

that the average grower price for the 2018–19 season should be approximately \$9.50 per 7/10-bushel carton or equivalent of oranges and grapefruit. Therefore, the estimated assessment revenue for the 2018–19 crop year as a percentage of total grower revenue would be about 0.1 percent.

This proposed rule would decrease the assessment obligation imposed on handlers. Assessments are applied uniformly on all handlers, and some of the costs may be passed on to producers. However, decreasing the assessment rate reduces the burden on handlers and may also reduce the burden on producers.

The Committee's meeting was widely publicized throughout the Texas citrus industry. All interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all Committee meetings, the May 23, 2018, meeting was a public meeting, and all entities, both large and small, were able to express views on this issue. Finally, interested persons are invited to submit comments on this proposed rule, including the regulatory and information collection impacts of this action on small businesses.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by the OMB and assigned OMB No. 0581–0189, Fruit Crops. No changes in those requirements would be necessary as a result of this proposed rule. Should any changes become necessary, they would be submitted to OMB for approval.

This proposed rule would not impose any additional reporting or recordkeeping requirements on either small or large Texas orange and grapefruit handlers. As with all Federal marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. AMS is committed to complying with the E-Government Act, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this proposed rule.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: <http://www.ams.usda.gov/rules-regulations/moa/small-businesses>. Any questions about the compliance

guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

#### List of Subjects in 7 CFR Part 906

Grapefruit, Marketing agreements, Oranges, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, 7 CFR part 906 is proposed to be amended as follows:

#### PART 906—ORANGES AND GRAPEFRUIT GROWN IN LOWER RIO GRANDE VALLEY IN TEXAS

■ 1. The authority citation for 7 CFR part 906 continues to read as follows:

**Authority:** 7 U.S.C. 601–674.

■ 2. Section 906.235 is revised to read as follows:

##### § 906.235 Assessment rate.

On and after August 1, 2018, an assessment rate of \$0.01 per 7/10-bushel carton or equivalent is established for oranges and grapefruit grown in the Lower Rio Grande Valley in Texas.

Dated: August 21, 2018.

#### Bruce Summers,

*Administrator, Agricultural Marketing Service.*

[FR Doc. 2018–18363 Filed 8–23–18; 8:45 am]

**BILLING CODE 3410–02–P**

#### FARM CREDIT ADMINISTRATION

##### 12 CFR Parts 611 and 619

RIN 3052–AC97

##### Organization; Definitions; Eligibility Criteria for Outside Directors

**AGENCY:** Farm Credit Administration.

**ACTION:** Proposed rule.

**SUMMARY:** The Farm Credit Administration (FCA, we, or our) is proposing to amend its regulations affecting the governance of Farm Credit System (System) institutions. The proposed rule would modify the existing outside director eligibility criteria by expanding the list of persons who would be excluded from nomination for an outside director's seat to ensure the independence of outside directors.

**DATES:** You may send comments on or before October 23, 2018.

**ADDRESSES:** We offer a variety of methods for you to submit your comments. For accuracy and efficiency reasons, commenters are encouraged to submit comments by email or through

the FCA's website. As facsimiles (fax) are difficult for us to process and achieve compliance with section 508 of the Rehabilitation Act of 1973, as amended, we do not accept comments submitted by fax. Regardless of the method you use, please do not submit your comment multiple times via different methods. You may submit comments by any of the following methods:

- **Email:** Send us an email at [reg-comm@fca.gov](mailto:reg-comm@fca.gov).

- **FCA website:** <http://www.fca.gov>.

Select "Public Commenters," then "Public Comments," and follow the directions for "Submitting a Comment."

- **Federal eRulemaking Portal:** <http://www.regulations.gov>. Follow the instructions for submitting comments.

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

You may review copies of all comments we receive at our office in McLean, Virginia, or from our website at <http://www.fca.gov>. Once you are in the website, select "Public Commenters," then "Public Comments," and follow the directions for "Reading Submitted Public Comments." We will show your comments as submitted, but for technical reasons we may omit items such as logos and special characters. Identifying information you provide, such as phone numbers and addresses, will be publicly available. However, we will attempt to remove email addresses to help reduce internet spam.

