

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

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| Tuesday, January 29, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036 |
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| <u>ACTION ITEMS</u> |
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| a1. Approval of Board of Directors Meeting Minutes of October 30, 2012 |
| 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 |
| a3. Annual Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers |
| a4. Approval of 2nd Quarter 2013 and 2013 Annual USAC Common and Consolidated Budgets |
| a5. Action on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| a6. Approval of April 2014 – January 2015 Board of Directors Quarterly Meeting Schedule |
| a7. Consideration of Contract Award for Storage Area Network (SAN) Equipment and Installation Services – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| a8. Consideration of 2013 Procurement Plan for Desktop Systems – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| a9. Personnel Matter – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| a10. Miscellaneous. Solicit ideas for the January 2013 Board meeting agenda. |

| <u>INFORMATION ITEMS</u> |
|---|
| i1. Assistant Treasurer's Report |
| i2. External Relations Report |
| i3. Bankruptcy and Other Litigation Matters Report |
| i4. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iAC01</i> |
| i5. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings – <i>Executive Session Option</i> <i>Same as iAC02</i> |
| i6. Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2011 <i>Same as iAC04</i> |
| i7. USAC Procurement Competition Advocate Annual Report |

To expedite navigation, please use the bookmarks located in the Navigation Pane.

| <u>INFORMATION ITEMS</u> | |
|---------------------------------|--|
| i8. | Approval of USAC 2012 Annual Report to the FCC and Congress <i>Same as aEC02</i> |
| i9. | Quarterly Report on Universal Service Fund Contribution Matters – Confidential & Proprietary – <i>Executive Session Recommended</i> <i>Same as iEC02cf</i> |
| i10. | Procurement Update – Confidential & Proprietary – <i>Executive Session Recommended</i> <i>Same as iEC01cf</i> |
| i11. | Discussion of FCC-USAC Memorandum of Understanding – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| i12. | USAC 2012 Accomplishments |
| i13. | USAC 2013 Objectives |
| i14. | Miscellaneous |
| <u>FORMS</u> | |
| | <ul style="list-style-type: none">• Request for Reimbursement of Board of Directors Expenses• USAC Board Members Address List |

Next USAC Board of Directors Meeting

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|---|
| Tuesday, April 23, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices, Washington, D.C. |
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

BOARD OF DIRECTORS MEETING
Tuesday, January 29, 2013

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, January 29, 2013. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:30 a.m. Eastern Time, with a quorum of 12 of the 16 Board members present (there are three vacancies):

| | |
|---|--------------------------------------|
| Abshire, Dr. Sheryl | Jacobs, Ellis |
| Barash, Scott – Acting Chief Executive Officer | Jortner, Wayne – Treasurer |
| Bergmann, Scott | Kragel, Dr. Peter – Secretary |
| Brise', Ronald | Lubin, Joel |
| Feiss, Geoff | McClure, David – <i>by telephone</i> |
| Gillan, Joseph | Talbott, Dr. Brian – Chair |

Mr. Jose Jimenez joined the meeting by telephone at 8:36 a.m. Eastern Time. He did not vote on item a1.

Ms. Anne Campbell joined the meeting by telephone at 10:12 a.m. She did not vote on or participate in discussions of items a1, a3, a4, a5, a6, a10, i4, i6, i8, i12 and i13.

Members of the Board of Directors not present:

Ridley, Carolyn
Sanders, Dr. Jay

Officers of the corporation present:

Blackwell, Mel – Vice President, Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Davis, Craig – Vice President, Rural Health Care Division
Greiner, Colleen – Vice President and Chief Information Officer
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

| <u>NAME</u> | <u>COMPANY</u> |
|-----------------------------------|----------------|
| Bancroft, Royce | USAC |
| Beard, Jay | USAC |
| Berkland, Kristin | USAC |
| Betancourt, Laura | USAC |
| Carpenter, Nikki-Blair | USAC |
| Caruso, Michael | USAC |
| Cosson, Jim | USAC |
| Dadeboe, Joshua | USAC |
| Delmar, Teleshia | USAC |
| Falkowitz, Ed | USAC |
| Fischer, Dennis | USAC |
| Garber, Michelle | USAC |
| Gulick, Donna | USAC |
| Hopper, Melissa | USAC |
| Hughes, Jeff | USAC |
| Iversen, Eric | USAC |
| Johnson, Nikkia | USAC |
| Miller, Jack | Solix |
| Murphy, Tom | USAC |
| Nuzzo, Patsy | USAC |
| O'Connor, Austin | FCC |
| Panzenhagen, Brent | USAC |
| Parry, John | Solix |
| Robbins, David | FCC |
| Ruffley, Brandon | USAC |
| Salvator, Charles | USAC |
| Smith, Tucker | USAC |
| Spade, Gina – <i>by telephone</i> | FCC |

ACTION ITEMS:

- a1. **Approval of Board of Directors Meeting Minutes of October 30, 2012.** On a motion duly made and seconded, the Board approved the minutes of the Board meeting of October 30, 2012.

- 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.** The committee chairs reported on matters discussed and actions taken by their respective committees since the October 2012 quarterly meetings. Mr. Gillan reported for the Audit Committee; Dr. Kragel reported for the Executive Compensation Committee and the Rural Health Care Committee; Mr.

Lubin reported for the High Cost & Low Income Committee; and Dr. Talbott reported for the Schools & Libraries Committee and the Executive Committee.

- a3. Annual Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers.** Dr. Talbott indicated that the Board will defer holding elections for Committee Chair and Vice Chair and corporate officer positions as well as the appointment of staff corporate officers because the FCC Chair has not yet selected Board members to fill vacant Board seats and seats of existing Board members whose terms have expired but are continuing to serve until they are renominated or a replacement is selected.
- a4. Approval of 2nd Quarter 2013 and 2013 Annual USAC Common and Consolidated Budgets.** Mr. Case presented this item for discussion.

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 2013 USAC common operating budget of \$12.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2013 USAC common capital budget of \$4.9 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$17.0 million for USAC common costs in the required January 31, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2013 USAC consolidated operating budget of \$33.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2013 USAC consolidated capital budget of \$10.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$43.9 million for USAC consolidated costs in the required January 31, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2013 annual consolidated operating budget of \$140.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2013 annual consolidated capital budget of \$29.7 million.

