MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
March 14, 2019

These minutes reflect the business transacted at the March 14, 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 9:38 a.m. Members of the Board present were:

Dallas P. Tonsager, Chairman and Chief Executive Officer
Jeffery S. Hall, Member
Glen R. Smith, 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 the Farm Credit System Insurance Corporation; and three 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.

Board 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.

Mr. Smith 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. Smith 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.
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 14, 2019
(BM-14-MAR-19-01)

Mr. Hall moved to approve the minutes for the February 14, 2019, FCA Regular Board Meeting.

Mr. Smith 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-14-MAR-19-01)

(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 provided the Annual Farm Credit System Funding Update.

Board 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.)

New Business
Interest Rate Risk Management Guidance for Farmer Mac
(BM-14-MAR-19-02)

Joe Connor of the Office of Secondary Market Oversight (OSMO) and Jane Virga of the Office of General Counsel (OGC) presented the Interest Rate Risk Management Guidance for Farmer Mac action item.

Board Chairman Tonsager open the discussion for questions by the board.

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

Board Chairman Tonsager called for a motion on the staff’s recommendation.

Mr. Smith moved to approve the Insert Rate Risk Management Guidance for Farmer Mac as recommended by staff.
Mr. Hall seconded the motion.

Board Chairman Tonsager asked if there was any further discussion.

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

The Secretary polled the Board Members and the motion carried unanimously. (BM-14-MAR-19-02)

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

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. Smith seconded the motion.

Board Chairman Tonsager called the question.

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

The meeting adjourned at 9:38 a.m.
NOTATIONAL VOTE ACTIONS

There were three notational vote actions approved by the FCA Board from February 14, 2019, through March 13, 2019 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 19-09</td>
<td>02/28/2019</td>
<td>Approved</td>
<td>Prior Approval of CoBank ACB’s Request to redeem the stock of 11 former borrowers of the bank in the amount of $10,875</td>
</tr>
<tr>
<td>NV 19-10</td>
<td>03/05/2019</td>
<td>Approved</td>
<td>Joint interim final rule with four other agencies to amend the regulations regarding margin and capital requirements for covered swap entities</td>
</tr>
<tr>
<td>NV 19-11</td>
<td>03/05/2019</td>
<td>Approved</td>
<td>Abstract of FCA’s spring 2019 submission for the Unified Agenda of Federal Regulatory and Deregulatory Actions and the Spring 2019 Regulatory Projects Plan</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 14, 2019.

_________________________/s/__________________________
Dallas P. Tonsager
Board Chairman and Chief Executive Officer

_________________________/s/__________________________
Dale L. Aultman
Secretary to the Board

Approved: April 9, 2019
STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
March 14, 2019

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

<table>
<thead>
<tr>
<th>OFFICE</th>
<th>OPEN SESSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of the Board</td>
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<tr>
<td>Aultman, Dale</td>
<td>X</td>
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<tr>
<td>Batta, Todd</td>
<td>X</td>
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<tr>
<td>Kramp, Kevin</td>
<td>X</td>
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<td>Morris, James</td>
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<td>Lopez, Carmen</td>
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<td>Roque-Brehm, Awilda</td>
<td>X</td>
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<tr>
<td>Calhoun, Gaye</td>
<td>X</td>
</tr>
<tr>
<td>EEOI</td>
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<tr>
<td>Burlew, Thais</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, Michael</td>
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<td>DeLancy, Toni</td>
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<td>Middleton, Russell</td>
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<td>OSMO</td>
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<td>Rea, Laurie</td>
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<td>Hudson, Bruce</td>
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<td>Connor, Joe</td>
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<td>OGC</td>
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<td>Rawls, Charles</td>
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<td>Virga, Jane</td>
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<td>Donner, Mary Alice</td>
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<td>Strickland, Joy</td>
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<td>OE</td>
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<td>Coleman, Robert</td>
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<td>Laguarda, Wendy</td>
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<td>Miller, Kevin</td>
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<td>ORP</td>
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<td>Van Meter, Gary</td>
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<td>Mardock, Barry</td>
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<td>Lewandrowski, Dave</td>
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<td>D’Antoni, Jeremy</td>
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<td>OCFO</td>
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<td>Smith, Stephen</td>
<td>X</td>
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<td>Soares, Ily</td>
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<tr>
<td>OFFICE</td>
<td>OPEN SESSION</td>
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<td>------------</td>
<td>--------------</td>
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<td><strong>OAS</strong></td>
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<tr>
<td>Bell, Vonda</td>
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<td><strong>FCSIC</strong></td>
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<td>Wynn, Wade</td>
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<td>Powalski, Lynn</td>
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<td><strong>GENERAL PUBLIC</strong></td>
<td>3</td>
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</table>
PUBLIC ANNOUNCEMENT OF MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT

Farm Credit Administration Board
Regular Meeting
March 14, 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 March 14, 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 February 14, 2019

Report
2 Annual Farm Credit System Funding Update

New Business
3 Interest Rate Risk Management Guidance for Farmer Mac

March 4, 2019
Date

/s/
Dale L. Aultman
Secretary to the Board
Effective Date: March 14, 2019
Effect on Previous Action: None

THE FCA BOARD HEREBY:
Approves the minutes for February 14, 2019, Regular Board Meeting as submitted.

DATED THIS 14th DAY OF MARCH 2019
BY ORDER OF THE BOARD

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

- Treasurys Gain After Fed Chief’s Testimony
Recent High Finance Headlines

• U.S. Treasurys weaken as Powell Testifies
Recent High Finance Headlines

• Solid Growth Caps a Robust Year
Recent High Finance Headlines

• U.S. Posts Record Annual Trade Deficit
Recent High Finance Headlines

• Investors Pull Back Inflation Bets
Recent High Finance Headlines

• Treasurers Consider Changes to Bank Accounts, Cash Pools Ahead of Brexit
Funding Update Topics

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

- Federal Reserve
- European Central Bank, Bank of England, Bank of Japan
- 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
System High Level Financials

- Assets – $348.9 billion (+ 5.9%)
- Loans – $271.9 billion (+ 5.1%)
- A.L.L. – $1.7 billion (+ 7.3%)
- Cash & Invts. – $67.9 billion (+ 9.9%)
- Capital – $58.4 billion (+ 5.5%)
- Net Income – $5.3 billion (+ 2.8%)
### Agency Debt Issuance

<table>
<thead>
<tr>
<th>Billions of Dollars</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>F.H.L.B.</td>
<td>$1,719</td>
<td>$2,054</td>
<td>$2,382</td>
<td>$2,498</td>
<td>$2,856</td>
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<tr>
<td>Fannie Mae</td>
<td>N/A</td>
<td>247</td>
<td>655</td>
<td>710</td>
<td>556</td>
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<tr>
<td>Freddie Mac</td>
<td>312</td>
<td>604</td>
<td>597</td>
<td>480</td>
<td>413</td>
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<tr>
<td>FCS</td>
<td>330</td>
<td>298</td>
<td>334</td>
<td>278</td>
<td>308</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,361</strong></td>
<td><strong>$3,203</strong></td>
<td><strong>$3,968</strong></td>
<td><strong>$3,996</strong></td>
<td><strong>$3,825</strong></td>
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Source: Agency Websites
# Agency Debt Outstanding

<table>
<thead>
<tr>
<th>Billions of Dollars</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>F.H.L.B.</td>
<td>$847</td>
<td>$905</td>
<td>$989</td>
<td>$1,034</td>
<td>$1,032</td>
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<tr>
<td>FCS</td>
<td>222</td>
<td>242</td>
<td>258</td>
<td>265</td>
<td>282</td>
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<tr>
<td>Freddie Mac</td>
<td>450</td>
<td>418</td>
<td>354</td>
<td>307</td>
<td>249</td>
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<tr>
<td>Fannie Mae</td>
<td>460</td>
<td>390</td>
<td>329</td>
<td>278</td>
<td>233</td>
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<tr>
<td>Tenn.V.A.</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>24</td>
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<tr>
<td>Farmer Mac</td>
<td>13</td>
<td>14</td>
<td>15</td>
<td>16</td>
<td>16</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$2,017</strong></td>
<td><strong>$1,994</strong></td>
<td><strong>$1,970</strong></td>
<td><strong>$1,924</strong></td>
<td><strong>$1,836</strong></td>
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</table>

Source: Agency Websites
Funding Corp.’s Dealer Group

<table>
<thead>
<tr>
<th>BNY Mellon Capital Mkts, LLC</th>
<th>Mizuho Securities USA Inc.</th>
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<tbody>
<tr>
<td>Barclays Capital Inc.</td>
<td>Morgan Stanley &amp; Co. LLC</td>
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<tr>
<td>Cantor Fitzgerald &amp; Co</td>
<td>Multi-Bank Securities, Inc.</td>
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<tr>
<td>Citigroup Global Mkts.</td>
<td>NatWest Market Securities Inc.*</td>
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<tr>
<td>Deutsche Bank Securities Inc.</td>
<td>Piper Jaffray &amp; Co.</td>
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<tr>
<td>First Tennessee Bank N.A.</td>
<td>RBC Capital Markets, LLC</td>
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<tr>
<td>Goldman, Sachs &amp; Co.</td>
<td>Raymond James &amp; Associates</td>
</tr>
<tr>
<td>HSBC Securities (USA) Inc.</td>
<td>Robert W. Baird &amp; Co. Inc.</td>
</tr>
<tr>
<td>INTL FCStone Fin. Inc. - BD Rates Div.</td>
<td>Stifel, Nicolaus &amp; Company Inc</td>
</tr>
<tr>
<td>Incapital LLC</td>
<td>SunTrust Robinson Humphrey Inc.</td>
</tr>
<tr>
<td>J.P. Morgan Securities LLC</td>
<td>TD Securities (USA) LLC</td>
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<td>Jefferies LLC</td>
<td>UBS Securities LLC</td>
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<tr>
<td>Loop Capital Mkts LLC</td>
<td>Vining-Sparks IBG, Ltd. Partnership</td>
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<tr>
<td>Merrill Lynch, Inc.</td>
<td>Wells Fargo Securities, LLC</td>
</tr>
</tbody>
</table>
## 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>Other¹</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>
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<tr>
<td>12/31/2018</td>
<td>22,774</td>
<td>0</td>
<td>78,971</td>
<td>71,099</td>
<td>82,216</td>
<td>11,325</td>
<td>15,075</td>
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<tr>
<td>12/31/2017</td>
<td>25,632</td>
<td>1,000</td>
<td>72,228</td>
<td>67,144</td>
<td>79,425</td>
<td>10,475</td>
<td>9,300</td>
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<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>
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<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>
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<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>
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</table>

¹ Includes Linked Deposits

Source: FFCBFC Website
FCS Debt Yields Increasing

FCS Debt Yield Curve for 3/6/2019

3/6/19

3/1/18

3/1/17
Tighter Spreads over Treasuries

FCS Basis Points Spread over Treasuries

-10 0 10 20 30 40 50 60 70 80
1 Month 2 Year 3 Year 5 Year 7 Year 10 Year 30 Year
Call Activity

- Calls in ‘18 – $ 29 million
- Calls in ‘17 – $ 5 billion
- Calls in ‘16 – $ 58 billion
- Calls in ‘15 – $ 34 billion
- Calls in ‘14 – $ 19 billion
- Net Interest Spreads
  - 2.12% for ‘18, 2.25% for ‘17, 2.31% for ‘16, 2.40% for ‘15, 2.50% for ‘14
- Net Interest Margins
  - 2.46% for ‘18, 2.48% for ‘17, 2.49% for ‘16, 2.55% for ‘15, 2.64% for ‘14
Weighted Average Maturity of FCS Debt remained steady.

- Dec./2018 – 2.86 years
- Dec./2017 – 2.88 years
- Dec./2016 – 2.72 years
- Dec./2015 – 2.81 years
- Dec./2014 – 2.71 years
Percentage of debt maturing within a year

- Dec./2018 – 38.8 percent
- Dec./2017 – 39.1 percent
- Dec./2016 – 40.3 percent
- Dec./2015 – 37.6 percent
- Dec./2014 – 38.6 percent
Days of Liquidity

- As of 12/31/18  System = 182(169) days:
  - AgFirst = 217(192) days, AgriBank = 160(135) days, FCB of TX = 241(226) days, CoBank = 177(169) days

- As of 12/31/17  System = 175(164) days:
  - AgFirst = 207(192) days, AgriBank = 151(130) days, FCB of TX = 227(212) days, CoBank = 176(170) days
SOFR

- Secured Overnight Financing Rate
- Recommended by the Alternative Reference Rate Committee (ARRC) to be the U.S. replacement index for LIBOR
- December 31, 2021, LIBOR’s official R.I.P. date
- Global U.S. LIBOR referenced instruments total $200 Trillion
- System’s J & S LIBOR directly based debt totals $83 billion.
- LIBOR based System J & S debt maturing past 12/31/21 equals only 3 percent
- Funding Corporation issued its first SOFR based bond
Summary

- Strong Demand for FCS Debt
- Debt Yields Rising
- Risk Premiums Remain Very Favorable
- Interest Rate Spreads Continue to Narrow
- Bottom Line Benefitting Less
- Substantial Liquidity
- SOFR on Deck
FCA BOARD ACTION ON

Interest Rate Risk Management Guidance for Farmer Mac

BM-14-MAR-19-02

Effective Date: March 14, 2019

Effect on Previous Action: None

THE FCA BOARD HEREBY:

• Approves Bookletter-071, which:
  o Communicates the Office of Secondary Market Oversight’s (OSMO) expectations to the Federal Agricultural Mortgage Corporation (Farmer Mac) regarding interest rate risk management processes and practices;
  o Describes the policies, procedures, and internal controls needed for Farmer Mac to manage its exposure to interest rate risk;
  o Discusses interest rate risk measurement, monitoring, and reporting systems that Farmer Mac should have;
  o Outlines OSMO’s expectations regarding interest rate stress scenario analysis; and
• Authorizes staff to make any technical or grammatical changes to BL-071 that may be necessary prior to issuance.

DATED THIS 14th DAY OF MARCH 2019

BY ORDER OF THE BOARD

______________________________
Dale L. Aultman
Secretary to the Board