

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

BOARD OF DIRECTORS MEETING
Thursday, January 19, 2016

MINUTES

In a Public Notice released January 8, 2016 (DA 16-18), FCC Chairman Wheeler appointed the following six persons to the Universal Service Administrative Company's Board of Directors (Board):

- Hon. Ronald A. Brisé, Commissioner, Florida Public Service Commission;
- Alan Buzacott, Executive Director, Regulatory Affairs, Verizon Communications, Inc.;
- Brent Fontana, Director of Network Development and Strategy, Zayo;
- Dr. Miguel (Mike) Hernandez, Arkansas Department of Education;
- Kenneth Mason, Vice President, Business Operators, Frontier Communications Corporation; and
- Olivia Wein, Lead Telecom Project Attorney, National Consumer Law Center.

On January 14, 2016, the Board was requested to vote by unanimous consent to elect these members to the Board and appoint them by virtue of the constituency they represent, or in filling vacant positions, to a committee.

a1. Election of Members to the USAC Board of Directors and Appointment of Members to Programmatic Committees. On January 19, 2016, on a motion duly made and approved by unanimous consent, the Board 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 January 19, 2016:

- Hon. Ronald A. Brisé, for a term expiring on December 31, 2018;
- Alan Buzacott, for a term expiring on December 31, 2018;
- Brent Fontana, for a term expiring on December 31, 2018;
- Dr. Mike Hernandez, for a term expiring on December 31, 2018;
- Kenneth Mason for a term expiring on December 31, 2018;
- Olivia Wein for a term expiring on December 31, 2018;

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

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

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:

- Hon. Ronald A. Brisé is hereby appointed to the High Cost & Low Income Committee;
- Dr. Mike Hernandez is hereby appointed to the Schools & Libraries Committee; and
- Hon. Ronald Brisé and Brent Fontana are hereby appointed to the Rural Health Care Committee; and
- Alan Buzacott is hereby appointed to the Schools & Libraries Committee filling an At-large seat vacant due to the resignation of Raquel Noriega.

/s/ Ellis Jacobs
Secretary

Universal Service Administrative Company
Board of Directors Quarterly Meeting
Agenda

Tuesday, January 26, 2016
2:30 p.m. – 4:30 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

OPEN SESSION

- a1.** Consent Items (each available for discussion upon request):
- A.** Approval of Board of Directors Meeting Minutes of October 27, 2015.
 - B.** Approval of Moving all *Executive Session* Items into *Executive Session*.
 - C.** Approval of Audit Reports Without Findings. *None*
 - D.** Routine procurements: Deemed consideration and approval of in *Executive Session*.
None
 - E.** Approval of April 2017 – January 2018 Board of Directors Quarterly Meeting Schedule.
 - F.** Approval of 2nd Quarter 2016 USAC Common and Consolidated Budgets.
 - G.** Approval of 2016 Audit Committee Charter (*Same as aAC02*).
 - H.** Resolution Honoring Board Members Whose Service on the Board Has Recently Ended.
- 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.
- i1.** Business Update - Strategic Initiatives Updates:
- A.** 2016 Strategic Audit Plan (Wayne)
 - B.** IT Update (Pete)
 - C.** Customer Service (Craig & Tracey Beaver)
 - D.** Stakeholder Engagement (Kate)
 - E.** State and Local Engagement (Jessica)
 - F.** Exhibits

EXECUTIVE SESSION

- a3.** Approval of 2016 Annual USAC Common and Consolidated Budgets – **Confidential** – *Executive Session Recommended*.
- a4.** Action on Two USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – **Confidential** – *Executive Session Recommended*.
- a5.** Consideration of Contract Award for Beneficiary and Contributor Audit Program Co-sourcing. – **Confidential** – *Executive Session Recommended*.
- i2.** USAC Procurement Competition Advocate Annual Report and 2016 Procurement Plan.
A. Procurement Matters
Confidential – *Executive Session Recommended*.
- i3.** Report on the Audit of the FCC’s Financial Statements for the Fiscal Year Ending September 30, 2015 – **Confidential** – *Executive Session Recommended*.

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

Same as iAC01cf

- | |
|---|
| i4. Quarterly Report on USF Contribution Matters – Confidential – <i>Executive Session Recommended.</i> |
| i5. Discussion of Publishing Board Materials on the USAC Website – Confidential – <i>Executive Session Recommended.</i> |
| i6. Discussion of Office Space Plans – Confidential – <i>Executive Session Recommended.</i> |

Next USAC Board of Directors Meeting

<p>Tuesday, April 26, 2016 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, January 26, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, January 26, 2016. At the request of Dr. Brian Talbott, Board Chair, Mr. Joel Lubin, Vice Chair, chaired the meeting. Mr. Lubin called the meeting to order at 2:32 p.m. Eastern Time, with a quorum of 18 of the 19 Board members present:

Brisé, Ronald	Jacobs, Ellis – Secretary – <i>by telephone</i>
Buzacott, Alan – <i>by telephone</i>	Jimenez, Jose – <i>by telephone</i>
Domenech, Dr. Daniel	Jortner, Wayne – Treasurer – <i>by telephone</i>
Feiss, Geoff	Lubin, Joel – Vice Chair
Fontana, Brent – <i>by telephone</i>	Mason, Ken – <i>by telephone</i>
Gerst, Matthew – <i>by telephone</i>	Talbott, Dr. Brian Talbott – <i>by telephone</i>
Gillan, Joe – <i>by telephone</i>	Tinic, Atilla – <i>by telephone</i>
Henderson, Chris – CEO	Wein, Olivia – <i>by telephone</i>
Hernandez, Dr. Mike – <i>by telephone</i>	Wibberly, Dr. Kathy – <i>by telephone</i>

Mr. Bob Bocher joined the meeting by telephone at 2:44 p.m. He did not participate in the discussion or vote on items a1 or a2.