- a5. Action on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to specific *internal controls, and/or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the contributor revenue audit reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

- a6. Approval of April 2014 – January 2015 Board of Directors Quarterly Meeting Schedule.** Mr. Barash presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors adopts the following Board of Directors and Committee quarterly meetings schedule for April 2014 – January 2015.

- a7. Consideration of Contract Award for Storage Area Network (SAN) Equipment and Installation Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended contract award to acquire new SAN equipment and installation services shall be conducted in *Executive Session*.

- a8. Consideration of 2013 Procurement Plan for Desktop Systems.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended 2013 desktop computer systems plan shall be conducted in *Executive Session*.

- a9. Personnel Matter.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of personnel matters occur in *Executive Session*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of a 2013 merit-based salary increase program for USAC employees shall be conducted in *Executive Session*.

- a10. Miscellaneous. Solicit Ideas for the April 2013 Board Meeting Agenda.** Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Lubin or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. Assistant Treasurer's Report.** This report was provided for informational purposes. No discussion was held.
- i2. External Relations Report.** This report was provided for informational purposes. No discussion was held.
- i3. Bankruptcy and Other Litigation Matters Report.** This report was provided for informational purposes. No discussion was held.
- i4. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i5. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** This report was provided for informational purposes. No discussion was held.

- i6. **Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2011.** Mr. Scott presented this item for discussion.
- i7. **USAC Procurement Competition Advocate Annual Report.** This report was provided for informational purposes. No discussion was held.
- i8. **Approval of USAC 2012 Annual Report to the FCC and Congress.** Mr. Barash presented this item for discussion. Mr. Barash also requested that any Board member comments to the draft annual report be submitted to Mr. Barash or Mr. Iversen by February 8, 2013.
- i9. **Quarterly Report on Universal Service Fund Contribution Matters.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *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*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i10. **Procurement Update.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi 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 discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

- i11. **Discussion of FCC-USAC Memorandum of Understanding.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of the FCC-USAC Memorandum of Understanding should occur in *Executive Session* because this matter is subject to the attorney/client privilege.

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 the FCC-USAC Memorandum of Understanding shall be conducted in *Executive Session*.

- i12. USAC 2012 Accomplishments.** Mr. Barash presented this item for discussion.
- i13. USAC 2013 Objectives.** Mr. Barash presented this item for discussion.

At 9:19 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 9:30 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION:

- a5. Action on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Mr. Scott presented this item for discussion.

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 USAC Internal Audit Division contributor revenue audit reports listed in **Exhibit I** to this issue paper, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a7. Consideration of Contract Award for Storage Area Network (SAN) Equipment and Installation Services.** Mr. Case presented this item for discussion.

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 contract to acquire Storage Area Network device and installation services from Clearpath Solutions Group, LLC. for a firm-fixed-price of \$231,424.20 (including sales tax).

- a8. Consideration of 2013 Procurement Plan for Desktop Systems.** Mr. Case presented this item for discussion.

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, upon receiving any necessary approval by Federal Communications Commission staff, to purchase desktop and laptop personal computers during 2013 from Dell Marketing, LLP for a total not-to-exceed price of \$416,214.

- i9. Quarterly Report on Universal Service Fund Contribution Matters.** Mr. Case presented this item for discussion.
- i10. Procurement Update.** Mr. Barash presented this item for discussion.

The Board then recessed until 10:43 a.m. Eastern Time, at which time it reconvened in *Executive Session* with only Board members and corporate officers present.

- i11. Discussion of FCC-USAC Memorandum of Understanding.** Mr. Barash presented this item for discussion.
- a9. Personnel Matter.** Mr. Barash presented this item for discussion.

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 the Executive Compensation Committee and the Executive Committee, hereby adopts the recommendation of the Executive Compensation Committee and the Executive Committee and approves a 2013 merit-based salary increase program for USAC employees based on an average increase of 3.0%.

At 11:07 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members in attendance for the purpose of discussing a personnel matter.

At 12:01 p.m. Eastern Time, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on items a5, a7 , a8 and a9 and discussed items i9, i10, i11 and i14 above. On a motion duly made and seconded, the Board adjourned at 12:01 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

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|---|
| Tuesday, April 23, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036 |
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| <u>ACTION ITEMS</u> |
|--|
| a1. Approval of Board of Directors Meeting Minutes of January 29, 2013 |
| 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 |
| a3. Annual Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers |
| a4. Approval of 3rd Quarter 2013 and Revised 2013 Annual USAC Common and Consolidated Budgets |
| a5. Action on Five USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| a6. Resolution Honoring Board Member Whose Service Has Recently Concluded |
| a7. Resolution Honoring Barbara Pryor |
| a8. Personnel Matter – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| a9. Miscellaneous. Solicit ideas for the July 2013 Board meeting agenda. |

| <u>INFORMATION ITEMS</u> |
|---|
| i1. Assistant Treasurer's Report |
| i2. External Relations Report |
| i3. Bankruptcy and Other Litigation Matters Report |
| i4. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iAC01</i> |
| i5. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings – <i>Executive Session Option</i> <i>Same as iAC02</i> |
| i6. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i> <i>Same as iAC03</i> |
| i7. Quarterly Report on Universal Service Fund Contribution Matters – Confidential & Proprietary – <i>Executive Session Recommended</i> <i>Same as iEC02cf</i> |

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| <u>INFORMATION ITEMS</u> | |
|---------------------------------|--|
| i8. | Procurement Update – Confidential & Proprietary – <i>Executive Session Recommended</i> <i>Same as iEC01cf</i> |
| i9. | Discussion of FCC-USAC Memorandum of Understanding – Confidential & Proprietary – <i>Executive Session Recommended</i> |
| i10. | Miscellaneous |
| <u>FORMS</u> | |
| | <ul style="list-style-type: none">• Request for Reimbursement of Board of Directors Expenses• USAC Board Members Address List |

Next USAC Board of Directors Meeting

| |
|---|
| <p style="text-align: center;">Tuesday, July 23, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices, Washington, D.C.</p> |
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

BOARD OF DIRECTORS MEETING
Tuesday, April 23, 2013

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, April 23, 2013. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:30 a.m. Eastern Time, with a quorum of 14 of the 16 Board members present (there are four vacancies):

| | |
|---|---|
| Abshire, Dr. Sheryl | Jimenez, Jose |
| Barash, Scott – Acting Chief Executive Officer | Jortner, Wayne – Treasurer |
| Brise', Ronald | Kragel, Dr. Peter – Secretary – <i>by telephone</i> |
| Campbell, Anne – <i>by telephone</i> | Lubin, Joel |
| Feiss, Geoff | McClure, David |
| Gillan, Joseph | Ridley, Carolyn – <i>by telephone</i> |
| Jacobs, Ellis | Talbott, Dr. Brian – Chair |

Members of the Board of Directors not present:

Bergmann, Scott

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Davis, Craig – Vice President, Rural Health Care Division
Greiner, Colleen – Vice President and Chief Information Officer
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

| <u>NAME</u> | <u>COMPANY</u> |
|-----------------|----------------|
| Bancroft, Royce | USAC |
| Beard, Jay | USAC |

| <u>NAME</u> | <u>COMPANY</u> |
|-----------------------------------|-------------------------|
| Berkland, Kristin | USAC |
| Betancourt, Laura | USAC |
| Carpenter, Nikki-Blair | USAC |
| Caruso, Michael | USAC |
| Chu, Josey | USAC |
| Dean, Charles | Self |
| Delmar, Teleshia | USAC |
| Falkowitz, Ed | USAC |
| Garber, Michelle | USAC |
| Guinan, Gabriela Gross | USAC |
| Gulick, Donna | USAC |
| Hughes, Jeff | USAC |
| Iversen, Eric | USAC |
| King, Sola | USAC |
| Kiser, Cherie | Cahill Gordon & Reindel |
| Lee, Brandon | USAC |
| Malychev, Victor | USAC |
| Miller, Jack | Solix |
| Murphy, Tom | USAC |
| Nuzzo, Patsy | USAC |
| Parry, John | Solix |
| Ruffley, Brandon | USAC |
| Salvator, Charles | USAC |
| Schreiber, Johnnay | USAC |
| Spade, Gina – <i>by telephone</i> | FCC |

ACTION ITEMS:

- a1. Approval of Board of Directors Meeting Minutes of January 29, 2013.** On a motion duly made and seconded, the Board approved the minutes of the Board meeting of January 29, 2013.
- 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.** The committee chairs reported on matters discussed and actions taken by their respective committees since the January 2013 quarterly meetings. Mr. McClure reported for the Audit Committee; Mr. Barash reported for the Rural Health Care Committee; Mr. Lubin reported for the High Cost & Low Income Committee; and Dr. Talbott reported for the Schools & Libraries Committee and the Executive Committee.
- a3. Annual Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers.** Dr. Talbott indicated that the Board will defer holding elections for Committee Chair and Vice Chair and corporate officer

positions as well as the appointment of staff corporate officers because the FCC Chair has not yet selected Board members to fill vacant Board seats and seats of existing Board members whose terms have expired who are continuing to serve until they are renominated or a replacement is selected.

a4. Approval of 3rd Quarter 2013 and Revised 2013 Annual USAC Common and Consolidated Budgets. Mr. Belden presented this item for discussion.

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 3rd Quarter 2013 USAC common operating budget of \$12.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2013 USAC common capital budget of \$1.5 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$14.1 million for USAC common costs in the required May 2, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2013 USAC consolidated operating budget of \$37.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2013 USAC consolidated capital budget of \$6.9 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$44.0 million for USAC consolidated costs in the required May 2, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2013 annual consolidated operating budget of \$143.3 million.

a5. Action on Five USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to specific *internal controls, and/or confidential*

company data. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.*

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

RESOLVED, that the USAC Board of Directors determines that discussion of the contributor revenue audit reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

a6. Resolution Honoring Board Member Whose Service Has Recently Concluded. Dr. Talbott presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Dr. Jay H. Sanders for his dedicated service on the Boards of Directors of the Rural Health Care Corporation and the Universal Service Administrative Company, and the Board wishes him the best in his future endeavors.

a7. Resolution Honoring Barbara Pryor. Dr. Talbott presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Barbara Pryor for her many contributions to universal service, in particular the Schools and Libraries Program, and the Board wishes her the best in her future endeavors.

a8. Personnel Matter. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of personnel matters occur in *Executive Session*.

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

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

- a9. Miscellaneous. Solicit Ideas for the July 2013 Board Meeting Agenda.** Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Lubin or Mr. Barash between quarterly meetings.

Mr. Barash noted that the current dates for the July quarterly Board and committee meetings were in conflict with the National Association of Regulatory Utility Commissioners (NARUC) summer meetings. At the request of several members, he suggested that the Board consider rescheduling the quarterly meetings for July 25 (Executive Committee), and July 29 and 30 for the remaining committee and Board meetings.

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

RESOLVED, that the USAC Board of Directors adopts the following Board of Directors and Committee quarterly meetings schedule for July 2013.

| Executive Committee | Programmatic Committees & Board of Directors |
|----------------------------|---|
| July 25, 2013 | July 29-30, 2013 |

INFORMATION ITEMS:

- i1. Assistant Treasurer's Report.** This report was provided for informational purposes. No discussion was held.
- i2. External Relations Report.** This report was provided for informational purposes. No discussion was held.
- i3. Bankruptcy and Other Litigation Matters Report.** This report was provided for informational purposes. No discussion was held.
- i4. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i5. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** This report was provided for informational purposes. No discussion was held.
- i6. Semiannual Status Report on Actions Taken on Final USAC Audits.** This report was provided for informational purposes. No discussion was held.
- i7. Quarterly Report on Universal Service Fund Contribution Matters.** In accordance with the approved criteria and procedures for conducting Board and

committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *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*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i8. Procurement Update.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi 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 discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

- i9. Discussion of FCC-USAC Memorandum of Understanding.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of the FCC-USAC Memorandum of Understanding should occur in *Executive Session* because this matter is subject to the attorney/client privilege.

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 the FCC-USAC Memorandum of Understanding shall be conducted in *Executive Session*.

