

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



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
November 10, 2022**

These minutes reflect the business transacted at the November 10, 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 9:58 a.m.

Members of the Board present were:

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

The above named constitute the full Board.

Others present included **Ashley Waldron**, Secretary to the Board; **Clark Ogilvie**, General Counsel; staff of the FCA, Farm Credit System Insurance Corporation (FCSIC), and Farm Credit System Building Association (FCSBA); and 11 members of the general public. (A list of Board and staff attendees is attached as Exhibit A.)

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

Chairman Logan asked everyone to say the Pledge of Allegiance with him as the Flag was displayed on the presentation screen.

Chairman Logan asked the Secretary to the Board to conduct a roll call and to address 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 Logan 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.

Mr. Smith seconded the motion.

There being no further discussion, **Chairman Logan** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

Mr. Smith 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.

Mr. Hall seconded the motion.

There being no further discussion, **Chairman Logan** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

OPEN SESSION

Approval of Minutes

Minutes for October 13, 2022

(BM-10-NOV-22-01)

Mr. Hall moved to approve the minutes for the October 13, 2022, FCA Regular Board meeting.

Mr. Smith seconded the motion.

There being no further discussion, **Chairman Logan** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-10-NOV-22-01)**

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

Reports

Update on Farm Credit System Funding Conditions

Ryan Leist and **David Lewandrowski** of the **Office of Regulatory Policy** presented the Update on Farm Credit System Funding Conditions.

Chairman Logan 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

Farm Credit System Building Association Budget for 2023

(BM-10-NOV-22-02)

Rick Albrecht of the **Farm Credit System Building Association** presented the FCSBA Budget for 2023.

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

There being no further questions or comments, **Chairman Logan** asked Mr. Albrecht to provide his recommendation. Mr. Albrecht provided his recommendation.

Chairman Logan called for a motion on Mr. Albrecht's recommendation.

Mr. Smith moved to approve Mr. Albrecht's recommendation regarding the Farm Credit System Building Association Budget for 2023.

Mr. Hall seconded the motion.

Chairman Logan asked if there was any further discussion.

There being no further discussion, **Chairman Logan** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-10-NOV-22-02)**

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

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

ADJOURNMENT

There being no further business to come before the Board, **Chairman Logan** indicated he would entertain a motion to adjourn the meeting.

Mr. Hall moved that the meeting be adjourned.

Mr. Smith seconded the motion.

Chairman Logan called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

The meeting adjourned at 9:58 a.m.

NOTATIONAL VOTE ACTIONS

There were no notational vote actions approved by the FCA Board from October 13, through November 9, 2022.

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 10, 2022.

_____/s/
Vincent G. Logan
Chairman and Chief Executive Officer

_____/s/
Ashley Waldron
Secretary to the Board

Approved: December 8, 2022

**BOARD AND STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
November 10, 2022**

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

ATTENDEES	OPEN SESSION
Office of the Board	
Logan, Vincent	X
Hall, Jeff	X
Smith, Glen	X
Hoffman, Bill	X
Donner, Mary Alice	X
Morris, James	X
Calhoun, Gaye	X
Waldron, Ashley	X
COO	
Coleman, Robert	X
OEEOI	
Major, Sara Lynn	X
OIT	
Golley, Jerry	X
Versace, Jerry	X
Matos, Ricardo	X
Rana, Ben	X
OCPA	
Stokke, Mike	X
Middleton, Russell	X
Meaux, Willy	X
OGC	
Ogilvie, Clark	X
Griffin, Ward	X
OE	
Duffy, Mike	X
Fennwald, Dan	X
Parker, Lori	X
ODAE	
D'Antoni, Jeremy	X
Iannetta, Sal	X
OIG	
Laguarda, Wendy	X
Cerne, Sonya	X
OSMO	
Connor, Joe	X
Hudson, Bruce	X

ATTENDEES	OPEN SESSION
ORP	
Kramp, Kevin	X
Agans, Autumn	X
Leist, Ryan	X
Lewandrowski, David	X
OCFO	
Walters, Sandi	X
Gandy, Doug	X
OAS	
Bell, Vonda	X
FCSIC	
Rubin, Howard	X
Simonson, John	X
Wynn, Wade	X
Morgan, Matt	X
FCSBA	
Albrecht, Rick	X
Smith, Larry	X
GENERAL PUBLIC	11

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 10, 2022

TIME AND DATE: 9:00 a.m., Thursday, November 10, 2022.

PLACE: You may observe 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](https://www.fca.gov), select "Newsroom," then select "Events." From there, access the linked "Instructions for board meeting visitors" and complete the described registration process.

STATUS: This meeting will be open to the public.

MATTERS TO BE CONSIDERED: The following matters will be considered:

- Approval of October 13, 2022, Minutes
- Update on Farm Credit System Funding Conditions
- Farm Credit System Building Association Budget for 2023

CONTACT PERSON FOR MORE INFORMATION: If you need more information or 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

November 1, 2022

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for October 13, 2022

BM-10-NOV-22-01

Effective Date: November 10, 2022

Impact on Prior Board Actions: None

THE FCA BOARD HEREBY:

- Approves the minutes for October 13, 2022.

DATED THIS 10th DAY OF NOVEMBER 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

Farm Credit System Building Association Budget for 2023

BM-10-NOV-22-02

Effective Date: November 10, 2022

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 Farm Credit System Building Association's 2023 budget request including \$4,448,881 in operating revenues, and \$4,622,196 in operating expenses, 2023 FCS member bank assessments of \$3,650,000, and 2023 Capital Improvements/Major Building Repairs request of \$234,000.

DATED THIS 10th DAY OF NOVEMBER 2022

BY ORDER OF THE BOARD

_____/s/
Ashley Waldron
Secretary to the Board



Update on the Farm Credit System Funding Conditions





Recent Financial Headlines

“Eurozone Inflation Rate Rises to 10.7% as Recession Looms”

- Surprisingly rapid increase in consumer prices underlines the challenges facing the European Central Bank





Recent Financial Headlines

**“Treasury Yields Surge as
Global Central Banks
Scramble to Respond to
Fed, Inflation”**





Recent Financial Headlines

“Bank of England Raises Key Interest Rate by 0.75 Point”

- Hike takes rate to highest level since November 2008





Recent Financial Headlines

“Rocky Treasury-Market Trading Rattles Wall Street”

- Mounting illiquidity raises concerns over a key market's functioning should a crisis erupt





Recent Financial Headlines

“Investors Are Clinging to Cash”





Recent Financial Headlines

“Fed Approves Fourth 0.75-Point Rate Rise, Hints at Smaller Hikes”

- Officials signal a possible slowdown in the pace of rate rises by acknowledging how increases influence the economy with a lag.





Recent Financial Headlines

**“Powell Emphasizes
There’s ‘*A Ways to Go*’ on
Rates”**





Funding Update Topics

- Global Market
- Agency Debt Market
- Funding Corporation Activity
- Yields & Spreads on FCS Debt
- FCS Liquidity
- LIBOR/SOFR
- War in Eastern Europe





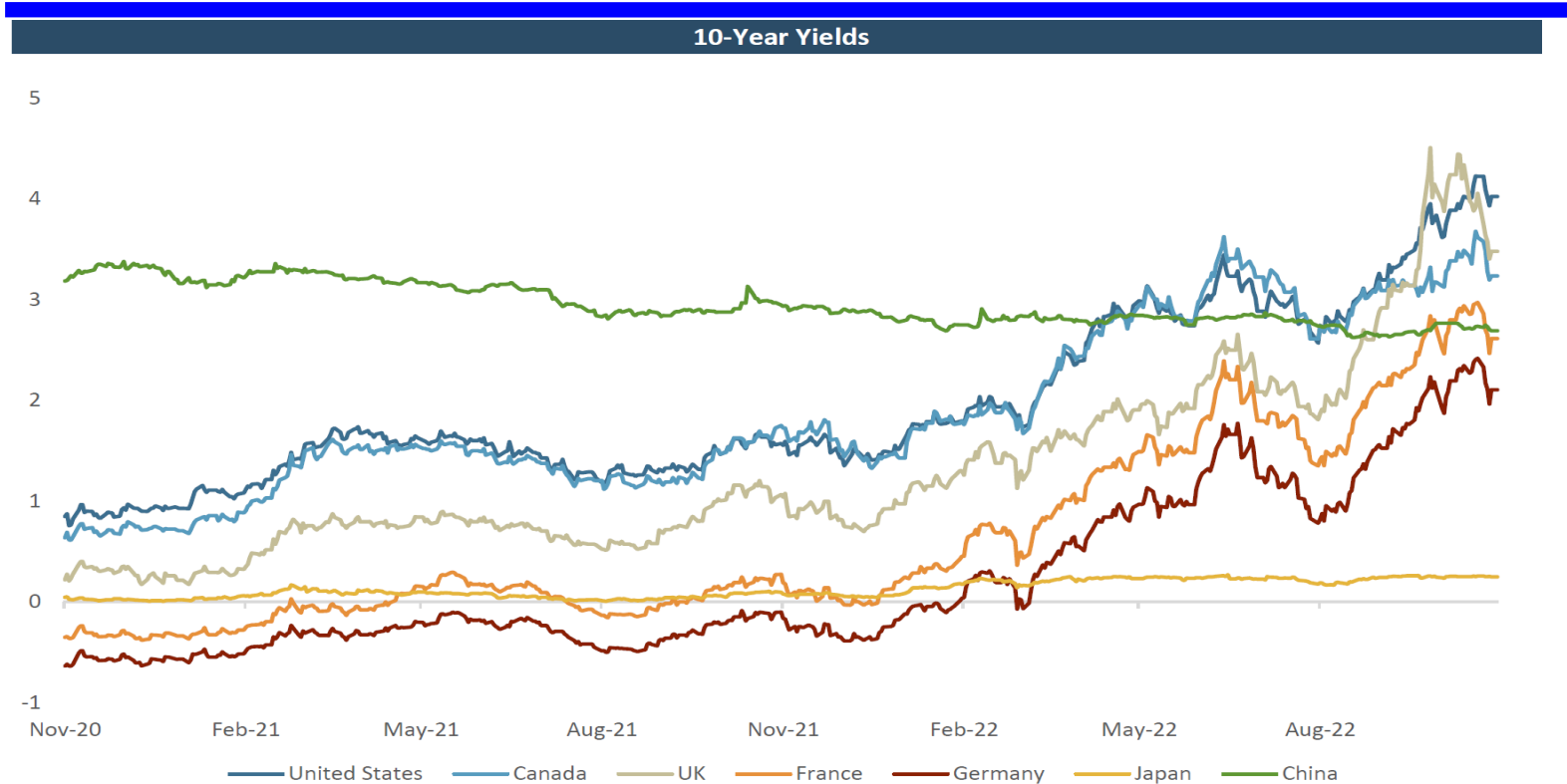
Global Market

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





Global Yields Increasing






Credit Rating Agencies - Outlook for the United States

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





Agency Debt Issuance



Billions of Dollars	2018	2019	2020	2021	9/2022
F.H.L.B.	\$2,856	\$2,739	\$1,975	\$1,467	\$4,609
FCS	308	364	421	415	298
Fannie Mae	556	572	369	50	66
Freddie Mac	412	558	465	22	56
Total	\$4,133	\$4,233	\$3,230	\$1,954	\$5,029

Source: Agency Websites



Agency Debt Outstanding

Billions of Dollars	2018	2019	2020	2021	9/2022
F.H.L.B.	\$1,044	\$ 1,005	\$ 737	\$653	\$1,022
FCS	280	292	322	353	378
Freddie Mac	274	254	284	182	168
Fannie Mae	204	158	275	202	138
Farmer Mac	16	19	22	23	24
Tenn. V.A.	23	22	21	21	21
Total	\$1,941	\$1,750	\$1,661	\$1,434	\$1,751

Source: Agency Websites



Funding Activity by FCS



(\$ millions)	Discount Notes	Designated Bonds	Fixed Rate Bonds		Floating Rate Bonds			Retail Bonds	Other ¹	Total
			Callable	Non-Callable	LIBOR	SOFR	Prime, FF, 91-day,			
10/31/2022	26,035	12,000	121,484	95,327	991	93.122	30,182	17	408	379,565
12/31/2021	24,280	9,100	104,071	100,600	2,141	79,747	32,797	20	151	352,906
12/31/2020	23,524	3,100	78,971	90,084	39,437	56,595	29,712	42	148	322,464
12/31/2019	17,459	0	77,903	79,068	80,613	7,957	28,657	122	159	291,938
12/31/2018	22,774	0	78,971	71,099	82,216	0	26,400	201	119	281,780
¹ Includes Linked Deposits										

Source: FFCBFC Website



Designated Bonds

- GSE Benchmark Issue
- Five Issuances in 2022 YTD
- \$1 Billion, 2- & 3-year Maturities
- Barclays Aggregate Bond Index
- Dealer Performance/Investor Base



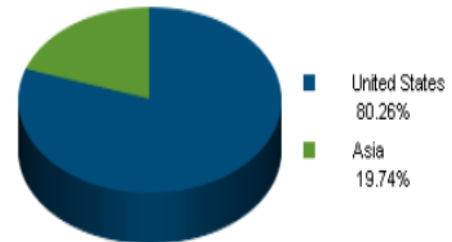


Designated Bond Investors

ACCOUNT DISTRIBUTION*



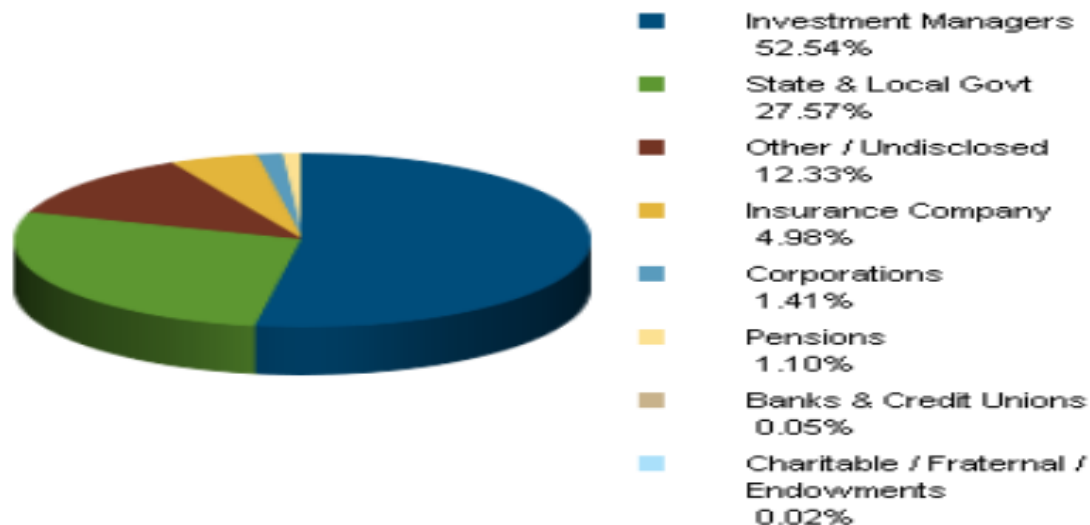
GEOGRAPHICAL DISTRIBUTION





Discount Note

INVESTOR DISTRIBUTION*





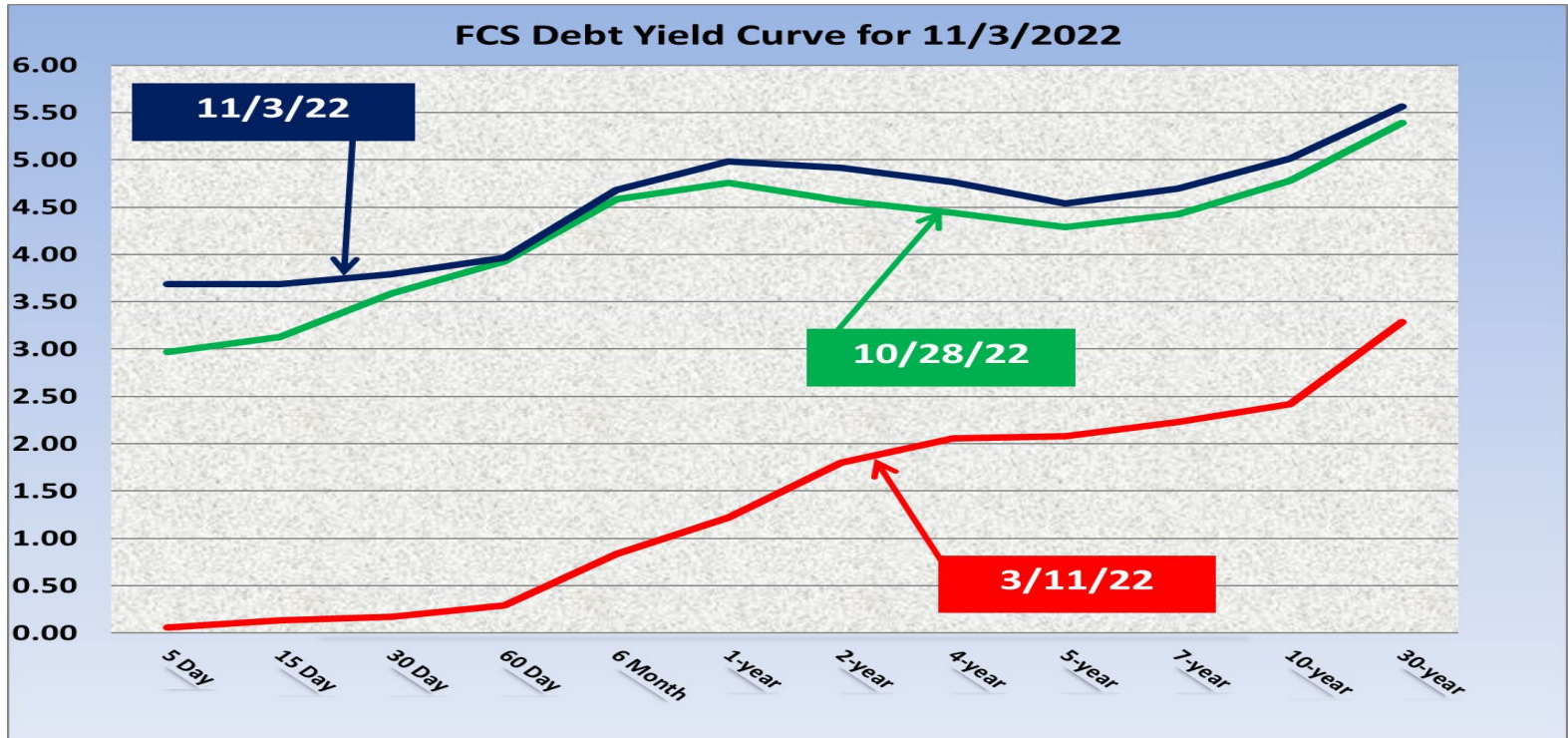
Dealer Group

- **36 Dealer Group Members**
- **Mischler Financial Group, Inc., added in Sept. '22**
 - **Leveraging Equality and Diversity (LEAD)**
 - **9 Overall LEAD Dealer Members**



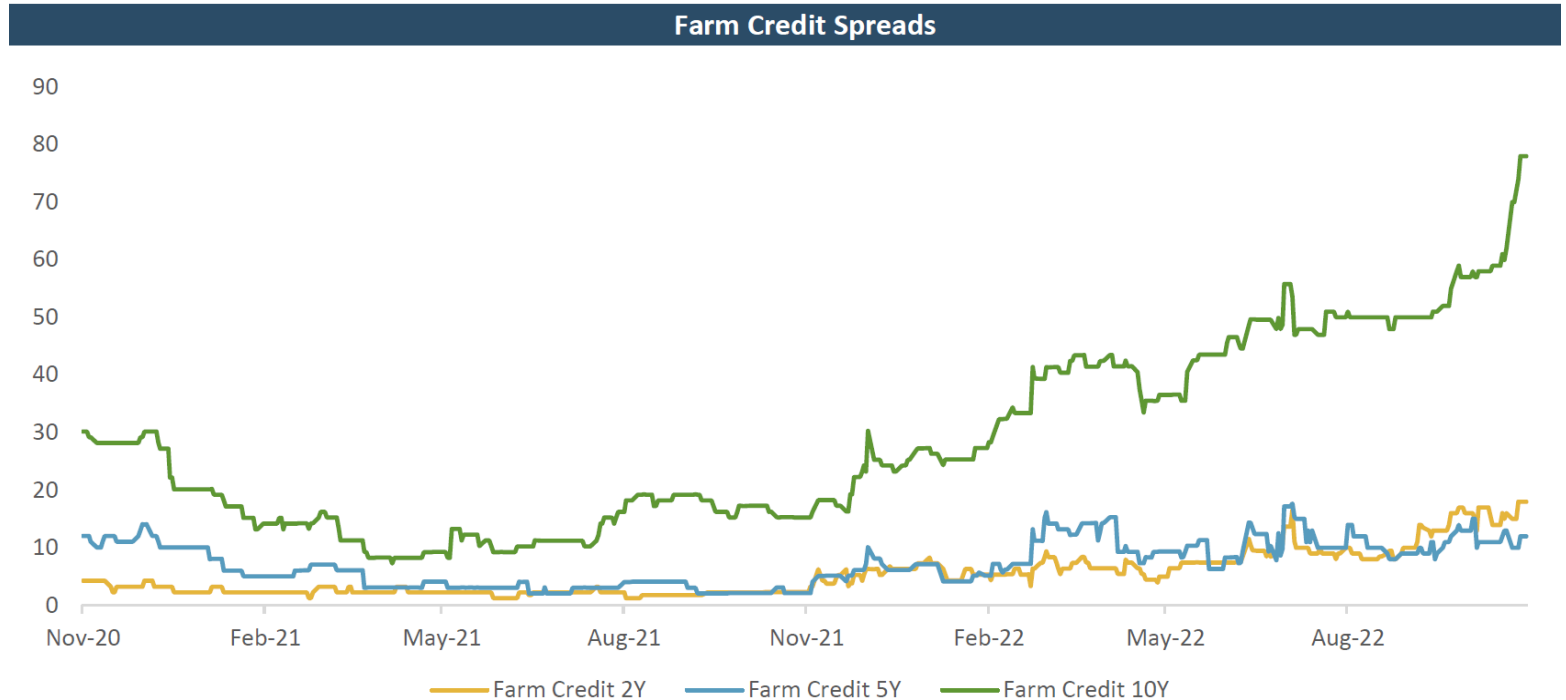


FCS Debt Yields Starkly Higher





Increased Risk Premiums





Days of Liquidity

- As of 9/30/22 System = 172(163) days:
 - AgFirst = 214(205) days, AgriBank = 159(131) days, FCB of TX = 171(164) days, CoBank = 173(164)days
- As of 12/31/21 System = 180 (174) days:
 - AgFirst = 235(221) days, AgriBank = 158(146) days, FCB of TX = 185(173) days, CoBank = 180(180) days





LIBOR/SOFR TRANSITION

- Global U.S. LIBOR referenced instruments still abound.
- **8 mos.** until ALL remaining LIBOR's Tenors R.I.P. date.
- Secured Overnight Financing Rate Use Continues to Grow.
- System's J & S LIBOR directly based debt down to \$991 million. No new issues. Synthetic derivative exposure notional amount \$49.3 billion (\$29.2 billion due after 6/23) versus \$44.3 billion yearend '21.
- FCS issued just over \$56.1 billion in SOFR indexed bonds for 2022 as of Oct. 31st . Dominates FCS indexed debt with \$95.3 billion currently.





War in Eastern Europe

- Global Issue
- Ongoing Economic Shocks
- Long Term Impacts





Summary

- Overall Strong Demand for FCS Debt, Varies by Type
- FCS Debt Yields Have Moved Starkly Higher
- FCS Risk Premiums Have Risen
- Solid Secondary Liquidity though Adversely Impacted
- LIBOR/SOFR Transition Progressing
- War in Eastern Europe Wild Card



FCS Building Association 2023 Budget

FARM CREDIT BUILDING

1501

FCS Building Association

2021 - 2023 Income & Expense Summary

	2021	2022	2023		%
	<u>Actual</u>	<u>Projected</u>	<u>Proposed</u>	<u>Change</u>	<u>Change</u>
OPERATING REVENUES					
Assessments - FCS Member Banks	\$ 3,650,000	\$ 3,650,000	\$ 3,650,000	\$ -	0.0%
Office Rental Income	948,834	841,057	770,101	(70,956)	-8.4%
Telecommunications Income	780	780	780	-	0.0%
Interest Income	3,466	5,600	16,000	10,400	185.7%
Other Income	26,104	12,000	12,000	-	0.0%
Total Revenues	4,629,184	4,509,437	4,448,881	(60,556)	-1.3%
OPERATING EXPENSES					
FCA Field Office Rent	1,382,917	1,447,769	1,465,757	17,988	1.2%
Taxes & Insurance	404,007	398,491	417,938	19,447	4.9%
Contract Services	513,826	619,252	652,008	32,756	5.3%
FCA Related Expenses	40,354	45,242	45,877	635	1.4%
Maintenance & Repair	863,495	917,704	958,792	41,088	4.5%
Utilities	228,612	259,707	283,700	23,993	9.2%
Salaries & Benefits	517,266	575,485	598,674	23,189	4.0%
Professional & Consulting Fees	156,740	177,080	187,550	10,470	5.9%
Administrative and Other Expenses	14,750	13,172	11,900	(1,272)	-9.7%
Total Expenses	4,121,967	4,453,902	4,622,196	168,294	3.8%

FCS Building Association

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Interest Income	3,466	5,600	16,000	10,400	185.7%
Other Income	26,104	12,000	12,000	-	0.0%
Total Revenues	4,629,184	4,509,437	4,448,881	(60,556)	-1.3%
OPERATING EXPENSES					
FCA Field Office Rent	1,382,917	1,447,769	1,465,757	17,988	1.2%
Taxes & Insurance	404,007	398,491	417,938	19,447	4.9%
Contract Services	513,826	619,252	652,008	32,756	5.3%
FCA Related Expenses	40,354	45,242	45,877	635	1.4%
Maintenance & Repair	863,495	917,704	958,792	41,088	4.5%
Utilities	228,612	259,707	283,700	23,993	9.2%
Salaries & Benefits	517,266	575,485	598,674	23,189	4.0%
Professional & Consulting Fees	156,740	177,080	187,550	10,470	5.9%
Administrative and Other Expenses	14,750	13,172	11,900	(1,272)	-9.7%
Total Expenses	4,121,967	4,453,902	4,622,196	168,294	3.8%

FCS Building Association

2021 - 2023 Income & Expense Summary

	2021 <u>Actual</u>	2022 <u>Projected</u>	2023 <u>Proposed</u>	<u>Change</u>	% <u>Change</u>
OPERATING REVENUES					
Assessments - FCS Member Banks	\$ 3,650,000	\$ 3,650,000	\$ 3,650,000	\$ -	0.0%
Office Rental Income	948,834	841,057	770,101	(70,956)	-8.4%
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FCS Building Association

2021 - 2023 Income & Expense Summary (continued)

	2021	2022	2023	
	<u>Actual</u>	<u>Projected</u>	<u>Proposed</u>	<u>Change</u>
COMPONENT RESERVE/				
MAJOR REPAIR EXPENSES				
Major Building Repairs-Current Budget	319,536	295,000	214,000	(81,000)
Leasing Expenses	0	0	0	-
Tenant Improvements	114,700	0	0	-
FCA Suite Remodeling	0	2,078	0	(2,078)
FCA Furniture Replacement	13,194	0	0	-
FCA Renovations & Furnishings - F/Offices	14,374	20,000	20,000	-
Total Capital/Major Repairs	461,804	317,078	234,000	(83,078)

FCS Building Association

2021 - 2023 Income & Expense Summary (continued)

	2021	2022	2023	
	<u>Actual</u>	<u>Projected</u>	<u>Proposed</u>	<u>Change</u>
COMPONENT RESERVE/				
MAJOR REPAIR EXPENSES				
Major Building Repairs-Current Budget	319,536	295,000	214,000	(81,000)
Leasing Expenses	0	0	0	-
Tenant Improvements	114,700	0	0	-
FCA Suite Remodeling	0	2,078	0	(2,078)
FCA Furniture Replacement	13,194	0	0	-
FCA Renovations & Furnishings - F/Offices	14,374	20,000	20,000	-
Total Capital/Major Repairs	461,804	317,078	234,000	(83,078)

FCSBA 2023 Major Capital Improvements

\$ 40,000	Replace 100 Gallon Water Heater
75,000	Replace Halon System
42,000	Replace Fire Pump and Controller
40,000	Replace Ceiling and Lighting in Board Area
17,000	Replace Penthouse Exterior Doors
<u>20,000</u>	Field Office Furniture Replacement Program
<u>\$ 234,000</u>	

FCS Building Association

2021 - 2023 Income & Expense Summary

	2021	2022	2023		%
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The net effective cost comparison of FCA occupying space at the Farm Credit Building vs. the Tysons-McLean area

	<u>2023</u> (Budget)
Assessment	\$ 3,650,000
FCA field office & EOC expenses	<u>\$ 1,499,178</u>
Net expenses after Field Offices & EOC deduction	\$ 2,150,822
FCA occupied sq. ft. (McLean)	106,791
FCA effective cost per sq. ft.	<u>\$ 20.14</u>
2023 FCA McLean sq. Ft. in Tyson's Corner Area (\$40.91/ sq. ft.)	<u>\$ 4,368,820</u>
Savings to the FCS	<u>\$ 2,217,998</u>



FARM CREDIT BUILDING

1501