

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  
June 8, 2023**

These minutes reflect the business transacted at the June 8, 2023, 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 was held at the FCA office in McLean, Virginia. The meeting began at 9:00 a.m. and concluded at 10:07 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 (Secretary); **Ward Griffin**, Acting General Counsel; and staff of the FCA and Farm Credit System Insurance Corporation (FCSIC). There were nine members of the general public registered to attend. (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 address technical and protocol items.

The **Secretary** 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 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 May 11, 2023**

**(BM-8-JUN-23-01)**

**Mr. Hall** moved to approve the minutes for the May 11, 2023, 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-8-JUN-23-01)**

(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**

**Yuri Katrinic** of the **Office of Data Analytics and Economics** and **Hal Johnson** of the **Office of Examination** presented the Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance.

**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 D.)

### **Semiannual Report on Office of Examination Operations**

**Dan Fennewald** and **Angela Greenlee** of the **Office of Examination** presented the Semiannual Report on Office of Examination Operations.

**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.)

**Chairman Logan** expressed that he wanted to take a moment to recognize Pride Month, before moving the meeting to adjournment.

**Chairman Logan** read aloud a written statement in recognition of Pride Month and the recent flying of the Pride flag at FCA. **Chairman Logan** requested that the Secretary include this statement in the minutes. (Chairman Logan's statement 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. Smith** moved that the meeting be adjourned.

**Mr. Hall** seconded the motion.

**Chairman Logan** called the question.

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

The meeting adjourned at 10:07 a.m.

### NOTATIONAL VOTE ACTIONS

There were three notational vote actions approved by the FCA Board from May 11, 2023, through June 7, 2023.

Item Number	Action Date	Voting Results	Subject
NV 23-11	05/12/2023	Approved	Farm Credit Administration Budget Reallocation for Office of Information Technology Labor
NV 23-12	05/22/2023	Approved	Appointment of Ward P. Griffin as Acting General Counsel
NV 23-13	05/31/2023	Approved	Farm Credit Administration 2023 Enhanced Workforce Benefits

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on June 8, 2023.

\_\_\_\_\_/s/  
Vincent G. Logan  
Chairman and Chief Executive Officer

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

Approved: July 13, 2023

**BOARD AND STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
June 8, 2023**

Vincent G. Logan, Chairman and Chief Executive Officer  
 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>	
Hoffman, Bill	X
Duran, Maribel	X
<b>OCOO</b>	
Clark, Patrina	X
<b>OEEOI</b>	
Burlew, Thais	X
<b>OIT</b>	
Golley, Jerry	X
Versace, Jerry	X
Matos, Ricardo	X
Rana, Ben	X
<b>OCPA</b>	
Reuschel, Trevor	X
Middleton, Russell	X
<b>OGC</b>	
Griffin, Ward	X
<b>OE</b>	
Duffy, Mike	X
Fennewald, Dan	X
Greenlee, Angela	X
Johnson, Hal	X
Yaddof, Nicole	X
<b>ODAE</b>	
D'Antoni, Jeremy	X
Katrinic, Yuri	X
<b>OIG</b>	
Laguarda, Wendy	X

<b>ATTENDEES</b>	<b>OPEN SESSION</b>
Miller, Kevin	X
<b>OSMO</b>	
Connor, Joe	X
Hudson, Bruce	X
Thomas, Elu	X
<b>ORP</b>	
Kramp, Kevin	X
Agans, Autumn	X
Suen, Vania	X
<b>OCFO</b>	
Walters, Sandi	X
Gandy, Doug	X
<b>OAS</b>	
Bell, Vonda	X
Keller, Joshua	X
<b>FCSIC</b>	
Grimaldi, Andrew	X
Wynn, Wade	X
Smith, Gregory	X
Morgan, Matthew	X
<b>GENERAL PUBLIC</b>	9

# 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 June 8, 2023**

**TIME AND DATE:** 9:00 a.m., Thursday, June 8, 2023.

**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 May 11, 2023, Minutes
- Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance
- Semiannual Report on Office of Examination Operations

**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

May 23, 2023

# Farm Credit Administration

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

## BOARD ACTION ITEM

---



### FCA BOARD ACTION ON

Minutes for May 11, 2023

**BM-8-JUN-23-01**

**Effective Date:** June 8, 2023

**Impact on Prior Board Actions:** None

#### THE FCA BOARD HEREBY:

- Approves the minutes for May 11, 2023.

**DATED THIS 8<sup>th</sup> DAY OF JUNE 2023**

**BY ORDER OF THE BOARD**

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



# Quarterly Report on FCS Conditions

June 8, 2023

Yuri Katrinic - Senior Economist

Hal Johnson - Senior Financial Analyst







# Topics for Open Session

---

## Economic Conditions Affecting the Farm Credit System

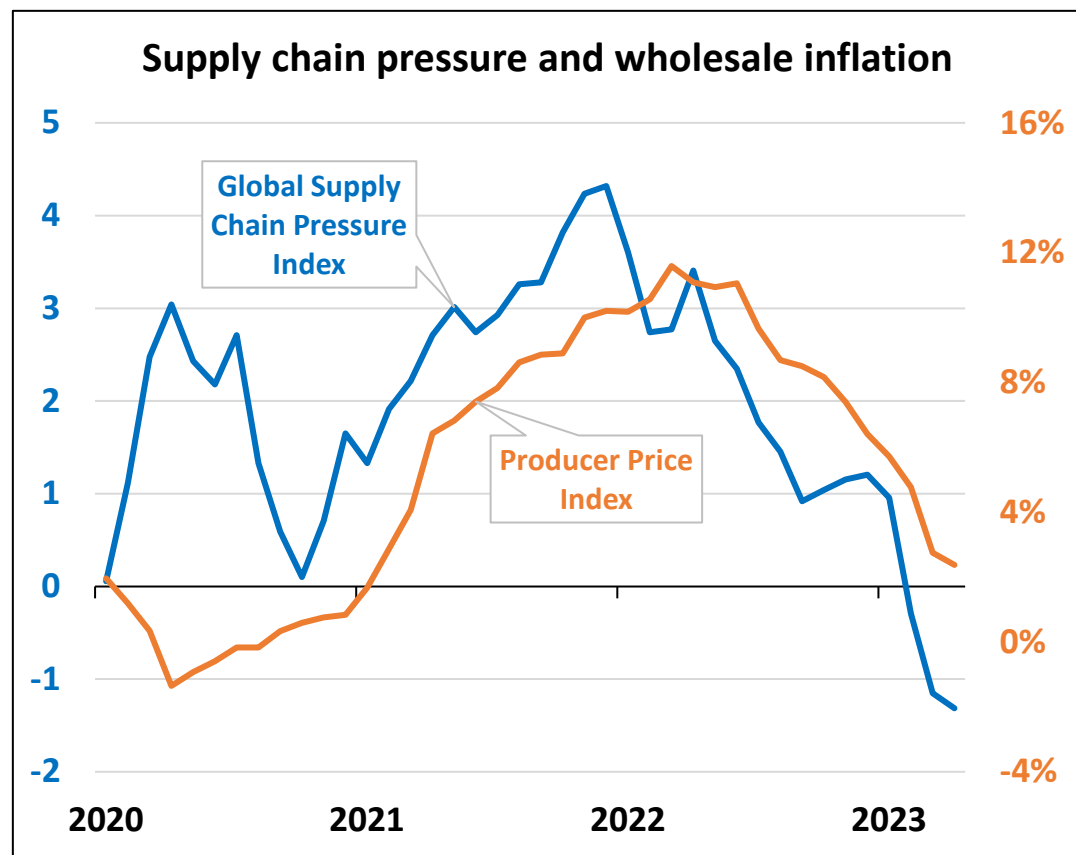
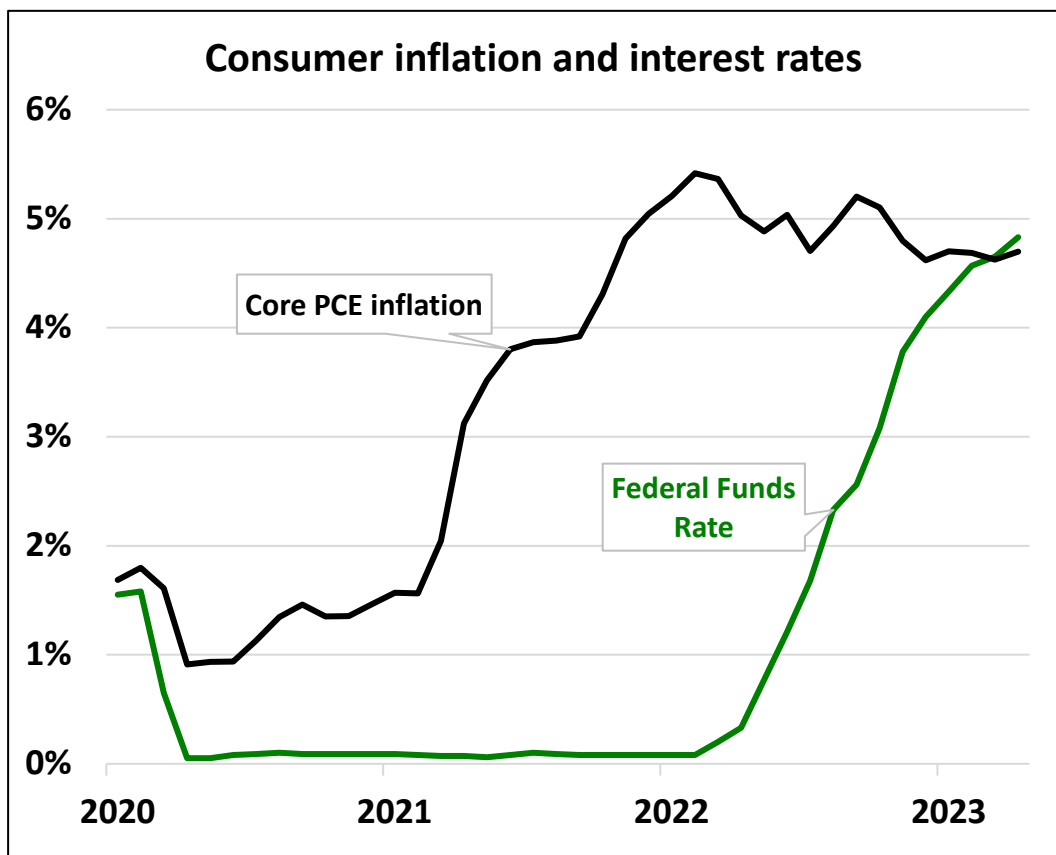
- Macroeconomic conditions
- Supply and demand for commodities
- Farm and ranch margin outlook

## Farm Credit System Condition and Performance

- System growth and loan portfolio
- Earnings and capital
- Financial Institution Rating System (FIRS)