At 9:00 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a5. Action on Five USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Mr. Salvator presented this item for discussion.

On a motion duly made and seconded and after discussion the Board adopted the following resolution, with Mr. Gillan and Mr. Jimenez abstaining from the vote on audit report number CR2011CP011, with all Board members in attendance voting to approve audit reports CR2011CP023, CR2012CP003, CR2012CP007 and CR2012CP008:

RESOLVED, that the USAC Board of Directors, having reviewed the USAC Internal Audit Division contributor revenue audit reports listed in **Exhibit I** to this issue paper, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- i7. Quarterly Report on Universal Service Fund Contribution Matters.** Mr. Case presented this item for discussion.

- i8. Procurement Update.** Mr. Belden presented this item for discussion.

The Board then recessed until 10:17 a.m. Eastern Time, at which time it reconvened in *Executive Session* with only Board members, corporate officers and external counsel present.

- i9. Discussion of FCC-USAC Memorandum of Understanding.** Mr. Barash presented this item for discussion.

At 11:17 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members and outside counsel in attendance for the purpose of discussing a personnel matter.

- a8. Personnel Matter.** Dr. Talbott presented this item for discussion.

At 11:53 a.m. Eastern Time, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on items a5 and a8 and discussed items i7, i8 and i9 above. On a motion duly made and seconded, the Board adjourned at 11:57 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

To expedite navigation, please use the bookmarks located in the Navigation Pane.

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

**Thursday, May 2, 2013
3:00 p.m. – 3:30 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036**

INFORMATION ITEMS

a1. Election of Members to the USAC Board of Directors

Next Scheduled USAC Board of Directors Meeting

**Tuesday, July 27, 2013
8:30 a.m. – 12:00 p.m. Eastern Time
USAC Offices, Washington, D.C.**

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

BOARD OF DIRECTORS MEETING
Thursday, May 2, 2013

MINUTES

A meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, May 2, 2013. Dr. Brian Talbott, Board Chair, called the meeting to order at 3:00 p.m. Eastern Time, with a quorum of nine of the 15 Board members present (there are four vacancies):

| | |
|--|--|
| Abshire, Dr. Sheryl – <i>by telephone</i> | Lubin, Joel – <i>by telephone</i> |
| Barash, Scott – Acting Chief Executive Officer | McClure, David – <i>by telephone</i> |
| Gillan, Joseph – <i>by telephone</i> | Ridley, Carolyn – <i>by telephone</i> |
| Jacobs, Ellis – <i>by telephone</i> | Talbott, Dr. Brian – Chair – <i>by telephone</i> |
| Jortner, Wayne – Treasurer – <i>by telephone</i> | |

Members of the Board of Directors not present:

Bergmann, Scott
Brise', Ronald
Campbell, Anne
Feiss, Geoff
Jimenez, Jose
Kragel, Dr. Peter – Secretary

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary

Others present for the meeting:

| <u>NAME</u> | <u>COMPANY</u> |
|---|----------------|
| Amalfitano, Vince – <i>by telephone</i> | FCC |
| Nuzzo, Patsy | USAC |

ACTION ITEMS:

- a1. **Election of Members to the USAC Board of Directors.** Mr. Barash presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors, having received the selections from the Chairman of the FCC pursuant to 47 C.F.R. § 54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws, hereby elects to the USAC Board of Directors effective upon the adoption of the resolutions herein:

- Kenneth F. Mason for a term expiring on December 31, 2015;
- Geoffrey A. Feiss for a term expiring on December 31, 2014;
- Rochelle D. Jones for a term expiring on December 31, 2014;
- Joseph Gillan for a term expiring on December 31, 2014;
- Daniel A. Domenech for a term expiring on December 31, 2013;
- Brian L. Talbott for a term expiring on December 31, 2014;
- Julie Tritt Schell for a term expiring on December 31, 2015;
- Ellis Jacobs for a term expiring on December 31, 2014;
- Eric Brown for a term expiring on December 31, 2015;
- Katharine Hsu Wibberly for a term expiring on December 31, 2014;
- Ronald Brise´ for a term expiring on December 31, 2015;
- Raquel Noriega for a term expiring on December 31, 2015; and
- Olivia Wein for a term expiring on December 31, 2015; and,

RESOLVED FURTHER, that each of the aforementioned directors shall remain a director until such director's: (i) resignation, (ii) removal pursuant to Article II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) election of a successor pursuant to Article II, § 4 of the USAC By-laws or (iv) action by the stockholder of the corporation pursuant to the Article I of the USAC By-laws; and

RESOLVED FURTHER, that consistent with 47 C.F.R. § 54.705 and the USAC By-laws, Article II and by virtue of the constituency they represent:

- Geoffrey A. Feiss, Rochelle D. Jones, Joseph Gillan, Ronald Brise´ and Ellis Jacobs are hereby appointed to the High Cost & Low Income Committee;
- Daniel A. Domenech, Brian L. Talbott and Julie Tritt Schell are hereby appointed to the Schools & Libraries Committee; and
- Eric Brown, Katharine Hsu Wibberly and Ronald Brise´ are hereby appointed to the Rural Health Care Committee.

On a motion duly made and seconded, the Board adjourned at 3:04 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

| |
|---|
| <p>Tuesday, July 30, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036</p> |
|---|

| <u>ACTION ITEMS</u> |
|--|
| a1. Approval of Board of Directors Meeting Minutes of April 23, 2013 and May 2, 2013 |
| a2. Reports from the Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Nominating Committee, Rural Health Care Committee, and Schools & Libraries Committee |
| a3. Election of Board Members to Committees, Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers |
| a4. Approval of 4th Quarter 2013 and Revised 2013 Annual USAC Common and Consolidated Budgets |
| a5. Action on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – Confidential – <i>Executive Session Recommended</i> |
| a6. Resolution Honoring Board Members Whose Service Has Recently Concluded |
| a7. Consideration of Contract Award for Renewal of Red Hat Enterprise Software Licensing and Support Services – Confidential – <i>Executive Session Recommended</i> |
| a8. Consideration of Contract Award for Renewal of VMware Software Licensing and Support Services – Confidential – <i>Executive Session Recommended</i> |
| a9. Review of Statement of Ethical Conduct for Members of the USAC Board of Directors |
| a10. Review of USAC Employee Ethical Standards |
| a11. Personnel Matter – Confidential – <i>Executive Session Recommended</i> |
| a12. Miscellaneous. Solicit ideas for the October 2013 Board meeting agenda. |

| <u>INFORMATION ITEMS</u> |
|---|
| i1. Assistant Treasurer's Report |
| i2. External Relations Report |
| i3. Bankruptcy and Other Litigation Matters Report |
| i4. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iAC01</i> |
| i5. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings – <i>Executive Session Option</i> <i>Same as iAC02</i> |

To expedite navigation, please use the bookmarks located in the Navigation Pane.

| <u>INFORMATION ITEMS</u> | |
|---------------------------------|---|
| i6. | Quarterly Report on Universal Service Fund Contribution Matters – Confidential – <i>Executive Session Recommended</i> <i>Same as iEC02cf</i> |
| i7. | Procurement Update – Confidential – <i>Executive Session Recommended</i> <i>Same as iEC01cf</i> |
| i8. | Acceptance of USAC’s 2012 Annual Financial Audit and Agreed-Upon Procedures Review <i>Same as aAC04</i> |
| i9. | Mid-Year Report on USAC 2013 Objectives |
| i10. | Discussion of FCC-USAC Memorandum of Understanding – Confidential – <i>Executive Session Recommended</i> |
| i11. | Miscellaneous |
| <u>FORMS</u> | |
| | <ul style="list-style-type: none">• Request for Reimbursement of Board of Directors Expenses• USAC Board Members Address List |

Next USAC Board of Directors Meeting

| |
|--|
| <p style="text-align: center;">Tuesday, October 29, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices, Washington, D.C.</p> |
|--|

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

BOARD OF DIRECTORS MEETING
Tuesday, July 30, 2013

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, July 30, 2013. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:30 a.m. Eastern Time, with a quorum of 17 of the 19 Board members present:

| | |
|---|----------------------------|
| Barash, Scott – Acting Chief Executive Officer | Jones, Rochelle |
| Bergmann, Scott | Jortner, Wayne – Treasurer |
| Brown, Eric | Lubin, Joel – Vice Chair |
| Campbell, Anne | Mason, Ken |
| Domenench, Dr. Daniel | Noriega, Raquel |
| Feiss, Geoff | Schell, Julie Tritt |
| Gillan, Joseph | Talbott, Dr. Brian – Chair |
| Jacobs, Ellis | Wein, Olivia |
| Jimenez, Jose | |

Dr. Kathy Wibberly joined the meeting at 8:32 a.m. Eastern Time. She did not participate in the discussion or vote on item a1.

Members of the Board of Directors not present:

Brise', Ronald

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Davis, Craig – Vice President, Rural Health Care Division
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

| <u>NAME</u> | <u>COMPANY</u> |
|------------------------|-----------------------|
| Beard, Jay | USAC |
| Berkland, Kristin | USAC |
| Betancourt, Laura | USAC |
| Carpenter, Nikki-Blair | USAC |
| Caruso, Michael | USAC |
| Cosson, Jim | USAC |
| Crowe, Jennifer | USAC |
| Cunningham, Nadia | USAC |
| Delmar, Teleshia | USAC |
| Duvall, Rashann | USAC |
| Falkowitz, Ed | USAC |
| Fischer, Dennis | USAC |
| Frappier, Danielle | Davis Wright Tremaine |
| Garber, Michelle | USAC |
| Guinan, Gabriela Gross | USAC |
| Gulick, Donna | USAC |
| Hartnett, Megan | FCC |
| Hopper, Melissa | USAC |
| Hughes, Jeff | USAC |
| Hughet, Pamela | USAC |
| Iversen, Eric | USAC |
| Lee, Brandon | USAC |
| Miller, Jack | Solix, Inc. |
| Murphy, Tom | USAC |
| Nuzzo, Patsy | USAC |
| Parry, John | Solix, Inc. |
| Ruffley, Brandon | USAC |
| Salvator, Charles | USAC |
| Schreiber, Johnnay | USAC |
| Sinkfield, David | USAC |
| Skadin, Andy | FCC |
| Smith, Chris | USAC |

ACTION ITEMS:

- a1. **Approval of Board of Directors Meeting Minutes of April 23, 2013 and May 2, 2013.** On a motion duly made and seconded, the Board approved the minutes of the Board meetings of April 23, 2013 and May 2, 2013.
- 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.** The committee chairs reported on matters discussed and actions

taken by their respective committees since the April 2013 quarterly meetings. Mr. Gillan reported for the Audit Committee; Mr. Jortner reported for the Rural Health Care Committee; Mr. Lubin reported for the High Cost & Low Income Committee; Ms. Campbell reported for the Schools and Libraries Committee; and Dr. Talbott reported for the Executive Committee and Executive Compensation Committee.

- a3. Annual Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers.** Ms. Anne Campbell presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors elects **Dr. Brian Talbott** as Chair and **Joel Lubin** as Vice Chair of the Board, **Ellis Jacobs** as Secretary of the corporation, and **Wayne Jortner** 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.

Election of Board Members to Committee At-Large Seats

There are two seats to be filled on the Schools & Libraries Committee. In addition, Geoff Feiss has tendered his resignation from the Rural Health Care Committee to provide an opportunity for Olivia Wein to serve on this Committee.

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects **Geoff Feiss** to serve in an at-large seat on the Audit Committee, **Ken Mason** to serve as the service provider representative on the Schools & Libraries Committee, **Raquel Noriega** to serve in the at-large seat on the Schools & Libraries Committee, and **Olivia Wein** to serve in an at-large seat on the Rural Health Care Committee, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when such person resigns from the Committee, is removed from the Committee by resolution of the Board, or is no longer a member of the Board; and

RESOLVED FURTHER, that USAC Board of Directors hereby ratifies any votes taken by Mr. Feiss during the meeting of the Audit Committee on July 29, 2013, Mr. Mason and Ms. Noriega during the meeting of the Schools & Libraries Committee on July 29, 2013, and by Ms. Wein during the Rural Health Care Committee meeting on July 29, 2013.

Election of Committee Chairs and Vice Chairs

RESOLVED, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects **Joe Gillan** as Chair and **Jose Jimenez** as Vice Chair of the **Audit Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee, is removed by resolution of the Board, or is no longer a member of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the High Cost & Low Income Committee and elects **Joel Lubin** as Chair and **Joe Gillan** as Vice Chair of the **High Cost & Low Income Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee, is removed by resolution of the Board, or is no longer a member of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Rural Health Care Committee and elects **Wayne Jortner** as Chair and **Ronald Brise'** as Vice Chair of the **Rural Health Care Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee, is removed by resolution of the Board, or is no longer a member of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects **Anne Campbell** as Chair and **Dr. Brian Talbott** as Vice Chair of the **Schools & Libraries Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee, is removed by resolution of the Board, or is no longer a member of the Board.

Election of Board Members to and a Chair of the Executive Compensation Committee

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and hereby elects **Anne Campbell, Scott Bergmann, Ronald Brise'** and **Dr. Daniel A. Domenech** to the Executive Compensation Committee, and for a term that begins immediately upon the adoption of this resolution by the Board and ends when such person resigns

from the Committee, is removed from the Committee by resolution of the Board, or is no longer a member of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Nominating Committee and hereby elects **Joel Lubin** as Chair of the Executive Compensation Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair has been elected, when the Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair 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 **David A. Capozzi** as Assistant Secretary of the corporation and **Dave Case** 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.

a4. Approval of 4th Quarter 2013 and Revised 2013 Annual USAC Common and Consolidated Budgets. Mr. Belden presented this item for discussion.

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 4th Quarter 2013 USAC common operating budget of \$11.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2013 USAC common capital budget of \$1.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$9.7 million for USAC common costs in the required August 2, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2013 USAC consolidated operating budget of \$30.9 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2013 USAC consolidated capital budget of \$4.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$10.7 million for USAC consolidated costs in the required August 2, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2013 annual USAC common operating budget of \$43.9 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised annual 2013 USAC consolidated operating budget of \$118.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised annual 2013 USAC consolidated capital budget of \$18.4 million.

- a5. Action on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to specific *internal controls, and/or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the contributor revenue audit reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

- a6. Resolution Honoring Board Members Whose Service Has Recently Concluded.** Dr. Talbott presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Dr. Sheryl Abshire for her dedicated service on the Board of Directors of the Universal Service Administrative Company and wishes her the best in her future endeavors.

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

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

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Ms. Carolyn Ridley for her dedicated service on the Board of Directors of the Universal Service Administrative Company and wishes her the best in her future endeavors.

- a7. Consideration of Contract Award for Renewal of Red Hat Enterprise Software Licensing and Support Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended contract award to purchase renewals of Red Hat software licensing and support services shall be conducted in *Executive Session*.

- a8. Consideration of Contract Award for Renewal of VMware Software Licensing and Support Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended contract award to purchase the renewals of VMware software licensing and support services shall be conducted in *Executive Session*.

- a9. Review of Statement of Ethical Conduct for Members of the USAC Board of Directors.** Mr. Barash presented this item for discussion.

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 Board Chair, the USAC Acting CEO and counsel, and hereby adopts the *Statement of Ethical Conduct for Members of the USAC Board of Directors*, October 2010, version without revision.

- a10. Review of USAC Employee Ethical Standards.** Mr. Barash presented this item for discussion.

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 Executive Committee and USAC management and hereby adopts the revised USAC *Statement of Ethical Conduct for Employees, Definition of Gifts Prohibited, Definition of Financial Interest, and Outside Employment*.

- a11. Personnel Matter.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this personnel matter occur in *Executive Session*.

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

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

- a12. Miscellaneous. Solicit Ideas for the October 2013 Board Meeting Agenda.** Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Lubin or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- il. Assistant Treasurer's Report.** This report was provided for informational purposes. Mr. Case responded to questions from the Board.

- i2. **External Relations Report.** This report was provided for informational purposes. No discussion was held.
- i3. **Bankruptcy and Other Litigation Matters Report.** This report was provided for informational purposes. No discussion was held.
- i4. **USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i5. **Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** This report was provided for informational purposes. No discussion was held.
- i6. **Quarterly Report on Universal Service Fund Contribution Matters.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *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*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i7. **Procurement Update.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi 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 discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

- i8. **Acceptance of USAC's 2012 Annual Financial Audit and Agreed-Upon Procedures Review.** Mr. Scott presented this item for discussion.

i9. Mid-Year Report on USAC 2013 Objectives. Mr. Barash presented this item for discussion.

i10. Discussion of FCC-USAC Memorandum of Understanding. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of the FCC-USAC Memorandum of Understanding should occur in *Executive Session* because this matter is subject to the attorney/client privilege.

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 the FCC-USAC Memorandum of Understanding shall be conducted in *Executive Session*.

i11. Miscellaneous.

At 10:01 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session*. The Board then recessed until 10:13 a.m. Eastern Time, at which time it reconvened in *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

a5. Action on Seven USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. Mr. Charles Salvator, Director of Internal Audit, presented this item for discussion.

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 USAC Internal Audit Division contributor revenue audit reports listed in **Exhibit I** to this issue paper, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

a7. Consideration of Contract Award for Renewal of Red Hat Enterprise Software Licensing and Support Services. Mr. Belden presented this item for discussion.

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

To expedite navigation, please use the bookmarks located in the Navigation Pane.

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to purchase renewals for Red Hat software licensing and support listed in this issue paper from GovSmart, Inc. for the firm fixed price of \$141,593.23, including applicable sales taxes.

- a8. Consideration of Contract Award for Renewal of VMware Software Licensing and Support Services.** Mr. Belden presented this item for discussion.

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 contract to purchase renewals for VMware software licensing and support listed in this issue paper from Intelligent Decisions, Inc. for the firm fixed price of \$229,445.80 (including applicable sales taxes).

- i6. Quarterly Report on Universal Service Fund Contribution Matters.** Mr. Case presented this item for discussion.
- i7. Procurement Update.** Mr. Belden presented this item for discussion.
- i10. Discussion of FCC-USAC Memorandum of Understanding.** Mr. Barash presented this item for discussion.

At 11:10 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members and officers in attendance for the purpose of discussing a personnel matter.

