

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

Tuesday, January 26, 2016
10:15 a.m. – 12:15 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 High Cost & Low Income Committee Meeting Minutes of October 26, 2015.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*.
 - C.** Routine Procurements: Deemed consideration and approval in *Executive Session*.
None.
 - D.** Approval of High Cost Support Mechanism 2nd Quarter 2016 Programmatic Budget and Demand Projection for the February 1, 2016 Filing.
 - E.** Approval of Low Income Support Mechanism 2nd Quarter 2016 Programmatic Budget and Demand Projection for the February 1, 2016 Filing.
- a2.** Action on Nine USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- a3.** Action on Three USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- i1.** High Cost Support Mechanism Business Update
- General Business Update.
 - Key Measurements.
 - Strategic Initiatives.
- i2.** Low Income Support Mechanism (Lifeline) Business Update:
- General Business Update.
 - Key Measurements.
 - Strategic Initiatives.

EXECUTIVE SESSION

- a4.** Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report – **Confidential** – **Executive Session Recommended**.
- a5.** Approval of 2016 Annual High Cost Support Mechanism Budget – **Confidential** – *Executive Session Recommended*.
- a6.** Approval of 2016 Annual Low Income Support Mechanism Budget – **Confidential** – *Executive Session Recommended*.

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

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, April 25, 2016
10:00 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

HIGH COST & LOW INCOME COMMITTEE MEETING
Tuesday, January 26, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Tuesday, January 26, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 10:18 a.m. Eastern Time, with eight of the nine Committee members present:

Brisé, Ronald	Jacobs, Ellis – <i>by telephone</i>
Feiss, Geoff	Jortner, Wayne – <i>by telephone</i>
Gerst, Matthew – <i>by telephone</i>	Lubin, Joel – Chair
Henderson, Chris – CEO	Tinic, Atilla – <i>by telephone</i>

Members of the Committee not present:

Gillan, Joe – Vice Chair

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice Chair, Schools and Libraries Division
Bocher, Bob – Member of the Board – *by telephone*
Buzacott, Alan – Member of the Board – *by telephone*
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Davis, Craig – Vice President, Rural Health Care Division
Fontana, Brent – Member of the Board – *by telephone*
Garber, Michelle – Vice President, Low Income Division
Hays, Kate – Vice President of Stakeholder Engagement
Hernandez, Dr. Mike – Member of the Board – *by telephone*
Jimenez, Jose – Member of the Board – *by telephone*
Mason, Ken – Member of the Board – *by telephone*
Scott, Wayne – Vice President of Internal Audit
Talbot, Dr. Brian – Member of the Board – *by telephone*
Taylor, Peter – Vice President and Chief Information Officer – *by telephone*
Wein, Olivia – Member of the Board – *by telephone*
Wibberly, Dr. Kathy – Member of the Board – *by telephone*

Others present:

<u>NAME</u>	<u>COMPANY</u>
Davis, Jean	Cotton & Company

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

<u>NAME</u>	<u>COMPANY</u>
Dearborn, Philip	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Gelman, Sheryl – <i>by telephone</i>	USAC
Geppert, Carl	KPMG
Goode, Vernell	USAC
Guinan, Gabriela Gross	USAC
Hanly, Garnet – <i>by telephone</i>	FCC
Henzey, Terry	KPMG
Hughet, Pam	USAC
Johnston, Anna	USAC
Khan, Sammy	USAC
Lee, James	USAC
Morning, Kim	USAC
Murphy, Tom	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Palcic, Catherine	USAC
Patankar-Stoll, Anita – <i>by telephone</i>	FCC
Reed, Ellen	Cotton & Company
Santana-Gonzalez, Jeanette	USAC
Schrieber, Johnnay	USAC
Simab, Habib	USAC
Sinkfield, David	USAC
Zufolo, Jessica	USAC

OPEN SESSION

a1. Consent Items.

- A. Committee meeting minutes of October 26, 2015.
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **a4** – Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report. USAC management recommends that this item be discussed in *Executive Session* because discussion of specific audit plans, targets and/or techniques would constitute a *discussion of internal rules and procedures*.
 - (2) **a5** and **a6** – Approval of 2016 Annual High Cost and Low Income Support Mechanism Budgets. USAC management recommends that these items be discussed in *Executive Session* because these matters relate to USAC's *procurement strategy and contract administration*.
- C. Routine procurements, deemed consideration and approval of in *Executive Session*: None.

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

- D. Approval of High Cost Support Mechanism 2nd Quarter 2016 Programmatic Budget and Demand Projection for the February 1, 2016 FCC Filing.
- E. Approval of Low Income Support Mechanism 2nd Quarter 2016 Programmatic Budget and Demand Projection for the February 1, 2016 FCC Filing.

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

RESOLVED, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of October 26, 2015, and discussion in *Executive Session* of the action on one USAC Internal Audit Division Low Income Support Mechanism beneficiary audit report and the approval of the 2016 annual High Cost and Low Income support mechanism budgets; and

RESOLVED, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2016 programmatic operating budget for the High Cost Support Mechanism of \$3.2 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2016 programmatic capital budget for the High Cost Support Mechanism of \$0.9 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$4.1 million for High Cost Support Mechanism administrative costs in the required February 1, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 25, 2016 a summary of the 2nd Quarter 2016 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required February 1, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$ 15 million.

