



CAPITAL CONNECTIONS

A Quarterly News Bulletin

IN THIS ISSUE

<i>Pat Cap Payout</i>	2
<i>Leukemia Ball</i>	2
<i>New Vice President</i>	2
<i>Director Candidates</i>	3
<i>Rural Equity Fund</i>	4

Capital Connections Editor
 Beth Ann Johnson
 703-709-2018
 email: bjohnson@nrucf.org

Annual Meeting Overview

RTFC: Positioned to Meet Your Future Needs

The 2001 RTFC Annual Meeting will be held Wednesday, February 7, at the Walt Disney World Dolphin Hotel in Lake Buena Vista, Florida, in conjunction with NTCA's Annual Meeting and Exposition.

RTFC members and invited guests who attend the business luncheon will have the chance to hear RTFC leadership discuss how the cooperative is positioned to meet members' future financial needs. Of course, the business luncheon also will feature financial highlights of the past year and elections for open director seats in two districts. (See page 3 for candidate information.)

General Meeting Information

RTFC's Annual Meeting will again be divided into two parts. RTFC will sponsor a portion of NTCA's Second General Session on Wednesday, February 7, from 8:30 to 11:30 a.m. At this session, RTFC Chief Executive Officer Sheldon C. Petersen will address the audience with an overview of the financial outlook for the telecom industry. His talk will be followed by RTFC-sponsored speaker Robert Kriegel — one of the country's leading authorities in the field of change and human performance. A best-selling author, Kriegel's latest book is titled, "Sacred Cows Make the Best Burgers."

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 Southern Hemisphere Ballroom I-II at Walt Disney World Dolphin Hotel. At that time, members will hear from President Paula Eller and Secretary-Treasurer Paul Violette. Additionally, Administrative Coordinator Larry Zawalick will provide an operations update, and voting will take place.

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 register for the prize drawing and receive a gift of appreciation. Other attendees also should plan to stop by and pick up their luncheon tickets.

The RTFC registration booth will be open as follows:

<i>Saturday, February 3</i>	<i>3 – 6 p.m.</i>
<i>Sunday, February 4</i>	<i>7:30 a.m. – 5 p.m.</i>
<i>Monday, February 5</i>	<i>7:30 a.m. – 4 p.m.</i>
<i>Tuesday, February 6</i>	<i>7:30 a.m. – 3 p.m.</i>
<i>Wednesday, February 7</i>	<i>8 – 11 a.m.</i>



Robert Kriegel

Pat Cap Totals Almost \$27 Million

Thanks to another year of strong participation by RTFC members, the patronage capital allocation for fiscal year 2000 is a record \$26.6 million — a substantial increase over last year’s distributions.

This figure represents 99 percent of RTFC’s net margins for the year. The remaining 1 percent is allocated to the cooperative education fund, which promotes the cooperative principles in communities across America.

RTFC disburses 70 percent of its fiscal year 2000 allocation in the form of a cash payment and 30 percent in the form of Patronage Capital Certificates.

The allocation for each member system represents its pro-rata contribution to RTFC’s allocated net margins earned through interest payments on outstanding loans. The allocation, in effect, amounts to a rebate of interest payments. This, in turn, lowers the cost of borrowing from RTFC. It’s just another way RTFC is working hard to help members reduce capital costs and enhance their competitive potential in the marketplace.

Members should look for their checks to arrive at the end of January.

Industry Veteran Joins RTFC Staff



Bill Sonnett

Bill Sonnett has joined RTFC as vice president of marketing.

A 35-year veteran of the telecommunications industry, Sonnett joins Hank Buchanan, Ellen Iversen and Larry Ware on RTFC’s marketing team. Sonnett will be covering the midwestern United States and

working out of his office in Chesterfield, Mo.

With career involvement in a number of telecommunications companies, Sonnett worked most recently for SBC Communications, Inc., where he served as liaison with numerous industry and regulatory organizations, including NARUC, NECA, NRTA, NTCA, OPASTCO and USTA.

RTFC-Sponsored Research Saves Lives

This March, for the third year, RTFC will take part in sponsoring activities that raise money for the Leukemia and Lymphoma Society. In addition to providing staff resources, RTFC will sponsor a \$6,000 table at the Leukemia Ball held in Washington, D.C.



RTFC’s affiliate, CFC, each year develops and hosts the Web site that promotes the Leukemia Ball, donating equipment and staff services to help the society promote the fund-raising event.

“Through our combined efforts, we’ve been able to raise about \$125,000 for the

society in the last year, and RTFC has played an important role in that contribution,” said CFC Senior Vice President and Chief Financial Officer Steve Lilly, who donates his time as executive co-chair of the annual ball. “Leukemia can strike anyone at anytime — whether it’s a toddler in Montana or Tom Landry, former coach of the Dallas Cowboys, who died from the disease last February.”

The annual gala raised \$2.2 million in 2000 to fund researchers such as Dr. Brian Druker in Oregon. Druker, in collaboration with a pharmaceutical company, has developed a new treatment for chronic myelogenous leukemia (CML) that has shown success rates greater than 90 percent.