- a11. Personnel Matter.** Dr. Talbott presented this item for discussion.

At 12:23 p.m. Eastern Time, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on items a5 , a7 and a8 and discussed items i6, i7, i10 and i11 above. On a motion duly made and seconded, the Board adjourned at 12:24 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

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

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| <p>Tuesday, October 29, 2013 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices 2000 L Street, N.W., Suite 200 Washington, D.C. 20036</p> |
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| <u>ACTION ITEMS</u> |
|---|
| a1. Approval of Board of Directors Meeting Minutes of July 30, 2013 |
| 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 |
| a3. Appointment of a Nominating Committee and Direction to Committees for the Appointment of Committee Chairs and Vice Chairs |
| a4. Approval of 1st Quarter 2014 USAC Common and Consolidated Budgets and Information on Estimated 2014 Annual Budgets |
| a5. Action on Five USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – Confidential – <i>Executive Session Recommended</i> |
| a6. Consideration of Contract Award for USAC 2013 Information Systems Security Assessment – Confidential – <i>Executive Session Recommended</i> |
| a7. Consideration of Contract Award for Procurement of Shared Hardware and Software for Schools and Libraries and Rural Health Care Program Legacy Operations Systems – Confidential – <i>Executive Session Recommended</i> |
| a8. Approval to Revise Dates for the January 2014 Board and Committee Meetings |
| a9. Consideration of 2014 Information Technology Temporary Staffing Plans for Corporate Systems Development and Support |
| a10. Consideration of Contract Award for Graphic Design Services – Confidential – <i>Executive Session Recommended</i> |
| a11. Personnel Matter – Confidential – <i>Executive Session Recommended</i> |
| a12. Miscellaneous. Solicit ideas for the January 2014 Board meeting agenda. |

| <u>INFORMATION ITEMS</u> |
|---|
| i1. Assistant Treasurer's Report |
| i2. External Relations Report |
| i3. Bankruptcy and Other Litigation Matters Report |
| i4. USAC Internal Audit Division Audit Update – <i>Executive Session Option</i> <i>Same as iAC01</i> |
| i5. Semiannual Status Report on Actions Taken on Final USAC Audits – <i>Executive Session Option</i> <i>Same as iAC02</i> |

To expedite navigation, please use the bookmarks located in the Navigation Pane.

| <u>INFORMATION ITEMS</u> | |
|---------------------------------|---|
| i6. | Quarterly Report on Universal Service Fund Contribution Matters – Confidential – <i>Executive Session Recommended</i> <i>Same as iEC02cf</i> |
| i7. | Procurement Update – Confidential – <i>Executive Session Recommended</i> <i>Same as iEC01cf</i> |
| i8. | Miscellaneous |
| <u>FORMS</u> | |
| | <ul style="list-style-type: none">• Request for Reimbursement of Board of Directors Expenses• USAC Board Members Address List |

Next USAC Board of Directors Meeting

| |
|--|
| <p style="text-align: center;">Tuesday, January 28, 2014 8:30 a.m. – 12:00 p.m. Eastern Time USAC Offices, Washington, D.C.</p> |
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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

BOARD OF DIRECTORS MEETING
Tuesday, October 29, 2013

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, October 29, 2013. Mr. Joel Lubin, Board Vice Chair, called the meeting to order at 8:29 a.m. Eastern Time, with a quorum of 15 of the 19 Board members present:

| | |
|---|--|
| Barash, Scott – Acting Chief Executive Officer | Jortner, Wayne – Treasurer |
| Bergmann, Scott | Lubin, Joel – Vice Chair |
| Brown, Eric | Mason, Ken |
| Brise', Ronald | Noriega, Raquel |
| Campbell, Anne | Schell, Julie Tritt |
| Gillan, Joseph | Talbott, Dr. Brian – Chair – <i>by telephone</i> |
| Jacobs, Ellis – Secretary | Wibberly, Dr. Kathy |
| Jimenez, Jose | |

Mr. Geoff Feiss joined the meeting at 8:38 a.m. Eastern Time. He did not participate in the discussion or vote on item a1. Ms. Olivia Wein joined the meeting at 8:40 a.m. Eastern Time. She did not participate in the discussion or vote on item a1. Ms. Rochelle Jones joined the meeting *by telephone* at 9:00 a.m. Eastern Time. She did not participate in the discussion or vote on item a1, a2 or a3.

Members of the Board of Directors not present:

Domenench, Dr. Dan

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Davis, Craig – Vice President, Rural Health Care Division
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

| <u>NAME</u> | <u>COMPANY</u> |
|-----------------------------------|------------------|
| Beard, Jay | USAC |
| Beaver, Tracey | USAC |
| Betancourt, Laura | USAC |
| Carpenter, Nikki-Blair | USAC |
| Cosson, Jim | USAC |
| Delmar, Teleshia | USAC |
| Fischer, Dennis | USAC |
| Garber, Michelle | USAC |
| Guinan, Gabriela Gross | USAC |
| Gulick, Donna | USAC |
| Holo, Melissa | USAC |
| Hughes, Jeff | USAC |
| Iversen, Eric | USAC |
| Kriete, Debra | South Dakota DOE |
| Lacey, Kimberly | USAC |
| Lee, Brandon | USAC |
| Lutz, Corey | USAC |
| Malychev, Victor | USAC |
| Mann, Connie | USAC |
| Murphy, Tom | USAC |
| Nuzzo, Patsy | USAC |
| Ruffley, Brandon | USAC |
| Salvator, Charles | USAC |
| Schreiber, Johnnay | USAC |
| Sinkfield, David | USAC |
| Spade, Gina – <i>by telephone</i> | FCC |

ACTION ITEMS:

- a1. **Approval of Board of Directors Meeting Minutes of July 30, 2013.** On a motion duly made and seconded, the Board approved the minutes of the Board meeting of July 30, 2013.

- 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.** The committee chairs reported on matters discussed and actions taken by their respective committees since the July 2013 quarterly meetings. Mr. Gillan reported for the Audit Committee; Mr. Jortner reported for the Rural Health Care Committee; Mr. Lubin reported for the High Cost & Low Income Committee, the Executive Committee and Executive Compensation Committee; and Ms. Campbell reported for the Schools and Libraries Committee.

- a3. Appointment of a Nominating Committee and Direction to Committees for the Appointment of Committee Chairs and Vice Chairs.** Mr. Lubin presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors appoints **Ellis Jacobs** as Nominating Committee chair and **Joe Gillan** and **Olivia Wein** as members of the Nominating Committee; and

RESOLVED FURTHER, that the USAC Board of Directors directs each committee of the Board to bring to the Board at the January 28, 2014 meeting nominations for chair and vice chair of each respective committee; and

RESOLVED FURTHER, that the USAC Board of Directors may, at the discretion of the Board Chair, defer the election of officers, committee chairs, and committee vice chairs in the event that appointment of Board members to fill seats expiring on December 31, 2013, does not occur before the January 2014 quarterly Board of Directors meeting.

- a4. Approval of 1st Quarter 2014 USAC Common and Consolidated Budgets and Information on Estimated 2014 Annual Budgets.** Mr. Belden presented this item for discussion.

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 1st Quarter 2014 USAC common operating budget of \$13.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2014 USAC common capital budget of \$10.0 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$23.1 million for USAC common costs in the required November 1, 2013 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2014 USAC consolidated operating budget of \$34.8 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2014 USAC consolidated capital budget of \$11.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$45.9 million for USAC consolidated costs in the required November 1, 2013 filing to the FCC on behalf of the Board of Directors.

- a5. Action on Five USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports relate to specific *internal controls, and/or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the contributor revenue audit reports listed in Exhibit I to this issue paper shall be conducted in *Executive Session*.

- a6. Consideration of Contract Award for USAC 2013 Information Systems Security Assessment.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended contract award to purchase information systems security assessment services shall be conducted in *Executive Session*.

- a7. Consideration of Contract Award for Procurement of Shared Hardware and Software for Schools and Libraries and Rural Health Care Program Legacy Operations Systems.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended contract award to purchase Cisco UCS Server hardware shall be conducted in *Executive Session*.

- a8. Approval to Revise Dates for the January 2014 Board and Committee Meetings.** Mr. Barash presented this item for discussion.

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

RESOLVED, that the USAC Board of Directors approves revising the Board of Directors and committee quarterly meeting dates from January 20-21, 2014 to January 27-28, 2014.

- a9. Consideration of 2014 Information Technology Temporary Staffing Plans for Corporate Systems Development and Support.** Mr. Belden presented this item for discussion.

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 spend up to \$955,000 to acquire IT temporary staffing services for a period of up to one year and to award competitively bid task orders to IT services firms previously or to be selected via a competitive procurement.

- a10. Consideration of Contract Award for Graphic Design Services.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi 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 consideration of the recommended contract award to purchase graphic design services shall be conducted in *Executive Session*.

- a11. Personnel Matter.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr.

To expedite navigation, please use the bookmarks located in the Navigation Pane.

Capozzi recommended that discussion of this personnel matter occur in *Executive Session*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the personnel matter shall be conducted in *Executive Session*.

- a12. Miscellaneous. Solicit Ideas for the January 2014 Board Meeting Agenda.** Mr. Lubin reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Lubin or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. Assistant Treasurer's Report.** This report was provided for informational purposes. No discussion was held.
- i2. External Relations Report.** This report was provided for informational purposes. No discussion was held.
- i3. Bankruptcy and Other Litigation Matters Report.** This report was provided for informational purposes. No discussion was held.
- i4. USAC Internal Audit Division Audit Update.** Mr. Scott presented this item for discussion.
- i5. Semiannual Status Report on Actions Taken on Final USAC Audits.** This report was provided for informational purposes. No discussion was held.
- i6. Quarterly Report on Universal Service Fund Contribution Matters.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *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*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the quarterly report on USF contribution matters

shall be conducted in *Executive Session*.

- i7. Procurement Update.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi 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 discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

- i8. Miscellaneous.**

i8.1. USF Federal Anti-Deficiency Act (ADA) Exemption. Mr. Barash and Mr. Belden presented this item for discussion noting that after discussion with the FCC it was determined USAC would remain compliant using current procedures even if the USF ADA exemption was not renewed by Congress.

At 10:07 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session*. The Board then recessed until 10:19 a.m. Eastern Time, at which time it reconvened in *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a5. Action on Five USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Mr. Charles Salvator, Director of Internal Audit, presented this item for discussion.

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 USAC Internal Audit Division contributor revenue audit reports listed in **Exhibit I** to this issue paper, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a6. Consideration of Contract Award for USAC 2013 Information Systems Security Assessment.** Mr. Belden presented this item for discussion.

To expedite navigation, please use the bookmarks located in the Navigation Pane.

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 contract to purchase information systems security assessment services from GBTI Solutions for the firm fixed price of \$121,252.82, including travel for field work and onsite meetings.

- a7. Consideration of Contract Award for Procurement of Shared Hardware and Software for Schools and Libraries and Rural Health Care Program Legacy Operations Systems.** Mr. Belden presented this item for discussion.

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 contract to purchase Cisco UCS server hardware bundles listed in the issue paper from Advanced Computer Concepts for the firm fixed price of \$179,447.40, including applicable sales taxes.

- a10. Consideration of Contract Award for Graphic Design Services.** Mr. Belden presented this item for discussion.

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 contract for two years to acquire graphic design services from FHI360, LLC for the total not-to-exceed price of \$217,823.

- i6. Quarterly Report on Universal Service Fund Contribution Matters.** Mr. Case presented this item for discussion.

- i7. Procurement Update.** Mr. Belden presented this item for discussion.

At 11:16 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members, Mr. Belden and Mr. Capozzi in attendance.

- i8. Miscellaneous. Sale of the Building.** Mr. Barash and Mr. Belden discussed with the Board the impact on USAC of the purchase of the 2000 L Street building by Rockrose from Brookfield.

At 11:17 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members in attendance for the purpose of discussing a personnel matter.

a11. Personnel Matter. Mr. Lubin presented this item for discussion.

At 12:25 p.m. Eastern Time, 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 discussed and took action on items a5, a6, a7, a10 and a11 and discussed items i6, i7 and i8 above.

On a motion duly made and seconded, the Board adjourned at 12:26 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary