



# CAPITAL CONNECTIONS

*A Quarterly News Bulletin*

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## Annual Meeting Overview

### Telcos Head to Anaheim for Annual Gathering

RTFC will be hosting its 14th annual meeting Wednesday, February 13, in Anaheim, California, in conjunction with NTCA's Annual Meeting and Exposition. This year's gathering promises to be exciting as seven new directors will be elected to the RTFC board.

RTFC members and invited guests who attend the business luncheon will have the chance to hear RTFC leadership discuss financial highlights of the past year, while voting delegates will mark ballots for open director seats. (*See page 2 for candidate information.*)

## General Meeting Information

RTFC's Annual Meeting again takes place in two parts. RTFC sponsors a portion of NTCA's Second General Session on Wednesday, February 13, from 8:30 to 11:30 a.m. At this session, RTFC Chief Executive Officer Sheldon C. Petersen will address the audience with the financial outlook for the telecom industry. Petersen's talk will be followed by RTFC-sponsored speaker Larry Winget—an entertaining presenter with a background in the telecom industry. Winget will talk about "Stuff that Works Every Single Day."

RTFC's Annual Meeting Business Session and Luncheon will be held directly following the NTCA general session, from noon to 2 p.m. in the Grand Ballroom, Salons E&F, at the Anaheim Marriott Hotel.

## Registration Information

RTFC will have a registration booth near the NTCA registration area. Voting delegates should plan to check in to obtain their official voting delegate ribbon and luncheon tickets, as well as to receive a gift of appreciation.

Other attendees also should plan to stop by and pick up their luncheon tickets.

The RTFC registration booth hours will mirror those of NTCA with the exception that the RTFC booth will close at 11 a.m. Wednesday and re-open at 11:30 a.m. outside the Grand Ballroom—the site of the luncheon—enabling voting delegates to register up until the time of balloting.

The registration hours are as follows:

Saturday, February 9	3 – 6 p.m.
Sunday, February 10	7:30 a.m. – 5 p.m.
Monday, February 11	7:30 a.m. – 4 p.m.
Tuesday, February 12	7:30 a.m. – 3 p.m.
Wednesday, February 13	8 – 11 a.m.



*Larry Winget*

## Meet the Director Candidates

RTFC members were mailed a packet of election materials on January 17. This information included candidate profiles, a mail ballot and instructions to vote by mail in the 2002 director elections.

Voting delegates who will attend the RTFC Annual Meeting and Business Luncheon in Anaheim on February 13 can vote on site.

The candidates for 2002 are:

### DISTRICT 1 NEW SEAT

**Chris Bonner**, General Manager  
Pulaski-White Rural Telephone Cooperative, Star City, IN

**Robert Orent**, President & CEO  
Hiawatha Communications, Munising, MI

### DISTRICT 1 EXISTING SEAT

**Bruce Bohnsack**, President & GM  
Germantown Telephone Company, Germantown, NY

**J. Allen Layman**, Chairman & President  
NTELOS, Daleville, VA

### DISTRICT 2 NEW SEAT

**Danny Dandridge**, General Manager  
Palmetto Rural Telephone Cooperative, Walterboro, SC

**Thomas Minnich**, Director  
Virgin Islands Telephone Company, St. Thomas, VI

### DISTRICT 3 NEW SEAT

**David Dunning**, General Manager & CEO  
Polar Communications, Park River, ND

**David Schmidt**, General Manager  
Heart of Iowa Communications, Union, IA

### DISTRICT 4 NEW SEAT

**Allen Hoopes**, President & CEO  
Silver Star Communications, Freedom, WY

**Mike Johnson**, Director  
3 Rivers Telephone Cooperative, Fairfield, MT

### DISTRICT 4 EXISTING SEAT

**Donald May**, CFO  
Arctic Slope Telephone Assoc. Cooperative, Anchorage, AK

**Steve Richards**, General Manager  
S&T Telephone Cooperative, Brewster, KS

### DISTRICT 5 NEW SEAT

**Mark Gailey**, President & GM  
Totah Telephone Company, Ochelata, OK

**Raymond Henagan**, GM & CEO  
Rock Port Telephone Company, Rock Port, MO

## Teachers, Schools Benefit from RTFC-sponsored Grants

Nine teachers and six schools in rural communities have received more than \$60,000 in RTFC-sponsored grant money from the Foundation for Rural Education and Development. Handed out as technology and teacher education grants, the monies will be used by the recipients to purchase computer equipment and pay for training.

Last year marked the first time that RTFC sponsored the Technology Grants for Rural Schools and the Teacher Education Grants. October 31

was the deadline to apply for these awards worth up to \$10,000 each for technology improvements in schools and \$2,000 each for teacher education and training.

The grants were created to provide rural schools and educators with the tools and training they need to bring technology to OPASTCO member communities. The program continues this year. A list of the winners and more details about applying in 2002 are available on the FRED Web site, [www.fred.org](http://www.fred.org).

Each year, as mandated by its bylaws, RTFC puts 1 percent of its margins into a cooperative education fund. These earmarked resources are used to fund a variety of educational projects, such as the technology grant program.