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
Davis, Craig – Vice President, Rural Health Care Division
Garber, Michelle – Vice President, Lifeline Division
Hays, Kate – Vice President of Stakeholder Engagement
King, Sola – Vice President of Human Resource and Chief Human Capital Officer
Scott, Wayne – Vice President of Internal Audit
Taylor, Peter – Vice President and Chief Information Officer – *by telephone*

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Carpenter, Nikki-Blair	USAC
Dearborn, Philip	USAC
Guinan, Gabriela Gross	USAC
Gulick, Donna	USAC
Hanly, Garnet – <i>by telephone</i>	FCC
Kahn, Sammy	USAC
King, Sola	USAC
Murphy, Tom	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Salvatore, Charles	USAC
Schrieber, Johnnay	USAC
Theobald, Fred	USAC
Zufolo, Jessica	USAC

OPEN SESSION

a1. Consent Items.

A. Board meeting minutes of October 27, 2015.

B. Approval for discussing in *Executive Session* agenda items:

- (1) **a3** – Approval of 2016 Annual USAC Common and Consolidated Budgets. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (2) **a4** – Action on Two USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends this item be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, **47 C.F.R. § 54.711(b)** requires USAC to keep all data obtained from contributors confidential.
- (3) **a5** – Consideration of Contract Award for Beneficiary and Contributor Audit Program Co-sourcing. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (4) **i2** – USAC Procurement Competition Advocate Annual Report and 2016 Procurement Plan. USAC management recommends that this matter be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.

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

- (5) **i3** – Report on the Audit of the FCC’s Financial Statements for the Fiscal Year Ending September 30, 2015. USAC management recommends that this matter be discussed in *Executive Session* because the report relates to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (6) **i4** – Quarterly Report on USF Contribution Matters. USAC management recommends that this matter be discussed in *Executive Session* because the report 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.*
- (7) **i5** – Discussion of Publishing Board Materials on the USAC Website. USAC management recommends that this matter be discussed in *Executive Session* because this matter relates to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (8) **i6** – Discussion of Office Space Plans. USAC management recommends that this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*. In addition, this matter is subject to the *attorney/client privilege*.
- i7**– Personnel Matter. Consistent with USAC’s long-standing practice and to preserve privacy, USAC management recommends that this item be discussed in *Executive Session*.

C. Approval of Audit Reports Without Findings: None.

D. Routine Procurements: Deemed consideration and approval in *Executive Session*. None.

E. Approval of April 2017 – January 2018 Board of Directors Quarterly Meeting Schedule.

The USAC Board of Directors is required to meet quarterly in Washington, D.C. At its January 2015 meeting, the Board approved quarterly meeting dates through January 2017 as follows:

Executive Committee	Programmatic Committees & Board of Directors
April 21, 2016	April 25-26, 2016
July 21, 2016	July 25-26, 2016
October 20, 2016	October 24-25, 2016
January 26, 2017	January 30-31, 2017

Below is the recommended schedule of meetings for April 2017 through January 2018:

Executive Committee	Programmatic Committees & Board of Directors
April 20, 2017	April 24-25, 2017
July 20, 2017	July 23-24, 2017
October 19, 2017	October 23-24, 2017
January 25, 2018	January 29-30, 2018

F. Approval of 2nd Quarter 2016 USAC Common and Consolidated Budgets.

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2016 (2Q2016) common and consolidated operating and capital budgets for USAC. **Attachments F-1 through F-4** to this briefing paper provide a discussion of the budget request.

G. Approval of 2016 Audit Committee Charter.

The Audit Committee approved the 2016 Audit Committee Charter during its meeting of January 19, 2016. The Audit Committee recommends that the Board approve the Charter as set forth in **Attachment G** to this briefing paper.

H. Resolution Honoring Board Members Whose Service on the Board Has Recently Ended.

The Board would like to recognize and honor Mr. Scott K. Bergmann, Mr. Eric P. Brown, Ms. Rochelle Jones, and Ms. Julie Tritt Schell whose terms have recently expired. In addition, the Board would also like to recognize and honor Raquel Noriega, who recently resigned. Their leadership and guidance will be greatly missed.

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

RESOLVED, that the USAC Board of Directors hereby approves the Board meeting minutes of October 27, 2015; and discussion in *Executive Session* of the 2016 annual USAC common and consolidated budgets, two USAC IAD contributor revenue audit reports, consideration of contract award for beneficiary and contributor audit program co-sourcing, USAC procurement competition advocate annual report, 2016 procurement plan, the summary of 4th quarter procurements greater than \$100,000, a report on the audit of the FCC's financial statements for the fiscal year ending September 30, 2015, a quarterly report on USF contribution matters, a discussion of publishing Board materials on the USAC website, office space plans, and a personnel matter; and

RESOLVED FURTHER, that the USAC Board of Directors adopts the Board of Directors and Committee quarterly meetings schedule set forth above for April 2017 – January 2018; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2016 common operating budget of \$16.0 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2016 common capital budget of \$0.7 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$16.7 million for USAC common costs in the required February 1, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2016 consolidated operating budget of \$35.7 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2016 consolidated capital budget of \$5.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$40.8 million for USAC consolidated costs in the required February 1, 2016 filing to the FCC on behalf of the Board of Directors.

