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### BOARD OF DIRECTORS

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### NCSC STAFF

**Sheldon C. Petersen**  
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Senior VP, Credit Risk Management

**Sarah DeShazior**  
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**John J. List**  
General Counsel and  
Senior VP, Member Services

**Lawrence Zawalick**  
Senior VP, NCSC

### CONTACTS

For General Information: **Laurie Greene**  
Program Director  
800-424-2954 x 6803

For U.S. Bank One Card: **Lauren Harris**  
Program Marketing Analyst  
800-424-2954 x 2065

For NCSC Associate Loans: Your CFC Regional or Associate Vice President

## INTRODUCTION TO NCSC



National Cooperative  
Services Corporation



## National Cooperative Services Corporation

### Overview

The National Cooperative Services Corporation (NCSC) is a privately funded, member-owned cooperative that began operation in 1981. NCSC provides electric cooperatives with specialized financing services that supplement the financial services of the National Rural Utilities Cooperative Finance Corporation (CFC). Together, the two organizations provide an extensive array of financial products and services that offer value to their members.

NCSC is governed by an 11-member board of directors and operates under a management services agreement with CFC. NCSC provides:

- Financing in support of for-profit subsidiaries of electric cooperatives
- Transitional and permanent financing for acquisitions and other special projects
- A corporate credit card program to help cooperatives run their businesses more efficiently
- Financing for cooperative partners

NCSC obtains funding through loans from CFC or from the capital markets under a CFC guarantee. NCSC provides financing at competitive rates, including short- and long-term loans with fixed or variable interest rates for periods ranging from one month to 30 years and working capital lines of credit for up to five years. In addition to its standard programs, NCSC provides customized loans tailored to the specific needs of a particular project.

### History

On January 26, 1981, G&Ts joined with CFC to form the National Cooperative Services Corporation, incorporating the new entity in the District of Columbia as a taxable cooperative.

- NCSC was charged with assisting G&Ts in evaluating leveraged lease proposals and in raising lower-cost debt capital for lease transactions.
- NCSC also helped cooperatives explore ways to cut the cost of planning and construct G&T facilities.
- Eleven members sat on the first board of NCSC directors in November 1981.

Over the years, NCSC has helped cooperatives finance infrastructure in transactions ranging from original power plant leases to loans for acquisitions. It has helped cooperatives expand their reach through loans for telecommunications, non-electric products and economic development services.

- In the early 1980s, NCSC provided leveraged and safe harbor lease financing for generation and related facilities, saving consumers more than \$1 billion.

- In 1987, NCSC prepared the way for the Rural Telephone Finance Cooperative, another CFC affiliate, and private market lending by providing loans to rural telecoms until the new organization was in operation.
- The 1990s saw NCSC provide financing to PJM Interconnection, which supports the largest centrally dispatched electric grid in the world.
- In that same decade, NCSC developed the associate loan program to provide financing to for-profit subsidiaries of CFC members for economic and business development.
- In 2004, NCSC purchased Tennessee Valley Authority's (TVA) loan portfolio of \$58.3 million, which helped keep TVA loans in the cooperative family, reduced TVA's annual interest expense by \$275,000 and opened the door to future financing with the TVA community.

At the end of fiscal year 1982, NCSC's first full year of operations, it had 24 members and assets of \$134,283. By the end of fiscal year 2009, NCSC had 357 members and assets of \$435.8 million, including outstanding loans to borrowers totaling \$416.6 million.

NCSC released "The NCSC Story" in June 2007 to commemorate the organization's 25th anniversary. The book shares the history, mission and values of NCSC with the electric cooperative community.

### Mission

NCSC's mission is to provide specialized financing and related financial services to benefit electric cooperatives and their partners.

While NCSC was created to respond to specific opportunities, it became clear that it could also build value for cooperatives in other ways. NCSC has helped cooperatives finance infrastructure in transactions ranging from original power plant leases to loans for acquisitions. It also has helped

cooperatives expand their reach through loans for telecommunications, non-electric products and economic development services.

NCSC is independently controlled as part of the CFC family of companies, but its goals and objectives are closely aligned with those of CFC. NCSC supplements CFC's services by providing financial products and services that CFC for various reasons is unable to offer. In general, CFC provides financing to its members for nonprofit services. NCSC's services are broader in scope; it can lend to non-members and for-profit entities as long as the activity benefits the cooperative network.

Since 1981, NCSC has demonstrated that it has the resources, flexibility and creativity to meet the needs of cooperatives and their partners for financing that cannot be obtained from other sources.

### Membership

NCSC membership is available to all Class A (distribution system) members of the National Rural Utilities Cooperative Finance Corporation (CFC).

As a member of NCSC, cooperatives can pursue new opportunities that do not fit within the traditional financing structures of CFC or the U.S. Department of Agriculture's Rural Utilities Service (USDA/RUS). NCSC has helped cooperatives expand their services to meet community needs and save more than a billion dollars in financing costs through tax-advantaged financings.

Members are able to participate in elections for the 11-member NCSC Board of Directors, which is chosen from representatives of NCSC member systems.

NCSC Associate status is available to entities organized on a for-profit or not-for-profit basis that are owned, controlled, or operated by, or provide significant benefit to, Class A, B or C members of CFC.

### The NCSC Advantage

#### FLEXIBILITY

NCSC provides customized loans tailored to the needs of its borrowers.

#### RATE CHOICE

NCSC offers both fixed and variable interest rates for periods of time ranging from one month to 30 years.

#### LOAN CHOICE

NCSC offers short- and long-term loans as well as working capital lines of credit for up to five years.

### Associate Loans

Providing loans for economic and business development through its associate loan program is another way NCSC helps its members become more competitive.

These loans provide the means for electric cooperatives—through its subsidiary organizations—to offer non-electric services to their members and invest in local community projects.

NCSC has funded many types of projects through its associate loan program, including community development, water/wastewater projects and propane services.

### U.S. Bank One Card

The U.S. Bank One Card, offered jointly by CFC and U.S. Bank, is a corporate credit card program designed to help CFC and NCSC members manage their travel and purchasing transactions. This program is also available to NCSC associate members.

The U.S. Bank One Card simplifies cooperative payments, provides security protection for co-op credit card purchases and offers online access to an array of tools to help manage and analyze co-op spending.