

Glen R. Smith, Chairman and Chief Executive Officer
Jeffery S. Hall, Board Member



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
August 8, 2019**

These minutes reflect the business transacted at the August 8, 2019, Regular Meeting of the Farm Credit Administration Board (FCA Board) pursuant to the Government in the Sunshine 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:

Glen R. Smith, Chairman and Chief Executive Officer
Jeffery S. Hall, Member

Others present included **Charles Rawls**, General Counsel; **Dale Aultman**, Secretary to the Board; staff of the FCA; and five 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.

Chairman Smith 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.

Chairman Smith seconded the motion.

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

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

Mr. Hall noted that the Agenda *did not* include any 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 entire meeting remain open.

Chairman Smith seconded the motion.

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

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

OPEN SESSION

Approval of Minutes

Minutes for July 11, 2019 Regular Board Meeting (BM-8-AUG-19-01)

Mr. Hall moved to approve the minutes for the July 11, 2019, FCA Regular Board Meeting.

Chairman Smith seconded the motion.

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

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-8-AUG-19-01)**

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

Report

Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2018 Results

Sal Iannetta and **Jessica Potter** of the **Office of Regulatory Policy** presented the Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2018 Results.

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

There were no further questions or discussion.

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

New Business

Proposed Rule - Investment Management (BM-8-AUG-19-02)

David Lewandrowski of the **Office of Regulatory Policy**, and **Richard Katz** of the **Office of General Counsel** presented the Proposed Rule - Investment Management.

Chairman Smith opened the discussion for questions by the board.

Chairman Smith asked if there was any further discussion and asked staff to provide their recommendation. Staff provided their recommendation.

Chairman Smith called for a motion on the staff's recommendation.

Mr. Hall moved to approve the Proposed Rule - Investment Management.

Chairman Smith seconded the motion.

Chairman Smith asked if there was any further discussion.

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

The **Secretary** polled the Board Members and the motion carried unanimously. (BM-8-AUG-19-02)

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

**Proposed Rule – Implementation of CECL Methodology for
Allowances and Related Adjustments
(BM-8-AUG-19-03)**

Ryan Leist of the **Office of Regulatory Policy**, and **David Grahn** of the **Office of General Counsel** presented the Proposed Rule - Implementation of CECL Methodology for Allowances and Related Adjustments.

Chairman Smith opened the discussion for questions by the board.

Chairman Smith asked if there was any further discussion and asked staff to provide their recommendation. Staff provided their recommendation.

Chairman Smith called for a motion on the staff's recommendation.

Mr. Hall moved to approve the Proposed Rule – Implementation of CECL Methodology for Allowances and Related Adjustments.

Chairman Smith seconded the motion.

Chairman Smith asked if there was any further discussion.

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

The **Secretary** polled the Board Members and the motion carried unanimously. (BM-8-AUG-19-03)

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

RECOGNITION OF RETIREMENT OF CHIEF OPERATING OFFICER

Prior to adjourning the meeting, **Chairman Smith** indicated he wanted to recognize the upcoming retirement of **Chief Operating Officer Bill Hoffman**. **Chairman Smith** cited **Mr. Hoffman** coordinating about 130 FCA Board Meetings, serving six Board Chairs of both political parties, and earning the respect and confidence of the Board and Senior Staff.

Mr. Hall also recognized **Mr. Hoffman's** professionalism, work ethic, and service to the Board. **Mr. Hall** asked that his written statement be attached to the minutes and **Chairman Smith** directed the **Secretary** to do so. (The statement is attached as Exhibit G.)

Mr. Hoffman thanked the Board Members for their support and efforts in strengthening the Farm Credit System and the FCA. He thanked Senior Staff and noted enjoying working with all FCA employees.

ADJOURNMENT

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

Mr. Hall moved that the meeting be adjourned.

Chairman Smith seconded the motion.

Chairman Smith called the question.

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

The meeting adjourned at 9:48 a.m.

NOTATIONAL VOTE ACTION

There was one notational vote action approved by the FCA Board from July 11, 2019, through August 7, 2019 as follows:

Item Number	Action Date	Voting Results	Subject
NV 19-17	07/23/2019	Approved	Fall 2019 Unified Agenda of Federal Regulatory and Deregulatory Actions and Fall 2019 Regulatory Plan

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on August 8, 2019.