RESOLVED FURTHER, that the USAC Board of Directors, after reviewing the recommendation of the USAC Audit Committee, hereby approves the 2016 Audit Committee Charter;

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

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

RESOLVED FURTHER, that the USAC Board of Directors hereby expresses its sincere appreciation to Ms. Rochelle D. Jones for

her dedicated service on the Board of Directors of the Universal Service Administrative Company, and the Board wishes her the best in her future endeavors;

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

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

- a2. Reports from Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, Nominating Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the October 2015 quarterly meetings. Mr. Jimenez reported for the Audit Committee; Mr. Lubin reported for the Executive Compensation and High Cost & Low Income Committees; Dr. Talbott reported for the Executive Committee; Dr. Wibberly reported for the Rural Health Care Committee; and Dr. Domenech reported for the Schools and Libraries Committee.
- i1. Business Update.** This report was for informational purposes, no discussion was held.

At 2:43 p.m. Eastern Time the Board moved into *Executive Session* for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

- a3. Approval of 2016 Annual USAC Common and Consolidated Budgets.** Mr. Henderson presented this item for consideration.

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 2016 annual common operating budget of \$60.9 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2016 annual consolidated operating budget of \$146.9 million; and

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

RESOLVED FURTHER, that the USAC Board of Directors approves a 2016 annual common capital budget of \$7.7 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2016 annual consolidated capital budget of \$23.8 million.

- a4. Action on Two USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Ms. Nikki-Blair Carpenter, Senior Manager of Internal Audit, presented this item for consideration.

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 paper, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a5. Consideration of Contract Award for Beneficiary and Contributor Audit Program Co-sourcing.** Mr. Case presented this item for consideration.

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 co-sourcing services for Contributor revenue audits to Grant Thornton for a not-to-exceed total price of \$4,435,200, including a base year plus two option years.

- i2. USAC Procurement Competition Advocate Annual Report and 2016 Procurement Plan.** Mr. Belden presented this item for discussion.
- i3. Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2015.** Mr. Scott presented this item for discussion.
- i4. Quarterly Report on USF Contribution Matters.** Mr. Case presented this item for discussion.
- i5. Discussion of Publishing Board Materials on the USAC Website.** Ms. Johnnay Schrieber, Acting General Counsel and Director and Associate General Counsel, presented this item for discussion.
- i6. Discussion of Office Space Plans.** Mr. Belden presented this item for discussion.

At 4:06 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*

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

Session, the Board discussed and took action on items a3, a4, and a5 and discussed items i2, i3, i4, i5, and i6. On a motion duly made and seconded, the Board adjourned at 4:07 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

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

**Tuesday, April 26, 2016
11:00 a.m. – 3:30 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036**

OPEN SESSION

- a1.** Consent Items (each available for discussion upon request):
- A.** Approval of Board of Directors Meeting Minutes of January 19, 2016 and January 26, 2016.
 - B.** Approval of Moving all *Executive Session* Items into *Executive Session*.
 - C.** Approval of Audit Reports Without Findings. *None*.
 - D.** Routine procurements: Deemed consideration and approval of in *Executive Session*. *None*.
 - E.** Approval of 3rd Quarter 2016 USAC Common and Consolidated Budgets.
 - F.** Consideration of Contract Award for Identity Access Management Software.
- 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.
- i1.** Business Update - Strategic Initiatives Updates:
- A-1. Overview of Strategy (Chris – 10 minutes)
 - A-2. 2016 Strategic Audit Plan (Wayne – 15 minutes)
 - B. IT Update (Pete – 20 minutes)
 - C. Stakeholder Engagement (Kate – 20 minutes)
 - D. Customer Service (Craig & Tracey Beaver – 20 minutes)
 - E. Exhibits

EXECUTIVE SESSION

- a3.** Consideration of Payment Quality Assurance (PQA) Sourcing Strategy – **Confidential** – *Executive Session Recommended*.
- i2.** E-Rate Productivity Center (EPC) Status Update – **Confidential** – *Executive Session Recommended*.
- a4.** Approval of the Revised 2016 Annual USAC Common and Consolidated Budgets – **Confidential** – *Executive Session Recommended*.
- a5.** Action on Three USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – **Confidential** – *Executive Session Recommended*.
- a6.** Consideration of Adoption of New FCC-USAC Memorandum of Understanding – **Confidential** – *Executive Session Recommended*.
- i3.** Quarterly Report on USF Contribution Matters – **Confidential** – *Executive Session Recommended*.

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

i4. Discussion of Office Space Plans – **Confidential** – *Executive Session Recommended.*

i5. Personnel Matter – **Confidential** – *Executive Session Recommended.*

Next USAC Board of Directors Meeting

Tuesday, July 26, 2016
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
Tuesday, April 26, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, April 26, 2016. Dr. Brian Talbott, Board Chair, chaired the meeting. Dr. Talbott called the meeting to order at 11:01 a.m. Eastern Time, with a quorum of 17 of the 19 Board members present:

Bocher, Robert	Jacobs, Ellis – Secretary
Brisé, Ronald	Jortner, Wayne – Treasurer
Domenech, Dr. Daniel	Lubin, Joel – Vice Chair
Feiss, Geoff	Mason, Ken
Fontana, Brent	Talbott, Dr. Brian Talbott – Chair
Gerst, Matthew	Tinic, Atilla
Gillan, Joe	Wein, Olivia
Henderson, Chris – CEO	Wibberly, Dr. Kathy
Hernandez, Dr. Mike	

Members of the Board not present:

Buzacott, Alan
Jimenez, Jose

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
Davis, Craig – Vice President, Rural Health Care Division
Garber, Michelle – Vice President, Lifeline Division
Hays, Kate – Vice President of Stakeholder Engagement
King, Sola – Vice President of Human Resource and Chief Human Capital Officer
Robinson, Vickie - Vice President and General Counsel
Scott, Wayne – Vice President of Internal Audit
Shah, Hemang – Vice President of Strategy and Change
Sweeney, Mark – Vice President, High Cost Division
Taylor, Peter – Vice President and Chief Information Officer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Ayer, Catriona	USAC
Batra, Sachin	USAC
Beard, Jay	USAC
Beaver, Tracey	USAC
Buchanan, Elena	USAC
Carpenter, Nikki-Blair	USAC
Chidiac, JC	ITG
Davis, Rebecca	Ovington
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Hanly, Garnet	FCC
Johnson, Bill	USAC
Kriete, Debra	SD DOE
Lutz, Corey	USAC
Marjani, Rexhina	USAC
Murphy, Tom	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Rasmussen, Mary	USAC
Salvatore, Charles	USAC
Saxena, Paurush	ITG
Theobald, Fred	USAC
Weems, Will	USAC
Wilson, Reggie	USAC

OPEN SESSION

a1. Consent Items.