# Inflation levels-off, supply chain pressures ease as interest rates rise

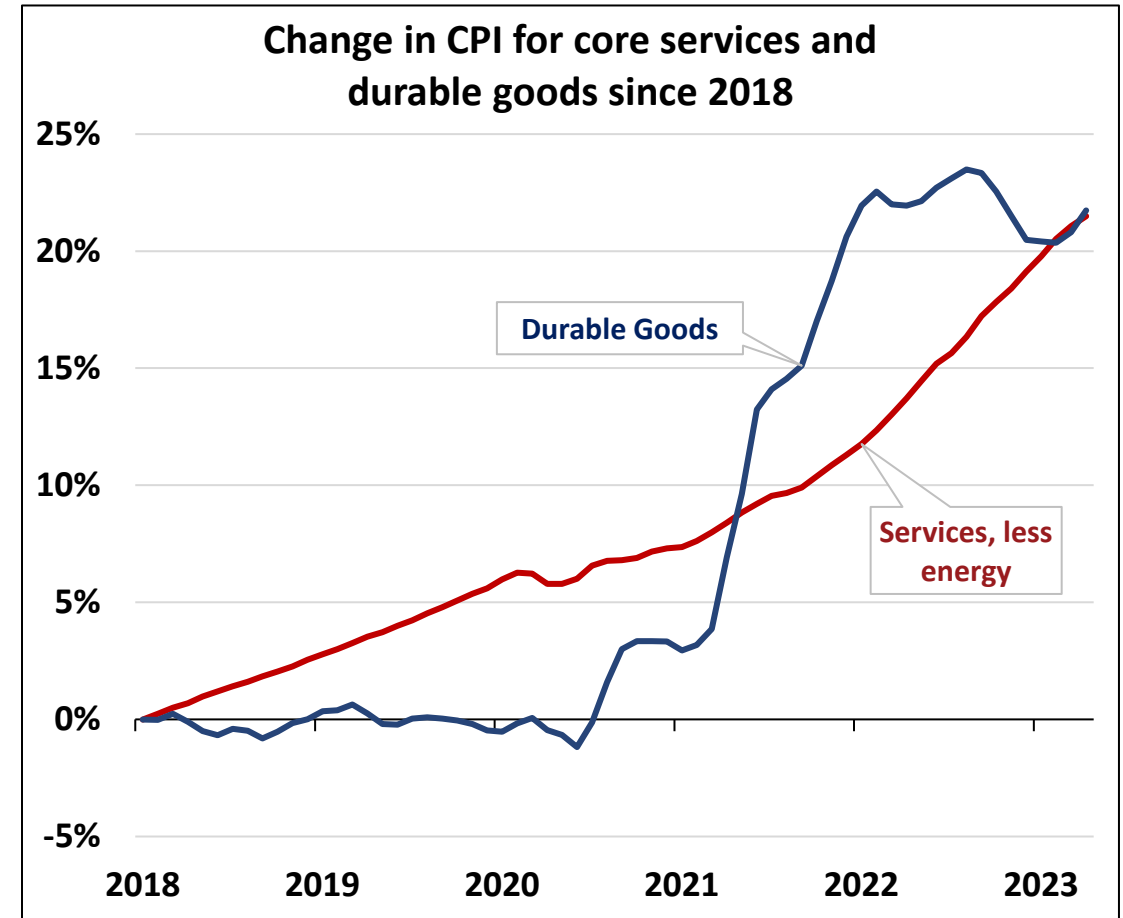


Source: [Federal Reserve](#), [Federal Reserve Bank of New York](#), [Bureau of Labor Statistics](#)



# Inflation has shifted from goods to services

- ▶ Early pandemic:
  - Supply chain disruptions
  - Changing consumption trends
  - Inflation in goods
- ▶ Today:
  - Normalized consumption
  - Labor and housing shortages
  - Inflation in services

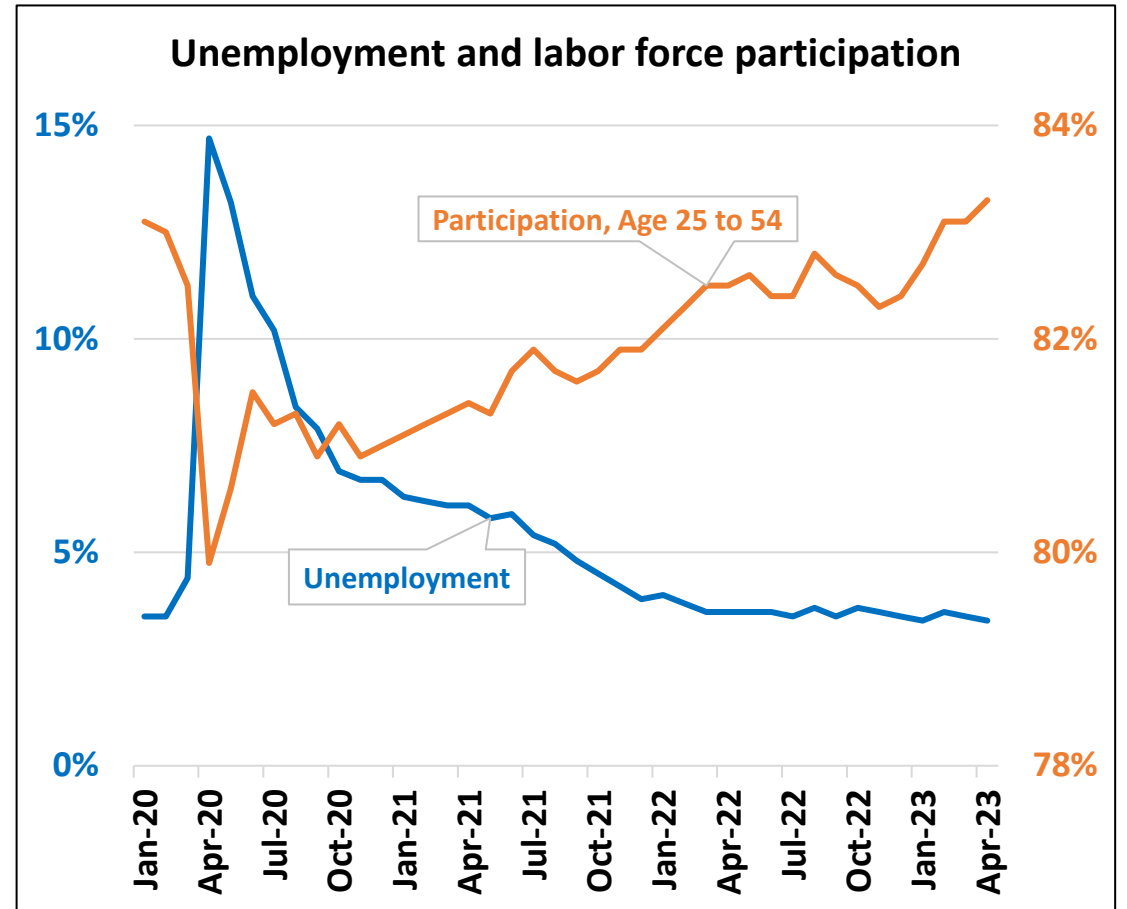


Source: [Bureau of Labor Statistics](#)



# Workforce struggles to meet demand for labor

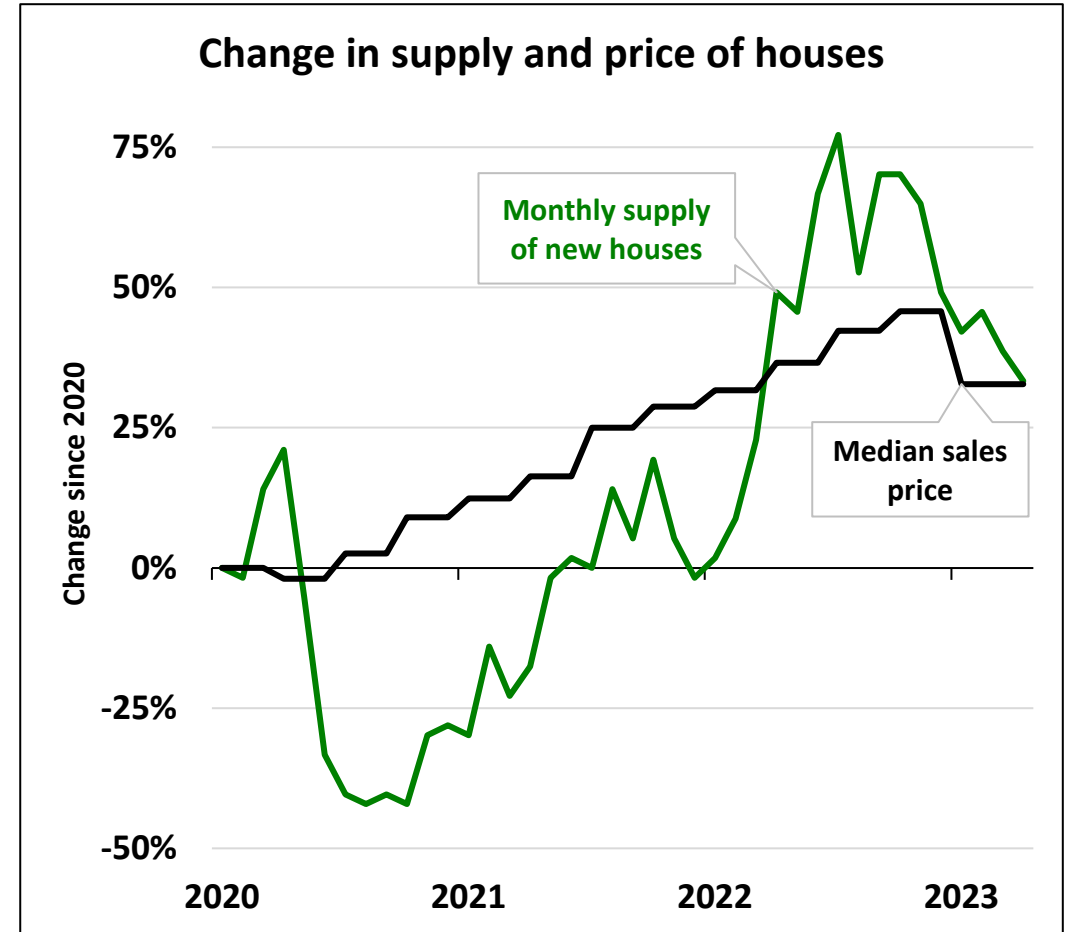
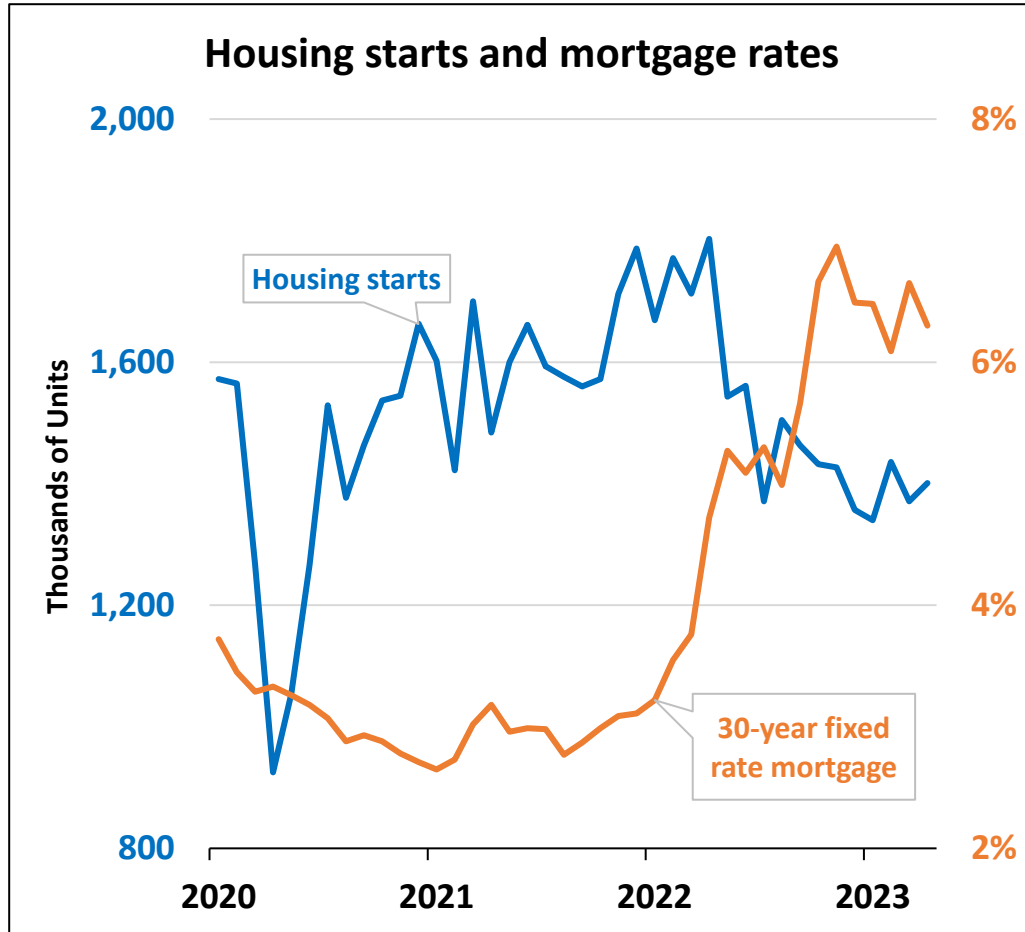
- ▶ 1.6 job openings per applicant, down from 2
- ▶ Fed continues to watch wages to inform interest rate decisions
- ▶ Longer term labor supply constraints from aging population



