



Board of Directors

Briefing Book

Tuesday, April 30, 2019

8:30 a.m. - 2:00 p.m. Eastern Time

Universal Service Administrative Company Offices

700 12th Street, NW, Suite 900

Washington, DC, 20005

**Universal Service Administrative Company
Board of Directors Quarterly Meeting
Agenda**

**Tuesday, April 30, 2019
8:30 a.m. – 2:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

| | <u>OPEN SESSION</u> | <i>Estimated Duration in Minutes</i> |
|--------------------------|---|--|
| Chair | a1. Consent Items (each available for discussion upon request): A. Approval of Board of Directors Meeting Minutes of January 29, 2019 and February 25, 2019 B. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i> | 10 |
| Chair | a2. Reports from the Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee | 15 |
| Pam | a3. Approval of USAC Common and Consolidated 3rd Quarter 2019 Budgets for the May 2, 2019 FCC Filing | 15 |
| Radha | i1. Enterprise Business Updates: A. CEO Business Update – Knowledge Management | 20 |
| Radha Kyle Joel D. | B. Information Technology (IT) Business Update • IT Strategic Vision • Q1 2019 Summary (<i>For Information Only</i>) | 30 |
| | C. Enterprise Portfolio Management Office Business Update • EPMO Q1 2019 Summary (<i>For Information Only</i>) | - |

| <u>EXECUTIVE SESSION</u> Confidential – <i>Executive Session Recommended</i> | | |
|---|--|----|
| Chris | i1. Enterprise Business Updates: C. Enterprise Portfolio Management Office Business Update (<i>continued</i>) • Enterprise Risk Management Update | 40 |
| Craig | D. Procurement Business Update | 40 |
| Charlie | E. Finance • Information on Contribution Factor | 15 |
| Tamika | F. Human Resources Business Update • Employee Engagement Survey | 25 |

| <u>EXECUTIVE SESSION</u> | | |
|---|---|----|
| Confidential – Executive Session Recommended | | |
| Craig | a4. Consideration of a Contract for USAC’s Learning Management System, Performance Management System, and Recruiting Management System | 10 |
| Jen Crowe | i2. Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Reports | 5 |
| Tamika | a5. Personnel Matter – Executive Compensation | 20 |
| 12:00 p.m. | Board of Directors Lunch | 60 |

Next USAC Board of Directors Meeting

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|--|--|--|
| <p>Tuesday, July 30, 2019 8:30 a.m. – 2:30 p.m. Eastern Time USAC Offices, Washington, D.C.</p> | | |
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**Universal Service Administrative Company
Board of Directors Meeting**

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|--------------------|
| ACTION ITEM |
|--------------------|

Consent Items

Action Requested

The USAC Board of Directors (Board) is requested to approve the consent items listed below.

Discussion

The Board is requested to approve the following items using the consent resolution below:

- A. Board meeting minutes of January 29, 2019 and February 25, 2019 (*see Attachments A-1 through A-4*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
- (1) **ii** – Enterprise Business Updates (*Continued*).
- **C.** Enterprise Portfolio Management Office Business Update (*Continued*) – Enterprise Risk Management Update. USAC management recommends that this item be discussed in *Executive Session* because the matter involves *specific internal controls and/or confidential company data and internal rules and procedures* concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - **D.** Procurement Business Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
 - **E.** Finance - Information on Contribution Factor. USAC management recommends that this report be discussed in *Executive Session* because this matter relates to *internal controls, and/or confidential company data*, and may also include *pre-decisional matters pending before the FCC*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
 - **F.** Human Resource Business Update. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

- (2) **a4** – Consideration of a Contract for USAC’s Learning Management System, Performance Management System, and Recruiting Management System. USAC management recommend that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (3) **i2** – Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to *internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (4) **a5** – Personnel Matter – Executive Compensation. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

Upon request of a Board member, any one or more of the above items are available for discussion by the Board.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors hereby approves:

- (1) the Board meeting minutes of January 29, 2019 and February 25, 2019; and (2) discussion in *Executive Session* of the items noted above.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, January 29, 2019

(DRAFT) MINUTES¹

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, January 29, 2019. Mr. Joel Lubin, Board Chair, called the meeting to order at 8:32 a.m. Eastern Time, with a quorum of 17 of the 19 Board members present:

| | |
|---|--|
| Bocher, Robert | Kinser, Cynthia |
| Buzacott, Alan | Lubin, Joel – Chair |
| Choroser, Beth | Mason, Ken – Treasurer |
| Domenech, Dr. Dan | Schell, Julie Tritt |
| Feiss, Geoff | Sekar, Radha – Chief Executive Officer |
| Freeman, Sarah | Tinic, Atilla |
| Gerst, Matthew | Wade, Dr. Joan |
| Gillan, Joe – Vice Chair | Wibberly, Dr. Kathy |
| Jacobs, Ellis – Secretary – <i>by telephone</i> | |

Ms. Olivia Wein joined the meeting at 9:00 a.m. Eastern Time. She did not vote or participate in the discussion of items a1, a2, a3, a4, and a5.

Board members not present:

Fontana, Brent

Officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Davis, Craig – Vice President of Procurement and Sourcing Strategy
Delmar, Teleshia – Vice President of Audit and Assurance
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Lifeline
Holstein, Bob – Vice President and Chief Information Officer
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer

¹ Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Sweeney, Mark – Vice President of Rural Health Care

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|------------------------|----------------|
| Ayer, Catriona | USAC |
| Batista, Everton | USAC |
| Boakye-Gyan, Carol | USAC |
| Boler, Natasha | USAC |
| Burgess, Melody | USAC |
| Butler, Stephen | USAC |
| Carpenter, Nikki-Blair | USAC |
| Colvin, Phil | USAC |
| Crowe, Jen | USAC |
| Curtis, Shaun | USAC |
| D'aguiar, J'amie | USAC |
| Daniels, Joel | USAC |
| Faunce, Donna | USAC |
| Fischer, Dennis | USAC |
| Francisco, Dale | USAC |
| Gerensky, Dimiter | USAC |
| Goode, Vernell | USAC |
| Gustafson, Jaymie | USAC |
| Haus, Allen | Avitecture |
| Howard, Mackenzie | USAC |
| Hughet, Pamela | USAC |
| Hutchinson, Kyle | USAC |
| Jackson, Alex | USAC |
| Little, Chris | USAC |
| Marjani, Regina | USAC |
| Mitchell, Tamika | USAC |
| Neeson, Kara | USAC |
| Nuzzo, Patsy | USAC |
| Oluyitan, David | USAC |
| Parker, Ben | USAC |
| Patel, Amish | USAC |
| Robinson, Ben | USAC |
| Schecker, Laurence | USAC |
| Schrieber, Johnnay | USAC |
| Sherlock, Matthew | USAC |
| Tamm, Nico | USAC |
| Tawes, Pauline | USAC |
| Theobald, Fred | USAC |
| Tiwari, Tanya | USAC |
| Tomlin, Nicole | USAC |
| Yeung, Jean | USAC |

NAME
Zafar, Maryam

COMPANY
USAC

OPEN SESSION

All materials from Open Session can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Lubin presented these items to the Board.
- A. Approval of Board Meeting Minutes of October 30, 2018, November 26, 2018, December 10, 2018 and January 2, 2019.
 - B. Approval of Moving all *Executive Session* Items into *Executive Session*.
 - (1) **ii** – Enterprise Business Updates (*Continued*).
 - C. Information Technology Business Update (*continued*).
 - 1. Pre-prod for National Verifier. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.
 - D. Enterprise Portfolio Management Office Business Update.
 - 1. Discussion of 2019 Audit Plan. USAC management recommends that this item be discussed in *Executive Session* because the matter involves *specific internal controls and/or confidential company data*.
 - 2. Information on the Office of Management and Budget (OMB) Circular A-123 Plan. USAC management recommends that this item be discussed in *Executive Session* because the matter involves *specific internal controls and/or confidential company data*.
 - E. Finance - Information on Contribution Factor. USAC management recommends that this report be discussed in *Executive Session* because this matter relates to *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
 - F. Human Resource Business Update. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.
 - G. Procurement Update. USAC management recommends that the following items be discussed in *Executive Session* because they relate to USAC's *procurement strategy and contract administration*:
 - 1. Procurement Business Update.