- A. Approval of Board of Directors Meeting Minutes of January 19, 2016 and January 26, 2016.
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **a3** – Consideration of Payment Quality Assurance (PQA) Sourcing Strategy. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration* as well as *investigatory records*, and may relate to *pre-decisional matters pending before the FCC*.
 - (2) **i2** – E-Rate Productivity Center (EPC) Status Update. USAC management recommends this item be discussed in *Executive Session* because this matter is subject to *attorney-client privilege* and relates to *contract administration*.

- (3) **a4** – Approval of 2016 Annual USAC Common and Consolidated Budgets. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- (4) **a5** – Action on Three USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends this item be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (5) **a6** – Consideration of Adoption of New FCC-USAC Memorandum of Understanding. USAC management recommends that this item be discussed in *Executive Session* because this matter involves *attorney/client privileged communications*.
- (6) **i3** – Quarterly Report on USF Contribution Matters. USAC management recommends that this matter be discussed in *Executive Session* because the report 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*.
- (7) **i4** – Discussion of Office Space Plans. USAC management recommends that this item be discussed in *Executive Session* because this matter is subject to *attorney/client privilege*.
- (8) **i5** – Personnel Matter. Consistent with USAC’s long-standing practice and to preserve privacy, USAC management recommends that this item be discussed in *Executive Session*. In addition, this matter is subject to *attorney/client privilege*.

C. Approval of Audit Reports Without Findings: None.

D. Routine Procurements: Deemed consideration and approval in *Executive Session*. None.

E. Approval of 3rd Quarter 2016 USAC Common and Consolidated Budgets.

F. Consideration of Contract Award for Identity Access Management Software.

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

RESOLVED, that the USAC Board of Directors hereby approves the Board meeting minutes of January 19, 2016 and January 26, 2016; and discussion in *Executive Session* of the items noted above; and

RESOLVED, that the USAC Board of Directors approves a 3rd Quarter 2016 common operating budget of \$17.5 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2016 common capital budget of \$3.5 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$21.0 million for USAC common costs in the required May 2, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2016 consolidated operating budget of \$40.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2016 consolidated capital budget of \$9.4 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$50.0 million for USAC consolidated costs in the required May 2, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract for purchase of identity access management software to Okta, Inc., for a total contract price of \$285,660.00 plus applicable taxes.

- a2. Reports from 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 2016 quarterly meetings. Mr. Gillan reported for the Audit Committee; Mr. Lubin reported for the Executive Compensation and High Cost & Low Income Committees; Dr. Talbott reported for the Executive Committee; Dr. Wibberly reported for the Rural Health Care Committee; and Dr. Domenech reported for the Schools and Libraries Committee.
- ii. Business Update.** Mr. Henderson, Mr. Scott, Mr. Taylor, Ms. Hays, Mr. Davis and Ms. Beaver reported on the following items:
- A-1. Overview of Strategy.
 - A-2. 2016 Strategic Audit Plan.
 - B. IT Update.
 - C. Stakeholder Engagement.
 - D. Customer Service.

At 12:47 p.m. Eastern Time the Board moved into *Executive Session* for the purpose of discussing the confidential items listed above. The Board then recessed and reconvened at 1:07 p.m. Eastern Time.

EXECUTIVE SESSION

- a3. Consideration of Payment Quality Assurance (PQA) Sourcing Strategy.** Mr. Scott presented this item for consideration.

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 USAC management and approves the course of action proposed by USAC management for expanding the IAD PQA staff to perform the IPERIA test work in house as described in this issue paper.

- i2. E-Rate Productivity Center (EPC) Status Update.** Mr. Belden presented this time for discussion.

- a4. Approval of the Revised 2016 Annual USAC Common and Consolidated Budgets.** Mr. Case presented this item for consideration.

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 revised 2016 annual common operating budget of \$66.1 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2016 annual consolidated operating budget of \$159.6 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2016 annual consolidated capital budget of \$23.9 million.

- a5. Action on Three USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Ms. Nikki-Blair Carpenter, Senior Manager of Internal Audit, presented this item for consideration.

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

- i3. Quarterly Report on USF Contribution Matters.** Mr. Case presented this item for discussion.

At 2:18 p.m. Eastern Time, the Board continued in *Executive Session* with officer, members of the Board and Ms. Gabriela Gross Guinan, present.

- i4. Discussion of Office Space Plans.** Mr. Belden presented this item for discussion.

- a6. Consideration of Adoption of New FCC-USAC Memorandum of Understanding.** Mr. Henderson presented this item for consideration.

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

RESOLVED, that the USAC Board of Directors hereby approves the adoption of the new FCC-USAC Memorandum of Understanding (MOU) recommended by USAC management, and the Board authorizes management, subject to making editorial changes agreed upon by USAC and FCC, to execute the new MOU as proposed.

At 2:43 p.m. Eastern Time, the Board continued in *Executive Session* with only members of the Board present.

- i5. Personnel Matter.** Mr. Henderson presented this item for discussion.

