

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 12, 2022**

These minutes reflect the business transacted at the May 12, 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 9:52 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, the Farm Credit System Insurance Corporation (FCSIC), and the Farm Credit System Building Association (FCSBA); and a representative of Cherry Bekaert LLP, the FCSBA's auditor. Also, there were 25 members of the general public in attendance. (A list of the FCA, FCSIC, and FCSBA staff in attendance is attached as Exhibit A.)

Chairman Smith announced that this meeting of the Board is a hybrid physical/virtual meeting.

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 address a few technical and protocol items.

The **Secretary** conducted a roll call and addressed the 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 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 April 14, 2022, Regular Board Meeting (BM-12-MAY-22-01)

Mr. Hall moved to approve the minutes for the April 14, 2022, 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-12-MAY-22-01)**

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

Reports

Farm Credit System Building Association Auditor's Report

Brynn McNeil of **Cherry Bekaert, LLP** presented the FCSBA Auditor's Report.

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.)

New Business

Young, Beginning, and Small Farmers and Ranchers Proposed Rule (BM-12-MAY-22-02)

Jessica Potter of the **Office of Regulatory Policy** and **Hazem Isawi** of the **Office of General Counsel** presented the Young, Beginning, and Small Farmers and Ranchers Proposed Rule.

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 Young, Beginning, and Small Farmers and Ranchers Proposed Rule.

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-12-MAY-22-02)**

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

Chairman Smith had a written statement. **Chairman Smith** read aloud this statement and requested that the **Secretary** include this statement in the minutes. (Chairman Smith's statement is attached as Exhibit F.)

CLOSED EXECUTIVE SESSION

Chairman Smith thanked the members of the public for attending and noted that this was a closed executive session.

Chairman Smith asked members of the public to disconnect from the virtual portion of the meeting or exit the Board Room and asked that only the following persons remain present: Board Members; Executive Assistants; Special Assistants; Brynn McNeil of Cherry Bekaert LLP; the Secretary to the Board; the General Counsel and Deputy General Counsel; the FCA Chief Operating Officer; and OIT staff members Jerry Versace, Ben Rana, and Ricardo Matos.

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 9:46 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.

The **Secretary** noted the start time of the closed executive session, indicated she had the certification from the **General Counsel**, and called the roll. (Attendees are shown in Exhibit A.) (A copy of the certification is attached hereto as Exhibit G.)

Executive Session with Farm Credit System Building Association Auditor

The **Board** met in executive session with **Brynn McNeil** of **Cherry Bekaert LLP**. (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 auditor.

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 9:52 a.m.

NOTATIONAL VOTE ACTIONS

There were two notational vote actions approved by the FCA Board from April 14, 2022, through May 11, 2022, as follows:

Item Number	Action Date	Voting Results	Subject
NV 22-08	04/15/2022	Approved	Appointment of Sandra Walters as Chief Financial Officer and Director of the Office of the Chief Financial Officer
NV 22-09	04/19/2022	Approved	Final Interagency Questions and Answers Regarding Flood Insurance

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 12, 2022.

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

_____/s/
Ashley Waldron
Secretary to the Board

Approved: June 9, 2022

**STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
May 12, 2022**

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

ATTENDEES	OPEN SESSION	CLOSED EXECUTIVE SESSION
Office of the Board		
Smith, Glen	X	X
Hall, Jeff	X	X
Donner, Mary Alice	X	X
Lewandrowski, Barbara	X	X
Calhoun, Gaye	X	
Waldron, Ashley	X	X
COO		
Coleman, Robert	X	X
OIT		
Golley, Jerry	X	
Versace, Jerry	X	X
Matos, Ricardo	X	X
Rana, Ben	X	X
OCPA		
Stokke, Mike	X	
Middleton, Russell	X	
Meaux, Willy	X	
OGC		
Ogilvie, Clark	X	X
Griffin, Ward	X	X
Isawi, Hazem	X	
Grossman, Andra	X	
OE		
Duffy, Mike	X	
Fennewald, Dan	X	
Greenlee, Angela	X	
ODAE		
D'Antoni, Jeremy	X	
Shields, Dennis	X	
Iannetta, Sal	X	
OIG		
Cerne, Sonya	X	
Miller, Kevin	X	

ATTENDEES	OPEN SESSION	CLOSED EXECUTIVE SESSION
OSMO		
Rea, Laurie	X	
ORP		
Kramp, Kevin	X	
Agans, Autumn	X	
Johansen, Mark	X	
Potter, Jessica	X	
OCFO		
Walters, Sandi	X	
Gandy, Doug	X	
OAS		
Bell, Vonda	X	
Clark, Patrina	X	
FCSIC		
Rubin, Howard	X	
FCSBA		
Albrecht, Rick	X	
McNeil, Brynn (Cherry Bekaert LLP auditor)	X	X
GENERAL PUBLIC	25	N/A

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 12, 2022

TIME AND DATE: 9:00 a.m., Thursday, May 12, 2022.

