

**Rural Telephone Bank**  
**Minutes of the 134<sup>th</sup> Board Meeting**  
**November 17, 2000**

Time and Place of Meeting

The 134<sup>th</sup> meeting of the Board of Directors (Board) of the Rural Telephone Bank (Bank) was held Friday, November 17, 2000, in Room 221-A, U.S. Department of Agriculture, Washington, D.C., pursuant to notice published in the Federal Register on November 7, 2000.<sup>1</sup> (The room number was changed from 104-A to 221-A the morning of the meeting.) Acting Chairperson (Chair) Curtis Sampson called the meeting to order at 9:03 a.m.

Attendants

Directors present were:	Carl Whillock	John Dillard
	Sharron Harris	David Crothers
	Robert Lee Stanton	Larry Sevier
	Michael Jensen	John McAllister
	Curtis Sampson	

Among others present were Governor Christopher McLean and staff members Anthony Haynes, Roberta Purcell, Jonathan Claffey, and Ken Ackerman. Also present was Frank Clover of the Office of the General Counsel (OGC). (Directors not present: Jill Long Thompson, Michael Dunn, I. Miley Gonzalez and Jimmie Lou Fisher.) Ms. Marti Barnes, a representative from the USDA Human Resources department was also present to swear in the newly elected board members.

Board Election Results

The Chair asked Governor McLean to report to the Board on the results of the November 1, 2000, election.<sup>2</sup> Mr. McLean reported that of the 191 stockholders eligible to vote in the cooperative segment, 110 ballots were cast. The winners representing the cooperative segment of the industry were David Crothers, Larry Sevier, and John McAllister. In the commercial segment, he reported that 288 stockholders were eligible to vote and that 147 ballots were cast. John Dillard, Michael Jensen, and Curtis Sampson were elected to represent the commercial segment. Following Mr. McLean's report, the newly elected directors were sworn in as members of the Board.

Election of Board Officers

Motions were duly made, seconded, and unanimously adopted to elect Ms. Thompson as Chair, Ms. Fisher as Vice Chair, Mr. Sampson as Secretary, and Mr. McAllister as Treasurer.<sup>3</sup>

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<sup>1</sup> Exhibit 134-1

<sup>2</sup> Exhibit 134-2

<sup>3</sup> Exhibit 134-3

### Action on the Minutes

On motion duly made and seconded, the minutes of the August 4, 2000, board meeting were adopted as prepared.<sup>4</sup>

### Secretary's Report

Secretary Curtis Sampson reported that 32 loans were approved during the fiscal year totalling \$175 million.<sup>5</sup> The Bank loans were commingled with \$300 million of RUS cost of money funds. Interest rates used in feasibility studies during the fiscal year were generally in the range of 5.86% to 6.72%. Mr. Sampson also provided statistics on loans made to cooperatives and commercial companies during the fiscal year.

### Treasurer's Report

Treasurer John McAllister reported on the finances of the Bank for fiscal year 2000.<sup>6</sup> Mr. McAllister reported, among other things, that net revenue for the year totalled \$113 million as compared to \$116 million for fiscal year 1999; total class B stock, net of conversions to C stock, amounted to \$681.5 million as compared to \$656.9 million on September 30, 1999, and total class C stock increased from \$276.9 million on September 30, 1999, to \$344.8 million on September 30, 2000. Advances on loan commitments for the year totalled \$43 million as compared to \$57 million in fiscal year 1999, and unadvanced loan commitments totalled \$1 billion 21 million, up from \$966 million one year earlier.

Mr. Dillard requested that staff provide the directors with a copy of class B and class C stockholder records as of September 30, 2000. There being no further comments, the Chair moved on to the next agenda item.

### Report on the Allowance for Loan Losses Reserve

Governor McLean reported that the current loan loss reserve is \$6.4 million and that staff believes this amount is sufficient to protect against potential losses. He further stated that RUS has growing confidence with the completion of the rural task force's report to the Federal Communication Commission (FCC) that universal service funds are likely to continue into the future, although the FCC and the joint board have not yet acted on that recommendation. It was however a unanimous recommendation, and, that bodes well for continuation of universal service support, which is of course key to financial stability for all of our borrowers. After a brief discussion, Mr. Sampson stated he sees no reason the reserve should be any greater than what it is at the present time. There being no further comments, the Chair moved on to the next agenda item.

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<sup>4</sup> Exhibit 134-4

<sup>5</sup> Exhibit 134-5

<sup>6</sup> Exhibit 134-6

### Privatization Committee Report

The following are recommendations by the Committee:

1. The Administration consider adding to the annual budget, a separate line item to cover the expenses of the Board, including funds to cover contracted (independent) advisors to the Board.
2. The RUS staff arrange a meeting among the Privatization Committee, Office of Management and Budget (OMB), the Office of the Inspector General (OIG), and Urbach Kahn & Werlin PC to discuss, among other matters, ownership of Bank assets. The Committee set the date of the meeting for January 11, 2001.

Governor McLean responded that the Administration has sought to have salaries and expenses of the Bank paid for with Bank assets. Congress each year has rejected that proposal and ordered that salary and expenses of the Bank come from the resources of RUS.

Several directors voiced their frustration regarding the lack of communication between board members and Washington staff. Mr. Jensen requested that board members be made aware immediately of issues that arise rather than waiting until the staff briefing to be informed. He also requested to see the list of firms that responded to the Request for Proposals for a financial advisor. Governor McLean responded that we would renew our efforts to have more regular and contemporary discussions with the Board as we proceed with activities that the Board requests. Mr. Crothers also stressed the need for a coordinated effort between the associations, the industry, Board members and staff to achieve common legislative goals.

### Consideration of Resolution to Re-establish the Privatization Committee

On motion made by Mr. Dillard and seconded by Mr. Crothers, the following resolution was unanimously approved:<sup>7</sup>

#### **Resolution No. 2000-8**

RESOLVED, That (1) the Rural Telephone Bank Privatization Committee, established at the August 7, 1991, Board meeting, shall be re-established to exercise its authority to study issues relative to privatizing the Telephone Bank, and to report its findings and make recommendations to the Board for the eventual privatization of the Telephone Bank, and (2) that said committee be comprised of the elected directors.

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<sup>7</sup> Exhibit 134-7

Consideration of Resolution to Approve Anthony Haynes as Deputy Governor

On motion made by Mr. Stanton and seconded by Mr. McAllister, the following resolution was unanimously adopted:<sup>8</sup>

**Resolution No. 2000-9**

RESOLVED, That the Board approve the Governor's recommendation of Anthony Haynes, Deputy Administrator of the Rural Utilities Service, to serve as Deputy Governor of the Rural Telephone Bank.

Schedule of Board Meetings for Year 2001

February: Orlando, Florida

Staff Briefing: Monday, February 5 at 2:00 p.m.  
Board Meeting: Tuesday, February 6 at 9:00 a.m.

May: Washington, DC

Staff Briefing: Thursday, May 10 at 2:00 p.m.  
Board Meeting: Friday, May 11 at 9:00 a.m.

August: Washington, DC

Staff Briefing: Thursday, August 16 at 2:00 p.m.  
Board Meeting: Friday, August 17 at 9:00 a.m.

November: Washington, DC

Staff Briefing: Thursday, November 8 at 2:00 p.m.  
Board Meeting: Friday, November 9 at 9:00 a.m.

Adjournment

Whereupon motion to adjourn was made and the meeting was adjourned at 10:03 a.m.

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Curtis Sampson  
Secretary

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<sup>8</sup> Exhibit 134-8