

May 19, 2020

The Honorable Glen R. Smith  
Chairman and CEO  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102

The Honorable Jeffery S. Hall  
Board Member  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102

**RE: Final Rule on Eligibility Criteria for Outside Directors**

Dear Chairman Smith and Board Member Hall:

We are writing to express our concern about the impact of the Final Rule (Rule) on Outside Director Eligibility and to formally request that the FCA withdraw the Rule. We believe the Rule has unintended consequences and would unnecessarily disqualify long-serving and highly expert Farm Credit board members from continued service. The inclusion of service on “System-affiliated” organizations in the listing of impermissible activities would put AgCountry at risk of losing a long-serving, highly qualified director. AgCountry currently has one outside director who also serves on the board of FCC Services and has held that position for 15 years. The FCC Services provides leadership development and training, consulting and risk management services to the Farm Credit System. If adopted, this board member would have to choose which organization it will continue to serve, leaving at least one organization without the expertise represented by this individual.

The Farm Credit Act (Act) states in relevant part that association boards shall elect at least one member of the board who “shall not be a director, officer, employee, stockholder, or agent of a System institution.” See 12 USC Sections 2072 and 2092. The statutory language is clear and unambiguous, and this Rule goes beyond the law precluding from service organizations that are not “System institutions” as defined in the Act.

The AgCountry board focuses its selection efforts on identifying candidates who provide valuable background, knowledge and expertise that are of value to AgCountry and the System as a whole. We are unaware of any legitimate basis by which an outside director should be precluded from service for an organization beyond statutorily defined “System institutions.” We continue to believe that any potential conflict of interest can be appropriately identified and monitored through Standards of Conduct (SOC) disclosures and program.

Thank you very much for considering our request. We would be pleased to discuss these issues in detail with you and your staff. If you have any questions, please do not hesitate to contact me.

Sincerely,



Ed Hegland  
Board Chair



Marcus L. Knisely  
President & CEO