#### FOR FURTHER INFORMATION CONTACT:

Darius Hale, Senior Policy Analyst, Office of Regulatory Policy, (703) 883–4165, TTY (703) 883–4056, [Haled@fca.gov](mailto:Haled@fca.gov), or

Nancy Tunis, Senior Counsel, Office of General Counsel, (703) 883–4061, TTY (703) 883–4056, [Tunisn@fca.gov](mailto:Tunisn@fca.gov).

#### SUPPLEMENTARY INFORMATION:

##### I. Objectives

The objectives of this proposed rule are to:

- Amend the eligibility criteria for outside director in § 611.220(a);
- Remove the definition of outside director in § 619.9235;
- Strengthen the safety and soundness of System institutions;
- Strengthen the independence of System institution boards; and
- Incorporate many of the best corporate governance practices for System institutions.

## II. Background

The Farm Credit Act of 1971, as amended (Act),<sup>1</sup> establishes that System banks and associations must elect a board of directors with such qualifications as may be required by the institution's bylaws. Additionally, the Act specifies that at least one member must be appointed by the stockholder-elected directors and that such member must not be a director, officer, employee, agent, or stockholder of a System institution.<sup>2</sup>

Outside directors are appointed by stockholder-elected directors to provide independent perspective and expertise in appropriate areas. Outside directors achieve this by broadening the board's collective knowledge, enhancing the board's independence, and improving the board's ability to carry out its fiduciary duties to the System institution, stockholders and investors. Current FCA regulations, however, do not specify how far removed from the statutory prohibited relationships the outside director candidate must be to adequately fulfill the intended independent role of an outside director. This proposed rule seeks to clarify the eligibility requirements of an outside director to achieve the independence intended by the statutory requirements.

## III. Section-by-Section Analysis of Proposed Regulatory Changes

### A. Definitions [New § 611.220(a)]

As a result of the proposed changes in eligibility criteria for outside directors in § 611.220, discussed below, we are proposing to add a new definition section in § 611.220 that would only apply to that section. The newly defined terms are meant to provide clarity on the meaning of the new outside director eligibility criteria.

The proposed rule would add *affiliated organizations* to the definitions in § 611.220. The new term *affiliated organization* is defined to mean an entity that is legally distinct from any System institution, but is organized and operated for the benefit of, and in support of, an institution and conducts activities that advance the mission of an institution.

The proposed rule would add *borrowers* to the list of persons excluded from consideration for an outside director position under § 611.220. Accordingly, the new term *borrower* is added to the definitions in § 611.220 and is defined to mean an individual, sole proprietorship, partnership, joint

venture, trust, corporation, or other business entity to which an institution has made a loan or a commitment to make a loan or purchased a loan or participation interest in a loan. The new term *borrower* would also include any person or entity to whom an institution has made a lease or a commitment to make a lease, or who guarantees repayment of a loan.

The proposed rule would add *controlling interest* to the definitions in § 611.220. The new term *controlling interest* is defined to mean an individual that, directly or indirectly, or acting through or in concert with one or more persons:

- (1) Owns 5 percent or more of the equity in an entity;
- (2) Owns, controls, or has the power to vote 5 percent or more of any class of voting securities of an entity; or
- (3) Has the power to exercise a controlling influence over the management of policies of such entity. The new term *controlling interest* is consistent with the definition of controlled entity found in § 612.2130(c). The proposed rule would add the new term *entity* to the definitions in § 611.220. The new term *entity* means a corporation, company, association, firm, joint venture, partnership (general or limited), society, joint stock company, trust (business or otherwise), fund, or other organization or institution. This is consistent with the definition of entity found in § 612.2130(e).

The proposed rule would add the new term *immediate family member* to the definitions in § 611.220. The new term *immediate family member* is defined to mean spouse, parent(s), sibling(s), children, mother(s)- and father(s)-in-law, brother(s)- and sister(s)-in-law, and son(s)- and daughter(s)-in-law. This is consistent with the definition of immediate family member found in § 620.1(e).

As a result of the proposed changes in eligibility criteria for an outside director in § 611.220, we are proposing to delete the definition of outside director in § 619.9235. The current definition in § 619.9235 is not consistent with the changes proposed in § 611.220, and it is unnecessary to duplicate the same language as is proposed in that section. Deleting § 619.9235 will provide clarity in who may serve as an outside director and will avoid redundancy.