Source: [Bureau of Labor Statistics](#)



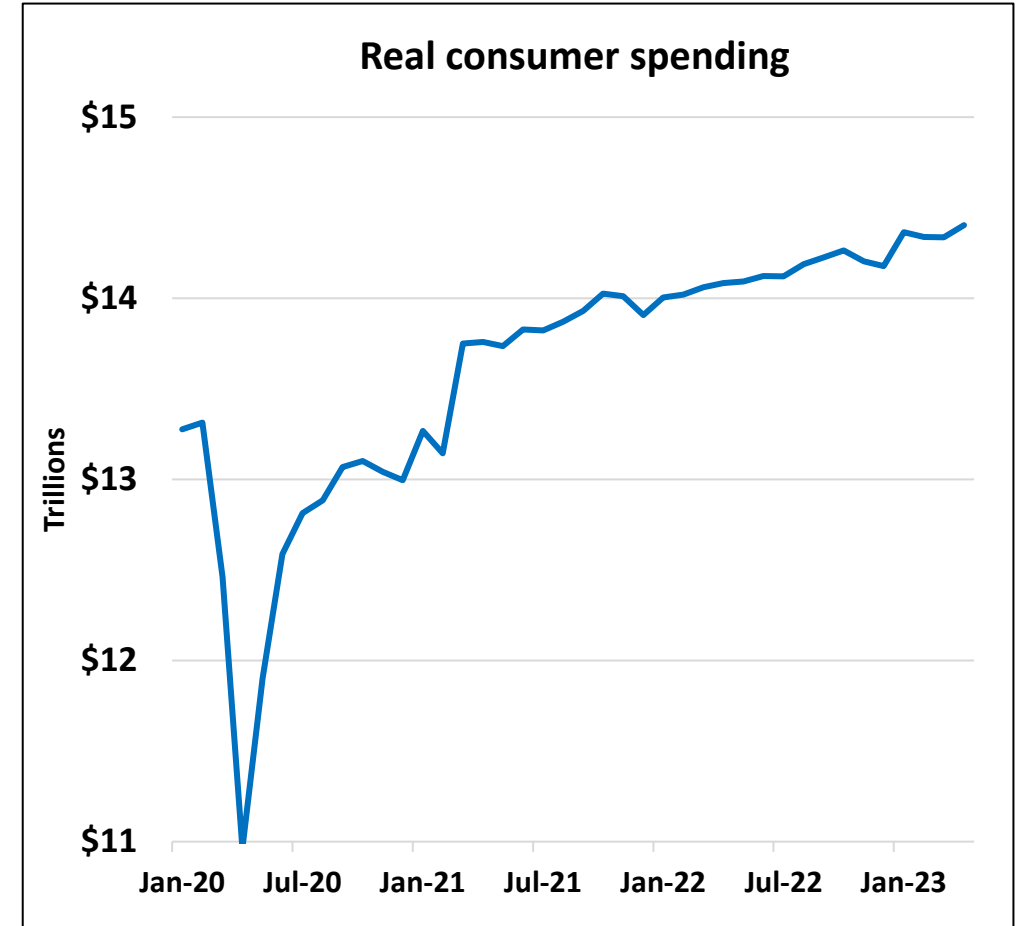
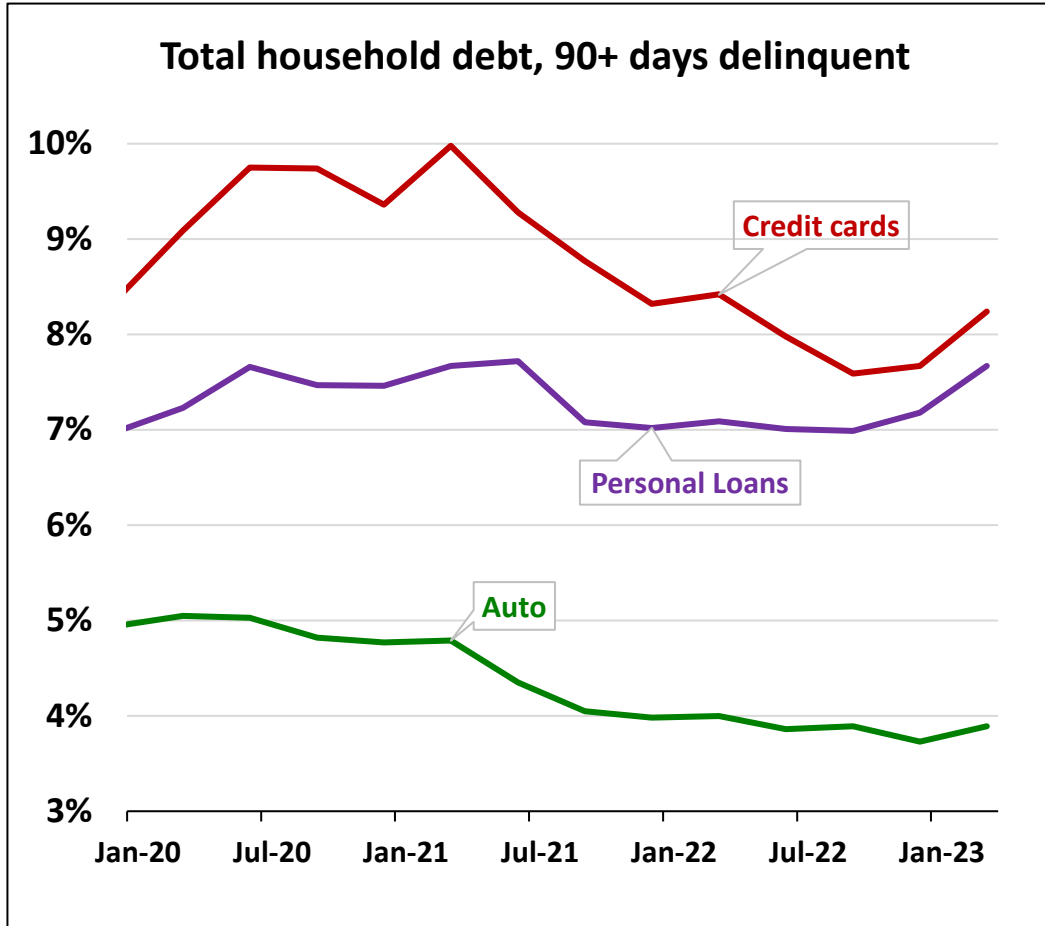
# High mortgage rates weigh on housing market



Source: [Census Bureau, Department for Housing and Urban Development](#)



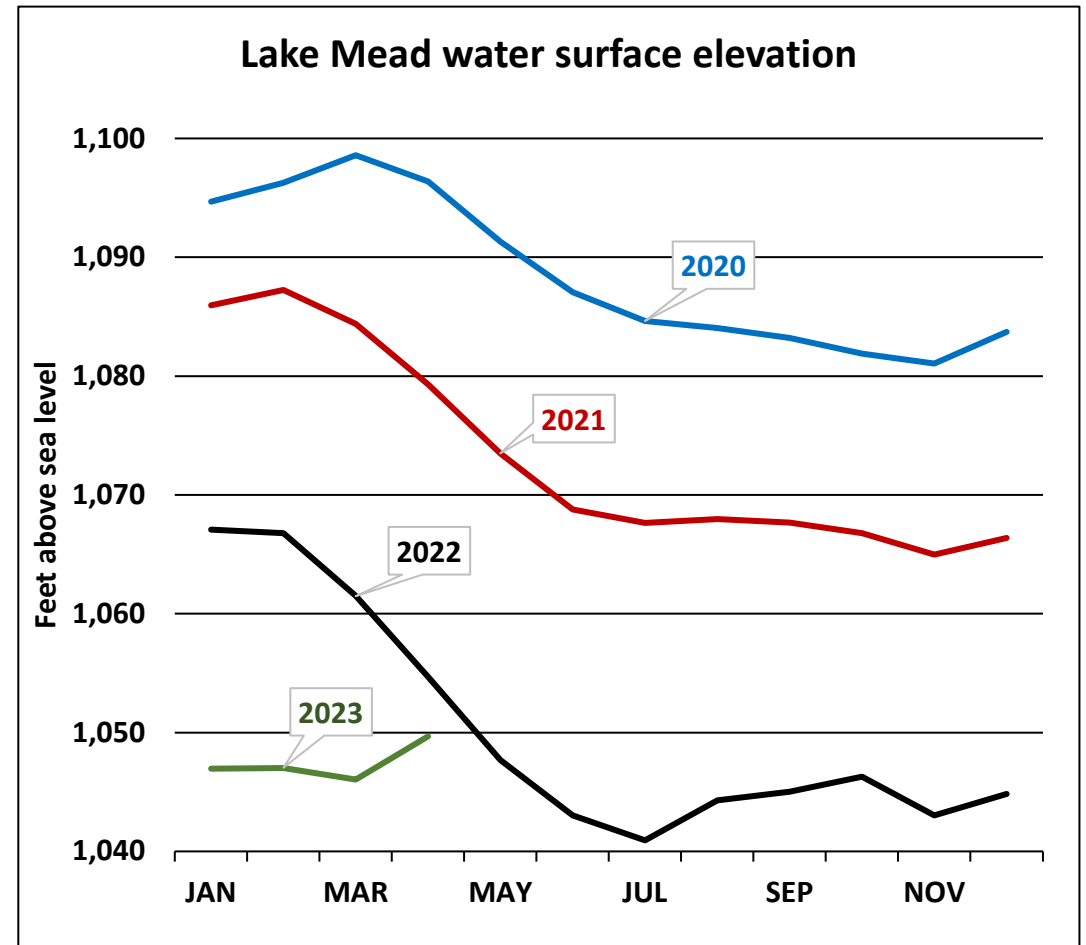
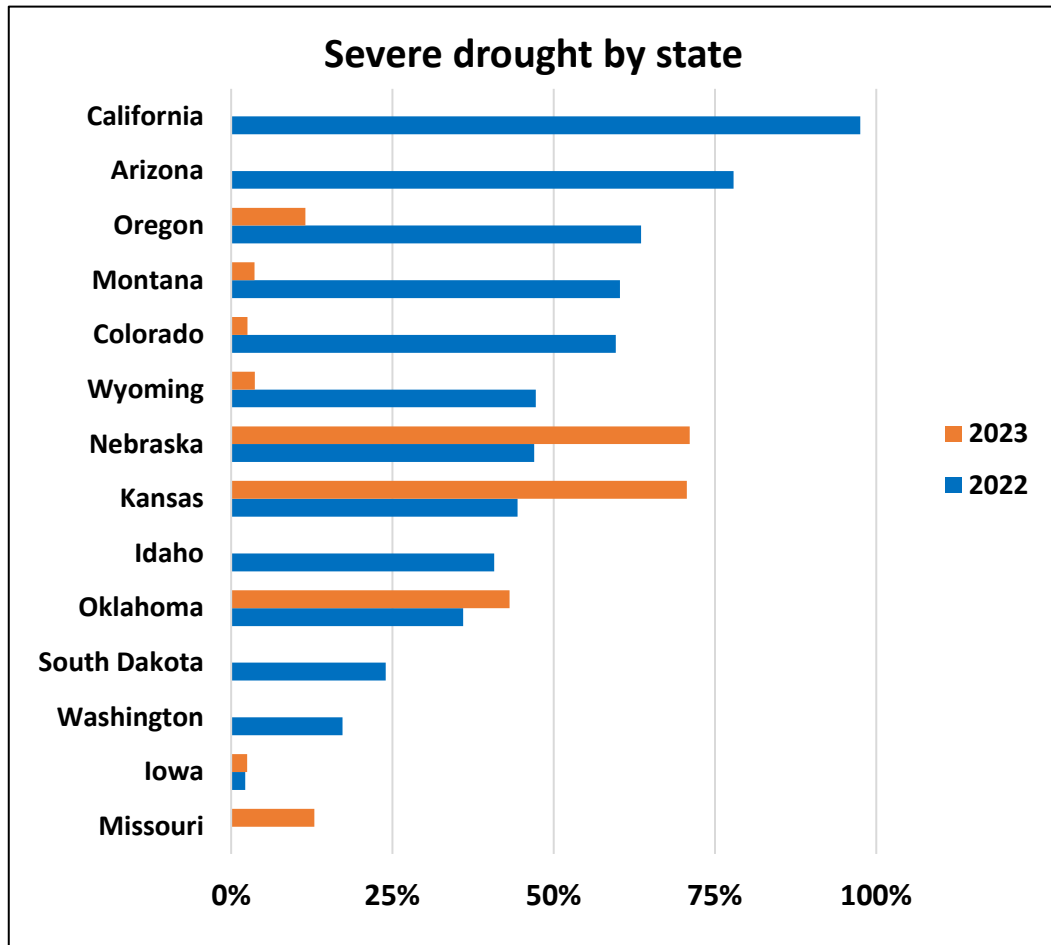
# Consumer debt and spending continues to evolve with inflation and wage growth



Source: [New York Fed Center for Microeconomic Data](#), [Bureau of Economic Analysis](#)



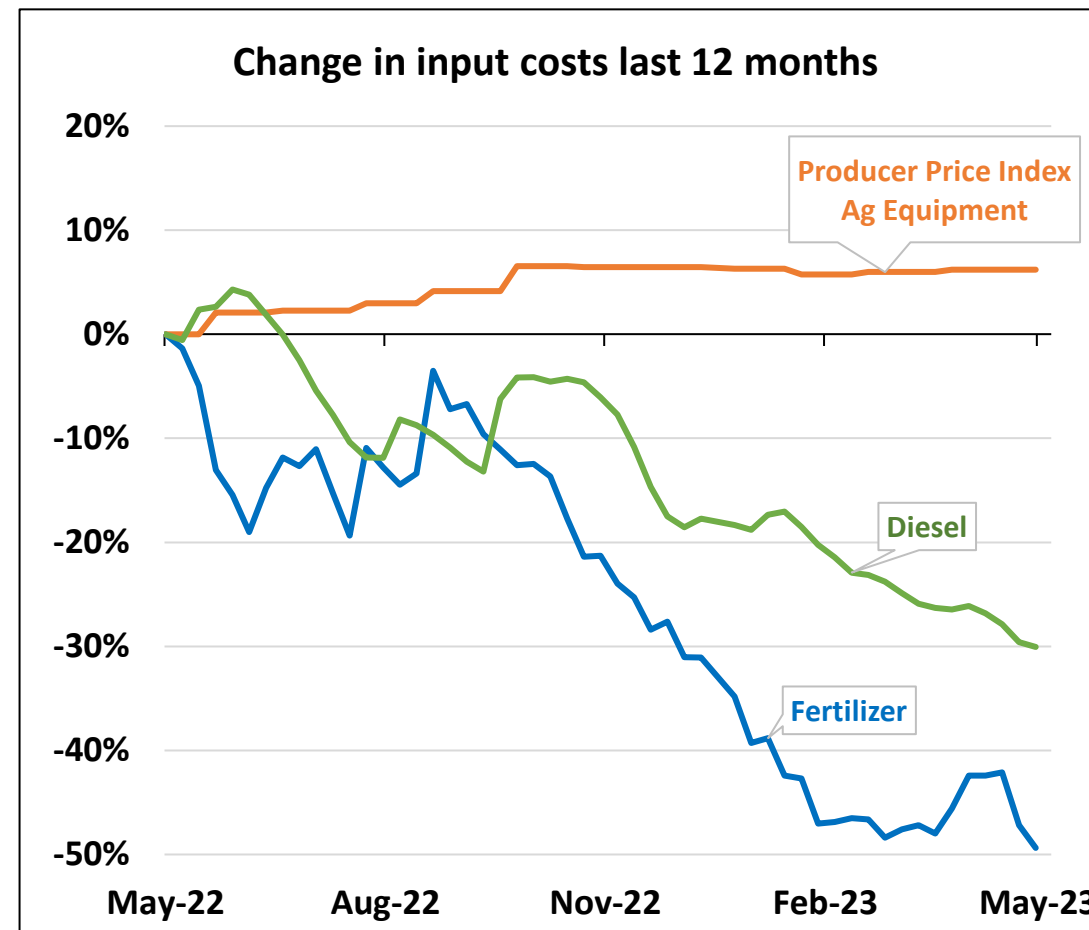
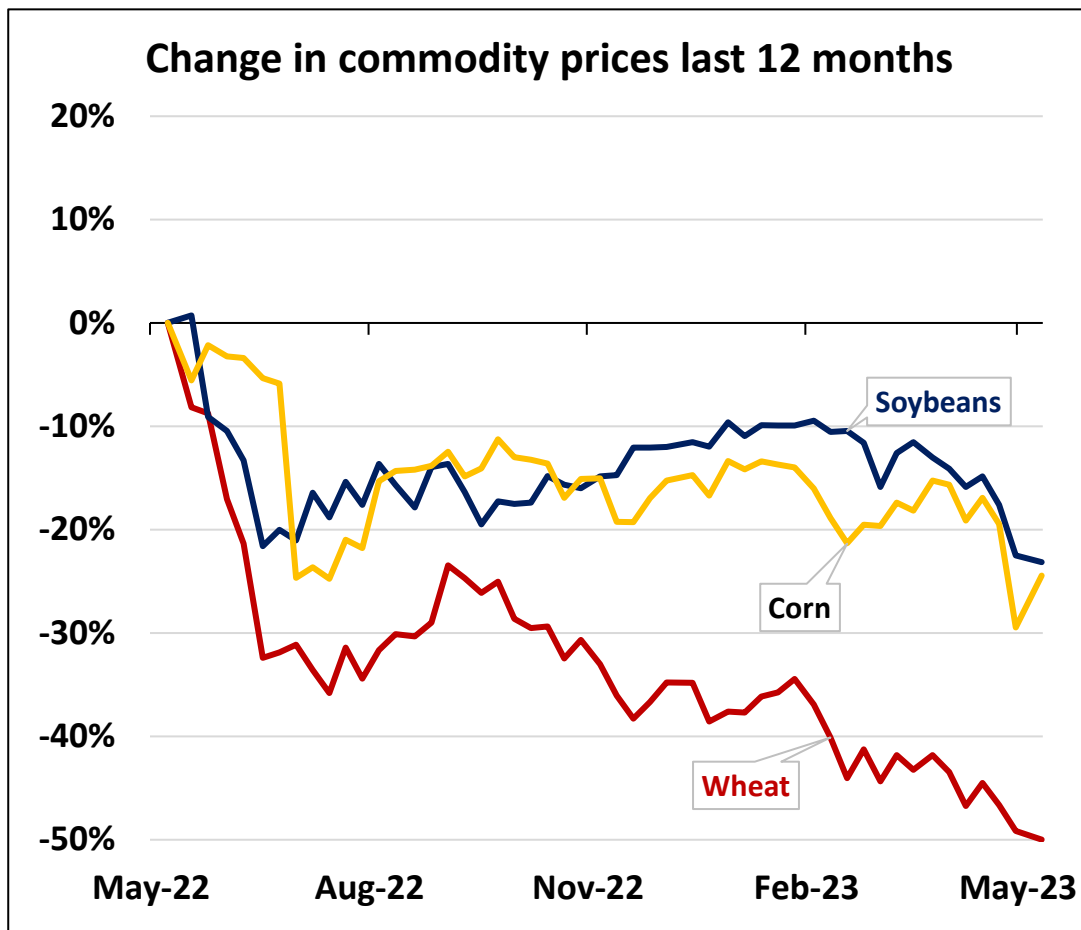
# Weather has improved from a year ago



Source: [U.S. Drought Monitor](#), [Bureau of Reclamation](#)



# Commodity prices and production costs fall



Source: [Bureau of Labor Statistics](#), [Energy Information Administration](#), Green Markets, [Chicago Board of Trade](#)