At 3:17 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 a3, a4, a5, and a6 and discussed items i2, i3, i4, and i5. On a motion duly made and seconded, the Board adjourned at 3:18 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

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

**Tuesday, July 26, 2016
8:30 a.m. – 12:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

OPEN SESSION

- a1.** Consent Items (each available for discussion upon request):
- A.** Approval of Board of Directors Meeting Minutes of April 26, 2016.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*.
 - C.** Routine procurements: Deemed consideration and approval of in *Executive Session*.
 - D.** Approval of 4th Quarter 2016 USAC Common and Consolidated Budgets.
- a2.** Reports from the Committee Chairs: Audit Committee, Executive 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.
- i1.** Business Update - Strategic Initiatives Updates:
- A.** Risk and Compliance Update (Vickie – 15 minutes)
 - B.** Stakeholder Engagement (Rebecca Davis– 30 minutes)
 - C.** Data Strategy Update (Hemang and Bill - 45 minutes)
 - D.** Exhibits
- i2.** Acceptance of USAC’s 2015 Annual Financial Audit and Agreed-Upon Procedures Review.
Same as aAC03

EXECUTIVE SESSION

- a4.** Approval of the Revised 2016 Annual USAC Common and Consolidated Budgets –
Confidential – Executive Session Recommended.
- a5.** Action on Four USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – **Confidential – Executive Session Recommended.**
- i3.** Quarterly Report on USF Contribution Matters – **Confidential – Executive Session Recommended.**
- i4.** Litigation Update/Contract Issue – **Confidential – Executive Session Recommended. Attorney-Client Privilege.**
- i5.** Personnel Matter – **Confidential – Executive Session Recommended.**

Next USAC Board of Directors Meeting

**Tuesday, October 25, 2016
8:30 a.m. – 12:00 p.m. Eastern Time
USAC Offices, Washington, D.C.**

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

BOARD OF DIRECTORS MEETING
Tuesday, July 26, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, July 26, 2016. Dr. Brian Talbott, Board Chair, chaired the meeting. Dr. Talbott called the meeting to order at 8:32 a.m. Eastern Time, with a quorum of 15 of the 19 Board members present:

Bocher, Robert	Jimenez, Jose
Buzacott, Alan	Jortner, Wayne – Treasurer
Domenech, Dr. Daniel	Lubin, Joel – Vice Chair
Feiss, Geoff	Mason, Ken
Fontana, Brent	Talbott, Dr. Brian Talbott – Chair
Gillan, Joe	Tinic, Atilla
Henderson, Chris – CEO	Wein, Olivia
Hernandez, Dr. Mike	

Mr. Matthew Gerst and Dr. Kathy Wibberly joined the meeting at 8:50 a.m. Eastern Time. They did not vote on or participate on the discussion of item a1.

Members of the Board not present:

Brisé, Ronald
Jacobs, Ellis - Secretary

Officers of the corporation present:

Blackwell, Mel – Vice President of Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Davis, Craig – Vice President of Rural Health Care Division
Garber, Michelle – Vice President of Lifeline Division
Robinson, Vickie - Vice President and General Counsel
Scott, Wayne – Vice President of Internal Audit
Shah, Hemang – Vice President of Strategy and Change Management
Sweeney, Mark – Chief Operating Officer; Acting Vice President of High Cost Program
Taylor, Peter – Vice President of Information Technology and Chief Information Officer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Barua, Anurag	USAC
Beard, Jay	USAC
Belden, Richard	USAC
Carpenter, Nikki-Blair	USAC
Davis, Rebecca	Ovington
Duvall, Rashann	USAC
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Healy, Morgan	APPGEO
Hutchinson, Kyle	USAC
Johnson, William	USAC
King, Lauren	USAC
Lutz, Corey	USAC
Marjani, Rexhina	USAC
McNeff, Kristina	USAC
Nuzzo, Patsy	USAC
Salvator, Charles	USAC
Schrieber, Johnnay	USAC
Sinkfield, David	USAC
Stiratt, Christine	USAC
Theobald, Fred	USAC
Wilson, Reggie	USAC
Zufolo, Jessica	USAC

OPEN SESSION

a1. Consent Items. Dr. Talbott presented this item to the Board.

- A. Board meeting minutes of April 26, 2016.
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **a4** – Approval of the Revised 2016 Annual USAC Common and Consolidated Budgets. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (2) **a5** – Action on Four USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends this item be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
 - (3) **i3** – Quarterly Report on USF Contribution Matters. USAC management recommends that this matter be discussed in

Executive Session because the report 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.*

- (4) **i4** – Litigation Update/Contract Issue. USAC management recommends this item be discussed in *Executive Session* because this matter is subject to *attorney-client privilege and relates to USAC’s procurement strategy and contract administration.*
- (5) **i5** – Personnel Matter. Consistent with USAC’s long-standing practice and to preserve privacy, USAC management recommends that this item be discussed in *Executive Session.*

C. Routine Procurements: Deemed consideration and approval in *Executive Session*:

- (1) The Board is requested to approve an increase of the contract award to Okta, Inc. for identity access management software by \$37,324.00. This additional amount will ensure USAC will be fully compliant with FedRAMP standards for access identity software. This increase will bring the total value of the contract with Okta, Inc. to \$339,415.80 plus applicable taxes. A resolution approving the contract is provided below.

D. Approval of 4th Quarter 2016 USAC Common and Consolidated Budgets.

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

RESOLVED, that the USAC Board of Directors hereby approves the Board meeting minutes of April 26, 2016; and discussion in *Executive Session* of the items noted above; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2016 common operating budget of \$15.72 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2016 common capital budget of \$0.50 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$16.22 million for USAC common costs in the required August 2, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2016 consolidated operating budget of \$50.62 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2016 consolidated capital budget of \$2.80 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$53.42 million for USAC consolidated costs in the required August 2, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to increase the contract award to Okta, Inc. for identity access management software by \$37,324.00, increasing the total value of the contract with Okta, Inc. to \$339,415.80 plus applicable taxes.

