September 10, 2015

- New Business**
 - 2 Board Resolution on National Cooperative Month

- Reports**
 - 3 U.S. Agricultural Exports to China: Risks and Rewards
 - 4 Update on Recruitment

September 30, 2015
Date

/s/
Dale L. Aultman
Secretary to the Board

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for September 10, 2015 Board Meeting

BM-8-SEP-15-01

Effective Date: October 8, 2015

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for September 10, 2015, Regular Board Meeting as submitted.

DATED THIS 8th DAY OF OCTOBER 2015

BY ORDER OF THE BOARD

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

Statement
Jeffery S. Hall, Member
Farm Credit Administration Board Meeting, October 8, 2015

I am happy to support the Board Resolution recognizing October as National Cooperative Month.

The nation's agriculture cooperatives have been instrumental in supplying the inputs necessary in the production of food, fiber and fuel. Cooperatives have given farmers the opportunity to participate in the marketing and processing of agricultural products and share in those profits. At its essence, the cooperative structure allows neighbors to help neighbors.

Cooperatives have allowed our nation's farmers to do what they do best – produce the safest, most abundant and most affordable supply of food and fiber in the world. As a former director of a local cooperative, I am proud to support this resolution. It is a worthy tribute to and recognition of the importance the cooperative structure has played in American agriculture.

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON
Resolution on National Cooperative Month

BM-8-OCT-15-02

Effective Date: October 8, 2015

Effect on Previous Action: None

THE FCA BOARD HEREBY:

- Approves the Resolution on National Cooperative Month.

DATED THIS 8th DAY OF OCTOBER 2015
BY ORDER OF THE BOARD

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



FCA Board Meeting

October 8, 2015

U.S. Agricultural Exports to China: Risks and Rewards

Dennis A. Shields
Senior Economist
Office of Regulatory Policy

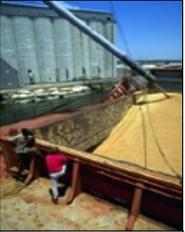
Exhibit G





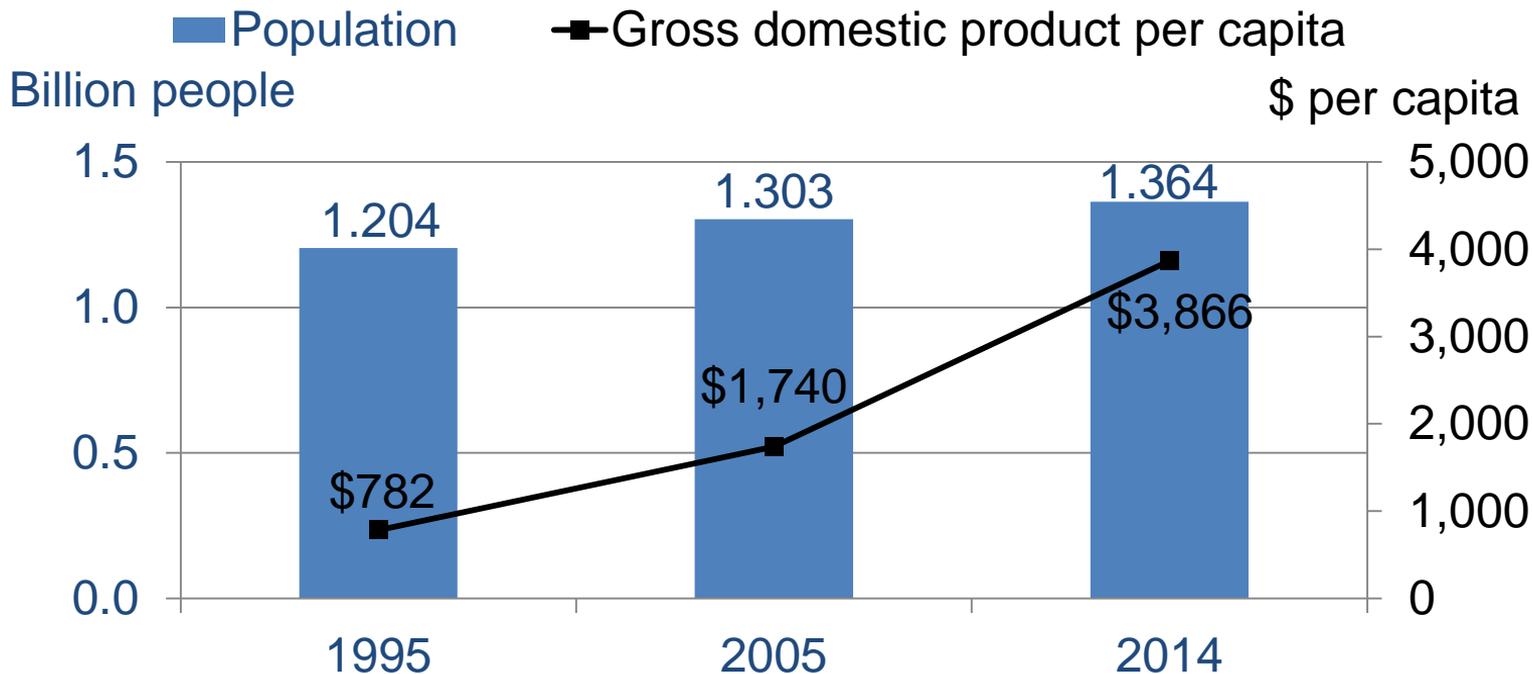
Outline

- China's import demand for U.S. agricultural products
- "Vulnerable" commodities
- China's policies affecting imports
- The future?





