

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

**Monday, January 26, 2015  
10:00 a.m. – 12:00 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 27, 2014 and December 8, 2014.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*.
  - C.** Approval of audit reports without findings.
  - D.** Routine procurements: Deemed consideration and approval of in *Executive Session*.
- a2.** Recommendation for Election of Committee Chair and Vice Chair.
- a3.** Approval of High Cost Support Mechanism 2nd Quarter 2015 Programmatic Budget and Demand Projection for the January 30, 2015 Filing.
- a4.** Approval of Low Income Support Mechanism 2nd Quarter 2015 Programmatic Budget and Demand Projection for the January 30, 2015 Filing.
- a5.** Action on Five USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- a6.** Action on Two USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- a7.** Miscellaneous. Solicit ideas for April 2015 Committee meeting agenda.

**EXECUTIVE SESSION**

- a8.** Business Update – **Confidential** – *Executive Session Recommended*.
- Strategy and Performance Management Discussion.
  - Key Strategic Initiatives.
  - 2015 Annual Budget Discussion and Approval.
  - General Business Update.

**Next Scheduled USAC High Cost & Low Income Committee Meeting**

**Monday, April 27, 2015  
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.**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Monday, January 26, 2015**

**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, January 26, 2015. Mr. Joel Lubin, Committee Chair, called the meeting to order at 10:05 a.m. Eastern Time, with eight of the nine Committee members present:

Bergmann, Scott	Henderson, Chris – CEO
Brise´ Ronald	Jones, Rochelle
Feiss, Geoff	Jortner, Wayne
Gillan, Joseph – Vice Chair	Lubin, Joel – Chair

Members of the Committee not present:

Jacobs, Ellis (Mr. Ellis was unable to attend due to technical difficulties with the USAC conference calling system.)

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Brown, Eric – Member of the Board  
Capozzi, David – General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Davis, Craig – Vice President, Rural Health Care Division  
King, Sola – Vice President of Human Resources, Chief Human Capital Officer  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Mason, Ken – Member of the Board  
Noriega, Raquel – Member of the Board  
Schell, Julie Tritt – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbot, Dr. Brian – Member of the Board

Others present:

<b><u>NAME</u></b>	<b><u>COMPANY</u></b>
Bancroft, Royce	USAC
Beard, Jay	USAC
Betancourt, Laura	USAC
Braxton-Johnson, Kianna	USAC
Crowe, Jennifer	USAC

<u>NAME</u>	<u>COMPANY</u>
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Gonzales, Veronica	USAC
Gonzalez, Jeanette	USAC
Hiromoto, Scott	GAO
Hughet, Pam	USAC
Hutchinson, Kyle	USAC
Khan, Sammy	USAC
King, Lauren	USAC
Kirkpatrick, Lauren	GAO
Lougheed, Matthew	USAC
Mitchell, Jeff	Lukas Nace Gutierrez & Sachs LLP
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Palcic, Catherine	USAC
Rasmussen, Mary	USAC
Schrieber, Johnnay	USAC
Simab, Habib	USAC
Sinkfield, David	USAC
Stawski, Joe	USAC
Zahid, Farrah	USAC

### OPEN SESSION

#### **a1. Consent Items.**

- A. Committee meeting minutes of October 27, 2014 and December 8, 2014.
- B. Approval for discussing in *Executive Session* agenda items:
  - (1) a8. – Business Update. USAC management recommended that this matter be discussed in *Executive Session* because the report relates to USAC’s *procurement strategy and contract administration, pre-decisional matters pending before the FCC, and may also include discussion of personnel matters and attorney/client privileged communications.*
- C. Routine procurements, deemed consideration and approval of in *Executive Session*: None.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of October 27, 2014 and December 8, 2014, and discussion of the general business update in *Executive Session*.

- a2. Recommendation for Election of Committee Chair and Vice Chair.** The Committee deferred making nominations as FCC Chairman Wheeler had not yet made selections for seats of Board members whose terms have expired or for open seats.
- a3. Approval of High Cost Support Mechanism 2nd Quarter 2015 Programmatic Budget and Demand Projection for the January 30, 2015 Filing.** Ms. Majcher 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 approves a 2nd Quarter 2015 programmatic operating budget for the High Cost Support Mechanism of \$3.2 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$3.2 million for High Cost Support Mechanism administrative costs in the required January 30, 2015 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 26, 2015, a summary of the 2nd Quarter 2015 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 30, 2015 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.

- a4. Approval of Low Income Support Mechanism 2nd Quarter 2015 Programmatic Budget and Demand Projection for the January 30, 2015 Filing.** Ms. Majcher 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 approves a 2nd Quarter 2015 programmatic operating budget for the Low Income Support Mechanism of \$3.6 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$3.6 million for Low Income Support Mechanism administrative costs in the required January 30, 2015 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 26, 2015, a

summary of the 2nd Quarter 2015 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 30, 2015 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.

- a5. Action on Five USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for consideration.

A motion to approve the audits was made and seconded. During discussion, a motion to amend the original motion was made and seconded. The motion, as amended and set forth below, was adopted, with Mr. Lubin abstaining:

**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, except for report number LI2014BE003, which the Committee directs USAC management to discuss with the carrier and the state PUC and then resubmit to the Committee for consideration following completion of such discussions.

- a6. Action on Two USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pam Hughet, Manager of Internal Audit, presented this item for consideration.

On a motion duly made and seconded and after discussion 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 this briefing paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

At 10:46 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 listed above.

### **EXECUTIVE SESSION**

- a8. Business Update:** Ms. Majcher and Mr. Sammy Kahn, Director of High Cost Program Operations, presented the following items to the Committee:
- Strategy and Performance Management Discussion.
  - Key Strategic Initiatives.
  - 2015 Annual Budget Discussion and Approval.

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

- General Business Update.
- Outreach and Education.

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 approves a 2015 annual High Cost Support Mechanism operating budget of \$13.3 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 2015 annual Low Income Support Mechanism operating budget of \$12.5 million.

At 12:17 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 a8 above.

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

/s/ David A. Capozzi  
Assistant Secretary

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

<p><b>Monday, April 27, 2015</b>  <b>12:00 p.m. – 2:30 p.m. Eastern Time</b>  <b>USAC Offices</b>  <b>2000 L Street, N.W., Suite 200</b>  <b>Washington, D.C. 20036</b></p>
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<b><u>OPEN SESSION</u></b>	
Chair	<p><b>a1.</b> Consent Items (each available for discussion upon request):</p> <p style="padding-left: 40px;"><b>A.</b> Approval of High Cost &amp; Low Income Committee Meeting Minutes of January 26, 2015.</p> <p style="padding-left: 40px;"><b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>.</p>
Chair	<b>a2.</b> Recommendation for Election of Committee Chair and Vice Chair.
Karen	<b>a3.</b> Approval of High Cost Support Mechanism 3rd Quarter 2015 Programmatic Budget and Demand Projection for the May 1, 2015 Filing.
Karen	<b>a4.</b> Approval of Low Income Support Mechanism 3rd Quarter 2015 Programmatic Budget and Demand Projection for the May 1, 2015 Filing.
Pam	<b>a5.</b> Action on Three USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i> .
Pam	<b>a6.</b> Action on Four USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i> .
Karen	<p><b>i1.</b> High Cost Business Update:</p> <ul style="list-style-type: none"> <li>• General Business Update.</li> <li>• Key Measurements.</li> <li>• Strategic Initiatives.</li> </ul> <p>Lifeline Business Update:</p> <ul style="list-style-type: none"> <li>• General Business Update.</li> <li>• Key Measurements.</li> <li>• Strategic Initiatives.</li> </ul>

<b><u>EXECUTIVE SESSION</u></b>	
Karen	<b>i2.</b> FCC Discussion – <b>Confidential</b> – <i>Executive Session Recommended</i> .

**Next Scheduled USAC High Cost & Low Income Committee Meeting**

<p><b>Monday, July 27, 2015</b>  <b>10:00 a.m. – 12:00 p.m. Eastern Time</b>  <b>USAC Offices, Washington, D.C.</b></p>
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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**2000 L Street, N.W., Suite 200**  
**Washington, D.C.**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Monday, April 27, 2015**

**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 27, 2015. Mr. Joel Lubin, Committee Chair, called the meeting to order at 12:15 p.m. Eastern Time, with all nine Committee members present:

Bergmann, Scott	Jacobs, Ellis
Brise´ Ronald	Jones, Rochelle
Feiss, Geoff	Jortner, Wayne
Gillan, Joseph – Vice Chair	Lubin, Joel – Chair
Henderson, Chris – CEO	

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Brown, Eric – Member of the Board  
Capozzi, David – General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Davis, Craig – Vice President, Rural Health Care Division  
Jimenez, Jose – Member of the Board  
King, Sola – Vice President of Human Resources and Chief Human Capital Officer  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Mason, Ken – Member of the Board  
Noriega, Raquel – Member of the Board  
Schell, Julie Tritt – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbott, Dr. Brian – Member of the Board  
Wein, Olivia – Member of the Board  
Wibberly, Dr. Kathy – Member of the Board

Others present:

<b><u>NAME</u></b>	<b><u>COMPANY</u></b>
Braxton-Johnson, Kianna	USAC
Clyburn, Mignon	FCC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Emmanuel, Sherard	USAC



<u>NAME</u>	<u>COMPANY</u>
Gonzales, Veronica	USAC
Goodheart, Rebekah	FCC
Hanly, Garnet	FCC
Hiro moto, Scott	GAO
Hughet, Pam	USAC
Khan, Sammy	USAC
Lee, James	USAC
Lougheed, Matthew	USAC
Morning, Kim	USAC
Nuzzo, Patsy	USAC
Palcic, Catherine	USAC
Patankar-Stoll Anita	FCC
Rasmussen, Mary	USAC
Seguin, Eric	Solix
Wheeler, Tom	FCC
Wilkins, Jon	FCC

### OPEN SESSION

#### **a1. Consent Items.**

- A. Committee meeting minutes of January 26, 2015.
- B. Approval for discussing in Executive Session agenda items:
  - (1) i2 – FCC Discussion. USAC management recommends that this matter be discussed in *Executive Session* because this item relates to *pre-decisional matters pending before the FCC and may also include discussion of personnel matters*.

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

**RESOLVED**, that the USAC High Cost & Low Income Committee hereby approves the Committee meeting minutes of January 26, 2015, and a discussion with representatives of the FCC in *Executive Session*.

At 12:15 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 listed above.

### EXECUTIVE SESSION

- i2. FCC Discussion.** Members of the Committee met with FCC Chairman Wheeler, Commissioner Clyburn and Managing Director Jon Wilkins.

The Committee recessed at 1:19 p.m. Eastern Time and reconvened at 1:30 p.m. Eastern Time in Open Session.

### OPEN SESSION

- a2. Recommendation for Election of Committee Chair and Vice Chair.** Mr. Bergmann 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 recommends that the USAC Board of Directors elect **Joel Lubin** as Chair and **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.

- a3. Approval of High Cost Support Mechanism 3rd Quarter 2015 Programmatic Budget and Demand Projection for the May 1, 2015 Filing.** Ms. Majcher 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 approves a 3rd Quarter 2015 programmatic operating budget for the High Cost Support Mechanism of \$3.4 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$3.4 million for High Cost Support Mechanism administrative costs in the required May 1, 2015 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 27, 2015, a summary of the 3rd Quarter 2015 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 1, 2015 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.

- a4. Approval of Low Income Support Mechanism 3rd Quarter 2015 Programmatic Budget and Demand Projection for the May 1, 2015 Filing.** Ms. Majcher 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 approves a 3rd Quarter 2015 programmatic operating budget for the Low Income Support Mechanism of \$4.0 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$4.0 million for Low Income Support Mechanism administrative costs in the required May 1, 2015 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 27, 2015, a summary of the 3rd Quarter 2015 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 1, 2015 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.

- a5. Action on Three USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports.** Ms. Pam 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 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.

- a6. Action on Four 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, 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.

**ii. Business Update.** Ms. Majcher presented this item for discussion.

High Cost Program Update

- General business update:
  - Program Framework Overview.
  - Mobility Fund Verification.
  - CAF Reserve.
- Key Measurements.
- Strategic Initiatives:
  - 2015 Goals and Initiatives.
  - 2015 Connect America Fund (CAF) Initiatives.

Low Income Program Update

- General Business Update:
  - Lifeline Program Highlights.
  - Lifeline Participation Rate for 2014.
  - Annual Subscriber Recertification.
- Key Measurements.
- Strategic Initiatives – 2015 Goals and Initiatives.

Mr. Lubin thanked Ms. Majcher on behalf of the Committee for her work and many successes in leading the Low Income Program division as well as the High Cost Program division. (Ms. Majcher will now focus her efforts on the High Cost Program division with Ms. Garber assuming responsibility for the Low Income Program division.)

On a motion duly made and seconded, the Committee adjourned at 2:47 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary

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

**Monday, July 27, 2015  
10:00 a.m. – 12:00 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 April 27, 2015.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*.
  - C.** Approval for Routine Procurements. None.
  - D.** Approval of High Cost Support Mechanism 4th Quarter 2015 Programmatic Budget and Demand Projection for the July 31, 2015 FCC Filing.
  - E.** Approval of Low Income Support Mechanism 4th Quarter 2015 Programmatic Budget and Demand Projection for the July 31, 2015 FCC Filing.
  - F.** Approval of High Cost and Low Income Support Mechanism Audits With No Findings.
- a2.** Action on Six USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- i1.** High Cost Support Mechanism Business Update
- General Business Update.
  - Key Measurements.
  - Strategic Initiatives.
- a3.** Action on Four USAC Internal Audit Division Low Income Support Mechanism Beneficiary Audit Reports – *Executive Session Option*.
- i2.** Low Income Support Mechanism (Lifeline) Business Update:
- General Business Update.
  - Key Measurements.
  - Strategic Initiatives.

**EXECUTIVE SESSION**

- a4.** Consideration of an Increase to the Contract for Development and Support of Cost Model to Support Rate of Return Carriers – **Confidential** – *Executive Session Recommended*
- a5.** Approval to Award a Contract for Systems Development for Connect America Fund Phase II Support for Price Cap Carriers Following Selection of a Vendor by Competitive Procurement – **Confidential** – *Executive Session Recommended*

**Next Scheduled USAC High Cost & Low Income Committee Meeting**

**Monday, October 26, 2015  
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.**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Monday, July 27, 2015**

**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 27, 2015. Mr. Joel Lubin, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with seven of the nine Committee members present:

Feiss, Geoff	Jones, Rochelle
Gillan, Joseph – Vice Chair	Jortner, Wayne
Henderson, Chris – CEO	Lubin, Joel – Chair
Jacobs, Ellis – <i>by telephone</i>	

Board members not present:

Bergmann, Scott  
Brise', Ronald

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Capozzi, David – General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Davis, Craig – Vice President, Rural Health Care Division  
Garber, Michelle – Vice President, Low Income Division  
Hays, Kate – Vice President of Stakeholder Engagement  
Jimenez, Jose – Member of the Board  
King, Sola – Vice President of Human Resources and Chief Human Capital Officer  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Mason, Ken – Member of the Board  
Moeller, Mike – Vice President of Strategy and Performance Management  
Schell, Julie Tritt – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbot, Dr. Brian – Member of the Board  
Wein, Olivia – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Braxton-Johnson, Kianna	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Geppert, Carl	KPMG
Gerst, Matt	CTIA
Gonzales, Veronica	USAC
Hanly, Garnet	FCC
Henzey, Terry	KPMG
Hughet, Pam	USAC
Johnston, Anna	USAC
Jones, Frank	Solix
Khan, Sammy	USAC
Lee, James	USAC
Lougheed, Matthew	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Patankar-Stoll, Anita	FCC
Rasmussen, Mary	USAC
Santana-Gonzalez, Jeanette	USAC
Schrieber, Johnnay	USAC
Seguin, Eric	Solix
Thannikkary, Audra	USAC

## OPEN SESSION

### **a1. Consent Items.**

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 27, 2015, and discussion in *Executive Session* of the procurement matters listed in the briefing paper.

**RESOLVED**, that the USAC High Cost & Low Income Committee approves a 4th Quarter 2015 programmatic operating budget for the High Cost Support Mechanism of \$3.4 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$1.4 million for High Cost Support Mechanism administrative costs in the required July 31, 2015 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a revised 2015 annual High Cost Support Mechanism operating budget of \$11.3 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 27, 2015, a summary of the 4th Quarter 2015 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required July 31, 2015 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 4th Quarter 2015 programmatic operating budget for the Low Income Support Mechanism of \$2.2 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of negative \$1.0 million for Low Income Support Mechanism administrative costs in the required July 31, 2015 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a revised 2015 annual Low Income Support Mechanism operating budget of \$9.2 million.

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee, having reviewed at its meeting on July 27, 2015, a summary of the 4th Quarter 2015 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required July 31, 2015 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 Six 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, 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.** Ms. Majcher presented this item for discussion:

- Program Framework Overview.
- CAF Implementation – High Cost Operations.
- Mobility Fund.
- Rural Broadband Experiments.
- CAF Phase II for Price Cap Carriers.
- Disbursements.
- CAF Reserve.
- Key Measurements.
- 2015 Goals and Initiatives Status.

**a3. Action on Four 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, 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.

At 10:49 a.m. Eastern Time the Committee recessed and reconvened at 11:00 a.m. Eastern Time.

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

- Disbursement trends.
- Overview of the Order and Notice of Proposed Rulemaking Released on June 22, 2015.
- Key Measurements.
- Strategic Initiatives Update.

At 11:31 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 item listed above.

### **EXECUTIVE SESSION**

**a4. Consideration of an Increase to the Contract for Development and Support of Cost Model to Support Rate of Return Carriers.** Mr. Belden presented this item for consideration.

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

A motion was duly made and seconded. During discussion, an amendment to the motion was duly made and seconded, which the Committee adopted as follows:

**RESOLVED**, that the USAC High Cost and Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes an increase in the amount of \$250,000 to the contract to develop and support cost models for Price Cap and Rate of Return carriers; and

**RESOLVED FURTHER**, that management is hereby requested to report back to the Committee on the requirements for and proposed cost of the operations and maintenance portion of the contract.

- a5. Approval to Award a Contract for Systems Development for Connect America Fund Phase II Support for Price Cap Carriers Following Selection of a Vendor by Competitive Procurement.** Mr. Belden 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, having reviewed the recommendation of USAC management, hereby authorizes USAC to seek professional services by competitive procurement to develop a business process tool to support CAF Phase II support for a total amount not-to-exceed \$500,000.

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 and a5. On a motion duly made and seconded, the Committee adjourned at 12:09 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary

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

**Wednesday, September 30, 2015  
2:30 p.m. – 3:00 p.m. Eastern Time  
USAC Offices  
2000 L Street, N.W., Suite 200  
Washington, D.C. 20036**

**ACTION ITEM**

- |            |  |
|------------|--|
| <b>a1.</b> | Consideration of Contract Award for Lifeline Program Third Party Identification Verification Services – <i>Executive Session Recommended</i>                               |
| <b>a2.</b> | Approval to Award Contract for Systems Development for Connect America Fund Phase II, Mobility Fund and Rural Broadband Experiments – <i>Executive Session Recommended</i> |

**Next Scheduled USAC High Cost & Low Income Committee Meeting**

**Monday, October 26, 2015  
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.**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Wednesday September 30, 2015**

**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 Wednesday, September 30, 2015. Mr. Joel Lubin, Committee Chair, called the meeting to order at 2:31 p.m. Eastern Time, with seven of the nine Committee members present:

Bergmann, Scott – <i>by telephone</i>	Jacobs, Ellis – <i>by telephone</i>
Feiss, Geoff – <i>by telephone</i>	Jones, Rochelle – <i>by telephone</i>
Gillan, Joe – Vice Chair – <i>by telephone</i>	Lubin, Joel – Chair – <i>by telephone</i>
Henderson, Chris – CEO	

Board members not present:

Brise', Ronald  
Jortner, Wayne

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Capozzi, David – General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Garber, Michelle – Vice President, Lifeline Division  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Taylor, Pete – Vice President and Chief Information Officer  
Wein, Olivia – Member of the Board

Others present:

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

**OPEN SESSION**

**a1.Consideration of Contract Award for Lifeline Program Third Party Identification Verification Services.** Mr. Capozzi recommended that these items be discussed in *Executive Session* because the matters relate to *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee approved consideration of the items in *Executive Session*, and then approved a motion going into *Executive Session*.

- a1.
- a2. **Approval to Award a Contract for Systems Development for Connect America Fund Phase II, Mobility Fund and Rural Broadband Experiments.**

USAC management recommended that these items be discussed in *Executive Session* because the matters relate to *procurement strategy and contract administration*.

On a motion duly made and seconded, the Committee approved consideration of the items in *Executive Session*, and then approved a motion going into *Executive Session*.

### **EXECUTIVE SESSION**

- a1. **Consideration of Contract Award for Lifeline Program Third Party Identification Verification Services.** Mr. Belden 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 High Cost & Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract for third party identification verification services to LexisNexis Special Services, Inc. for one base year, plus four one-year renewal options for a total not-to-exceed amount of \$7,770,000.

- a2. **Approval to Award a Contract for Systems Development for Connect America Fund Phase II, Mobility Fund and Rural Broadband Experiments.** Mr. Belden 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 of Directors High Cost and Low Income Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC to award a sole source contract to Incentive Technology Group (ITG) in the amount of \$2.7 million to develop systems to support CAF Phase II, Mobility Fund and Rural Broadband Experiments. In addition, the Committee approves an additional \$270,000 in contingency funding for unplanned and unforeseen events.

At 3:08 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 a1 and a2. On a motion duly made and seconded, the Committee adjourned at 3:09 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary

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

<p><b>Monday, October 26, 2015</b>  <b>10:00 a.m. – 1:00 p.m. Eastern Time</b>  <b>USAC Offices</b>  <b>2000 L Street, N.W., Suite 200</b>  <b>Washington, D.C. 20036</b></p>
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<b><u>OPEN SESSION</u></b>	
Chair	<p><b>a1.</b> Consent Items (each available for discussion upon request):</p> <ul style="list-style-type: none"> <li><b>A.</b> Approval of High Cost &amp; Low Income Committee Meeting Minutes of July 27, 2015 and September 30, 2015.</li> <li><b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>.</li> <li><b>C.</b> Routine Procurements: Deemed consideration and approval in <i>Executive Session</i>.</li> <li><b>D.</b> Approval of High Cost Support Mechanism 1st Quarter 2016 Programmatic Budget and Demand Projection for the November 2, 2015 Filing.</li> <li><b>E.</b> Approval of Low Income Support Mechanism 1st Quarter 2016 Programmatic Budget and Demand Projection for the November 2, 2015 Filing.</li> </ul>
Pam	<p><b>a2.</b> Action on Seven USAC Internal Audit Division High Cost Support Mechanism Beneficiary Audit Reports – <i>Executive Session Option</i>.</p>
Karen	<p><b>i1.</b> High Cost Support Mechanism Business Update</p> <ul style="list-style-type: none"> <li>• General Business Update.</li> <li>• Key Measurements.</li> <li>• Strategic Initiatives.</li> </ul>
Michelle	<p><b>i2.</b> Low Income Support Mechanism (Lifeline) Business Update:</p> <ul style="list-style-type: none"> <li>• General Business Update.</li> <li>• Key Measurements.</li> <li>• Strategic Initiatives.</li> </ul>

<b><u>EXECUTIVE SESSION</u></b>	
Richard	<p><b>i3.</b> Information on Estimated 2016 Annual High Cost Support Mechanism Budget – <b>Confidential</b> – <i>Executive Session Recommended</i>.</p>
Richard	<p><b>i4.</b> Information on Estimated 2016 Annual Low Income Support Mechanism Budget – <b>Confidential</b> – <i>Executive Session Recommended</i>.</p>
Chair	<p><b>i5.</b> FCC Discussion – <b>Confidential</b> – <i>Executive Session Recommended</i>.</p>

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

**Next Scheduled USAC High Cost & Low Income Committee Meeting**

**Monday, January 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.**

**HIGH COST & LOW INCOME COMMITTEE MEETING**  
**Monday, October 26, 2015**

**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 26, 2015. Mr. Joel Lubin, Committee Chair, called the meeting to order at 10:00 a.m. Eastern Time, with all nine Committee members present:

Bergmann, Scott	Jacobs, Ellis
Brisé, Ronald	Jones, Rochelle
Feiss, Geoff	Jortner, Wayne
Gillan, Joseph – Vice Chair	Lubin, Joel – Chair
Henderson, Chris – CEO	

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer  
Capozzi, David – General Counsel and Assistant Secretary  
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Davis, Craig – Vice President, Rural Health Care Division  
Garber, Michelle – Vice President, Low Income Division  
Hays, Kate – Vice President of Stakeholder Engagement  
Jimenez, Jose – Member of the Board  
King, Sola – Vice President of Human Resources and Chief Human Capital Officer  
Majcher, Karen – Vice President, High Cost & Low Income Division  
Schell, Julie Tritt – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbot, Dr. Brian – Member of the Board  
Taylor, Peter – Vice President and Chief Information Officer  
Wein, Olivia – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
Abebe, Hiwot	USAC
Crowe, Jennifer	USAC
Delmar, Teleshia	USAC
Desrocher, Mike	USAC
Gelman, Sheryl	USAC
Geppert, Carl	KPMG
Gonzales, Veronica	USAC



<u>NAME</u>	<u>COMPANY</u>
Guinan, Gabriela Gross	USAC
Hanly, Garnet	FCC
Henzey, Terry	KPMG
Hughet, Pam	USAC
Jones, Frank	Solix
Khan, Sammy	USAC
Lee, James	USAC
Lougheed, Matthew	USAC
Miller, Jack	Solix
Mitchev, Stephan	USAC
Morning, Kim	USAC
Nuzzo, Patsy	USAC
Palcic, Catherine	USAC
Patankar-Stoll, Anita	FCC
Perry, Andrew	USAC
Rasmussen, Mary	USAC
Riley, Adam	USAC
Santana-Gonzalez, Jeanette	USAC
Schrieber, Johnnay	USAC
Seguin, Eric	Solix
Sinkfield, David	USAC
Weiner, Stephanie	FCC
Wheeler, Tom	FCC
Wilkins, Jon	FCC
Zufolo, Jessica	USAC

## OPEN SESSION

### **a1. Consent Items.**

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 27, 2015 and September 30, 2015, and discussion in *Executive Session* of information on the estimated 2016 annual support mechanism budget and a discussion with Chairman Wheeler; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee approves a 1st Quarter 2016 programmatic operating and capital budget for the High Cost Support Mechanism of \$5.2 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of

\$10.6 million for High Cost Support Mechanism administrative costs in the required November 2, 2015 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 26, 2015, a summary of the 1st Quarter 2016 High Cost Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2015 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 1st Quarter 2016 programmatic operating and capital budget for the Low Income Support Mechanism of \$3.02 million; and

**RESOLVED FURTHER**, that the USAC High Cost & Low Income Committee directs USAC staff to submit a collection requirement of \$5.6 million for Low Income Support Mechanism administrative costs in the required November 2, 2015 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 26, 2015, a summary of the 1st Quarter 2016 Low Income Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2015 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 Seven 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, 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.** Ms. Majcher presented this item for discussion:
- Quarterly Business Update:
    - Connect America Fund Framework.

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

- CAF Implementation.
- Mobility Fund.
- CAF Phase I for Price Cap Carriers.
- CAF Phase II for Price Cap Carriers.
- Rural Broadband Experiments.
- Disbursements.
- CAF Reserve.
- Key Measurements.
- 2015 Division Goals and Initiatives Status.

At 10:55 a.m. Eastern Time the Committee recessed and reconvened at 11:06 a.m. Eastern Time.

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

- General Business Update:
  - Disbursement Trends.
  - Annual Consumer Recertification Update.
  - Update on Reform.
- Key Measurements.
- Strategic Initiatives Update.

At 11:29 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**

**i3. Information on Estimated 2016 Annual High Cost Support Mechanism Budget.** Mr. Belden presented this item for discussion.

**i4. Information on Estimated 2016 Annual Low Income Support Mechanism Budget.** Mr. Belden presented this item for discussion.

**i5. FCC Discussion.**

At 1:05 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 items i3, i4 and i5. On a motion duly made and seconded, the Committee adjourned at 1:05 p.m. Eastern Time.

/s/ David A. Capozzi  
Assistant Secretary