_____/s/
Glen R. Smith
Board Chairman and
Chief Executive Officer

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

Approved: September 12, 2019

**STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
August 8, 2019**

Glen R. Smith, Board Chairman / CEO

Jeffery S. Hall, Board Member

OFFICE	OPEN SESSION
Office of the Board	
Aultman, Dale	X
Kramp, Kevin	X
Morris, James	X
Roque-Brehm, Awilda	X
Calhoun, Gaye	X
COO	
Hoffman, William	X
D'Antoni, Jeremy	X
OIT	
Shaffer, Jeannie	X
OCPA	
Stokke, Michael	X
Middleton, Russell	X
Yaghmour, Emily	X
OGC	
Rawls, Charles	X
Donner, Mary Alice	X
Strickland, Joy	X
Grahn, David	X
Katz, Richard	X
OE	
Coleman, Robert	X
Paulsen, Roger	X
OIG	
Laguarda, Wendy	X
Miller, Kevin	X
OSMO	
Rea, Laurie	X
Hudson, Bruce	X
ORP	
Mardock, Barry	X
Potter, Jessica	X
Iannetta, Sal	X
Leist, Ryan	X
Lewandrowski, David	X
Gibbs, Paul	X
Johansen, Mark	X
Edelstein, Jeremy	X
EEOI	
Burlew, Thais	X

OFFICE	OPEN SESSION
OCFO	
Smith, Stephen	X
Gandy, Doug	X
OAS	
Bell, Vonda	X
FCSBA	
Albrecht, Rick	X
GENERAL PUBLIC	5

Farm Credit Administration

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



**PUBLIC ANNOUNCEMENT OF
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT**

**Farm Credit Administration Board
Regular Meeting
August 8, 2019**

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 August 8, 2019. 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 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 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 July 11, 2019

Report

2 Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2018 Results

New Business

3 Proposed Rule - Investment Management
4 Proposed Rule - Implementation of CECL Methodology for Allowances and Related Adjustments

July 29, 2019

Date

/s/

Dale Aultman
Secretary to the Board

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for JULY 11, 2019

BM-8-AUG-19-01

Effective Date: August 8, 2019

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for July 11, 2019, regular Board Meeting.

DATED THIS 8th DAY OF AUGUST 2019

BY ORDER OF THE BOARD

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



2018 Results:

FCA's Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance

FCA Board Meeting
August 8, 2019

Salvatore Iannetta, Senior Policy Analyst
Jessica Potter, Senior Policy Analyst



Outline

- ❑ Review the System's YBS Mission
- ❑ YBS Results and Trends
- ❑ Attributes of YBS Programs



YBS Guidelines



Farm Credit Act

- FCS institutions must have programs to furnish sound and constructive credit and related services to YBS farmers and ranchers.
- Requires the reporting of YBS activities.

Regulation - 614.4165 - (2004)

- Sets minimum YBS program components, reporting, and disclosure requirements for associations.

Bookletters

- 040 (2007) Provides flexibility on lending opportunities for YBS farmers and ranchers.
- 066 (2012) Provides guidance for serving farmers who market their agricultural products through local or regional food systems.

Informational Memorandum - (2014)

- Provides information on opportunities to coordinate lending, training, and outreach with the Farm Service Agency.

Advanced Notice of Proposed Rulemaking (ANPRM) - (2019)



ANPRM for YBS



FCA Gathered Public Input on How We Might:

- Improve the accuracy, transparency, and process by which FCA ensures that YBS Farmer data is properly collected and reported by the FCS.
- Clarify the definitions of terms related to the collection, reporting, and identification of YBS Farmer data.
- Ensure the definitions of YBS Farmers and related terms remain relevant and reflective of the evolving agricultural economy.
- Evaluate the effectiveness of each FCS institution's YBS program to achieve its mission of serving YBS Farmers.

ANPRM Timeline and Process:

- Placed in the Federal Register in February of 2019
- Comment period closed May 2019
- FCA staff is in process of summarizing public comment letters



YBS Definitions



Definitions for FCA Reporting:

- *Young Farmer*: 35 years of age or younger
- *Beginning Farmer*: 10 years or less of farming experience
- *Small Farmer*: gross annual farm sales of \$250,000 or less

Important Data Clarifications:

- YBS data is reported separately for each category.
- Borrowers may qualify under more than one category.
 - One should not add Y, B, and S data together.
- Dollar volumes include advances and commitments.