Druker received a \$7.5 million grant from the society to oversee clinical trials of the drug at more than 70 sites around the world. Specialists at M.D. Anderson Cancer Center in Houston, Texas, have called Druker’s drug the “holy grail” for finding a cure for this type of cancer.

For more information about the annual event, visit www.leukemiaball.org.



Inside the Economy

Rate Cut Should Prevent Slowdown

The Federal Reserve cut the fed funds rate by 50 basis points in January in an attempt to shock the markets and begin the process of restoring confidence. Economic data releases continue to show signs of weakness in the economy as evidenced by slowing labor and consumer market sectors in December and with further signs of recession in manufacturing.

Specific signs in several reports all pointed to a further economic slowdown. These indicators included:

1. Senior loan officer surveys indicating a slowdown in lending
2. A recession in manufacturing
3. A weak Christmas retail season as evidenced by weak auto sales and chain store reports; and
4. Slumping consumer confidence.

It's anticipated that the quick action by the Fed has reduced the risk of recession and the likely need for a long cycle of rate cuts.

Upcoming economic indicator releases are not anticipated to change the current outlook for the economy since strategists are already anticipating weak December retail sales and slight increases in the core producer price index. With inflation pressures contained, Fed Chair Alan Greenspan continues to have faith in longer-term advances in technology and associated gains in productivity. Thus, the economy has room to grow, and the Fed does not need to focus on the inflation risks.

At press time, the federal funds rate stands at 6.00 percent with a weakening Fed bias. The next scheduled Federal Open Market Committee meeting will be January 31. It is anticipated that the Fed will need to cut rates at least one more time at the end of January to maintain the recovery in confidence. This sentiment is already being priced in the February 30-day federal funds futures contract. The market is anticipating another 50 basis point decrease in the federal funds rate would cause a steeper yield curve. After that, the extent of further federal funds rate cuts will depend on how quickly consumer, business and investor confidence recovers.

Meet the Candidates

A vital part of RTFC's Annual Meeting each year is the election of directors to fill open board seats. This year, RTFC voting delegates will have the opportunity to elect one telephone representative to the board from District 2 and one from District 3.

Profiles of these candidates were sent to all RTFC voting members January 10 in a packet that included a mail-in ballot. Additional profiles will be available on-site at the annual meeting.

The candidates for 2001 are:

DISTRICT 2

H. J. "Danny" Dandridge

General Manager

Palmetto Rural Telephone Cooperative
Walterboro, SC

Thomas R. Minnich*

Director

Virgin Islands Telephone Corporation
St. Thomas, VI

F. Thomas Rowland

Executive VP and General Manager

North Central Telephone Cooperative
Lafayette, TN

DISTRICT 3

Paul Hoge

General Manager

Emily Cooperative Telephone Company
Emily, MN

Gene R. South (incumbent)

CEO and General Manager

Lakedale Communications
Annandale, MN

**Mr. Minnich is a candidate by petition. He was, therefore, not listed in the December 8 memo about board candidates.*



Bulk Rate
US Postage
PAID
Permit No. 098
Dulles, VA

RURAL TELEPHONE FINANCE COOPERATIVE
2201 Cooperative Way
Herndon, VA 20171

New .coop Domain Approved

Cooperative businesses will soon have a new, distinct way to set themselves apart in the electronic marketplace. Although the contracts are still being hammered out, approval has been granted to create a new Internet domain name: .coop.

“In just four letters, .coop will help cooperatives differentiate themselves from other types of businesses and organizations online,” said the National Cooperative Business Administration, which will govern the new domain name. “Registration under .coop will be restricted to bona fide cooperatives worldwide, making it easier for consumers, producers and others to find the businesses they trust in the global electronic marketplace.”

For more information about how to register for .coop, as well as background on the issue and news about this new identity for cooperative businesses, you can visit the NCBA Web site at www.cooperative.org.

Applications for .coop addresses are expected to be accepted beginning in mid-2001.

RTFC Supports Rural Equity Fund

RTFC is working with a coalition of rural economic development organizations to create a new public/private partnership designed to attract equity capital into cooperatives and other business ventures in rural America.

Senators Tom Harkin (D-IA), Larry Craig (R-ID), Tom Daschle (D-SD), Jim Jeffords (R-VT) and Tim Johnson (D-SD) recently introduced the National Rural Cooperative and Business Equity Fund Act to encourage private investment in value-added agriculture enterprises, consumer-owned cooperatives and other worthy rural projects that existing venture capital funds do not accommodate.

Noting that rural America has not shared in the recent economic prosperity that the rest of the country has enjoyed, Sen. Harkin commented that “this legislation can bring a much-needed boost to rural America.”

“Supporting this fund is a natural extension of our efforts to help our members secure the financing they need to enjoy growth and prosperity in their markets,” said RTFC Senior Vice President and Administrative Coordinator Lawrence Zawalick.