- a2. Reports from 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 2016 quarterly meetings. Mr. Jimenez reported for the Audit Committee; Mr. Lubin reported for the High Cost & Low Income Committee; Dr. Talbott reported for the Executive Committee; Dr. Wibberly reported for the Rural Health Care Committee; and Dr. Domenech reported for the Schools and Libraries Committee.
- a3. Election of Board Members to Committees, Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers.** Mr. Feiss, Chair of the Nominating Committee presented this item for discussion.

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

Election of Board Chair, Vice Chair, Secretary and Treasurer

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

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects **Mr. Ken Mason**

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

and **Ms. Olivia Wein** to serve in the at-large seats added to the High Cost & Low Income Committee;

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects and **Mr. Brent Fontana** and **Mr. Jose Jimenez** to serve in the at-large seats added to the Schools & Libraries Committee; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Nominating Committee and elects **Dr. Mike Hernandez** to fill the at-large seat on the Rural Health Care Committee previously held by Joe Gillan.

Election of Committee Chairs and Vice Chairs

RESOLVED, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects **Mr. Joe Gillan** as Chair and **Mr. Jose Jimenez** as Vice Chair of the **Audit Committee**; and

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

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

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects **Dr. Daniel Domenech** as Chair and **Mr. Ken Mason** as Vice Chair of the **Schools & Libraries Committee**; and

RESOLVED FURTHER, that each of the aforementioned directors shall serve for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to a 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.

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 **Ms. Vickie Robinson** as Assistant Secretary of the corporation and **Mr. David 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.

- i1. Business Update.** - Strategic Initiatives Updates. These items were presented by Mr. Henderson, Ms. Robinson, Ms. Davis, Mr. Shah and Mr. Johnson, Director of Data Strategy.
- A. Risk and Compliance Update (Ms. Robinson – 15 minutes)
 - B. Stakeholder Engagement (Ms. Davis– 30 minutes)
 - C. Data Strategy Update (Mr. Shah and Mr. Johnson - 45 minutes)
 - D. Exhibits – These reports were included as informational items only.
- i2.** Acceptance of USAC's 2015 Annual Financial Audit and Agreed-Upon Procedures Review. Mr. Scott introduced this time to the Board.

At 10:47 a.m. Eastern Time the Board moved into **Executive Session** for the purpose of discussing the confidential items listed above. The Board then recessed and reconvened at 11:00 a.m. Eastern Time.

EXECUTIVE SESSION

- a4.** Approval of the Revised 2016 Annual USAC Common and Consolidated Budgets. Mr. Henderson and Mr. Case presented this item for consideration.

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 revised 2016 annual common operating budget of \$64.7 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2016 annual consolidated operating budget of \$164.1 million.

- a5. Action on Four USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Ms. Nikki-Blair Carpenter, Senior Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion, the Board adopted the following resolutions, with one Board member opposing the resolution because the majority of directors had concerns with Attachments B and C:

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

- i3. Quarterly Report on USF Contribution Matters.** Mr. Fred Theobald, Director of Financial Operations, presented this item to the Board.
- i4. Litigation Update/Contract Issue.** This item was included for informational purposes only.

At 11:30 a.m. Eastern Time, the Board continued in *Executive Session* with only members of the Board present.

- i5. Personnel Matter.** Mr. Henderson presented this item for discussion.

At 1:30 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 took action on items a4 and a5 and discussed items i3, i4, and i5. On a motion duly made and seconded, the Board adjourned at 1:30 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary

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

**Tuesday, October 25, 2016
8:30 a.m. – 2:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

OPEN SESSION

- a1.** Consent Items (each available for discussion upon request):
- A.** Approval of Board of Directors Meeting Minutes of July 26, 2016.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*.
 - C.** Routine procurements: Deemed consideration and approval of in *Executive Session*.
 - D.** Approval to correct the July 2017 Programmatic Committee and Board of Directors meeting dates from July 23-24 to July 24-25, 2017.
 - E.** Appointment of a Nominating Committee and Direction to Committees for Nomination of Committee Chairs, Vice Chairs and Officers and Review and Adoption of Committee Charter.
- 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.
- i1.** Business Update:
- A.** Summary of Strategic Initiatives (Chris/Hemang).
 - B.** Exhibit.

EXECUTIVE SESSION

Chera	i1. Business Update (Continued) C. People, Culture and Change 100 Day View (Chera) – Confidential – Executive Session Recommended.
Dave Case	i2. Quarterly Report on USF Contribution Matters – Confidential – Executive Session Recommended.
Wayne	a3. Action on Two USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports – Confidential – Executive Session Recommended.
Dave Case	i3. Information on Office Space Expansion Plans – Confidential – Executive Session Recommended.
Chris	i4. Information on Estimated 2017 USAC Common and Consolidated Budgets– Confidential – Executive Session Recommended.
Chris	a4. Approval of 1st Quarter 2017 USAC Common and Consolidated Budgets – Confidential – Executive Session Recommended.
Chair	i5. Executive Session (Lunch) with Board Only – Confidential – Executive Session Recommended.
Chris	i6. Executive Session with CEO (Post Lunch) – Confidential – Executive Session Recommended.

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

Next USAC Board of Directors Meeting

Tuesday, January 30, 2017
8:30 a.m. – 12:00 p.m. Eastern Time
USAC Offices, Washington, D.C.