PLACE: You may observe the open portions of this meeting in person at 1501 Farm Credit Drive, McLean, Virginia 22102-5090, or virtually. If you would like to observe, at least 24 hours in advance, visit FCA.gov, select "Newsroom," then select "Events." From there, access the linked "Instructions for board meeting visitors" and complete the described registration process.

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: The following matters will be considered:

Portions Open to the Public

- Approval of April 14, 2022, Minutes
- Farm Credit System Building Association Auditor's Report on 2021 Financial Audit
- Young, Beginning, and Small Farmers and Ranchers Proposed Rule

Portions Closed to the Public

- Executive Session with Farm Credit System Building Association Auditor

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

/s/
Ashley Waldron
Secretary to the Board

April 28, 2022

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for April 14, 2022

BM-12-MAY-22-01

Effective Date: May 12, 2022

Impact on Prior Board Actions: None

THE FCA BOARD HEREBY:

- Approves the minutes for April 14, 2022.

DATED THIS 12th DAY OF MAY 2022

BY ORDER OF THE BOARD

_____/s/
Ashley Waldron
Secretary to the Board

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

**Young, Beginning, and Small Farmers
and Ranchers Proposed Rule**

BM-12-MAY-22-02

Effective Date: May 12, 2022

Impact on Prior Board Actions: No material impact on prior Board actions.

THE FCA BOARD HEREBY:

- Approves the proposed rule that reorganizes, restructures, and revises regulations in 12 CFR part 614 governing Young, Beginning, and Small Farmers and Ranchers and revises a reference in 12 CFR part 620.5 governing Contents of the annual report to shareholders.
- Authorizes staff to make any further technical or grammatical changes to this proposed rule that may be necessary prior to publication in the Federal Register.

DATED THIS 12th DAY OF MAY 2022

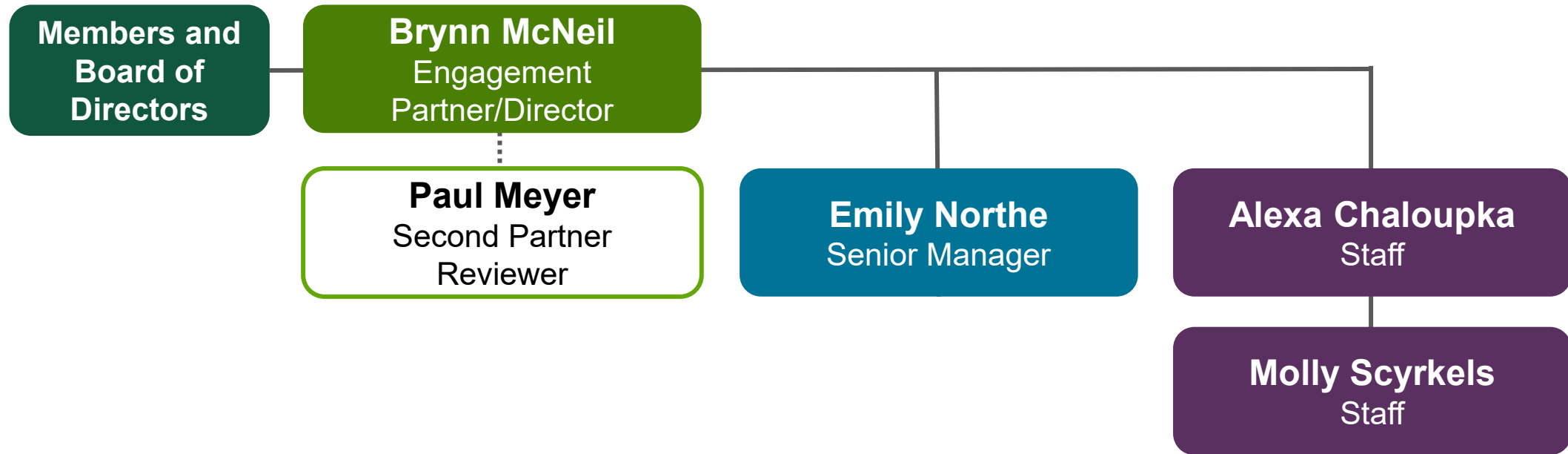
BY ORDER OF THE BOARD

_____/s/
Ashley Waldron
Secretary to the Board

FCS Building Association
Audit Executive Summary

May 12, 2022

Client Service Team





Agenda

- ▶ Results of the Audit
- ▶ Significant Audit Matter
- ▶ Internal Controls
- ▶ Corrected and Uncorrected Misstatements
- ▶ Required Communications
- ▶ Other Matters
- ▶ Reporting Changes

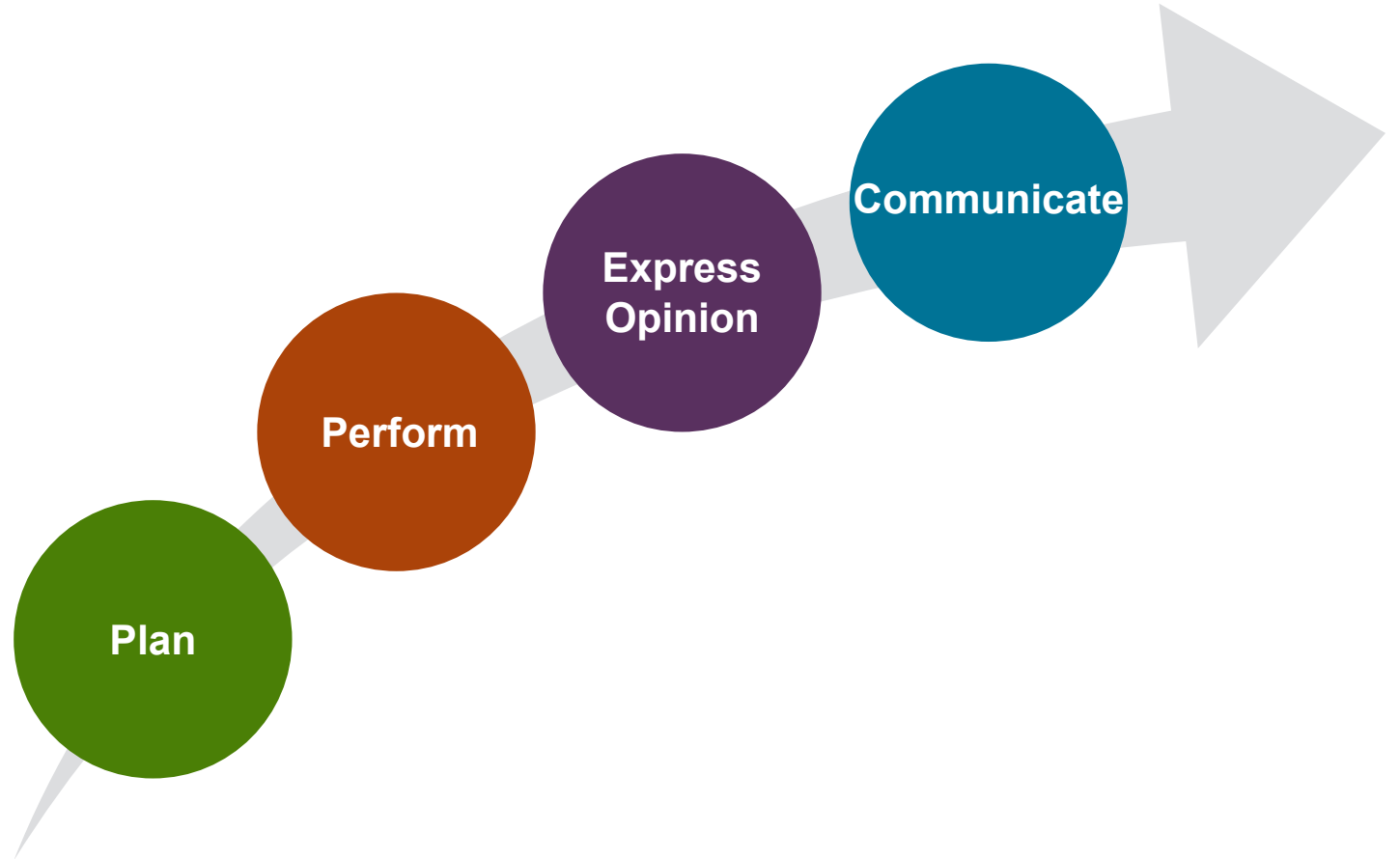
This information is intended solely for the use of Members, Board of Directors, and management of FCS Building Association, and is not intended to be, and should not be, used by anyone other than these specified parties.



Results of the Audit

We have audited the financial statements of FCS Building Association (the “Company”) for the year ended December 31, 2021, and have issued our report thereon dated May 6, 2022.

We have issued an unmodified opinion on the financial statements.



Significant Audit Matter

Management override of controls

- Exercised professional judgment.
- Obtained adequate supporting documentation.
- Performed testing over journal entries identified as non-standard. Evaluated business rationale for unusual transactions.
- Conducted walkthroughs over key controls identified through process narratives prepared by management.
- Conducted fraud inquiry discussions.
- Reviewed management estimates for bias.



Internal Control Communication

In planning and performing our audit, we considered internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.



Internal Control Communication

Material Weakness

- ▶ A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Significant Deficiency

- ▶ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We noted no deficiencies that we believe to be material weaknesses.



Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Corrected Misstatements

▶ None noted.

Uncorrected Misstatements

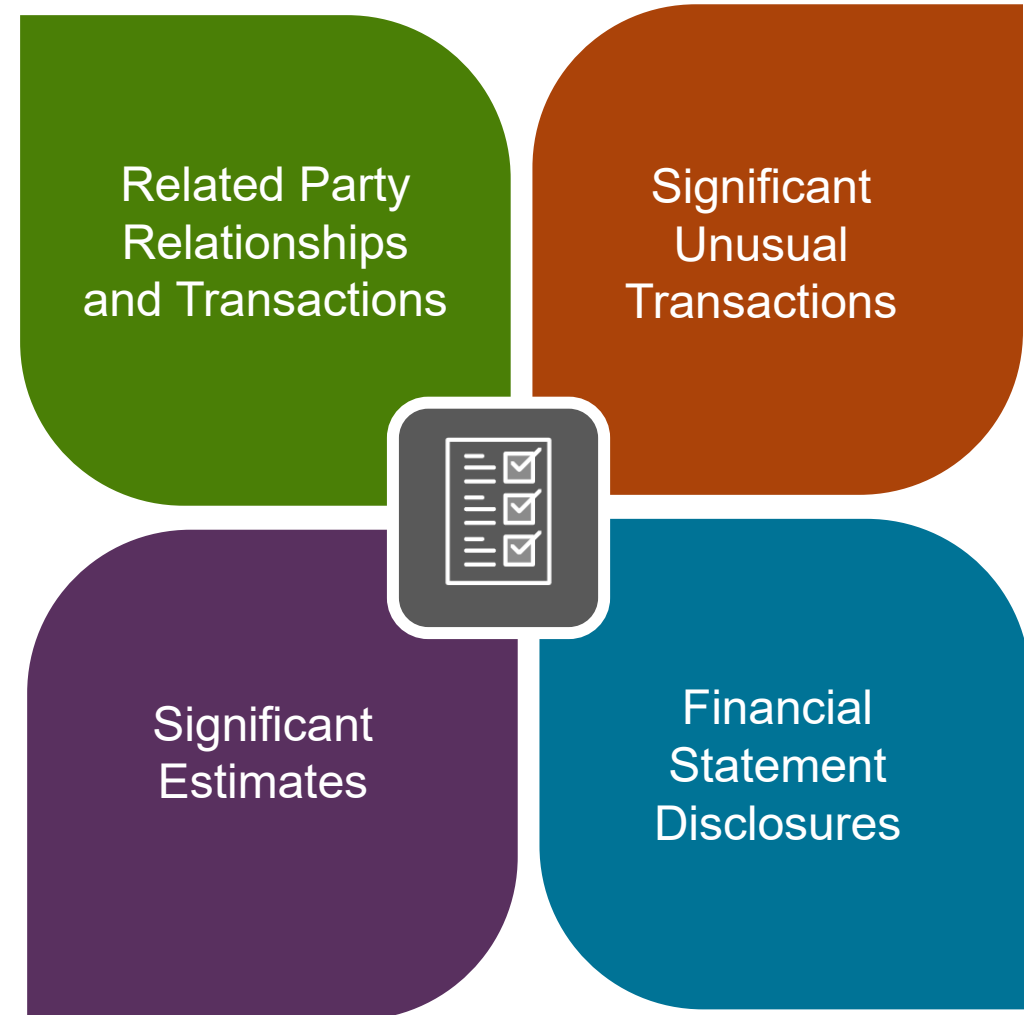
▶ None noted.



Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no inappropriate accounting policies or practices.

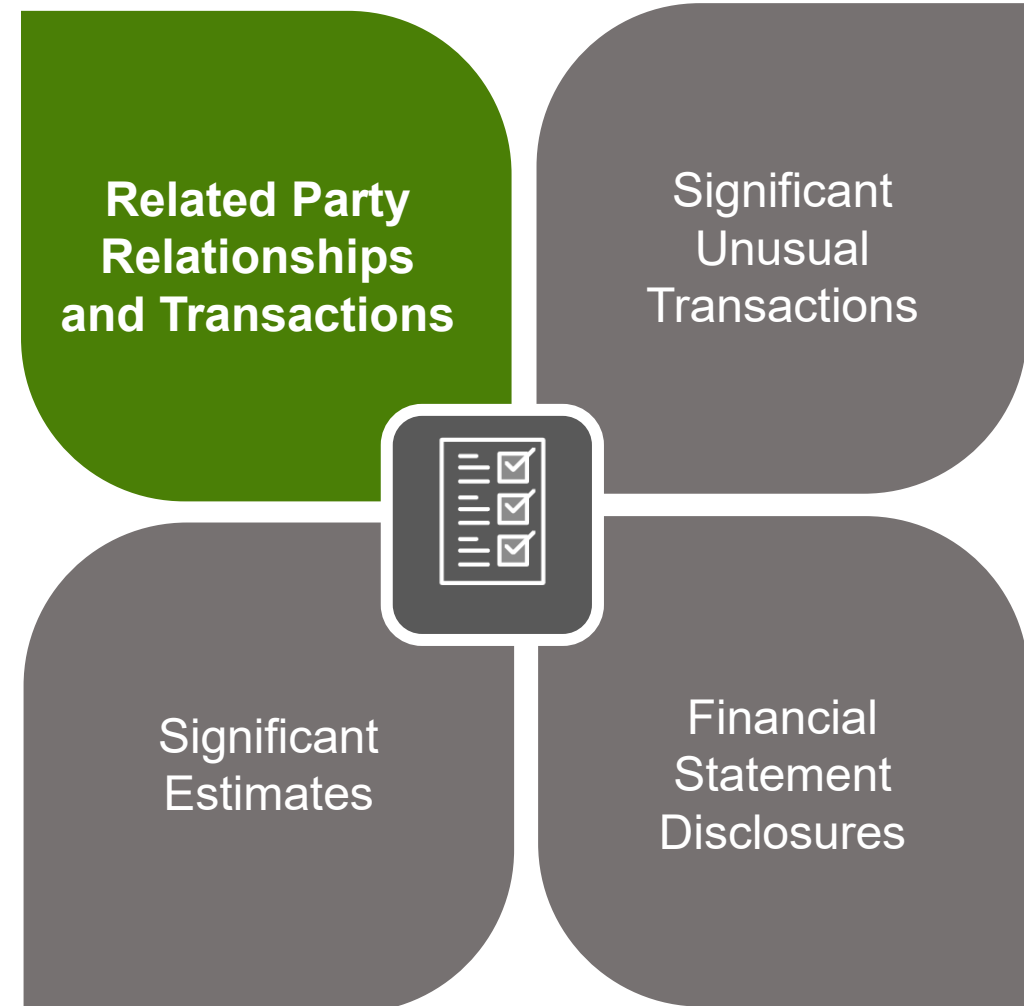


Qualitative Aspects of Accounting Practices

As part of our audit, we evaluated the Company's identification of, accounting for, and disclosure of the Company's relationships and transactions with related parties as required by professional standards.

We noted none of the following:

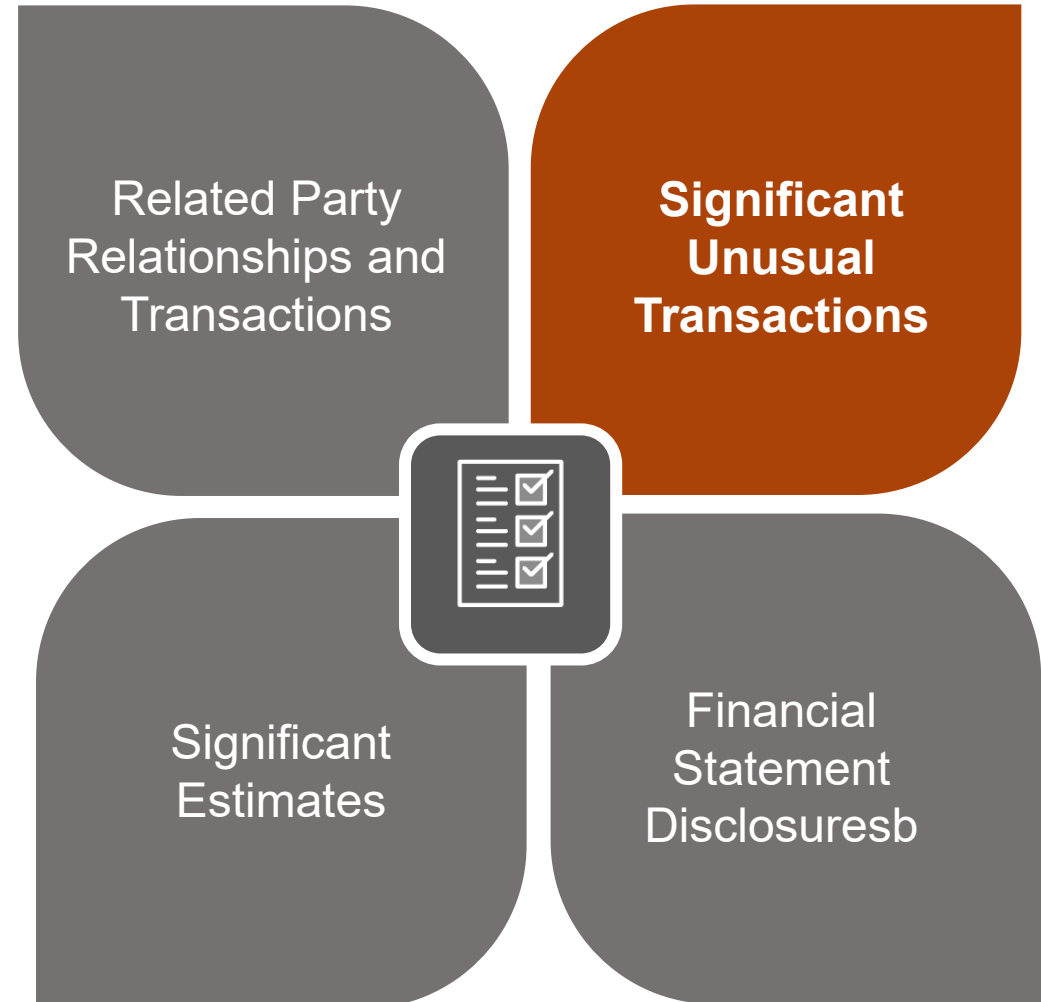
- Related parties or related party relationships or transactions that were previously undisclosed to us;
- Significant related party transactions that have not been approved in accordance with the Company's policies or procedures or for which exceptions to the Company's policies or procedures were granted;
- Significant related party transactions that appeared to lack a business purpose;
- Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions;
- Difficulties in identifying the party that ultimately controls the entity.



Qualitative Aspects of Accounting Practices

We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

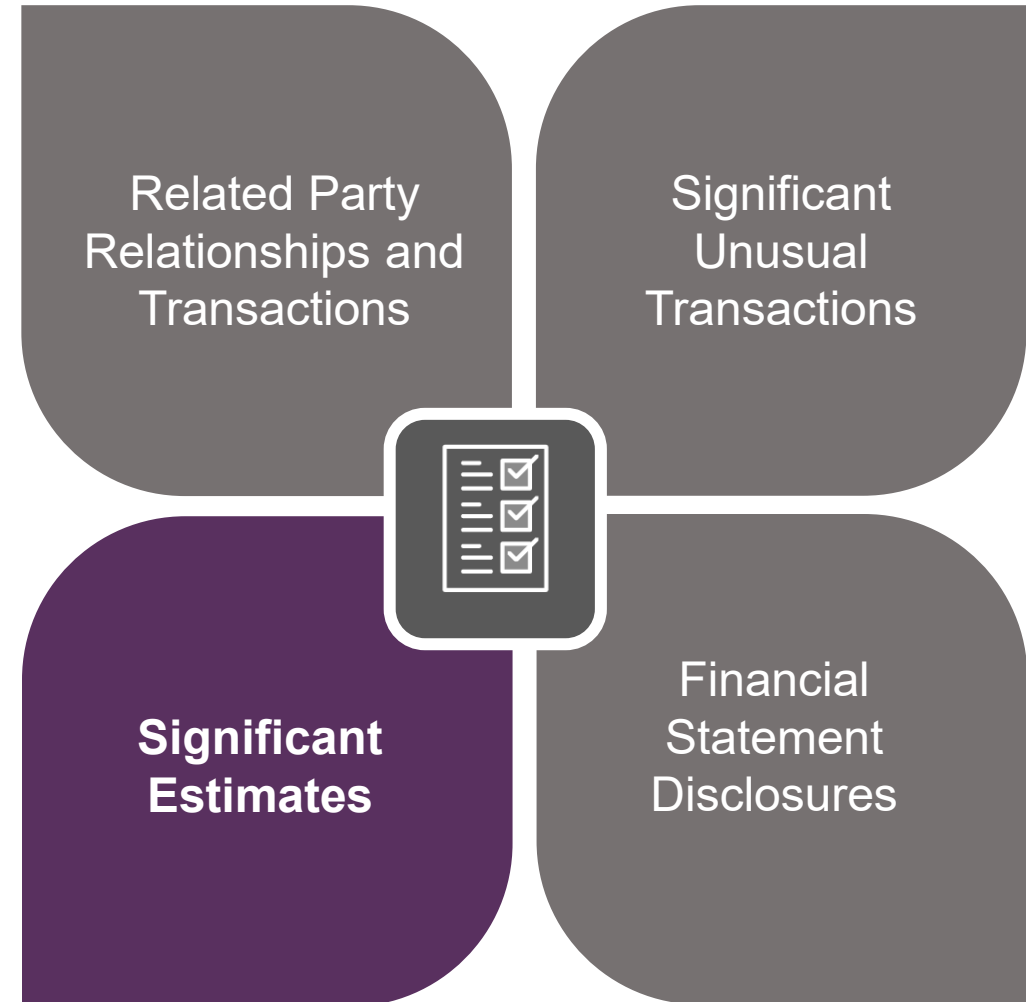
For purposes of this letter, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Company or that otherwise appear to be unusual due to their timing, size or nature. We noted no significant unusual transactions during our audit.



Qualitative Aspects of Accounting Practices

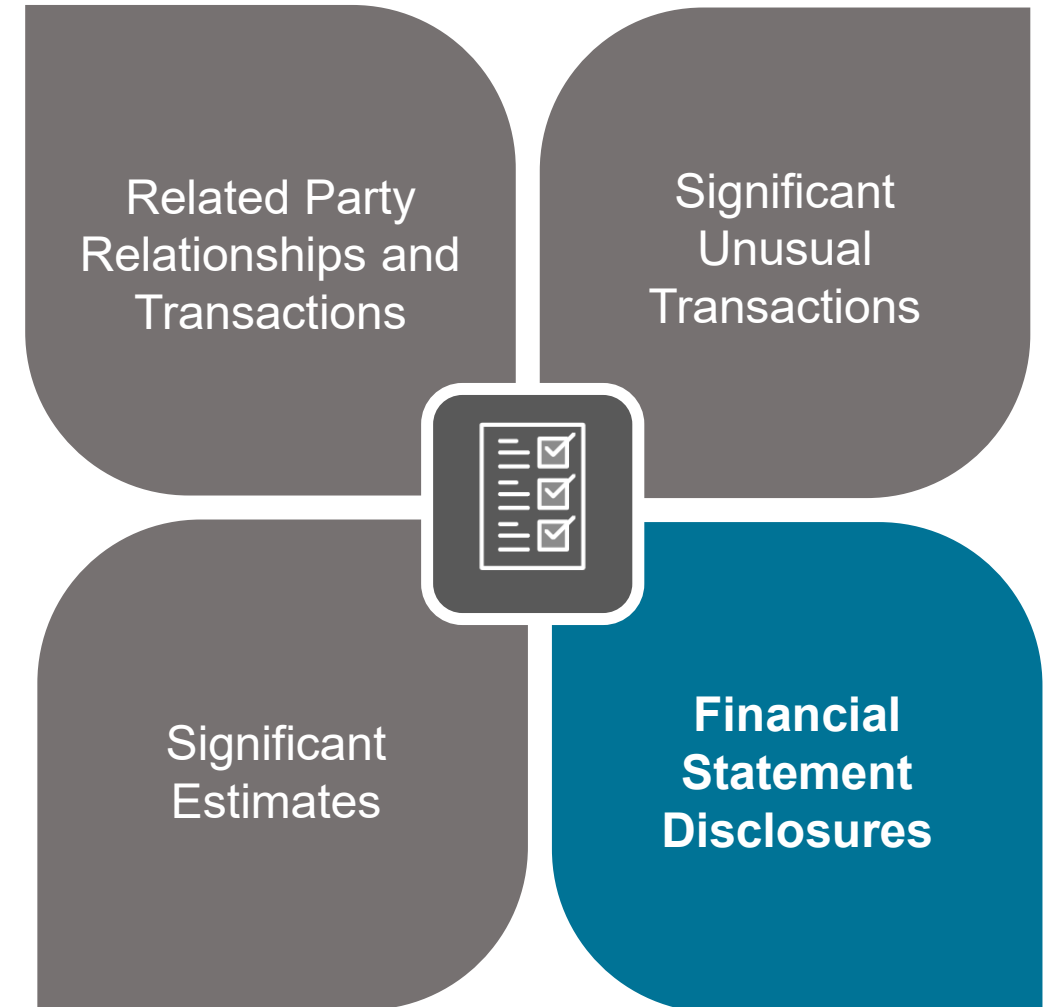
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of useful lives and depreciation methods for property and equipment which are based on past experience, industry standards, current asset condition and other risks inherent to property and equipment. We evaluated the key factors and assumptions used to develop the estimates above in determining that it is reasonable in relation to the financial statements taken as a whole.



Qualitative Aspects of Accounting Practices

The financial statement disclosures are neutral, consistent, and clear.



Independence Considerations

Nonattest Services

- ▶ Our audit team provided a nonattest service by assisting the Company with drafting the financial statements..
- ▶ For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.

Independence Conclusion

- ▶ We are not aware of any other circumstances or relationships that create threats to auditor independence.
- ▶ We are independent of the Company and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits.



Other Required Communications

Difficulties Encountered

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

Includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Auditor Consultations

We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2022.b



Other Required Communications

Management Consultations

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations.

To our knowledge, there were no such consultations with other accountants.

Other Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year.

These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Fraud and Illegal Acts

As of the date of this presentation no fraud, illegal acts, or violations of laws and regulations noted.

Going Concern

No events or conditions noted that indicate substantial doubt about the entity’s ability to continue as a going concern.



Upcoming Financial Reporting Changes

These standards will be effective for the Company in the upcoming years and may have a significant impact on the Company's financial reporting.

We would be happy to discuss with management the potential impacts on the Company's financial statements and how we may be able to assist in the implementation efforts.

ASU 2016-02 and
related amendments –
Leases (Topic 842)

Financial Instruments -
Credit Losses
(Topic 326):
Measurement of Credit
Losses on Financial
Instruments



Questions?

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About Cherry Bekaert

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Statement by Chairman Glen R. Smith
Young, Beginning, and Small Farmers and Ranchers Proposed Rule
Farm Credit Administration Board Meeting
May 12, 2022

The passage of today's proposed YBS rule is an exciting day for the Farm Administration, the Farm Credit System, and America's future generations of young, beginning, and small farmers and ranchers.

I would like to first thank my fellow board member, Jeff Hall, for his support and early recognition of the important role of data in agency business including YBS, well before I came to FCA. This led to the creation of the new Office of Data Analytics and Economics which has been instrumental in modernizing the collection of YBS data in recent years.

YBS has long been cited as an important reason the Farm Credit System is worthy of its government sponsored enterprise or (GSE) status and the important benefits assigned to it. The system has been telling this story and it's a great story to tell. But today's political and business climate DEMAND more than just a good story; it DEMANDS facts backed up by data, more importantly progress backed up by data.

In time, I firmly believe this linkage of data with best practices and growth will become a valuable tool - actually more of a tool, rather than a rule in helping system institutions to advance their YBS programs.

This is a proud day for our YBS workgroups here at FCA and represents an impressive collaborative effort between ORP, OE, OGC and ODAE. The board thanks you and tomorrow's farmers and ranchers thank you for your hard work and dedication.