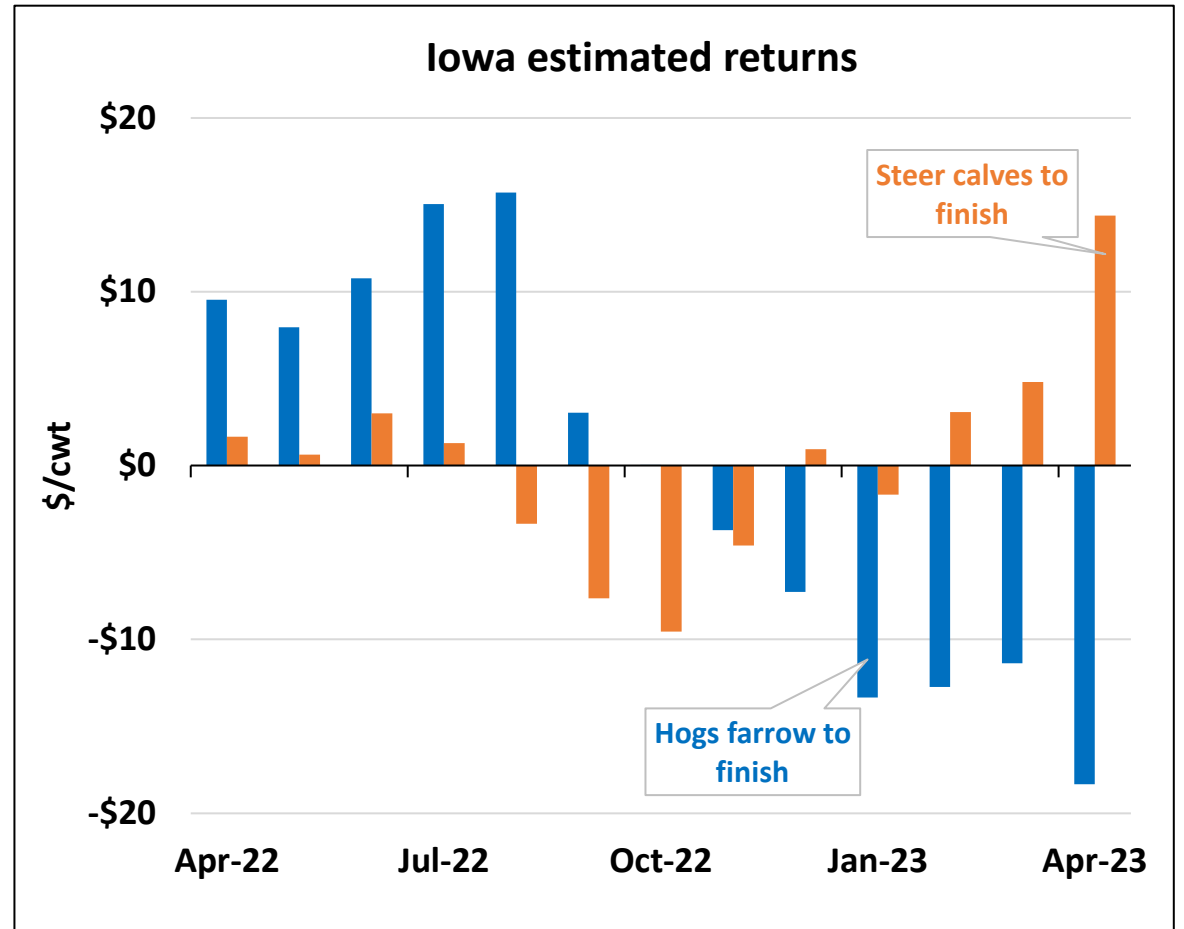
# Livestock producer margins diverge

## ▶ Cattle

- High calf demand as pastures improve
- High beef prices after herd reductions
- Lower feed costs

## ▶ Hogs

- Higher than expected supplies
- Tepid export demand
- California production policy changes



Source: [Iowa State University](#)



# Questions

---



# Farm Credit System Condition and Performance as of March 31, 2023

Hal Johnson  
Senior Financial Analyst  
Office of Examination

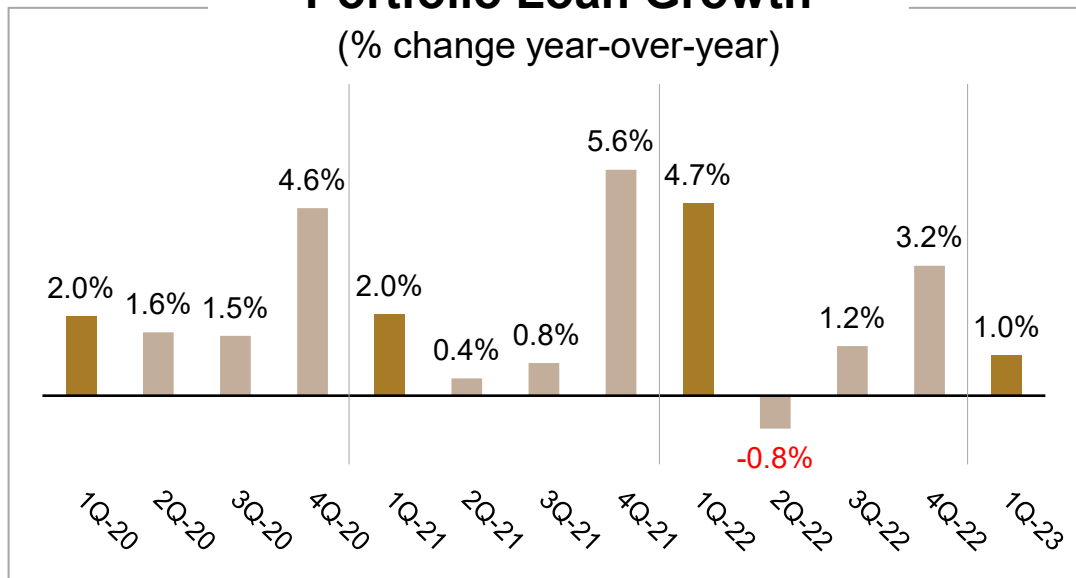




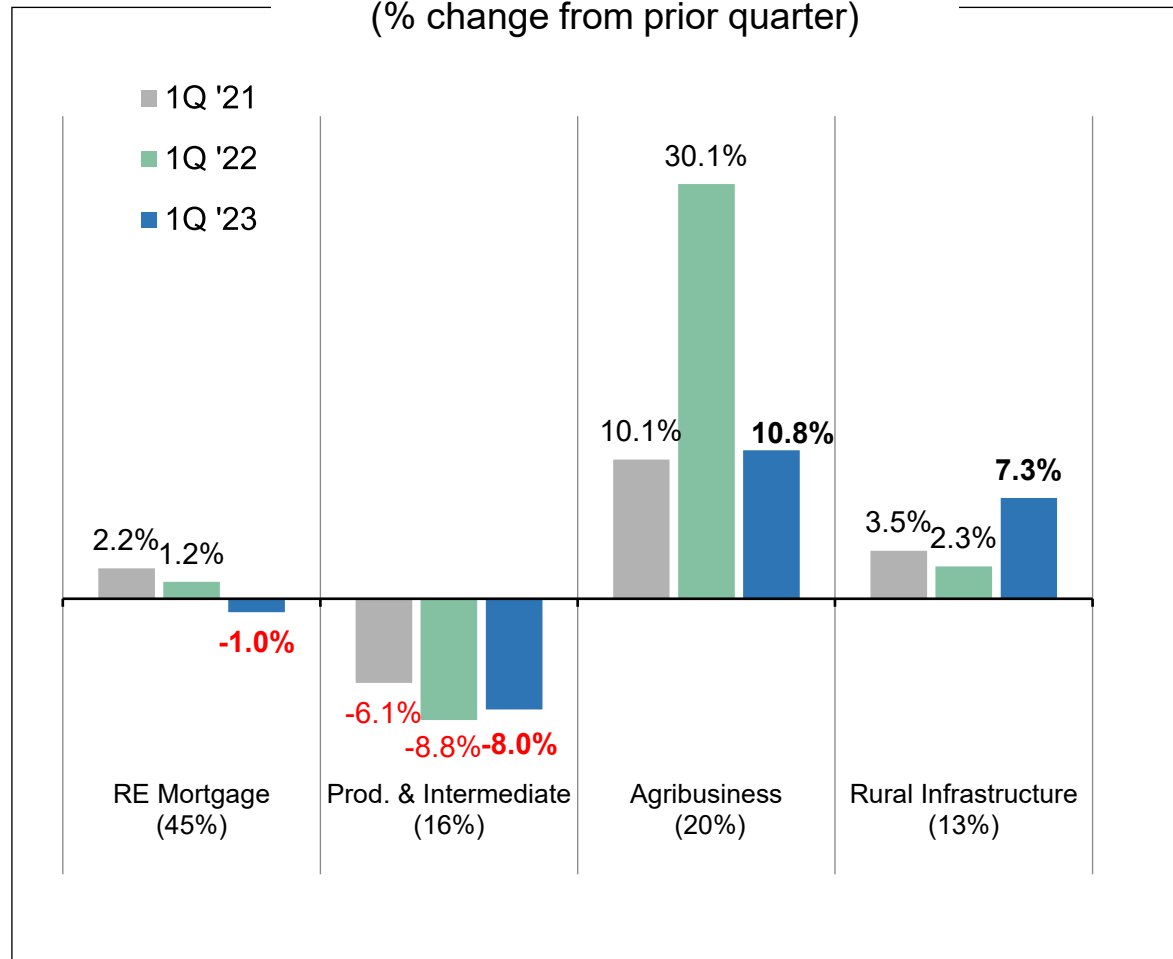
# System growth slows in the first quarter

<b>Total Assets</b> 3/31/23	<b>\$484.5</b>	<b>+1.6% Qtr</b>	<b>Gross Loans</b> 3/31/23	<b>\$377.0</b>	<b>+1.0% Qtr</b>
	billion	<b>+7.0% 12M</b>		billion	<b>+4.7% 12M</b>

**Portfolio Loan Growth**  
(% change year-over-year)



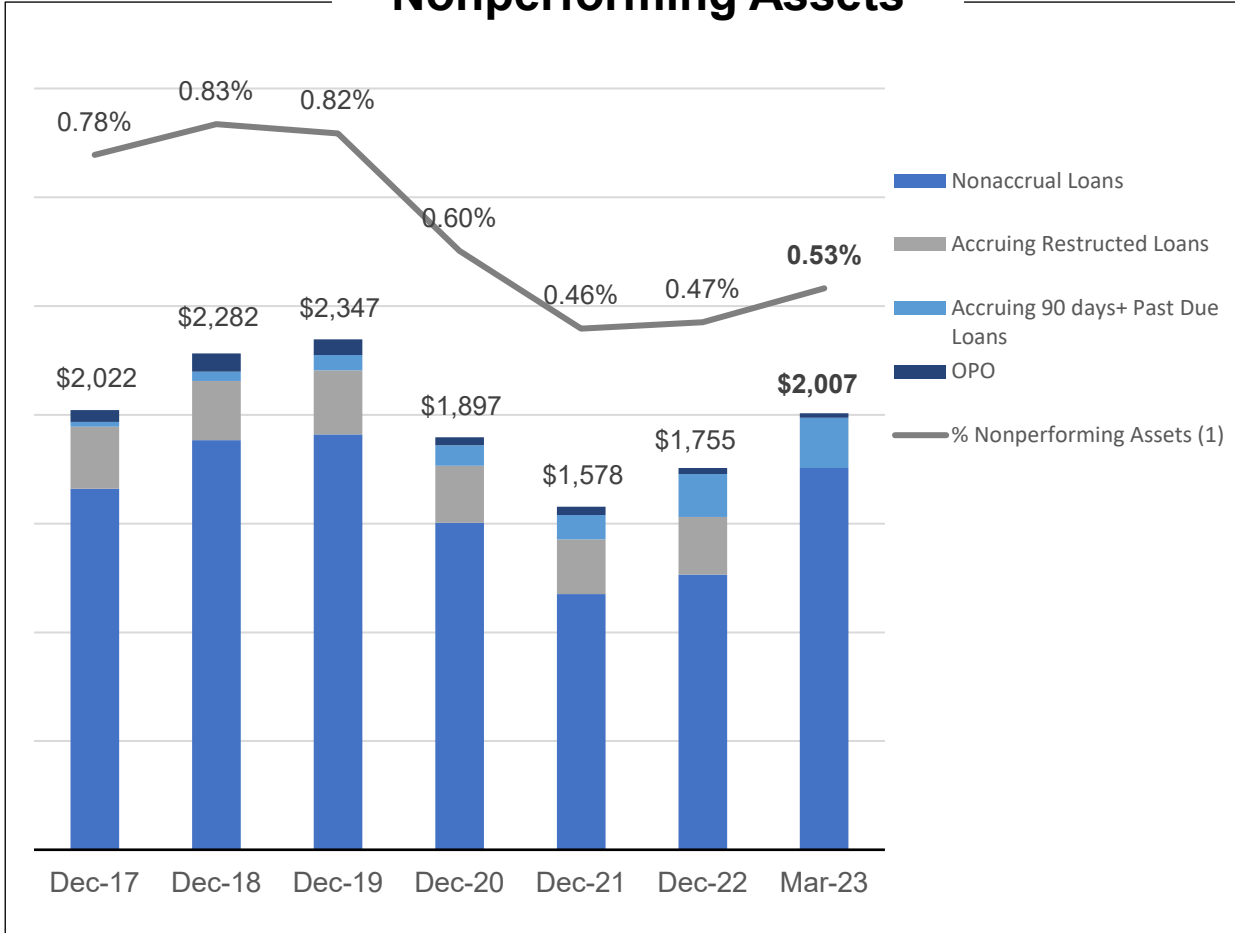
**Loan Growth by Loan Type**  
(% change from prior quarter)





