

# 2006 Executive Committee Meetings Minutes

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

January 19, 2006

**MINUTES**

A meeting of the Executive Committee of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, DC on Thursday, January 19, 2006. Dr. Talbott, Chair of the Committee, called the meeting to order at 11:05 a.m. Eastern Time. Ms. Lamoureux, Executive Staff Manager, called the roll. Eight of the nine members were present, representing a quorum:

Barash, Scott – Acting CEO  
Campbell, Anne – *via telephone*  
Duff, Bridget – *via telephone*  
Eichler, Ed – *via telephone*  
Hess, Kevin – *via telephone*  
Hughes, Alison – *via telephone*  
Jackson, Jimmy – *by telephone*  
Talbott, Brian – Chair – *via telephone*

Committee Members Not Present:

Jortner, Wayne

Other Board Members and Officers of the Corporation present:

Banks, Jonathan – *by telephone*  
Buller, Karen – *by telephone*  
Sanford, Jo Anne – *by telephone*  
Erwin, W. B. – VP of Finance  
Belden, Richard – Chief Operating Officer  
Blackwell, Mel – Acting VP, Schools & Libraries Division  
Capozzi, Dave – Acting General Counsel  
Flannery, Irene – Senior VP, Programs  
Holcombe, Jamie – VP of Information Systems  
Majcher, Karen – VP, High Cost & Low Income Division  
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

**NAME COMPANY**

Bellavia, Leslie USAC  
Callahan, David USAC  
Falkowitz, Ed USAC  
Everett, Beth USAC  
Lamoureux, Renee USAC

Mitchell, Jeff USAC  
Sullivan, Tanya USAC  
Trew, Anne Marie USAC

**a1. Approval of Executive Committee Meeting Minutes.** On a motion duly made and seconded, the Committee approved as written the minutes of October 14, 2005 and October 20, 2005.

**a2. Approval of USAC 2005 Annual Report to the FCC and Congress.** Ms. Sullivan, Senior Director of Education and Communications, provided the Committee with an introduction to the draft 2005 Annual Report which had been previously provided to the Committee. After discussion, the Committee determined to postpone a motion approving the Annual Report until such time as more information could be included in the report for review by the Committee.

**a3. Approval of Annual 2006 and 2nd Quarter USAC Common and Consolidated Budgets.** Mr. Erwin introduced this item, indicating that no significant changes to the annual budget were being proposed at this time. On a motion duly made and seconded, the Committee adopted the following resolutions with all members voting in the affirmative, except for Ms. Hughes who indicated that she had not received the materials related to this item prior to the meeting and, therefore, abstained from voting:

**RESOLVED**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 2<sup>nd</sup> Quarter 2006 USAC common budget of \$6,718,700; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 2006 annual USAC common budget of \$28,536,000; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 2<sup>nd</sup> Quarter 2006 USAC consolidated budget of \$24,026,100; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 2006 annual USAC consolidated budget of \$99,822,300.

**a4. Approval of 2nd Quarter 2006 Revenue Projections and Resolutions on the March 6, 2006 FCC Filing.** Mr. Erwin introduced this item to the Committee providing an overview of the current projections. On a motion duly made and seconded, the Committee adopted the following resolutions with all members voting in the affirmative, except for Ms. Hughes who indicated that she had not received the materials related to this item prior to the meeting and, therefore, abstained from voting:

**RESOLVED**, that the USAC Executive Committee, having reviewed at its meeting on January 20, 2006, a summary of the current status of the March 2, 2006, FCC filing requirements, recommends the USAC Board of Directors authorize USAC staff to proceed with the required March 2, 2006, filing to the FCC on behalf of USAC using a preliminary estimate \$18,255,600 million for the Universal Service Fund projected revenue base. Staff may make adjustments in accordance with the approved \$1.25 billion variance threshold.

**a5. Action on Three USAC Internal Audit Division Contributor Revenue Audits – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that the Contributor Revenue Audit Reports be discussed in *Executive Session* because discussion of the reports relates to confidential and proprietary carrier information.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the three Contributor Revenue Audit Reports labeled CR2004CP019, CR2005CP004, and CR2005CP005 shall be conducted in Executive Session.

At 11:54 a.m., on a motion duly made and seconded, the Board voted to move into *Executive Session* for purposes of discussing the confidential and proprietary items as noted above.