The 2001 technology and teacher education grant winners were sponsored by the following rural telcos:

- Alpine Communications
- Arvig Communications
- Blackduck Telephone Company
- E. Ritter Telephone Company
- Great Plains Communications
- Lafourche Telephone Company
- Mid-Missouri Telephone Company
- Moultrie Independent Telephone Company
- Plant Telecommunications
- Ronan Telephone Company
- Smithville Telephone Company
- Southern Kansas Telephone Company



## Inside the Economy

### Greenspan: Recovery Soft

Mixed economic indicators are baffling financial forecasters trying to predict upcoming actions of the Federal Reserve.

Recent economic indicators have been mixed, leaving investors and analysts confused about which direction the Federal Reserve will move in the future. The economy contracted at a 1.3-percent annual rate in the third quarter of 2001, and is expected to contract at a 1.0-percent rate in the fourth quarter.

Unemployment continues to rise, posting a level of 5.8 percent in December; analysts expect unemployment to reach 6.5 percent before any improvements are seen in the labor markets. Yet, the rising unemployment numbers couldn't shake consumer confidence in the last quarter of 2001 and into the new year as those numbers rose in January for a fourth straight month.

Meanwhile, inventories continue to fall at a significant pace as businesses try to improve on margins in the upcoming year. Additionally, price indexes continue to be negative as inflation remains under control.

This mixed bag of indicators continues to keep economists guessing as to whether the U.S. economy is really on its way to recovery.

Federal Reserve Chair Alan Greenspan recently suggested that another rate cut was in order by citing that "it is still premature to conclude that the forces restraining economic activity here and abroad have abated enough to allow a steady recovery to take hold."

The Federal Open Market Committee meets January 30 and is expected to lower interest rates for the 12th time in 13 months. Greenspan has said a cut will boost "an economic recovery that's just beginning but may not have the strength to endure."

Another 25 basis point cut would send the Fed Funds rate to a 40-year low of 1.50 percent. Economists believe this will be the end of the Fed's easing cycle.

The telecommunications industry, meanwhile, continues to see layoffs and reductions in profit forecasts from the majors. Executives believe that overly aggressive expansion and misguided acquisitions have mired the industry in a recession, and the road to recovery will be a slow and deliberate process for this troubled sector.

### New Web Site Launches in February

RTFC will debut its new Web site at the end of February, offering members expanded access to their loan information from a secure log-in page, as well as making more of the organization's publications, news and general information available at the click of a mouse.

The new online Member Center will allow RTFC members to:

- View their Owner Activity Profile.
- Check interest rates daily.
- Print out Audit Confirmation Reports.
- Submit an online loan request.
- View director election information.
- Update your telco's information in our database, such as name and address changes.
- Download the RTFC Annual Report.
- Check your loan history.

On the public side of the revamped site, new sections include Disaster Preparedness, Frequently Asked Questions and the rollout of a new online publication, Capital Connections Economic Supplement. This monthly Web newsletter will offer members a concise, reader-friendly update on the U.S. economy, including financial forecasts, Treasury rates and the latest economic indicators.

A Member Advisory will announce the exact date of the new launch at the end of February.

The screenshot displays the RTFC website interface. On the left is a dark sidebar with the RTFC logo and a "MEMBER LOG-IN" section containing fields for "USERNAME" and "PASSWORD", a "GO" button, and a link for "More than 500 rural telcos are owners of RTFC. CLICK HERE for membership information." The main content area features a navigation menu with "ABOUT US", "INFORMATION & PUBLICATIONS", "FINANCIAL SERVICES", "LINKS", and "MEMBER CENTER". Below the menu is the "RTFC Mission" section, which states: "To act with the highest ethics and professionalism and, through a supportive teamwork approach, to focus on creating and enhancing value among our rural membership community by providing services that facilitate the success of their business strategies." Underneath is a "Quick Links" section with three bullet points: "Sign up for access to your loan information", "RTFC dispenses \$37.7 million in patronage capital", and "Read the latest RTFC news in Capital Connections". At the bottom of the page, there are links for "Log-in", "Contact Us", and "Site Map".



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## 'Dot Co-op' Goes Live!

The new Internet domain name, “.coop,” has gone live, and co-ops that have reserved names can now use them for their Internet and e-mail addresses.

The .coop extension, which is for cooperatives and credit unions exclusively, is now part of the Internet's root server, like .com and .org.

“But .coop is better,” said Paul Hazen, President and CEO, National Cooperative Business Association. “It can work as an alternative to .com and .org or in tandem with them. It gives cooperatives a chance to differentiate themselves online and get web addresses they couldn't get in the crowded .com domain.”

Pre-registration was open to all telephone co-ops through January 30. After that, registration is available to all cooperatives and credit unions worldwide.

Businesses can e-mail [support@cooperative.coop](mailto:support@cooperative.coop) for more information about this new domain name.

## Record Pat Cap Distributed



RTFC put checks totaling more than \$26 million in the mail in January as part of the cooperative's patronage capital allocation for fiscal year 2001. Another \$11 million was returned to RTFC members in the form of patronage capital certificates.

“Fiscal year 2001 was RTFC's strongest in history, allowing us to return a record level of margins to our member-owners,” said RTFC CEO Sheldon C. Petersen.

The total allocation to all RTFC borrowers for fiscal year 2001 is nearly \$38 million—a \$10 million increase over the fiscal year 2000 allocation. This figure represents 99 percent of RTFC's net margins for the year. The remaining 1 percent is allocated to a cooperative education fund.