

Kenneth A. Spearman, Board Chairman and Chief Executive Officer  
Dallas Tonsager, Board Member  
Jeffery S. Hall, Board Member



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
July 14, 2016**

These minutes reflect the business transacted at the July 14, 2016, Regular Meeting of the Farm Credit Administration Board (FCA Board) pursuant to the Government in the Sunshine Act (Act), 5 U.S.C. § 552b, and the regulations of the Farm Credit Administration (FCA) adopted thereunder.

The FCA Board meeting was held at the FCA office in McLean, Virginia, beginning at 9:00 a.m. and concluding at 9:27 a.m. Members of the Board present were:

**Kenneth A. Spearman, Board Chairman and Chief Executive Officer**  
**Dallas Tonsager, Member**  
**Jeffery S. Hall, Member**

The above named constitute the full Board.

Others present included **Charles Rawls**, General Counsel; **Dale Aultman**, Secretary to the Board; staff of the FCA and Farm Credit System Insurance Corporation (FCSIC); and four members of the general public. (A list of staff attendees is attached as Exhibit A.)

The **Secretary** read a statement that announced the meeting would be conducted according to the requirements of the Government in the Sunshine Act.

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

**Mr. Tonsager** moved to adopt the Agenda as published.

**Mr. Hall** seconded the motion.

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

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

**Mr. Hall** noted that the Agenda did **not** include any items that should be discussed in closed session, as permitted by the Government in the Sunshine Act, and therefore moved that the entire meeting remain open to the public.

**Mr. Tonsager** seconded the motion.

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

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

### **OPEN SESSION**

#### **Approval of Minutes**

##### **Minutes for June 9, 2016 (BM-14 JUL-16-01)**

**Mr. Tonsager** moved to approve the minutes for June 9, 2016, FCA Regular Board Meeting.

**Mr. Hall** seconded the motion.

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

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-14 JUL-16-01)**

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

### **New Business**

#### **Farm Credit Administration Board Resolution on Farm Credit System's 100<sup>th</sup> Anniversary (BM-14-JUL-16-02)**

**Dennis Carpenter** of the Office of Regulatory Policy presented the **Farm Credit Administration Board Resolution on Farm Credit System's 100<sup>th</sup> Anniversary**. (A copy of the resolution is attached as Exhibit D.)

**Board Chairman Spearman** opened the discussion for questions by the Board.

**Board Chairman Spearman** asked staff to provide their recommendation. Staff provided their recommendation.

**Board Chairman Spearman** called for a motion on the staff's recommendation regarding the proposed rule.

**Mr. Hall** moved that the Board approve the Farm Credit Administration Board Resolution on Farm Credit System's 100<sup>th</sup> Anniversary.

**Mr. Tonsager** seconded the motion.

**Board Chairman Spearman** asked for final discussion.

**Mr. Tonsager** stated that he had a statement which he would like attached to the minutes. (A copy of the statement is attached as Exhibit E.)

**Mr. Hall** stated that he had a statement which he would like attached to the minutes. (A copy of the statement is attached as Exhibit F.)

**Board Chairman Spearman** stated that he had a statement which he would like attached to the minutes and directed the Secretary to add all three statement to the minutes. (A copy of Chairman Spearman's statement is attached as Exhibit G.)

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

The **Secretary** polled the Members and the motion carried unanimously. **(BM-14-JUL-16-02)**

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

**Final Rule – Farmer Mac Corporate Governance  
and Standards of Conduct  
(BM-14-JUL-16-03)**

**Joe Connor** of the Office of Secondary Market Oversight and **Laura McFarland** of the Office of General Counsel presented the Final Rule – Farmer Mac Corporate Governance and Standards of Conduct.

**Board Chairman Spearman** opened the discussion for questions by the Board.

**Board Chairman Spearman** asked if there was any further discussion and asked staff to provide their recommendation. Staff provided their recommendation.

**Board Chairman Spearman** called for a motion on the staff's recommendation regarding the proposed rule.

**Mr. Tonsager** moved that the Board approve the Final Rule – Farmer Mac Corporate Governance and Standards of Conduct.

**Mr. Hall** seconded the motion.

**Board Chairman Spearman** asked if there was any further discussion.

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

The **Secretary** polled the Members and the motion carried unanimously. **(BM-14-JUL-16-03)**

(A copy of the “Board Action Item” is attached as Exhibit I.)

