
FRESNO MADERA FARM CREDIT, ACA
BOARD OF DIRECTORS' CHARTER

ADOPTED BY: Board of Directors
ADOPTED DATE: June 26, 2007
REVISION DATE(S): February 26, 2008; February 23, 2010; February 22, 2011

I. Mission Statement

The mission of Fresno Madera Farm Credit, ACA (Association) is “to become the premier agricultural lender in our market area, financing all eligible borrowers of every size and type in a constructive, consistent, reliable, and competitive manner. This goal will be accomplished by maintaining a financially sound ACA, a quality loan portfolio in each subsidiary, and strong generational relationships with borrowers and prospects.” Our Association core strategies include to “(1) Place the customer first, (2) Achieve excellence in the operations and delivery of services, (3) Provide visionary leadership, (4) Require and reward quality employee performance, and (5) Operate efficient institutions which incorporate safe and sound business principles.” The Board of Directors (Board) adopts this Charter to support the Board’s leadership and oversight role in the accomplishment of this mission. The Board has the authority and responsibility to guide and direct the operations of the Association.

II. Meetings

- A. The Board will meet at such frequency and at such locations as may be necessary and appropriate to fulfill its responsibilities and conduct its business.
- B. Guidelines for Board meetings include:
1. An annual calendar of meeting dates, times, and locations will be developed by the Chairperson and the CEO for the review and approval of the Board,
 2. Meeting agendas will be developed by the CEO with input from and final concurrence of the Chairperson,
 3. Other members of the Board may also ask for agenda adjustments before or during the meetings,
 4. Material relating to matters to be taken up at meetings will ordinarily be furnished to the Board sufficiently in advance of the meetings to provide reasonable time for review and consideration,

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5. Executive sessions will be held in connection with each Board meeting to promote open, candid discussion of sensitive or internal matters and to ensure that the Board is unified in its strategies, positions, and communications.
6. A majority of the members of the Board shall constitute a quorum.

III. Responsibilities and Authorities

The Board shall have the following responsibilities and authorities as outlined below.

A. KEY RESPONSIBILITIES

The Board's primary responsibilities include:

1. Maintaining a basic understanding of Association's primary and other lines of business including the key business opportunities and the strategies and plans related to this business,
2. Understanding the significant risk areas in Association operations and ensuring the processes and tools utilized to monitor and control these risk areas are effective,
3. Selecting, monitoring, evaluating, and compensating the CEO. Redirecting or replacing the CEO, when appropriate,
4. Maintaining effective Association leadership through sound, selection, training, performance evaluation, compensation, and succession planning programs,
5. Developing the Association's long-term vision and conducting the long-term planning and strategic thinking needed to realize the vision,
6. Establishing policies that provide overall direction to management for day-to-day operations,
7. Utilizing the broad range of experiences and perspectives of directors to advise and counsel senior management on significant issues facing the Association,
8. Delegating authority to management through policies and other means and holding senior management accountable for the results achieved,

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9. Overseeing the Association's:
 - a) Performance (profitability, achievement of business plan goals, and related matters)
 - b) Risk management (appropriate capital levels, effective internal controls, interest rate and credit risk),
 - c) Financial reporting and disclosure,
 - d) Compliance with ethical standards, laws and regulations, and
 - e) Internal and external audit processes, results, and corrective actions.
10. Maintaining high standards of excellence in conducting Board business by
 - a) Adopting "Best Practices" in governance, where appropriate and applicable,
 - b) Taking adequate time to prepare for and deliberate on matters coming before the Board,
 - c) Asking questions and considering options and the advantages/disadvantages of issues presented to the Board,
 - d) Reasonably relying on management, auditors, and advisors,
 - e) Exercising objectivity and autonomy to make independent, informed decisions, and
 - f) Demonstrating leadership and taking action, when appropriate.
11. Supporting the political process to protect the Association's interests and public image.

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B. KEY ROLES

The Board's key roles include:

1. Fostering a healthy, but arms-length, relationship with management by:
 - a) Respecting differing roles served by the Board and management,
 - b) Routinely using executive sessions as a tool to encourage open, candid, and productive discussions among Board members on problems, strategic opportunities, or on matters such as compensation or performance,
 - c) Maintaining a sense of continued trust and confidence in management when questioning, probing, or opposing management's position or recommendations on an issue before the Board, and
 - d) Speaking with a unified voice to management.
2. Fostering a sound relationship with U.S. AgBank (AgBank) and other Farm Credit Associations by:
 - a) Interacting with AgBank and other Farm Credit Association Board members and management,
 - b) Effectively communicating the positions of the Association,
 - c) Listening and engaging in discussion of business issues, and
 - d) Focusing on the interests of Farm Credit borrowers
3. Establishing the tone for Board communications with stockholders and other important external parties,
4. Representing the Association in venues determined to be important to the Association and/or the Farm Credit System (System).

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C. QUALIFICATIONS & PERSONAL CHARACTERISTICS

The Director Qualifications are outlined in the Board Composition, Qualifications, and Self-Evaluation Policy. Additionally, the terms for all board members (including the Chairman and Vice Chairman positions) shall not be limited.

D. BOARD EVALUATIONS

The Board will conduct an annual self evaluation as outlined in the Board Composition, Qualifications, and Self-Evaluation Policy.

IV. Leadership

A. ELECTION OF OFFICERS

1. As soon as practicable following the annual meeting of members, and at such other times during the year as is necessary to fill vacancies, the Board shall elect a chairman and a vice chairman from among the members of the Board.

B. CHAIRPERSON

1. The Chairperson will preside at all meetings of the Board. The Chairperson will coordinate and direct the activities of the Board and will perform such other duties as required by the Association bylaws or as the Board shall determine from time to time.
2. The Board's role can be best accomplished through an interactive Board that has sound and constructive leadership. It is the Board's desire to elect officers that are both willing and capable of providing appropriate leadership. Open and candid discussion to avoid politicizing the process is encouraged. Generally, the Board believes that no director should be precluded from the opportunity to serve as Chairperson. Furthermore, the terms of the Chairperson position shall not be limited.
3. Desired attributes for the Chairperson include the ability to:
 - a) lead fairly, but firmly,
 - b) maintain an environment of trust and respect among members and within the community,
 - c) welcome diversity of opinion,

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- d) promote fair, open deliberation in a timely, orderly, and concise manner,
- e) encourage participation by directors who may not verbally express themselves during Board discussions,
- f) enforce the Board's own agreed upon rules of conduct,
- g) represent the Board to the public, other System institutions, and other important external parties,
- h) understand group dynamics and decision making,
- i) know when to bring discussions to a close and keep the meeting running smoothly,
- j) maintain a key role with management to:
 - promote a mutually beneficial environment,
 - represent the Board in working with management, and
 - encourage two-way communication with the CEO on developing issues.
- k) accept the responsibilities of the Chairperson and devote the extra time required of the position,
- l) take an impartial stance during discussions,
- m) communicate with and help prepare the Vice Chairperson for possible leadership responsibilities in the event of the absence of the Chairperson.

C. COMMITTEE

1. The Board has chartered an Audit Committee, a Compensation Committee, a Credit Review Committee, and a CEO Evaluation Committee. In determining whether to create a Committee, the Board will evaluate whether the use of a Committee will assist it in fulfilling a Board function. If the decision is to use a Committee, the Board will consider the advantages and disadvantages of using a Committee composed of fewer than all members. In addition, the following guidelines will be utilized:
 - a) The full Board will approve a charter of authorities, composition, and roles and responsibilities for all Board Committees,

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- b) The Audit Committee shall consist of the same individuals who concurrently serve as the FMFC Board. The Chairman and Vice-Chairman of the Board shall serve as the Chairman and Vice-Chairman of the Audit Committee. At least one member of the Committee should be a Board appointed committee member who is designated by the Board to be a financial expert recognized as having education or experience in accounting, internal accounting controls, or preparing or reviewing financial statements for financial institutions or large corporations consistent with the breadth and complexity of accounting and financial reporting issues that can reasonably be expected to be raised by the institution's financial statements.
- c) The Compensation Committee shall consist of the same individuals who concurrently serve as the FMFC Board. The Chairman and Vice-Chairman of the Board shall serve as the Chairman and Vice-Chairman of the Committee.
- d) The Credit Review Committee shall be composed of at least 1 stockholder elected Board member. Members shall be free from any relationship that could interfere with the exercise of his or her independent judgment as a member of the Committee. The term of office for Board positions on the Committee shall be appointed prior to each CRC; the Board may adopt an annual rotational schedule for appointing directors; however, this may still vary based on specific applicant or borrower case to ensure Board independence criteria is met.
- e) The CEO Evaluation Committee shall be composed of no less than three Board directors. The Board Vice Chairperson will serve as the Chairperson of the Committee. The Board Vice Chairperson shall annually appoint the remaining members of the Committee. Members of the Committee shall be free from any relationship that could interfere with the exercise of his or her independent judgment as a member of the Committee.
- f) Minutes of all Committee meetings will be prepared and approved by the appropriate Committee and submitted to the Board for final approval.
- g) Qualifications and selection of members will be correlated to the Board functions that the Committee has been formed to address

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- h) If a Committee composed of less than the full Board is utilized:
- Committee members' independence, personal characteristics, qualifications, and number will be considered,
 - Evaluation, training, orientation, and recruitment programs for the Committee members and its Chairperson will be considered,
 - Any director may sit in on any Committee meeting,
 - Communication and reporting back to the full Board will occur, and
 - Committee Meeting Minutes will be furnished to the full Board

V. Training and Maintenance

- A. The Board will maintain a Director Training Policy and will develop an annual Board Training Calendar. The needed director skills that are outlined in the Board Composition, Qualifications, and Self-Evaluation Policy, and each Committee charter will be considered when developing the training calendar and in determining individual director training programs.
- B. Evaluation, training, orientation, and recruitment programs will be in place to maintain trained and skilled Board and Committee members in accordance with the Director Training Policy.

VI. Resources

- A. The Board will require reports, advice, and other information to monitor performance, make decisions, and keep informed on important issues and events relating to the Association, peer Associations, U.S. AgBank, and the System. Information will be from such sources, at such frequency, and in such form as may be satisfactory to the Board.
1. In addition, each Association policy will address Board reporting requirements as applicable.
- B. Ordinarily, management, assisted by staff, will serve as a primary source of the Board's information needs. Depending on the circumstances, the Board also shall have the authority to hire independent accounting experts, lawyers, and other consultants to assist and advise the Board in connection with its responsibilities.

VII. Reporting Requirements

- A. The Board shall maintain a complete record and minutes of all Board and Committee meetings in accordance with bylaws and the Association's Record Retention Policy.

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VIII. Charter Review

- A. Annually, the Board shall review and assess the adequacy of the Charter and recommend any proposed changes to the Board for approval.

IX. Charter Disclosure

- A. This Charter will be posted on the Association's website and will also be available in print to any stockholder requesting it.