

Rural Telephone Bank
Minutes of the 147th Board Meeting
November 14, 2003

Time and Place of Meeting

The 147th meeting of the Board of Directors (Board) of the Rural Telephone Bank (Bank) was held Friday, November 14, in the Jefferson Auditorium, U.S. Department of Agriculture, Washington, D.C., pursuant to notice published in the Federal Register on November 6, 2003. Chairman Thomas Dorr, called the meeting to order at 10:30 a.m., immediately following the Shareholders meeting which began at 9:00 a.m. As such, the Secretary's and Treasurer's reports were covered in that meeting and not addresses as part of the regularly scheduled quarterly Board meeting.

Attendants

Directors present were: Thomas Dorr; Gilbert Gonzales, James House, Roberto Salazar, Clay Davis; Curtis Sampson; John McAllister; David Crothers; Larry Sevier; and John Dillard.

Directors absent were: Christine Olsen and Michael Jensen.

Among others present were Governor Hilda Gay Legg and staff members Deputy Governor Curtis Anderson, Assistant Governor Roberta Purcell, Deputy Assistant Governor and Assistant Secretary Jonathan Claffey and Assistant Treasurer Kenneth Ackerman as well as Geoargann Gutteridge and Terrance Brady from the Office of the General Counsel.

Action on the Minutes

On motion duly made and seconded, the minutes of the August 19, 2003, board meeting were adopted as prepared.

Consideration of Resolution 2003-4

Mr Dillard re-introduced Resolution 2003-4, with amendments, for consideration by the Board. The resolution had previously been brought before the Shareholders' meeting and was defeated by a vote of 78 no votes to 51 yes votes. The resolution, with amendments, reads as follows:

Resolution 2003-4

Whereas, the Board of Directors recognizes the need to thoroughly and adequately assess the state and demands in the rural telecommunications marketplace; and

Whereas, the privatization study presented to the Board recommended further detailed analysis of the rural telecommunications market, and an analysis of the capital demands for rural telecommunications providers of the issues involved;

Therefore, it is recommended that the Rural Telephone Bank direct the Department of Agriculture to proceed in procuring a qualified entity to produce a study upon which the Board of Directors, the shareholders and the government may proceed to assess the potential for RTB's privatization in a manner consistent with its mission that;

- (1) studies the viability of a privatized bank;*
- (2) evaluates the governance issues associated with a privatized bank;*
- (3) values the categories of RTB stock;*
- (4) develops the legislative amendments necessary to effect privatization.*

A motion was made; seconded; and adopted by the Board.

Governor's Remark's

Governor Legg expressed her appreciation to all the participants in today's meeting. In addition, Governor Legg informed the Board that letters were being sent to all borrowers in an attempt to reconcile obligated, unadvanced loan funds. Borrowers would be asked to relay plans for their utilization or indicate their desire to have the funds rescinded. The rescission effort is part of an ongoing process to de-obligate funding that is no longer needed by borrowers.

Meeting Dates for 2004

Governor Legg, in discussion with the Board, proposed the following dates for the meetings of the Board of Directors in 2004:

February 12 and 13, 2004;
May 13, and 14, 2004;
August 9 and 10, 2004; and
November 4 and 5, 2005.

On a motion duly made and seconded, the dates as listed above were approved by the Board.

Adjournment

Whereupon motion to adjourn was made and the meeting was adjourned at approximately 11:30 a.m.

Secretary