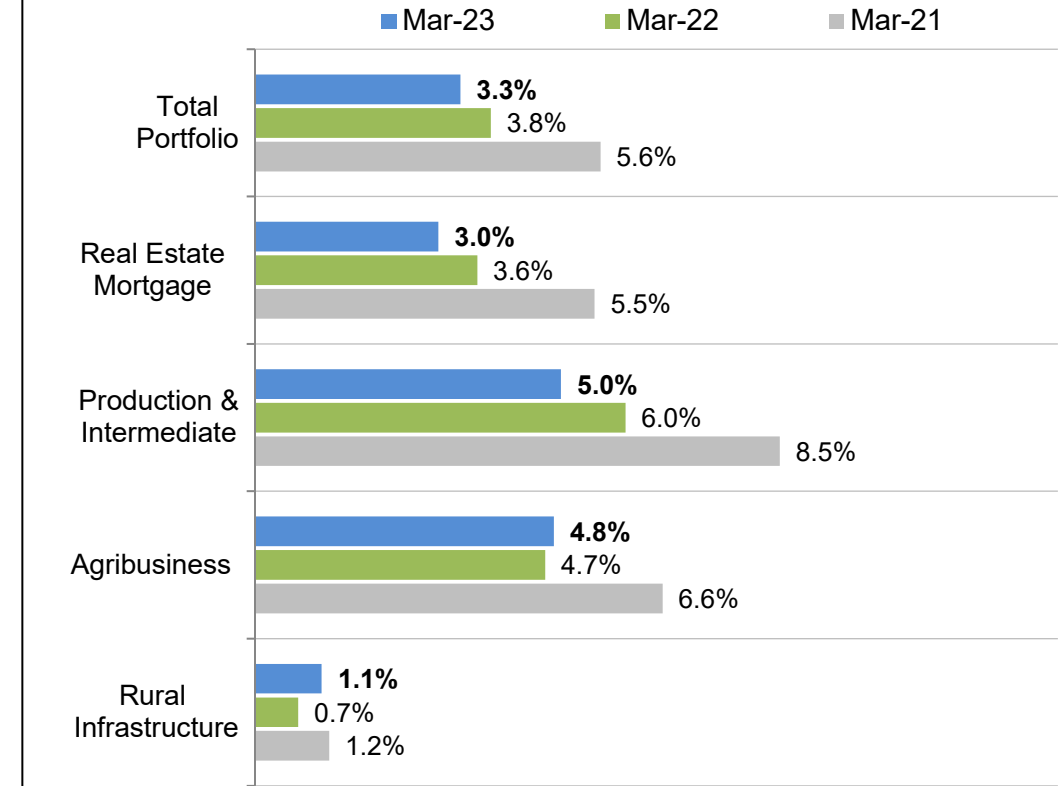
# Nonperforming assets rise, but overall level remains low

## Nonperforming Assets



## Loans Classified Less than Acceptable

(% of loans outstanding)



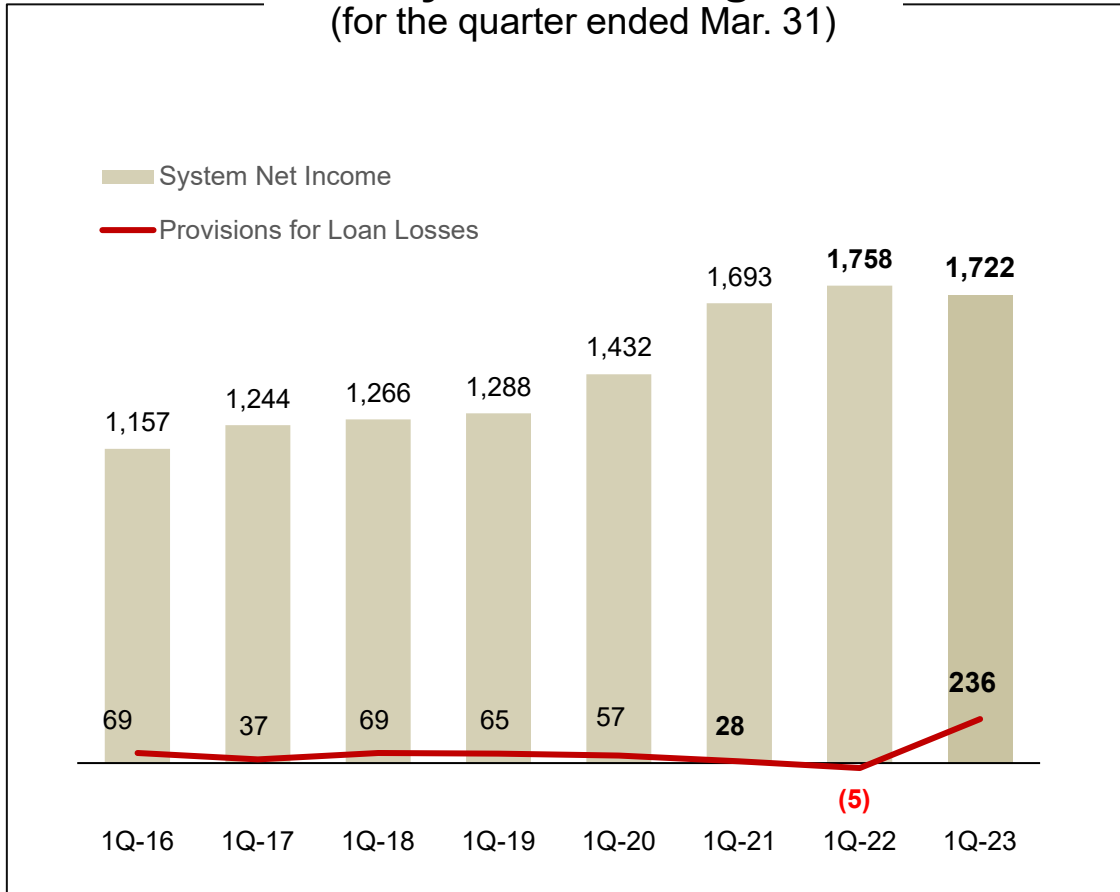
(1) calculated as a percentage of gross loans outstanding and other property owned

Source: Federal Farm Credit Banks Funding Corporation Information Statements

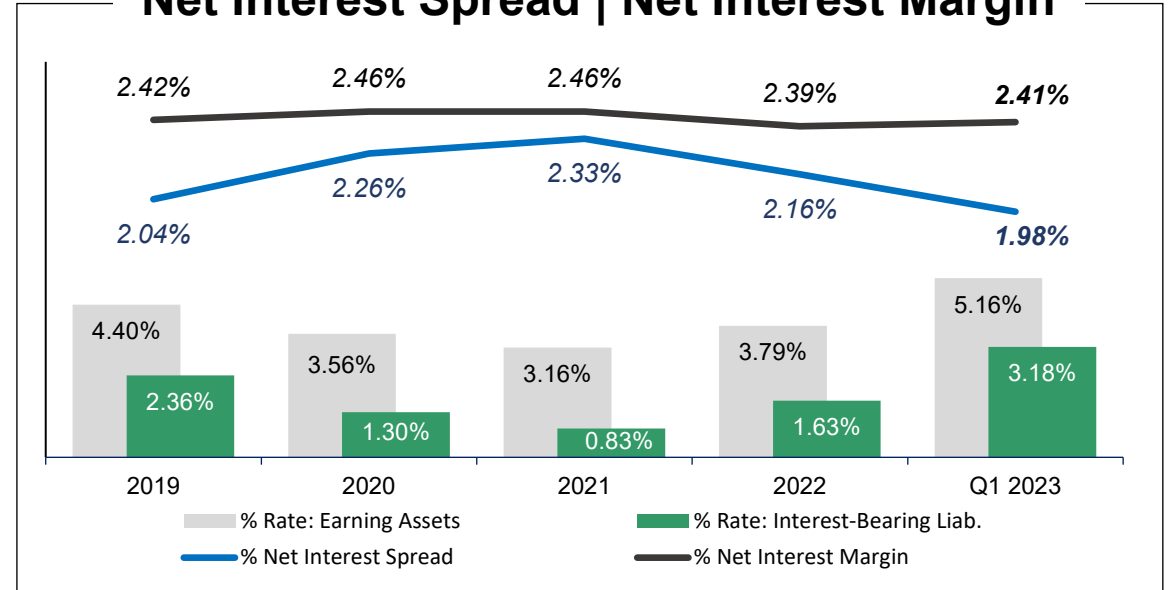


# 1<sup>st</sup> quarter earnings impacted by increased provisions and higher noninterest expenses

**System Earnings**  
(for the quarter ended Mar. 31)

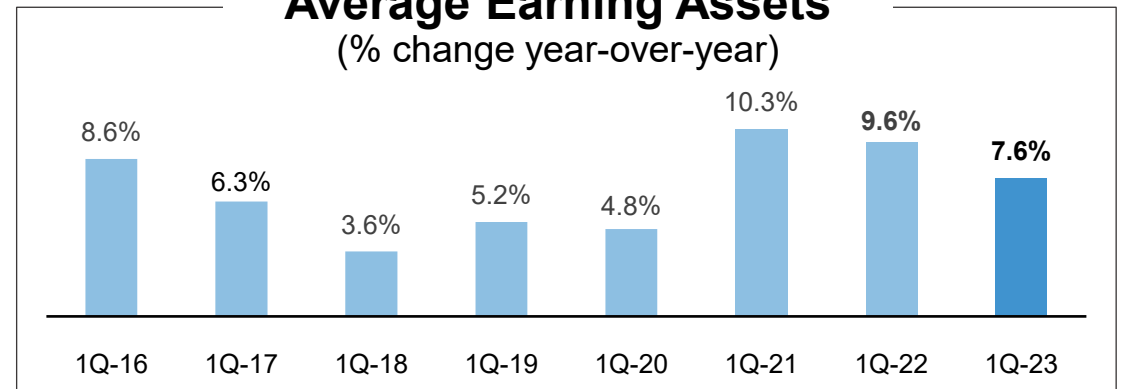


**Net Interest Spread | Net Interest Margin**



**Average Earning Assets**

(% change year-over-year)



Source: Federal Farm Credit Banks Funding Corporation Information Statements



# System continues to be strongly capitalized

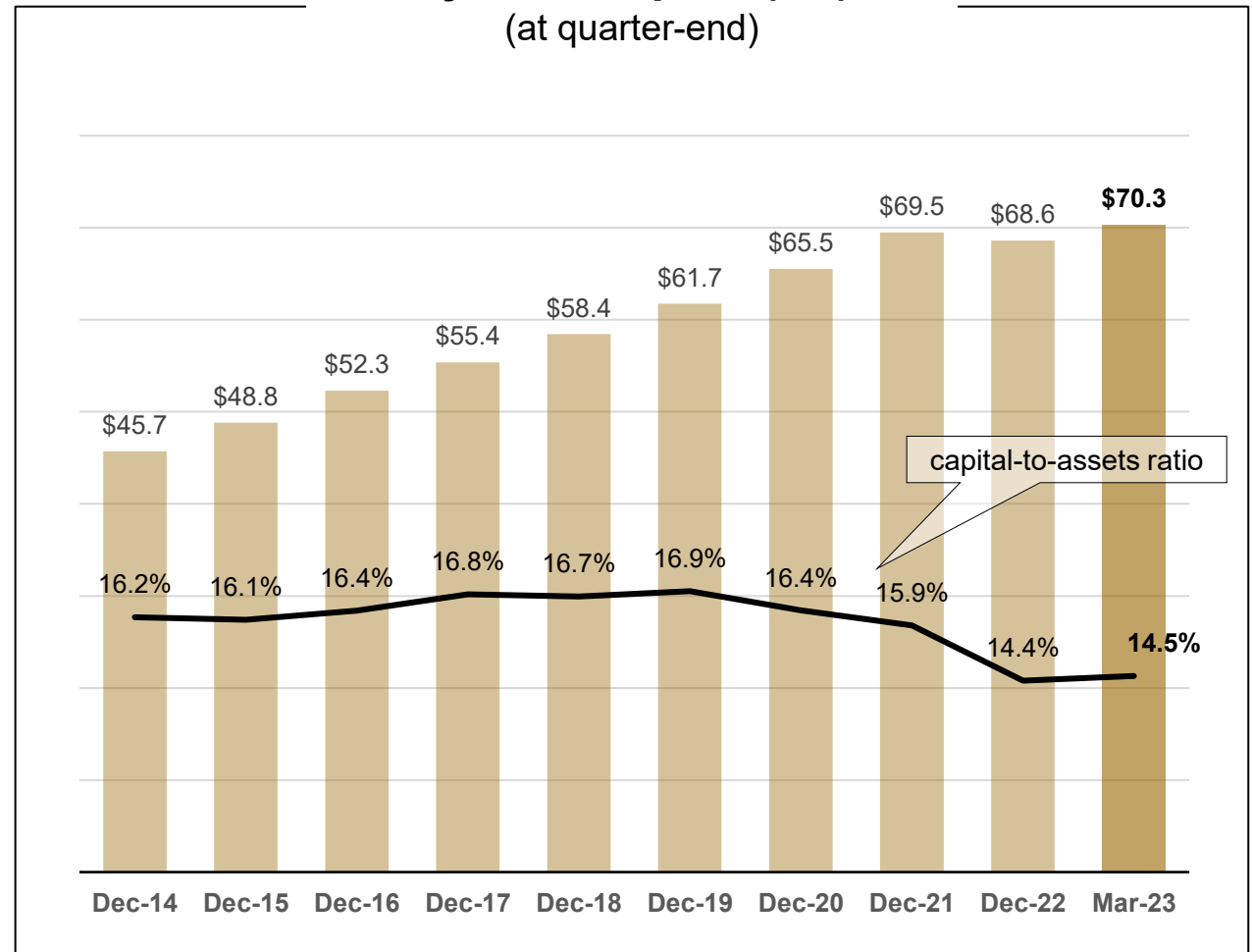
## Capital

(as of March 31, 2023)

- ▶ Total capital grew by 2.5% or \$1.7 billion for the quarter.
- ▶ The System's capital-to-assets ratio increased to 14.5% compared with 14.4% at year-end.
- ▶ Total regulatory capital ratios:
  - Banks: 12.5% to 17.6%
  - Associations: 11.8% to 34.2%.
- ▶ Over 80% of System institutions were in the capital benchmark 1 range and all institutions were in the benchmark 1 or 2 range.

## System Capital (\$B)

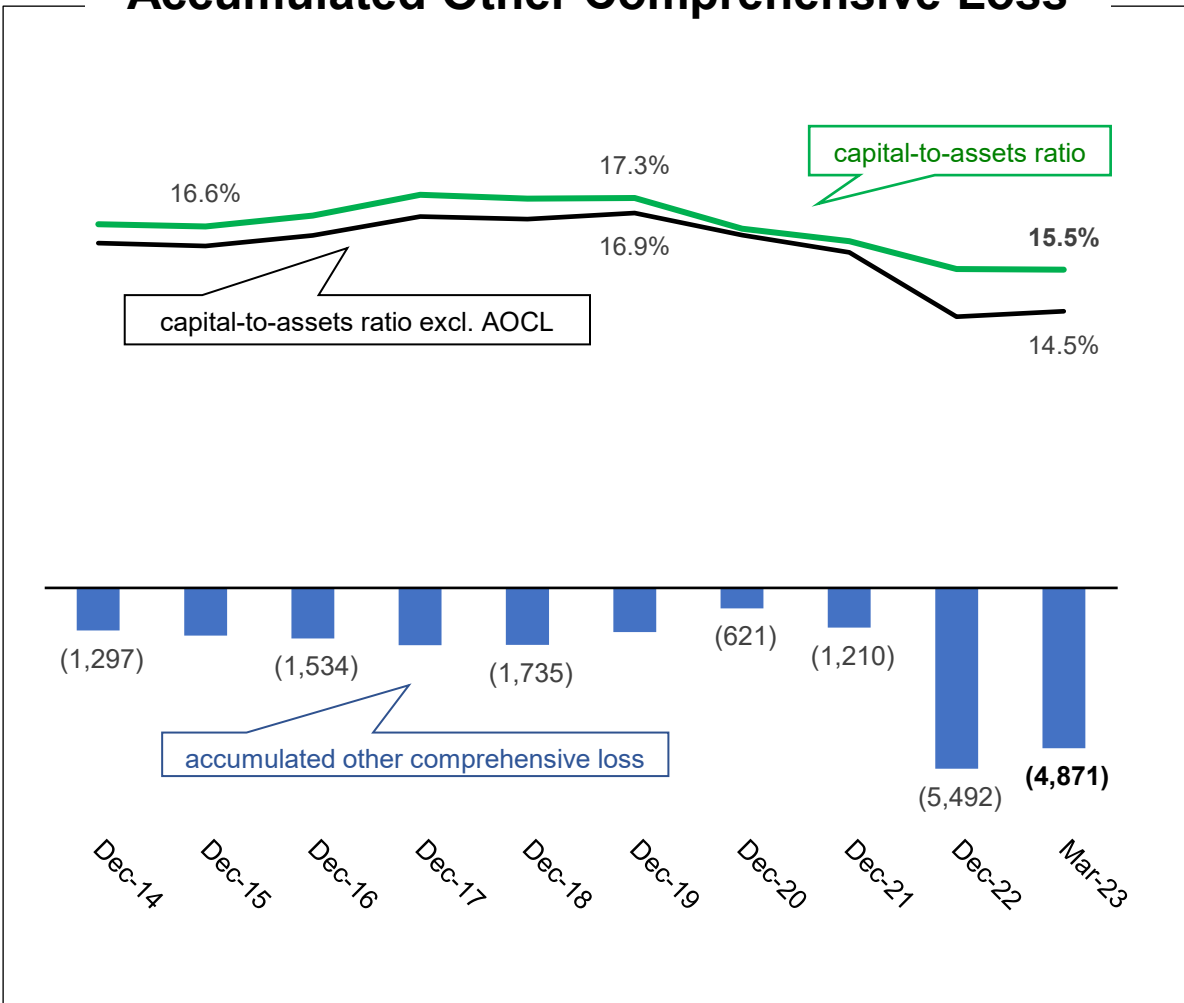
(at quarter-end)





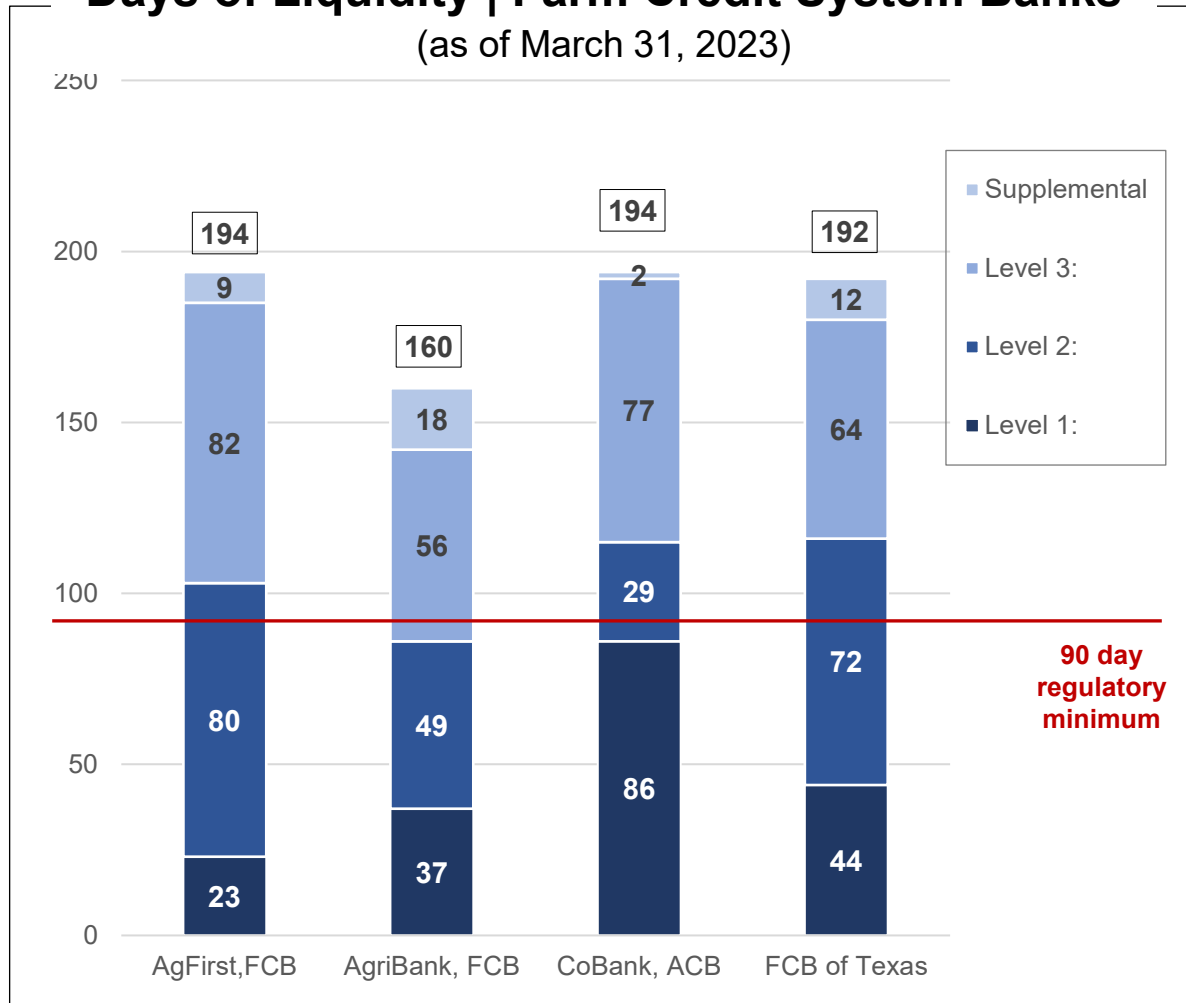
# Accumulated other comprehensive loss improves; Bank liquidity levels are strong

## Accumulated Other Comprehensive Loss



## Days of Liquidity | Farm Credit System Banks

(as of March 31, 2023)







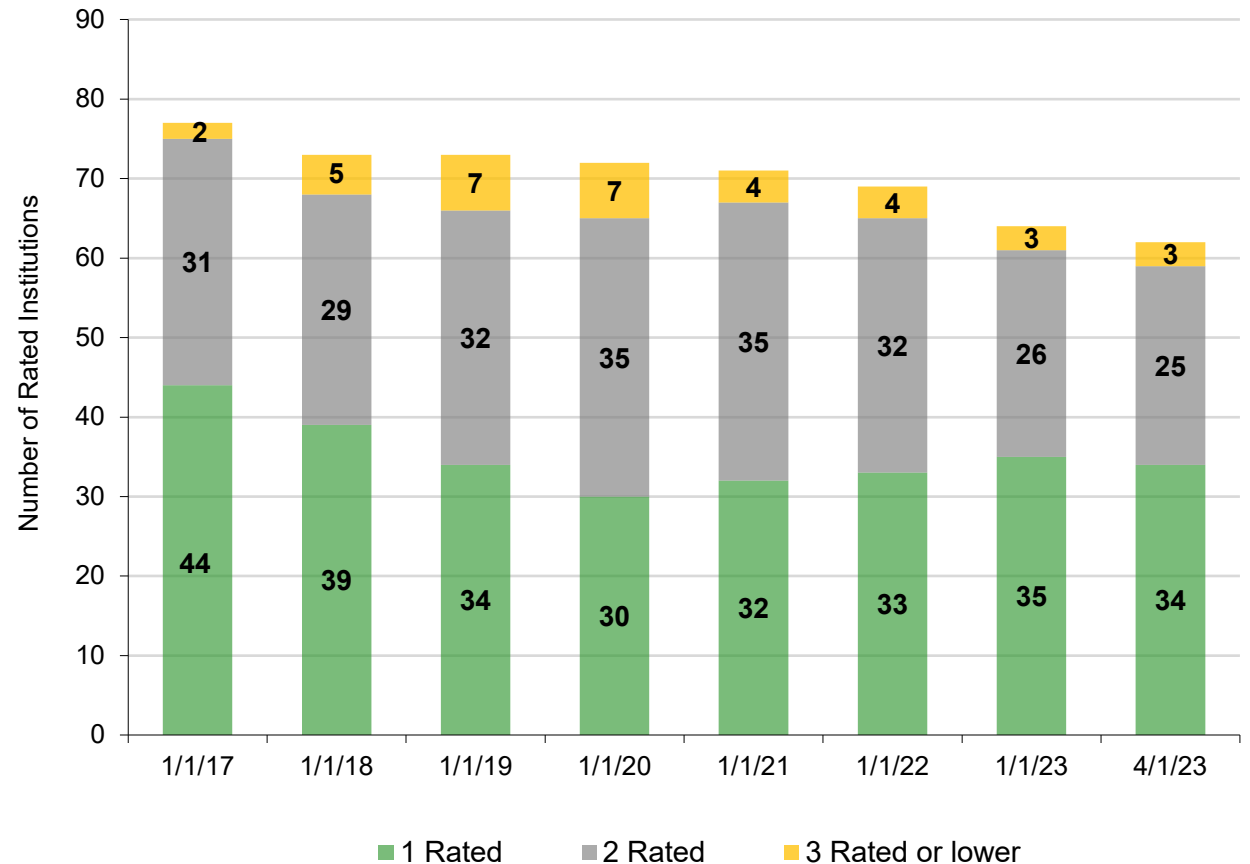
# Composite FIRS ratings remain steady

## FIRS Ratings

(based on 3/31/23 financial reporting)

- ▶ Composite FIRS ratings reflect the System's sound financial condition.
- ▶ Over 95% of System banks and associations have a Composite FIRS rating of 1 or 2.
- ▶ Institutions rated 3 or lower represent just over 1% of System assets.

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



Source: FCA's FIRS ratings database



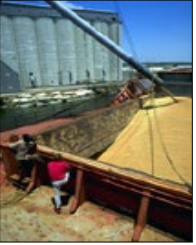
# FCA Board Meeting June 2023

Exhibit E

---

## Semi-Annual Report on Office of Examination Operations June 8, 2023

**Dan Fennewald, Deputy Director  
Angela Greenlee, Director of Operations  
Office of Examination**





# OE Operations Agenda Topics

---

## ► Fiscal Year 2023 Operating Plan Objectives

- Risk Supervision and Examination Activities
- Public Mission
- Operational Efficiency and Effectiveness
- Human Capital

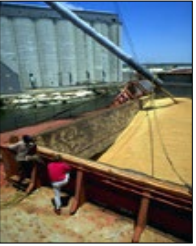




# Risk Supervision & Examination

---

- ▶ Conducted **onsite** examination and/or oversight activities at all funding banks, 29 associations, and 4 other entities
- ▶ Issued 28 reports of examination, 17 interim activity letters, and 32 FIRS Letters
- ▶ Maintained a higher level of supervisory oversight at four System institutions
- ▶ Issued examination guidance





# Risk Supervision & Examination (continued)

---

- ▶ National Oversight Plan Focus Areas
  - Risk management practices in an uncertain environment
  - Phaseout of the London Interbank Offered Rate
  - Current Expected Credit Losses (CECL) implementation
  - Standards of Conduct
  
- ▶ Completed or on target to complete the 5 systemic risk strategies and the 5 institution risk strategies





# Public Mission

---

- ▶ Young, Beginning, and Small Farmers (YBS) Programs
  - Made progress on strategies related to the YBS rating system and YBS data
  
- ▶ Small, low risk associations
  - Issued a memo to System institutions clarifying our expectations for internal audit programs at certain low-risk institutions
  
  - Provided additional guidance to examiners on differential expectations for smaller associations with a lower risk profile





# Operational Efficiency and Effectiveness

---

## ▶ Examination Tools

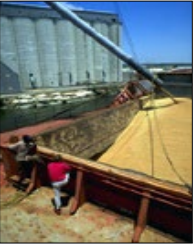
- Continued developing the Examiner Feedback application
- Made enhancements to the EDGe application and reports

## ▶ OE Operational Processes

- Developed the Risk Control Matrix for OE OMB A-123 audits

## ▶ FCS Loan Database

- Continued to assess and improve data reliability and develop new reports

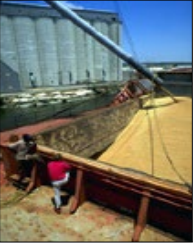




# Human Capital

---

- ▶ On target to complete strategies related to training, development, recruitment and retention, and knowledge transfer
  - Hired 13 associate examiners and 6 technical specialists
  - Attrition levels declined to 6 percent compared to 14 percent at the same time last year
  - OE Conference planned for August 2023

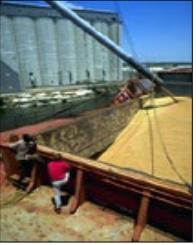






# Human Capital (continued)

- ▶ We are on target with total staff, but remain below target for commissioned examiners



## Total OE Staff

Total OE Staff	Planned	Projected	Variance
Beginning FY 2023	179	173	(6)
Attrition   Retirements	(15)	(15)	0
Hirings	16	23	7
<b>Ending FY 2023</b>	<b>180</b>	<b>181</b>	<b>1</b>

## Commissioned Examiners

Commissioned Examiners	Planned	Projected	Variance
Beginning FY 2023	87	84	(3)
Attrition   Retirements	(7)	(8)	(1)
Hirings	2	3	1
Newly Commissioned	7	2	(5)
<b>Ending FY 2023</b>	<b>89</b>	<b>81</b>	<b>(8)</b>

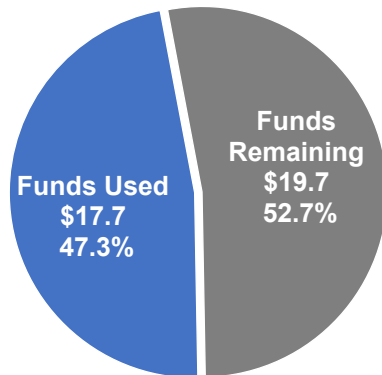


# OE Budget Results

## ► Fiscal YTD as of 3/31/2023

- Actual expenses are in line with budget as we return to normal travel
- Full Time Equivalent (FTEs) projected to be slightly over budget

FY 2023 OE Budget  
As of 3/31/2023



FTEs	
◆ Projected Full Year FTEs	178.2
◆ Budgeted Full Year FTEs	177.7
<b>Budget Variance</b>	<b>0.5</b>

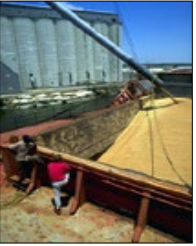




# Summary

---

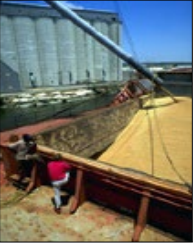
- ▶ Effectively conducted examination and oversight activities through the 1<sup>st</sup> half of FY 2023
- ▶ On target to complete 2023 Operating Plan objectives
- ▶ Focusing on ensuring OE has sufficient highly skilled staff to accomplish our mission
- ▶ Actively managing our budget as we return to normalized travel





# Discussion

---



**THANK YOU**

**Statement on Pride Month and Flying the Pride Flag at FCA**

**Vincent G. Logan  
FCA Board Chairman and Chief Executive Officer  
Farm Credit Administration Board Meeting  
June 8, 2023**

June is Pride Month. It is an opportunity to honor and celebrate the generations of LGBTQI+ individuals who fought to make our country more inclusive and more vibrant, including those who served our nation to preserve our freedom. It is also a moment to reflect on the trials many have and continue to face in day-to-day life – experiences I know personally – just for being their true selves. We have made tremendous progress, but we still have work to do.

In President Biden’s proclamation recognizing Pride Month on May 31, he said, “I call upon the people of the United States to recognize the achievements of the LGBTQI+ community, to celebrate the great diversity of the American people, and to wave their flags of pride high.” In keeping with the president’s sentiment, and at the request of our PRIDE at FCA Special Emphasis Program, we raised the first official Pride flag at our headquarters earlier this week.

This country, and we as an agency, are stronger when our public servants reflect the diversity that makes this country great. FCA respects and is proud of our PRIDE members, and we recognize their contributions to this agency during Pride month and beyond.

Thank you.