

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



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
November 19, 2020**

These minutes reflect the business transacted at the November 19, 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 10:17 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 the Farm Credit System Insurance Corporation; and 12 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 personnel are teleworking due to the COVID 19 pandemic. He also welcomed Inspector General **Wendy Laguarda**, OSMO Director **Laurie Rea**, and OCPA Director **Mike Stokke** who were in the Board Room with the Chairman, all practicing safety precautions.

**Chairman Smith** asked personnel to join him in the Pledge of Allegiance while the U.S. Flag was displayed on the presentation screen.

**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 October 8, 2020 Regular Board Meeting (BM-19-NOV-20-01)**

**Mr. Hall** moved to approve the minutes for the October 8, 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-19-NOV-20-01)**

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

## **Reports**

### **Funding Corporation Activities**

**David Lewandrowski** of the **Office of Regulatory Policy** presented the Funding Corporation Activities report.

**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.)

## **USDA's Beginning Farmers and Ranchers Lending Summit**

**David Grahn, Director** of the **Office of Regulatory Policy** presented the USDA's Beginning Farmers and Ranchers Lending Summit report.

**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 E.)

### **New Business**

#### **Farm Credit System Building Association 2021 Budget and Assessments (BM-19-NOV-20-02)**

**Rick Albrecht**, President of the **Farm Credit System Building Association** and Outside Accountant **Larry Smith** presented the FCSBA 2021 Budget and Assessments.

**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 FCSBA 2021 Budget and Assessments 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-19-NOV-20-02)**

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

### **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 10:17 a.m.

## NOTATIONAL VOTE ACTIONS

There were two notational vote actions approved by the FCA Board from October 8, 2020, through November 18, 2020 as follows:

| Item Number | Action Date | Voting Results | Subject                                                                     |
|-------------|-------------|----------------|-----------------------------------------------------------------------------|
| NV 20-29    | 10/16/2020  | Approved       | Farm Credit of Western Oklahoma, ACA and AgPreference, ACA Merger           |
| NV 20-30    | 10/20/2020  | Approved       | Operating and Oversight Plan - Office of Secondary Market Oversight FY 2021 |

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 19, 2020.

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

                    /s/                      
Dale Aultman  
Secretary to the Board

Approved: December 10, 2020

**STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
November 19, 2020**

Glen R. Smith, Board Chairman / CEO

Jeffery S. Hall, Board Member

| <b>OFFICE</b>              | <b>OPEN<br/>SESSION</b> |
|----------------------------|-------------------------|
| <b>Office of the Board</b> |                         |
| Smith, Glen                | X                       |
| Hall, Jeff                 | X                       |
| Morris, James              | X                       |
| Donner, Mary Alice         | X                       |
| Roque-Brehm, Awilda        | X                       |
| Calhoun, Gaye              | X                       |
| Aultman, Dale              | X                       |
| <b>COO</b>                 |                         |
| Coleman, Robert            | X                       |
| <b>OIT</b>                 |                         |
| Golley, Jerald             | X                       |
| Matos, Ricardo             | X                       |
| Versace, Jerry             | X                       |
| <b>OCPA</b>                |                         |
| Stokke, Michael            | X                       |
| Middleton, Russell         | X                       |
| <b>OGC</b>                 |                         |
| Rawls, Charlie             | X                       |
| Kramp, Kevin               | X                       |
| <b>OE</b>                  |                         |
| Paulsen, Roger             | X                       |
| Waldron, Ashley            | X                       |
| Bednarz, Curtis            | X                       |
| Fennewald, Dan             | X                       |
| <b>ODAE</b>                |                         |
| D'Antoni, Jeremy           | X                       |
| Iannetta, Sal (on detail)  | X                       |
| <b>OIG</b>                 |                         |
| Laguarda, Wendy            | X                       |
| Miller, Kevin              | X                       |
| <b>OSMO</b>                |                         |
| Rea, Laurie                | X                       |
| <b>ORP</b>                 |                         |
| Grahn, David               | X                       |
| Lewandrowski, David        | X                       |
| Edelstein, Jeremy          | X                       |
| <b>OCFO</b>                |                         |
| Smith, Stephen             | X                       |
| Gandy, Doug                | X                       |

| <b>OFFICE</b>                     | <b>OPEN<br/>SESSION</b> |
|-----------------------------------|-------------------------|
|                                   |                         |
|                                   |                         |
|                                   |                         |
| <b>OAS</b>                        |                         |
| Bell, Vonda                       | X                       |
| Clark, Patrina                    | X                       |
| <b>FCSIC</b>                      |                         |
| Rubin, Howard                     | X                       |
| Wynn, Wade                        | X                       |
| Powalski, Lynn                    | X                       |
| Grimaldi, Andrew                  | X                       |
| <b>FCSBA</b>                      |                         |
| Albrecht, Rick                    | X                       |
| Smith, Larry (Outside Accountant) | X                       |
| <b>GENERAL PUBLIC</b>             | 12                      |
|                                   |                         |

