

Rural Telephone Bank
Minutes of the 140th Board Meeting
May 8, 2002

Time and Place of Meeting

The 140th meeting of the Board of Directors (Board) of the Rural Telephone Bank (Bank) was held Wednesday, May 8, 2002, in Conference Room 104-A, U.S. Department of Agriculture, Washington, D.C., pursuant to notice published in the Federal Register on April 30, 2002.¹ Treasurer John McAllister called the meeting to order at 9:00 a.m. Since Mr. Sampson, the Acting Chairperson, was unable to attend today's meeting in person, the Board voted unanimously that Robert Lee Stanton serve as Chair.

Attendants

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|-------------------------|-----------------|---|
| Directors present were: | John McAllister | Curtis Sampson- <i>via teleconference</i> |
| | David Crothers | Larry Sevier |
| | John Dillard | Robert Lee Stanton |
| | Michael Jensen | |

Among others present were Governor Hilda Gay Legg and staff members Deputy Administrator Curtis Anderson, Assistant Governor Roberta Purcell, Deputy Assistant Governor Jonathan Claffey, and Assistant Treasurer Ken Ackerman. Also present was Frank Clover from the Office of the General Counsel. (Directors not present: Six vacancies.)

Action on the Minutes

On motion duly made and seconded, the minutes of the February 12, 2002, board meeting were adopted as prepared.²

Secretary's Report

Secretary Curtis Sampson reported that three loans were approved in the second quarter totalling \$9,842,700.³ These loans were commingled with \$16,909,000 of RUS cost of money funds. Interest rates used in feasibility studies ranged from 4.88% to 5.69%, and the average maturity was approximately 18 years.

Treasurer's Report

Treasurer John McAllister reported on the finances of the Bank for the second quarter of fiscal year 2002.⁴ Mr. McAllister reported, among other things, that net revenue year to date totalled \$49 million,

¹ Exhibit 140-1

² Exhibit 140-2

³ Exhibit 140-3

⁴ Exhibit 140-4

compared to \$56 million one year ago; total class B stock, net of conversions to C stock, amounted to \$739.5 million, compared to \$666.7 million last year, and total class C stock increased from \$447.7 million to \$461.8 million. Advances on loan commitments for the quarter totalled \$8 million, compared to \$13 million for the same quarter last fiscal year, and unadvanced loan commitments totalled \$1,064 million, up from \$955 million one year ago. There being no questions for Mr. McAllister, the Chair moved to the next agenda item.

Privatization Committee Report

The full Committee, staff members Jonathan Claffey and Cheryl Gamboney, and Frank Clover⁵, OGC, met with Science Applications International Corporation (SAIC), on March 21, 2002, in Washington, DC, for an all-day working session to review and discuss project deliverables. Messrs. Sampson and Sevier reported that SAIC demonstrated the draft financial model, presented the draft Asset/Liability Management Report, and draft Regulatory Report. The afternoon session included discussions on value creation and network, the Bank's mission, organizational blueprint, and outreach program.

The Committee also met with SAIC on May 7 to further discuss the outreach program and marketing plan. A copy of the Financial Model on compact disk was provided to all Board members at yesterday's meeting. The Committee expressed their satisfaction with SAIC's performance to date and commended staff on their selection of SAIC for this privatization project.

Governor's Remark's

On behalf of the Board and staff, Governor Legg expressed her condolences to Mr. Sampson on the loss of his brother. The status of White House Board appointments was discussed by Ms. Legg and she was hopeful that appointments would be forthcoming. The new Deputy Administrator for the Rural Utilities Service, Mr. Curtis Anderson, was also introduced to the Board. Ms. Legg also advised the Board that she would be addressing the Rural Caucus on the Hill this afternoon and welcomed the opportunity to talk with Congressional folks about the telecommunications component of our Nation.

Next Quarterly Board Meeting in Washington, D.C.

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|-----------------|----------------------------------|
| Staff Briefing: | Thursday, August 15 at 2:00 p.m. |
| Board Meeting: | Friday, August 16 at 9:00 a.m. |

Adjournment

Whereupon motion to adjourn was made and the meeting was adjourned at 9:20 a.m.

Signed Curtis Sampson

Secretary

⁵ Mr. Clover attended the morning session only.