### B. Eligibility Criteria of Outside Directors [New § 611.220(b)]

We propose modifying the existing outside director eligibility criteria in

§ 611.220(a)<sup>3</sup> by expanding the list of persons who would be excluded from nomination for an outside director's seat. The proposed rule would add the following to the list of persons excluded from consideration for an outside director position:

- (1) Borrowers of the institution;
- (2) Immediate family members of any director, officer, employee, agent, stockholder or borrower of a System institution; and
- (3) Anyone who has a controlling interest in:
  - (i) An entity that borrows from a System institution; or
  - (ii) An affiliated organization of a System institution.

The purpose of expanding those individuals ineligible to serve in the outside director's role is to further strengthen the independence perspective on each System institution's board. Congress' intent on establishing the outside director role was to ensure an independent voice was brought to the boards of System institutions. As such, outside directors are only permitted to serve on the board of directors of one System institution or affiliated organization at a time.<sup>4</sup>

To maintain that independent voice, current FCA regulations specify that a candidate for outside director should not be a stockholder of a System institution. However, the regulations do not specifically exclude a borrower from serving as an outside director. Borrowers may not necessarily be stockholders in a System institution. We believe that to be truly independent of a System institution when being vetted for an outside director's seat, all borrowers should be specifically excluded from consideration. This addition would capture those individuals who have signed a promissory note in a joint capacity (*i.e.*, co-applicant, guarantor), but do not own System stock.

To further ensure independence from System institutions, we propose excluding individuals from serving as an outside director if they have an immediate family member who is a director, officer, employee, agent, stockholder, or a borrower of a System institution. This would provide additional clarity to our existing rule as

<sup>3</sup>Due to the addition of a new Definitions paragraph in § 611.220, we will re-designate the current § 611.220(a) as § 611.220(b) for Eligibility, Number, and Term.

<sup>4</sup>An agricultural credit association and its wholly owned subsidiary associations are treated as a single entity for examination and regulatory purposes. Therefore, there is no conflict with a director sitting on the board of an ACA and its wholly owned subsidiary associations.

<sup>1</sup> Pub. L. 92-181, 85 Stat. 583.

<sup>2</sup> Sections 1.4, 2.1, 2.11, 3.2, 3.21(b)(1)(C) and 7.12(c)(3)(A) of the Act.

to which individuals would be ineligible to serve as an outside director.

We also propose that a person who has a controlling interest in an entity that borrows from a System institution or an affiliated organization of a System institution should not be eligible to serve as an outside director. Those persons who have a controlling stake in, or influence the decisions of, an entity should not be considered to serve as an outside director if that entity is a borrower of a System institution. A person who maintains a controlling interest in an entity who borrows from the System or in an affiliated organization does not have the independence meant to fill the outside director's role. The proposed rule would not limit employees of entity borrowers or affiliated organizations from consideration as an outside director. Instead, it aims to clarify that those persons who control or advance the financial or policy decisions of an entity, borrower, or affiliated organization must not be considered as an outside director because their controlling stake or position in the entity or affiliated organization could lessen their independence.

We believe that expanding the list of those excluded from outside director consideration will further improve the board's ability to carry out its fiduciary responsibilities to the System institution and its stockholders and investors. We do not believe that including additional eligibility criteria would adversely affect the board's ability to select a qualified candidate for an outside director seat.

#### IV. Compliance Date

System institutions would be required to comply with the changes in the eligibility criteria of outside directors at the next appointment of an outside director candidate after the effective date of the final rule. We invite your specific comments on the compliance timeframe if this rule becomes a final rule. If a later compliance date is suggested, please provide a specific burden that would be alleviated with any later compliance date.

#### V. Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), FCA hereby certifies that the proposed rule will not have a significant impact on a substantial number of small entities. Each of the banks in the Farm Credit System, considered together with its affiliated associations, has assets and annual income in excess of the amounts that would qualify them as small entities. Therefore, System institutions

are not "small entities" as defined in the Regulatory Flexibility Act.

#### List of Subjects

##### 12 CFR Part 611

Agriculture, Banks, banking, Conflict of interests, Crime, Investigations, Rural areas.

##### 12 CFR Part 619

Agriculture, Banks, banking, Rural areas.

