MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
August 13, 2020

These minutes reflect the business transacted at the August 13, 2020, 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 meeting began at 9:00 a.m. and concluded at 9:43 a.m.

Members of the Board present were:

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

Others present included Kevin Kramp, Acting Deputy General Counsel; Dale Aultman, Secretary to the Board; staff of the FCA and the Farm Credit System Insurance Corporation; and 13 members of the general public. (A list of staff attendees is attached as Exhibit A.)

Chairman Smith announced that this meeting of the Board is a virtual meeting, and Agency personnel are teleworking due to the COVID 19 pandemic.

Chairman Smith asked the Secretary to the Board to conduct a roll call and to address a few technical and protocol items.

The Secretary conducted a roll call addressed technical and protocol items.

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 16, 2020 Regular Board Meeting
(BM-13-AUG-20-01)

Mr. Hall moved to approve the minutes for the July 16, 2020, 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-13-AUG-20-01)

(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: 2019 Result


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 PowerPoint presentation is attached as Exhibit D.)

New Business

Investment Eligibility Final Rule
(BM-13-AUG-20-02)


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

Chairman Smith open 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 Investment Eligibility Final Rule as recommended by staff.

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-13-AUG-20-02)

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

Amortization Final Rule
(BM-13-AUG-20-03)

Lori Markowitz of the Office of Regulatory Policy, and Richard Katz of the Office of General Counsel presented the Amortization Final Rule.

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

Chairman Smith open 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 Amortization Final Rule as recommended by staff.

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-13-AUG-20-03)

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

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 9:43 a.m.

**NOTATIONAL VOTE ACTIONS**

There were three notational vote actions approved by the FCA Board from July 16, 2020, through August 12, 2020 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 20-18</td>
<td>7/29/2020</td>
<td>Approved</td>
<td>Compeer Financial, ACA’s Request to renew its Streamlined Process for Investments in USDA Essential Community Facilities under § 615.5140(e)</td>
</tr>
<tr>
<td>NV 20-19</td>
<td>7/26/2020</td>
<td>Approved</td>
<td>FCA Revised Org Chart and Functional Statements – Move procurement functions from OAS to OCFO</td>
</tr>
<tr>
<td>NV 20-20</td>
<td>8/4/2020</td>
<td>Approved</td>
<td>MidAtlantic, ACA Prior Approval Request for Capital Redesignation and Distribution</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 August 13, 2020.

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

/s/ Dale Aultman  
Secretary to the Board

Approved: **September 10, 2020**
Exhibit A

**STAFF PRESENT AT THE**
**FCA REGULAR BOARD MEETING**
**August 13, 2020**

Glen R. Smith, Board Chairman / CEO
Jeffery S. Hall, Board Member

<table>
<thead>
<tr>
<th>OFFICE</th>
<th>OPEN SESSION</th>
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<tbody>
<tr>
<td><strong>Office of the Board</strong></td>
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<td>Smith, Glen</td>
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<tr>
<td>Hall, Jeff</td>
<td>X</td>
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<tr>
<td>Morris, James</td>
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<td>Donner, Mary Alice</td>
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<td>Roque-Brehm, Awilda</td>
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<td>Calhoun, Gaye</td>
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<td>Ibelli, Heyam</td>
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<td>Aultman, Dale</td>
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<tr>
<td><strong>COO</strong></td>
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<td>Coleman, Robert</td>
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<td><strong>OIT</strong></td>
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<td>Golley, Jerald</td>
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<td>Matos, Ricardo</td>
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<td>Versace, Jerry</td>
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<td>Stokke, Michael</td>
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<td>Middleton, Russell</td>
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<td><strong>OGC</strong></td>
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<td>Kramp, Kevin</td>
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<td>Katz, Richard</td>
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<td>Paulsen, Roger</td>
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<td>Waldron, Ashley</td>
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<td>Laguarda, Wendy</td>
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<td>Rea, Laurie</td>
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<td>Grahn, David</td>
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<td>Iannetta, Sal</td>
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<td>Lewandrowski, David</td>
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<td>Edelstein, Jeremy</td>
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<td>Johansen, Mark</td>
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<td>OFFICE</td>
<td>OPEN SESSION</td>
</tr>
<tr>
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<tr>
<td><strong>OCFO</strong></td>
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<td>Smith, Stephen</td>
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<td>Gandy, Doug</td>
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<td>Bell, Vonda</td>
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<td>Clark, Patrina</td>
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<td><strong>FCSIC</strong></td>
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<td>Rubin, Howard</td>
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<td>Grimaldi, Andrew</td>
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<td><strong>GENERAL PUBLIC</strong></td>
<td>13</td>
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</tbody>
</table>
PUBLIC ANNOUNCEMENT OF MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT

Farm Credit Administration Board
Regular Meeting
August 13, 2020

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 13, 2020, from 9:00 a.m. until such time as the Board may conclude its business. Note: Because of the COVID-19 pandemic, we will conduct the board meeting virtually. If you would like to observe the open portion of the virtual meeting, see instructions below for board meeting visitors.

Attendance: To observe the open portion of the virtual meeting, go to FCA.gov, select “Newsroom,” then “Events.” There you will find a description of the meeting and a link to “Instructions for board meeting visitors.” See SUPPLEMENTARY INFORMATION for further information about attendance requests.

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. If you wish to observe, follow the instructions above in the “Attendance” section at least 24 hours before the meeting. 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 as follows:

OPEN SESSION
Approval of Minutes
1 July 16, 2020

Report
2 Annual Report on the Farm Credit System’s Young Beginning, and Small Farmer Mission Performance: 2019 Results

New Business
3 Investment Eligibility Final Rule
4 Amortization Final Rule

/s/
Dale Aultman
Secretary to the Board

August 4, 2020
Date
Farm Credit Administration

BOARD ACTION ITEM

FCA BOARD ACTION ON

Minutes for July 16, 2020

BM-13-August-20-01

Effective Date: August 13, 2020

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for July 16, 2020.

DATED THIS 13th DAY OF AUGUST 2020

BY ORDER OF THE BOARD

_________________________/s/
Dale L. Aultman
Secretary to the Board
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 – 2007 and 2012
- BL 040—Provides flexibility on lending opportunities for YBS farmers and ranchers.
- BL 066—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
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.
  - Adding Y, B, and S data together does not produce an accurate measure of YBS lending.
- Dollar volumes include advances and commitments.
# YBS Results

## YBS Loans Outstanding

As of December 31, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of loans</th>
<th>Percentage of total number</th>
<th>Dollar volume of loans in millions</th>
<th>Percentage of total volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young farmers / ranchers</td>
<td>177,590</td>
<td>19.4%</td>
<td>$31,043</td>
<td>11.1%</td>
</tr>
<tr>
<td>Beginning farmers / ranchers</td>
<td>272,654</td>
<td>29.8%</td>
<td>$48,645</td>
<td>17.4%</td>
</tr>
<tr>
<td>Small farmers / ranchers</td>
<td>459,894</td>
<td>50.3%</td>
<td>$51,869</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

## YBS Loans Made During 2019

As of December 31, 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of loans</th>
<th>Percentage of total number</th>
<th>Dollar volume of loans in millions</th>
<th>Percentage of total volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young farmers / ranchers</td>
<td>49,104</td>
<td>18.2%</td>
<td>$10,085</td>
<td>11.1%</td>
</tr>
<tr>
<td>Beginning farmers / ranchers</td>
<td>67,088</td>
<td>24.9%</td>
<td>$14,283</td>
<td>15.7%</td>
</tr>
<tr>
<td>Small farmers / ranchers</td>
<td>123,494</td>
<td>45.7%</td>
<td>$14,421</td>
<td>15.9%</td>
</tr>
</tbody>
</table>

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

![Graph showing loan counts over years: Young, Beginning, and Small categories.]

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
YBS Initiatives Update

- Improved the Agency’s ability to track FCS service to YBS producers and identifying best practices used to serve YBS producers.
- Working to modernize and reduce burden for FCS reporting of YBS lending data.
- Engaged with FCS data workgroups and attended FCS YBS focused events.
- Working with other Government Agencies for the benefit of YBS producers.
Thank you

Questions?
Investment Eligibility Final Rule

David Lewandrowski – ORP
Richard Katz – OGC
• Proposed Rule initiated due to concerns expressed regarding limitations that became effective January 1, 2019.
• Proposed Rule was adopted by the FCA Board on August 8, 2019.
• Posted in the Federal Register on September 18, 2019, with a 60-day comment period.
• Comment letters were received primarily from commercial banks and several FCS institutions.
Background – Comments

• 34 comment letters were received.
• 24 comment letters were in overall support while also requesting additional latitude for other guaranteed investments to be allowed.
• 9 comment letters were in strict opposition.
• 1 comment letter expressed no preference.
• Commercial bank commenters were nearly equally spilt between support and opposition.
• FCS institution commenters were in support.
Final Rule

• After reviewing and considering the comment letters received on the proposed rule, staff finalized the proposed rule without change.

• The requests to expand to other guaranteed investment options were not considered because they were outside the scope of this rule making.
The final rule amends § 615.5140(b)(2) and (b)(3) to allow Farm Credit System associations to purchase in the secondary market, the portions of loans that non-FCS institutions originate and that the USDA fully and unconditionally guarantees or insures as to both principal and interest.
Final Rule

- Objectives of the Final Rule:
  - Augment the liquidity of rural credit markets;
  - Reduce the capital burden on community banks and other non-System lenders who choose to sell their USDA guaranteed portions of loans, so they may extend additional credit in rural areas; and
  - Enhance the ability of associations to manage risk.
Final Rule

• Once effective, changes will be necessary to several items including:
  ✓ Bookletter-064;
  ✓ Informational Memorandums; and
  ✓ Call Report Schedules.
FCA BOARD ACTION ON

Investment Eligibility Final Rule

BM-13-August-20-02

Effective Date: August 13, 2020

Impact on Prior Board Actions: This Board action would amend the Investment Eligibility Regulation that the FCA Board approved on May 10, 2018.

THE FCA BOARD HEREBY:

- Approves the final rule that would amend FCA regulation § 615.5140(b)(2) and (b)(3), 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 13th DAY OF AUGUST 2020

BY ORDER OF THE BOARD

/s/
Dale L. Aultman
Secretary to the Board
Final Rule on Amortization Limits

Lori Markowitz
Richard Katz
Proposed Rule

- Published January 23, 2020
- Repeals the loan amortization restrictions on PCA loans in § 614.4040(a)(2)
- Repeals requirement in § 614.4040(a)(3)
- Restructures § 614.4050
- Adds a new paragraph at the end of § 614.4200
Comment Letters

- Comment period ended March 23, 2020
- Received six comment letters
- All in support of proposed rule except one trade association
Final Rule

- Recommends that the FCA Board finalize the proposed rule without revision.
- Amortization is a credit underwriting decision and safety and soundness issue.
- Final § 614.4200(c) ties amortization to loan underwriting standards required by § 614.4150, type and purpose of the loan, expected useful life of the asset, and repayment capacity of the borrower.
FCA BOARD ACTION ON

Amortization Final Rule

BM-13-August-20-03

Effective Date: August 13, 2020

THE FCA BOARD HEREBY:

- Approves the final rule that would repeal the amortization and other limits on PCA loans in §§ 614.4040(a)(2) and (a)(3) and add a new paragraph at the end of § 614.4200 that would require System associations to address certain factors in their credit underwriting standards and internal controls whenever loans amortize over a longer time than the terms to maturity; and
- Authorizes staff to make any technical or grammatical changes that may be necessary prior to publication in the Federal Register.

DATED THIS 13th DAY OF AUGUST 2020

BY ORDER OF THE BOARD

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