

Rural Telephone Bank
Minutes of the 132nd Board Meeting
May 12, 2000

Time and Place of Meeting

The 132nd meeting of the Board of Directors (Board) of the Rural Telephone Bank (Bank) was held Friday, May 12, 2000, in the Williamsburg Room, U.S. Department of Agriculture, Washington, D.C., pursuant to notice published in the Federal Register on May 4, 2000.¹ Chairperson (Chair) Jill Long Thompson called the meeting to order at 9:10 a.m.

Attendants

Directors present were:	Jill Long Thompson	John Dillard
	Michael Dunn	Curtis Sampson
	Carl Whillock	David Crothers
	Robert Lee Stanton	John McAllister
	Jimmie Lou Fisher	Larry Sevier

Among others present were Acting Governor Christopher McLean and staff members Roberta Purcell, Ken Ackerman, and Jonathan Claffey. Also present was Frank Clover of the Office of the General Counsel (OGC). (Directors not present: Dr. I. Miley Gonzalez, Sharron Harris, and Michael Jensen.)

Action on the Minutes

On motion duly made and seconded, the minutes of the February 11, 2000, board meeting were adopted as prepared.²

Secretary's Report

Secretary Curtis Sampson reported that in the second quarter the Bank approved five loans for a total of \$29,786,400.³ These loans were commingled with \$51,064,000 and \$5,000,000 of RUS cost of money funds and hardship funds, respectively.

Treasurer's Report

Treasurer John McAllister reported on the finances of the Bank for the second quarter of FY 2000.⁴ Mr. McAllister reported, among other things, that net revenue for the second quarter totalled \$28 million

¹ Exhibit 132-1

² Exhibit 132-2

³ Exhibit 132-3

⁴ Exhibit 132-4

as compared to \$27 million for the same quarter in FY 1999; total class B stock net of conversions to C stock amounted to \$719 million as compared to \$662 million on March 31, 1999; and total class C stock increased from \$270 million on March 31, 1999 to \$306 million on March 31, 2000. Advances on loan commitments for the quarter totalled \$11 million as compared to \$13 million for the same quarter in FY 1999; and unadvanced loan commitments totalled \$916 million, up from \$904 one year earlier.

Mr. Dillard requested that future Treasurer's Reports address separately the dollar amount of B stock converted to C stock as the result of the new partial conversion policy. There being no further comments, the Chair moved on to the next agenda item.

Privatization Committee Report

Committee Chairman Curtis Sampson expressed the Committee's desire to have the Department of Agriculture support its five recommendations enumerated in the February, 2000, minutes. Mr. Sampson also restated the Committee's request for an independent financial advisor to perform a business study to prepare the Bank for privatization. The objective of the study would be to arrive at the interim financial changes, which are likely to happen between the present and a possible privatization date, and from the point of privatization on into the future. The Committee and RUS staff suggested that (1) staff should participate in the selection of an appropriate person or firm to assist in the completion of the study; and (2) an all day or more meeting, whatever is necessary should be held in Washington, DC, involving the staff of RUS, the Committee, and other interested parties. The purpose of the meeting would be to discuss the relative assumptions to be incorporated into the business study. The estimated cost of such a study is between \$25,000 to \$100,000, depending on how much assistance and how much participation there is by the industry, by the Committee, and by the staff. Acting Governor Christopher McLean stated that RUS has requested the \$100,000 expenditure be considered by the Rural Development Budget Committee. The Budget Committee may be meeting in the near future and we should have some information about the funds available for that request.

Action on the Annual Report for FY 1999

On motion duly made and seconded, the annual report for FY 1999 was approved as prepared.⁵

Other Business

Ms. Thompson, Mr. Sevier, Mr. McAllister, and Mr. Claffey expressed their appreciation to outgoing assistant Ms. Lorena McCoy for her many years of exemplary service to the Bank.

Next Board Meeting in Washington, DC

The August staff briefing and Board meeting dates are as follows:

Staff Briefing:	Thursday, August 3, 2000, at 2:00 p.m.
Board Meeting:	Friday, August 4, 2000, at 9:00 a.m.

Adjournment

Whereupon motion to adjourn was made and the meeting was adjourned at 9:34 a.m.

Signed Curtis Sampson

Secretary

⁵ Exhibit 132-5