MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
November 10, 2016

These minutes reflect the business transacted at the November 10, 2016, 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:

Dallas Tonsager, Presiding Chairman
Jeffery S. Hall, Member

The above named constituted a quorum of the 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.)

Before starting the meeting Presiding Chairman Tonsager asked staff to keep Board Chairman Spearman in their thoughts as he is recovering from surgery. Mr. Hall expressed best wishes for Board Chairman Spearman’s speedy recovery from surgery.

Presiding Chairman Tonsager opened the meeting indicating that in accordance with FCA Board Policy Statement Number 64, Article I, Section 2, with Chairman Spearman unavailable this day, Mr. Tonsager will be the Presiding Chairman for the meeting.

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

**Presiding Chairman Tonsager** seconded the motion.

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

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

Mr. Hall noted that the Agenda did include portions 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 be closed at that point.

**Presiding Chairman Tonsager** seconded the motion.

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

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

**OPEN SESSION**

**Approval of Minutes**

Minutes for October 13, 2016 Regular Board Meeting

(BM-10-NOV-16-01)

Mr. Hall moved to approve the minutes for October 13, 2016, FCA Regular Board Meeting.

**Presiding Chairman Tonsager** seconded the motion.

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

The Secretary polled the Board Members and the motion carried unanimously. (BM-10-NOV-16-01)

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

**Report**

*Update on the Farm Credit System’s Young, Beginning and Small Farmer Reporting*

Steve Koenig of the **Office of Regulatory Policy** presented the Update on the Farm Credit System’s Young, Beginning and Small Farmer Reporting.
Presiding Chairman Tonsager 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.)

CLOSED SESSION

Presiding Chairman Tonsager noted that this was a Closed Session and ensured that members of the public and nonessential FCA and FCSIC staff were not in the room so the Board could meet with Office of Secondary Market Oversight (OSMO) in Closed Session.

Presiding Chairman Tonsager convened the closed session of the meeting at 9:24 a.m. and instructed the Secretary to activate the electronic recording device so that the proceedings of the closed session were properly recorded as required by the Government in the Sunshine Act.

Presiding Chairman Tonsager then instructed the General Counsel to furnish 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 E.)

Members of the Board present were:

Dallas Tonsager, Presiding Chairman
Jeffery S. Hall, Member

The above named constituted a quorum of the 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).

Office of Secondary Market Oversight Quarterly Report

Bruce Hudson and Clarke Cheeke presented the OSMO Quarterly Report.

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

There were no further questions or discussion and the closed session ended at 9:47 a.m.

ADJOURNMENT

There being no further business to come before the Board, Presiding Chairman Tonsager indicated he would entertain a motion to adjourn the meeting.
Mr. Hall moved that the meeting be adjourned.

Presiding Chairman Tonsager seconded the motion and 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 two notational vote actions approved by the FCA Board from October 14, 2016, through November 9, 2016 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 16-20</td>
<td>10/14/2016</td>
<td>Approved</td>
<td>Flood Insurance – Interagency Proposed Rule</td>
</tr>
<tr>
<td>NV 16-21</td>
<td>10/14/2016</td>
<td>Approved</td>
<td>Oversight and Examination Plan, Office of Examination, FY 2017</td>
</tr>
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</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 November 10, 2016.

/s/ Dallas Tonsager
Board Chairman and Chief Executive Officer

/s/ Dale L. Aultman
Secretary to the Board

Approved: *December 8, 2016*
Dallas Tonsager, Presiding Chairman for the Meeting  
Jeffery S. Hall, Board Member

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<th>OPEN SESSION</th>
<th>CLOSED SESSION</th>
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<tr>
<td>Middleton, Russell</td>
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<tr>
<td>Laguarda, Wendy</td>
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<tr>
<td>Kramp, Kevin</td>
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<tr>
<td>Calhoun, Gaye</td>
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<tr>
<td>Corey, Kathryn</td>
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<td></td>
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<tr>
<td><strong>COO</strong></td>
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<tr>
<td>Hoffman, William</td>
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<td><strong>OIT</strong></td>
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<td>Cheeke, Clarke (on rotation)</td>
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<td>Del Moral, Jeremy</td>
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<td>CLOSED SESSION</td>
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<td>Koenig, Steve</td>
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<td>Iannetta, Salvatore</td>
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<td>Fowlkes, Jerome</td>
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<tr>
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PUBLIC ANNOUNCEMENT OF
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT
Farm Credit Administration Board
Regular Meeting
November 10, 2016

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 November 10, 2016. 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**

Approval of Minutes
1 October 13, 2016

Reports
2 Update on Farm Credit System’s Young, Beginning and Small Farmer Reporting

**CLOSED SESSION**

4 Office of Secondary Market Oversight Quarterly Report¹

November 1, 2016

/s/
Dale L. Aultman
Secretary to the Board

¹Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(8) and (9).
FCA BOARD ACTION ON

Minutes for October 13, 2016 Regular Board Meeting

BM-10-NOV-16-01

Effective Date: November 10, 2016

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for October 13, 2016, Regular Board Meeting as submitted.

DATED THIS 10th DAY OF NOVEMBER 2016

BY ORDER OF THE BOARD

__________________________
Dale L. Aultman
Secretary to the Board
Update on the Farm Credit System’s Young, Beginning, and Small Farmer Reporting

Office of Regulatory Policy
FCA Board Meeting
November 10, 2016

Steven Koenig, Senior Economist

Exhibit D
Outline

• Review of the System’s Young, Beginning, and Small Farmer (YBS) Reporting

• Demographic Trends and Definitions of YBS Farmers and Ranchers

• Considerations When Evaluating YBS Definitions and Reporting
YBS Reporting

• Farm Credit Act – 1980 Amendments
  – FCS institutions must have programs to serve YBS customers
  – Requires the reporting of YBS Program activities to FCA
• Regulation – 614.4165 (2004)
  – Directs annual reporting requirements of YBS program for System institutions
• Bookletter – 040 (2007)
  – Specifies the current definitions for Young, Beginning, and Small Farmers
• YBS Call Report Instructions
  – Provides specific details, definitions, and guidance on YBS reporting
YBS Program Reporting

- Each System institution reports annually to FCA for each YBS category on the counts and dollar volumes of loans made during the year and the outstanding loans at yearend

- For the small farmer category each System institution also reports on 4 loan sizes for new and outstanding loan counts and dollar volumes
FCA’s YBS Definitions

• Young Farmer: age 35 or younger
• Beginning Farmer: 10 years or less farming experience
• Small Farmer: annual gross agricultural sales less than $250,000

Notable YBS Reporting Details:
  – Data are reported separately for each category
  – Borrowers may qualify under more than one category
  – Loan counts are reported and not borrower counts
  – Dollar volumes include advances and commitments
YBS Reporting Review

- Specific Definitions for Young, Beginning, and Small Farmers and Ranchers
- Terms and Definitions
- Call Reporting Procedures
Young Farmer Definition

Principal Operator Trends

![Chart showing the number and percentage of principal farm operators under 35 years of age from 1969 to 2012.](chart)

- Number of Operators: The blue bars represent the number of operators under 35 years of age, while the red line represents the percent of all principal farm operators.

- Source: Census of Agriculture, various years.

Age of Farm Operators*

![Bar chart showing the share of total farm operators by age group from 2002, 2007, and 2012.](chart)

- **65 or over**
  - 2002: 8.6%
  - 2007: 8.0%
  - 2012: 8.1%

- **55 to 64**
  - 2002: 22.1%
  - 2007: 25.1%
  - 2012: 28.8%

- **45 to 54**
  - 2002: 22.6%
  - 2007: 25.9%
  - 2012: 28.2%

- **35 to 44**
  - 2002: 27.4%
  - 2007: 26.7%
  - 2012: 23.3%

- **Under 35**
  - 2002: 19.3%
  - 2007: 14.3%
  - 2012: 11.7%

* Includes up to 3 operators per farming operation. Source: Census of Agriculture.
Beginning Farmer Definition

**Principal Operator Trends**

<table>
<thead>
<tr>
<th>Year</th>
<th>Less than 3 Years</th>
<th>3 or 4 Years</th>
<th>5 to 9 Years</th>
<th>10 or More Years</th>
</tr>
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<tbody>
<tr>
<td>1982</td>
<td></td>
<td></td>
<td></td>
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<td>1987</td>
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<td></td>
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<td>1992</td>
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</tr>
<tr>
<td>1997</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2002*</td>
<td>13.7</td>
<td>12.0</td>
<td>16.7</td>
<td></td>
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<tr>
<td>2007</td>
<td>3.1</td>
<td>3.9</td>
<td>4.0</td>
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<tr>
<td>2012</td>
<td>10.3</td>
<td>10.4</td>
<td>19.9</td>
<td></td>
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**Farm Operator Experience**

<table>
<thead>
<tr>
<th>Experience</th>
<th>2012 Census of Agriculture</th>
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<tbody>
<tr>
<td>All Operators</td>
<td>13.7% Less than 3 Years, 12.0% 3 or 4 Years, 16.7% 5 to 9 Years, 10.4% 10 or More Years</td>
</tr>
<tr>
<td>Principal Operator</td>
<td>3.1% Less than 3 Years, 3.9% 3 or 4 Years, 4.0% 5 to 9 Years, 10.3% 10 or More Years</td>
</tr>
<tr>
<td>Second Operator</td>
<td>2.3% Less than 3 Years, 6.1% 3 or 4 Years, 4.0% 5 to 9 Years, 19.9% 10 or More Years</td>
</tr>
<tr>
<td>Third Operator</td>
<td>10.3% Less than 3 Years, 10.4% 3 or 4 Years, 19.9% 5 to 9 Years, 19.9% 10 or More Years</td>
</tr>
</tbody>
</table>

Source: Census of Agriculture, various years. *Reporting methodology was changed in 2002.
Small Farmer Definition

Small Farm Trends

Farm Numbers
YBS New Loan Trends

Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through their District Banks.
Small Farmer Definition – Loan Sizes

Loan Size Trends

Loan Sizes to Small Farmers

Average Size of New YBS Loans

Share of Total New Small Farmer Loans by Loan Size Category

Source: Annual Young, Beginning, Small Farmer Reports submitted by each FCS institution.
Gross Incomes in Agriculture

Cash Farm Revenues, 1980-2016F

- Total direct government payments
- Cash farm-related income
- Animals and products receipts
- Crop receipts


USDA adopts $350,000 in Gross Farm Income to Define "Small"
USDA Small Farm Definition Change

Small Farm Numbers

![Graph showing number of farms using new and old USDA definitions]

Note: Mid-sized farms are $250,000 or $350,000 to $1 million and large farms are those over $1 million in sales. Source: 2012 Census of Agriculture.

Small Farm Percentages

![Graph showing percentage of total farms meeting new and old USDA definitions]

Note: Mid-sized farms are $250,000 or $350,000 to $1 million and large farms are those over $1 million in sales. Source: 2012 Census of Agriculture.
Considerations When Evaluating YBS Definitions and Reporting

• Characterization of Mission Performance

• Measurement of Mission Performance

• Potential Benefits and and Costs
Going Forward
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 November 10, 2016, was properly closed to the public on the basis of the exemption set forth below:

- Supervisory and Oversight Activities of FCS Institution(s) – 5 U.S.C. § 552b(c)(8) and (9).

/s/ Charles R. Rawls
General Counsel

Date: November 10, 2016