

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



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
May 13, 2021**

These minutes reflect the business transacted at the May 13, 2021, 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 11:18 a.m.

Members of the Board present were:

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

Others present included **Clark Ogilvie** 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.)

Chairman Smith announced that this meeting of the Board is a hybrid meeting with some personnel in the Board room (observing safety precautions), and most personnel teleworking due to the COVID 19 pandemic.

Chairman Smith welcomed new General Counsel **Clark Ogilvie**.

Chairman Smith asked everyone to say the Pledge of Allegiance with him as the 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 and 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* 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 meeting be closed as shown on the Agenda.

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 April 8, 2021 Regular Board Meeting (BM-13-MAY-21-01)

Mr. Hall moved to approve the minutes for the April 8, 2021, 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-MAY-21-01)**

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

Report

Farm Credit System Building Association Auditor's Report on 2020 Financial Audit

Rick Albrecht, President of the **Farm Credit System Building Association** and **Brynn McNeil (Partner)** of **Cherry Beakert, LLP** presented the FCSBA Auditor's Report on the 2020 Financial Audit.

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

Farmer Mac Report Submission Process Change – Direct Final Rule

(BM-13-MAY-21-02)

Tiffany West of the **Office of Secondary Market Oversight**, and **Hazem Isawi** of the **Office of General Counsel** presented the Farmer Mac Report Submission Process Change – Direct Final Rule.

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 Farmer Mac Report Submission Process Change – Direct 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-MAY-21-02)**

(A copy of the official "Board Action Item" is attached as Exhibit E, and the Power Point presentation is attached as Exhibit F.)

Executive Order 12866 Annual Review of Significant Regulatory Actions

(BM-13-MAY-21-03)

Jason Moore of the **Office of Regulatory Policy**, and **Laura McFarland** of the **Office of General Counsel** presented the Executive Order 12866 Annual Review of Significant Regulatory Actions.

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 Executive Order 12866 Annual Review of Significant Regulatory Actions 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-MAY-21-03)**

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

CLOSED SESSION

Chairman Smith noted that this was a Closed Session and asked OIT staff to disconnect the outside visitors, and asked FCA and FCISIC staffers to leave the hybrid meeting if they do not normally observe the closed session.

Chairman Smith asked OIT staff to ensure that outside visitors had been disconnected so the Board could meet in Closed Session with the Office of Secondary Market Oversight.

Chairman Smith convened the closed session of the meeting at 9:30 a.m. and instructed **OIT Staff** to start recording so that the proceedings of the Closed Session were properly recorded as required by the Government in the Sunshine Act.

Chairman Smith 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.

OIT Staff Confirmed that the recording has started.

The **Secretary** Noted the start time of the closed session and called the roll. (Attendees are shown on Exhibit A.)

(A copy of the General Counsel Certification is attached hereto as Exhibit H.)

Office of Secondary Market Oversight Periodic Report

Laurie Rea, Joe Connor, Elu Thomas and **Clayton Milburn** on behalf of the **Office of Secondary Market Oversight** presented the OSMO Periodic Report.

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

There were no further questions or discussion.

CLOSED EXECUTIVE SESSION

Chairman Smith announced that the next topic on the Agenda was a closed executive session pursuant to previous Board action and 5 U.S.C. § 552b(c)(2).

Chairman Smith asked OIT staff to connect Cherry Bekaert Auditor **Brynn McNeil**, and disconnect everyone except for the Board Members, Executive Assistants, the General Counsel, the Secretary to the Board and two OIT staff members so that the Board could meet with **Brynn McNeil** as approved by the Board previously. At this time noninvited staff in the Board room exited the room.

Chairman Smith asked OIT staff to confirm that necessary FCA and FCSIC Staffers had been disconnected so the Board could meet in Closed Executive Session.

The **OIT Staffer** confirmed that necessary FCA and FCSIC staffers had been disconnected.