For the reasons stated in the preamble, parts 611 and 619 of chapter VI, title 12 of the Code of Federal Regulations are proposed to be amended as follows:

#### PART 611—ORGANIZATION

- 1. The authority citation for part 611 continues to read as follows:

**Authority:** Secs. 1.2, 1.3, 1.4, 1.5, 1.12, 1.13, 2.0, 2.1, 2.2, 2.10, 2.11, 2.12, 3.0, 3.1, 3.2, 3.3, 3.7, 3.8, 3.9, 3.21, 4.3A, 4.12, 4.12A, 4.15, 4.20, 4.21, 4.25, 4.26, 4.27, 4.28A, 5.9, 5.17, 5.25, 7.0–7.13, 8.5(e) of the Farm Credit Act (12 U.S.C. 2002, 2011, 2012, 2013, 2020, 2021, 2071, 2072, 2073, 2091, 2092, 2093, 2121, 2122, 2123, 2124, 2128, 2129, 2130, 2142, 2154a, 2183, 2184, 2203, 2208, 2209, 2211, 2212, 2213, 2214, 2243, 2252, 2261, 2279a–2279f–1, 2279aa–5(e)); secs. 411 and 412 of Pub. L. 100–233, 101 Stat. 1568, 1638; sec. 414 of Pub. L. 100–399, 102 Stat. 989, 1004.

- 2. Section 611.220 is revised to read as follows:

##### § 611.220 Outside directors.

(a) *Definitions.* For purposes of this section, the following definitions apply:

(1) *Affiliated organization* means an entity that is legally distinct from any Farm Credit System institution, but is organized and operated for the benefit of, and in support of, an institution and conducts activities that advance the mission of an institution.

(2) *Borrower* means an individual, sole proprietorship, partnership, joint venture, trust, corporation, or other business entity to which an institution has made a loan or a commitment to make a loan or purchased a loan or participation interest in a loan. The term *borrower* also includes any person or entity to whom an institution has made a lease or a commitment to make a lease, or who guarantees repayment of a loan.

(3) *Controlling interest* means an individual that, directly or indirectly, or acting through or in concert with one or more persons:

- (i) Owns 5 percent or more of the equity in an entity;
- (ii) Owns, controls, or has the power to vote 5 percent or more of any class of voting securities of an entity; or

(iii) Has the power to exercise a controlling influence over the management of policies of such entity.

(4) *Entity* means a corporation, company, association, firm, joint venture, partnership (general or limited), society, joint stock company, trust (business or otherwise), fund, or other organization or institution.

(5) *Immediate family member* means spouse, parent(s), sibling(s), children, mother(s)- and father(s)-in-law, brother(s)- and sister(s)-in-law, and son(s)- and daughter(s)-in-law.

(b) *Eligibility, number and term*—(1) *Eligibility.* Eligibility to serve, and continue serving, as an outside director requires independence from affiliations with the Farm Credit System. Farm Credit banks and associations must make a reasonable effort to select outside directors possessing some or all of the desired director qualifications identified pursuant to § 611.210(a).

(i) No candidate for an outside director position may be a director, officer, employee, agent, stockholder, or borrower of an institution in the Farm Credit System or be an immediate family member of any of the above. An outside director candidate or an immediate family member of such candidate must not have a controlling interest in:

(A) An entity that borrows from a System institution; or

(B) An affiliated organization of a System institution.

(ii) At any given time, an outside director is eligible to serve on the board of directors of only one Farm Credit System institution or affiliated organization.

(2) *Number.* Stockholder-elected directors must constitute at least 60 percent of the members of each institution's board.

(i) Each Farm Credit bank must have at least two outside directors.

(ii) Associations with total assets exceeding \$500 million as of January 1 of each year must have no fewer than two outside directors on the board. However, this requirement does not apply if it causes the percent of stockholder-elected directors to be less than 75 percent of the board.

(iii) Associations with \$500 million or less in total assets as of January 1 of each year must have at least one outside director.

(3) *Terms of office.* Banks and associations may not establish a different term of office for outside directors than that established for stockholder-elected directors.

(c) *Removal.* Each institution must establish and maintain procedures for removal of outside directors. When the

removal of an outside director is sought before the expiration of the outside director's term, the reason for removal must be documented. An institution's director removal procedures must allow for removal of an outside director by a majority vote of all voting stockholders voting, in person or by proxy, or by a two-thirds majority vote of the full board of directors. The outside director subject to the removal action is prohibited from voting in his or her own removal action.

