

Jill Long Thompson, Board Chair and Chief Executive Officer
Kenneth A. Spearman, Board Member
Leland A. Strom, Board Member



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
November 14, 2013**

Before starting the meeting **Board Chair Long Thompson** expressed appreciation to all veterans as Monday was Veterans Day. **Board Chair Long Thompson** also expressed sympathy on behalf of herself and the Agency on the recent loss of **Board Member Strom's** mother.

These minutes reflect the business transacted at the November 14, 2013, 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 10:06 a.m. Members of the Board present were:

Jill Long Thompson, Board Chair and Chief Executive Officer
Kenneth A. Spearman, Member
Leland A. Strom, 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 ten 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.

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

Mr. Spearman moved to adopt the Agenda as published.

Mr. Strom seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

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

Mr. Strom noted that the Agenda did include a portion 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.

Mr. Spearman seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

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

OPEN SESSION

Approval of Minutes

Minutes for October 10, 2013 (BM-14-NOV-13-01)

Mr. Spearman moved to approve the minutes for October 10, 2013, regular Board Meeting.

Mr. Strom seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-14-NOV-13-01)**

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

New Business

Conclusion of Pilot Investment Programs and Withdrawal of Proposed Rule (BM-14-NOV-13-02)

Dennis Carpenter of the Office of Regulatory Policy and **Mary Alice Donner** of the Office of General Counsel presented the Conclusion of Pilot Investment Programs and Withdrawal of Proposed Rule action item.

Board Chair Long Thompson opened the discussion for questions by the Board.

Board Chair Long Thompson asked that her written statement pertaining to the vote be attached as an exhibit to the minutes. (A copy is attached at Exhibit D.)

Mr. Strom asked that his written statement pertaining to the vote be attached as an exhibit to the minutes. (A copy is attached at Exhibit E.)

Board Chair Long Thompson asked if there was any further discussion and asked staff to provide their recommendation. Staff provided their recommendation.

Board Chair Long Thompson called for a motion on the staff's recommendation regarding the Conclusion of Pilot Investment Programs and Withdrawal of Proposed Rule.

Mr. Spearman moved that the Board approve staff's recommendation to approve the Conclusion of Pilot Investment Programs and Withdrawal of Proposed Rule.

Board Chair Long Thompson seconded the motion.

Board Chair Long Thompson asked if there was any further discussion.

There being no further discussion, **Board Chair Long Thompson** called the question.

The **Secretary** polled the Board Members. **Board Chair Long Thompson** and **Mr. Spearman** voted yes and **Mr. Strom** voted no, and the motion carried. (BM-14-NOV-13-02)

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

Reports

Ethics Update Report

Wendy Laguarda and **Jeff Pienta** of the Office of General Counsel presented the Ethics Update Report.

Board Chair Long Thompson asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

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

Before starting the Closed Session, **Board Chair Long Thompson** noted that Equal Employment Opportunity and Inclusion Director **Thais Burlew** will present the EEO & I updated at the Board's January Meeting when the calendar year 2013 data will be available.

CLOSED SESSION

Board Chair Long Thompson announced that the next topic on the Agenda was a closed session item pursuant to previous Board action.

The **Board Chair** instructed all members of the public to exit.

Board Chair Long Thompson convened the closed session of the meeting at 9:49 a.m. and instructed the **Secretary** to activate the electronic recording device so that the proceedings of the closed session were properly recorded as required by the Government in the Sunshine Act.

The **Board Chair** 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.

(A copy of the Certification is attached hereto as Exhibit H.)

Members of the Board present were:

Jill Long Thompson, Board Chair and Chief Executive Officer
Kenneth A. Spearman, Member
Leland A. Strom, Member

The above named constitute the full Board.

Others present included **Dale Aultman**, Secretary to the Board; and **Charles Rawls**, General Counsel. (A list of staff attendees is attached as Exhibit A).

Reports

Office of Secondary Market Oversight Quarterly Report

Laurie Rea of the Office of Secondary Market Oversight presented the Office of Secondary Market Oversight Quarterly Report.

Board Chair Long Thompson asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

The closed session ended at 10:06 a.m.

ADJOURNMENT

There being no further business to come before the Board, **Board Chair Long Thompson** indicated she would entertain a motion to adjourn the meeting.

Mr. Spearman moved that the meeting be adjourned.

Mr. Strom seconded the motion.

Board Chair Long Thompson called the question.

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

The meeting adjourned at 10:06 a.m.

NOTATIONAL VOTE ACTIONS

There were two notational vote actions approved by the FCA Board from October 11, 2013, through November 13, 2013, as follows:

Item Number	Action Date	Voting Results	Subject
NV 13-23	10/23/13	Approved	Proposed Merger of AgriLand FCS and Texas AgFinance FCS
NV 13-24	10/25/13	Approved	Proposed Merger of Farm Credit East FCS and Farm Credit Maine FCS

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 14, 2013.