***EXECUTIVE SESSION:***

**a5. Action on Three USAC Internal Audit Division Contributor Revenue Audits Performed By USAC Internal Audit Division – Confidential and Proprietary.**

Ms. Ashe-Donnem, Senior Auditor, Internal Audit Division, introduced the Contributor Revenue Audit Reports labeled CR2004CP019, CR2005CP004, and CR2005CP005 to the Committee. On a motion duly made and seconded, the Committee adopted the following resolutions with all members voting in the affirmative, except for Ms. Hughes who indicated that she had not received the materials related to this item prior to the meeting and, therefore, abstained from voting:

**RESOLVED**, that the USAC Executive Committee accepts the recommendation of the USAC Executive Committee and directs that the USAC Internal Audit Division (IAD) Contributor Revenue Audit Reports labeled CR2004CP019, CR2005CP004, and CR2005CP005 be deemed final. At 12:08 p.m., the Committee adjourned from *Executive Session* and reconvened in open session to report the discussion and action of the Committee during *Executive Session*.

There being no further business, Dr. Talbott adjourned the meeting at 12:11 p.m.

David A. Capozzi, Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**January 24, 2006**

**MINUTES**

A meeting of the Executive Committee of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's office in Washington, DC on Tuesday, January 24, 2006. Dr. Talbott, Chair of the Committee, called the meeting to order at 9:28 a.m. Eastern Time. Ms. Lamoureux, Executive Staff Manager, called the roll. All nine members were present, representing a quorum:

Barash, Scott – Acting CEO  
Campbell, Anne – *via telephone*  
Duff, Bridget – *via telephone*  
Eichler, Ed – *via telephone*  
Hess, Kevin – *via telephone*  
Hughes, Alison – *via telephone*  
Jackson, Jimmy – *by telephone*  
Jortner, Wayne – *by telephone*  
Talbott, Dr. Brian – Chair – *via telephone*

Other Board Members and Officers of the Corporation present:

Bryant, Anne  
Belden, Richard – Chief Operating Officer  
Blackwell, Mel – Acting VP, Schools & Libraries Division  
Capozzi, Dave – Acting General Counsel  
Erwin, W. B. – VP of Finance  
Flannery, Irene – Senior VP, Programs  
Majcher, Karen – VP, High Cost & Low Income Division  
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

**NAME COMPANY**

Carroll, Kristy  
Faunce, Donna  
Goff, Liz  
Jones, Narda  
Lamoureux, Renee  
Mardis, James  
Mitchell, Jeff  
Rasmussen, Mary  
Rovetto, Ed

Shaffer, Dana  
Sullivan, Tanya  
Trew, Anne Marie  
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**ACTION ITEMS:**

**a2. Approval of USAC 2005 Annual Report to the FCC and Congress.** Ms. Sullivan, Senior Director of Education and Communications, provided the Committee with an introduction to the revised draft 2005 Annual Report which had been previously provided to the Committee. The Committee thanked Ms. Sullivan and her team for the effort put into the report and the quick turnaround on the revised draft.

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

**RESOLVED**, that the USAC Executive Committee approves the USAC 2005 Annual Report to the FCC and Congress as presented by USAC management and directs USAC management to provide a copy to the FCC and Congress by March 31, 2006, and further directs USAC management to provide each Board member with a copy of the final 2005 Annual Report. The USAC Executive Committee authorizes management to exercise appropriate editorial privilege and discretion in the preparation of the final report.

There being no further business, Dr. Talbott adjourned the meeting at 9:38 a.m.

David A. Capozzi, Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**April 3, 2006**

**MINUTES**

A meeting of the Executive Committee of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, DC on Monday, April 3, 2006. Dr. Talbott, Chair of the Executive Committee, called the meeting to order at 4:40 p.m. Eastern Time. Ms. Goode, Administrative Assistant – Internal Audit Division, called the roll. Seven of the nine Committee members were present, representing a quorum:

Banks, Jonathan – *by telephone*  
Barash, Scott – Acting CEO – *by telephone*  
Campbell, Anne – *by telephone*  
Jackson, Jimmy – Vice Chair – *by telephone*  
Jortner, Wayne – *by telephone (Mr. Jortner joined the meeting shortly after it began)*  
Sanders, Dr. Jay – *by telephone*  
Talbott, Dr. Brian – Chair – *by telephone*

Members not present:

Duff, Bridget

Hess, Kevin

Other Board Members and Officers of the Corporation present:

Belden, Richard – Chief Operating Officer

Capozzi, David – Acting General Counsel and Assistant Secretary

Flannery, Irene – Senior VP, External Relations

Others present for the meeting:

**NAME COMPANY**

Beaver, Tracey USAC

Goode, Vernell USAC

**ACTION ITEMS:**

**a1. Ratification of Contracts with AES for Two Temporary Employees – Confidential and Proprietary – Executive Session Recommended.** In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that discussion of this item be conducted in *Executive Session* as discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper may compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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

**RESOLVED**, that the USAC Executive Committee determines that consideration of the ratification of two existing agreements with temporary employees shall be conducted in *Executive Session*.

See *Executive Session* for a report of the discussion and action taken on this item.

***EXECUTIVE SESSION:***

**a1. Ratification of Contracts with AES for Two Temporary Employees – Confidential and Proprietary – Executive Session Recommended.** Mr. Belden introduced this item to the Committee. The title of this item in the Issue Paper originally sent to the Committee was: “Ratification of Agreements with Two Temporary Employees,” which was changed to the title listed above upon request of Dr. Talbott during this meeting.

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

**RESOLVED**, that the USAC Executive Committee ratifies two contracts for temporary employees with Alternative Employment Services, one for Project Management Services and one for Documentum software development services, that exceeded \$100,000.

The Committee adjourned from *Executive Session* and reconvened in open session at 4:49 p.m.

Dr. Talbott reported that the Committee adopted a resolution approving item **a1** as listed above. Mr. Barash reported on the Schools & Libraries funding thresholds adopted by the Schools & Libraries Committee immediately prior to this meeting, and the meetings he and Mr. Belden held with Commission staff earlier this afternoon on the same matter.

Ms. Flannery reported on several external relations matters. There being no further business, Dr. Talbott adjourned the meeting at 4:54 p.m.

David A. Capozzi, Assistant Secretary



**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**April 20, 2006**

**MINUTES**

The quarterly meeting of the Executive Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, DC on Thursday, April 20, 2006. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:03 a.m. Eastern Time. Ms. Lamoureux, Executive Staff Manager, called the roll. All nine members were present, representing a quorum:

Banks, Jonathan  
Barash, Scott – Acting CEO  
Campbell, Anne – *by telephone*  
Duff, Bridget – Secretary – *by telephone*  
Hess, Kevin – *by telephone*  
Jackson, Jimmy – Vice Chair – *by telephone*  
Jortner, Wayne – Treasurer – *by telephone*  
Sanders, Dr. Jay – *by telephone*  
Talbott, Dr. Brian – Chair – *by telephone*

Other Board Members and Officers of the Corporation present:

Belden, Richard – Chief Operating Officer  
Blackwell, Mel – Acting VP, Schools & Libraries Division and  
VP, Rural Healthcare Division  
Capozzi, Dave – Acting General Counsel  
Erwin, WB – VP of Finance  
Flannery, Irene – Senior VP, External Relations  
Holcombe, Jamie – VP, Information Services  
Majcher, Karen – VP, High Cost & Low Income Division  
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

**NAME**

**COMPANY**

Bellavia, Leslie  
Delmar, Teleshia  
Lamoureux, Renee  
Mitchell, Jeff  
Morrow, Henry  
Stephens, Mark  
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**ACTION ITEMS:**

**a1. Approval of Executive Committee Meeting Minutes.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of March 18, 2005 and June 29, 2005. Mr. Banks abstained from voting.

**Approval of Executive Committee Meeting Minutes.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of January 19, 2006, January 24, 2006 and April 3, 2006.

**a2. Approval of the 3<sup>rd</sup> Quarter 2006 and Revised 2006 Annual USAC Common and Consolidated Budgets.** Mr. Erwin introduced this item to the Committee. In his presentation, Mr. Erwin noted that: (i) the 3<sup>rd</sup> quarter 2006 budget is \$3.6 million higher than the actual expenditures for 3<sup>rd</sup> Quarter 2005; (ii) the 3<sup>rd</sup> Quarter 2006 budget reflects compensation and benefits for the funding of 175 full-time staff positions, which does not include any cost for the Rural Health Care transition; (iii) the audits line item includes \$4.0 million for IPIA audits that will be performed in coordination with the FCC OIG; and (iv) the budget includes funds for the financial systems overhaul project, which staff optimistically hopes will begin in the 3<sup>rd</sup> Quarter 2006 pending FCC approval to move forward with the procurement. On a motion duly made and seconded, the Committee adopted the following resolutions:

**RESOLVED**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 3<sup>rd</sup> Quarter 2006 USAC common budget of \$6,475,900; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 2006 annual USAC common budget of \$28,468,800; and **RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 3<sup>rd</sup> Quarter 2006 USAC consolidated budget of \$23,764,100; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors approve a 2006 annual USAC consolidated budget of \$98,491,600.

**a3. Approval of 3<sup>rd</sup> Quarter 2006 Revenue Projections for the June 1, 2006 Universal Service Fund Contribution Base Filing.** Mr. Erwin introduced this item to the Committee providing an overview of the current projections.

Mr. Barash discussed with the Committee the need to review the projections, among other agenda items, at future quarterly Committee meetings. After discussion it was recommended that USAC staff work on streamlining the items brought before the Committee for the next quarterly Committee meeting in July.

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

**RESOLVED**, that the USAC Executive Committee, having reviewed at its meeting on April 20, 2006 a summary of the current status of the June 1, 2006 FCC filing requirements, recommends the USAC Board of Directors authorize USAC staff to proceed with the required June 1, 2006 filing to the FCC on behalf of USAC using a preliminary estimate \$18,252.200 million for the Universal Service Fund projected revenue base. Staff may make adjustments in accordance with the approved \$1.25 billion variance threshold.

**a4. Personnel Matter – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, the Chairman of the Board of Directors recommended that discussion of the USAC Chief Executive Officer position should occur in *Executive Session* because it is an *internal personnel matter*.

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

**RESOLVED**, that the USAC Executive Committee determines that the discussion of personnel matters regarding the USAC Chief Executive Officer position shall be conducted in *Executive Session*.

**a5. Miscellaneous.** • Solicit ideas for the July 2006 Committee agenda. Dr. Talbott reminded members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Barash between quarterly meetings.

**INFORMATION ITEMS:**

**i1. Assistant Treasurer’s Report.** For informational purposes only, no discussion held.

**i2. Report on Pending Litigation and Bankruptcy Matters.** For informational purposes only, no discussion held.

**i3. Status Report on Ongoing USAC Audits.** For informational purposes only, no discussion held.

**i4. Status Report on Actions Taken on Final USAC Audits.** – For informational purposes only, no discussion held.

**i5. Course of Action for Rural Health Care Support Mechanism Program Support Services – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because discussion of this matter relates to USAC’s *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC’s negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the course of action for Rural Health Care Support Mechanism program support services shall be conducted in *Executive Session*.

At 11:26 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into *Executive Session* for purposes of discussing the confidential and proprietary items as noted above.

***EXECUTIVE SESSION:***

**i5. Course of Action for Rural Health Care Support Mechanism Program Support Services – Confidential & Proprietary.** Mr. Barash introduced this item to the Committee providing a status update and suggested modification to the course of action approved by the Rural Health Care Committee's allowing USAC's contract with Solix, Inc. for program support services to expire and performing these services using USAC employees effective January 1, 2007. At 11:33 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move out of Executive Session. At 11:33 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into *Executive Session*, during which only members of the Board were asked to attend.

***EXECUTIVE SESSION:***

**a4. Personnel Matter – Confidential & Proprietary.** At 11:54 a.m. Eastern Time, the Committee voted to move out of Executive Session. The Committee reconvened in *Open Session*, at which time Dr. Talbott reported that the Committee considered item **i5** in Executive Session and considered and took action on item **a4** in Executive Session.

On a motion duly made and seconded, the Committee adjourned at 11:56 a.m. Eastern Time.