## PART 619—DEFINITIONS

■ 3. The authority citation for part 619 continues to read as follows:

**Authority:** Secs. 1.4, 1.5, 1.7, 2.1, 2.2, 2.4, 2.11, 2.12, 3.1, 3.2, 3.21, 4.9, 5.9, 5.17, 5.19, 7.0, 7.1, 7.6, 7.8 and 7.12 of the Farm Credit Act (12 U.S.C. 2012, 2013, 2015, 2072, 2073, 2075, 2092, 2093, 2122, 2123, 2142, 2160, 2243, 2252, 2254, 2279a, 2279a-1, 2279b, 2279c-1, 2279f); sec. 514 of Pub. L. 102-552, 106 Stat. 4102.

### § 619.9235 [Removed]

■ 4. Remove § 619.9235.

Dated: August 21, 2018.

**Dale L. Aultman,**

*Secretary, Farm Credit Administration Board.*

[FR Doc. 2018-18312 Filed 8-23-18; 8:45 am]

BILLING CODE 6705-01-P

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2018-0760; Product Identifier 2018-NM-095-AD]

RIN 2120-AA64

#### Airworthiness Directives; Dassault Aviation Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to adopt a new airworthiness directive (AD) for certain Dassault Aviation Model MYSTERE-FALCON 50, MYSTERE-FALCON 900, and FALCON 900EX airplanes. This proposed AD was prompted by reports of cracked reinforcing straps (doublers) on the ailerons of airplanes equipped with blended winglets. This proposed AD would require repetitive detailed inspections for cracking of the upper and lower reinforcing straps on the ailerons, and replacement if necessary. We are proposing this AD to address the unsafe condition on these products.

**DATES:** We must receive comments on this proposed AD by October 9, 2018.

**ADDRESSES:** You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Fax:* 202-493-2251.

- *Mail:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this NPRM, contact Aviation Partners, Inc., 7299 Perimeter Road South, Seattle, WA 98108-3812; phone: 206-762-1171; email: [mwilliams@winglets.com](mailto:mwilliams@winglets.com); internet: <http://www.aviationpartners.com>. You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206-231-3195.

#### Examining the AD Docket

You may examine the AD docket on the internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2018-0760; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this NPRM, the regulatory evaluation, any comments received, and other information. The street address for Docket Operations (phone: 800-647-5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

#### FOR FURTHER INFORMATION CONTACT:

Michael Bumbaugh, Aerospace Engineer, Airframe Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; phone and fax: 206-231-3522; email: [Michael.Bumbaugh@faa.gov](mailto:Michael.Bumbaugh@faa.gov).

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA-2018-0760; Product Identifier 2018-NM-095-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy

aspects of this NPRM. We will consider all comments received by the closing date and may amend this NPRM because of those comments.

We will post all comments we receive, without change, to <http://www.regulations.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this NPRM.

#### Discussion

We have received a report indicating that cracked reinforcing straps (doublers) were found on the ailerons of Dassault Aviation airplanes equipped with blended winglets installed in accordance with Supplemental Type Certificate (STC) ST02188SE or STC ST02241SE. This condition is the result of hydrogen embrittlement in the reinforcing strap manufacturing process. If not addressed, this condition could lead to fatigue cracking of the ailerons and subsequent loss of control of the airplane.

#### Related Service Information Under 14 CFR Part 51

We reviewed Aviation Partners, Inc., Falcon Service Bulletin SBF9-17-001, Revision B, dated December 20, 2017. This service information describes procedures for detailed inspections for any signs of cracking of the external upper and lower reinforcing straps on the left-hand (LH) and right-hand (RH) ailerons.

We also reviewed Aviation Partners, Inc., Falcon Service Bulletin SBF9-17-002, Revision A, dated December 20, 2017. This service information describes procedures for replacing the external upper and lower reinforcing straps on the LH and RH ailerons.

This service information is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

#### FAA's Determination

We are proposing this AD because we evaluated all the relevant information and determined the unsafe condition described previously is likely to exist or develop in other products of the same type design.

#### Proposed AD Requirements

This proposed AD would require accomplishing the actions specified in the service information described previously, except as discussed under "Differences Between this Proposed AD and the Service Information."