



MICHIGAN | WISCONSIN
www.greenstonefcs.com

3515 West Rd.
East Lansing, MI 48823
Office: 517-318-2290
Toll Free: 800-968-0061
Fax: 517-318-1240

October 23, 2018

Mr. Barry F. Mardock
Deputy Director
Office of Regulatory Policy
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

RE: Outside Directors Eligibility Criteria – RIN 3052-AC97/Federal Register 83, No. 165
(August 24, 2018)

Dear Mr. Mardock:

GreenStone Farm Credit Services (“GreenStone”) is submitting this letter to support the comments made by the Farm Credit Council (“FCC”) on behalf of its membership on the Proposed Rule published as referenced above. GreenStone is part of the membership served by the FCC, and we have actively participated in the preparation of the letter they submitted on behalf of its membership. Due to the importance of this subject, we feel it is critical that we also submit this separate letter.

The overall importance of operating in a safe and sound manner as a cooperative is paramount to ensuring and sustaining the Farm Credit System mission for current and future generations of farmers, ranchers and rural communities. The strength of the cooperative begins with its governance structure at the Board of Director level. The System has enjoyed a strong directorate core over many years of its existence. The challenge to identify and retain qualified directors is not always easy, but the challenge continues to be met under the existing rules. In our opinion, the new Proposed Rule interferes with this tried and true process and seeks to solve a problem that does not exist.

Gaining the required talent and diversity of skills necessary at a farm credit cooperative can be a challenge. We work very hard to assure this challenge is met at GreenStone. The talent required at one association with an outside director may be different among associations, and it may change from time to time depending on specific identified challenges. Adding additional rules to this process undermines the very intention of gaining the most qualified candidates. This simply is a Proposed Rule that is not necessary.

One of the challenges we believe the FCA has in mind to address through this Proposed Rule is to protect against conflict situations and family relationships that might present such conflict.

Mr. Barry F. Mardock
October 23, 2018

RE: Outside Directors Eligibility Criteria – RIN 3052-AC97/Federal Register 83, No. 165
(August 24, 2018)

Currently there are Standards of Conduct regulations that are designed to address these conflicts. The Standard of Conduct process serves as the main filtering point to identify and disclose these situations. We feel this standard and process has worked.

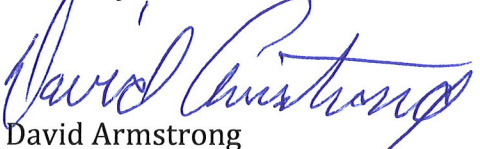
Currently, the Standards of Conduct regulations have undergone significant scrutiny, and are being studied for redesign. Adopting this outside director Proposed Rule in the shadow of the Standard of Conduct review and potential revisions will confuse the implementation and importance of the existing regulatory structure. We think it would be beneficial to at least wait until Standard of Conduct revisions are concluded, and then see what else may need to be completed, if anything.

Adding another set of regulations on top of the Standards of Conduct would operate to chill otherwise qualified and interested candidates to serve the Farm Credit System. At the association level, the conversations over conflicts and conduct standards is a very serious part of engagement and service. GreenStone has sensed a chilling effect in past engagement discussions as the complexity of the disclosures gets confusing and burdensome. Adding one more regulation where a problem does not exist will just add to the chill.

We fully support the Farm Credit Council letter, and respectfully request that the FCA withdraw the Proposed Rule at this time. Having a robust process to attract and engage qualified directors along with independent outside directors is important. More time would allow for a more complete discussion of the issues and concerns stated in the FCC letter. There should be a better way to address targeted deficiencies if they indeed do exist.

The opportunity to comment is greatly appreciated, and we hope that they are helpful in affording the FCA with a useful perspective to meet their regulatory mission.

Sincerely,


David Armstrong
President – Chief Executive Officer

C: Board of Directors