These minutes reflect the business transacted at the March 9, 2017, 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 9:31 a.m. Members of the Board present were:

Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Member
Kenneth A. Spearman, Member (by telephone)

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. Hall moved to adopt the Agenda as published.

Mr. Spearman seconded the motion.
There being no further discussion, **Board Chairman Tonsager** called the question.

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

**Mr. Spearman** noted that the Agenda did **not** include any items that should be discussed in closed session, as permitted by the Government in the Sunshine Act, and therefore moved that the entire meeting remain open to the public.

**Mr. Hall** seconded the motion.

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

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

### OPEN SESSION

**Approval of Minutes**

Minutes for February 9, 2017  
(BM-9-MAR-17-01)

**Mr. Hall** moved to approve the minutes for the February 9, 2017, FCA Regular Board Meeting.

**Mr. Spearman** seconded the motion.

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

The **Secretary** polled the Board Members and the motion carried unanimously. *(BM-9-MAR-17-01)*

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

### Report

**Annual Farm Credit System Funding Update**

**David Lewandrowski** of the Office of Regulatory Policy presented the Annual Farm Credit System Funding Update Report.

**Board Chairman Tonsager** asked if there were any questions or further discussion from the Board.

There was no further discussion.

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

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

Mr. Hall moved that the meeting be adjourned.

Mr. Spearman seconded the motion.

Board Chairman Tonsager called the question.

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

The meeting adjourned at 9:31 a.m.

NOTATIONAL VOTE ACTIONS

There were three notational vote actions approved by the FCA Board from February 10, 2017, through March 8, 2017 as follows:

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Action Date</th>
<th>Voting Results</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>NV 17-04</td>
<td>2/16/2017</td>
<td>Approved</td>
<td>Proposed Merger of Badgerland, ACA and 1st FCS, ACA; with and into Agstar, ACA, and name change to Compeer Financial, ACA subject to certain conditions. If the voting stockholders of the three associations vote to approve the plan of merger and all conditions for final approval are met, the merger will take effect on July 1, 2017.</td>
</tr>
<tr>
<td>NV 17-05</td>
<td>3/6/2017</td>
<td>Approved</td>
<td>Proposed Merger of United Farm Credit Services, ACA with and into AgCountry Farm Credit Services, ACA subject to certain conditions. If all requirements for the final approval are satisfied, the merger will take effect on July 1, 2017.</td>
</tr>
<tr>
<td>NV 17-06</td>
<td>3/8/2017</td>
<td>Approved</td>
<td>Removal of regulatory capital conditions and limitations FCA had previously imposed on System institutions’ outstanding issuances of preferred stock and subordinated debt to outside investors (i.e., investors other than the cooperative member-borrowers of the institutions) and confirmed the regulatory capital treatment of these issuances under FCA’s new tier 1/tier 2 capital rule. The new capital rule became effective on January 1, 2017.</td>
</tr>
</tbody>
</table>

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on March 9, 2017.

/s/ Dallas P. Tonsager
Chairman and Chief Executive Officer

/s/ Dale Aultman
Secretary to the Board

Approved: April 13, 2017
Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Board Member
Kenneth A. Spearman, Board Member (by telephone)

<table>
<thead>
<tr>
<th>OFFICE</th>
<th>OPEN SESSION</th>
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</thead>
<tbody>
<tr>
<td>Office of the Board</td>
<td></td>
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<tr>
<td>Aultman, Dale</td>
<td>X</td>
</tr>
<tr>
<td>Middleton, Russell</td>
<td>X</td>
</tr>
<tr>
<td>Laguarda, Wendy</td>
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<tr>
<td>Corey, Kathryn</td>
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<tr>
<td>Kramp, Kevin</td>
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<tr>
<td>Calhoun, Gaye</td>
<td>X</td>
</tr>
<tr>
<td>EEOI</td>
<td></td>
</tr>
<tr>
<td>Burlew, Thais</td>
<td>X</td>
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<tr>
<td>COO</td>
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<td>Hoffman, Bill</td>
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<td>OIT</td>
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<td>Golley, Jerald</td>
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<td>OCPA</td>
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<td>Stokke, Mike</td>
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<td>Meaux, Willy</td>
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<td>OSMO</td>
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<td>Rea, Laurie</td>
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<td>OGC</td>
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<td>Rawls, Charles</td>
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<td>Strickland, Joy</td>
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<td>OFFICE</td>
<td>OPEN SESSION</td>
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<td>--------</td>
<td>--------------</td>
</tr>
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<td>OE</td>
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<td>Coleman, Robert</td>
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<td>Van Meter, Gary</td>
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<td>Mardock, Barry</td>
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<td>Lewandrowski, David</td>
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<td>OCFO</td>
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<td>Smith, Stephen</td>
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<td>OAS</td>
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<td>Fowlkes, Jerome</td>
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<td>FCSIC</td>
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<td>Rubin, Howard</td>
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<td>Pfitzinger, Rick</td>
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</tr>
</tbody>
</table>

**GENERAL PUBLIC** 2
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 March 9, 2017. 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). 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 February 9, 2017

Report
2 Annual FCS Funding Update

February 28, 2017 /s/ Mary Alice Donner
Date Acting Secretary to the Board
FCA BOARD ACTION ON

Minutes for February 9, 2017 Regular Board Meeting

BM-9-MAR-17-01

Effective Date: March 9, 2017

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for February 9, 2017, Regular Board Meeting as submitted.

DATED THIS 9th DAY OF MARCH 2017

BY ORDER OF THE BOARD

/s/
Dale L. Aultman
Secretary to the Board
The Farm Credit System’s Funding Conditions
Recent High Finance Headlines

• Federal Reserve Eyes Aggressive Rate Increases
Recent High Finance Headlines

• U.S. Government bonds dropped sharply Wednesday, pushing the yield on the two-year Treasury note to its highest close in more than seven years.
Recent High Finance Headlines

Wednesday’s stock-market rally echoed the response to the Nov. 8 U.S. election, when investors bet market-friendly policy shifts would help boost economic growth, inflation and interest rates.

The Dow has now risen more than 2,000 points in just a few months...

- U.S. stocks hit 2016 low amid global selloff
- Donald Trump elected president
- Brexit vote triggers two-session rout
- Dow surpasses May 2015 closing high
- Federal Reserve announces interest-rate increase
- Dow closes above 20,000 for first time

...reflecting in part optimism that faster inflation and growth point to a more-normal economy with a stronger dollar and higher bond yields.

- PCE inflation**: 2.0% (Fed’s target: 2%)
  - Excl. food, energy
- WSJ Dollar index: 95
- Yield on two-year Treasury note: 1.50%
- Fed funds futures: 80%

**Personal consumption expenditures, a gauge favored by the Federal Reserve.

Reflecting market expectations that the Fed will raise short-term rates at its next meeting, March 14-15.

Sources: WSJ Market Data Group (Dow, dollar); Commerce Department (Inflation); Tullett Prebon (treasuries); CME Group (fed funds futures)
Funding Conditions Topics

- Global Market
- Agency Debt Market
- Yields & Spreads on FCS Debt
- Funding Corporation Activity
- FCS Liquidity
Global Market

- Federal Reserve
- U.S. Treasury
- China
Credit Rating Agencies - Outlook for the United States

- Standard & Poors – AA+
  Outlook – Stable

- Moody’s – Aaa
  Outlook – Stable

- Fitch – AAA
  Outlook – Stable
**Agency Debt Outstanding**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>F.H.L.B.</td>
<td>$688</td>
<td>$767</td>
<td>$847</td>
<td>$905</td>
<td>$989</td>
</tr>
<tr>
<td>Fannie Mae</td>
<td>622</td>
<td>534</td>
<td>460</td>
<td>390</td>
<td>329</td>
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<tr>
<td>Freddie Mac</td>
<td>552</td>
<td>511</td>
<td>450</td>
<td>418</td>
<td>354</td>
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<tr>
<td>FCS</td>
<td>197</td>
<td>207</td>
<td>222</td>
<td>242</td>
<td>258</td>
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<tr>
<td>Tenn.V.A.</td>
<td>25</td>
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<td>25</td>
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<tr>
<td>Farmer Mac</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,096</strong></td>
<td><strong>$2,056</strong></td>
<td><strong>$2,017</strong></td>
<td><strong>$1,994</strong></td>
<td><strong>$1,969</strong></td>
</tr>
</tbody>
</table>

Source: Agency Websites
Funding Corp.’s Dealer Group

Barclays Capital Inc.  Morgan Stanley & Co. LLC
Cantor Fitzgerald & Co  Nomura Securities Inter. Inc.
Citigroup Global Mkts.  Piper Jaffray & Co.
Daiwa Capital Mkts. America Inc.  RBC Capital Markets, LLC
Deutsche Bank Securities Inc.  RBS Securities Inc
First Tennessee Bank N.A.  Raymond James & Associates
HSBC Securities (USA) Inc.  Stifel, Nicolaus & Company Inc
INTL FCStone Fin. Inc. - BD Rates Div.  SunTrust Robinson Humphrey Inc.
Incapital LLC  TD Securities (USA) LLC
J.P. Morgan Securities LLC  UBS Securities LLC
Jefferies LLC  Vining-Spark IBG, Ltd. Partnership
Merrill Lynch, Inc.  Wells Fargo Securities, LLC
Mizuho Securities USA Inc.
## Funding Activity by FCS

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>Discount Notes</th>
<th>Designated Bonds</th>
<th>Fixed Rate Bonds</th>
<th>Floating Rate Bonds</th>
<th>Retail Bonds</th>
<th>Other$¹</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Callable</td>
<td>Non-Callable</td>
<td>LIBOR</td>
<td>Prime</td>
<td>Other</td>
</tr>
<tr>
<td>12/31/2016</td>
<td>29,603</td>
<td>4,500</td>
<td>59,964</td>
<td>68,003</td>
<td>81,324</td>
<td>7,975</td>
<td>6,545</td>
</tr>
<tr>
<td>12/31/2015</td>
<td>31,371</td>
<td>5,000</td>
<td>58,789</td>
<td>60,424</td>
<td>71,355</td>
<td>8,050</td>
<td>6,850</td>
</tr>
<tr>
<td>12/31/2014</td>
<td>23,975</td>
<td>8,200</td>
<td>56,509</td>
<td>57,534</td>
<td>59,170</td>
<td>7,225</td>
<td>8,850</td>
</tr>
<tr>
<td>12/31/2013</td>
<td>18,643</td>
<td>11,375</td>
<td>56,465</td>
<td>57,222</td>
<td>42,285</td>
<td>7,370</td>
<td>12,790</td>
</tr>
<tr>
<td>12/31/2012</td>
<td>14,557</td>
<td>15,325</td>
<td>52,020</td>
<td>50,113</td>
<td>41,955</td>
<td>7,505</td>
<td>14,771</td>
</tr>
</tbody>
</table>

¹ Includes Linked Deposits

Source: FFCBFC Website
System High Level Financials

- Assets – $319.9 billion (+ 5.4%)
- Cash & Invts. – $ 62.6 billion (+ 5.3%)
- Capital – $ 52.3 billion (+ 7.1%)
- Net Income – $ 4.8 billion (+ 3.4%)
FCS Debt Yields Increasing

FCS Debt Yield Curve for 3/1/2017
Tight Spreads over Treasuries

FCS Basis Points Spread over Treasuries

12/18/2015  6/27/2016  3/1/2017
Resurgence in Call Activity

- Calls in ‘16 – $ 58 billion
- Calls in ‘15 – $ 34 billion
- Calls in ‘14 – $ 19 billion
- Calls in ‘13 – $ 24 billion
- Net Interest Spreads
  - 2.31% ‘16 versus 2.40% for ‘15, 2.50% for ‘14, and 2.64% for ’13
Debt Maturity

- Weighted Average Maturity of FCS Debt has ebbed lower.
  - Dec./2016 – 2.72 years
  - Dec./2015 – 2.81 years
  - Dec./2014 – 2.71 years
  - Dec./2013 – 2.96 years
Debt Maturity

- Percentage of Debt maturing within a year.
  - Dec./2016 – 40.3 percent
  - Dec./2015 – 37.6 percent
  - Dec./2014 – 38.6 percent
  - Dec./2013 – 33.8 percent
Days of Liquidity

- As of 12/31/16 System = 180 days:
  - AgFirst = 201 days, AgriBank = 143 days,
  - FCB of TX = 199 days, CoBank = 197 days

- As of 12/31/15 System = 181 days:
  - AgFirst = 206 days, AgriBank = 136 days,
  - FCB of TX = 200 days, CoBank = 199 days
## Investments for Liquidity

### FCS Investments Available-For-Sale
(Fair Value at 12/31/16 by contractual maturity)

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>Due in 1 year or less</th>
<th>Due after 1 year - 5 years</th>
<th>Due after 5 years - 10 years</th>
<th>Due after 10 years</th>
<th>Total</th>
<th>Weighted Avg. Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial paper, CDs, bankers’ acceptances, and other securities</td>
<td>5,660</td>
<td>145</td>
<td>0</td>
<td>0</td>
<td>5,805</td>
<td>1.07%</td>
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<tr>
<td>US Treasury securities</td>
<td>3,826</td>
<td>8,916</td>
<td>2,802</td>
<td>0</td>
<td>15,544</td>
<td>1.36</td>
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<td>US agency securities</td>
<td>1,558</td>
<td>1,592</td>
<td>2,315</td>
<td>0</td>
<td>5,465</td>
<td>1.62</td>
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<tr>
<td>Mortgage-backed securities</td>
<td>13</td>
<td>1,245</td>
<td>2,225</td>
<td>21,860</td>
<td>25,343</td>
<td>1.66</td>
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<tr>
<td>Asset-backed securities</td>
<td>4</td>
<td>1,776</td>
<td>29</td>
<td>761</td>
<td>2,570</td>
<td>1.23</td>
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<tr>
<td><strong>Total fair value</strong></td>
<td><strong>$11,061</strong></td>
<td><strong>$13,674</strong></td>
<td><strong>$7,371</strong></td>
<td><strong>$22,621</strong></td>
<td><strong>$54,727</strong></td>
<td><strong>1.49%</strong></td>
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<td><strong>Total amortized cost</strong></td>
<td><strong>$11,058</strong></td>
<td><strong>$13,655</strong></td>
<td><strong>$7,453</strong></td>
<td><strong>$22,673</strong></td>
<td><strong>$54,839</strong></td>
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Summary

- Strong Demand for FCS Debt
- Debt Yields Rising
- Risk Premiums Very Favorable
- Interest Rate Spreads Continue to Narrow
- Bottom Line Benefitting Less
- Substantial High Quality Liquidity