_____/s/_____
Jill Long Thompson
Board Chair and Chief Executive Officer

_____/s/_____
Dale L. Aultman
Secretary to the Board
Approved: **December 12, 2013**

**STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
November 14, 2013**

JILL LONG THOMPSON, Board Chair and Chief Executive Officer
KENNETH A. SPEARMAN, Board Member
LELAND A. STROM, Board Member

OFFICE	OPEN SESSION	CLOSED SESSION
Office of the Board		
Aultman, Dale	X	X
Smulkstys, Inga	X	X
Corey, Kathryn	X	
Russell Middleton	X	X
Johansen, Mark	X	X
Calhoun, Gaye	X	
OCOO		
Hoffman, William	X	X
EEOI		
Burlew, Thais	X	
OCPA		
Stokke, Mike	X	X
Meaux, Willy	X	
OSMO		
Rea, Laurie	X	X
Connor, Joe	X	X
Hudson, Bruce	X	X
OGC		
Rawls, Charles	X	X
Strickland, Joy	X	
Pienta, Jeff	X	
Donner, Mary Alice	X	
Laguarda, Wendy	X	

OFFICE	OPEN SESSION	CLOSED SESSION
OE		
Coleman, Robert	X	X
Paulsen, Roger	X	X
Muller, Jodie	X	
OIG		
Dean, Elizabeth	X	X
ORP		
Van Meter, Gary	X	
Mardock, Barry	X	
Coleman, Susan	X	
Fowlkes, Jerome	X	
Carpenter, Dennis	X	
Melvin, Jacqui	X	
OMS		
Smith, Stephen	X	X
FCSIC		
Rubin, Howard	X	X
GENERAL PUBLIC	10	

Farm Credit Administration

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



**PUBLIC ANNOUNCEMENT OF
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT
Farm Credit Administration Board
Regular Meeting
November 14, 2013**

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 November 14, 2013. 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. 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: Parts of this meeting of the Board will be open to the public (limited space available), and parts will be closed to the public. Please send an e-mail to 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

- 1 **Approval of Minutes**
October 10, 2013
- 2 **New Business**
Conclusion of Pilot Investment Programs and Withdrawal of Proposed Rule
- 3 **Reports**
Ethics Update Report

CLOSED SESSION

- 4 Office of Secondary Market Oversight Quarterly Report ¹

December 3, 2013

Date

/s/

Dale L. Aultman
Secretary to the Board

¹Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(8) and (9).

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
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BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for October 10, 2013 Board Meeting

BM-14-NOV-13-01

Effective Date: November 14, 2013

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for October 10, 2013, Regular Board Meeting as submitted.

DATED THIS 14th DAY OF NOVEMBER 2013

BY ORDER OF THE BOARD

_____/s/
Dale L. Aultman
Secretary to the Board

Statement for Minutes
Jill Long Thompson, Board Chair
Farm Credit Administration Board Meeting, November 14, 2013

For America to be strong, the rural economy must be strong. In order to thrive, our rural communities must be able to provide good-paying jobs and access to capital, both of which require investments in the local economies. Just this month the USDA Economic Research Service released data showing a net loss in the rural population in 2012. It is important that this kind of contraction does not become a trend.

As we all know, the Farm Credit System exists for the purpose of providing “for an adequate and flexible flow of money into rural areas.” We also know this mission has contributed to the economic strength of our country.

My husband and I live on our family farm in Indiana and I have spent much of my professional career working to find ways to strengthen the rural economy. I support System institutions investing capital in sound projects that will simultaneously strengthen and diversify their asset base and grow the rural economy. Today we withdraw the community investments Notice of Proposed Rulemaking that was published in 2008. Additionally, we will conclude in approximately one year each Pilot Program the FCA Board approved after 2004. By taking these actions, we are moving forward in clarifying the process by which institutions can invest capital under existing regulations in ways that benefit their communities, as well as their borrower/shareholders.

I believe the action we are taking today is prudent and will protect the safety and soundness of the System. Of equal importance, it will allow for capital management by the Farm Credit System institutions to include investments that benefit the rural economy.

Statement for Minutes
Leland A. Strom, Board Member
Farm Credit Administration Board Meeting, November 14, 2013

In many areas of our Country, Rural America has seen a steady decline over the past two decades. Small towns have shuttered store fronts, people of all ages have limited access to good paying jobs, and in many instances rural residents frequently drive long distances to receive adequate health care.

Recognizing the important role of the mission of Farm Credit System, in 2005 the FCA Board authorized the first Pilot Program to gather information on the effectiveness of System investments in projects that help strengthen rural America. In 2008, the FCA proposed a rule that would enable Farm Credit System institutions to more effectively serve the needs of rural communities by making rural community investments in accordance with the provisions of the Farm Credit Act. The proposed rule generated over 10,000 comment letters. These letters voiced both support for and opposition to the rule. Many of the letters provided helpful suggestions for the Agency to consider on ways to improve on the proposed rule.