### **ADJOURNMENT**

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

**Mr. Hall** moved that the meeting be adjourned.

**Mr. Tonsager** seconded the motion.

**Board Chairman Spearman** called the question.

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

The meeting adjourned at 9:27 a.m.

### **NOTATIONAL VOTE ACTIONS**

There were three notational vote actions approved by the FCA Board from June 10, 2016, through July 13, 2016 as follows:

<b>Item Number</b>	<b>Action Date</b>	<b>Voting Results</b>	<b>Subject</b>
NV 16-11	6/22/2016	Approved	Election of Morgan Duffy to FCSBA Secretary-Treasurer of the FCS Building Association
NV 16-12	6/22/2016	Approved	Joint final rule that implements title III of the Terrorism Risk Insurance Program Reauthorization Act of 2015 by exempting the non-cleared swaps and non-cleared security-based swaps of certain counterparties from the initial and variation margin requirements of the joint final rule on margin and capital requirements for covered swap entities.
NV 16-13	6/24/2016	Approved	AgStar Financial Services, ACA’s and CoBank, ACB’s requests to invest up to \$17.6 million each in bonds issued by a rural medical center in California. The bonds will provide financing to relocate and replace the existing facilities. FCA placed conditions on AgStar and CoBank in conjunction with this investment.



**STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
July 14, 2016**

Kenneth A. Spearman, Board Chairman and Chief Executive Officer  
Dallas Tonsager, Board Member  
Jeffery S. Hall, Board Member

<b>OFFICE</b>	<b>OPEN SESSION</b>
<b>Office of the Board</b>	
Aultman, Dale	X
Middleton, Russell	X
Corey, Kathryn	X
Kramp, Kevin	X
Laguarda, Wendy	X
Calhoun, Gaye	X
Buccolo, Debra	X
<b>OIT</b>	
Golley, Jerald	X
<b>COO</b>	
Hoffman, William	X
<b>OCPA</b>	
Stokke, Mike	X
Meaux, Willy	X
<b>OSMO</b>	
Connor, Joe	X
<b>EEOI</b>	
Burlew, Thais	X

OFFICE	OPEN SESSION
<b>OGC</b>	
Donner, Mary Alice	X
McFarland, Laura	X
<b>OE</b>	
Coleman, Robert	X
Paulsen, Roger	X
<b>OIG</b>	
Dean, Elizabeth	X
<b>ORP</b>	
Van Meter, Gary	X
Carpenter, Dennis	X
Gibbs, Paul	X
Neal, Joi	X
<b>OCFO</b>	
Smith, Stephen	X
<b>OAS</b>	
Fowlkes, Jerome	X
<b>GENERAL PUBLIC</b>	<b>4</b>

**PUBLIC ANNOUNCEMENT OF  
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT  
Farm Credit Administration Board  
Regular Meeting  
July 14, 2016**

**Summary:** Notice is hereby given, pursuant to the Government in the Sunshine Act (5 U.S.C. Sec. 552b (e) (1)), of the forthcoming regular meeting of the Farm Credit Administration Board.

**Date and Time:** The regular meeting of the Board will be held July 14, 2016. The meeting is scheduled to be held at the office of the Farm Credit Administration in McLean, Virginia, from 9:00 a.m. until such time as the Board may conclude its business.

**Address:** Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090. Submit attendance requests via e-mail to [VisitorRequest@FCA.gov](mailto:VisitorRequest@FCA.gov). See SUPPLEMENTARY INFORMATION for further information about attendance requests.

**For Further Information Contact:** Dale L. Aultman, Secretary to the Farm Credit Administration Board (703) 883-4009. TTY is (703) 883-4056.

**Supplementary Information:** This meeting of the Board will be open to the public (limited space available). Please send an e-mail to [VisitorRequest@FCA.gov](mailto:VisitorRequest@FCA.gov) at least 24 hours before the meeting. In your e-mail include: name, postal address, entity you are representing (if applicable), and telephone number. You will receive an e-mail confirmation from us. Please be prepared to show a photo identification when you arrive. If you need assistance for accessibility reasons, or if you have any questions, contact Dale L. Aultman, Secretary to the Farm Credit Administration Board, at (703) 883-4009. The matters to be considered at the meeting are:

**OPEN SESSION**

**Approval of Minutes**

- 1 June 9, 2016

**New Business**

- 2 Farm Credit Administration Board Resolution on Farm Credit System’s 100<sup>th</sup> Anniversary
- 3 Final Rule – Farmer Mac Corporate Governance and Standards of Conduct.

July 1, 2016

Date

/s/

Dale L. Aultman  
Secretary to the Board



**Farm Credit Administration**

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

**BOARD ACTION ITEM**

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**FCA BOARD ACTION ON**

**Minutes for June 9, 2016 Regular Board Meeting**

**BM-14-JUL-16-01**

**Effective Date:** July 14, 2016

**Effect on Previous Action:** None

**THE FCA BOARD HEREBY:**

Approves the minutes for June 9, 2016, Regular Board Meeting as submitted.

**DATED THIS 14<sup>th</sup> DAY OF JULY 2016**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/\_\_\_\_\_  
**Dale L. Aultman**  
**Secretary to the Board**

## Farm Credit Administration Board Resolution on the Farm Credit System's 100<sup>th</sup> Anniversary

**WHEREAS**, on July 17, 1916, President Woodrow Wilson signed into law the Federal Farm Loan Act (39 Stat. 360, chapter 245), which established the Farm Credit System, the nation's oldest government-sponsored enterprise;

**WHEREAS** Congress recognized that a prosperous, productive agriculture is essential to a free nation;

**WHEREAS** Congress created the Farm Credit System to fill the growing need for credit in rural areas and to improve the income and well-being of American farmers and ranchers by furnishing sound, adequate, and constructive credit and closely related services to them, their cooperatives, and to selected farm-related businesses;

**WHEREAS** Congress designed the Farm Credit System as a network of independently owned cooperatives that

- are controlled by borrowers,
- are responsive to the individual needs of borrowers for credit and financial services,
- provide competitive credit to all types of agricultural producers and their cooperatives, and to selected farm-related businesses, and
- actively support the next generation of agricultural producers;

**WHEREAS** Congress provided for the safety and soundness oversight of the Farm Credit System through the Farm Credit Administration, an independent federal agency;

**NOW, THEREFORE, BE IT RESOLVED**, the Farm Credit Administration Board

- recognizes the 100<sup>th</sup> anniversary of the Farm Credit System, and the service and support the System has provided to agriculture and rural communities over the past 100 years, and
- supports the System's mission to provide a safe, sound, and dependable source of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

Adopted this 14th day of July, 2016, by the Farm Credit Administration Board.

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Honorable Kenneth A. Spearman  
Chairman of the Board

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Honorable Dallas Tonsager  
Board Member

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Honorable Jeffery S. Hall  
Board Member

**Statement**  
**Dallas Tonsager, Board Member**  
**Farm Credit System 100<sup>th</sup> Anniversary Resolution**  
**Farm Credit Administration Board Meeting**  
**July 14, 2016**

The mission of the Farm Credit System (or System) has been a hard one these last one hundred years. Beginning in 1916, the System was a crucial player in helping to build from the ground up our agricultural and rural economy. For the last century, the System has continued to grow and strengthen American agriculture.

As a cooperative structure owned by its farmer and rancher members, the Farm Credit System bears the stamp of the hardworking people of rural America. And like friends and neighbors, the System is a steadfast source of credit and support for agricultural producers both in good times and bad. Although the Farm Credit System is a creature of the law, it is about the personnel commitment made to each member of this cooperative structure that truly inspires the enduring strength and quality of the System.

The opening days of the second one hundred years may prove to be challenging ones for agriculture and the Farm Credit System. Once again, the solid and resilient character demonstrated by the members of the System will be called upon to ensure the future of our nation's agricultural industry.

As a Board Member of the Farm Credit Administration (FCA), it is my duty to see that the System fulfills its mission in a safe and sound manner. It is also my privilege, for the benefit of agriculture and rural America, to work with my colleagues at FCA to usher the Farm Credit System into the next century of its life.

**Statement**  
**Jeffery Hall, Board Member**  
**Farm Credit System 100<sup>th</sup> Anniversary Resolution**  
**Farm Credit Administration Board Meeting**  
**July 14, 2016**

Today I proudly vote for the Board Resolution recognizing and congratulating the Farm Credit System's 100 anniversary. The Farm Credit System, the nation's oldest government sponsored enterprise, has admirably served America's farmers and rancher through good times and bad.