Chairman Smith convened the Executive closed session of the meeting at 11:13 a.m. and instructed **OIT Staff** to continue the recording.

OIT Staff confirmed that the recording continued.

The **Secretary** noted the start time of the closed session and called the roll.

Farm Credit System Building Association Auditor

Chairman Smith reminded those speaking to state their name before speaking and asked the Auditor to further discuss the audit.

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

There were no further questions or discussion.

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 11:13 a.m.

NOTATIONAL VOTE ACTIONS

There were four notational vote actions approved by the FCA Board from April 8, 2021, through May 12, 2021 as follows:

Item Number	Action Date	Voting Results	Subject
NV 21-07	04/13/2021	Approved	Recommendation by FCA's Regulatory Enforcement Committee.
NV 21-09	04/20/2021	Approved	Authorize the FCA's chief financial officer to reallocate funds within the FCA budget.
NV 21-10	04/29/2021	Approved	Authorize the general counsel to negotiate and sign a consent order related to part one of a recommendation (#21-1) made by FCA's Regulatory Enforcement Committee. The Board also voted to extend the deadline until May 5 for the respondent to request a hearing.
NV 21-11	05/05/2021	Approved	Not to object to a proposed offering circular of Compeer Financial for the issuance of up to \$200 million in subordinated notes.

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on May 13, 2021.

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

 /s/
Dale Aultman
Secretary to the Board

Approved: June 10, 2021

**ATTENDANCE LIST - FCA REGULAR BOARD MEETING
May 13, 2021**

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

OFFICE	OPEN SESSION	CLOSED SESSION	EXECUTIVE CLOSED SESSION
Office of the Board			
Smith, Glen	X	X	X
Hall, Jeff	X	X	X
Morris, James	X	X	X
Donner, Mary Alice	X	X	X
Roque-Brehm, Awilda	X		
Johnson, Miranda	X		
Calhoun, Gaye	X		
Aultman, Dale	X	X	X
COO			
Coleman, Robert	X	X	
OIT			
Golley, Jerald	X	X	
Matos, Ricardo	X	X	X
Versace, Jerry	X	X	X
OCPA			
Stokke, Michael	X	X	
Middleton, Russell	X	X	
OGC			
Ogilvie, Clark	X	X	X
Strickland, Joy	X	X	
Isawi, Hazem	X		
Agans, Autumn	X	X	
McFarland, Laura	X	X	
OE			
Paulsen, Roger	X	X	
ODAE			
D'Antoni, Jeremy	X	X	
OIG			
Laguarda, Wendy	X	X	
Miller, Kevin	X	X	
Coccaro, Chris	X	X	
OSMO			
Rea, Laurie	X	X	
Connor, Joseph	X	X	
West, Tiffany	X	X	
Thomas, Elu	X	X	
Milburn, Clayton	X	X	
Hudson, Bruce	X	X	
Del Moral, Jeremy	X	X	
Greenlee, Angela	X	X	

OFFICE	OPEN SESSION	CLOSED SESSION	EXECUTIVE CLOSED SESSION
ORP			
Kramp, Kevin	X	X	
Edelstein, Jeremy	X	X	
Gibbs, Paul	X		
Moore, Jason	X		
Camp, Brian	X		
OCFO			
Smith, Stephen	X	X	
Gandy, Doug	X	X	
OAS			
Bell, Vonda	X	X	
Clark, Patrina	X	X	
FCSIC			
Grimaldi, Andrew	X	X	
FCSBA			
Rick Albrecht	X		
Brynn McNeil (Cherry Bekaert Auditor)	X		X

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 May 13, 2021

SUMMARY: Notice is hereby given, pursuant to the Government in the Sunshine Act, of the forthcoming regular meeting of the Farm Credit Administration Board.

DATE: The regular meeting of the Board will be held May 13, 2021, from 9:00 a.m. until such time as the Board may conclude its business.

ADDRESSES: *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 in SUPPLEMENTARY INFORMATION for board meeting visitors.*

FOR FURTHER INFORMATION CONTACT: Dale Aultman, Secretary to the Farm Credit Administration Board (703) 883-4009. TTY is (703) 883-4056.

SUPPLEMENTARY INFORMATION: Instructions for attending the virtual meeting: Parts of this meeting of the Board will be open to the public, and parts will be closed. If you wish to observe the open portion, at least 24 hours before the 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." 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 April 8, 2021

Report

- 2 Farm Credit System Building Association Auditor's Report on 2020 Financial Audit

New Business

- 3 Farmer Mac Report Submission Process Change – Direct Final Rule
- 4 Executive Order 12866 Annual Review of Significant Regulatory Actions

CLOSED SESSION

- 5 Office of Secondary Market Oversight Periodic Report¹

CLOSED EXECUTIVE SESSION

- 6 Executive Session – FCS Building Association Auditor's Report²

/s/

Dale Aultman
Secretary to the Board

May 4, 2021
Date

¹ Closed session is exempt pursuant to 5 U.S.C. Section 552b(c)(8) and (9).

² Closed session is exempt pursuant to 5 U.S.C. Section 552b(c)(2).

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for April 8, 2021

BM-13-MAY-21-01

Effective Date: May 13, 2021

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for April 8, 2021.

DATED THIS 13th DAY OF MAY 2021

BY ORDER OF THE BOARD

_____/s/_____
Dale Aultman
Secretary to the Board

FCS Building Association

Report Regarding Financial
Statement Audit for the Year
Ended December 31, 2020

SPEAKERS

Brynn McNeil, Partner
bmcneil@cbh.com

Sarah Jane Dietz, Manager
sdietz@cbh.com



Exhibit D

Your guide forward



FCS Building Association

Overview of Audit Results

We have completed our audit procedures related to the FCS Building Association's year ended December 31, 2020, financial statements.

Our procedures and scope were substantially consistent with our planned audit strategy, and we did not experience any significant problems during the audit process.

We issued an unmodified (clean) opinion on the Company's financial statements.

We received excellent cooperation from the Company's personnel.

General Financial Statement Comments

- ▶ Strong Balance Sheet as of December 31, 2020
 - Cash reserve balance of \$671k
 - Current ratio of 3:1
 - Total liabilities-to-equity ratio 1:8
- ▶ Operating loss of \$292k for the year ended December 31, 2020, lower than budgeted loss of \$665k
- ▶ No new or unusual transactions noted for fiscal year 2020



Areas of Focus for the 2020 Audit

Procedures
with respect
to internal
control

Leasing
activities

Capital
expenditures
and repairs
and
maintenance

No significant
deficiencies
or material
weaknesses
identified

Required Communications

The auditor's responsibility under generally accepted auditing standards – reasonable assurance that financial statements are materially correct

Significant accounting policies are disclosed in Note 2 of the F/S's

We have considered management judgments and accounting estimates included in the financial statements and believe them to be reasonable

There were no disagreements with management during the engagement

There were no major issues discussed with management prior to our Firm being retained

No irregularities or fraud identified as part of the audit

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 is intended to improve financial reporting about leasing transactions.

The ASU affects all companies and other organizations that lease assets such as real estate, airplanes and manufacturing equipment.

The ASU will require organizations that lease assets, referred to as “Lessees,” to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases.

Recent Accounting Pronouncements (cont'd)

An organization is to provide disclosures designed to enable users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements concerning additional information about the amounts recorded in the financial statements.

Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months.

Recent Accounting Pronouncements (cont'd)

Consistent with current GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases (i.e., operating and capital) to be recognized on the balance sheet.

Non-public companies will be required to adopt the new leasing standard for fiscal years beginning after December 15, 2021.

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Farmer Mac Report Submission Process Change – Direct Final Rule

BM-13-MAY-21-02

Effective Date: May 13, 2021

Impact on Prior Board Actions: This rule amends previously approved regulations under 12 CFR Part 655, subparts B and C.

THE FCA BOARD HEREBY:

- Approves the direct final rule to eliminate certain requirements for the Federal Agricultural Mortgage Corporation (FAMC) to submit paper copies of reports to the Office of Secondary Market Oversight that FAMC must submit in electronic form; and
- Authorizes staff to make any necessary technical or grammatical changes prior to publication of the final rule in the *Federal Register*.

DATED THIS 13th DAY OF MAY 2021

BY ORDER OF THE BOARD

_____/s/
Dale Aultman
Secretary to the Board



Exhibit F

Farmer Mac Report Submission Process Change Direct Final Rule

**Tiffany West (OSMO)
& Hazem Isawi (OGC)**

**FARM CREDIT ADMINISTRATION
BOARD MEETING
May 13, 2021**





FCA Board Meeting May 2021

Farmer Mac Report Submission Process Change Direct Final Rule

**Tiffany West
Hazem Isawi**





Background

FCA regulations require Farmer Mac to submit to OSMO the following reports in paper and electronic form:

- ▶ Every signed report distributed to shareholders (§ 655.10(c));
- ▶ Every interim report, notice, and proxy statement filed with the SEC (§ 655.15(a)); and
- ▶ Every filing made with the U.S. Treasury, the SEC, and the New York Stock Exchange (§ 655.21(a)).





Background

In addition, § 655.21(b) requires Farmer Mac to submit copies of certain correspondence with regulatory bodies, but the regulation does not specify whether the copies must be in electronic or paper form.





Need for Rulemaking

- ▶ Electronic copies of these reports are sufficient.
- ▶ Paper copies unnecessarily use environmental resources.
- ▶ Electronic-only submissions have been allowed since March 16, 2020, and OSMO has continued to fulfill its examination and oversight responsibilities.





Direct Final Rule

Amends regulations as follows:

- ▶ Eliminates requirements for submissions of paper copies of certain reports and filings, unless electronic copies cannot otherwise be provided; and
- ▶ Clarifies that copies of correspondence specified in § 655.21(b) should be submitted electronically.

Direct final rulemaking is recommended to implement these changes.





Recommended Board Resolution

“The Farm Credit Administration Board hereby approves the attached direct final rule to eliminate certain requirements for Farmer Mac to submit paper copies of reports to the Office of Secondary Market Oversight that Farmer Mac must submit in electronic form. The FCA Board also authorizes staff to make any necessary technical or grammatical changes prior to publication of the final rule in the *Federal Register*.”





QUESTIONS?

**FARM CREDIT ADMINISTRATION
BOARD MEETING
May 13, 2021**

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Executive Order 12866 Annual Review of Significant Regulatory Actions

BM-13-MAY-21-03

Effective Date: May 13, 2021

Source of Authority: EO 12866 and sections 5.9 and 5.17(a)(9) of the Farm Credit Act of 1971, as amended.

THE FCA BOARD HEREBY:

- Concludes there are no regulatory actions under development meeting the definition of a "significant regulatory action; and
- Authorizes the Secretary to the FCA Board to notify, before June 1, 2021, the Office of Information and Regulatory Affairs that FCA is not required to develop a Regulatory Plan.

DATED THIS 13th DAY OF MAY 2021

BY ORDER OF THE BOARD

_____/s/
Dale Aultman
Secretary to the Board

Farm Credit Administration

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



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 May 13, 2021, was properly closed to the public on the basis of the exemptions set forth below:

- Supervisory and Oversight Activities of FCS Institution(s) – 5 U.S.C. § 552b(c)(8) and (9), and
- Information related solely to the internal practices of an Agency – 5 U.S.C. § 552b(c)(2).

May 13, 2021
Date

/s/
Clark Ogilvie
General Counsel