During my years here at FCA serving as both a board member and Chairman/CEO there has been much discussion and analysis of this program. In 2009, I traveled on two separate occasions to view first hand, a number of these investment programs in some of the poorest and hardest hit areas of Rural America. I spoke directly with local residents and officials, and heard how these projects could positively impact their local community. I also observed that when community banks and Farm Credit System institutions work together as they have in several of these projects, they can build excellent working relationships which serve to greatly enhance rural life.

With the vote today to conclude the pilot investment programs and withdraw the proposed rule on Rural Community Investments, I am concerned that institutions who have worked so hard over these past eight years to establish working partnerships with USDA, banks, local communities and others, to make medical, nursing, and other essential rural facilities a reality, will lack the confidence of knowing what the future direction of the Agency will be going forward. In simply moving forward on a case-by-case basis, the institutions will not have the certainty, clarity, or permanent guidance a rule would have provided. This could discourage System institutions from investing in people and processes to operate these types of programs. I am disappointed that after eight years of gathering information from the pilot program, we could not find common ground in an appropriately structured rule that would address the concerns of the various interested parties, while providing the framework for System institutions to go forward with the confidence of knowing there is a regulation in place. I believe more System institutions would devote resources to this program if there were the permanency of authority. As a result, many areas of Rural America may not have access to this source of funding.

I would like to affirm my belief that the System has a role in providing capital to projects that support rural infrastructure and in doing so assists in the vibrancy of those rural communities that are so important to agricultural producers and all rural residents. I am hopeful that the Agency can implement the approval process as allowed for in FCA regulation 615.5140(e) in a timely fashion so that System institutions can continue to provide needed capital to support the infrastructure of rural communities, with the goal of having a long term solution to allow the System to continue to fulfill its mission.

Farm Credit Administration

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BOARD ACTION ITEM



FCA BOARD ACTION ON

Conclusion of Pilot Investment Programs and Withdrawal of Proposed Rule

BM-14-NOV-13-02

Effective Date: November 14, 2013

Effect on Previous Actions:

- Withdraws the Proposed Rule adopted by the FCA Board on May 8, 2008 – See BM-08-MAY-08-02; Concludes Pilot Programs.
- As currently allowed by FCA regulations, System banks, associations and service corporations may continue to submit for FCA’s consideration requests to purchase and hold investments for purposes not expressly authorized by such regulations on a case-by-case basis.

THE FCA BOARD HEREBY:

1. Authorizes staff to withdraw the proposed rule on Rural Community Investments published in the *Federal Register* on June 16, 2008 (73 FR 33931) and to file a Notice of Withdrawal in the *Federal Register*;
2. Concludes, effective December 31, 2014, each Pilot Program that the FCA Board approved after 2004; and
3. Permits each Farm Credit System (FCS or System) institution holding investments on December 31, 2014, under the Pilot Programs to continue to hold those investments subject to the Conditions of Approval, as amended (Conditions), imposed by the FCA for the applicable Pilot Program. Those investments may be held only through the date of maturity as exists as of December 31, 2014, without renewal or extension, except as approved on a case-by-case basis by the FCA. After December 31, 2014, institutions may only fund commitments for investments made prior to that date and that meet all Conditions for the applicable Pilot Program before its conclusion.

DATED THIS 14th DAY OF NOVEMBER 2013

BY ORDER OF THE BOARD

_____/s/
Dale L. Aultman
Secretary to the Board



Ethics Update Report

Wendy Laguarda, DAEO

Charlie Rawls, ADAEO

Jeff Pienta, DEO

Exhibit G

- Strategic Priorities for 2013 Ethics Program
- Other Updates & Initiatives

Ethics Update Report

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- FY 2013 Strategic Priorities
 - External FCA Ethics Page on FCA.gov
 - Internal FCA Ethics Resource Site on SharePoint
 - Stock Act Implementation and Guidance
 - Implementation of Board Policy Statement 81, which regard's FCA's role as an arm's length regulator

2013 Strategic Priorities for the Ethics Program

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- Other Updates
 - Financial Disclosure Filings
 - Annual Ethics Training
 - Ethics Counseling and Outreach

Other Updates of the Ethics Program

4

- Adding an Ethics Component to Supervisory Performance Plans
- Expanding Ethics Awareness
 - Screen Savers
 - Ethics Posters
 - Ethics Award

New Initiatives for the Ethics Program

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- Thank you
- Questions

Conclusion

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CERTIFICATE OF CLOSED MEETING

The General Counsel, in accordance with the Government in the Sunshine Act, 5 U.S.C. § 552b(f)(1), hereby certifies that the Farm Credit Administration Board regular meeting of November 14, 2013, was properly closed to the public on the basis of the exemption set forth below:

- Supervisory and Oversight Activities of FCS Institution(s) – 5 U.S.C. § 552b(c)(8) and (9).

_____/s/_____
Charles R. Rawls
General Counsel

Date: November 14, 2013