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

BOARD OF DIRECTORS MEETING
Tuesday, October 25, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, October 25, 2016. Dr. Brian Talbott, Board Chair, presided over the meeting. Dr. Talbott called the meeting to order at 8:34 a.m. Eastern Time, with a quorum of 17 of the 19 Board members present:

Bocher, Robert	Jacobs, Ellis
Brisé, Ronald	Jimenez, Jose
Buzacott, Alan	Jortner, Wayne – Treasurer
Feiss, Geoff	Lubin, Joel – Vice Chair
Fontana, Brent	Mason, Ken
Gerst, Matthew	Talbott, Dr. Brian Talbott – Chair
Gillan, Joe	Tinic, Atilla
Henderson, Chris – CEO	Wein, Olivia
Hernandez, Dr. Mike	

Dr. Kathy Wibberly joined the meeting at 8:37 a.m. Eastern Time. She voted on and participate in the discussion of all items.

Members of the Board not present:

Domenech, Dr. Dan

Officers of the corporation present:

Case, David – Vice President of Finance and Chief Financial Officer
Davis, Craig – Vice President of Schools & Libraries Division; Acting Vice
President of Rural Health Care Division
Garber, Michelle – Vice President of Lifeline Division
Hays, Kate – Vice President of Stakeholder Engagement
Poulin, Chera – Vice President of People Culture and Change
Robinson, Vickie - Vice President and General Counsel
Scott, Wayne – Vice President of Internal Audit
Shah, Hemang – Vice President of Strategy and Change Management
Sweeney, Mark – Chief Operating Officer; Acting Vice President of High Cost
Program
Taylor, Peter – Vice President of Information Technology and Chief Information
Officer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Carpenter, Nikki-Blair	USAC
Goode, Vernell	USAC
King, Lauren	USAC
Lee, Brandon	USAC
Lutz, Corey	USAC
McNeff, Kristina	USAC
Miller, Jack	Solix
Mondenge, Yvie	USAC
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Paquin, Eric	Solix
Salvator, Charles	USAC
Schrieber, Johnnay	USAC
Theobald, Fred	USAC
Trew, Anne Marie	USAC
Wilson, Reggie	USAC

OPEN SESSION

- a1. Consent Items.** Dr. Talbott presented this item to the Board.
- A. Board meeting minutes of July 26, 2016.
 - B. Approval for discussing in *Executive Session* agenda items:
 - (1) **i1** – People, Culture and Change 100 Day View. USAC management recommends that discussion of this item includes personnel matters and therefore should occur in *Executive Session* consistent with USAC’s long-standing practice and to preserve privacy.
 - (2) **i2** – Quarterly Report on USF Contribution Matters. USAC management recommends that this item be discussed in *Executive Session* because the report 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.*
 - (3) **a3** – Action on Two USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that this matter be discussed in *Executive Session* because the reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.*

- (4) **i3** – Information on Office Space Expansion Plans. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (5) **i4** – Information on Estimated 2017 USAC Common and Consolidated Budgets. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (6) **a4** – Approval of 1st Quarter 2017 USAC Common and Consolidated Budgets. USAC management recommends that discussion of this item includes personnel matters and therefore should occur in *Executive Session* consistent with USAC’s long-standing practice and to preserve privacy.
 - (7) **i5** – Executive Session (Lunch) with Board Only. USAC management recommends that discussion of this item be conducted in *Executive Session* because it includes personnel matters, consistent with USAC’s long-standing practice and to preserve privacy.
 - (8) **i6** – Executive Session with CEO. USAC management recommends that discussion of this item be conducted in *Executive Session* because it includes personnel matters, consistent with USAC’s long-standing practice and to preserve privacy.
- C. Routine Procurements: Deemed consideration and approval in *Executive Session*:
- (1) Approval of a contract award to Software Information Resource Corporation for the renewal of Red Hat Software and Support in the amount of \$288,283.16 plus applicable taxes. A resolution approving the Contract is provided below.
 - (2) Approval of an increase of the contract award by \$20,000 to Jamison Printing Services for printing and mailing services. This additional amount will enable customers to temporarily receive electronic invoice summaries until a permanent USAC customer relationship management solution is in place. This increase will bring the total value of the contract with Jamison Printing Services to \$265,229.80. A resolution approving the contract is provided below.
- D. Approval to correct the July 2017 Programmatic Committee and Board of Directors meeting dates from July 23-24 to July 24-25, 2017.
- E. Appointment of a Nominating Committee and Direction to Committees for Nomination of Committee Chairs, Vice Chairs and Officers and Review and Adoption of Committee Charter.

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

RESOLVED, that the USAC Board of Directors hereby approves the Board meeting minutes of July 26, 2016, and discussion in *Executive Session* of the items noted above; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to Software Information Resource Corporation for the renewal of Red Hat Software and Support in the amount of \$288,283.16 plus applicable taxes; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to increase the contract award to Jamison Printing Services for Financial Operations printing and mailing services by \$20,000.00, increasing the total value of the contract with Jamison Printing Services to \$265,229.90; and

RESOLVED FURTHER, that the USAC Board of Directors approves revising the Board of Directors and committee quarterly meeting dates from July 23-24, 2017 to July 24-25, 2017; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the draft Nominating Committee Charter, hereby approves and adopts the draft Nominating Committee Charter; and

RESOLVED FURTHER, that the USAC Board of Directors establishes a Nominating Committee and directs the Committee to recommend to the USAC Board of Directors at its January 31, 2017 meeting nominations for the elected USAC officer positions; and

RESOLVED FURTHER, that the USAC Board of Directors appoints Mr. Geoff Feiss as Nominating Committee chair and Dr. Kathy Wibberly and Mr. Ken Mason 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 31, 2017 meeting nominations for a chair and vice chair of each respective committee.

- a2. Reports from 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 2016 quarterly meetings. Mr. Gillan reported for the Audit Committee; Mr. Lubin reported for the High Cost & Low Income Committee; Dr. Talbott reported for the Executive Committee; Dr.

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

Wibberly reported for the Rural Health Care Committee; and Mr. Mason reported for the Schools and Libraries Committee.

i1. Business Update.

- A.** Summary of Strategic Initiatives. Mr. Henderson and Mr. Shah presented this item for discussion.
- B.** Exhibits. These reports were included as informational items only.

At 9:10 a.m. Eastern Time the Board moved into *Executive Session* for the purpose of discussing the confidential items listed above. The Board reconvened at 9:12 a.m. Eastern Time.

EXECUTIVE SESSION

- a4.** Approval of the Revised 2016 Annual USAC Common and Consolidated Budgets. Mr. Henderson and Mr. Case presented this item for consideration.

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 revised 2016 annual common operating budget of \$64.7 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2016 annual consolidated operating budget of \$164.1 million.

- a3.** **Action on Two USAC Internal Audit Division Universal Service Contributor Revenue Audit Reports.** Ms. Nikki-Blair Carpenter, Senior Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion, with Ms. Wein abstaining, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors, having reviewed the USAC Internal Audit Division contributor revenue audit reports listed in **Exhibit I** to this paper, together with management's responses thereto, accepts the recommendation of USAC management with respect to all Findings except Finding 1 from each report, which the Board requests be treated as "Other Matters," and hereby deems such reports final.

- i1.** **Business Update** (continued).
C. People, Culture and Change 100 Day View. Ms. Poulin presented this item for discussion.

At 10:34 a.m. Eastern Time the Board recessed and reconvened at 10:44 a.m. Eastern Time.

- i2.** **Quarterly Report on USF Contribution Matters.** Mr. Fred Theobald, Director of Financial Operations, presented this item to the Board.
- i4.** **Information on Estimated 2017 USAC Common and Consolidated Budgets.** Mr. Henderson and Mr. Case presented this item for discussion.
- a4.** **Approval of 1st Quarter 2017 USAC Common and Consolidated Budgets.** Mr. Case presented this item for consideration.

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 2017 common operating budget of \$23.42 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2017 common capital budget of \$3.47 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$26.89 million for USAC common costs in the required November 2, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2017 consolidated operating budget of \$50.27 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2017 consolidated capital budget of \$13.55 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$63.82 million for USAC consolidated costs in the required November 2, 2016 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors hereby authorizes USAC, in its discretion, to hire any persons prior to the commencement of the 1st Quarter 2017 to fill the additional positions approved by the Board pursuant to the above resolutions, provided that USAC has funding then available to finance such engagement.

- i3. Information Office Space Expansion Plans.** Mr. Case presented this item for discussion.

At 12:26 a.m. Eastern Time, the Board continued in *Executive Session* with only members of the Board present.

- i5. Executive Session with Board Only.** Dr. Talbott introduced this item for discussion.

- i6. Executive Session with CEO.** Mr. Henderson presented this item for discussion.

At 2:00 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 took action on items a3 and a4 and discussed items i1 – i6. On a motion duly made and seconded, the Board adjourned at 2:00 p.m. Eastern Time.

/s/ Vickie Robinson

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

Assistant Secretary

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

**Wednesday, December 7, 2016
3:00 p.m. – 3:30 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

EXECUTIVE SESSION

- a1. Approval of Office Space Expansion Plan and Budget – Confidential – *Executive Session Recommended.***

Next USAC Board of Directors Meeting

**Tuesday, January 31, 2017
USAC Offices, Washington, D.C.**

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

BOARD OF DIRECTORS MEETING
Thursday, December 7, 2016

MINUTES

A meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Thursday, December 7, 2016. Dr. Brian Talbott, Chair, called the meeting to order at 3:05 p.m. Eastern Time with a quorum of ten of the nineteen Committee members present.

Bocher, Robert – <i>by telephone</i>	Hernandez, Dr. Mike – <i>by telephone</i>
Buzacott, Alan – <i>by telephone</i>	Lubin, Joel – Vice Chair – <i>by telephone</i>
Fontana, Brent – <i>by telephone</i>	Mason, Ken – <i>by telephone</i>
Gerst, Matthew – <i>by telephone</i>	Talbott, Dr. Brian Talbott – Chair – <i>by telephone</i>
Gillan, Joe – <i>by telephone</i>	Wibberly, Dr. Kathy – <i>by telephone</i>
Henderson, Chris – CEO	

Mr. Jose Jimenez and Mr. Atilla Tinic joined by telephone at 3:07 p.m. Eastern Time. They participated in the discussion and voted on item a1.

Members of the Committee not present:

Brisé, Ronald
Domenech, Dr. Dan
Feiss, Geoff
Jacobs, Ellis
Jortner, Wayne – Treasurer
Wein, Olivia

Other Board members and officers of the corporation present:

Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Program
Robinson, Vickie – Vice President and General Counsel
Sweeney, Mark – Chief Operating Officer; Acting Vice President of High Cost

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
McNeff, Kristina	USAC
Nuzzo, Patsy	USAC

OPEN SESSION

- a1. Approval of Office Space Expansion Plan and Budget.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Ms. Vickie Robinson recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration* and is subject to the *attorney/client privilege*. presented this item to the Committee.

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

RESOLVED, that the USAC Board determines that consideration of the office space expansion and budget shall be conducted in *Executive Session*.

At 3:05 p.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.

EXECUTIVE SESSION

- a1. Approval of Office Space Expansion Plan and Budget.** Mr. Case presented these items to the Committee for discussion.

At 3:20 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 Dr. Talbott reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 3:20 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary