

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



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
January 13, 2022**

These minutes reflect the business transacted at the January 13, 2022, 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 10:30 a.m.

Members of the Board present were:

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

Others present included **Ashley Waldron**, Secretary to the Board; **Clark Ogilvie**, General Counsel; staff of the FCA and the Farm Credit System Insurance Corporation (FCSIC); and representatives from audit firms Harper, Rains, Knight & Company and Williams Adley. There were eight members of the general public registered to attend. (A list of the FCA staff, FCSIC staff, Harper, Rains, Knight & Company representatives, and Williams Adley representatives, in attendance is attached as Exhibit A.)

**Chairman Smith** announced that this meeting of the Board is a hybrid physical/virtual meeting due to the COVID 19 pandemic.

**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 closed to the public as permitted by the Government in the Sunshine Act and therefore moved that the meeting be closed at that point 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 December 9, 2021 Regular Board Meeting (BM-13-JAN-22-01)**

**Mr. Hall** moved to approve the minutes for the December 9, 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-JAN-22-01)**

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

### **New Business**

#### **Small Association Workgroup**

**Autumn Agans** of the **Office of Regulatory Policy** presented the Small Association Workgroup agenda item.

**Chairman Smith** asked if there were any questions or comments from the Board.

There were no further questions or comments.

#### **Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance (Revised) (BM-13-JAN-22-02)**

**Jeremy Edelstein** of the **Office of Regulatory Policy** and **Jennifer Cohn** of the **Office of General Counsel** presented the revised Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance.

**Chairman Smith** asked if there were any questions or comments from the Board.

There being no further questions or comments, **Chairman Smith** asked the staff to provide their recommendation. The staff provided their recommendation.

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

**Mr. Hall** moved to approve the staff's recommendation regarding the revised Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance.

**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-JAN-22-02)**

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

## **Reports**

### **OIG Year in Review and Report on FY 2021 Financial Statement Audit**

**Wendy Laguarda** of the **Office of Inspector General** and **Hunter Blanks** and **Matt Farage** of **Harper, Rains, Knight & Company** presented the OIG Year in Review and Report on the FY 2021 Financial Statement Audit.

**Chairman Smith** asked if there were any questions or comments from the Board.

There were no further questions or comments.

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

## **CLOSED EXECUTIVE SESSION**

**Chairman Smith** thanked the members of the public for connecting to the meeting and noted that this was a Closed Executive Session.

**Chairman Smith** asked **OIT staff** to disconnect the public and asked that only the following persons remain present: Board Members; Executive Assistants; Matt Farage and Hunter Blanks of Harper, Rains, Knight & Company; the Secretary to the Board; the FCA General Counsel; the FCA Chief Operating Officer; the FCA Inspector General and OIG staff; and OIT staff members Jerry Versace, Ben Rana, and Ricardo Matos.

**Chairman Smith** asked that the **Williams Adley** representatives stand ready to reconnect to later provide the report on the FY 2021 FISMA audit.

**Chairman Smith** asked **OIT staff** to confirm that only the individuals whom the Chairman had listed remained connected. **OIT staff** provided that confirmation.

**Chairman Smith** convened the Closed Executive Session of the meeting at 9:47 a.m. and asked **OIT staff** to confirm that the proceedings of the Closed Executive Session were being recorded as required by the Government in the Sunshine Act. **OIT staff** provided that confirmation.

**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. (A copy of the Certification is attached hereto as Exhibit F.)

The **Secretary** noted the start time of the Closed Executive Session and called the roll. (Attendees are shown on Exhibit A.)

### **Executive Session with Financial Statement Auditors**

The **Board** met in Executive Session with **Hunter Blanks** and **Matt Farage** of **Harper, Rains, Knight & Company**. (Those in attendance are listed in Exhibit A.)

**Chairman Smith** opened the discussion for questions and comments from the Board.

There being no further discussion, **Chairman Smith** thanked the auditors and asked them to disconnect from the virtual meeting.

**OIT staff** confirmed the disconnection of the **Harper, Rains, Knight & Company** representatives.

### **Report on FY 2021 FISMA Audit**

**Chairman Smith** asked **OIT staff** to reconnect the **Williams Adley** representatives to the virtual meeting so that the Board could receive the **Report on FY 2021 FISMA Audit**.

**OIT staff** confirmed the reconnection of **Tony Wang** and **Ankit Chatly** of **Williams Adley** to the virtual meeting.

**Chairman Smith** asked the **Secretary** to conduct the third and final roll call.

The **Secretary** called the roll.