RESOLVED, that the USAC High Cost & Low Income Committee approves a 2nd Quarter 2016 programmatic operating budget for the Low Income Support Mechanism of \$2.6 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$2.6 million for Low Income Support Mechanism administrative costs in the required February 1, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on January 25, 2016 a summary of the 2nd Quarter 2016 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required February 1, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a2. Action on Nine USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion, with Mr. Feiss abstaining, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a3. Action on Three USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion, with Mr. Feiss abstaining, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- i1. High Cost Support Mechanism Business Update.** Mr. Sammy Kahn, Director of the High Cost Division presented this item for discussion:
- General Business Update:

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

- Disbursements.
- CAF Reserve.
- CAF Phase I Update.
- Rural Broadband Experiments.
- Mobility Fund Metrics.
- Key Measurements.

- Strategic Initiatives Update
 - 2015 High Cost Strategy.
 - High Cost Business Redesign.
 - Mobility Fund Resign.

i2. Low Income Support Mechanism (Lifeline) Business Update. Ms. Garber presented this item for discussion:

- General Business Update.
 - Lifeline Disbursement Trends.
 - Annual Consumer Recertification Results.

- Key Measurements.

- Strategic Initiatives.
 - Lifeline Reform Activities.

At 11:46 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session*, with only members of the Board, officers, and FCC representatives present for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

a4. Action on One USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Report. Ms. Pamela Hughet, Manager of Internal Audit, presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit report number LI2014BE025 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

a5. Approval of 2016 Annual High Cost Support Mechanism Budget. Mr. Belden presented this item for consideration.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a 2016 annual High Cost programmatic operating budget of \$14.4 million; and

RESOLVED FURTHER, that the USAC High Cost and Low Income Committee approves a 2016 annual High Cost programmatic capital budget of \$3.0 million.

- a6. Approval of 2016 Annual Low Income Support Mechanism Budget.** Mr. Belden presented this item for consideration.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a 2016 annual Low Income programmatic operating budget of \$10.9 million; and

RESOLVED FURTHER, that the USAC High Cost and Low Income Committee approves a 2016 annual Low Income programmatic capital budget of \$0.2 million.

At 12:08 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on items a4, a5 and a6. On a motion duly made and seconded, the Committee adjourned at 12:13 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting
Agenda**

**Wednesday, March 23, 2015
3:30 p.m. – 4:30 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036**

ACTION ITEMS

- | |
|---|
| a1. Action on 12 USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i> . |
| a2. Action on Four USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i> . |
| a3. Consideration of Sole Source Contract for a High Cost Redesign Contractor – Confidential – <i>Executive Session Recommended</i> . |

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday, April 25, 2016
1:15 p.m. – 4:15 p.m. Eastern Time
USAC Offices, Washington, D.C.**

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Wednesday, March 23, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Wednesday, March 23, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 3:32 p.m. Eastern Time, with seven of the nine Committee members present:

Brisé, Ronald – <i>by telephone</i>	Henderson, Chris – CEO
Feiss, Geoff – <i>by telephone</i>	Jacobs, Ellis – <i>by telephone</i>
Gerst, Matthew – <i>by telephone</i>	Lubin, Joel – Chair
Gillan, Joe – <i>by telephone</i>	

Mr. Wayne Jortner joined the meeting by telephone at 3:36 p.m. Eastern Time. He participated in the discussion and voted on all items.

Members of the Committee not present:

Tinic, Atilla

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Garber, Michelle – Vice President, Low Income Division
Robinson, Vickie – Vice President and General Counsel
Scott, Wayne – Vice President of Internal Audit
Sweeney, Mark – Vice President, High Cost Program
Taylor, Peter – Vice President and Chief Information Officer – *by telephone*

Others present:

<u>NAME</u>	<u>COMPANY</u>
Amend, Gregg – <i>by telephone</i>	Moss Adams
Bilodeau, Amanda	USAC
Delmar, Teleshia	USAC
Gelman, Sheryl	USAC
Gephardt, Carl – <i>by telephone</i>	KPMG
Gillespie, Mike	Cotton & Company
Guinan, Gabriela Gross	USAC
Henzy, Terry	KPMG

<u>NAME</u>	<u>COMPANY</u>
Hughet, Pam	USAC
Nuzzo, Patsy	USAC
Reed, Ellen	Cotton & Company
Schrieber, Johnnay	USAC

ACTION ITEMS

- a1. Action on 12 USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Senior Manager of Internal Audit, presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a2. Action on Four USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a3. Consideration of Sole Source Contract for a High Cost Redesign Contractor.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Ms. Robinson 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 and after discussion, the Committee adopted the following resolution:

RESOLVED, that the High Cost and Low Income Committee of the USAC Board of Directors determines that consideration of the recommended sole source contract award for a High Cost redesign contractor shall be conducted in *Executive Session*.

At 3:44 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 listed above.

EXECUTIVE SESSION

- a3. Consideration of Sole Source Contract for a High Cost Redesign Contractor.**
Mr. Case and Mr. Sweeney presented this item for consideration.

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

RESOLVED, that the High Cost and Low Income Committee of the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a sole source contract to Bell Creek for a total fixed-labor hour price with a not-to-exceed total of \$150,000.

At 3:57 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on item a3. On a motion duly made and seconded, the Committee adjourned at 3:57 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

**Monday, April 25, 2016
1:15 p.m. – 4:15 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 High Cost & Low Income Committee Meeting Minutes of January 26, 2016 and March 23, 2016.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*.
 - C.** Routine Procurements: Deemed consideration and approval in *Executive Session*.
None.
 - D.** Approval of High Cost Support Mechanism 3rd Quarter 2016 Budget and Demand Projections for the May 2, 2016 FCC Filing.
 - E.** Approval of Low Income Support Mechanism 3rd Quarter 2016 Budget and Demand Projections for the May 2, 2016 FCC Filing.
- a2.** Action on Three USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- a3.** Approval of 2016 Annual High Cost Support Mechanism Programmatic Budget.
- a4.** Approval of 2016 Annual Low Income Support Mechanism Programmatic Budget.
- i1.** High Cost Support Mechanism Business Update
- General Business Update.
 - Key Measurements.
 - Strategic Initiatives.
- i2.** Low Income Support Mechanism (Lifeline) Business Update:
- General Business Update.
 - Key Measurements.
 - Strategic Initiatives.

EXECUTIVE SESSION

- i3.** Lifeline Reform Procurement Strategy – **Confidential** – *Executive Session Recommended*.

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

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, July 25, 2016

10:00 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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, April 25, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, April 25, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:15 p.m. Eastern Time, with eight of the nine Committee members present:

Brisé, Ronald	Jacobs, Ellis – <i>by telephone</i>
Feiss, Geoff	Jortner, Wayne – <i>by telephone</i>
Gerst, Matthew – <i>by telephone</i>	Lubin, Joel – Chair
Henderson, Chris – CEO	Tinic, Atilla – <i>by telephone</i>

Members of the Committee not present:

Gillan, Joe – Vice Chair

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Bocher, Bob – Member of the Board
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Davis, Craig – Vice President, Rural Health Care Division
Fontana, Brent – Member of the Board
Garber, Michelle – Vice President, Low Income Division
Hays, Kate – Vice President of Stakeholder Engagement
Hernandez, Dr. Mike – Member of the Board
Mason, Ken – Member of the Board
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
Talbot, Dr. Brian – Member of the Board
Taylor, Peter – Vice President and Chief Information Officer
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Barua, Anurag	USAC
Bilodeau, Amanda	USAC
Buchanan, Elena	USAC
Delmar, Teleshia	USAC
Gelman, Sheryl	USAC
Gonzales, Veronica	USAC
Guinan, Gabriela Gross	USAC
Hanly, Garnet	FCC
Ho, Joseph	USAC
Hughet, Pam	USAC
Jacobs, Ludovick	USAC
Khan, Sammy	USAC
Lee, James	USAC
Lougheed, Matt	USAC
Mattey, Carol	FCC
Miller, Jack	Solix
Mitchev, Stephan	USAC
Nuzzo, Patsy	USAC
Paquin, Eric	Solix
Rasmussen, Mary	USAC
Wilson, Reggie	USAC

OPEN SESSION

a1. Consent Items.

- A. Committee meeting minutes of January 26, 2016 and March 23, 2016.
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **i3.** – Lifeline Reform Procurement 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 *pre-decisional matters pending before the FCC*.
- C. Routine procurements, deemed consideration and approval of in *Executive Session*: None.
- D. Approval of High Cost Support Mechanism 3rd Quarter 2016 Budget and Demand Projections for the May 2, 2016 FCC Filing.
- E. Approval of Low Income Support Mechanism 3rd Quarter 2016 Budget and Demand Projections for the May 2, 2016 FCC Filing.

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

RESOLVED, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of January 26, 2016 and March 23, 2016; and discussion in *Executive Session* of the Lifeline Reform Procurement Strategy; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2016 programmatic operating budget for the High Cost Support Mechanism of \$3.8 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2016 programmatic capital budget for the High Cost Support Mechanism of \$1.2 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$11.46 million for High Cost Support Mechanism administrative costs in the required May 2, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on April 25, 2016, a summary of the 3rd Quarter 2016 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 3rd Quarter 2016 programmatic operating budget for the Low Income Support Mechanism of \$3.0 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$6.1 million for Low Income Support Mechanism administrative costs in the required May 2, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on May 2, 2016 a summary of the 3rd Quarter 2016 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a2. Action on Three USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Senior Manager of Internal Audit, presented this item for consideration and noted that Attachment B would not be finalized at this time.

On a motion duly made and seconded and after discussion, with Mr. Feiss abstaining, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a3. Approval of 2016 Annual High Cost Support Mechanism Programmatic Budget.** Mr. Case presented this item for consideration.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a revised 2016 annual High Cost programmatic operating budget of \$13.7 million.

- a4. Approval of 2016 Annual Low Income Support Mechanism Programmatic Budget.** Mr. Case presented this item for consideration.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a revised 2016 annual Low Income programmatic operating budget of \$10.1 million.

- i1. High Cost Support Mechanism Business Update.** Mr. Mark Sweeney and Ms. Carol Matthey, FCC's Deputy Chief, Wireline Competition Bureau, presented this item for discussion:

- General Business Update.
- Key Measurements.
- Strategic Initiatives.

The Committee recesses at 2:20 p.m. Eastern Time and reconvenes at 2:33 p.m. Eastern Time.

- i2. Low Income Support Mechanism (Lifeline) Business Update.** Ms. Garber presented this item for discussion:

- General Business Update.

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

- Key Measurements.
- Strategic Initiatives.

At 3:30 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 listed above.

EXECUTIVE SESSION

i3. Lifeline Reform Procurement Strategy. Ms. Garber presented this item for discussion.

At 4:00 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed item i3. On a motion duly made and seconded, the Committee adjourned at 4:02 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting
Agenda**

**Thursday, June 23, 2016
1:00 p.m. – 1:30 p.m. Eastern Time
USAC Offices
2000 L Street, N.W., Suite 200
Washington, D.C. 20036**

ACTION ITEMS

- a1.** Action on Eight USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- a2.** Action on Six USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.

INFORMATION ITEMS

- i1.** High Cost Program Modernization and Incremental Cost Estimate – *Executive Session Option*.
- i2.** Lifeline Program Update – *Executive Session Recommended*.

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday July 25, 2016
1:00 p.m. – 3:30 p.m. Eastern Time
USAC Offices, Washington, D.C.**

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Thursday, June 23, 2016

MINUTES

A meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Thursday, June 23, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:02 p.m. Eastern Time, with five of the nine Committee members present:

Brisé, Ronald – *by telephone*
Gerst, Matthew – *by telephone*
Henderson, Chris – CEO

Jacobs, Ellis – *by telephone*
Lubin, Joel – Chair – *by telephone*

Mr. Wayne Jortner joined the meeting by telephone at 1:05 p.m. Eastern Time. He participated in the discussion and voted on all items.

Members of the Committee not present:

Feiss, Geoff
Gillan, Joe
Tinic, Atilla

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Garber, Michelle – Vice President, Low Income Division
Robinson, Vickie – Vice President and General Counsel
Scott, Wayne – Vice President of Internal Audit
Sweeney, Mark – Vice President, High Cost Program – *by telephone*
Talbot, Brian – Member of the Board – *by telephone*

Others present:

<u>NAME</u>	<u>COMPANY</u>
Bilodeau, Amanda	USAC
Delmar, Teleshia	USAC
Gelman, Sheryl	USAC
Guinan, Gabriela Gross	USAC
Hughet, Pam	USAC
Khan, Sammy	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS

- a1. Action on Eight USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Senior Manager of Internal Audit, presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a2. Action on Six USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Hughet presented this item for consideration.

On a motion duly made and seconded and after discussion, with Mr. Lubin abstaining from Attachment A, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

INFORMATION ITEMS

- i1. High Cost Program Modernization and Incremental Cost Estimate.** Mr. Sweeney presented this item for discussion. After discussion, the Committee agreed that the need for additional headcount be presented for approval by the Committee and voted on by unanimous consent following the meeting.
- i2. Lifeline Program Update.** Ms. Robinson recommended that discussion of this matter be discussed in *Executive Session* because this matter relates to *investigatory records, pre-decisional matters pending before the FCC, and/or internal controls*.

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

RESOLVED, that the Executive Committee of the USAC Board of Directors approves the discussion of this item in *Executive Session*.

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

At 1:35 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 listed above.

EXECUTIVE SESSION

i2. Lifeline Program Update. Ms. Garber presented this item for discussion.

At 1:51 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed item i2. On a motion duly made and seconded, the Committee adjourned at 1:51 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary

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

HIGH COST & LOW INCOME MEETING
June 29, 2016

MINUTES

Following a June 23, 2016 High Cost and Low Income Committee (Committee) call, USAC management requested that the Committee approve the addition of a total of 27 full-time employees to the High Cost and Information Technology (IT) Divisions headcount to meet the challenges posed by the High Cost modernization efforts. To move forward with the recruitment for these positions, the Committee was asked to approve the additional headcount by unanimous consent.

On June 29, 2016, by unanimous consent, the Committee approved the following resolution.

RESOLVED, that the High Cost & Low Income Committee, having reviewed and discussed during the High Cost & Low Income Committee meeting of June 23, 2016 USAC management's recommendation, approves the addition of a total of 27 full-time employees to the High Cost and IT divisions.

/s/ Ellis Jacobs
Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

**Monday, July 25, 2016
1:00 p.m. – 3:30 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

OPEN SESSION

- | |
|---|
| <p>a1. Consent Items (each available for discussion upon request):</p> <ul style="list-style-type: none">A. Approval of High Cost & Low Income Committee Meeting Minutes of April 25, 2016, June 23, 2016, and June 29, 2016.B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>.C. Routine Procurements: Deemed consideration and approval in <i>Executive Session</i>.
<i>None.</i>D. Approval of High Cost Support Mechanism 4th Quarter 2016 Programmatic Budget and Demand Projection for the August 2, 2016 FCC Filing.E. Approval of Low Income Support Mechanism 4th Quarter 2016 Programmatic Budget and Demand Projection for the August 2, 2016 FCC Filing.F. Approval of Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports With No Findings. |
| <p>a2. Recommendation for Election of Committee Chair and Vice Chair.</p> |
| <p>a3. Action on Eight USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>.</p> |
| <p>i1. Low Income Support Mechanism (Lifeline) Business Update:</p> <ul style="list-style-type: none">• General Business Update.• Key Measurements.• Strategic Initiatives. |
| <p>i2. High Cost Support Mechanism Business Update</p> <ul style="list-style-type: none">• High Cost Financial results and projections.• Mobility Update.• CAF Phase 1 Verification.• Rate of Return Progress.• High Cost Portal Plans.• Playbook and Process Redesign.• Risk Mitigation. |

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

EXECUTIVE SESSION

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| a4. Consideration of Contract Award for a National Verifier Strategic Consultation –
Confidential – <i>Executive Session Recommended.</i> |
| a5. Approval of Revised 2016 Annual Low Income Support Mechanism Programmatic Budget
– Confidential – <i>Executive Session Recommended.</i> |
| a6. Approval of Revised 2016 Annual High Cost Support Mechanism Programmatic Budget –
Confidential – <i>Executive Session Recommended.</i> |

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, October 24, 2016 10:00 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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, July 25, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, July 25, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:07 p.m. Eastern Time, with six of the nine Committee members present:

Feiss, Geoff	Jortner, Wayne
Gerst, Matthew	Lubin, Joel – Chair
Henderson, Chris – CEO	Tinic, Atilla

Members of the Committee not present:

Brisé, Ronald
Gillan, Joe – Vice Chair
Jacobs, Ellis

Other Board members and officers of the corporation present:

Bocher, Bob – Member of the Board
Buzacott, Alan – Member of the Board
Case, David – Vice President of Finance and Chief Financial Officer
Davis, Craig – Vice President of Rural Health Care Division
Domenech, Dr. Dan – Member of the Board
Fontana, Brent – Member of the Board
Garber, Michelle – Vice President of Lifeline Division
Hernandez, Dr. Mike – Member of the Board
Mason, Ken – Member of the Board
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
Talbot, Dr. Brian – Member of the Board
Taylor, Peter – Vice President of Information Technology and Chief Information Officer
Wein, Olivia – Member of the Board
Wibberly, Dr. Kathy – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Barua, Anurag	USAC
Bilodeau, Amanda	USAC
Davis, Rebecca	Ovington
Delmar, Teleshia	USAC
Frappier, Danielle	DWT
Gelman, Sheryl	USAC
Gonzales, Veronica	USAC
Griffin, Jadie	FCC
Guinan, Gabriela Gross	USAC
Hanly, Garnet	FCC
Harkrader, Trent	FCC
Hughet, Pam	USAC
Johnston, Anna	USAC
Khan, Sammy	USAC
King, Lauren	USAC
Marjani, Rexhina	USAC
McNeff, Kristina	USAC
Miller, Jack	Solix
Morning, Kimberly	USAC
Nuzzo, Patsy	USAC
Palmer, Ryan	FCC
Rasmussen, Mary	USAC
Salvatore, Charles	USAC
Schrieber, Johnnay	USAC
Simab, Habib	USAC
Stenger, Douglas	USAC
Tessler, Joelle	USAC
Wilson, Reggie	USAC
Zufolo, Jessica	USAC

OPEN SESSION

a1. Consent Items.

- A. Committee meeting minutes of April 25, 2016, June 23, 2016, and June 29, 2016.
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **a4.** – Consideration of Contract Award for a National Verifier Strategic Consultation. 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 *pre-decisional matters pending before the FCC*.

- (2) **a5.** – Approval of Revised 2016 Annual Low Income Support Mechanism Programmatic Budget. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (3) **a6.** – Approval of Revised 2016 Annual High Cost Support Mechanism Programmatic Budget. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
- C. Routine procurements, deemed consideration and approval of in *Executive Session*: None.
 - D. Approval of High Cost Support Mechanism 4th Quarter 2016 Programmatic Budget and Demand Projections for the August 2, 2016 FCC Filing.
 - E. Approval of Low Income Support Mechanism 4th Quarter 2016 Programmatic Budget and Demand Projections for the August 2, 2016 FCC Filing.
 - F. Approval of Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports with No Findings.

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

RESOLVED, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of April 25, 2016, June 23, 2016 and June 29, 2016; and discussion in *Executive Session* of a contract award for a National Verifier Strategic Consultant and approval of the revised 2016 Low Income and High Cost Support Mechanism Programmatic Budgets; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2016 programmatic operating budget for the High Cost Support Mechanism of \$4.25 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$9.25 million for High Cost Support Mechanism administrative costs in the required August 2, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 25, 2016 a summary of the 4th Quarter 2016 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 2, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million; and

RESOLVED, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2016 programmatic operating budget for the Low Income Support Mechanism of \$5.43 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$7.81 million for Low Income Support Mechanism administrative costs in the required August 2, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 25, 2016 a summary of the 4th Quarter 2016 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 2, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed the Low Income Support Mechanism beneficiary audit reports listed in **Exhibit I** to this briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Feiss, Chair of the Nominating Committee, presented this item for discussion.

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

RESOLVED, that the USAC High Cost & Low Income Committee recommends that the USAC Board of Directors elect **Mr. Joel Lubin** as Chair and **Mr. Joe Gillan** as Vice Chair of the Committee 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 or the Board, is removed by resolution of the Board, or is no longer a member of the Board.

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

- a3. Action on Eight USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Senior Manager of Internal Audit, presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- i1. Low Income Support Mechanism (Lifeline) Business Update.** Ms. Garber and Mr. Trent Harkrader, FCC's Associate Bureau Chief, Wireline Competition Bureau, presented this item for discussion:

- General Business Update.
- Key Measurements.
- Strategic Initiatives.

- i2. High Cost Support Mechanism Business Update.** Mr. Sweeney presented this item for discussion:

- High Cost Financial results and projections.
- Mobility Update.
- CAF Phase 1 Verification.
- Rate of Return Progress.
- High Cost Portal Plans.
- Playbook and Process Redesign.
- Risk Mitigation.

At 2:54 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 listed above.

EXECUTIVE SESSION

- a4. Consideration of Contract Award for a National Verifier Strategic Consultation.** Ms. Garber presented this item for discussion.

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

RESOLVED, that the Executive Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to purchase National Verifier Business Consulting services, from Boston Consulting Group, for the firm-fixed price of \$4,495,300, subject to required FCC approvals.

a5. Approval of Revised 2016 Annual Low Income Support Mechanism Programmatic Budget. Mr. Case presented this item for consideration.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a revised 2016 annual Low Income programmatic operating budget of \$13.8 million.

a6. Approval of Revised 2016 Annual High Cost Support Mechanism Programmatic Budget. Mr. Case presented this item for consideration.

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

RESOLVED, that the USAC High Cost and Low Income Committee approves a revised 2016 annual High Cost programmatic operating budget of \$15.5 million.

At 3:28 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on items a4, a5 and a6. On a motion duly made and seconded, the Committee adjourned at 3:29 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting
Agenda**

**Thursday, September 29, 2016
4:00 p.m. – 4:30 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

ACTION ITEMS

- a1.** Consideration of Task Order Award for Broadband Data Collection Application and GIS Solution – *Executive Session Recommended.*

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday October 24, 2016
10:00a.m. – 12:00 p.m. Eastern Time
USAC Offices, Washington, D.C.**

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Thursday, September 29, 2016

MINUTES

A meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Thursday, September 29, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 1:02 p.m. Eastern Time, with eight of the 11 Committee members present:

Gerst, Matthew – <i>by telephone</i>	Lubin, Joel – Chair – <i>by telephone</i>
Gillan, Joe – Vice Chair – <i>by telephone</i>	Olivia Wein – <i>by telephone</i>
Henderson, Chris – CEO	Tinic, Atilla – <i>by telephone</i>
Jacobs, Ellis – <i>by telephone</i>	Mason, Ken – <i>by telephone</i>

Mr. Wayne Jortner and Mr. Ronald Brisé joined the meeting by telephone respectively at 1:06 and 1:07 p.m. Eastern Time. Both participated in the discussion and voted on the item presented.

Members of the Committee not present:

Feiss, Geoff

Other Board members and officers of the corporation present:

Jimenez, Jose – Member of the Board – *by telephone*
Robinson, Vickie – Vice President and General Counsel
Sweeney, Mark – Chief Operating Officer; Acting Vice President of High Cost Program
Talbot, Brian – Member of the Board – *by telephone*
Taylor, Peter – Vice President of Information Technology and Chief Information Officer

Others present:

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

ACTION ITEMS

Consideration of Task Order Award for Broadband Data Collection Application and GIS Solution. Ms. Robinson 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 and after discussion, the Committee adopted the following resolutions:

RESOLVED, that the High Cost and Low Income Committee of the USAC Board of Directors determines that consideration of the recommended task order award for broadband data collection and GIS solution shall be conducted in *Executive Session*.

At 4:04 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 listed above.

EXECUTIVE SESSION

a1. Consideration of Task Order Award for Broadband Data Collection Application and GIS Solution. Mr. Sweeney presented this item for consideration.

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

RESOLVED, that the High Cost Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a task order to purchase Broadband Data Collection Application & GIS Solution Consulting services from Applied Geographics, Inc., in the amount of \$472,600; and

FURTHER RESOLVED, that the High Cost Low Income Committee hereby grants USAC management the authority to increase the amount of the task order identified in the preceding resolution for a total, cumulative amount not to exceed \$543,400, subject to required FCC approvals.

At 4:13 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin 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 4:14 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Quarterly Meeting
Agenda**

<p>Monday, October 24, 2016 10:00 a.m. – 12:00 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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<u>OPEN SESSION</u>	
a1.	Consent Items (each available for discussion upon request): <ul style="list-style-type: none"> A. Approval of High Cost & Low Income Committee Meeting Minutes of July 25, 2016 and September 29, 2016. B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>. C. Routine Procurements: Deemed consideration and approval in <i>Executive Session</i>. D. Approval of High Cost Support Mechanism 1st Quarter 2017 Programmatic Budget and Demand Projection for the November 2, 2016 Filing.
a2.	Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i> .
a3.	Action on Eight USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i> .
i1.	High Cost Support Mechanism Business Update <ul style="list-style-type: none"> • General Business Update. • Key Measurements. • Strategic Initiatives.
i2.	Low Income Support Mechanism (Lifeline) Business Update: <ul style="list-style-type: none"> • General Business Update. • Key Measurements. • Strategic Initiatives.

<u>EXECUTIVE SESSION</u>	
Pam	a4. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – Confidential – <i>Executive Session Recommended</i> .
Mark	i3. Information on Estimated 2017 Annual High Cost Support Mechanism Budget – Confidential – <i>Executive Session Recommended</i> .
Michelle	i4. Information on Estimated 2017 Annual Low Income Support Mechanism Budget – Confidential – <i>Executive Session Recommended</i> .
Michelle	a5. Approval of Low Income Support Mechanism 1st Quarter 2017 Programmatic Budget and Demand Projection for the November 2, 2016 Filing – Confidential – <i>Executive Session Recommended</i> .

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

Next Scheduled USAC High Cost & Low Income Committee Meeting

Monday, January 30, 2017
10:00 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

HIGH COST & LOW INCOME COMMITTEE MEETING
Monday, October 24, 2016

MINUTES

The quarterly meeting of the USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, October 24, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 10:03 a.m. Eastern Time, with all eleven Committee members present:

Brisé, Ronald	Jortner, Wayne
Feiss, Geoff	Lubin, Joel – Chair
Gerst, Matthew	Mason, Ken
Gillan, Joe – Vice Chair	Tinic, Atilla
Henderson, Chris – CEO	Wein, Olivia
Jacobs, Ellis	

Other Board members and officers of the corporation present:

Bocher, Bob – Member of the Board
Buzacott, Alan – Member of the Board
Case, David – Vice President of Finance and Chief Financial Officer
Davis, Craig – Vice President of Schools and Libraries; Acting Vice President of Rural Health Care Division
Fontana, Brent – Member of the Board
Garber, Michelle – Vice President of Lifeline Division
Hays, Kate – Vice President of Stakeholder Engagement
Jimenez, Jose – Member of the Board
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
Talbot, Dr. Brian – Member of the Board
Taylor, Peter – Vice President of Information Technology and Chief Information Officer
Wibberly, Dr. Kathy – Member of the Board

Others present:

NAME
Bilodeau, Amanda

COMPANY
USAC

<u>NAME</u>	<u>COMPANY</u>
Delmar, Teleshia	USAC
Gerensky, Dimiter	FCC
Gonzales, Veronica	USAC
Hughet, Pam	USAC
Hwang, Michael	USAC
Khan, Sammy	USAC
King, Lauren	USAC
Lankau, Heidi	FCC
Lee, James	USAC
Mattey, Carol	FCC
McNeff, Kristina	USAC
Miller, Jack	Solix
Murphy, Tom	USAC
Myers, Erica	USAC
Nuzzo, Patsy	USAC
Paquin, Eric	Solix
Rasmussen, Mary	USAC
Roberts, Richard	BCG
Salvatore, Charles	USAC
Schrieber, Johnnay	USAC
Simab, Habib	USAC
Tessler, Joelle	USAC
Wilson, Reggie	USAC

OPEN SESSION

- a1. Consent Items.** Mr. Lubin presented this item to the Committee
- A. Committee meeting minutes of July 25, 2016, September 29, 2016.
 - B. Approval for discussing in *Executive Session* agenda items:
 - (1) **a4** – Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary 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.
 - (2) **i3** – Information on the Estimated 2017 Annual High Cost Support Mechanism Budget. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.

- (3) **i4** – Information on the Estimated 2017 Annual Low Income Support Mechanism Budget. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (4) **a5** – Approval of Low Income Support Mechanism 1st Quarter 2017 Programmatic Budget and Demand Projection for the November 2, 2016 Filing. 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 of in *Executive Session*:
- (1) Approval of an increase of the contract award to Group O for Lifeline consumer general and Spanish-speaking call support by \$150,000.00. This additional amount is required due to the increased volume of calls received during previous months and anticipated through May 2017, and to add email support so that emails can be sent to carriers and consumers as a follow up to consumer calls. This increase will bring the total value of the contract with Group O to \$360,350.00. A resolution approving the contract is provided below.
- D. Approval of High Cost Support Mechanism 1st Quarter 2017 Programmatic Budget and Demand Projections for the November 2, 2016 FCC Filing.

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

RESOLVED, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of July 25, 2016 and September 29, 2016; and discussion in *Executive Session* of the items listed above; 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 Group O for Lifeline consumer general and Spanish-speaking call support by \$150,000.00, increasing the total value of the contract with Group O to \$360,350.00; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2017 programmatic operating budget for the High Cost Support Mechanism of \$3.06 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$3.06 million for **High** Cost Support Mechanism administrative costs in the required November 2, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 24, 2016 a summary of the 1st Quarter 2017 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the High Cost Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million.

- a2. Action on One USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet, Senior Manager of Internal Audit, presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a3. Action on Eight USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet presented this item for consideration.

On a motion duly made and seconded and after discussion, with Mr. Buzacott recusing himself from Attachment A, the Committee adopted the following resolution:

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division High Cost Support Mechanism beneficiary audit reports listed in Exhibit I to the briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- i1. High Cost Support Mechanism Business Update.** Mr. Sweeney presented this item for discussion:

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

- Financial Update.
- Program Metrics.
- Stakeholder Engagement.
- Program Updates.

- i2. Low Income Support Mechanism (Lifeline) Business Update.** Ms. Garber presented this item for discussion:
- General Business Updates.
 - Key Metrics.
 - Strategic Updates – Modernization.

At 11:22 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items listed above. The Committee reconvened at 11:27 a.m. Eastern Time.

EXECUTIVE SESSION

- a4. Action on Two USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pamela Hughet presented this item for consideration.

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

RESOLVED, that the USAC High Cost & Low Income Committee, having reviewed the USAC Internal Audit Division Low Income Support Mechanism beneficiary audit reports listed in **Exhibit I** to this briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- i3. Information on Estimated 2017 Annual High Cost Support Mechanism Budget.** Mr. Sweeney presented this item for discussion.
- i4. Information on Estimated 2017 Annual Low Income Support Mechanism Budget.** Ms. Garber presented this item for discussion.
- a5. Approval of Low Income Support Mechanism 1st Quarter 2017 Programmatic Budget and Demand Projection for the November 2, 2016 Filing.** Ms. Garber presented this item for consideration.

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

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

RESOLVED, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2017 programmatic operating budget for the Low Income Support Mechanism of \$3.49 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$3.49 million for Low Income Support Mechanism administrative costs in the required November 2, 2016 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on October 24, 2016 a summary of the 1st Quarter 2017 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2016 filing to the FCC on behalf of the Committee. Staff may make adjustments if the total variance for the Low Income Support Mechanism is equal to or less than \$10 million and, with approval of the Committee Chair, may make adjustments if the total variance is equal to or less than \$15 million; and

RESOLVED FURTHER, that the USAC High Cost & Low Income Committee 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 Committee pursuant to the above resolutions, provided that USAC has budget funds then available to finance such engagement.

At 12:06 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on items a4 and a5 and discussed items i3 and i4. On a motion duly made and seconded, the Committee adjourned at 12:07 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary

**Universal Service Administrative Company
High Cost & Low Income Committee Meeting
Agenda**

**Thursday, December 22, 2016
3:30 p.m. – 4:30 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

ACTION ITEMS

- a1.** Consideration of Contract Award for National Verifier Systems Integrator Services –
Executive Session Recommended.

Next Scheduled USAC High Cost & Low Income Committee Meeting

**Monday January 30, 2017
USAC Offices, Washington, D.C.**

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

HIGH COST & LOW INCOME COMMITTEE MEETING
Thursday, December 22, 2016

MINUTES

USAC Board of Directors (Board) High Cost & Low Income Committee (Committee) was held at USAC's offices in Washington, D.C. on Thursday, December 22, 2016. Mr. Joel Lubin, Committee Chair, called the meeting to order at 3:33 p.m. Eastern Time, with six of the eleven Committee members, establishing a quorum, present:

Gillan, Joe – Vice Chair	Lubin, Joel – Chair
Henderson, Chris – CEO	Mason, Ken
Jacobs, Ellis – by telephone	Tinic, Atilla

Mr. Geoff Feiss joined by telephone at 3:52 p.m. Eastern Time. He participated in the discussion and voted on item a1.

Members of the Committee not present:

Brisé, Ronald
Gerst, Matthew
Jortner, Wayne
Wein, Olivia

Other Board members and officers of the corporation present:

Garber, Michelle – Vice President of Lifeline Division
Robinson, Vickie – Vice President and General Counsel
Salvator, Charles – Vice President of Finance and Chief Financial Officer– *by telephone*
Taylor, Pete – Vice President of Information Technology and Chief Information Officer – *by telephone*

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Hanly, Garnet	FCC
Jones, Allison	FCC
Lee, James	USAC
McNeff, Kristina	USAC
Nuzzo, Patsy	USAC
Stenger, Douglas	USAC

OPEN SESSION

- a1. Consideration of Contract Award for National Verifier Systems Integrator Service.** 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*.

At 3:35 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item noted above.

EXECUTIVE SESSION

- a1. Consideration of Contract Award for National Verifier Systems Integrator Service.** Ms. Garber presented this item to the Committee for discussion.

At 3:54 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 3:54 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary