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December 23, 1996

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HAND DELIVERED

SUPPLEMENT  
AOR 1996-50

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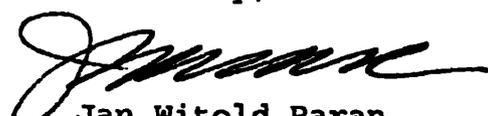
Re: Advisory Opinion Request 1996-50

Dear Mr. Litchfield:

Please find enclosed the responses of my client, the Farm Credit Council, to your request\* for additional information regarding the pending Advisory Opinion Request. We believe that these responses fully answer your inquiry. However, should you have further questions, my client would like to arrange a meeting with you so that any such questions may be addressed directly.

Thank you for your time and attention.

Sincerely,

  
Jan Witold Baran

\* OGC questions were posed informally on 12-16-96 and are restated in the attached pages.  


Question #

1. What is the basic membership entity at the bottom level of FCC? Farm Credit Bank? Others? Define and describe with total # each category.

The basic membership entity at the bottom level of FCC is the District Farm Credit Council, or "District Council," of which there are currently six. Each of these District Councils is a state-chartered corporate entity separate and distinct from the Farm Credit institutions that comprise its membership.

In addition, under the FCC bylaws, CoBank (formally the National Bank for Cooperatives) is treated as a seventh District Council, although CoBank has not in fact established a separate corporate entity to serve as its "District Council."

2. What is District Trade Association and District Council? Are these two entities the same? how many of each are there within FCC membership?

The terms "District Trade Association" and "District Farm Credit Council," or "District Council," mean one and the same thing. However, the latter two terms, neither of which is found in the FCC bylaws, are more commonly used to refer to what the bylaws call a "District Trade Association." There are currently six District Councils, plus CoBank (see answer to question 1).

There were at one time 12 District Councils, but that number has been reduced over time to six, plus CoBank, through a series of mergers. There were also at one time approximately 400 Farm Credit associations throughout the United States, and that number has been reduced over time to approximately 230 through numerous mergers.

3. Describe the entities that have full (governance) voting rights in FCC, what # in each category.

The only entities that have voting rights in the FCC are the six District Councils, plus CoBank.

4. Describe the entities that have some level of lesser voting or other participatory rights in FCC. E.g., right to membership on FCC policy committees with voting on committee recommendations or decisions.

Other than the FCC board of directors itself (and any committees thereof), there are no entities other than the District Councils and CoBank that have any voting rights in FCC.

5. Describe the dues structure for all categories of members (whether or not they have any voting power at any level of FCC). What classes of members pay at least \$200 dues per year? How many classes of FCC membership exist? How many in each class and what is annual dues amount (or range) for each class? What is the highest amount of annual dues and what is the membership category for members who pay at the highest level? How many entities/persons at that level? What is the lowest amount of annual dues, what category of membership does that cover, how many in that class of membership.

See attached Allocation of 1997 Dues.

**THE FARM CREDIT COUNCIL  
ALLOCATION OF 1997 DUES  
USING JUNE 30, 1996 GROSS LOAN VOLUMES**

<u>DISTRICT COUNCIL</u>	<u>\$200,000 Equally</u>	<u>Balance on loan volume</u>	<u>1997 Dues</u>	<u>Amount due Jan 2, 1997</u>
AgFirst	\$200,000	\$322,770	\$522,770	\$261,388
St. Paul	200,000	580,372	780,372	390,186
AgAmerica	200,000	243,522	443,522	221,761
Wichita	200,000	134,870	334,870	167,435
10th District	200,000	135,916	335,916	167,958
Western	200,000	167,434	367,434	183,717
CoBank	200,000	563,116	763,116	381,558
Funding Corporation			1,000	500
Leasing Corporation			1,000	500
<b>TOTALS</b>	<b><u>\$1,400,000</u></b>	<b><u>\$2,148,000</u></b>	<b><u>\$3,550,000</u></b>	<b><u>\$1,775,000</u></b>

**THE FARM CREDIT SYSTEM  
GROSS LOAN VOLUMES  
AS OF JUNE 30, 1996  
(\$000 omitted)**

<u>DISTRICT</u>	<u>LOAN VOLUME</u>	<u>% OF TOTAL</u>
AgFirst	\$9,149,272	15.027%
St. Paul (1)	16,451,317	27.018%
AgAmerica	6,902,914	11.337%
Wichita	3,823,054	6.278%
10th District	3,852,580	6.328%
Western	4,746,109	7.795%
CoBank	15,962,168	26.216%
<b>TOTALS</b>	<b><u>\$60,887,512</u></b>	<b><u>100.000%</u></b>

(1)FCB - \$14,239,668; BC - \$2,211,649

Loan volumes provided by The Funding Corporation.

**Question #**

- 6. What is the basic membership unit of NCFC, i.e. the bottom level of its constituency?**

**NCFC's membership consists of approximately 80 major farmer marketing, supply and credit cooperatives, plus 31 state councils of cooperatives.**

- 7. What are the intervening levels of NCFC membership groups (e.g. councils, federations, associations) from the bottom up?**

**NCFC's members represent about 4,000 local cooperatives with a combined membership of nearly two million farmers.**

**Local farmer cooperatives, rural electric cooperatives, telephone cooperatives, and credit institutions provide financial assistance to NCFC's education efforts through modest voluntary contributions. These organizations are referred to as Supporting Members. They are not eligible to serve on NCFC's board of directors and they have no voting rights in the organization.**

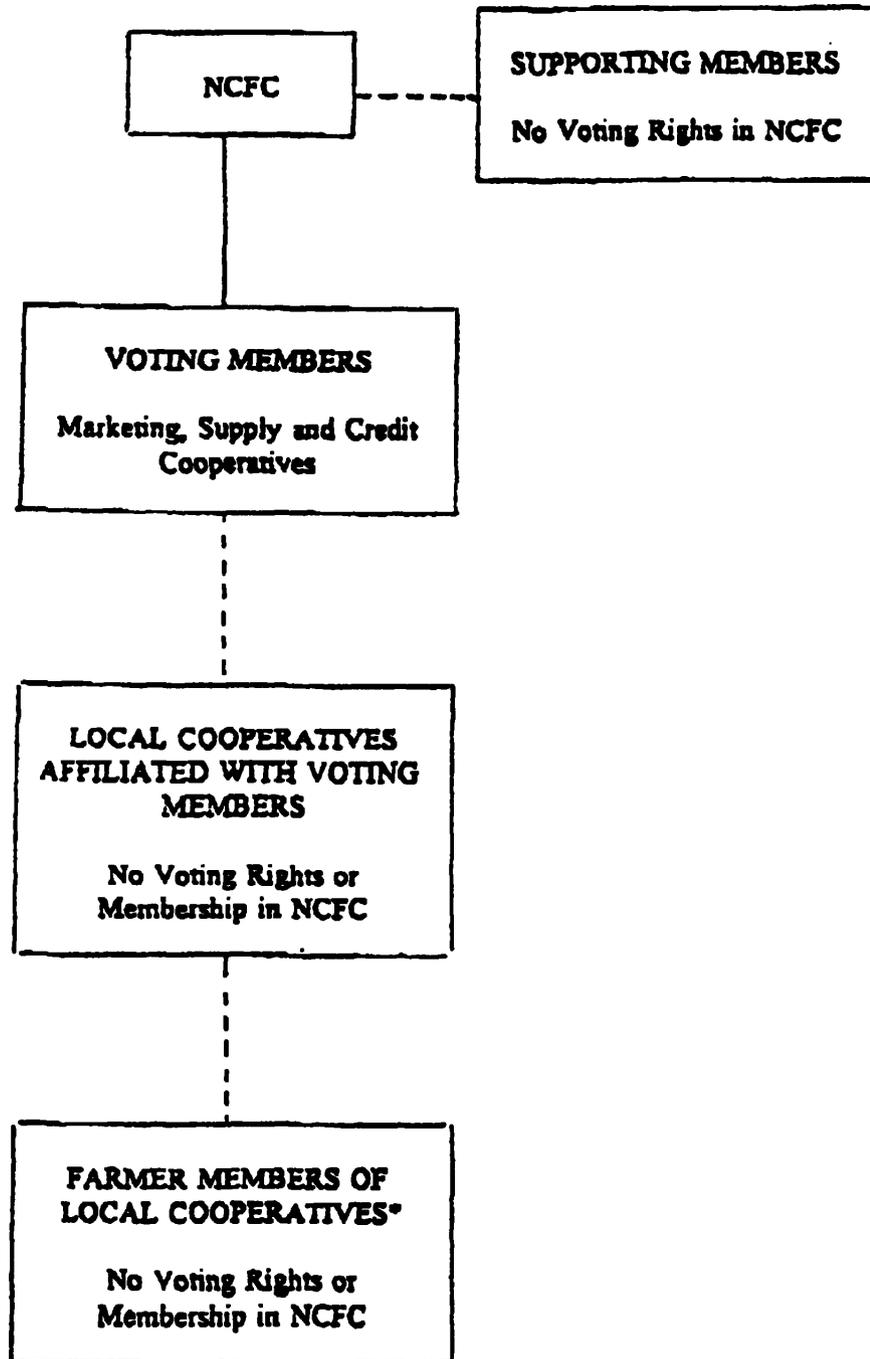
- 8. How many Farm Credit Banks have any form of membership in NCFC, whether they have voting power or not? How many of these pay \$200 or more per year in dues? How many of such Farm Credit Banks also hold any level of membership in FCC?**

**Seven Farm Credit banks have voting rights as full dues paying members of NCFC. Thirty-three Farm Credit associations are considered Supporting Members as described above. A total of 40 Farm Credit institutions pay more than \$200 per year in dues. To our knowledge, none of these organizations are members of FCC.**

- 9. What is the membership unit/level that holds governance voting power in NCFC? How is voting power defined or described by NCFC bylaws? There seems to be no bylaws provision that precisely says who has voting power and who has no voting power.**

**Only members that pay full formula dues (those described in answer #6) have voting rights in NCFC. Of those organizations, state councils are eligible to serve on the board but they do not have a vote in the delegate body meeting. None of the other categories of membership hold any voting rights in NCFC.**

10. Provide a membership tree/pyramid or comparable organizational chart for both FCC and NCFC that will illustrate the various organizational levels and components in each corporation.



- \* In some cases farmers may be members of NCFC voting members, but nevertheless have no voting rights or membership in NCFC.

10.

