Universal Service Administrative Co.

Executive Committee

Briefing Book

Thursday, July 25, 2019

11:00 a.m. - 12:30 p.m. Eastern Time

700 12th Street, NW, Suite 900

Washington, DC, 20005

Universal Service Administrative Company
Executive Committee Quarterly Meeting
Agenda

Thursday, July 25, 2019
11:00 a.m. – 12:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

	OPEN SESSION	*Estimated Duration in Minutes*
Chair	**a1.** Consent Items (each available for discussion upon request): **A.** Approval of Executive Committee Meeting Minutes of April 25, 2019 **B.** Approval of moving all *Executive Session* items into *Executive Session*	5
Radha	**i1.** CEO Business Update	30

	EXECUTIVE SESSION **Confidential** – *Executive Session Recommended*.	*Estimated Duration in Minutes*
Charlie	**i2.** Information on Contribution Factor	15
Radha/ Joel	**i3.** Discussion of FCC / USAC Executive Committee Quarterly Meeting	10

Next Scheduled USAC Executive Committee Meeting

Thursday, October 24, 2019 **11:00 a.m. – 12:30 a.m. Eastern Time** **USAC Offices, Washington, D.C.**

Universal Service Administrative Company
Executive Committee Meeting

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

A. Committee meeting minutes of April 25, 2019 (*see* **Attachment A**).

B. Approval of moving all *Executive Session* items into *Executive Session*:

   (1) **i2 –** Information on Contribution Factor. USAC management recommends that this matter be discussed in *Executive Session* because it 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*.
   (2) **i3** – Discussion of FCC-USAC Executive Committee Quarterly Meeting. USAC management recommends that this item be discussed in *Executive Session* because it may include *confidential company data, and pre-decisional matters pending before the FCC*.

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

Recommended USAC Executive Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

   RESOLVED, that the USAC Board of Directors Executive Committee hereby approves: (1) the Committee meeting minutes of April 25, 2019; and (2) discussion in *Executive Session* of the items noted above.

Briefing book excludes all materials discussed in Executive Session.
ACTION Item #aEC01 07/25/19
Attachment A
Meeting Minutes of 04/25/19

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

EXECUTIVE COMMITTEE MEETING
Thursday, April 25, 2019

(DRAFT) MINUTES[1]

The quarterly meeting of the Executive Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Thursday, April 25, 2019. Mr. Joel Lubin, Committee Chair, called the meeting to order at 11:01 a.m. Eastern Time with a quorum of seven of the eight Committee members present.

> Domenech, Dr. Dan – *by telephone*
> Feiss, Geoff – *by telephone*
> Gillan, Joe – Vice Chair – *by telephone*
> Lubin, Joel – Chair – *by telephone*
> Sekar, Radha – Chief Executive Officer
> Wein, Olivia – Secretary – *by telephone*
> Wibberly, Dr. Kathy – *by telephone*

Committee members not present:

> Mason, Ken – Treasurer

Other Board members and officers of the corporation present:

> Ayer, Catriona – Vice President of Schools and Libraries
> Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
> Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
> Bocher, Bob – Member of the Board – *by telephone*
> Buzacott, Alan – Member of the Board – *by telephone*
> Davis, Craig – Vice President of Procurement and Strategic Sourcing
> Delmar, Teleshia – Vice President of Audit and Assurance
> Gaither, Victor – Vice President of High Cost
> Garber, Michelle – Vice President of Lifeline – *by telephone*
> Schell, Julie Tritt – Member of the Board – *by telephone*
> Sweeney, Mark – Vice President of Rural Health Care
> Salvator, Charles – Vice President, Chief Financial Officer, Assistant Treasurer

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[1] Draft resolutions were presented to the Committee prior to the Committee 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:

NAME	**COMPANY**
Boden, Jerry	USAC
Hutchinson, Kyle	USAC
Lawson, Suzanne	USAC
Mitchell, Tamika	USAC
Nuzzo, Patsy	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from Open Session can be found on the USAC website.

a1.   Consent Items. Mr. Lubin presented this item to the Committee.

A. Approval of Executive Committee Meeting Minutes of January 24, 2019.

B. Approval of Moving all *Executive Session* Items into *Executive Session*:

(1) **i2 –** Information on Contribution Factor. USAC management recommends that this matter be discussed in *Executive Session* because it 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*.

(2) **i3** – Discussion of FCC-USAC Executive Committee Quarterly Meeting. USAC management recommends that this item be discussed in *Executive Session* because it may include *confidential company data, and pre-decisional matters pending before the FCC*.

(3) **i4.** – Office of General Counsel Report on Personnel Matters. USAC management recommends that discussion of this item occur in *Executive Session* because it involves *internal confidential personnel matters* and is also subject to *attorney/client communication privilege protection*

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

> **RESOLVED**, that the USAC Board of Directors Executive Committee hereby approves: (1) the Committee meeting minutes of January 24, 2019; and (2) discussion in *Executive Session* of the items noted above.

i1. **CEO Business Update.** Ms. Sekar presented PowerPoint slides covering the following items to the Committee for discussion:
- Action Items and Updates from the January 2019 Board and Committee Quarterly Meetings
- Review of Areas of Interest: Major Corporate Goals & Objectives

At 11:20 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

<u>**EXECUTIVE SESSION**</u>

i2. **Information on Contribution Factor.** Information for this item was not available at the time of the meeting. The Committee raised questions regarding the demand associated with the High Cost and Schools and Libraries programs.

i3. **Discussion of FCC / USAC Executive Committee Quarterly Meeting.** The Committee discussed potential topics for the FCC / USAC Executive Committee quarterly meeting. Mr. Lubin reminded the Committee that, during the course of the quarterly Board and Committee meetings, topics could be added to the agenda if necessary.

At 11:30 a.m. Eastern Time, the Committee continued in *Executive Session* with only members of the Board, USAC's General Counsel, and the Vice President of Audit and Assurance present.

i4. **Office of General Counsel – Report on Personnel Matters**. Mr. Beckford presented this item for discussion.

<u>**OPEN SESSION**</u>

At 12:16 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that, in *Executive Session*, the Committee discussed items i2, i3, and i4.

On a motion duly made and seconded, the Committee adjourned at 12:17 p.m. Eastern Time.

<u>/s/ Ernesto Beckford</u>
Assistant Secretary

CEO Business Update

Executive Committee Meeting

July 25, 2019

Universal Service
Administrative Co.

Agenda: CEO

Topic	Description	Purpose	Presenter	Length
Recap	Review of action items and status from the April Board of Directors Meeting	Informational	Radha	5 min
Information Items	Upcoming USAC Priorities	Informational	Radha	20

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April 2019 Board Recap

Action items and updates from the previous Board meetings

Topic	Requests	Status
Knowledge Management Program (KM)	Allow members of the Board access to the portions of the KM materials	Materials for each program will be available in BoardEffect for the July 30th Board meeting. An email will be sent sharing access instructions
Update IT Glossary	Add ERP and SDLC in the IT glossary for reference	Terms where added to the April Briefing Paper and reposted in BoardEffect and the public posting
508 Compliance Testing	Follow up on 508 compliance progress	Update pending
Enterprise Risk Management	Provided quarterly updates	See item iBOD01D
Procurement	On summary slides, indicate sole sourcing vs. competitive procurements more explicitly	Implemented although there are no procurements for approval for the July quarterly meetings.
	Map related contracts and procurement timeframes together	See aBOD01Fcf pages 6-7
	When presenting procurements to the Board, identify whether they are categorized Prong 1, 2, or 3 from the Enterprise IT Strategy (i.e., Design, Implementation, or O&M)	Will be addressed during Procurement discussion.