## 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  
November 19, 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 November 19, 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 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 October 8, 2020

**Reports**

- 2 Funding Corporation Activities
- 3 USDA's Beginning Farmers and Ranchers Lending Summit

**New Business**

- 4 Farm Credit System Building Association 2021 Budget and Assessments

/s/

Dale Aultman  
Secretary to the Board

November 9, 2020  
Date

# Farm Credit Administration

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

## **BOARD ACTION ITEM**

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### **FCA BOARD ACTION ON**

**Minutes for October 8, 2020**

**BM-19-NOV-20-01**

**Effective Date:** November 19, 2020

**Effect on Previous Action:** None

#### **THE FCA BOARD HEREBY:**

Approves the minutes for October 8, 2020.

**DATED THIS 19th DAY OF NOVEMBER 2020**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
**Dale Aultman**  
**Secretary to the Board**





## Exhibit D

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# ***Funding Corporation Activities***





# Recent High Finance Headlines

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**“U.S. Cases Above 100,000  
for Seventh Day in a Row”**





# Recent High Finance Headlines

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**“Malls File for Bankruptcy or Shut Their Doors as Pandemic Pain Spreads”**





# Recent High Finance Headlines

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**“Corporate Tenants Dump  
Excess Office Space,  
Sending Shivers Through the  
Market ”**





# Recent High Finance Headlines

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**“Fed Says Virus Poses  
Considerable Risks,  
Maintains Low-Rate Pledge”**





# Recent High Finance Headlines

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**“Europe Aims to Emerge Smarter From Latest Lockdowns”**





# Recent High Finance Headlines

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**“The Economy’s Struggles  
Will Shape Joe Biden’s  
Presidency”**





# Funding Update Topics

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- Global Market
- Agency Debt Market
- Yields & Spreads on FCS Debt
- Funding Corporation Activity
- FCS Liquidity
- Selling Group - LEAD Dealer Group
- LIBOR/SOFR Transition
- Coronavirus





# Global Market

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- Federal Reserve
- E.C.B., Bank of England, Bank of Japan
- U.S. Treasury
- China





# Credit Rating Agencies - Outlook for the United States

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- Standard & Poors – AA+  
Outlook – Stable
- Moody's – Aaa  
Outlook – Stable
- Fitch – AAA  
Outlook – Stable





# System High Level Financials

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- Assets – \$ 384.9 billion (+ 5.4%)
- Loans – \$ 301.6 billion (+ 5.1%)
- A.L.L. – \$ 1.8 billion (+ 1.2%)
- Cash & Invt. – \$ 71.7 billion (+ 5.0%)
- Capital – \$ 66.0 billion (+ 6.9%)
- Net Income – \$ 4.4 billion (+ 9.6%)



# Agency Debt Outstanding

| Billions of Dollars | 2017           | 2018           | 2019           | 4/2020         | 9/2020         |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| F.H.L.B.            | \$ 1,034       | \$1,032        | \$ 1,026       | \$ 1,169       | \$852          |
| <b>FCS</b>          | <b>265</b>     | <b>282</b>     | <b>294</b>     | <b>314</b>     | <b>309</b>     |
| Freddie Mac         | 317            | 255            | 283            | 282            | 286            |
| Fannie Mae          | 278            | 233            | 182            | 242            | 275            |
| Tenn.V.A.           | 25             | 23             | 22             | 22             | 22*            |
| Farmer Mac          | 16             | 16             | 19             | 21             | 21             |
| <b>Total</b>        | <b>\$1,935</b> | <b>\$1,841</b> | <b>\$1,826</b> | <b>\$2,050</b> | <b>\$1,765</b> |

Source: Websites

\* 6/30/2020



# Funding Activity by FCS

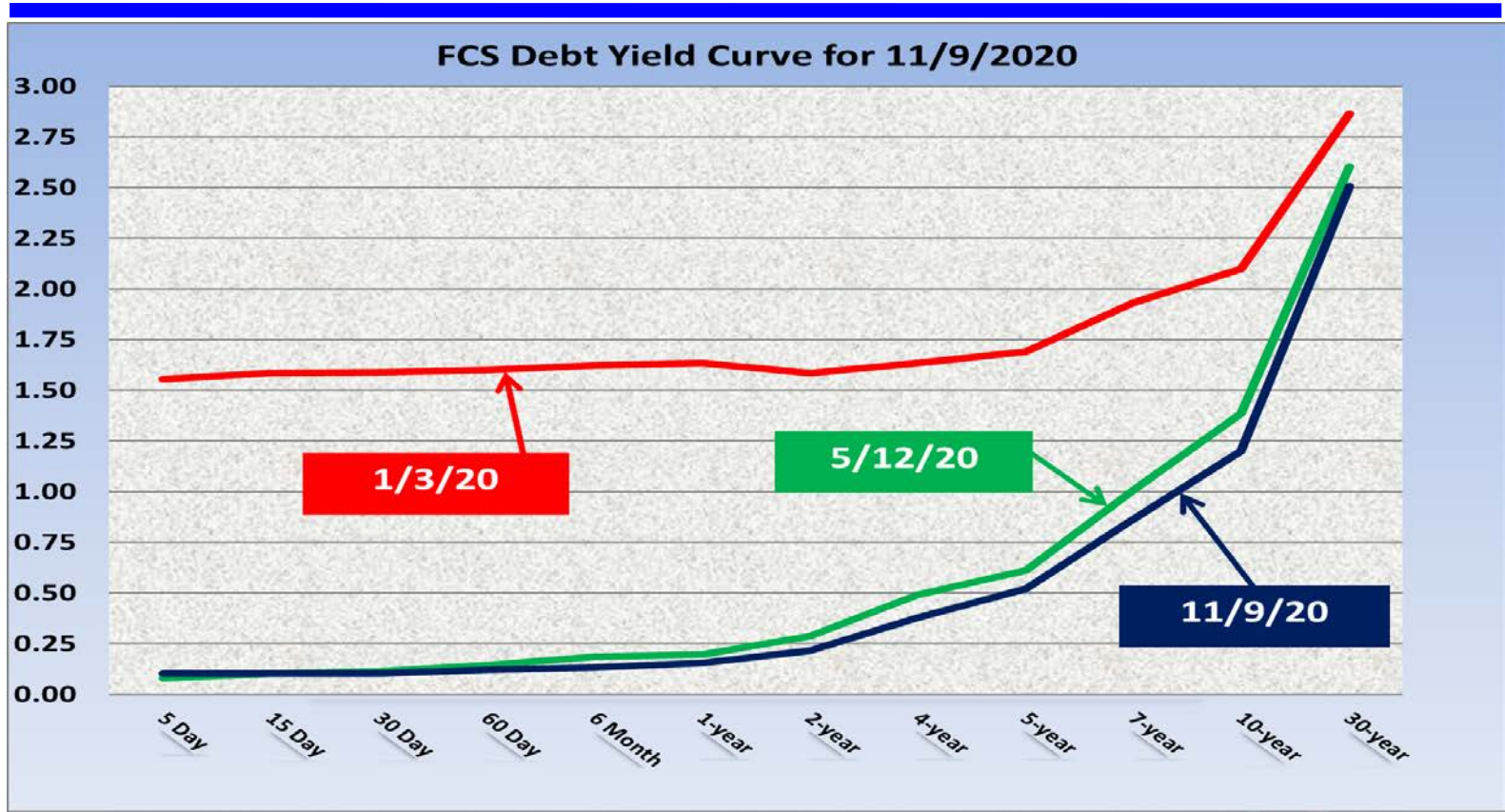


| (\$ millions)                         | Discount Notes | Designated Bonds | Fixed Rate Bonds |              | Floating Rate Bonds |        |                    | Retail Bonds | Other <sup>1</sup> | Total   |
|---------------------------------------|----------------|------------------|------------------|--------------|---------------------|--------|--------------------|--------------|--------------------|---------|
|                                       |                |                  | Callable         | Non-Callable | LIBOR               | SOFR   | Prime, FF, 91-day, |              |                    |         |
| 11/09/2020                            | 21,944         | 2,100            | 76,882           | 90,402       | 46,228              | 46,882 | 29,332             | 42           | 148                | 313,958 |
| 4/30/2020                             | 35,083         | 1,100            | 72,982           | 83,167       | 70,893              | 23,457 | 27,937             | 58           | 149                | 313,298 |
| 12/31/2019                            | 19,098         | 0                | 77,903           | 79,068       | 80,613              | 7,957  | 28,657             | 122          | 159                | 293,577 |
| 12/31/2018                            | 22,774         | 0                | 78,971           | 71,099       | 82,216              | 0      | 26,401             | 201          | 119                | 281,780 |
| 12/31/2017                            | 25,632         | 1,000            | 72,228           | 67,144       | 79,425              | 0      | 19,775             | 210          | 19                 | 265,434 |
| <sup>1</sup> Includes Linked Deposits |                |                  |                  |              |                     |        |                    |              |                    |         |

Source: FFCBFC Website



# FCS Debt Yields Remain Low



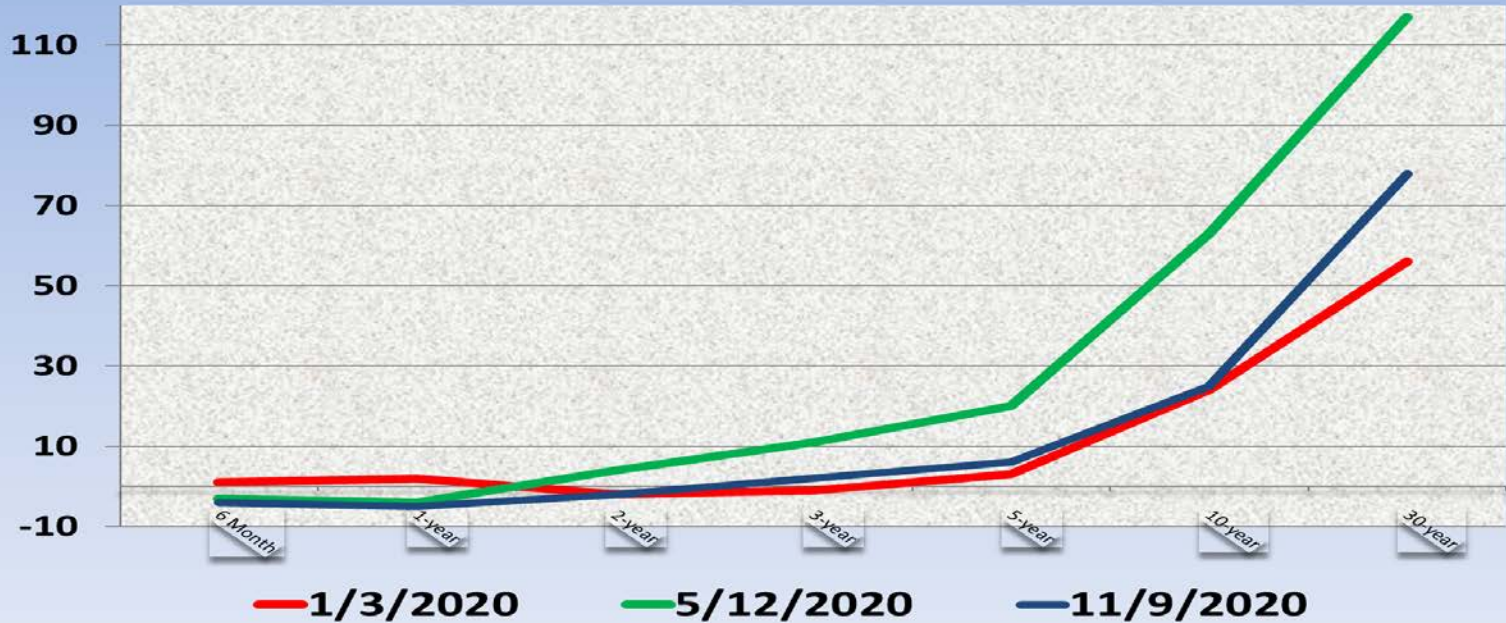




# Risk Premiums Favorable



**FCS Basis Points Spread over Treasuries**





# Very Heavy Call Activity

- **Calls in '20 – \$107 billion and counting**
- Calls in '19 – \$ 54 billion
- Calls in '18 – \$ 29 million
- Calls in '17 – \$ 5 billion
- Calls in '16 – \$ 58 billion
- Net Interest Spreads
  - **2.22% for '20**, 2.04 % for '19, 2.12% for '18, 2.25% for '17, 2.31% for '16.
- Net Interest Margins
  - **2.45 % for '20**, 2.42 % for '19, 2.46% for '18, 2.48% for '17, 2.49% for '16.







# Debt Maturity

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- Weighted average maturity of FCS Debt
  - ❖ **Sept./2020 – 2.87 years**
  - ❖ Mar./2020 – 2.73 years
  - ❖ Dec./2019 – 2.82 years
  - ❖ Dec./2018 – 2.86 years
  - ❖ Dec./2017 – 2.88 years





# Debt Maturity

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- Percentage of FCS debt maturing within 1 year.
- ❖ **Sept./2020 – 39.9 percent**
  - ❖ Mar./2020 – 41.9 percent
  - ❖ Dec./2019 – 38.8 percent
  - ❖ Dec./2018 – 38.8 percent
  - ❖ Dec./2017 – 39.1 percent





# Days of Liquidity

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- As of 9/30/20 System = 172(165) days:
  - AgFirst = 218(197) days, AgriBank = 168(148) days, FCB of TX = 176(169) days, CoBank = 179(172) days
- As of 3/31/20 System = 197 (188) days:
  - AgFirst = 208(190) days, AgriBank = 163(145) days, FCB of TX = 240(225) days, CoBank = 215(209) days





# Funding Corp.'s Dealer Group



**BNY Mellon Capital Mkts, LLC**  
**Barclays Capital Inc.**  
**BofA Securities, Inc.**  
**Cantor Fitzgerald & Co**  
**Citigroup Global Mkts.**  
**Daiwa Capital Mkts. America Inc.**  
**Deutsche Bank Securities Inc.**  
**First Horizon Bank**  
**Goldman, Sachs & Co.**  
**HSBC Securities (USA) Inc.**  
**INTL FCStone Fin. Inc. - BD Rates Div.**  
**Incapital LLC**  
**J.P. Morgan Securities LLC**  
**Jefferies LLC**  
**Loop Capital Mkts LLC**

**Mizuho Securities USA Inc.**  
**Morgan Stanley & Co. LLC**  
**Multi-Bank Securities, Inc.**  
**NatWest Market Securities Inc.**  
**Nomura Securities Inter. Inc.**  
**Piper Sandler & Co.**  
**RBC Capital Markets, LLC**  
**Raymond James & Associates**  
**Robert W. Baird & Co. Inc.**  
**Stifel, Nicolaus & Company Inc.**  
**TD Securities (USA) LLC**  
**Truist Securities Inc.\***  
**UBS Securities LLC**  
**Vining-Sparks IBG, Ltd. Partnership**  
**Wells Fargo Securities, LLC**



# LEAD Dealer Group Additions

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**Academy Securities, Inc**

**Blaylock Van, LLC**

**CastleOak Securities, L.P.**

**MFR Securities, Inc**

**R. Seelaus & Co., LLC**

**Samuel A. Ramirez & Co., Inc.**

**Siebert Williams Shank & Co., LLC**

**Tribal Capital Markets, LLC**





# LIBOR/SOFR TRANSITION

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- Secured Overnight Financing Rate use progressing.
- Global U.S. LIBOR referenced instruments still dominate.
- System's J & S LIBOR directly based debt totals \$46.2 billion. (Indirect \$47.8 billion)
- Funding Corp. has \$46.9 billion in SOFR indexed bonds.
- LIBOR Debt Exchange for post 12/31/2021 maturities





# Coronavirus

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- Ongoing Global Issue
- Economic Disruptions
- Second Wave
- Expanded Debt Issuance
- Credit Concerns





# Summary

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- Solid Demand for FCS Debt
- FCS Debt Yields Remain Low
- Risk Premiums Favorable
- Interest Rate Spreads and Margin Widened
- Bottom Line Benefitted More
- Ample Liquidity
- SOFR's Increasing
- Coronavirus Continuing Substantial Impact







# FCA Board Meeting November 2020

Exhibit E

## Report on USDA's Beginning Farmers and Ranchers Lending Summit

November 19, 2020

David P. Grahn  
Office of Regulatory Policy





# Report on USDA's Beginning Farmers and Ranchers Lending Summit

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## Outline

- ▶ Background
- ▶ Lending Summit: Participants
- ▶ Lending Summit: Discussions
- ▶ Lending Summit: Takeaways and Next Steps





# Background

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- ▶ Congress, FCA, and the System recognize the importance of Young, Beginning, and Small (YBS) Farmers and Ranchers to the future of American agriculture.
  - The Farm Credit Act of 1971 provides a mechanism to encourage the System to focus on financing YBS operations.
  - FCA Chairman Smith and Board Member Hall have prioritized FCA's efforts to focus System YBS activities in a variety of ways, including an initiative to improve the consistency of YBS data and reduce the burden on the System to make statutorily required reports.





# Background

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- ▶ In February, Chairman Smith reached out to a fellow Iowa farmer, Bill Northey, Under Secretary for Farm Production and Conservation at USDA to discuss the possibility of a gathering of YBS producers; Farm Service Agency staff; and private agricultural lenders, including the Farm Credit System.
- ▶ USDA was interested because this idea aligned with provisions in the 2018 Farm Bill that encouraged USDA to increase opportunities for beginning farmers.





# Background

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- ▶ Chairman Smith and Under Secretary Northey agreed that USDA would host this event and FCA would provide assistance to USDA as needed.
- ▶ Because of the COVID-19 pandemic, it was decided to make this a virtual event in late October.
- ▶ When FSA and FCA presented the idea of this event to the private lending community, they were overwhelmingly supportive and took an active role in planning the event.







# Lending Summit: Participants

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- ▶ On October 27<sup>th</sup>, USDA hosted the virtual Beginning Farmers and Ranchers Lending Summit.
- ▶ The Summit was kicked off by Under Secretary Northey and Chairman Smith. We also heard from members of the private agricultural lending community.
- ▶ The Summit included four YBS producers, representatives of the ABA, ICBA, NRLA, and FCC, and a number of representatives from private agricultural lenders across the country.





# Lending Summit: Discussions

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The Summit was divided into two parts:

► First part:

- Four YBS producers discussed their experiences with FSA and private agricultural lenders...the successes and challenges.
- The private agricultural lenders also discussed their challenges and best practices in working with YBS producers.





# Lending Summit: Discussions

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## ► Second part:

- Private agricultural lenders and the FSA discussed why the farm loan programs work well for YBS, as well as opportunities for the private/public relationship to work smoother.
- Currently, FSA and private agricultural lenders blend FSA direct lending, FSA guaranteed private lending, and unguaranteed private lending together to help finance YBS producers.
- Ideas were exchanged on how changes could be made and tangible steps forward were put in motion.







# Lending Summit: Takeaways and Next Steps

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- ▶ Prior to the Summit, FSA had hoped to get two or three actionable items to work on.
- ▶ During the Summit, the FSA/private agricultural lender discussion surfaced over ten actionable items.
  - Lenders to provide FSA training models for FSA loan staff regarding working with private agricultural lenders.
  - FSA Preferred Lender Program improvements to reduce administrative burdens, speed approvals, increase consistency in decision making, and make FSA direct and guaranteed loan terms more consistent with commercial banking standards.





# Lending Summit: Takeaways and Next Steps

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- ▶ Because of the momentum generated by this Summit, FSA is planning another session with private agricultural lenders to refine and prioritize the actionable items discussed at the Summit.





# Questions

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**THANK YOU**

# Farm Credit Administration

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

## BOARD ACTION ITEM

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### FCA BOARD ACTION ON

#### **Farm Credit System Building Association 2021 Budget and Assessments BM-19-NOV-20-02**

**Effective Date:** November 19, 2020

**Source of Authority:** Farm Credit Act of 1971, as amended, Section 5.16. FCS Building Association Bylaws, Article IV, Sections 2 and 11, dated February 15, 1991.

#### **THE FCA BOARD HEREBY APPROVES THE:**

- 2021 budget request including \$4,516,665 in operating revenues, and \$4,272,333 in operating expenses;
- 2021 Farm Credit System member bank assessments of \$3,650,000; and
- Capital Improvements/Major Building Repairs request of \$464,700.

**DATED THIS 19th DAY OF NOVEMBER 2020**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
**Dale Aultman**  
**Secretary to the Board**