Drivers of Food Demand in China

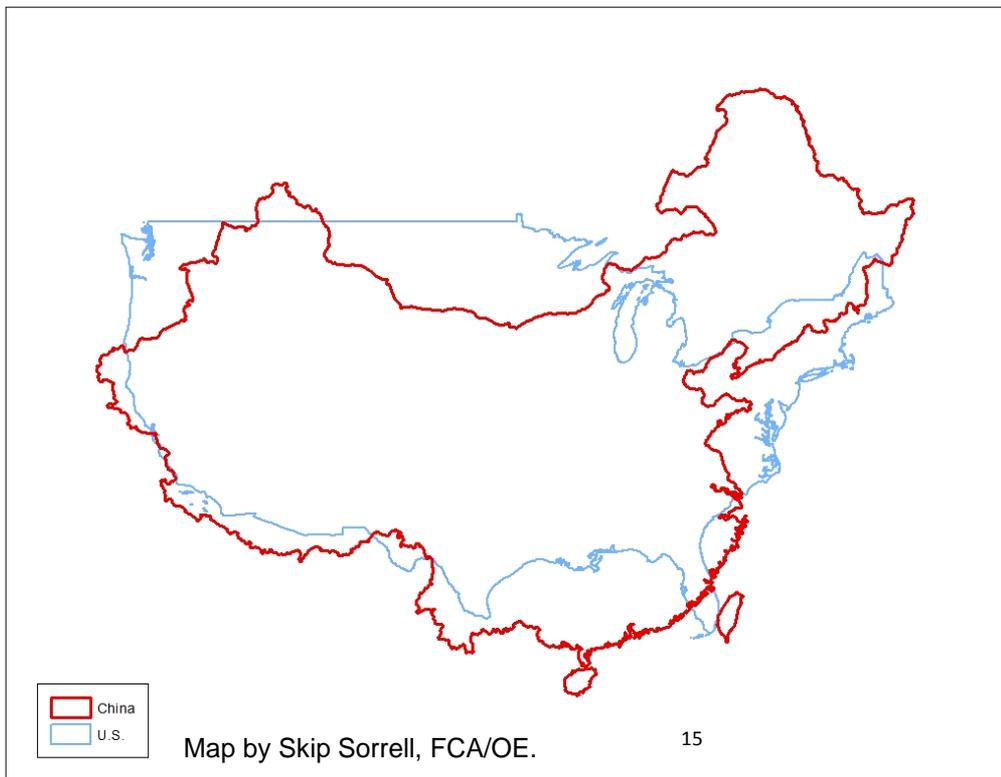


Source: FCA-ORP from World Bank, World Development Indicators.

Note: GDP is constant 2005 US\$. For U.S. in 2014, GDP per capita equaled \$46,405.



China – U.S. Land Comparison



15

	China	U.S.
Total land (mil. sq. km)	9.4	9.1
Crop area (mil. hectares)	161	158
Population (mil. people)	1,364	319

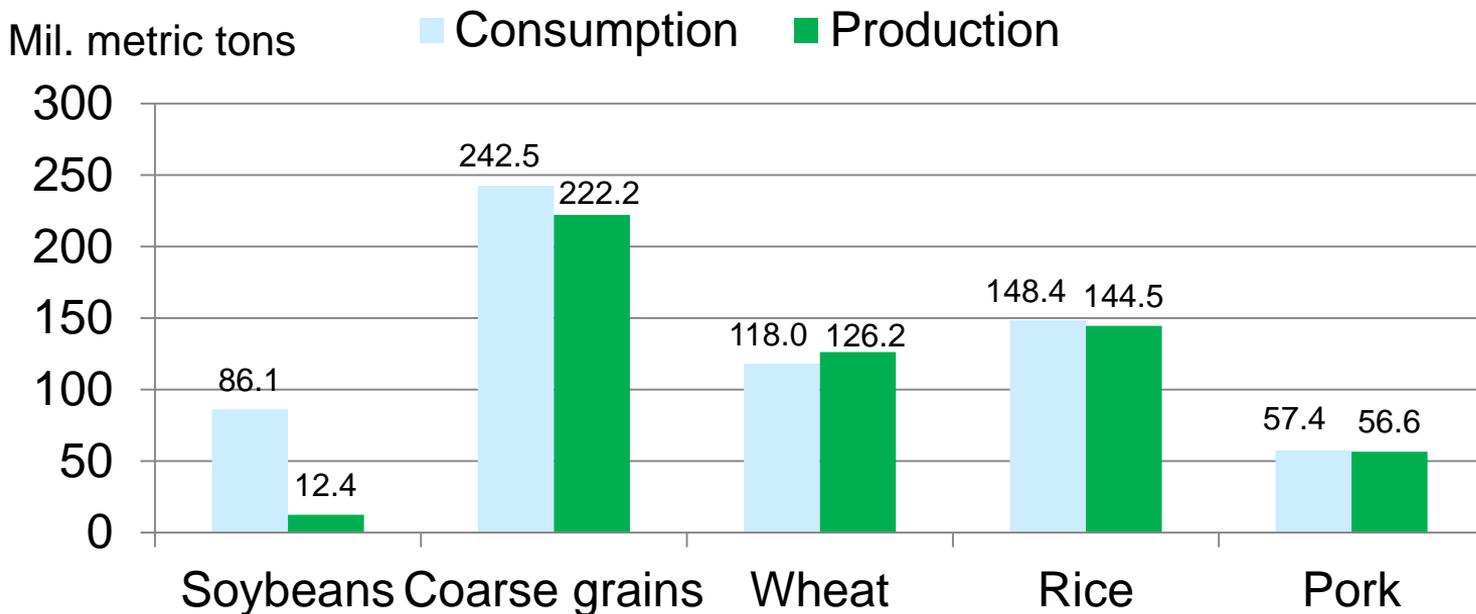
Source: FCA-ORP from World Bank, World Development Indicators (total land); USDA/Economic Research Service (China's sown area in 2010); and 2012 USDA Ag. Census (U.S. cropland).



Consumption Exceeds Production



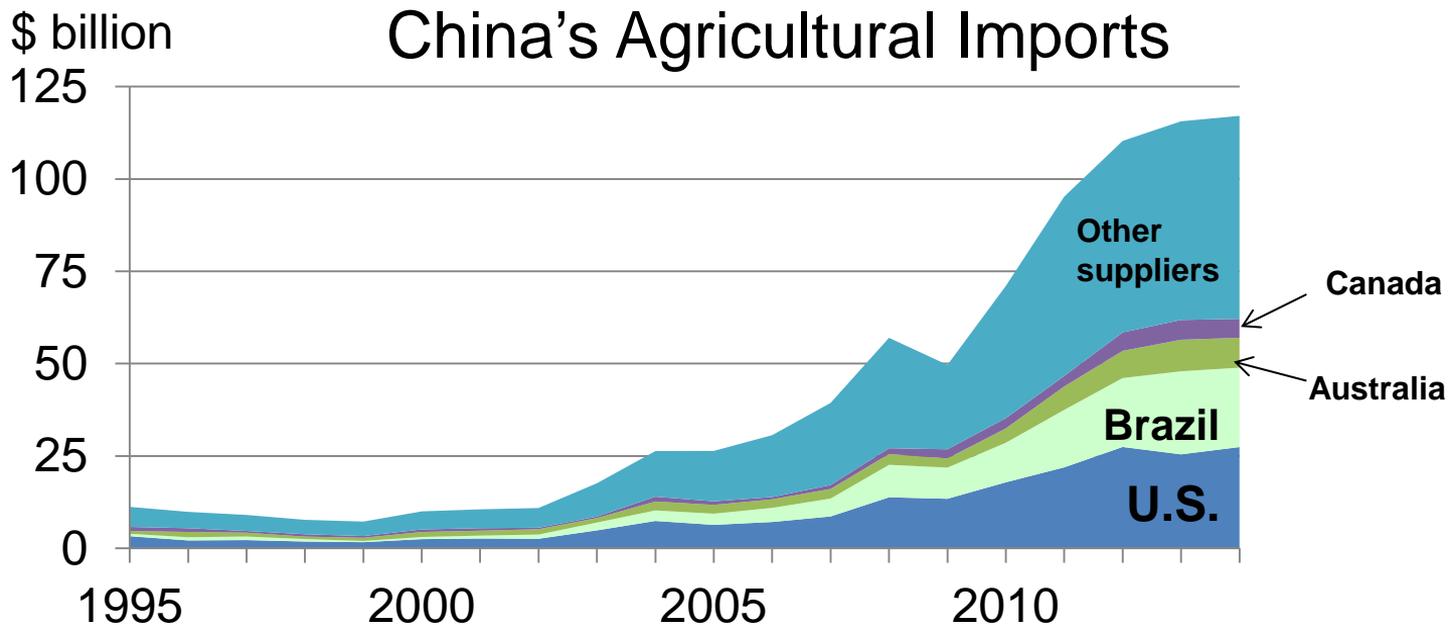
China in 2014/15



Source: FCA-ORP from USDA's World Agricultural Supply and Demand Estimates (WASDE), September 11, 2015; and Foreign Agricultural Service PSD database.



Rapid Growth Levels Off

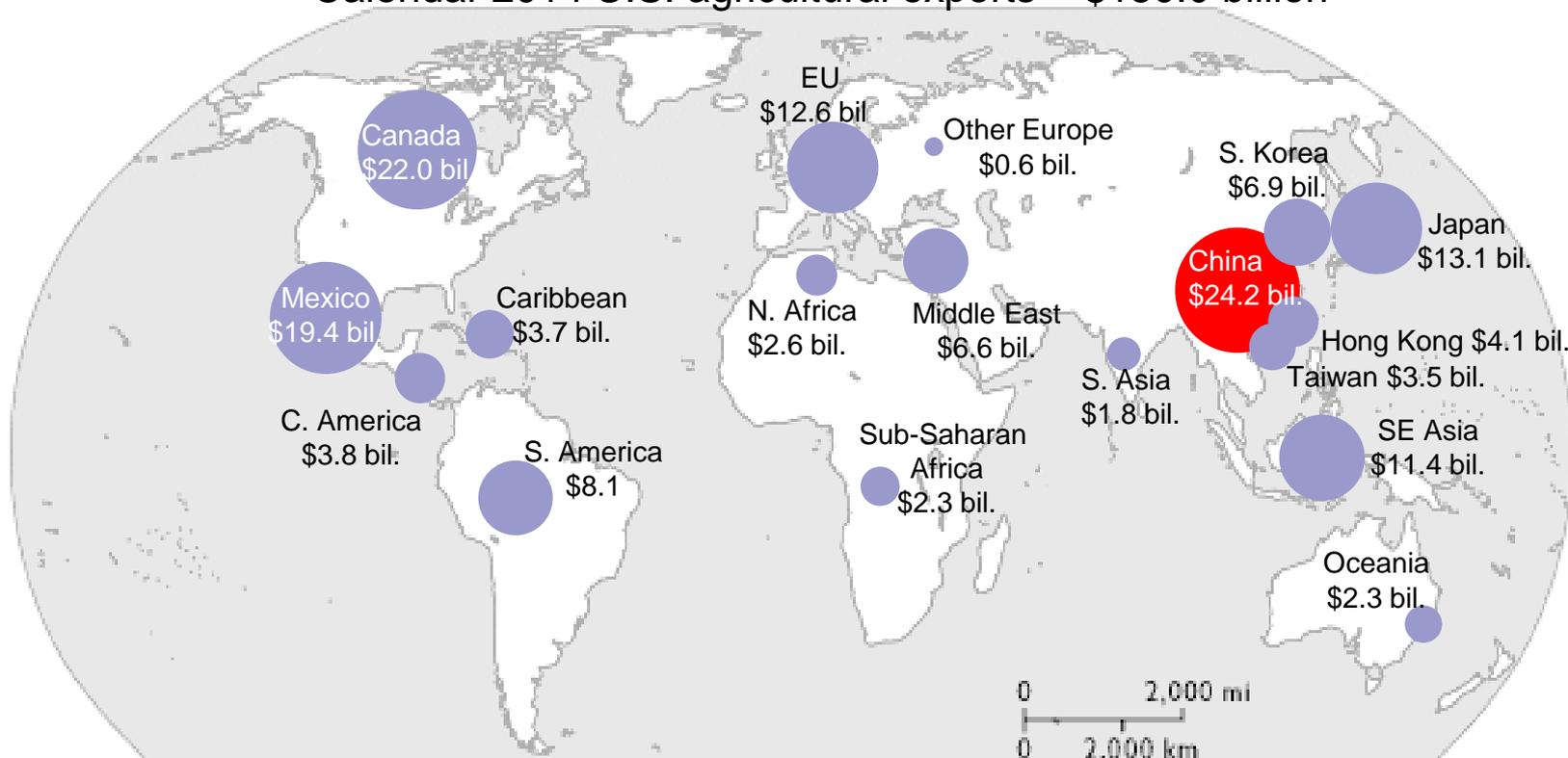


Source: FCA-ORP from United Nations trade data published by USDA's Foreign Agricultural Service.
Note: Current dollars. Other top-10 suppliers include Thailand, New Zealand, Indonesia, Argentina, Malaysia, and Vietnam.



China - Top U.S. Export Market

Calendar 2014 U.S. agricultural exports = \$150.0 billion

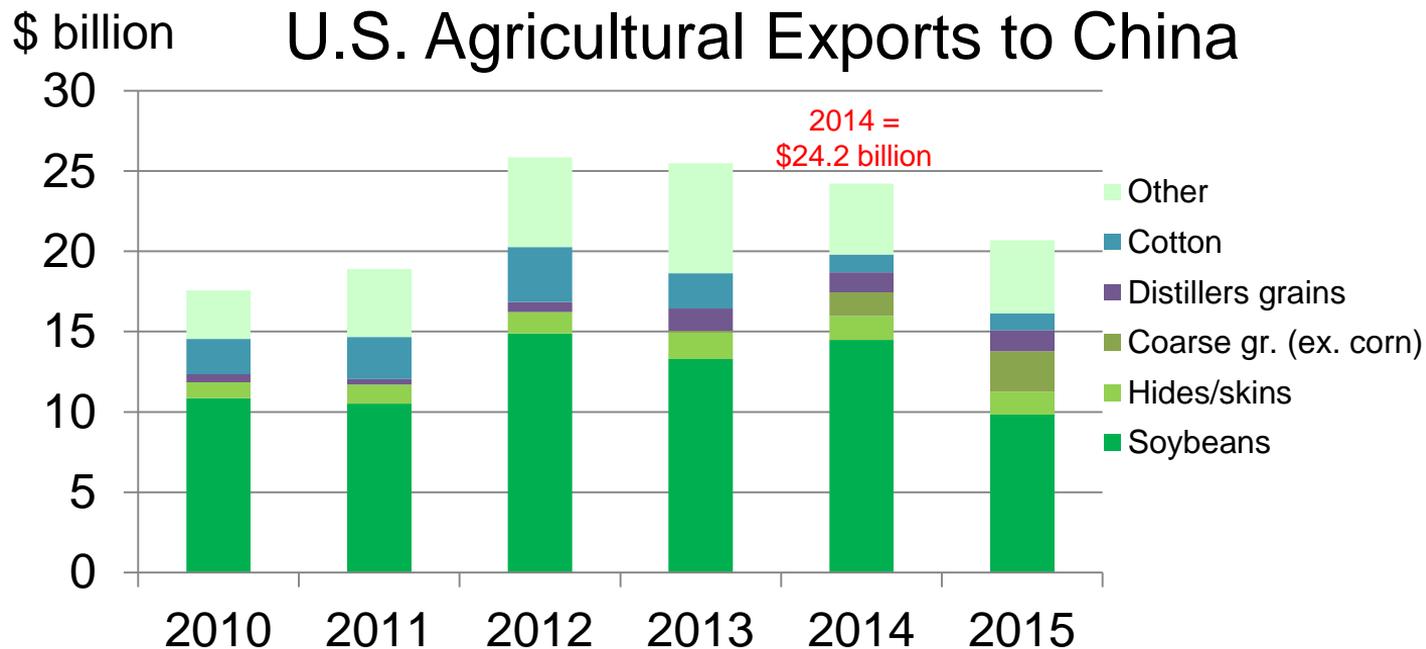


Source: FCA-ORP from USDA/FAS (exports) and National Geographic Society (map).

Note: Map shows top 7 individual countries and major regions.



Soybeans Dominate



Source: FCA-ORP from USDA/FAS data.

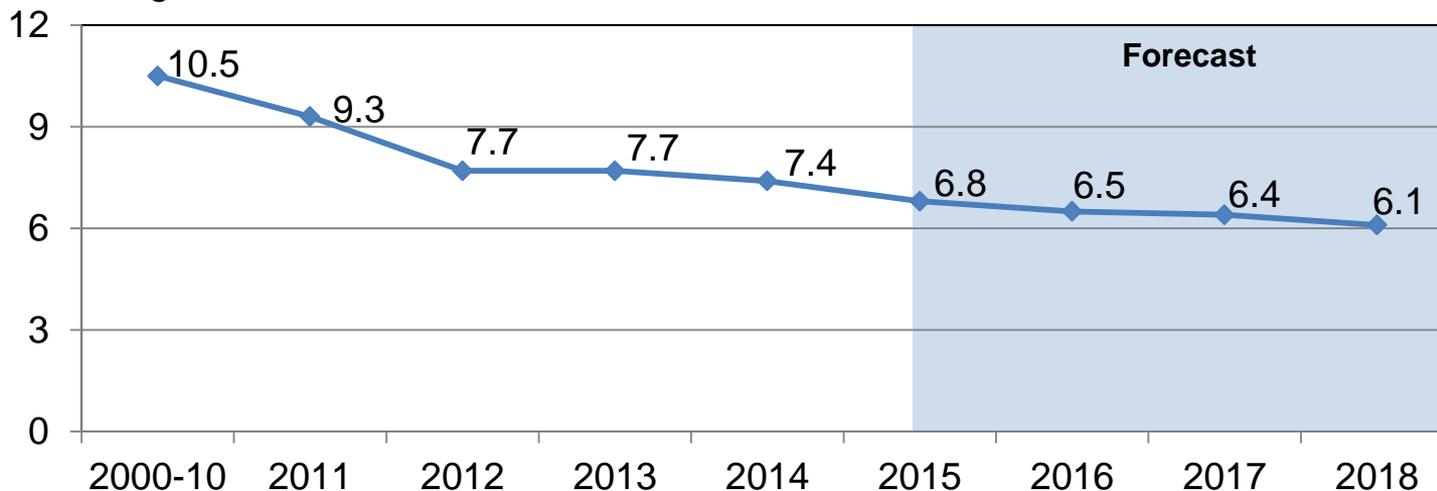
Note: Forecast for 2015 (extrapolated by FCA¹⁹ using January-July 2015 exports).



China's Economic Growth Eases



Gross Domestic Product (GDP)
% change



Source: FCA-ORP from World Bank (historical data) and Moody's Analytics (forecasts).
Note: U.S. GDP growth is forecast at 2.5% in 2015.



Volatility and Exposure



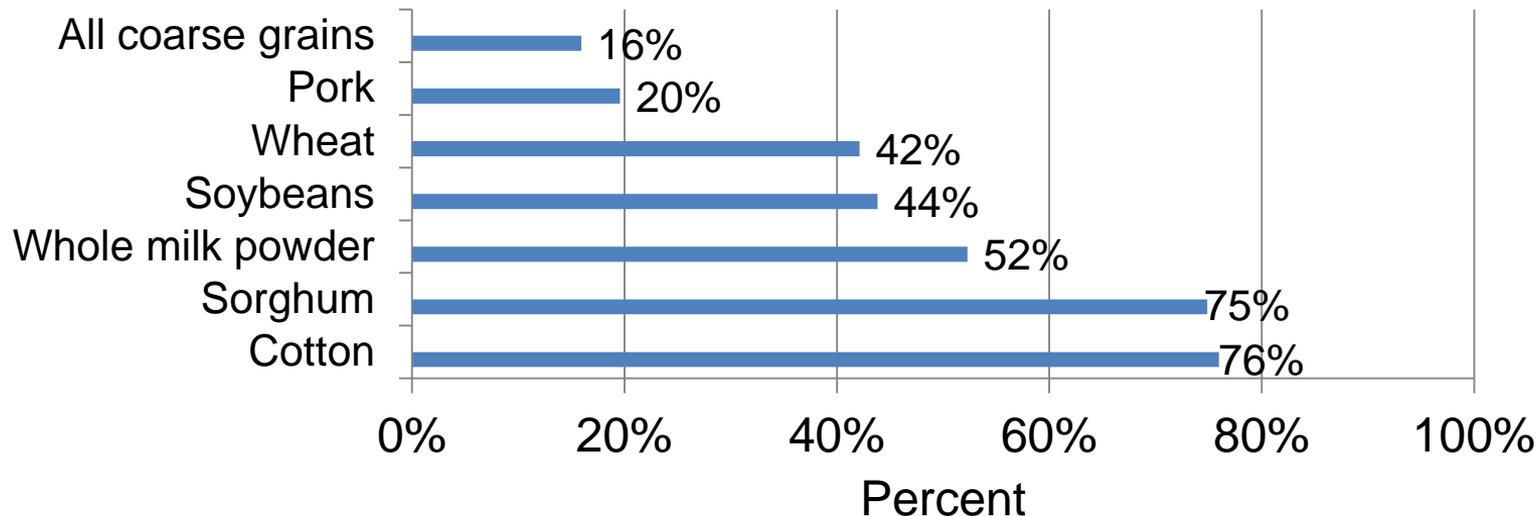
Sector-wide	Total U.S. agricultural export value	
Commodity level	<ol style="list-style-type: none">1. U.S. exports as share of production2. China's share of global imports3. China's share of U.S. exports	<p>↑ Share (s) can result in:</p> <p>↑ volatility and/or exposure</p>



#1 – U.S. Export Dependency



**Export share of U.S. production
2015/16**



Source: FCA-ORP from USDA, Foreign Agricultural Service PSD database.

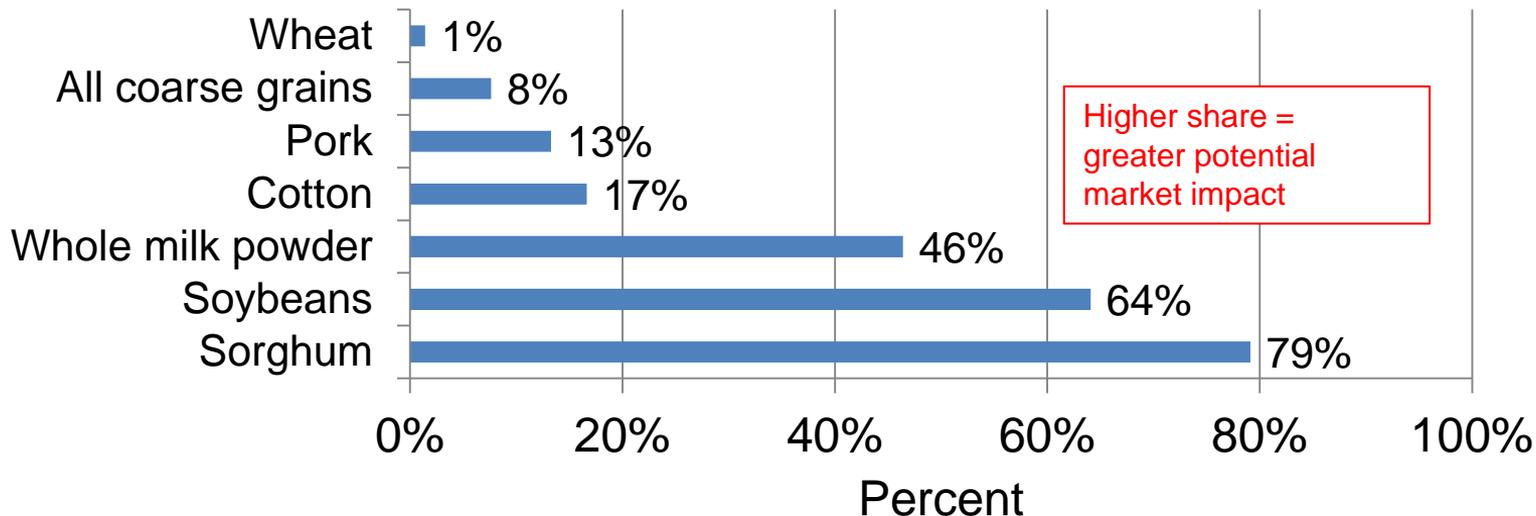
Note: Coarse grain includes corn, sorghum, barley, oats, rye, millet, and mixed grains.



#2 – China's Impact on Global Markets



China's share of global imports 2015/16

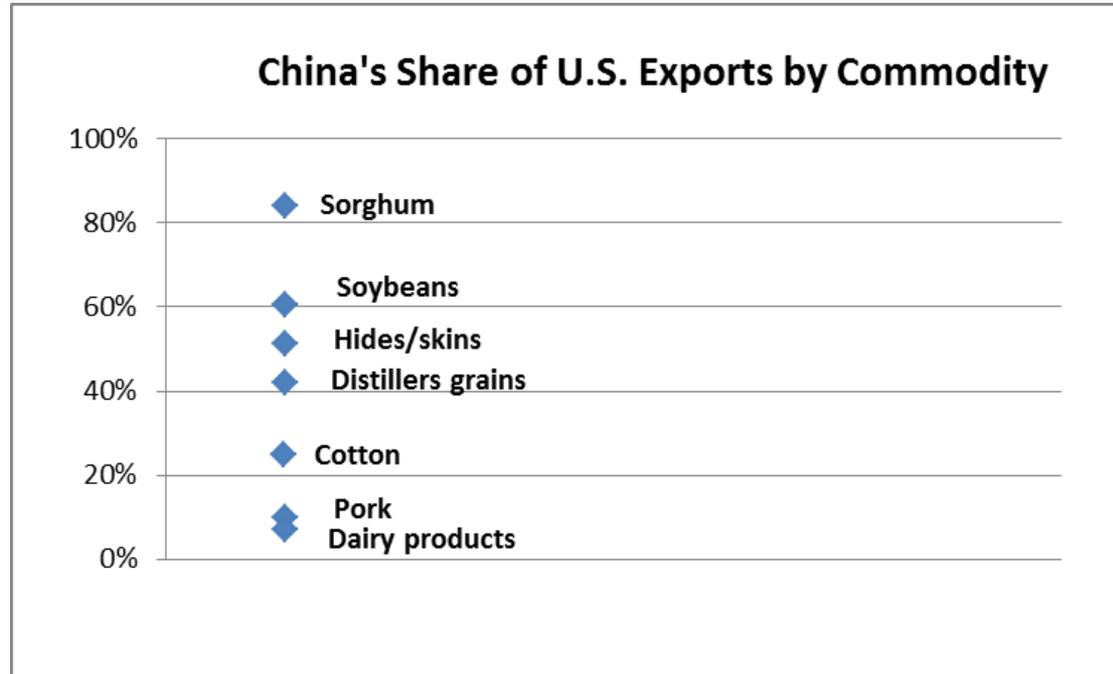


Source: FCA-ORP from USDA, Foreign Agricultural Service PSD database.

Note: Coarse grain includes corn, sorghum, barley, oats, rye, millet, and mixed grains.



#3 – China's Share of U.S. Exports



Source: FCA-ORP from USDA, Foreign Agricultural Service trade database.

Note: Shares are for 2014.



Growth in U.S. Exports to China



Cotton:
\$1.1 bil.
and
declining
exports

High share
and
high growth

Source: FCA-ORP from USDA, Foreign Agricultural Service trade database.

Note: Shares are for 2014; sorghum trade was zero in 2010, so a growth rate of 200% is shown here for illustration only.



Commodity and FCS Exposure



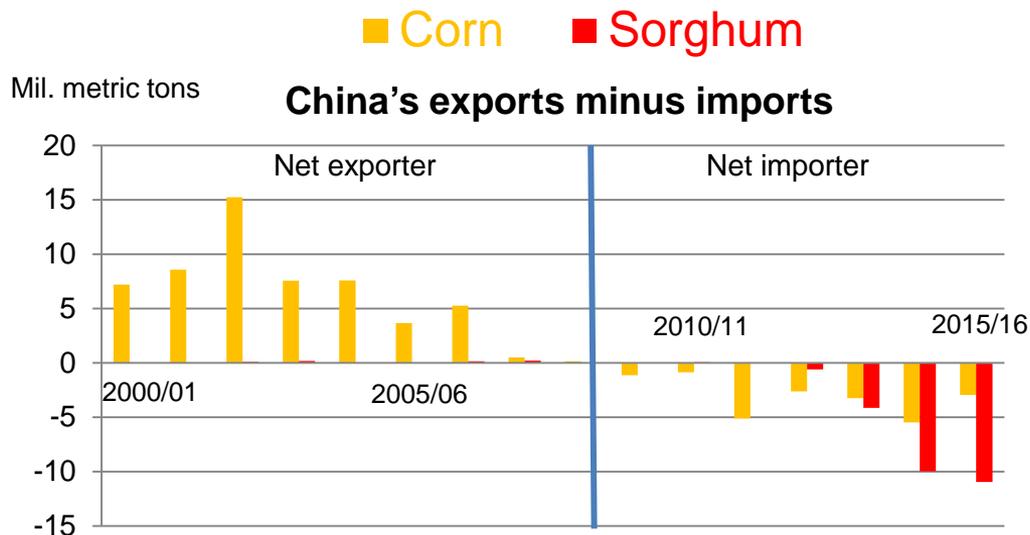
Commodity	Key factors			Share of FCS Loans
	1. Export share of U.S. prod.	2. China's share of global imports	3. China's share of U.S. exports	
Cotton	76%	17%	25%	1%
Pork	20%	13%	7%	2%
Dairy	52%*	46%*	10%	7%
Cash grain				18%
Sorghum	75%	79%	84%	
Soybeans	44%	64%	61%	
Wheat	42%	1%	3%	

Source: FCA-ORP from USDA data and Federal Farm Credit Banks Funding Corporation (2014 Annual Information Statement).

Note: * = whole milk powder.



Dynamic Trade in Coarse Grains



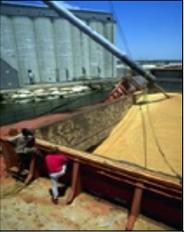
- China is now a net importer (imports > exports)
- **Corn** import restriction slows trade but creates opportunities for **sorghum**

Source: FCA-ORP from USDA, Foreign Agricultural Service PSD database.



Cotton Policies Affect Global Prices

- China is a major cotton producer/trader
- Goals include ensuring economic stability
- Government purchases began in 2011; support price began increasing
- Incentives led to stock buildup and weak global cotton prices
- U.S. cotton acreage has declined





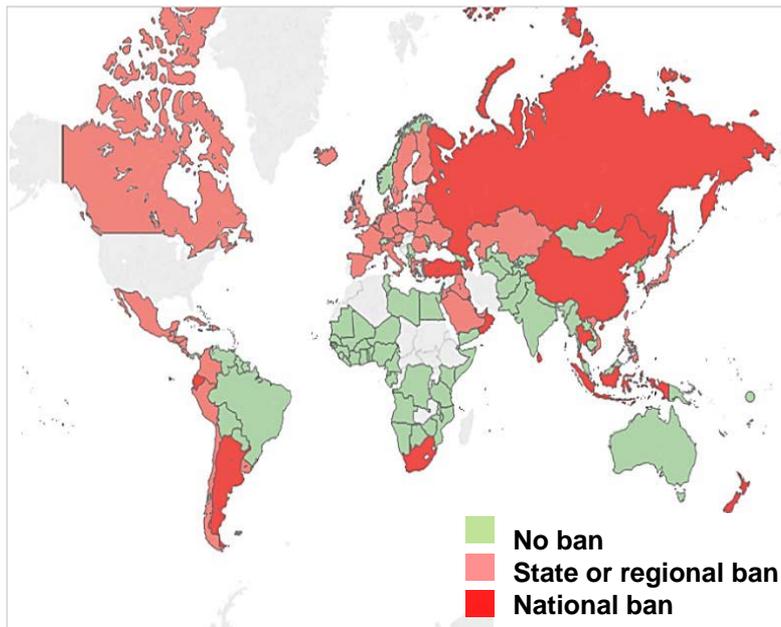
Feed versus Meat Trade

- China's tariff structure favors feed imports over meat
- Reactions to disease outbreaks in producing countries can affect meat and poultry trade
- Disruptions create pipeline backups and put downward pressure on prices





Bans on U.S. Poultry Slow Exports



U.S. Poultry Exports (\$ bil.)

	Jan-July 2014	Jan-July 2015	% change
World	3.11	2.55	-18
Mexico	0.73	0.62	-15
Canada	0.32	0.35	+9
Hong Kong	0.28	0.29	+2
China	.17	.03	-82

Source: FCA-ORP from USDA/FAS (exports) and USDA/ERS (map).

Note: Bans as of June 16, 2015. Total 2014 U.S. poultry and poultry products = \$5.5 billion.

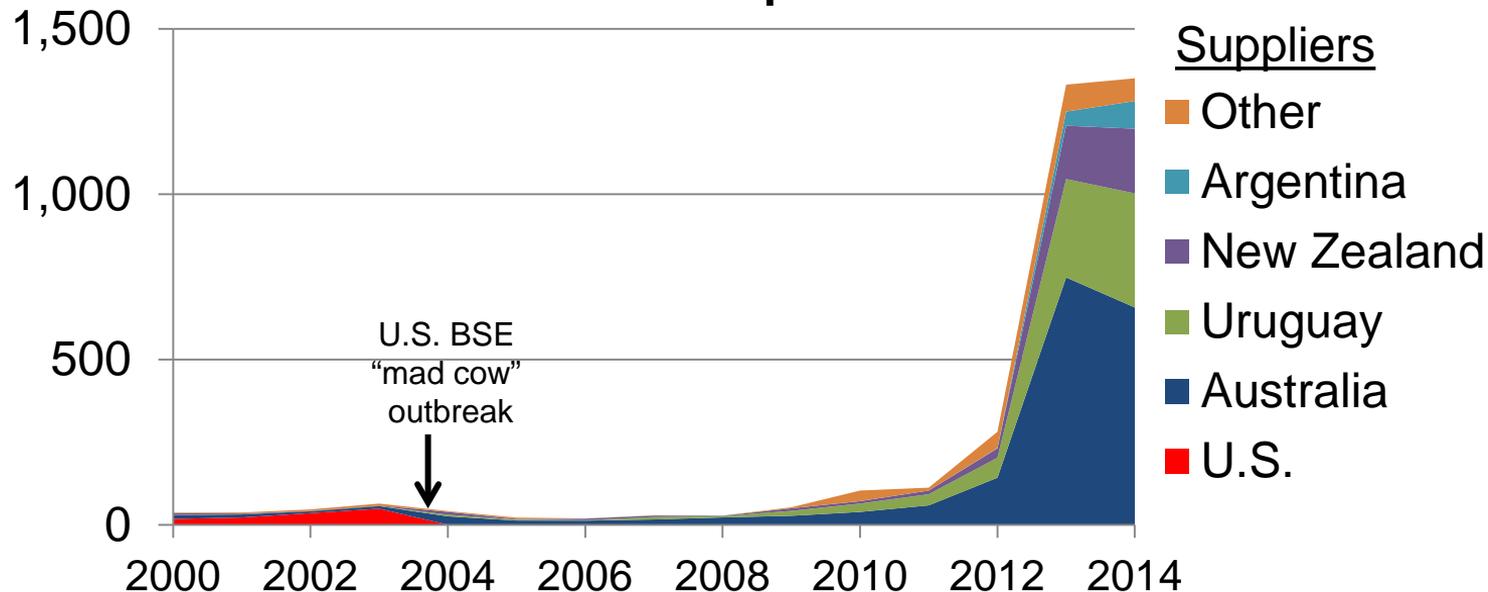


Where's the (U.S.) Beef?



\$ million

China beef imports

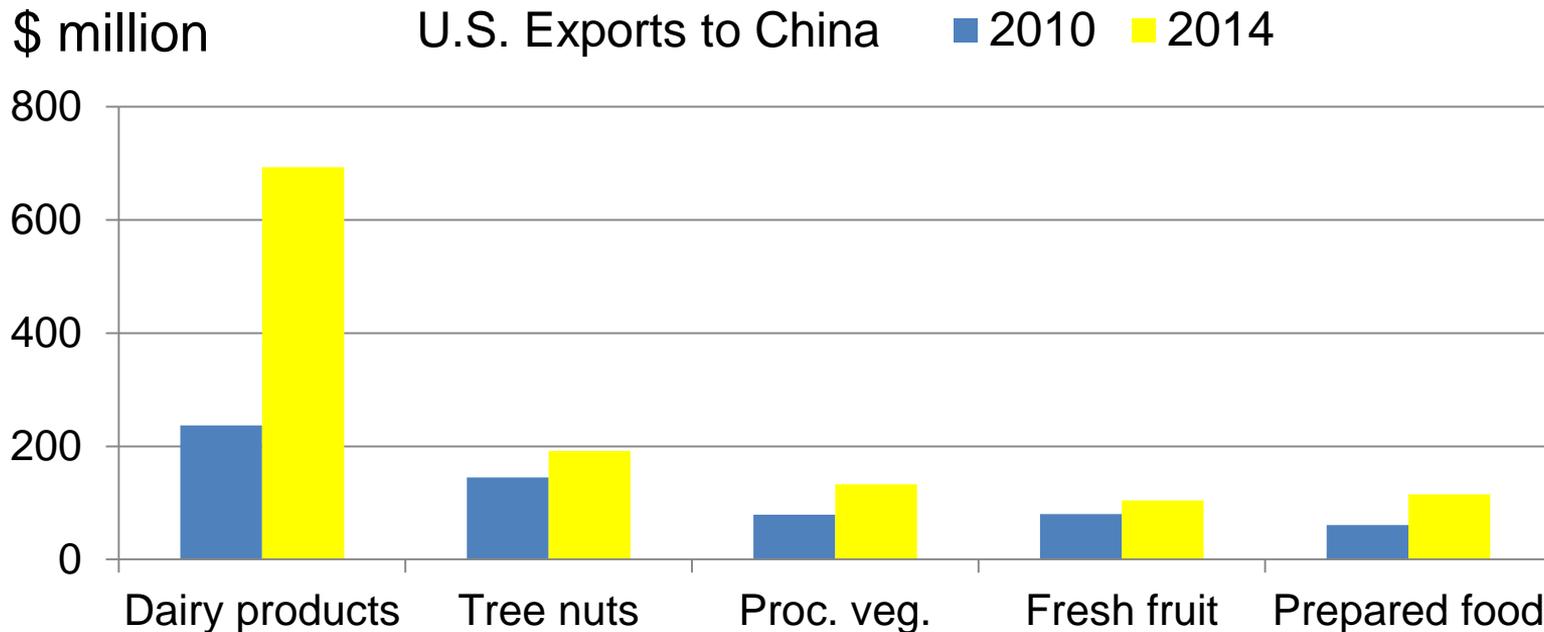


Source: FCA-ORP from USDA/FAS data.

Note: Total 2014 U.S. beef exports = \$7.1 billion.³¹



High-value Exports to China Expand



Source: FCA-ORP from USDA/FAS data.

Note: Total 2014 U.S. exports to China of “consumer-oriented” products = \$2.4 billion.



Conclusions

- Vulnerability depends on “shares”
- China’s economic growth and ag/trade policies drive trade
- Market impacts can be significant following policy changes
- Volatility represents risk and reward



FCA Recruiting

Jerome Fowlkes
Sharon Wilhite

EXHIBIT H

Overview

- ▶ Office of Examination Recruiting
- ▶ Recruiting Committee
- ▶ Recruiting Vision

Office of Examination Recruiting

- ▶ Where we recruit
- ▶ Where we were
- ▶ Where we are
- ▶ What we plan

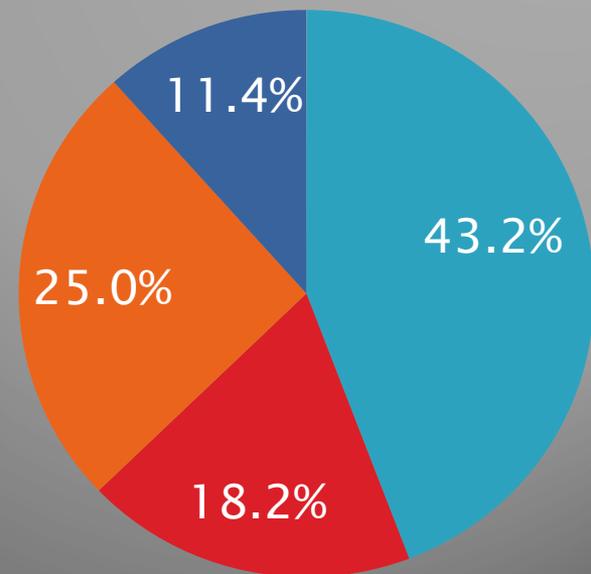
Where We Recruit

- ▶ Land-Grant Universities
- ▶ Alumni connection universities
- ▶ Minority recruitment efforts:
 - High minority enrollment ($\geq 25\%$) univ.
 - 1890 Universities
 - Historically Black Colleges and Universities
 - Hispanic-servicing institutions
 - Diversity events

2016 Recruiting Events

- ▶ Prior hiring success
- ▶ Building new relationships
- ▶ Casting a wide net
- ▶ Reaching out to Ag
- ▶ Advertising on websites
 - Alliance of Latino Professionals for America
 - Hispanic Association of Colleges and Universities
 - Nat'l Assn of Asian MBAs
 - Nat'l Assn of Black Accountants
 - Nat'l Society of Hispanic MBAS

Events



- Land Grants
- HBCU/1890 Inst
- HSI/HME
- Diversity Events

Where We Were– Federal Career Intern Program

- ▶ Eliminated in December 2010
- ▶ Provided job announcement at the recruiting events
- ▶ Completed a first phase interview the second day of the recruiting event
- ▶ Used the OPM–provided 160 questions assessment questionnaire (ACWA)
- ▶ Did not post job announcement

Where We Are–Pathways Program

- ▶ FCA’s MOU approved by OPM to use Pathways in September 2012
- ▶ Restricted use of onsite interviews
- ▶ Required posting on USAJOBS
- ▶ Given program changes, FCA made changes:
 - Developed an FCA–tailored assessment questionnaire
 - Established online testing of needed skill sets
 - Revised job series similar to other regulatory agencies – restrict to business degrees and aligning us with FIRREA agencies
 - Reduced the number of field office designations

What We Plan–2016 New Hires

- ▶ 20 Associate Examiners / 12 Summer Interns
- ▶ Speaking engagements at several events
- ▶ Attending targeted diversity events
- ▶ Advertising on diversity websites
- ▶ Reaching out to Agency's SEP Managers
- ▶ Reaching out to alumni and recent Summer Interns to build rapport with universities
- ▶ First of 3 job announcements: 9/25–10/4

Recruiting Committee–Purpose

- ▶ Coordinate recruiting efforts
- ▶ Identify and implement best practices
- ▶ Cultivate relationships
- ▶ Broaden diversity in the applicant pool
- ▶ Increase visibility and awareness of FCA

Recruiting Committee–Members

- ▶ Jerome Fowlkes, Chair
- ▶ Patricia Connelly, Vice–Chair
- ▶ Thais Burlew, Director, EEO–I
- ▶ Sharon Wilhite, OE
- ▶ Sara Lynn Major, OE
- ▶ Darius Hale, ORP
- ▶ Willy Meaux, OCPA
- ▶ Laura McFarland, OGC
- ▶ Destyne Edwards, OIT

Recruiting Committee–Initial

- ▶ First meeting in August
- ▶ Overview of recruiting
- ▶ Obtain maps of processes
- ▶ Arrange meetings with other FIRREAs to leverage best practices
- ▶ Members participating in recruiting events

Recruiting Committee

Initial theory:

- ▶ “Brand” = greater probability of success
- ▶ “Brand” comes from hired alumni recruiting at alma maters
- ▶ How do we broaden our “brand” effectively
 - Reaching out to professors at universities
 - Speaking engagements in classes
 - Meeting with underclassmen at recruiting events
 - Increasing social media presence

Recruiting Committee– Other projects

- ▶ Analyze data to assess current recruiting efforts
- ▶ Determine how to use social media to more effectively recruit —how to use FCA website
- ▶ Assess ways to create more awareness of our agency with college recruits and mid-career hires
- ▶ Identify tools to broaden outreach

Long Term Goals

- ▶ Identify opportunities to enhance the process and achieve desired results
- ▶ Leverage the skills and experiences of staff, when appropriate, to bring in and retain the best people (college and mid-career)
- ▶ Establish a “brand” with college professors and students as a great place to work and grow
- ▶ Enhance communication throughout the recruiting process and facilitate best practices
- ▶ Ensure our outreach gives us the best possible applicants and best possible new hires