April 2019 Audit Committee Recap

Action items and updates from the previous Audit Committee meeting

Activity	Status
BCAP: What was the number of BCAP audits planned for 2018 compared to the 117 audits planned for 2019?	With the additional administrative requirements to onboard a significant number of resources in 2017, there was less bandwidth to perform the audits planned for 2017. Therefore, AAD planned for 43 audits in 2018 given the number of 2017 audits that were still in progress in 2018. It may be better to compare the 2019 plan of 117 audits to the 2017 plan of 160 audits.
BCAP: When presenting information about the average time required to complete BCAP audits for the High Cost Programs, it would be helpful if AAD could provide a breakdown of average audit durations for each individual High Cost program.	Audit duration results will be presented next year. In doing so, AAD will present the High Cost audit duration by fund (i.e., legacy vs. modernized).
BCAP: For the audit survey results, present SLD audit response metrics by stakeholders.	AAD will present the survey results for the Schools and Libraries respondents by stakeholder group at the October 2019 Audit Committee meeting.
PQA: What is the PQA trend related to last year?	AAD will present the PQA trends at the October 2019 Audit Committee meeting in Executive Session.
Strategic Audit: Provide a grading scale for internal audits based on the significance of the audit findings.	AAD will examine how to best communicate the overall condition of the audit. This will be discussed in Executive Session.

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April 2019 Schools and Libraries Committee Recap

Action items and updates from previous Schools and Libraries Committee meetings

Activity	Status
Can USAC provide details on 2019 Fiber applications?	See iSL02
<u>Demand:</u> In general committee wanted to understand why cancellation was included in this year demand forecast but not in prior years.	We were able to more accurately identify a historical trend then we have in prior years.
Committee wanted to understand State matching fund status and our PIA processing impact related State matching fund expiration.	See iSL02

April 2019 Rural Health Care Committee Recap

Action items and updates from previous Rural Health Care Committee meetings

Activity	Status	Due Date	Owner
RHC IT Systems RFP: With respect to the upcoming RFP to conduct an assessment of the Rural Health Care business requirements, some committee members requested that this be announced in a newsletter (once the RFP is public).	RHC put a notice on the website to let stakeholders know after it was posted.	7/29	RHC
Demand: Can we provide a historical assessment of cancellations and denials against demand? (Similar as to what is done in the Schools and Libraries Demand Paper)	This is included in the presentation and Demand Papers.	7/29	RHC/ USAC Finance

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April 2019 High Cost and Low Income Committee Recap

Action items and updates from previous HCLI Committee meetings

High Cost

Topic	Requests	Status
High Cost Demand Projections	The Committee requested a more in depth explanation by category of demand.	See item aHCLI02

Lifeline

Activity	Status	Due Date	Owner
Provide Lifeline service type definitions.	Added to April Lifeline Business Update for posting to USAC website. Now included in Appendix B going forward.	7/29	Lifeline
Adjust demand estimate approach in light of changes in subscribership.	Approach adjusted in the demand paper.	7/29	Lifeline
Provide more public information on CMS progress.	Content will be routinely provided during National Verifier discussions.	7/29	Lifeline
Offer more frequent updates on USAC's progress with National Verifier rollout and issue states.	Content will be routinely provided during National Verifier discussions and shared in more frequent updates to the board members.	Continuous	Lifeline

Upcoming USAC Priorities

- Digital Opportunity Data Collection (USAC is directed to develop a new portal to accept broadband coverage map from fixed provider as well as a system that enables "crowd sourcing " strategy to collect public feedback on the accuracy of these maps.)

- RHC Pilot (Establishment of "Connected Care Pilot Program" that help the connection of healthcare provider to the at-home patient directly. The proposed pilot is funded at $100M and will be supported by increasing contribution)

- E-rate (Modification to the form 470 for funding year 2020 that will address stakeholders concerns, specifically related to Fiber application as well as the revised C2 approach that will go in to effect for fund year 2020)

- Lifeline National Verifier Rollout (Addressing the remaining 78% of the transaction volumes in next 5 months)

- HC Rural/Broadband Fund (Supporting implementation of the Rural Digital opportunity fund phase 1 activities)

- ERP (Addressing the feasibility of an ERP solution that will enable consolidation of all financial activities under one umbrella)

- RHC Reform Order (Support the requirement of change in how rural and urban rates are determined by establishing a database of rates and other programmatic changes such as shortened invoice deadlines, formal window timelines, establishment of formal approval for PIA procedures etc.)

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