2. 2018 Procurement Report.
 3. 2018 Fourth Quarter Procurement Report.
 4. 2019 Procurement Plan.
 5. USAC Procurement Competition Advocate Annual Report.
- (2) **a8** – Consideration of Contract Award for Oracle for Technical Support. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (3) **a9** – Consideration of a Contract Award for Provision of Workplace Collaboration Tools. USAC management recommend that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (4) **a10** – Approval of 2019 Annual USAC Common and Consolidated Budgets. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (5) **i2** – Information on One USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to *internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (6) **i3** – Personnel Matter – Executive Session with Board (Lunch). USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

C. Approval of April 2020 – January 2021 Board of Directors Quarterly Meeting Schedule. USAC management provided its written recommendations for the Board’s April 2020 to January 2021 quarterly meeting schedule.

D. Resolution Honoring Board Members Whose Service on the Board Has Recently Ended. There was no report associated with this item.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of October 30, 2018, November 26, 2018, December 10, 2018 and January 2, 2019; and (2) discussion in *Executive Session* of the items noted above.

RESOLVED FURTHER, that the USAC Board of Directors adopts the Board of Directors and committee quarterly meetings schedule for April 2020 through January 2021; and

RESOLVED FURTHER, that the USAC Board of Directors hereby expresses its sincere appreciation to Dr. Miguel Hernandez for his dedicated service on the Board of Directors of the Universal Service Administrative Company, and wishes him the best in his future endeavors.

- a2. **Annual Election of Committee At-Large Seats, Chairs and Vice Chairs and Election of Appointment of Corporate Officers.** Mr. Lubin introduced this item and Mr. Mason, Chair of the Nominating Committee, shared the Nominating Committee recommendations for the following:

Election of Board Members to Committee At-Large Seats

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Schools & Libraries Committee: Ken Mason** (representing service providers), **Alan Buzacott** (at-large member), **Brent Fontana** (at-large member), and **Beth Choroser** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **High Cost & Low Income Committee: Olivia Wein** (at-large member), and **Ken Mason** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Rural Health Care Committee: Atilla Tinic** (representing service providers), **Dr. Joan Wade** (at-large member), and **Oliva Wein** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Audit Committee: Joe Gillan** (representing the HCLI Committee), **Cynthia Kinser** (representing the RHC Committee), **Geoff Feiss** (at-large member), and **Atilla Tinic** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Executive Compensation Committee: Dr. Dan Domenech** (at-large member), **Joe Gillan** (at-large member), **Cynthia Kinser** (at-large member), **Dr. Joan Wade** (at-large member) and **Dr. Kathy Wibberly** (at-large member).

Election of Committee Chairs and Vice Chairs

RESOLVED, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects **Dr. Dan Domenech** as Chair and **Julie Tritt Schell** as Vice Chair of the **Schools & Libraries Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the High Cost & Low Income Committee and elects **Joe Gillan** as Chair and **Olivia Wein** as Vice Chair of the **High Cost & Low Income Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Rural Health Care Committee and elects **Dr. Kathy Wibberly** as Chair and **Brent Fontana** as Vice Chair of the **Rural Health Care Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects **Geoff Feiss** as Chair and **Atilla Tinic** as Vice Chair of the **Audit Committee**; and

RESOLVED FURTHER, that as **Joe Gillan** is named Chair of the **Executive Compensation Committee**; and

RESOLVED FURTHER, that each of the aforementioned directors shall serve for a term that begins immediately upon the adoption of this resolution by the Board and ends at such time as the chair or vice chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

Election of Board Chair, Vice Chair, Secretary and Treasurer

RESOLVED, that the USAC Board of Directors elects **Joel Lubin** as Chair of the Board and **Joe Gillan** as Vice Chair of the Board, **Olivia Wein** as Secretary of the corporation, and **Ken Mason** as Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such member's successor has been elected, when such

member resigns such position, is removed by resolution of the Board, or is no longer a member of the Board.

Appointment of USAC Staff Members as Assistant Secretary and Assistant Treasurer

RESOLVED, that the USAC Board of Directors accepts the recommendation of the USAC Nominating Committee and appoints **Ernesto Beckford** as Assistant Secretary of the corporation and **Charles Salvator** as Assistant Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such person's successor has been appointed, such person resigns from such position, his employment with USAC terminates for whatever reason, or such person is removed by the CEO or by resolution of the Board.

- a3. Reports from Committee Chairs: Audit Committee, Executive Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the October 2018 quarterly meetings. Mr. Feiss reported for the Audit Committee; Dr. Wibberly reported for the Rural Health Care Committee; Dr. Domenech reported for the Schools and Libraries Committee; Mr. Gillan reported for the High Cost & Low Income Committee; and Mr. Lubin reported for the Executive Committee.
- a4. Approval of 2019 Audit Committee Charter.** Ms. Delmar presented this item to the Board for consideration, noting modifications, included changing the division name from Internal Audit to Audit and Assurance; clarifying the Committee's role in developing the Strategic Audit Plan; and requiring Committee approval of material changes in the roles and/or responsibilities of the Vice President of Audit and Assurance.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors, having reviewed the current Audit Committee Charter and the proposed changes presented by the USAC Audit and Assurance Division, hereby accepts the recommendation of the Audit Committee and approves the revised Audit Committee Charter.

- a5. Reaffirming USAC Employee Ethics Standards.** Mr. Schecker presented this item to the Board for consideration, noting minor editorial changes from previous version of the USAC Statement of Ethical Conduct. During his presentation, Mr. Schecker noted his role as Ethics Officer at USAC, and explained USAC's ethics

program.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors accepts the recommendation of the USAC General Counsel and hereby adopts the editorial revisions to the January 2017 version of the *USAC Statement of Ethical Conduct*.

- a6. Review of Statement of Ethical Conduct for Members of the USAC Board of Directors and Board Member Annual Disclosure of Corporate or Entity Affiliations Form.** Mr. Schecker presented this item to the Board for consideration, noting that no revisions were recommended.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors hereby reaffirms the *Statement of Ethical Conduct for Members of the USAC Board of Directors* and *Director Affiliation Disclosure Form*, January 2017 versions, without revision.

- a7. Approval of USAC Common and Consolidated 2nd Quarter 2019 Budgets for the January 31, 2019 FCC Filing.** Ms. Hughet presented this item for consideration. The presentation included a written report on USAC management's recommendations for USAC's common and consolidated 2nd quarter 2019 budgets for the January 31, 2019 FCC filing.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors approves a 2nd Quarter 2019 common budget of \$25.24 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$25.24 million for common costs in the required January 31, 2019 filing to the FCC on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2019 consolidated budget of \$59.90 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$59.90 million

for consolidated costs in the required January 31, 2019 filing to the FCC on behalf of the USAC Board of Directors.

i1. A. CEO Business Update. Ms. Sekar presented PowerPoint slides covering the following to the Board:

1. Recap of action items and updates from the October 2018 Board and Committee meetings
2. 2018 Accomplishments across the organization
3. 2019 Goals and Objectives
4. CEO Roundtable Update

B. Shared Services Business Update. Mr. Butler presented PowerPoint slides covering the following to the Board:

1. 2018 Accomplishments
2. 2018 Call Center Performance
3. 2019 Program Goals and Objectives
4. Escalation Team Concept
5. Update on In-person and Online Schools and Libraries Training
6. Shared Services Program at a Glance

C. Information Technology Business Update. Mr. Holstein and Mr. Hutchinson presented PowerPoint slides covering the following to the Board:

1. 2018 Accomplishments
2. 2019 Vision and Objectives
3. 2019 IT Major Goals
4. Discussion Topics: FISMA – 2018 Accomplishments and 2019 Goals
5. IT at a Glance

At 10:50 a.m. Eastern Time the Board recessed and reconvened at 11:00 a.m. Eastern Time.

D. Enterprise Portfolio Management Office (EPMO) Business Update. Mr. Beyerhelm presented PowerPoint slides covering the following to the Board:

1. 2018 EPMO Key Accomplishments
2. 2018 Enterprise Risk Management (ERM) Key Accomplishments
3. 2019 EMPO Mission
4. 2019 Goals: EPMO
5. 2019 Look Ahead: EMPO
6. 2019 At a Glance: EPMO

At 11:27 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

D. Enterprise Portfolio Management Office (EPMO) Business Update (*continued*). Mr. Beyerhelm and Ms. Delmar and Ms. Hughet presented PowerPoint slides covering the following to the Board:

1. Discussion of 2019 Risks and Mitigations
2. Discussion of 2019 Internal Controls Over Operations
3. Information on the Office of Management and Budget (OMB) Circular A-123 Plan. This report was included for information

purposes; no discussion was held.

E. Finance – Information on Contribution Factor. Ms. Hughet presented this item to the Board. The presentation included a written report providing USAC's estimate for the 2nd quarter 2019 contribution factor.

C. Information Technology Business Update (*continued*). Pre-prod for National Verifier. This report was included for information purposes only. No discussion was held on this item.

F. Human Resources (HR) Business Update. Ms. Mitchell presented PowerPoint slides covering the following items for discussion.

1. HR Mission
2. Key 2018 Accomplishments
3. Goals for 2019
4. HR at a Glance 2019
5. HR 2018 Metrics
6. USAC 2018 Engagement Pulse Survey Results

G. Procurement Update. The following reports were submitted for information purposes only. No discussion was held.

1. Procurement Business Update
 - o 2018 Accomplishments
 - o 2019 Goals
2. 2018 Procurement Report
3. 2018 Fourth Quarter Procurement Report
4. 2019 Procurement Plan
5. USAC Procurement Competition Advocate Annual Report

At 12:18 p.m. Eastern Time, on a motion duly made and seconded, with only members of the Board present, the Board continued in *Executive Session* for the purpose of discussing item i3.

i3. Personnel Matter – Executive Session with Board.

At 1:12 p.m. Eastern Time, the Board continued in *Executive Session* with staff

and officers to discuss the remaining items.

- a8. Consideration of Contract Award for Oracle for Technical Support.** Mr. Davis presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposed contract award for technical support.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a one-year technical support contract for Oracle licenses for a total price of \$1,134,883 (plus applicable taxes).

- a9. Consideration of a Contract Award for Provision of Workplace Collaboration Tools.** Mr. Davis presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposed contract award for the provision of workplace collaboration tools.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a three-year contract for provision of the Cisco Workplace Collaboration Tool Flex Plan to Iron Bow Technologies, LLC for a total price of \$574,807 (plus applicable taxes).

- a10. Approval of 2019 Annual USAC Common and Consolidated Budgets.** Ms. Hughet presented this item for consideration. The presentation included PowerPoint slides and a written report detailing USAC management's recommendations for USAC's 2019 annual common and consolidated budgets.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors approves the 2019 annual common budget of \$103.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2019 annual consolidated budget of \$237.6 million.

- i2. Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Report.** The Board received a report with

information on one USAC Audit and Assurance Division contributor revenue audit report. This report was included for information purposes only. No discussion was held.

OPEN SESSION

At 1:49 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Board took action on items a8, a9 and a10 and discussed items i1D, i1E, i1F, and i3.

On a motion duly made and seconded, the Board adjourned at 1:50 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Monday, February 25, 2019

(DRAFT) MINUTES¹

A meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday, February 25, 2019. Mr. Joel Lubin, Board Chair, called the meeting to order at 1:04 p.m. Eastern Time, with a quorum of 12 of the 19 Board members present:

Bocher, Robert – *by telephone*
Buzacott, Alan – *by telephone*
Choroser, Beth, – *by telephone*
Feiss, Geoff – *by telephone*
Freeman, Sarah – *by telephone*
Gerst, Matthew – *by telephone*

Gillan, Joe – Vice Chair – *by telephone*
Jacobs, Ellis – *by telephone*
Lubin, Joel – Chair – *by telephone*
Sekar, Radha – Chief Executive Officer
Wade, Dr. Joan – *by telephone*
Wibberly, Dr. Kathy – *by telephone*

Mr. Brent Fontana and Ms. Julie Schell joined the meeting by telephone at 1:04 p.m. Eastern Time. They participated in the discussion of item a1. Ms. Schell voted on item a1 and Mr. Fontana abstained from voting.

Members of the Board not present:

Domenech, Dr. Dan
Kinser, Cynthia
Mason, Ken – Treasurer
Tinic, Atilla
Wein, Olivia – Secretary

Officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Davis, Craig – Vice President of Procurement and Sourcing Strategy
Holstein, Bob – Vice President and Chief Information Officer
Salvator, Charles – Vice President of Finance, Chief Financial Officer and
Assistant Treasurer

¹ Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present:

| <u>NAME</u> | <u>COMPANY</u> |
|------------------|----------------|
| Hutchinson, Kyle | USAC |
| Nuzzo, Patsy | USAC |
| Tiwari, Tanya | USAC |

OPEN SESSION

- a1. **Consideration of Contract Award for a Primary Data Storage Device.** USAC management recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors determines that the discussion of this item be conducted in *Executive Session*.

At 1:04 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

- a1. **Consideration of Contract Award for a Primary Data Storage Device.** Mr. Davis presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposed contract award for a primary data storage device.

On a motion duly made and seconded, with Mr. Fontana abstaining, the Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to FCC approval, to award a contract to Clearpath Solutions Group, for a Dell / EMC PowerMax 2000 Primary Storage device, for a firm fixed price of \$1,290,083 (plus applicable taxes).

At 1:32 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that, in *Executive Session*, the Board took action on item a1.

On a motion duly made and seconded, the Board adjourned at 1:33 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

**Universal Service Administrative Company
Board of Directors Meeting**

ACTION ITEM

**Approval of USAC Common and Consolidated
3rd Quarter 2019 Budgets for the May 2, 2019 FCC Filing**

Action Requested:

The USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2019 (3Q2019) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's May 2, 2019 quarterly filing.

Discussion:

The 3Q2019 USAC consolidated budget of \$61.12 million represents approximately 26% of the 2019 annual USAC consolidated budget of \$237.63 million. This includes \$33.55 million in direct program costs and \$27.57 million in common indirect costs. Please note that these are budget amounts for administrative costs.

| <i>(\$ in millions)</i> | 3Q2019 Budget |
|---|----------------------|
| Direct Program & Direct Assigned Costs | |
| High Cost | \$5.56 |
| Lifeline | 12.07 |
| Rural Health Care | 2.25 |
| Schools & Libraries | 13.67 |
| Total Direct Program & Direct Assigned Costs | \$33.55 |
| Common Costs | |
| Employee Expenses | \$13.64 |
| Professional Services | 7.70 |
| General & Administrative (Note 1) | 6.23 |
| Total Common Costs | \$27.57 |
| Total Consolidated Costs | \$61.12 |

Note 1: General & Administrative expenses include computer support & maintenance, rent, banking fees, hardware & equipment rental, taxes & insurance, printing & postage, Board of Directors expenses, reference materials, repairs & maintenance, telecommunications, and data collection billing revenue.

A comparison of actual common and consolidated expenditures to the budget for the three months ending March 31, 2019 is provided in **Attachment A**.

Recommendation:

USAC management recommends that the Board approve the 3Q2019 budgets as proposed.

Recommended USAC Board of Directors Action:

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors approves a 3rd Quarter 2019 common budget of \$27.57 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$27.57 million for common costs in the required May 2, 2019 filing to the FCC on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2019 consolidated budget of \$61.12 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$61.12 million for consolidated costs in the required May 2, 2019 filing to the FCC on behalf of the USAC Board of Directors.

ATTACHMENT A

USAC Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months Ending March 31, 2019

| <i>(\$ in millions)</i> | FTE Actual | FTE Budget | FTE Variance | YTD Actual | YTD Budget | Variance |
|---|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------|
| Direct Program & Direct Assigned Costs | | | | | | |
| High Cost | 48 | 55 | 7 | \$3.20 | \$5.52 | \$2.32 |
| Lifeline | 58 | 70 | 12 | 7.42 | 11.11 | 3.69 |
| Rural Health Care | 50 | 55 | 5 | 1.82 | 2.38 | 0.56 |
| Schools & Libraries | 63 | 73 | 10 | 10.50 | 13.93 | 3.43 |
| Total Direct Program & Direct Assigned Costs | | | | \$22.94 | \$32.94 | \$10.00 |
| Common Costs | | | | | | |
| Employee Expenses | 300 | 339 | 39 | 11.56 | \$12.72 | \$1.16 |
| Professional Services | | | | 3.59 | 6.71 | 3.12 |
| General & Administrative (Note 2) | | | | 5.43 | 6.15 | 0.72 |
| Total Common Costs | | | | \$20.58 | \$25.58 | \$5.00 |
| Total Consolidated Costs | 519 | 592 | 73 | \$43.52 | \$58.52 | \$15.00 |

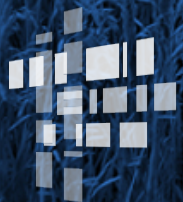
Note 2: General & Administrative expenses include computer support & maintenance, rent, banking fees, hardware & equipment rental, taxes & insurance, printing & postage, Board of Directors expenses, reference materials, repairs & maintenance, telecommunications, data collection billing revenue, and interest income.



CEO Business Update: Knowledge Management Program

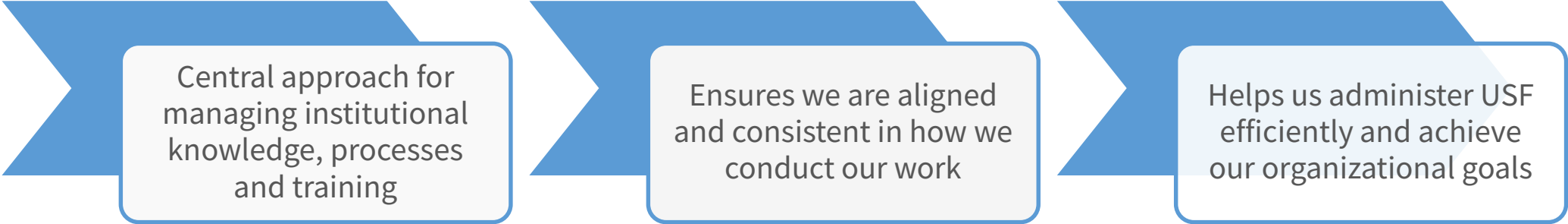
USAC Board of Directors Meeting

April 30, 2019



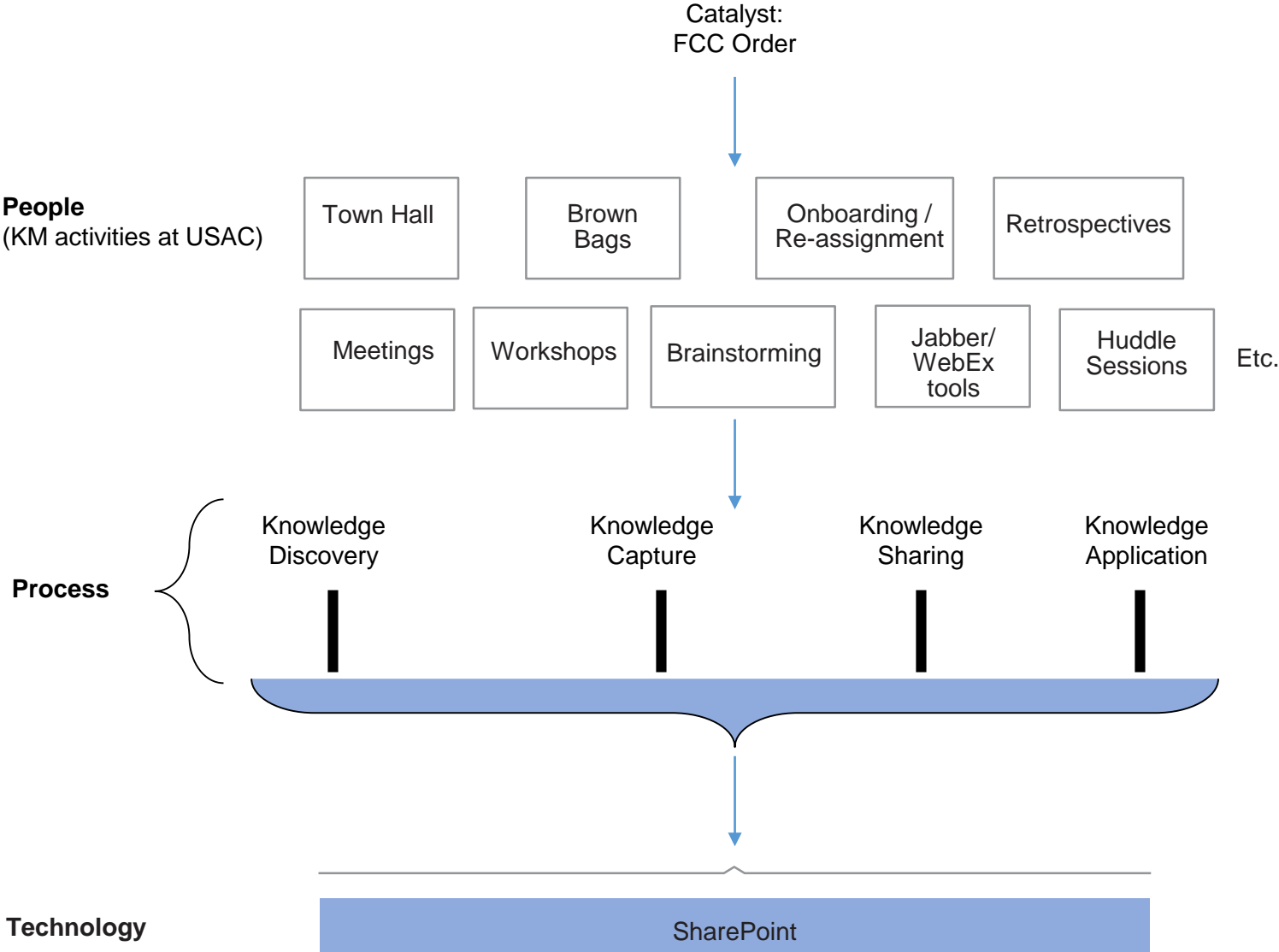
Universal Service
Administrative Co.

About the Project



Knowledge Management (KM) Framework

Creation, collection, maintenance and sharing of knowledge involving people, processes, and enabling technology



Motivation

- Capturing knowledge that would “go out the door” with retirements and attrition
- Facilitating onboarding, re-assignments, training while focusing on best practices
- Enhancing governance and integrity of knowledge assets
- Improving Operational efficiencies – timely & quality knowledge assets
- Supporting internal and external audits
- Increasing awareness regarding the processes, projects and accomplishments
- Sharing Information across the organization
- Allowing for automated triggers/visibility relating to aged knowledge assets

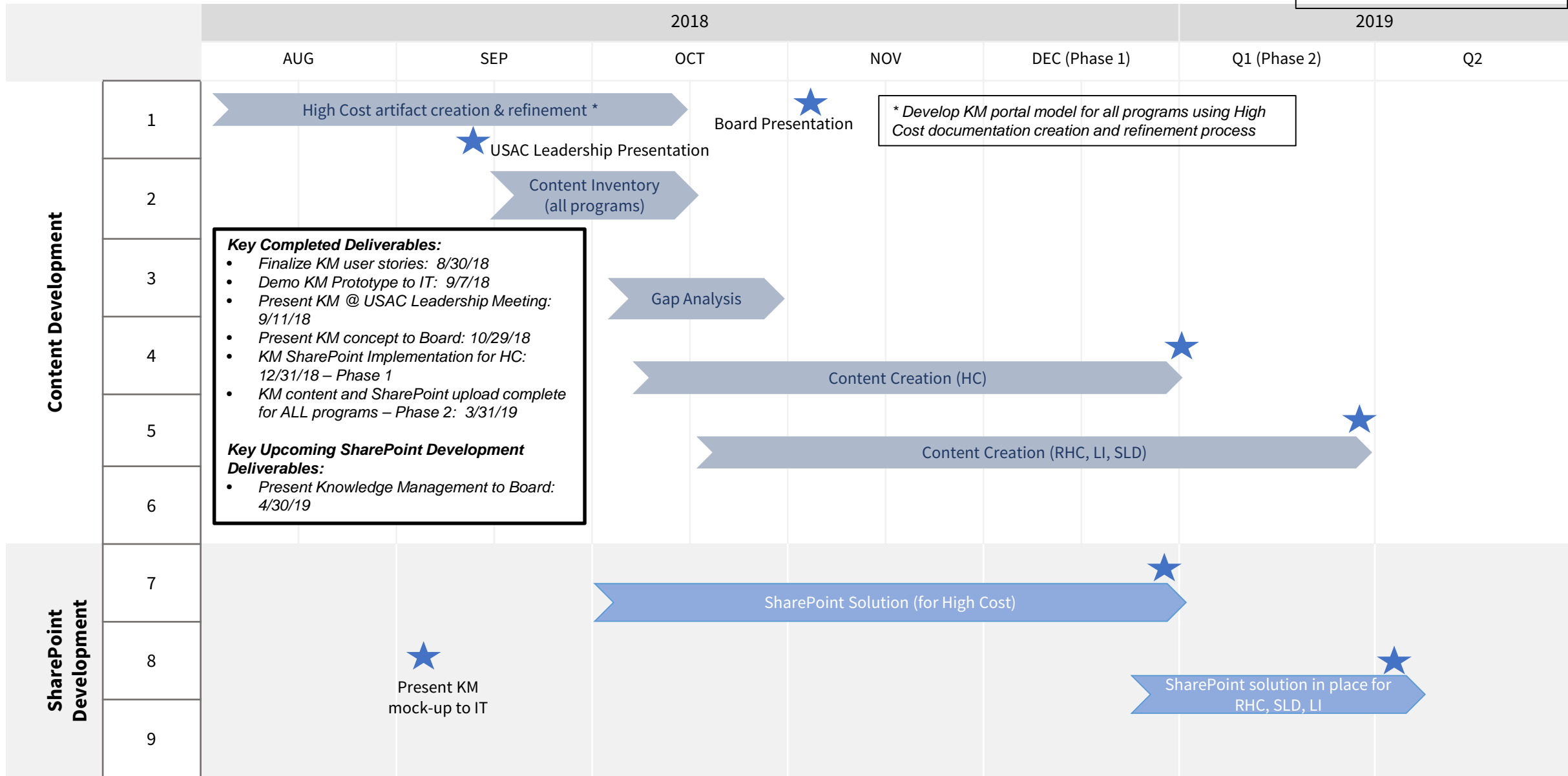
Knowledge Management Table of Contents

1. Program Overview
 - a) Context Diagram
 - b) High Level Process Overview (SIPOC)
 - c) Narrative
 - d) Program Funds (as applicable)
2. FCC Orders
3. Administrative Procedure
4. Program Lifecycle Views
 - a) A123 Controls
 - b) Compliance Checklist
5. *Functional Organizational Chart*
6. *Current Year Newsletters (as applicable)*
7. *Program Templates and Forms*
8. *People Profiles*
9. *Resources*

Knowledge Management Roadmap at a Glance

Milestone Legend

- ★ Completed
- ★ On Track
- ★ At-Risk
- ★ Delayed
- ★ On Hold/TBD

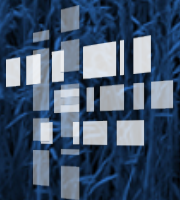




CEO Business Update

USAC Board of Directors Meeting

April 30, 2019



Universal Service
Administrative Co.

Agenda

| Topic | Description | Purpose | Presenter | Length |
|-------------------|--|---------------|-----------|--------|
| Recap | Review of action items and status from previous Board and Committee meetings | Informational | Radha | 5 min |
| Areas of Interest | Review of major corporate goals & objectives | Informational | Radha | 15 min |

January Recap

Action items and updates from the previous Board and Committee meetings

| Activity/Item | Purpose | Status |
|--|---|--|
| Specific Content Requested | | |
| <u>Board of Directors</u> Discussion Topics | Board requested one discussion topic that could be talked about in more depth. Suggestions were to be sent to Radha. | Discussion topics were incorporated into each agenda |
| Enterprise Risk Management | Would like to see mitigation of risks, analytics and heat map on risks | See Enterprise Risk Management Presentation in the Board briefing book |
| Procurement Report | Want to look backward at what the Board approved and do a procurement analysis against the budget | See Procurement Business Update in the Board briefing book |
| Would like to see and have a discussion on the direct and allocated costs for the demand and quarterly budget papers | While the Board approves the allocated costs, it is helpful for the Committees to have an understanding of the full costs | See 3rd Quarter 2019 Budget and Demand Projection in each programmatic briefing book |
| <u>Audit Committee</u> Provide all audits regardless of the number of findings | Allow for transparency (excludes Contributor Audits) | All audits are now shared with the Board and with the public excluding Contributor Audits and others that are confidential |
| <u>Lifeline</u> Provide trends on Lifeline and National Verifier (including outcomes) | To provide a better understanding of the status | See the Lifeline Business Update in the HCLI briefing book |
| Overview of the Accountability Database | To provide a better understanding of the status and function | See the Lifeline Business Update in the HCLI briefing book |
| <u>Schools & Libraries</u> EPC enhancements from stakeholders | Enhance the EPC system based on SECA feedback | See the the Schools and Libraries Business Update in the SL briefing book |

ENTERPRISE

Audit Assurance

- Forensic Audits
 - Preliminary observation are expected in May/June time period.

Finance

- FY2018 USAC Financial Statement Audit
- 2018 USF Audit: Corrective Actions are expected be completed by May
- Requirement definition for Enterprise Resource Planning (ERP) System

Human Resources

- Retention Challenges
- Recruiting Efforts
 - College job fairs – John Hopkins, American University, George Washington and George Mason
 - Hired a Chief of Staff and Advisor of IT Operations

Information Technology (IT)

- Information Technology at USAC
- Vision for IT

PROGRAMS

High Cost

- New Orders
- HCLI System

Lifeline

- National Verifier Rollout
 - Launched 27 states (11 automated, 16 manual)
 - Centers for Medicare & Medicaid Services (CMS)

Rural Health Care

- Rural Health Care System Assessments
- 2019 window
- SHLB Meeting

Schools and Libraries

- Window Close
- First Wave



Information Technology Update

USAC Board of Directors Meeting

April 30, 2019

Agenda: Information Systems Strategic Vision

| Topic | Description | Purpose | Presenter | Length |
|---------------------------|--|---------------|-----------|--------|
| Change Strategy | Current IT Issues and Future Vision | Informational | Radha | 5 min |
| Strategy Components | IT Strategy Components and Objectives | Informational | Kyle | 10 min |
| New Capabilities | Notional timeline of new USF Program deliveries committed for delivery | Informational | Joel | 2 min |
| Organization & Technology | Organization changes & Technology Modernization | Informational | Joel | 2 min |
| Appendix A | Glossary | Informational | - | - |
| Appendix B | Q1 2019 Update on Information Technology | Informational | - | - |

Change Strategy

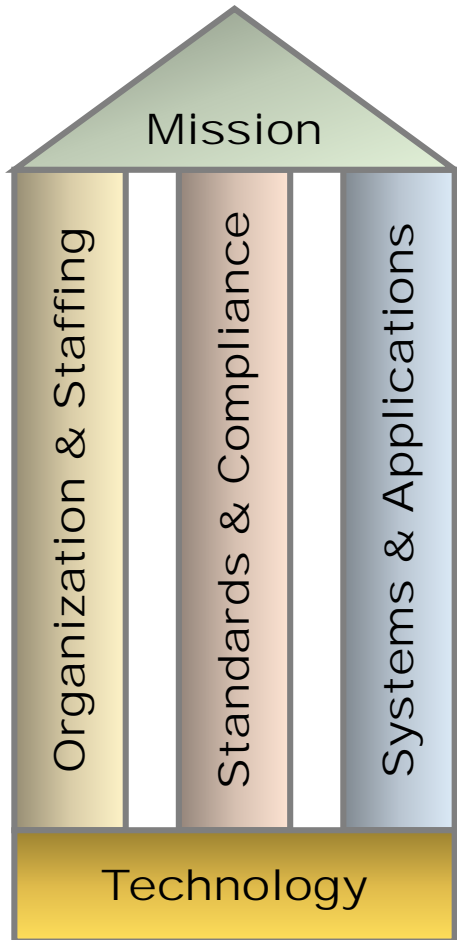
CURRENT

- Varying visions of Corporate IT modernization
- Disparate application systems and major functionality gaps
- Legacy applications reaching end-of-life
- Great dependency on staff augmentation
- No authoritative system owner

FUTURE

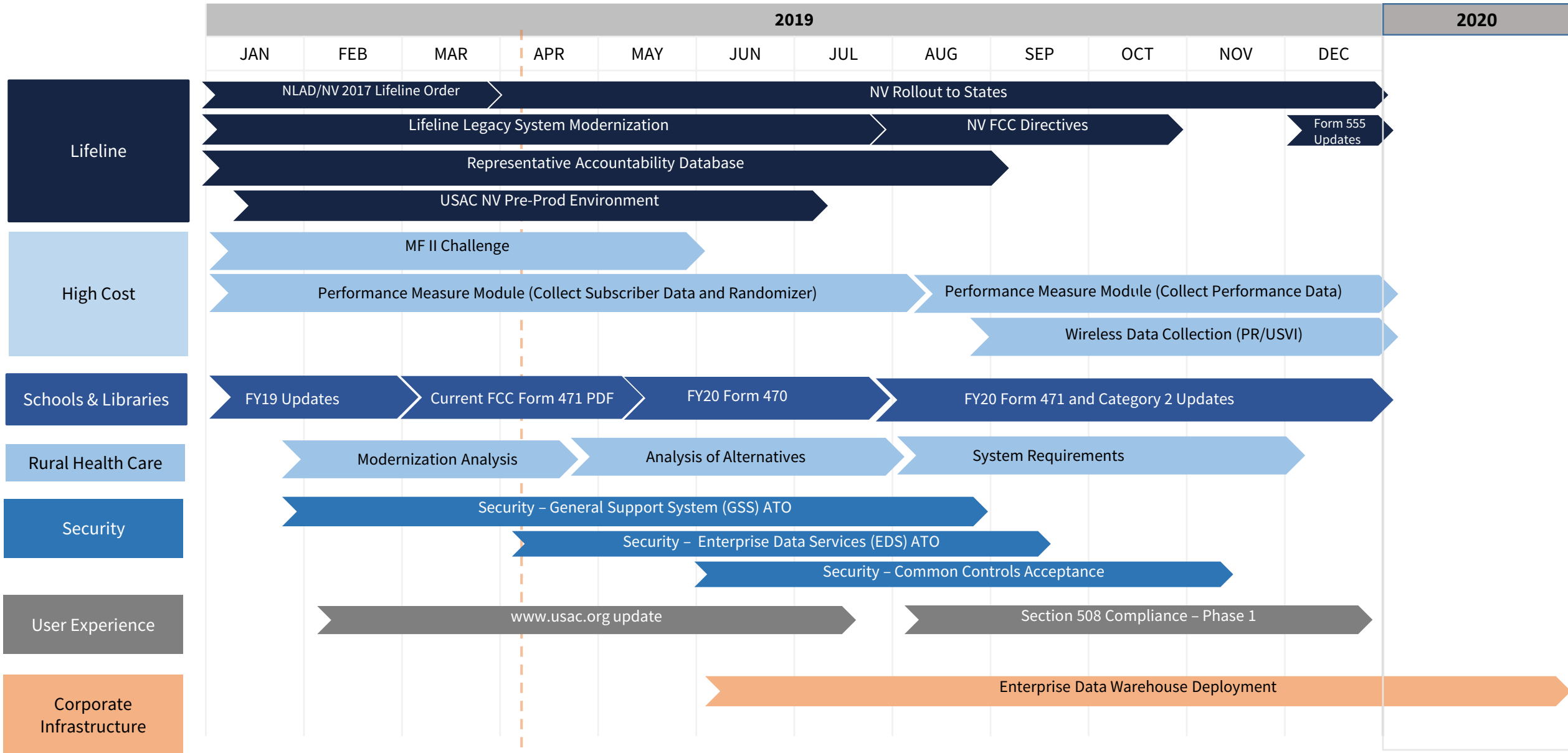
- Comprehensive IT modernization Strategy that addresses:
 - Application modernization (including ERP strategy)
 - IT Outsourcing strategy (insourcing vs outsourcing)
 - Establish enterprise business, application, and data architecture
- Establish System Development Life Cycle standards for requirement development and use acceptance of systems
- Revamp hiring strategy

Key Strategic Components



| | |
|---|---|
| <h3>Mission</h3> <ul style="list-style-type: none"> • Deliver Mission Critical USF Program Capabilities via the USF Programs 18-month plans and the supporting IT 18-month plan | <h3>Organization Model & Staffing</h3> <ul style="list-style-type: none"> • Formulate a development, enhancements, and O&M sustainment model • Modify staffing model to support outsourcing major systems development • Develop sourcing strategy including pre-qualified vendors • Improve staff alignment with business |
| <h3>Standards & Compliance</h3> <ul style="list-style-type: none"> • Standardize Requirements Development and Management incorporated into improved SDLC • Achieve security compliance for all USF systems • Achieve 508 compliance across systems | <h3>Systems & Applications</h3> <ul style="list-style-type: none"> • Complete 3rd party (E-Gov) assessment with fit/gap analysis of current of applications • Develop comprehensive application modernization roadmap including addressing legacy/obsolete systems • Adopt an incremental modernization strategy |
| <h3>Technology</h3> <ul style="list-style-type: none"> • Investigate Financial ERP system to consolidate financial operations across USF applications • Comprehensive Cloud Strategy • Address technology gaps in operations support | |

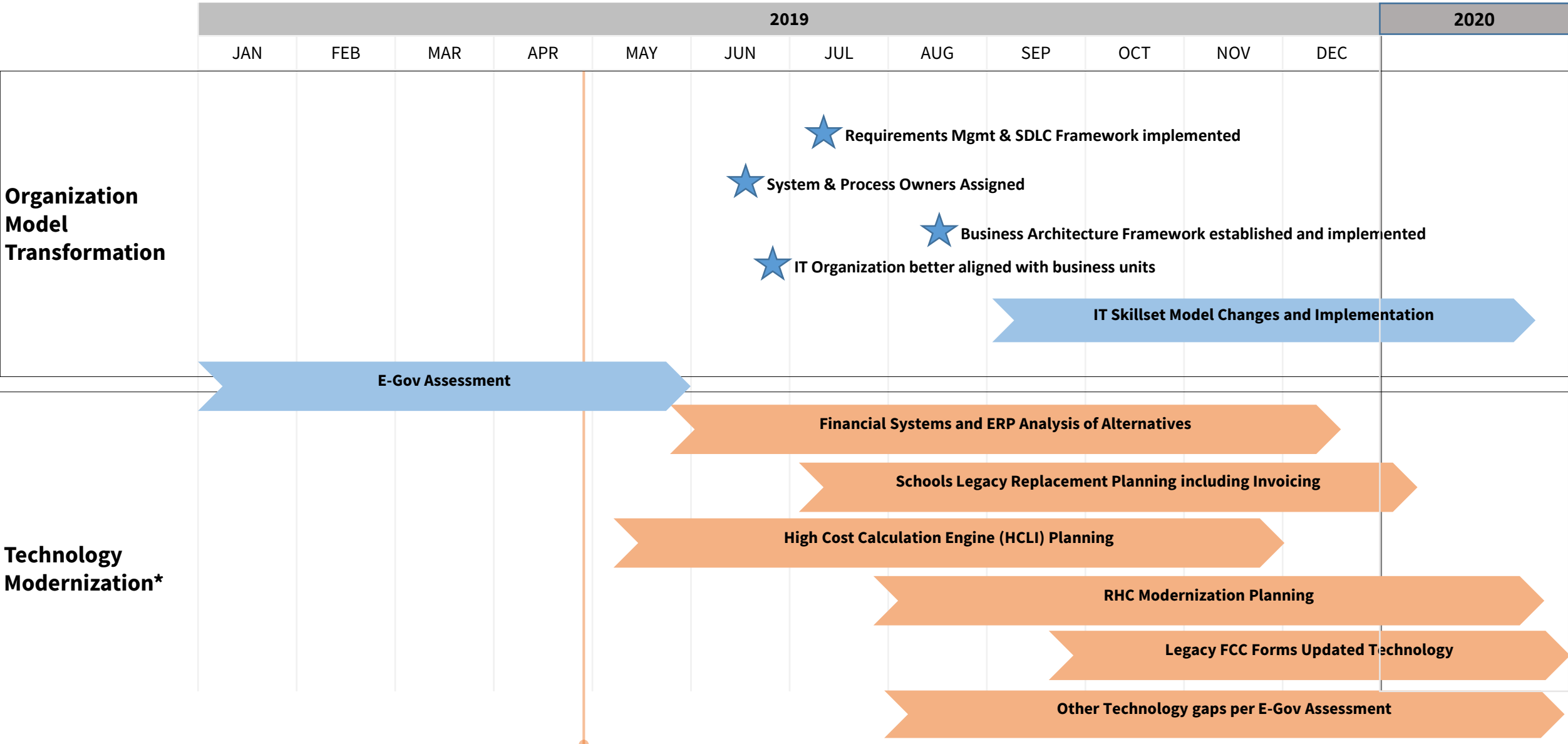
Delivery Mission Critical USF Capabilities – 18-Month Plan



Note: Refer to Appendix B for 1st quarter accomplishments and planned activities.

Note: O&M activities are not represented in this view. Only new projects are listed. Page 39 of 44

Organization Model Transformation & Technology Modernization



* This is general information about USAC's anticipated mission needs and future requirements. USAC's procurement needs may change without notice.

Appendix A: Glossary

| Term | Definition |
|-------|---|
| A-CAM | Alternative Connect America Cost Model |
| ATO | Authority to Operate |
| ERP | Enterprise Resource Planning |
| ES | Elastic Search |
| ETC | Eligible Telecommunication Carrier |
| HUBB | High Cost Universal Broadband |
| MFA | Multifactor Authentication |
| NLAD | National Lifeline Accountability Database |
| RAD | Lifeline Representative Accountability Database |
| SDL | Software Development Lifecycle |
| VPN | Virtual Private Network |



USAC IT Strategic Vision 2019-2021

Embark on thoughtful modernization while ensuring stability of the current environment for continued business operations

| | | | | |
|--|---|---|---|--|
| IT Strengths, Weaknesses, Opportunities, Threats | <u>Strengths</u> | <u>Weaknesses</u> | <u>Opportunities</u> | <u>Threats</u> |
| | <ul style="list-style-type: none"> • Passionate Staff • Capable Custom Application Development Team • Modern Infrastructure | <ul style="list-style-type: none"> • Corporate IT Modernization Vision • Disparate applications • Major functionality gaps • Several Legacy applications are at end-of-life • Technical Skill gaps | <ul style="list-style-type: none"> • Develop a comprehensive IT modernization strategy • Improve the SDLC to address FCC collaboration, disciplined requirements development, & formal gate signoff • Revamp acquisition and hiring strategy to facilitate 3rd party system development | <ul style="list-style-type: none"> • Legacy systems • Difficulty retaining and hiring highly skilled IT Staff • Demand process is not streamlined resulting in overwhelmed IT resource environment |
| IT Objectives | <u>Organization Model</u> | <u>Standards & Compliance</u> | <u>Systems & Applications</u> | <u>Technology</u> |
| | <ul style="list-style-type: none"> • Formulate a development, O&M, and sustainment model • Modify staffing model to enable outsourcing strategy for development and modernization • Develop a sourcing strategy including pre-qualified vendors • Improve IT organization & staff alignment with business | <ul style="list-style-type: none"> • Standardize Requirements Development and Management incorporated into improved SDLC • Achieve security compliance for all USF systems • Achieve 508 compliance across systems | <ul style="list-style-type: none"> • Complete 3rd party (E-Gov) assessment with fit/gap analysis of current of applications • Develop comprehensive application modernization roadmap including addressing legacy/obsolete systems • Adopt an incremental modernization strategy | <ul style="list-style-type: none"> • Investigate ERP capabilities to consolidate financial and business operations and systems • Develop a comprehensive Cloud Strategy • Address technology gaps in operations support |
| Mission Critical Deliverables | <u>High Cost</u> | <u>Lifeline</u> | <u>Rural Healthcare</u> | <u>Schools & Libraries</u> |
| | <div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #e1eef6; padding: 5px; margin-right: 5px;">2019-2020</div> <div> <ul style="list-style-type: none"> • MFII Challenge • Performance Measures • Wireless Data Collection • High Cost Disbursements Calculation (HCLI) system modernization requirements </div> </div> | <ul style="list-style-type: none"> • NV Additional States • Legacy System Modernization • Representative Accountability Database • NV Pre-Production Environment | <ul style="list-style-type: none"> • Comprehensive application system requirements | <ul style="list-style-type: none"> • FY 19 Updates • FCC Form 471 PDF • FY21 Form 470 • FY20 Form 471 & Cat 2 Updates • Application architecture technical enhancements |
| Transformation Initiatives | <u>Organizational & Process Transformation</u> | | <u>Technology Modernization</u> | |
| | <ul style="list-style-type: none"> • SDLC framework – Collaboration, Requirements, Signoff • System & Process Owners assigned • Comprehensive Business, Data, & Application Architecture • IT Organization and Business Operations Alignment • IT Organization and skillset changes aligned with enhanced acquisition model • E-Government Assessment identifying gaps | | <ul style="list-style-type: none"> • Analysis of Alternatives for ERP roadmap • High Cost Disbursements Calculation engine requirements • RHC Requirements • Legacy FCC Forms Technology Update • Other Technology gaps per E-Government assessment | |

**Universal Service Administrative Company
Board of Directors Meeting**

INFORMATION ITEM

Enterprise Portfolio Management Office Q1 2019 Summary

Overall Summary

USAC's Enterprise Portfolio Management Office (EPMO) led ongoing efforts focused on (1) building more robust data capabilities; (2) establishing a more mature enterprise lens; (3) establishing an enterprise risk management (ERM) framework at USAC; and (4) developing standard procedures, processes, and control points across USAC, including a concentrated effort to reduce outstanding corrective action plans (CAPs).

Key Q1 2019 Accomplishments

- **Data Warehouse:** Deployed commitments data for RHC and SLD into USAC's new Enterprise Data Warehouse
- **Business Intelligence:** Implemented SLD's operational tempo dashboard, including enhancements for PIA review details, backlog workload data for all business processes, and other minor enhancements; began work on RHC dashboard
- **DATA Act:** Collaborated with RHC, Finance, and EDS team to identify data gaps between RHC and Finance at a transactional level; Developed DATA Act files for RHC (first Program from which to capture DATA Act information); on track for DATA Act compliance beginning Q4
- **CAF Map:** Released CAF Map version 1.1, which includes an on-boarding experience and improved user experience on 1/11; presented CAF Map to National Association of Regulatory Utility Commissioners (NARUC); deploying Release 1.2 on Feb. 21, 2019, which upgrades the software of the map with minimal impact on functionality
- **Data Sharing:** In support of FCC efforts to build a Data Warehouse, USAC/FCC IPT working to establish secure IT connections for exchange of data
- **Enterprise Analysis:** In support of FCC efforts to respond to Congressional inquiries related to broadband access in Indian Country, USAC prepared and presented a Tribal whitepaper to the FCC on February 15, 2019.
- **ERM & CAPs:** Developed and implemented USAC Enterprise Risk Management methodology, including leveraging the quarterly Risk Management Councils focused on key enterprise risks
- **ERM & CAPs:** All USAC CAPs have been captured in a central repository and tracked, resulting in 26% reduction of outstanding CAPs (CAPs > 90 days)
- **Enterprise Intake/PM@USAC:** Continued progress with enterprise standards and process improvements (e.g. launched pilots for Enterprise Intake Process, revised

framework for Project Management @ USAC methodology, approved and finalized the Record Retention Policy, drafted Appeals policy)

Upcoming Q2 2019 Activities

- **Business Intelligence:** Continue operational tempo dashboard development, focusing on finalizing HC, RHC, and LI mockup designs, and migrating SLD to Tableau server.
- **Data Warehouse:** Deploy invoicing and disbursement authorization into Enterprise Data Warehouse
- **Data Sharing:** Develop Interconnectivity Security Agreement (ISA) between USAC and FCC to facilitate secure sharing of data
- **DATA Act:** Develop initial DATA Act file for SLD
- **CAF Map:** Deploy Release 2.0, which adds RBE fund and 2018 data for existing funds
- **ERM & CAPs:** Update USAC Risk Management policy, submit proposal for A-123 Entity level assessment approach, and continue execution of Risk Management Council meetings
- **ERM & CAPs:** Continue CAPs resolution work
- **Enterprise Intake/PM@USAC:** Continue establishing enterprise standards and process improvements (e.g. Enterprise Intake Process, Project Management @ USAC, Record Retention Policy, Appeals Policy & Dashboards)