On July 17, 1916 President Woodrow Wilson signed into law the Federal Farm Loan Act which established the Farm Credit System. In 1916, credit often was unavailable or unaffordable in rural areas. Many lenders avoided farm loans due to the inherent risks of agriculture. The Farm Credit System was created to provide a permanent, reliable source of credit to American agriculture.

Agriculture production in this country has changed greatly over the years but the need for the Farm Credit System has not. Agriculture is still fraught with uncontrollable and often unpredictable risks and is not for the faint of heart. It can be argued, however, that agriculture is the most important domestic industry highlighting the need for the dependable source of credit provided by the Farm Credit System.

Recently the House Committee on Agriculture held a hearing to highlight agriculture's role in our nation's security. If we couldn't produce our own food, if we were dependent imports to survive this country would not be the strongest country on Earth.

Because of the Farm Credit System and its successful execution of its mission to provide a safe, sound and dependable source of credit and related services for all creditworthy and eligible persons in agriculture and rural America we aren't dependent on foreign sources of food. Because of the success of the Farm Credit System America feeds the world.

The lifeblood of any farming operation, big, small, urban, commercial or organic, is liquidity. If producers can't get the capital they need to buy land, put crops in the ground or buy incredibly expensive equipment they simply would not be able to operate. The expertise the Farm Credit System has developed in agriculture lending and the efficiency with which they do it provides our farmers, ranchers and rural communities with a dependable and cost effective funding source.

Today I am proud to recognize the Farm Credit System for all that it does for our country. Congratulations on its 100<sup>th</sup> anniversary.

**Statement**  
**Kenneth A. Spearman, Board Chairman**  
**Farm Credit System 100th Anniversary Resolution**  
**Farm Credit Administration Board Meeting**  
**July 14, 2016**

As we recognize and celebrate the 100th anniversary of the establishment of the Farm Credit System, I think it is important to remember that its existence has not always been assured, and we should not take that for granted. In fact, there was serious opposition in 1916 when Congress voted on the original “Federal Farm Loan Act” which established the System with long-term agricultural mortgage financing. It was not until 1933, 17 years later, that the System received most of its lending authority.

Despite opposition from critics and competitors, and downturns in the agricultural economy, the Farm Credit System survived and thrived, and evolved into a \$300 billion dependable source of credit for America’s farmers and ranchers. Like American society, the System continues to grow and change to meet the credit needs of an ever changing face of American agriculture. Today the System is meeting its mission to serve all creditworthy, eligible farmers and ranchers. I hope it will continue to diversify and meet the needs of nontraditional agricultural producers.

Also, I want to recognize and emphasize the important role the Farm Credit Administration has played in the System’s viability, growth, and evolution. I realize we do not make loans or sit on institution boards; we are the regulator. However, by ensuring the System’s safety and soundness and mission delivery, we help in the success of the Farm Credit System now and in the future.

**Farm Credit Administration**

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

**BOARD ACTION ITEM**

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**FCA BOARD ACTION ON**

**Farm Credit Administration Board Resolution  
on Farm Credit System's 100<sup>th</sup> Anniversary**

**BM-14-JUL-16-02**

**Effective Date: July 14, 2016**

**THE FCA BOARD HEREBY:**

Approves the resolution, which recognizes the 100<sup>th</sup> Anniversary of the Farm Credit System (System) and supports the System's mission to provide a safe, sound, and dependable source of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

**DATED THIS 14<sup>th</sup> DAY OF JULY 2016**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
Dale L. Aultman  
Secretary to the Board

**Farm Credit Administration**

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

**BOARD ACTION ITEM**

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**FCA BOARD ACTION ON**

**Final Rule – Farmer Mac Corporate Governance  
and Standards of Conduct**

**BM-14-JUL-16-03**

**Effective Date: July 14, 2016**

**THE FCA BOARD HEREBY:**

- Approves the final rule, which establishes risk management standards and internal controls requirements, and enhances existing reporting and disclosure requirements for the Federal Agricultural Mortgage Corporation.
- Authorizes staff to make any technical or grammatical changes that may be necessary for publication in the *Federal Register*.

**DATED THIS 14<sup>th</sup> DAY OF JULY 2016**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
Dale L. Aultman  
Secretary to the Board