David A. Capozzi, Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**June 1, 2006**

**MINUTES**

A non-quarterly meeting of the Executive Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, DC on Thursday, June 1, 2006. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:05 a.m. Eastern Time. Ms. Lamoureux, Executive Staff Manager, called the roll. Five of the nine members were present, representing a quorum:

Barash, Scott – Acting CEO  
Duff, Bridget – Secretary – *by telephone*  
Jackson, Jimmy – Vice Chair – *by telephone*  
Sanders, Dr. Jay – *by telephone*  
Talbott, Dr. Brian – Chair – *by telephone*

Other Board Members and Officers of the Corporation present:  
Kragel, Dr. Peter – Vice Chair, Rural Health Care Committee – *by telephone*  
Belden, Richard – Chief Operating Officer  
Blackwell, Mel – Acting VP, Schools & Libraries Division and  
VP, Rural Healthcare Division  
Capozzi, Dave – Acting General Counsel  
Holcombe, Jamie – VP, Information Services  
Scott, Wayne – VP, Internal Audit Division  
Others present for the meeting:

<b>NAME</b>	<b>COMPANY</b>
Beaver, Tracey	
Delmar, Teleshia	
Lamoureux, Renee	
Panton, Marci	
USAC	
USAC	
USAC	
USAC	

**ACTION ITEMS:**

**a1. Ratification of Macrosoft Agreement – Confidential & Proprietary – *Executive Session Recommended.*** Dr. Talbott recommended this item and item **a3** below be deferred for discussion in Executive Session.

In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session*. The basis for discussing such matters in Executive Session is that this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the Universal Service Fund, the universal service support programs and USAC.

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

**RESOLVED**, that the USAC Executive Committee determines that consideration of ratification of the Macrosoft agreement shall be conducted in *Executive Session*.

**a3. Discussion of Program Support Services Strategy for Schools and Libraries and Rural Health Care – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session*. The basis for discussing such matters in Executive Session is that this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the Universal Service Fund, the universal service support programs and USAC.

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

**RESOLVED**, that the USAC Executive Committee determines that consideration of the course of action concerning the Schools and Libraries and Rural Health Care Program Support Services Agreement shall be conducted in *Executive Session*.

**a2. Approval for Reimbursing Board Members to Attend An Event Other Than a USAC Board or Committee Meeting or Event.** Dr. Talbott introduced these items to the Committee.

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

**RESOLVED**, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred in Conducting USAC Business other than Board of Directors Meetings* approved by the USAC Board of Directors, the Executive Committee authorizes USAC to reimburse Ms. Anne Campbell for travel expenses incurred as a result of her visit to USAC's Washington, DC offices during June 2006 in order to attend to USAC business.

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

**RESOLVED**, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred in Conducting USAC Business other than Board of Directors Meetings* approved by the USAC Board of Directors, the Executive Committee authorizes USAC to reimburse Dr. Brian Talbott for travel expenses incurred as a result of his visit to USAC's Washington, DC offices during June 2006 in order to attend to USAC business.

Dr. Talbott abstained from voting on this resolution. All other members of the Committee in attendance voted for the resolution.

At 11:10 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into *Executive Session* for purposes of discussing the confidential and proprietary items as noted above.

***EXECUTIVE SESSION:***

**a1. Ratification of Macrosoft Agreement – Confidential & Proprietary – Executive Session Recommended.** Mr. Belden introduced this item to the Committee and discussed the development of the E-Cert system and Macrosoft, Inc.'s role as the prime contractor on this effort. Mr. Belden explained that although the project had exceeded its planned budget, a review by USAC's Internal Audit Division had found that Macrosoft had fulfilled its obligations and billed USAC fairly for its efforts.

On a motion duly made and seconded, the Committee adopted the following resolution:  
**RESOLVED**, that the USAC Executive Committee ratifies the Macrosoft contract for the E-Cert project and authorizes USAC staff to make remaining payments owed under the contract in an amount not to exceed \$147,741.

**a3. Discussion of Program Support Services Strategy for Schools and Libraries and Rural Health Care – Confidential & Proprietary – Executive Session Recommended.** Mr. Barash introduced this item to the Committee and discussed a proposed course of action regarding performance of program support services for the Schools and Libraries and Rural Health Care Programs.

On a motion duly made and seconded, the Committee adopted the following resolution:  
**RESOLVED**, that the USAC Executive Committee, having been briefed by USAC management concerning alternative courses of action with regard to performance of support services for the Schools and Libraries and Rural Health Care Programs, hereby authorizes staff to pursue Option 3, conduct appropriate discussions with Federal Communications Commission staff, and provide a more detailed proposed course of action no later than the July 2006 quarterly meetings of the Schools & Libraries Committee, the Rural Health Care Committee, and the full USAC Board of Directors.

At 11:38 a.m. Eastern Time, the Committee voted to moved out of Executive Session and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that the Committee took action on items **a1** and **a3** above in Executive Session.

Mr. Barash informed the Committee that USAC is planning to file today the 3<sup>rd</sup> Quarter 2006 demand filing, which is expected to result in a USF contribution factor of 10.5%. In addition, Mr. Barash reported that Ms. Lamoureux, Executive Staff Manager, has resigned and is leaving the company as of June 9, 2006. Dr. Talbott and the members of the Committee thanked Ms. Lamoureux for her efforts and wished her the best in her future endeavors.

On a motion duly made and seconded, the Committee adjourned at 11:40 a.m. Eastern Time.

David A. Capozzi, Assistant Secretary



**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**July 20, 2006**

**MINUTES**

The quarterly meeting of the Executive Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, April 20, 2006. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:03 a.m. Eastern Time. Ms. Marci Panton, Administrative Assistant, called the roll. All nine members were present, representing a quorum:

Banks, Jonathan – *by telephone*  
Barash, Scott – Acting CEO  
Campbell, Anne – *by telephone*  
Duff, Bridget – Secretary – *by telephone*  
Hess, Kevin – *by telephone*  
Jackson, Jimmy – Vice Chair – *by telephone*  
Jortner, Wayne – Treasurer – *by telephone*  
Sanders, Dr. Jay – *by telephone*  
Talbott, Dr. Brian – Chair – *by telephone*

Other Board Members and Officers of the Corporation present:

Belden, Richard – Chief Operating Officer  
Blackwell, Mel – Acting VP, Schools and Libraries Division and  
VP, Rural Health Care Division  
Capozzi, Dave – Acting General Counsel  
Erwin, WB – VP of Finance  
Holcombe, Jamie – VP, Information Services  
Majcher, Karen – VP, High Cost and Low Income Division  
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

**NAME**

**COMPANY**

Bellavia, Leslie

Goff, Liz

Mitchell, Jeff

Panton, Marci

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**ACTION ITEMS:**

**a1. Approval of Executive Committee Meeting Minutes.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of April 20, 2006 and June 1, 2006.

**a2. Changes to Investment Committee Composition and Automatic Election of Members.** Mr. Barash introduced this item to the Committee outlining the proposed changes.

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

**RESOLVED**, that the USAC Executive Committee recommends the USAC Board of Directors remove the Staff Manager-Trader and the Director of Accounting positions from the Investment Committee; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors add the Chief Operating Officer as a member of the Investment Committee; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors resolve that when the Board appoints a person to the position of Treasurer, Assistant Treasurer, Chief Executive Officer or Chief Operating Officer, in either a permanent or acting role, such person shall be automatically appointed to the seat on the Investment Committee designated for such respective position without requirement for further action by the USAC Board of Directors or Investment Committee; and

**RESOLVED FURTHER**, that the USAC Executive Committee recommends the USAC Board of Directors resolve that a person appointed to the Investment Committee shall remain a member of the committee until such person's: (i) resignation; (ii) removal by the Board of Directors or the Executive Committee as a member of the Investment Committee; or (iii) removal by the Board of Directors or the Executive Committee as an officer of USAC.

**a3. Action on One USAC Internal Audit Division Contributor Revenue Audit – Confidential & Proprietary – Executive Session Recommended.** In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that this contributor revenue report be discussed in *Executive Session* because discussion of the report *relates to specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in disclosure of confidential techniques and procedures that would compromise program integrity. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential, and to the extent that any such information is discussed, confidential treatment is required.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the Contributor Revenue Report labeled CR2005CP006 shall be conducted in *Executive Session*.

**a4. Approval of 2007 Site Visit Strategy – Confidential & Proprietary – Executive Session Recommended.** In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed would compromise USAC's negotiation strategy to the detriment of the Universal Service Fund, the universal service support programs and USAC.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of approval of the 2007 site visit strategy shall be conducted in *Executive Session*.

**a5. Miscellaneous.**

- Solicit ideas for the July 2006 Committee agenda. Dr. Talbott reminded members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Barash between quarterly meetings.

**INFORMATION ITEMS:**

**i1. