

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



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
September 12, 2024**

These minutes reflect the business transacted at the September 12, 2024, regular meeting of the Farm Credit Administration (FCA) Board pursuant to the Government in the Sunshine Act, 5 U.S.C. § 552b, and the regulations of the FCA adopted thereunder.

The meeting was held at the FCA office in McLean, Virginia. The meeting began at 10:00 a.m. and concluded at 10:38 a.m. The meeting was a hybrid physical/virtual meeting.

Members of the Board present were:

**Vincent G. Logan, Chairman and CEO**  
**Jeffery S. Hall, Member**  
**Glen R. Smith, Member**

The above named constitute the full Board. Chairman Logan participated by video conferencing.

Others present included **Ashley Waldron**, Secretary to the Board; **David Grahn**, General Counsel; and staff of the FCA and Farm Credit System Insurance Corporation (FCSIC). There were four members of the general public in attendance. (A list of Board and staff attendees is attached as Exhibit A.)

**Chairman Logan** called the meeting to order.

The **Secretary** addressed technical and protocol items and read a statement that announced the meeting would be conducted according to Government in the Sunshine Act requirements.

**ADOPTION OF AGENDA**

**Chairman Logan** reviewed the published agenda. (A copy of the Public Announcement publishing the agenda for the meeting is attached as Exhibit B.)

**Mr. Smith** moved to adopt the agenda as published.

**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.

## **CONSIDERATION TO CLOSE PORTIONS OF THE MEETING**

**Mr. Hall** noted that the agenda did not 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 entire meeting remain open.

**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.

## **OPEN SESSION**

### **Approval of Minutes**

**Minutes for August 8, 2024**

**(BM-12-SEP-24-01)**

**Mr. Smith** moved to approve the minutes for the August 8, 2024, FCA regular board meeting, as presented.

**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. **(BM-12-SEP-24-01)**

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

## **Reports**

### **Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance**

**Rebecca Kaiser** of the **Office of Data Analytics and Economics** and **Matt Alizadeh** of the **Office of Examination** presented the Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance.

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

## **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.

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

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

The meeting adjourned at 10:38 a.m.

### NOTATIONAL VOTE ACTIONS

There were four notational vote actions approved by the FCA Board from August 8, 2024, through September 11, 2024.

Item Number	Action Date	Voting Results	Subject
NV 24-13	8/12/2024	Approved	Farm Credit Administration Budget Reallocation
NV 24-14	8/12/2024	Approved	Proposed Plan of Merger of Texas Farm Credit Services and Heritage Land Bank, ACA
NV 24-15	8/12/2024	Approved	Farm Credit Administration Fiscal Year 2025 Revised Budget
NV 24-16	8/19/2024	Approved	Advance Notice of Proposed Rulemaking – Loans to Similar Entities

The undersigned hereby certify that the foregoing minutes are the official minutes of the regular meeting of the Farm Credit Administration Board held on September 12, 2024.

\_\_\_\_\_/s/  
Vincent G. Logan  
Chairman and CEO

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

Approved: October 10, 2024

**BOARD AND STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
September 12, 2024**

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

<b>ATTENDEES</b>	<b>OPEN SESSION</b>
<b>Office of the Board</b>	
Logan, Vincent	X
Hall, Jeffery	X
Smith, Glen	X
Lund, Zachary	X
Donner, Mary Alice	X
Stokke, Michael	X
Greer, Kristin	X
Calhoun, Gaye	X
Lewandrowski, Barbara	X
Waldron, Ashley	X
<b>OCOS</b>	
Duran, Maribel	X
Scribner, Tyler	X
Cunningham, Lesley	X
<b>OEEOI</b>	
Burlew, Thais	X
Fish, Tyler	X
Major, Sara Lynn	X
<b>OIT</b>	
Versace, Jerry	X
Rana, Ben	X
Amaya, Victor	X
<b>OCPA</b>	
Reuschel, Trevor	X
Rezendes, Andrew	X
<b>OGC</b>	
Grahn, David	X
Griffin, Ward	X
<b>OE</b>	
Duffy, Mike	X
Fennewald, Dan	X
Boston, Robin	X
Greenlee, Angela	X
Alizadeh, Matt	X
<b>ODAE</b>	
D'Antoni, Jeremy	X
Shields, Dennis	X
Iannetta, Sal	X

<b>ATTENDEES</b>	<b>OPEN SESSION</b>
Kaiser, Rebecca	X
<b>OIG</b>	
Laguarda, Wendy	X
<b>OSMO</b>	
Fay, Thomas	X
Hudson, Bruce	X
<b>ORP</b>	
Kramp, Kevin	X
Leist, Ryan	X
<b>OCFO</b>	
Gandy, Doug	X
Soares, Ily	X
<b>OAS</b>	
Bell, Vonda	X
Clark, Patrina	X
<b>FCSIC</b>	
Simonson, John	X
Wynn, Wade	X
Morgan, Matthew	X
Bowen, Mark	X
<b>GENERAL PUBLIC</b>	4

# Farm Credit Administration

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

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

### **Farm Credit Administration Board Regular Meeting September 12, 2024**

**TIME AND DATE:** 10 a.m., Thursday, September 12, 2024.

**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](http://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 Minutes for August 8, 2024
- Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance

**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

August 28, 2024

# **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 August 8, 2024, Regular Board Meeting**

**BM-12-SEP-24-01**

**Effective Date:** September 12, 2024

**Impact on Prior Board Actions:** None

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

- Approves the minutes for the August 8, 2024, regular Board meeting, as presented.

**DATED THIS 12<sup>th</sup> DAY OF SEPTEMBER 2024**

**BY ORDER OF THE BOARD**

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



# Quarterly Report on FCS Conditions

September 12, 2024

Rebecca Kaiser – Economist

Matt Alizadeh – Supervisory FCA Examiner







# Topics for Open Session

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## Economic Conditions Affecting the Farm Credit System

- ▶ Macroeconomic conditions
- ▶ Crop and livestock prices
- ▶ Farm sector income

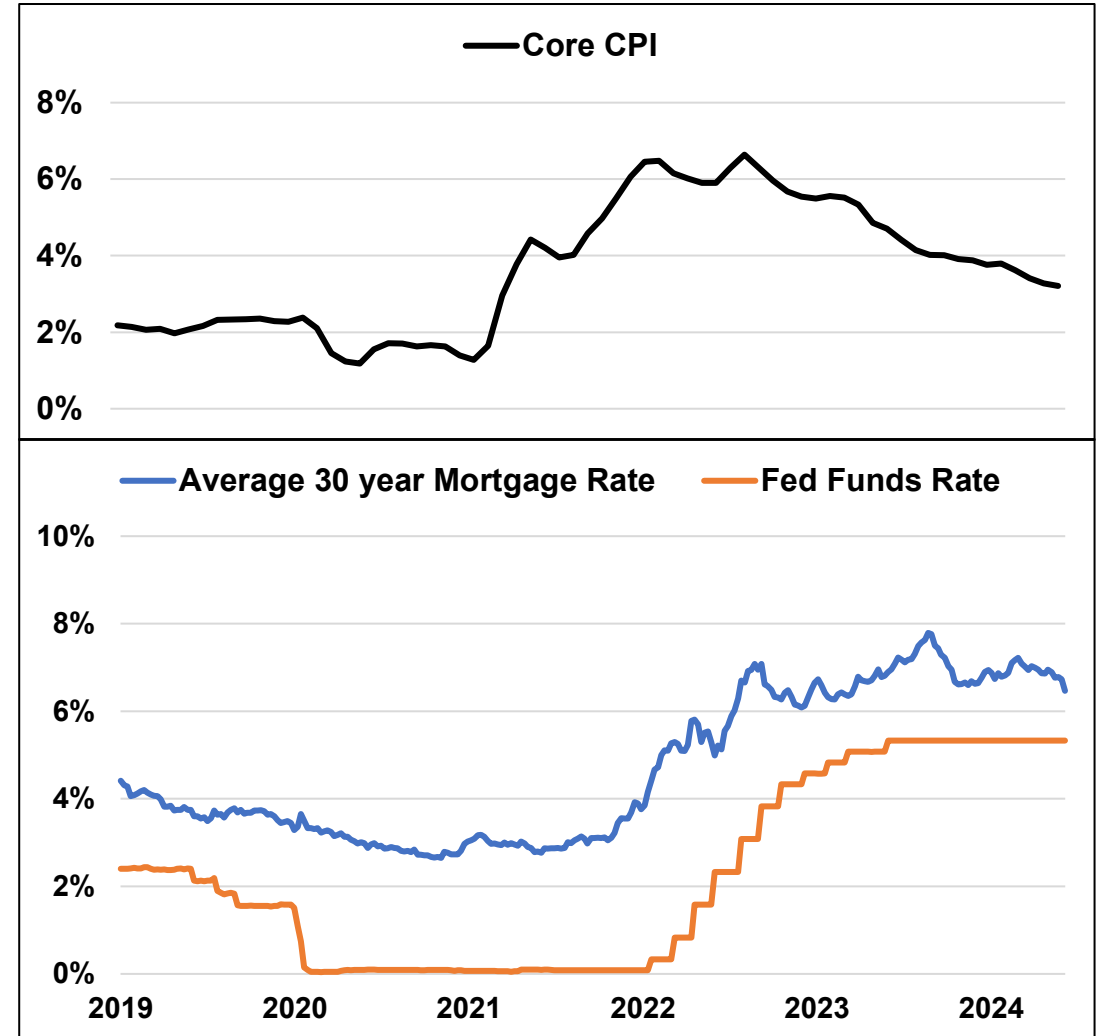
## Farm Credit System Condition and Performance

- ▶ System growth and portfolio credit quality
- ▶ Earnings and capital
- ▶ Financial Institution Rating System (FIRS)



# Economic conditions favor interest rate cuts

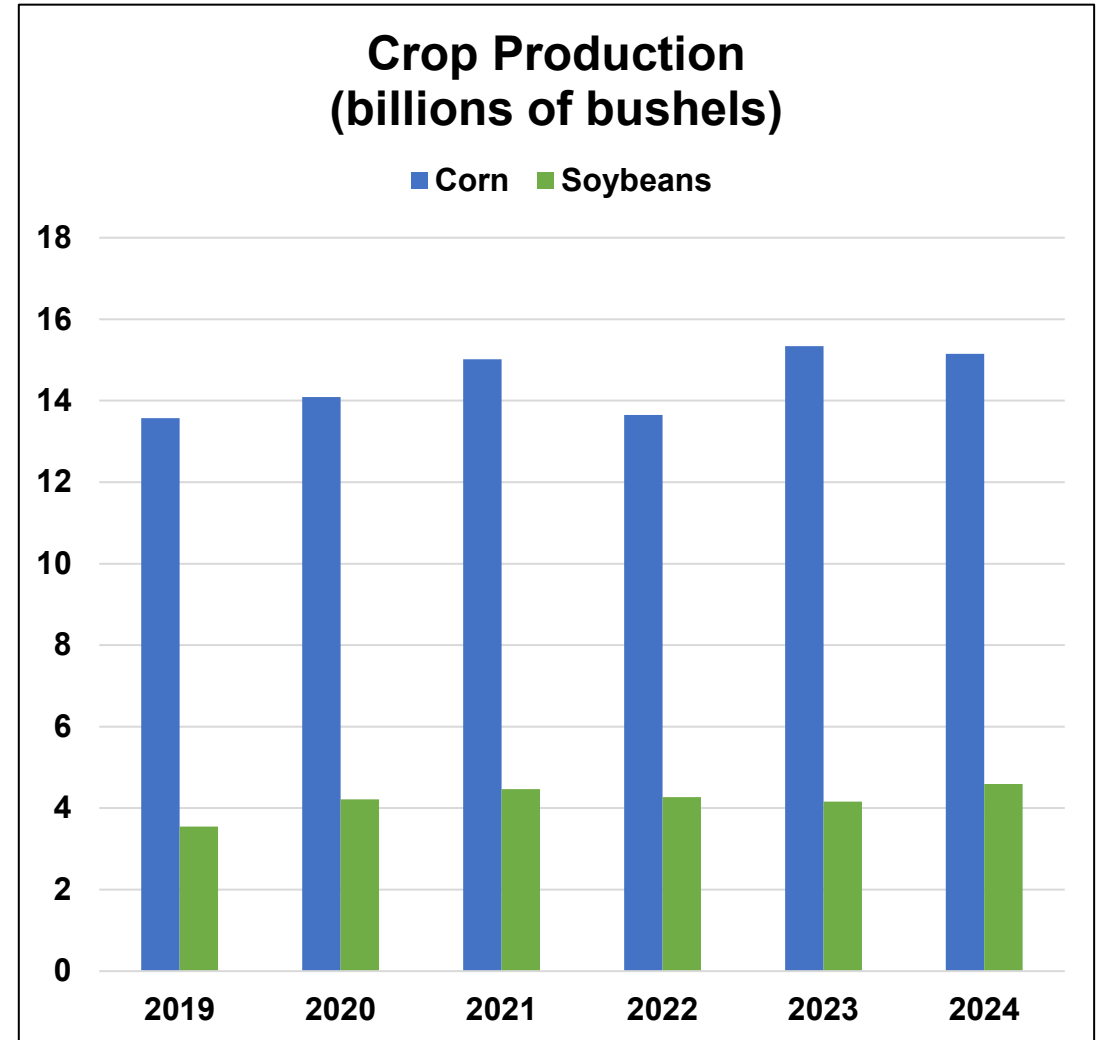
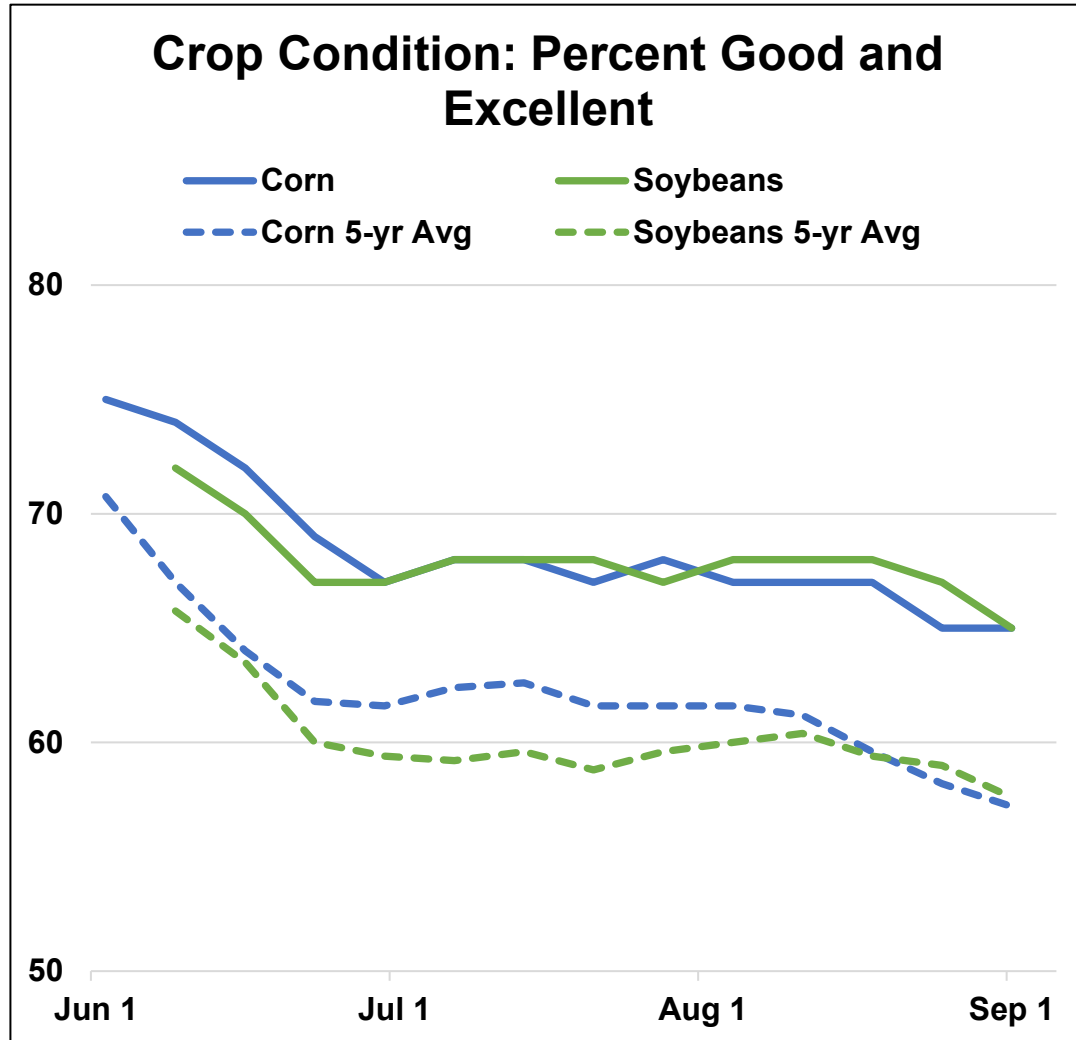
- ▶ CPI dropped under 3% in July for the first time since 2021.
- ▶ Interest rate cuts are expected to start in September.
- ▶ Long-term rates are moving lower.
- ▶ Job market remains relatively strong but shows signs of softening.



Sources: Bureau of Labor Statistics; Board of Governors of the Federal Reserve System; Freddie Mac



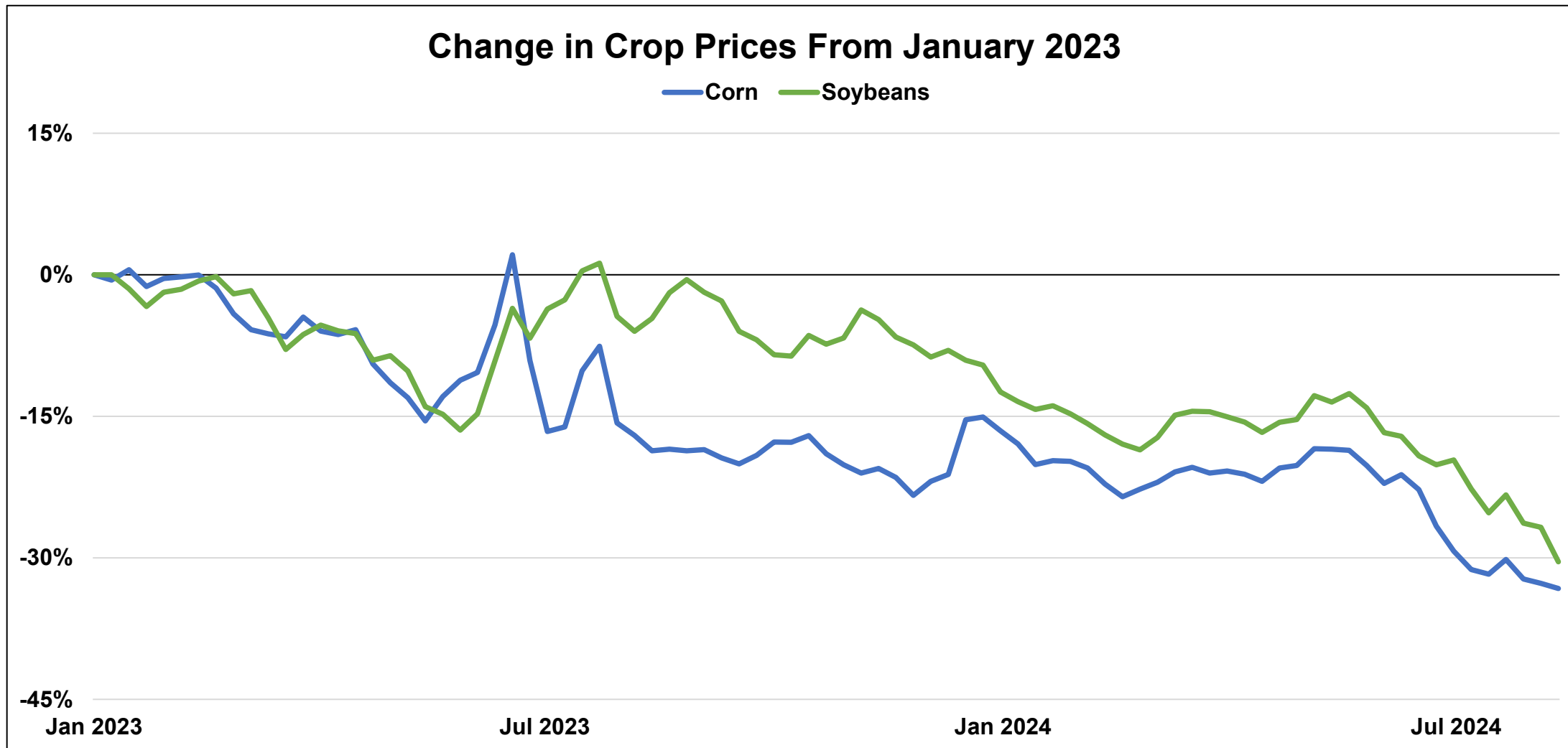
# Corn and soybeans conditions looking good



Source: USDA NASS



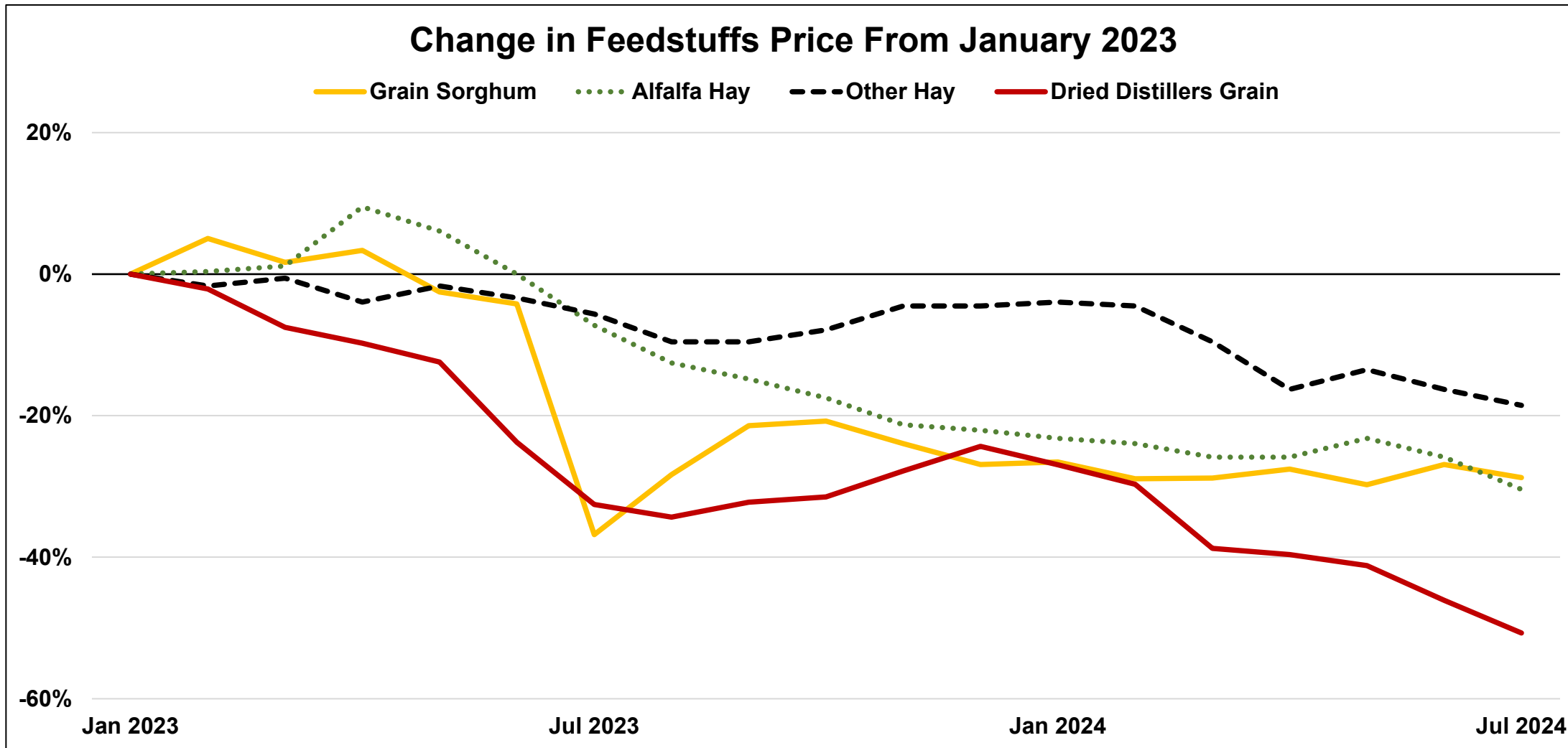
# Crop prices have declined sharply



Source: CME, nearby futures



# Feedstuff prices track lower

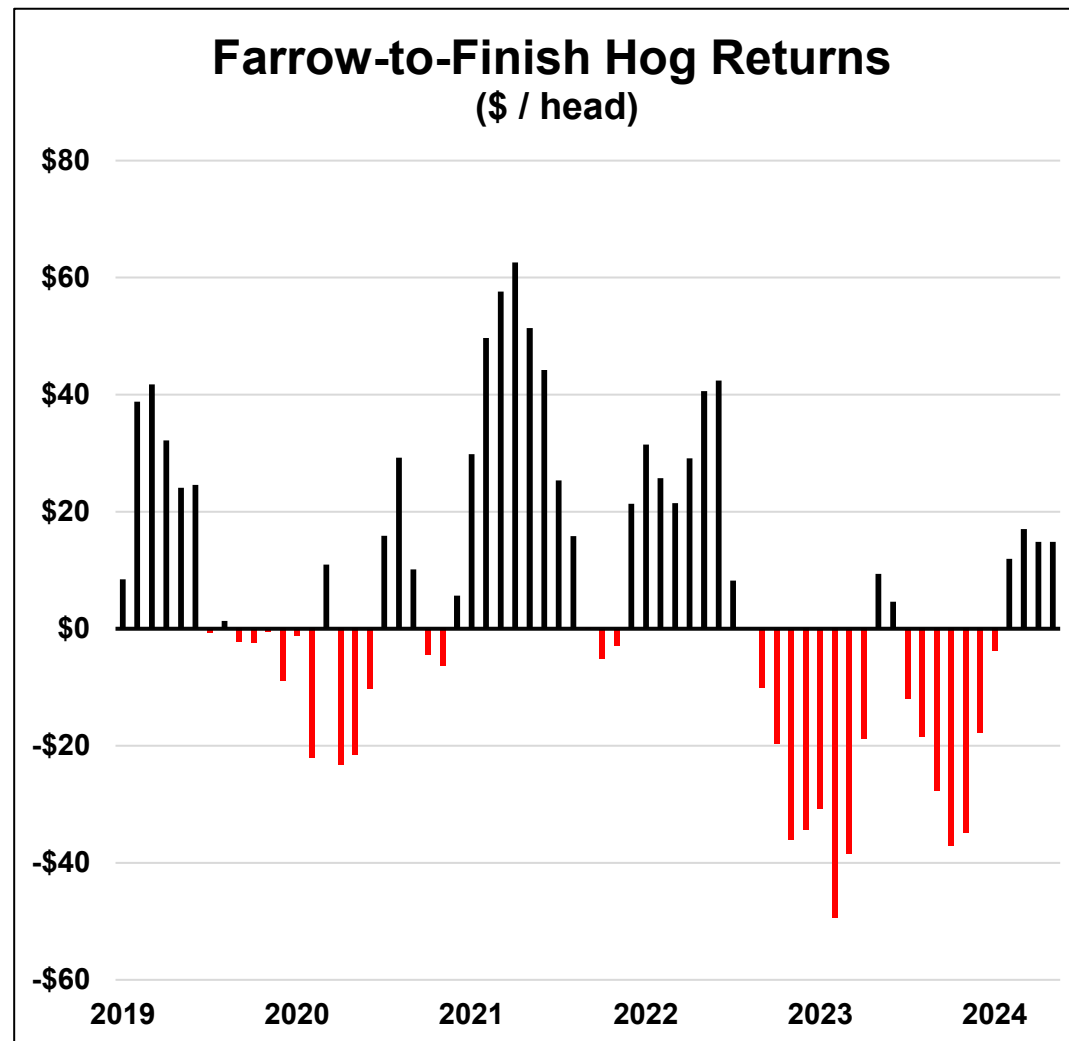


Source: USDA NASS



# Hog profits are back in black

- ▶ Hog margins were negative in late 2022 and 2023; producers reduced the breeding herd.
- ▶ Feeder pig prices are now above 5-year averages.
- ▶ Farrow-to-finish returns are back to positive, driven primarily by lower feed costs.



Source: Iowa State University



# Chicken and turkey markets diverge

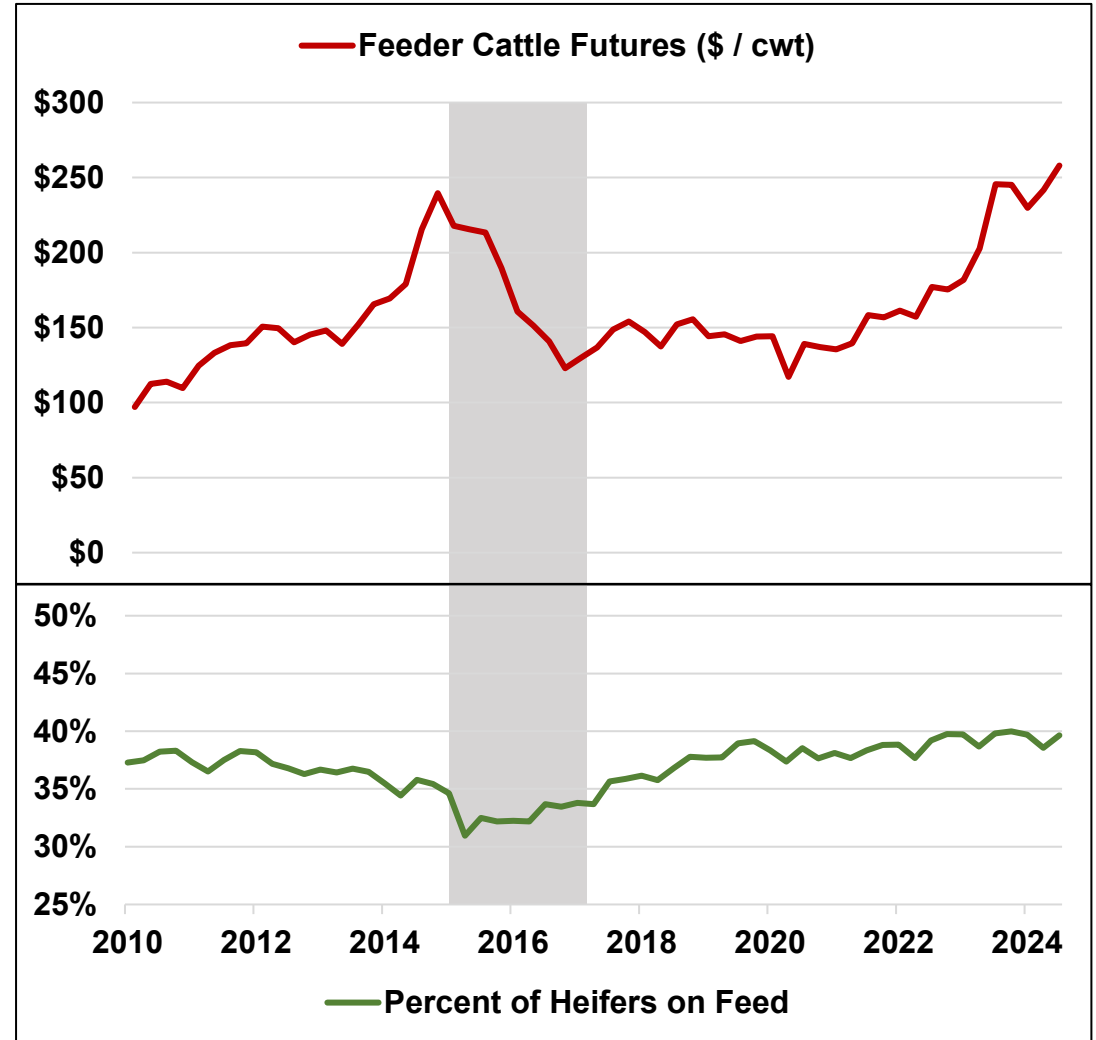
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- ▶ Lower feed costs help poultry producers' profitability after flocks hampered by Highly Pathogenic Avian Influenza (HPAI).
- ▶ Chicken prices remain high while turkey is well below the 5-year average and below highs of 2023.
- ▶ Turkey poult placements are down from a year ago, driven by lower demand and higher-than-average frozen whole birds in storage.
- ▶ Chicken and turkey margins are expected to continue moving in opposite directions.



# Cow-calf producer margins remain high

- ▶ Record high prices continued through the summer.
- ▶ The high level of heifers on feed indicate herd rebuilding is not happening despite improvements in range conditions.
- ▶ In 2015, a declining share of heifers on feed led to rapid herd rebuilding and a subsequent decline in prices.
- ▶ Producers may be hesitant to rebuild their herds until interest costs decline or concerns of a recession dissipate.



Sources: USDA NASS; Livestock Marketing Information Center

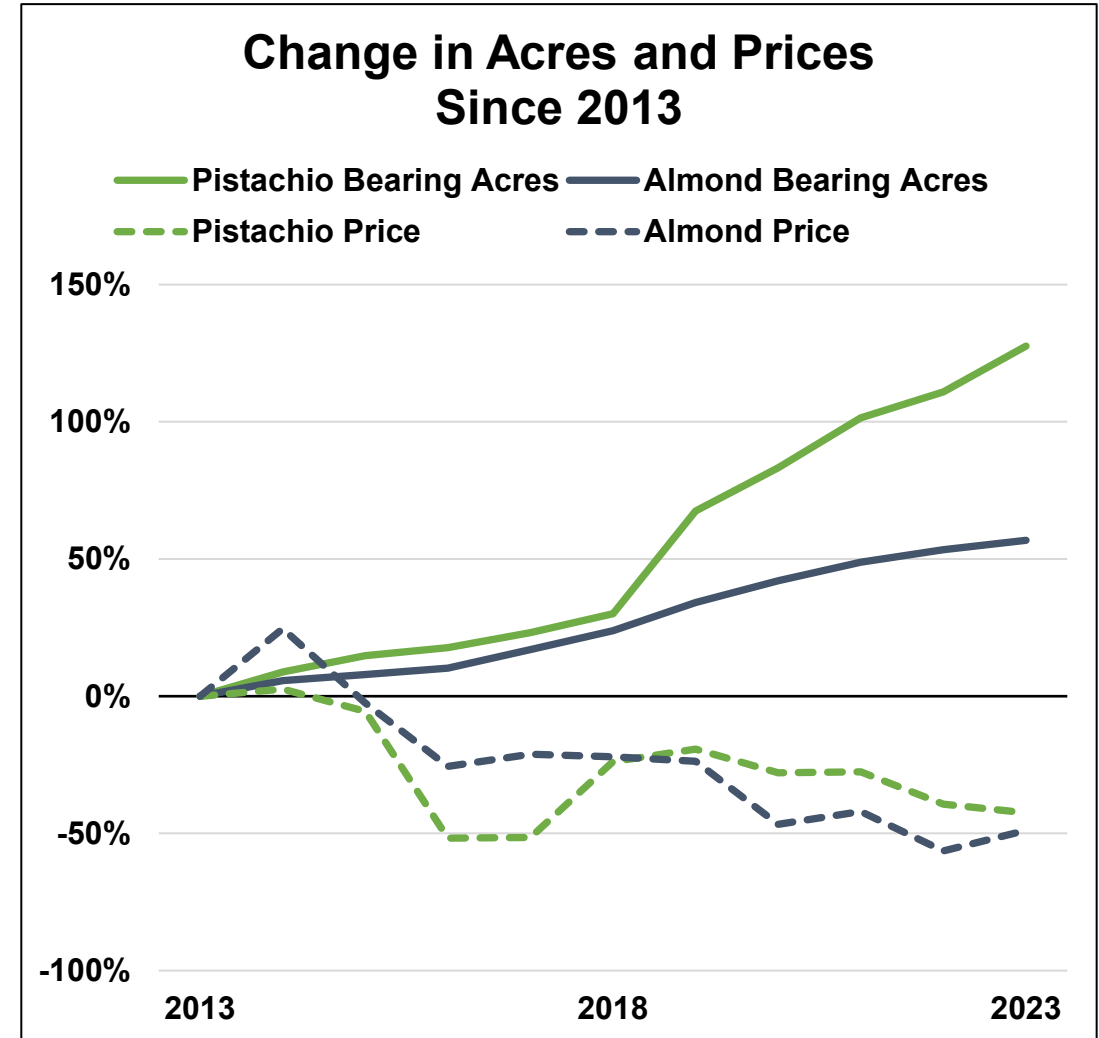
\*Shaded gray area represents last cattle cycle expansion





# Tree nut prices remain under pressure

- ▶ Plantings of tree nuts increased considerably following high prices in 2013 and 2014.
- ▶ Since then, bearing acreage has increased and prices have declined sharply.
- ▶ For almonds, weather and tough growing conditions have limited production in recent years despite higher bearing acres.



Sources: USDA NASS; The Almond Board of California



# Questions

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# Farm Credit System Condition and Performance as of June 30, 2024

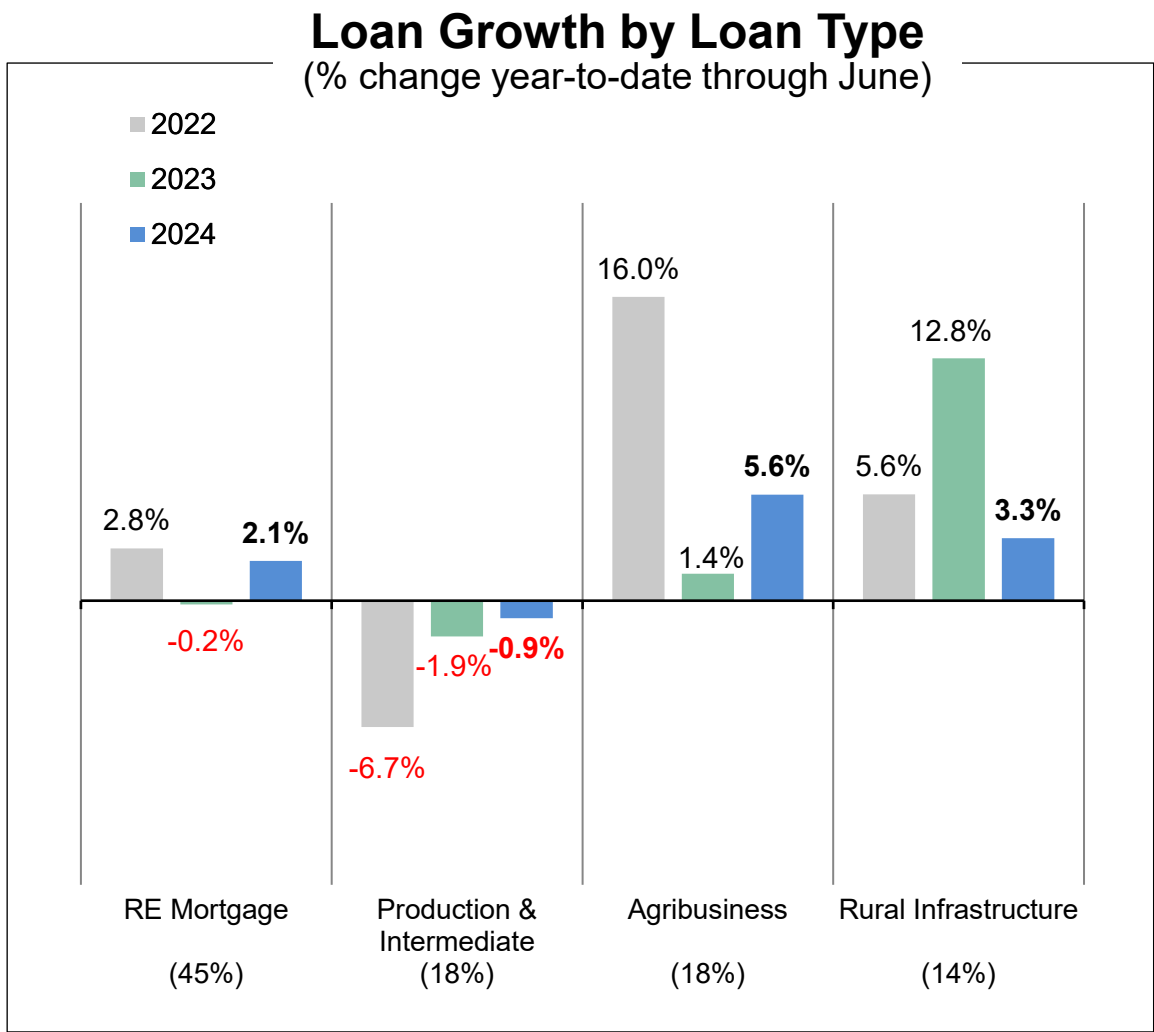
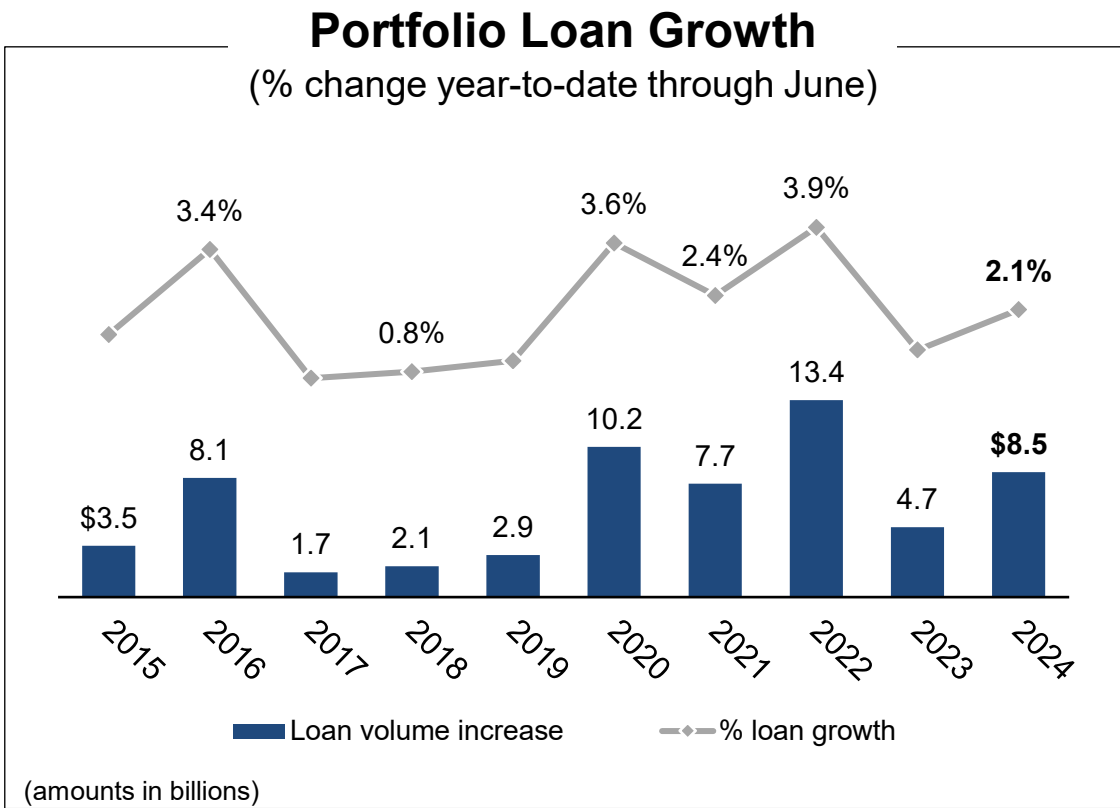
Matt Alizadeh  
Supervisory FCA Examiner  
Office of Examination





# System reports modest portfolio growth in the first half of 2024

<b>Total Assets</b> 06/30/24	<b>\$514.1</b> billion	+1.9%	Qtr	<b>Gross Loans</b> 6/30/24	<b>\$406.7</b> billion	1.5%	Qtr
		+1.2%	YTD			+2.1%	YTD
		+6.1%	12M			+7.6%	12M

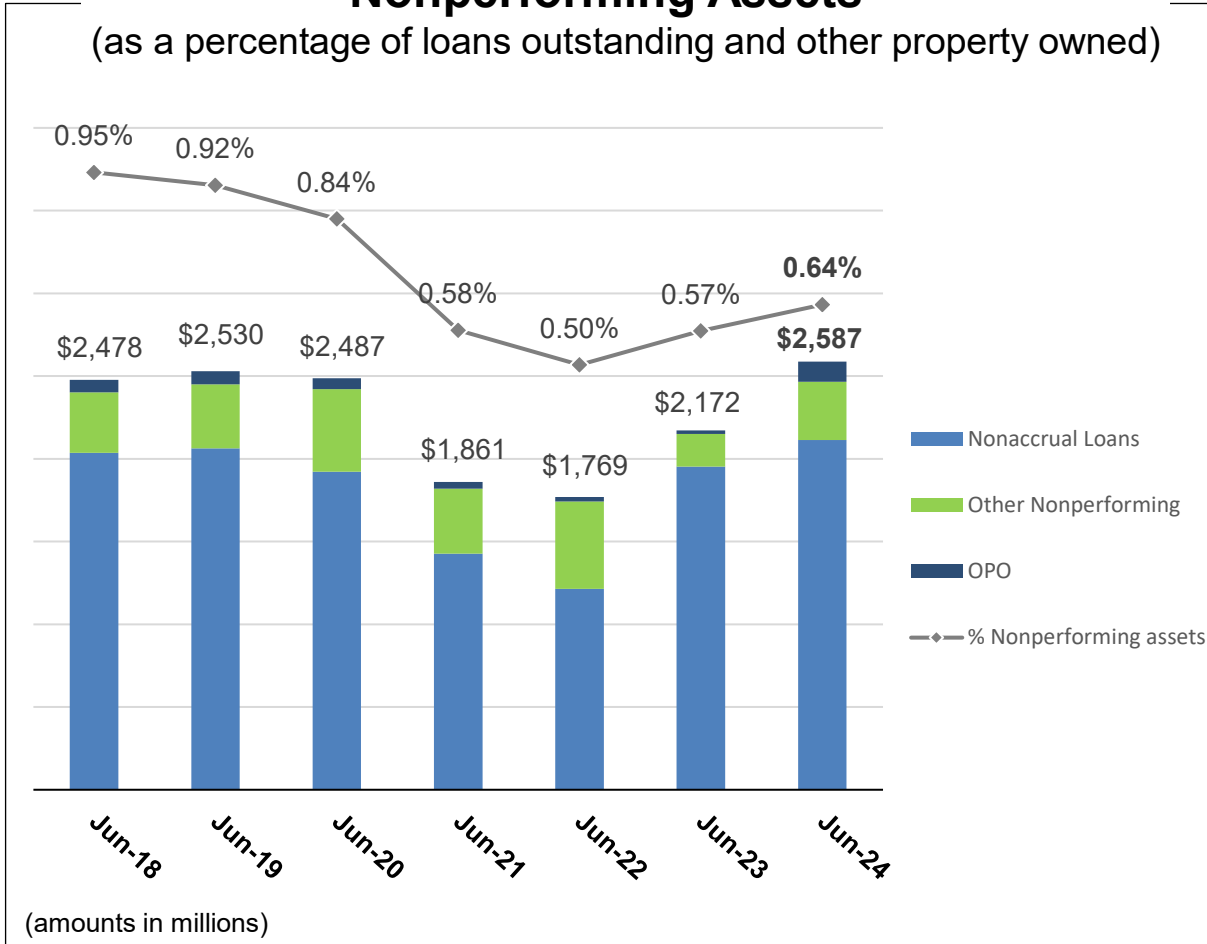




# Credit risk measures trend higher; overall portfolio loan quality remains favorable

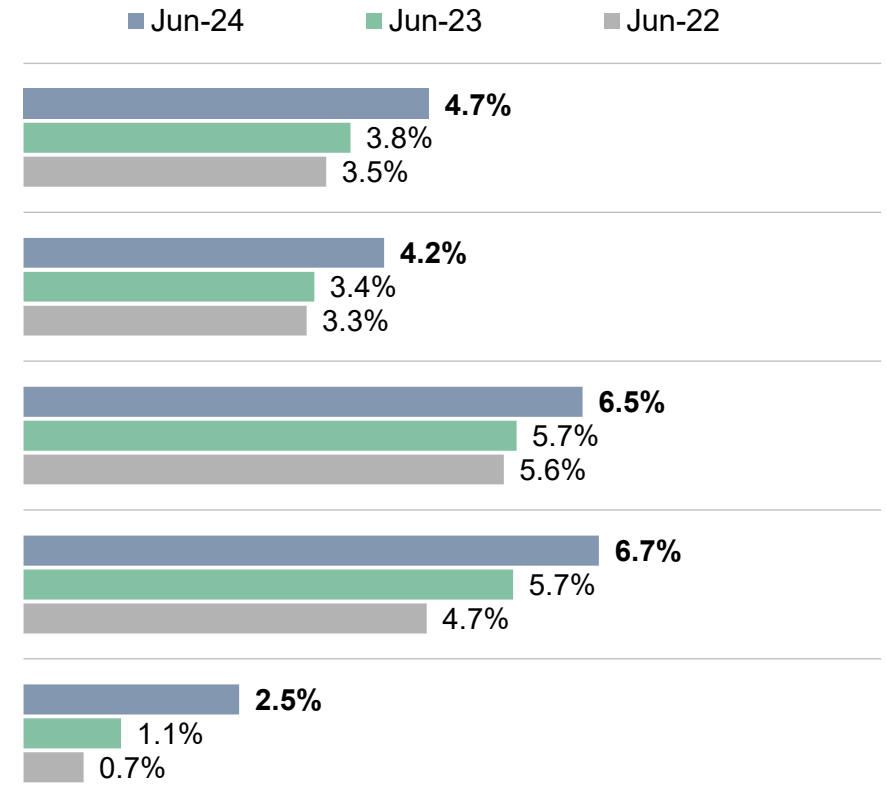
## Nonperforming Assets<sup>(1)</sup>

(as a percentage of loans outstanding and other property owned)



## Loans Classified Less than Acceptable

(as a percentage of loans outstanding)



(1) includes lease receivables

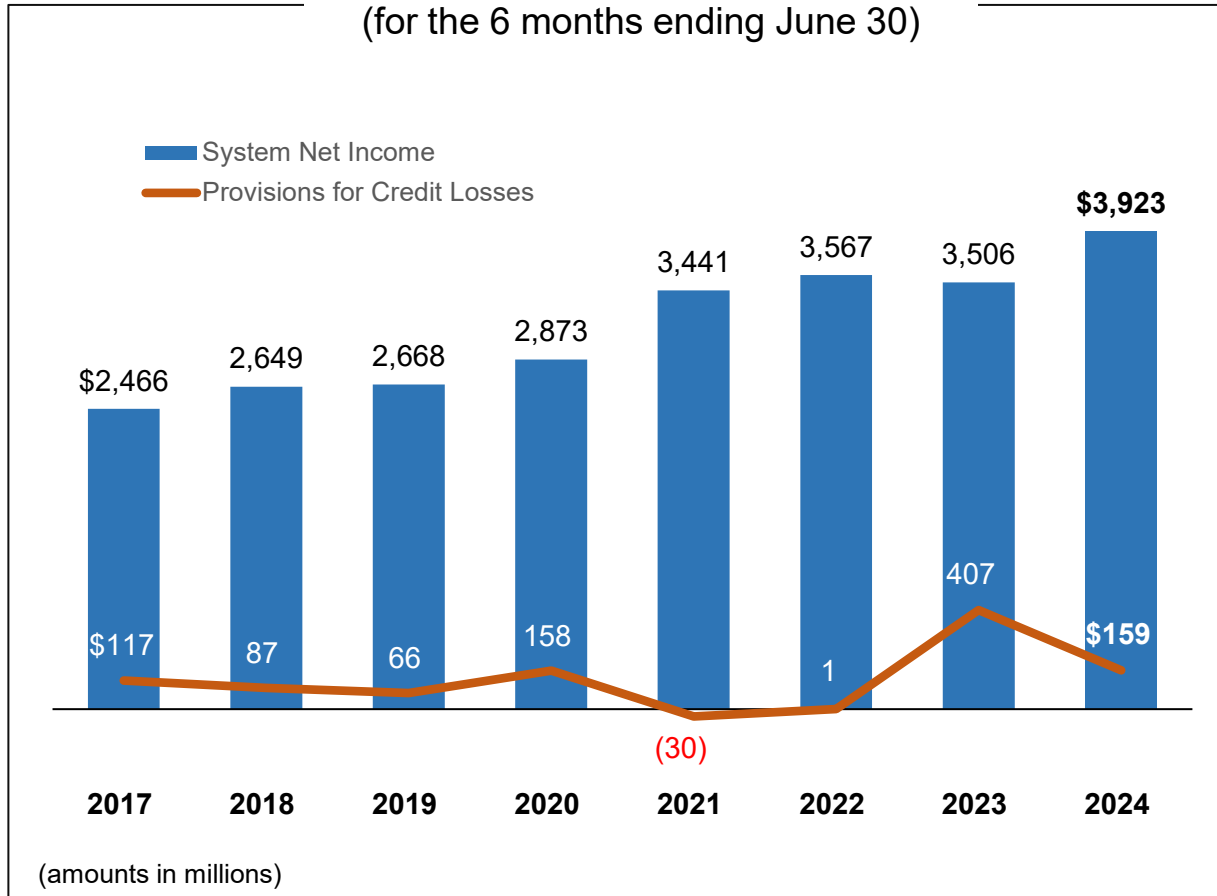
(1) Prior to the adoption of CECL on 1/1/23, nonperforming assets included accruing restructured loans

Source: Federal Farm Credit Banks Funding Corporation Information Statements

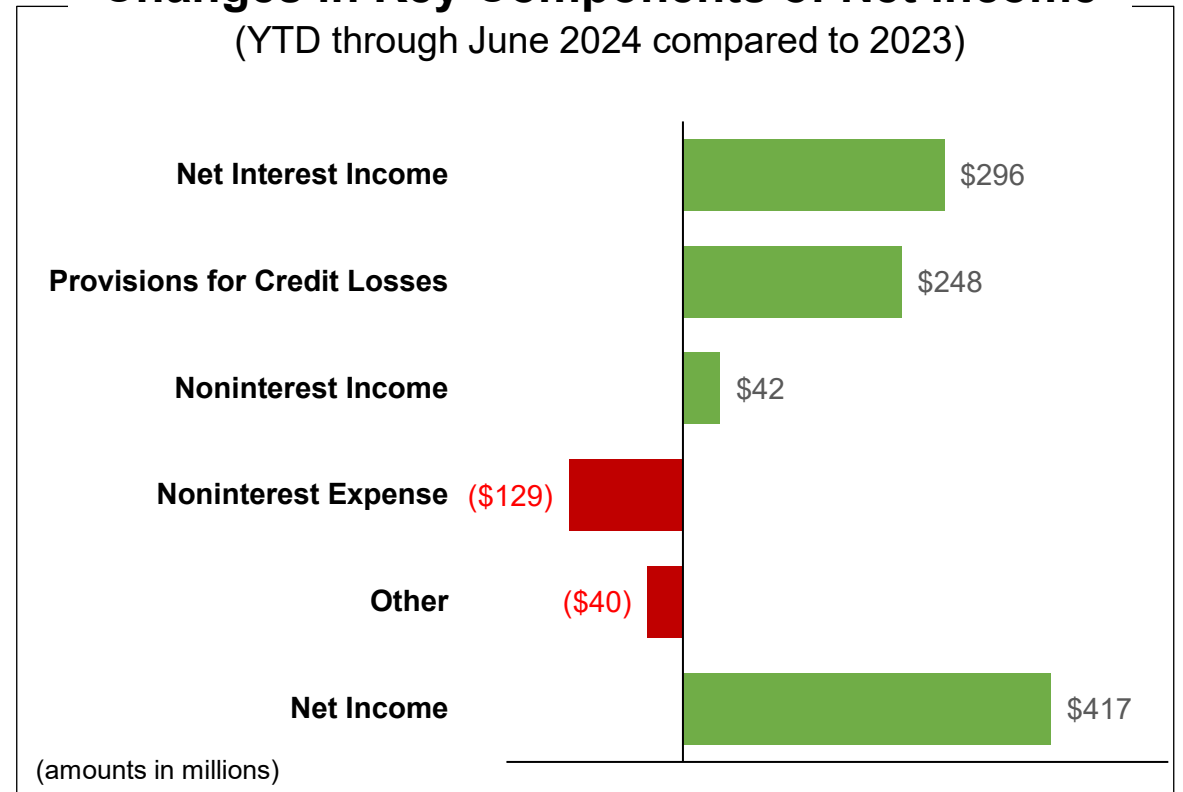


# Higher net interest income and lower allowance provisions drive year-to-date earnings growth

**System Earnings**  
(for the 6 months ending June 30)



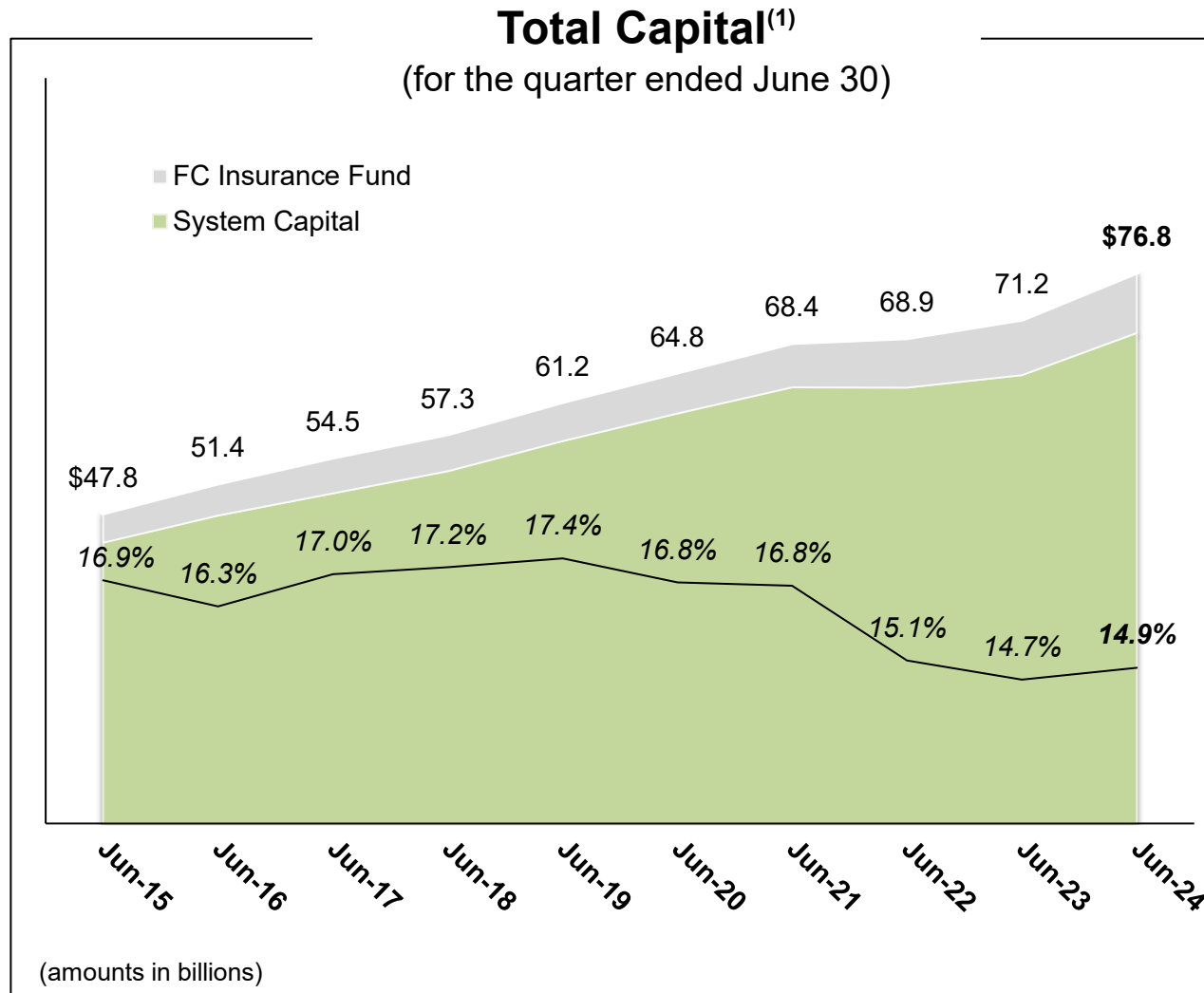
**Changes in Key Components of Net Income**  
(YTD through June 2024 compared to 2023)





# Strong earnings support continued capital growth; banks maintain robust liquidity positions

- ▶ Total capital increased \$5.7 billion or 8.0% year-over-year.
- ▶ The System's capital-to-assets ratio increased to 14.9% compared with 14.7% a year ago.
- ▶ Total regulatory capital ratios:
  - Banks: 14.2% to 16.0%
  - Associations: 12.1% to 35.7%
- ▶ Days of liquidity for the 4 funding banks ranged from 157 to 213 days.
- ▶ Capital and the allowance for loan credit losses equaled 19.3% of loans outstanding as of June 30, unchanged from a year ago.



(1) Includes the Farm Credit Insurance Fund.



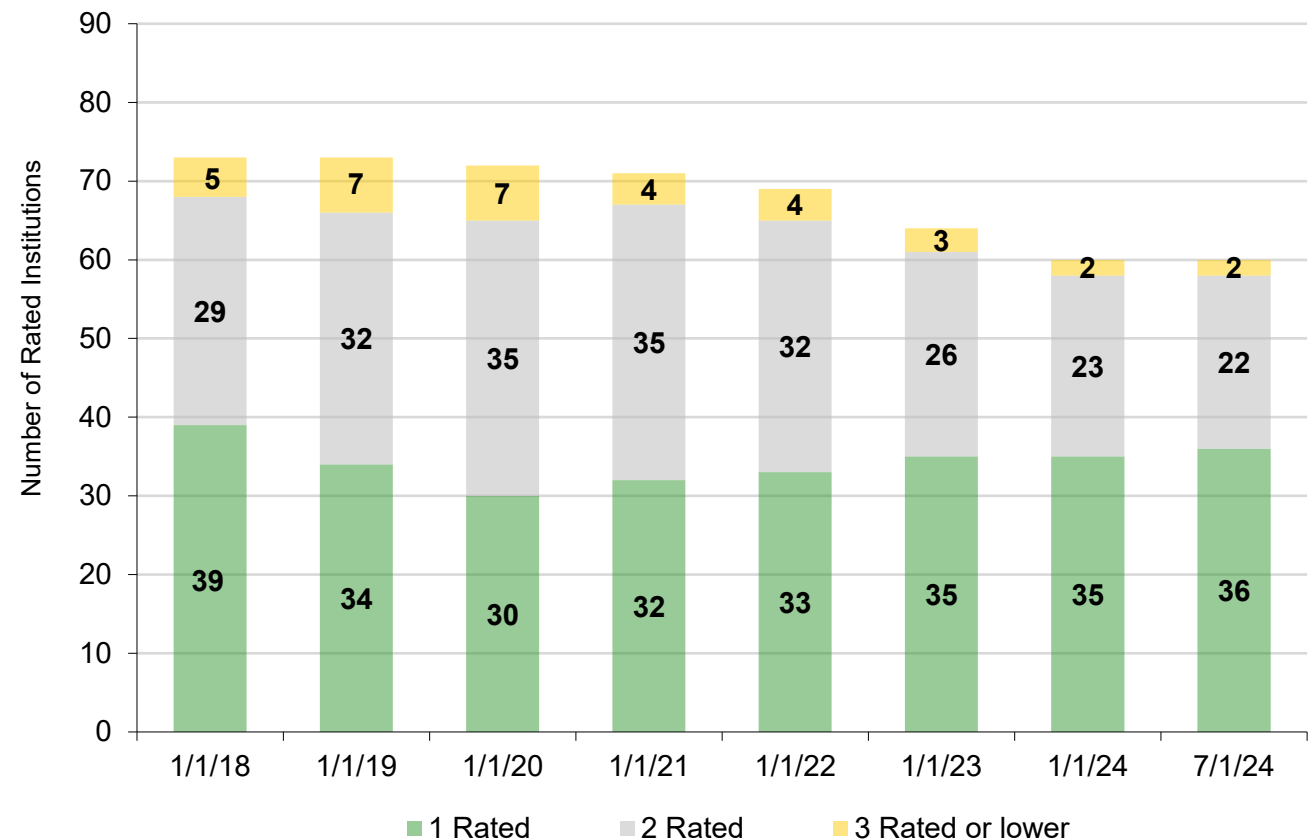
# Composite FIRS ratings remain steady

## Current FIRS Ratings

(based financial reporting through 6/30/24)

- ▶ Composite FIRS ratings reflect the System’s sound financial condition.
- ▶ Over 96% of System banks and associations have a composite FIRS rating of 1 or 2.
- ▶ Institutions rated 3 or lower hold less than 1% of System assets.

### Composite FIRS Ratings Farm Credit System Banks and Associations



Source: FCA’s FIRS ratings database





# Risks we are monitoring

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- ▶ Anticipate a more difficult operating environment for both borrowers and System institutions
- ▶ Effects of a sharp decline in 2024 net farm income combined with existing stress in certain agricultural segments (tree nuts, dairy, swine)
- ▶ Stress on grain producers with sharply lower prices and elevated production costs pushing margins to breakeven or below
- ▶ Declining liquidity resulting in greater reliance on operating lines
- ▶ Impact of elevated interest rates and lower farm income on farmland values
- ▶ Uncertain outlook for economic growth in 2025 along with global tensions, avian influenza, and potential farm program changes