**Sonya Cerne** of the **Office of Inspector General** and **Tony Wang** and **Ankit Chatly** of **Williams Adley** presented the **Report on FY 2021 FISMA Audit**. (Those in attendance are listed in Exhibit A.)

**Chairman Smith** opened the discussion for questions and comments from the Board.

There were no further questions or comments. There being no further discussion, **Chairman Smith** thanked the auditors.

### **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 10:30 a.m.

### NOTATIONAL VOTE ACTIONS

There were two notational vote actions approved by the FCA Board from December 9, 2021, through January 12, 2022, as follows:

Item Number	Action Date	Voting Results	Subject
NV 21-37	12/15/2021	Approved	CoBank, ACB Advance Prior Approval Request to Redeem Certain Preferred Stock
NV 22-01	01/5/2022	Approved	Civil Money Penalties Inflation Adjustment

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on January 13, 2022.

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

\_\_\_\_\_/s/\_\_\_\_\_  
Ashley Waldron  
Secretary to the Board

Approved: February 10, 2022

**STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
January 13, 2022**

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

	<b>OPEN SESSION (Tabs 1-4)</b>	<b>CLOSED EXECUTIVE SESSION (Tab 5)</b>	<b>CLOSED EXECUTIVE SESSION (Tab 6)</b>
<b>Office of the Board</b>			
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		
Calhoun, Gaye	X		
Waldron, Ashley	X	X	X
<b>COO</b>			
Coleman, Robert	X	X	X
<b>OIT</b>			
Golley, Jerry	X		
Versace, Jerry	X	X	X
Matos, Ricardo	X	X	X
Rana, Ben	X	X	X
<b>OCPA</b>			
Stokke, Mike	X		
Middleton, Russell	X		
Meaux, Willy	X		
<b>OGC</b>			
Ogilvie, Clark	X	X	X
Griffin, Ward	X		
Cohn, Jennifer	X		
Orlich, Becky	X		
<b>OE</b>			
Fennewald, Dan	X		
<b>ODAE</b>			
Shields, Dennis	X		
Iannetta, Salvatore	X		
<b>OIG</b>			
Laguarda, Wendy	X	X	X
Cerne, Sonya	X	X	X
Miller, Kevin	X	X	X
Kaufman, Tori	X	X	X
<b>OSMO</b>			
Rea, Laurie	X		
<b>ORP</b>			

	<b>OPEN SESSION (Tabs 1-4)</b>	<b>CLOSED EXECUTIVE SESSION (Tab 5)</b>	<b>CLOSED EXECUTIVE SESSION (Tab 6)</b>
Kramp, Kevin	X		
Agans, Autumn	X		
Edelstein, Jeremy	X		
<b>OCFO</b>			
Walters, Sandra	X		
Gandy, Doug	X		
Soares, Ily	X		
Cabrera, Vicky	X		
Antolini, David	X		
Howard, John	X		
Briggs, Josh	X		
Roach, Gina	X		
<b>OAS</b>			
Bell, Vonda	X		
Clark, Patrina	X		
<b>Harper, Rains, Knight &amp; Company (Financial Statement Auditors)</b>			
Blanks, Hunter	X	X	
Farage, Matt	X	X	
<b>Williams Adley (FISMA Auditors)</b>			
Wang, Tony	X		X
Chatly, Ankit	X		X
<b>FCSIC</b>			
Rubin, Howard	X		
Simonson, John	X		
Grimaldi, Andrew	X		
<b>GENERAL PUBLIC</b>	<b>8</b>	<b>N/A</b>	<b>N/A</b>

# Farm Credit Administration

1501 Farm Credit Drive  
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(703) 883-4000



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

### **Farm Credit Administration Board Regular Meeting January 13, 2022**

**TIME AND DATE:** 9:00 a.m., Thursday, January 13, 2022

**PLACE:** Because of the COVID-19 pandemic, the public may only virtually attend the open portions of this meeting. If you would like to virtually attend, at least 24 hours in advance, visit [FCA.gov](http://FCA.gov), select "Newsroom," and then select "Events." From there, access the linked "Instructions for board meeting visitors."

**STATUS:** Parts of this meeting will be open to the public. The rest of the meeting will be closed to the public.

#### **MATTERS TO BE CONSIDERED:**

##### **Portions Open to the Public**

- Approval of December 9, 2021 minutes
- Small Association Workgroup
- Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance (Revised)
- OIG Year in Review and Report on FY 2021 Financial Statement Audit

##### **Portions Closed to the Public**

- Executive Session with Financial Statement Auditors<sup>1</sup>
- Report on FY 2021 FISMA Audit<sup>2</sup>

**CONTACT PERSON FOR MORE INFORMATION:** If you need more information, need assistance for accessibility reasons, or have questions, contact Ashley Waldron, Secretary to the Board. Telephone: 703-883-4009. TTY: 703-883-4056.

\_\_\_\_\_  
/s/  
Ashley Waldron  
Secretary to the Board

<u>December 30, 2021</u>
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<sup>1</sup> Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(2).  
<sup>2</sup> Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(2).



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## BOARD ACTION ITEM

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### FCA BOARD ACTION ON

**Minutes for December 9, 2021**

**BM-13-JAN-22-01**

**Effective Date:** January 13, 2022

**Impact on Prior Board Actions:** None

**THE FCA BOARD HEREBY:**

- Approves the minutes for December 9, 2021.

**DATED THIS 13<sup>th</sup> DAY OF JANUARY 2022**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
Ashley Waldron  
Secretary to the Board

# Farm Credit Administration

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## BOARD ACTION ITEM

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### FCA BOARD ACTION ON

#### **Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance (Revised)**

**BM-13-JAN-22-02**

**Effective Date:** January 13, 2022

**Impact on Prior Board Actions:** Revises the Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance approved by the FCA Board on December 22, 2016, to reflect revisions to the Tier 1/Tier 2 Capital Framework approved by the FCA Board on September 9, 2021.

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

- Approves the revised Bookletter-068: Tier 1/Tier 2 Capital Framework Guidance, which communicates guidance and clarifications that remain relevant to the Tier 1/Tier 2 Capital Framework regulations.
- Authorizes FCA staff to make any technical or grammatical changes to the revised Bookletter-068 that may be necessary prior to publication.

**DATED THIS 13<sup>th</sup> DAY OF JANUARY 2022**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
Ashley Waldron  
Secretary to the Board



**FCAOIG**

Farm Credit Administration  
Office of Inspector General

**Exhibit E**

**OFFICE OF INSPECTOR GENERAL  
2021 YEAR IN REVIEW**

**WENDY R. LAGUARDA  
INSPECTOR GENERAL**



# AUDIT, INSPECTIONS, AND EVALUATIONS

- FCA's Employee Separation Process
- The Office of Secondary Market Oversight's Examination Policies and Procedures
- FCA's Property Management Program
- Survey of FCA Employees on COVID-19

# AUDIT, INSPECTIONS, AND EVALUATIONS

*Also (to be discussed more in-depth during auditors' presentations):*

- FCA's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2021
- FCA's Financial Statements, Fiscal Year 2021

## OTHER REPORTS

- FCA's Compliance with the Payment Integrity Information Act for Fiscal Year 2020
- Top Management Challenges
- Survey of FCS Institutions Regarding the Agency's Examination Function (resumption of the survey, report expected in January)
- No reports of investigation issued this calendar year

# OIG REPORTING RESPONSIBILITIES

- Issued semiannual reports to Congress in Spring and Fall
- Met with our Agricultural oversight committees in both House and Senate in Spring and Fall
- Reported monthly to and met with the FCA board quarterly
- IG met monthly with the FCA Chief Operating Officer

- Town Hall meetings
- New employee orientations
- The dIG
- Committees and workgroups of the Council of the Inspectors General on Integrity and Efficiency

# OIG OUTREACH EFFORTS



- FCA cooperation with the OIG is essential for our work to be effective
- FCA staff professionalism and courtesy
- Message from the Board on cooperation with the OIG

## **FCA COOPERATION WITH OIG**

# LOOKING FORWARD

Some examples from our Audit, Inspection, and Evaluation Plan for Fiscal Years 2022-2023:

- FCA's Enterprise Risk Management (ERM) Capability and Internal Control Program
- Agency-wide Training Initiatives
- FCA's Policy and Regulation Development Process
- Examination Staff Scheduling and Rotation

- OIG contracts with independent public accounting firm
- OIG's role limited to oversight and monitoring the audit firm to ensure compliance with:
  - Auditing standards
  - Contract requirements
- Fiscal year 2021 financial statement audit performed by Harper, Rains, Knight & Company (HRK)
- Unmodified opinion issued

# **HRK FINANCIAL AUDIT RESULTS**

**Presented by  
Matthew  
Farage and  
Hunter Blanks**



# Farm Credit Administration

Fiscal Year 2021  
Financial Statements Audit

# Auditors' Report Overview

## Opinion on FCA's FY 2021 Financial Statements

- *Unmodified Opinion*

## Report on FCA's Internal Controls over Financial Reporting

- *No opinion issued*
- *No significant deficiencies or material weaknesses identified*

## Report on FCA's Compliance and Other Matters

- *No opinion issued*
- *No instances of non-compliance identified*

# Audit Strategy

## Key Audit Areas:

- Payroll Expenditures (85% of total expenditures)
- Investments (93% of total assets)
- Assessments

## Methodology:

- Reliance on controls at service providers
- Testing of controls in place at FCA
- Interim and year-end substantive testing

# Financial Statements

**Balance Sheets** – Line items were materially consistent with the prior year with the exception of Fund Balance with Treasury and Federal Investments.

Balance Sheets		
As of September 30, 2021 and 2020		
(In Dollars)		
	2021	2020
Fund Balance with Treasury	\$ 896,793	\$ 4,204,180
Federal Investments	\$ 39,447,090	\$ 34,370,600

# Financial Statements

## Balance Sheets – Continued

- While Fund Balance with Treasury decreased from FY 2020 to FY 2021, Federal Investments increased from FY 2020 to FY 2021 as these accounts have an inverse relationship due to the timing of when assessments are collected and investments are made.



# Financial Statements

**Statements of Net Cost** – Net Cost of Operations increased from FY 2020 to FY 2021 due to the overall increase in program costs.

## Statements of net cost

For the years ended Sept. 30, 2021 and 2020  
(In dollars)

Agency programs	Program costs	2021	2020
<b>Public mission</b>	Gross costs	\$20,209,279	\$19,014,091
	Less: Earned revenue	<u>(18,680,718)</u>	<u>(18,082,433)</u>
	Net program cost	\$1,528,561	\$931,658
<b>Safety and soundness</b>	Gross costs	\$62,627,132	\$58,420,531
	Less: Earned revenue	<u>(57,887,401)</u>	<u>(55,535,650)</u>
	Net program cost	\$4,739,731	\$2,884,881
<b>Other activity</b>	Gross costs	\$830,844	\$781,411
	Less: Earned revenue	<u>(467,605)</u>	<u>(504,831)</u>
	Net program cost	\$363,239	\$276,580
<b>Net cost of operations (note 8 and note 13)</b>		<b><u>\$6,631,531</u></b>	<b><u>\$4,093,119</u></b>

# Financial Statements

## Statements of Net Cost – continued

- The increase in Gross Costs is primarily due to increases in staff, performance-based salary increases, employee benefits, career ladder promotions, and higher leave liability expenses.

# Financial Statements

**Statements of Changes in Net Position** – Net Position increases/decreases when financing sources are greater/less than net costs. In FY 2021, Net Position decreased due to an overall increase in current year net cost as compared to current year financing sources.

## Statements of changes in net position

For the years ended Sept. 30, 2021 and 2020

(In dollars)

<b>Cumulative results of operations</b>		2021	2020
<b>Beginning balances</b>		\$22,894,608	\$20,901,814
<b>Other financing sources (Non-exchange)</b>	<b>Imputed financing sources</b>		
	Federal employee benefits (note 9)	2,760,095	2,435,913
	Rent (note 9)	<u>3,650,000</u>	<u>3,650,000</u>
	Total financing sources	6,410,095	6,085,913
<b>Net cost of operations</b>		<u>(6,631,531)</u>	<u>(4,093,119)</u>
<b>Net change</b>		<u>(221,436)</u>	<u>1,992,794</u>
<b>Cumulative results of operations</b>		\$22,673,172	\$22,894,608
<b>Net position</b>		<u><b>\$22,673,172</b></u>	<u><b>\$22,894,608</b></u>

# Financial Statements

## Statements of Budgetary Resources –

- The increase in Budgetary Resources available in the current year is primarily due to an increase in the board-approved budget coupled with the corresponding increase of the congressional limitation on spending.

~ Thank You ~  
Inspector General and Staff  
&  
Chief Financial Officer and Staff



Harper, Rains, Knight & Company

**Certified Public Accountants • Consultants • [hrkcpa.com](http://hrkcpa.com)**

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## 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 January 13, 2022, was properly closed to the public on the basis of the exemption set forth below:

- Information related solely to the internal practices of an Agency – 5 U.S.C. § 552b(c)(2).

January 13, 2022  
Date

/s/  
Clark Ogilvie  
General Counsel