YBS Results



YBS Loans Outstanding

As of December 31, 2018

	Number of loans	Percentage of total number	Dollar volume of loans in millions	Percentage of total volume
Young farmers / ranchers	177,132	19.5%	\$30,885	11.7%
Beginning farmers / ranchers	268,444	29.5%	\$47,100	17.9%
Small farmers / ranchers	456,305	50.1%	\$49,533	18.8%

YBS Loans Made During 2018

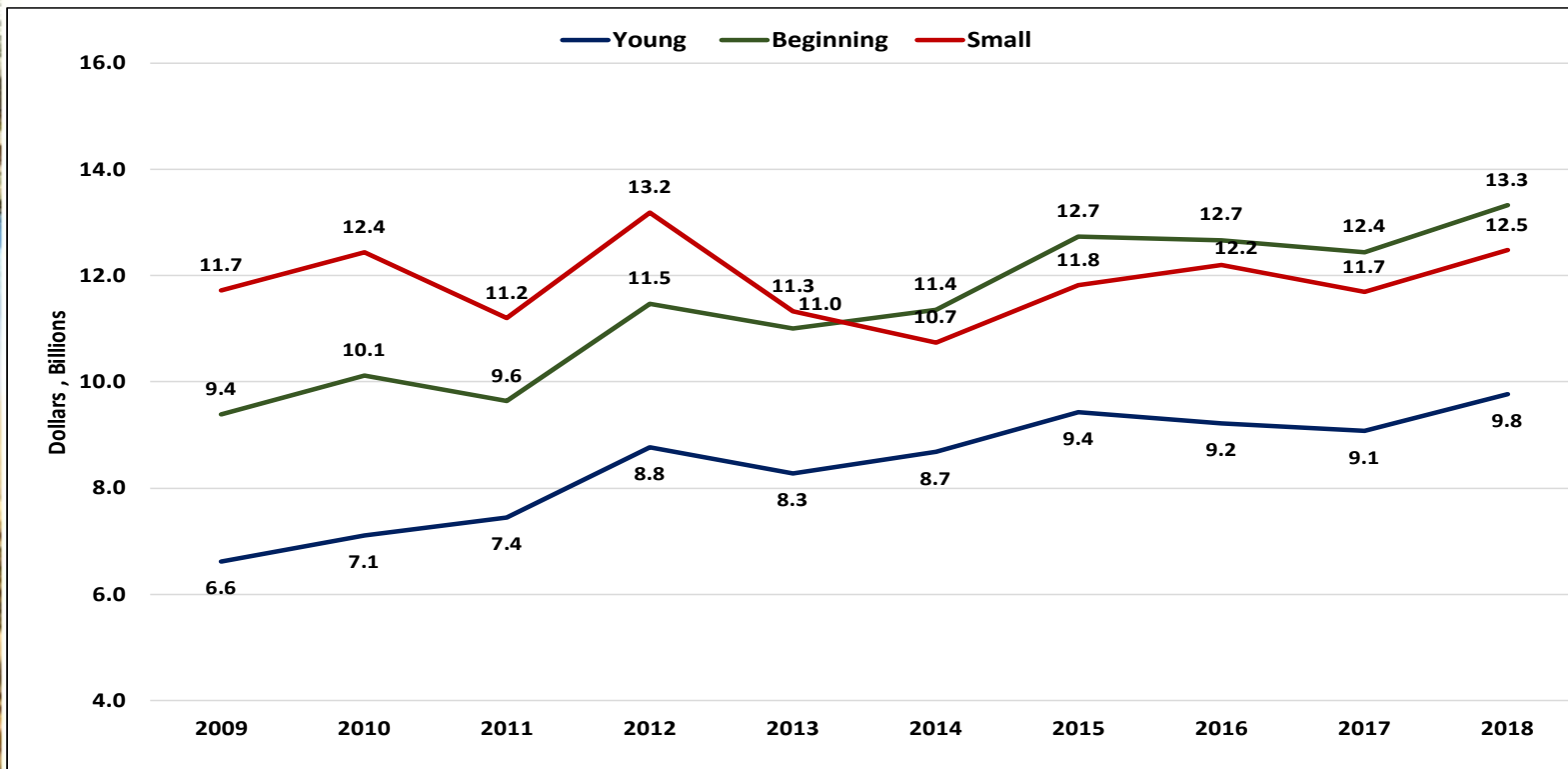
As of December 31, 2018

	Number of loans	Percentage of total number	Dollar volume of loans in millions	Percentage of total volume
Young farmers / ranchers	46,680	18.1%	\$9,765	11.4%
Beginning farmers / ranchers	62,323	24.2%	\$13,327	15.6%
Small farmers / ranchers	114,817	44.6%	\$12,479	14.6%

Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



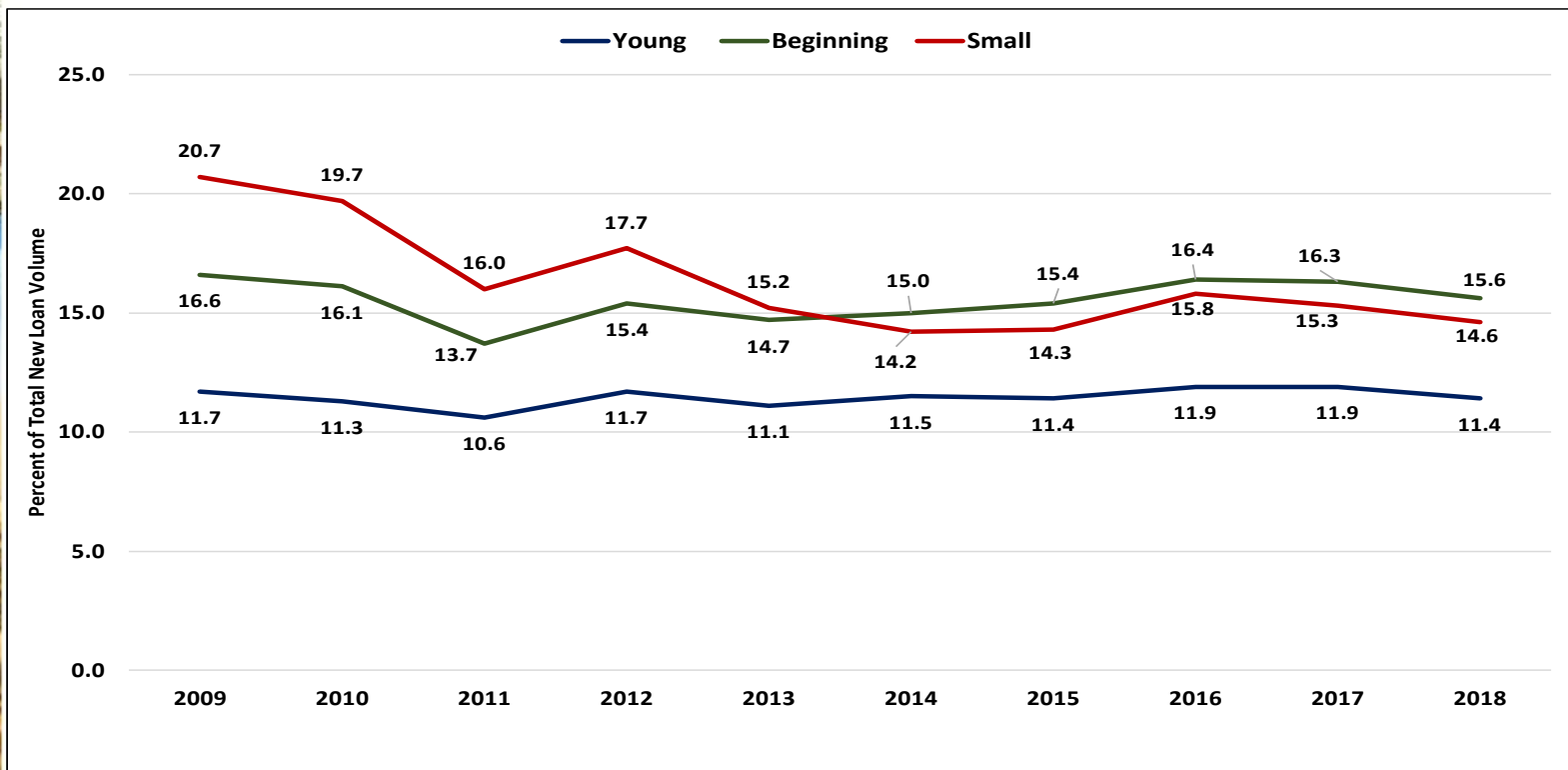
New YBS Loan Volume



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



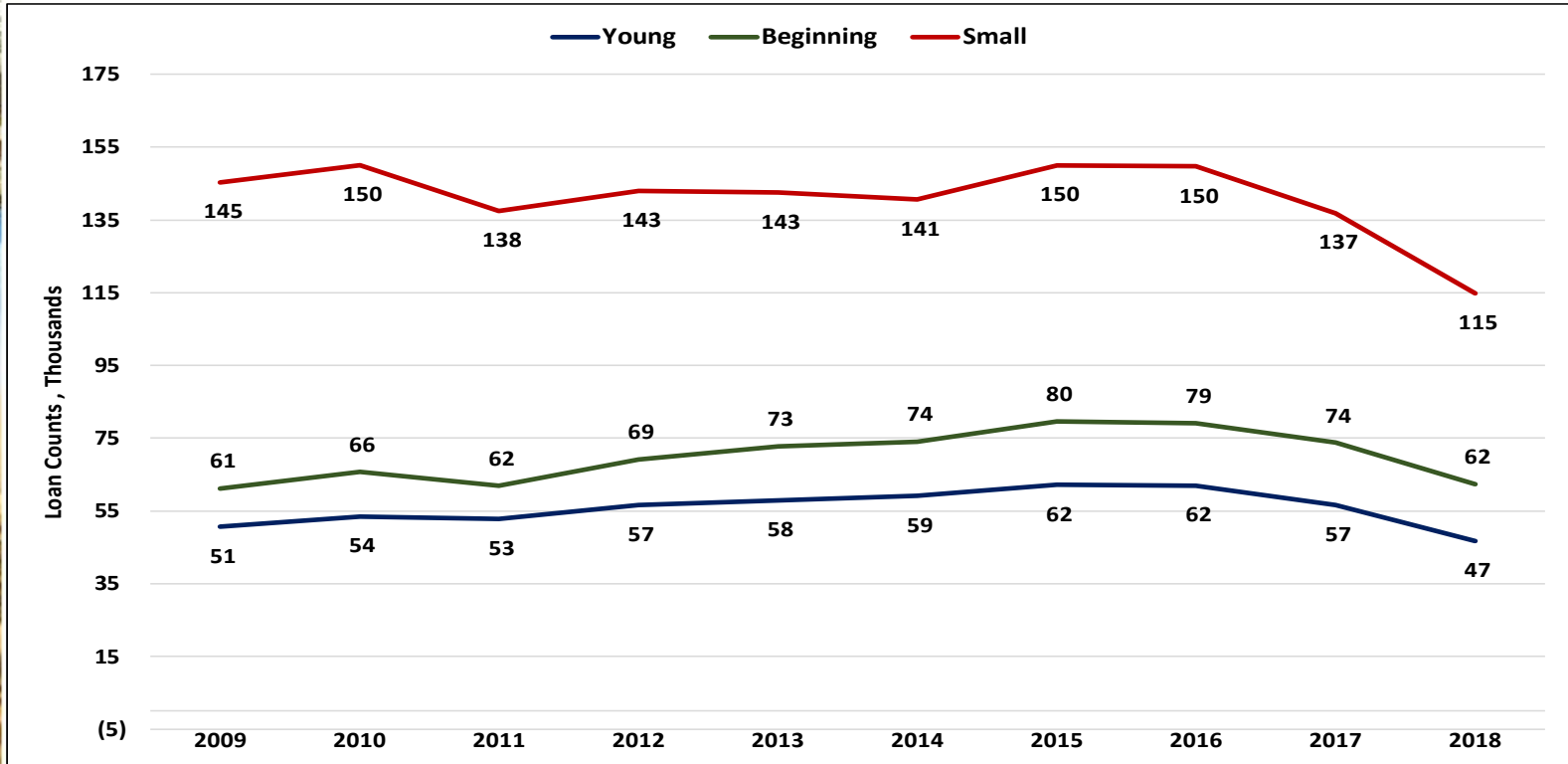
YBS Share of Total New Loan Volume



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



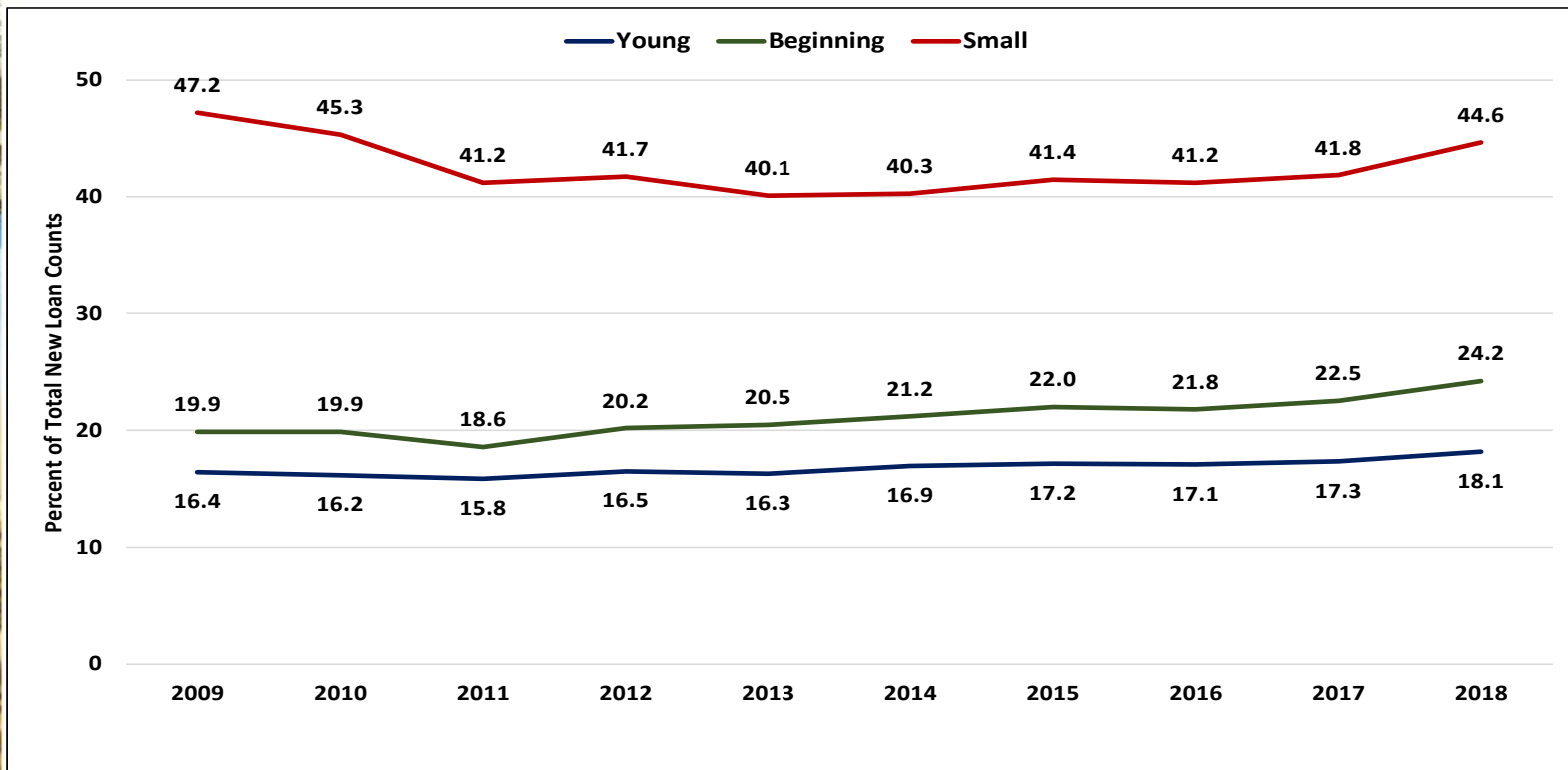
New YBS Loan Counts



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



YBS Share of Total New Loan Counts



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks



2018 YBS Programs

Qualitative Results



Attributes of YBS Programs



- Mission
- Related Services
- Coordination
- Outreach and Education
- Safety and Soundness



Mission



- Farm Credit System Institutions:
 - Conducted new studies and updated previous studies.
 - Researched demographic diversity and financial needs of current and potential YBS farmers.
 - Developed strategies to identify and outreach to creditworthy YBS farmers.
 - Coordinated credit and delivery of related services with third parties.



Related Services



- FCA requires institutions to establish goals for offering related services to YBS farmers.
- Some examples of related services:
 - Crop insurance
 - Risk management seminars
 - Financial document preparation
 - Educational courses
 - Farm management seminars
 - Generational transfer workshops



Coordination



- Institutions coordinated with other System institutions, government, and private sources.
- Coordination aided in credit delivery and offered related services, outreach and education.
- Institutions reported networking and partnering with agencies and organizations such as:
 - Farm Service Agency
 - District funding banks
 - Extension service staff
 - Other Farm Credit System institutions
 - Producer organizations
 - Non-profits
 - State and local government
 - Natural Resources Conservation Service



Outreach



- Institutions attended and sponsored tradeshow, educational seminars, county fairs, and commodity group events.
- Scholarships and grants awarded to those looking to continue their education or acquire trade skills.
- Institutions worked with ethnic organizations and local and regional food banks to identify needs.
 - Develop tailored programs that included education, outreach, coordination, and related services.



Education

- Institutions offered one-time classes or webinars, while others had multiyear programs with in-depth curriculums.
- Institutions held economic outlook meetings and next generation conferences.
- Examples of educational topics:
 - Ag leadership
 - Business planning
 - Personal finance
 - Commodity marketing
 - Crop insurance
 - Risk management
 - Succession and retirement planning



Safety and Soundness

- Each institution is responsible for serving the needs of YBS farmers in a safe and sound manner.
- Methods used include:
 - Federal or state loan guarantees
 - YBS-specific underwriting standards
 - Personal guarantors
 - Co-signers
 - YBS capital commitment programs



Thank you

Questions?

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Proposed Rule - Investment Management

BM-8-AUG-19-02

Effective Date: August 8, 2019

THE FCA BOARD HEREBY:

- Approves the proposed rule that would amend FCA regulation 615.5140(b)(2), pertaining to eligible investments at Farm Credit System associations; and
- Authorizes staff to make any technical or grammatical changes that may be necessary prior to publication in the *Federal Register*.

DATED THIS 8th DAY OF AUGUST 2019

BY ORDER OF THE BOARD

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

Farm Credit Administration

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McLean, VA 22102-5090
(703) 883-4000

BOARD ACTION ITEM



FCA BOARD ACTION ON

Proposed Rule – Implementation of CECL Methodology for Allowances and Related Adjustments

BM-8-AUG-19-03

Effective Date: August 8, 2019

THE FCA BOARD HEREBY:

- Approves the proposed rule that would amend the Tier 1 / Tier 2 Capital Framework to address changes to U.S. generally accepted accounting principles described in Accounting Standards Update No. 2016-13, Topic 326, Financial Instruments—Credit Losses and make conforming amendments to other regulations to accurately reference credit losses; and
- Authorizes staff to make any technical or grammatical changes that may be necessary for publication in the *Federal Register*.

DATED THIS 8th DAY OF AUGUST 2019

BY ORDER OF THE BOARD

/s/
Dale L. Aultman
Secretary to the Board

**Remarks by FCA Board Member Jeffery S. Hall
Regarding Retirement of COO Bill Hoffman
August 8, 2019 Board Meeting**

One of the first people I met when I walked into the Agency four and a half years ago was Bill Hoffman. He introduced himself as the Chief Operating Officer. He escorted me to his office, sat me down and promptly offered any assistance I may need.

I was impressed with his personal touch and even more impressed that he had a picture of his family farm in his office. Next to that picture is a picture of President Gerald Ford and other pictures of his family. The first impression was very positive. I could tell we had a lot in common and that I could learn a lot from him.

We started to talk more, and I learned that he too is a big sports fan. A fair amount of his spare time is spent on the golf course. His time at the agency and in the System gave me confidence that I can rely on Bill to help me find my path forward.

Then I learned that he is an alum of The Ohio State University. I quickly realized that I was on my own and would have to chart my own path here at the Agency.

Bill, I enjoyed our early morning chats, our late night debriefs and our frequent phone calls. I think your job can be described as the toughest job at FCA, but you made it look easy. I owe you, as does the whole agency, a huge debt of gratitude for your commitment to the Agency.

I wish you and Debbie nothing but the best in your retirement. Thank you for everything.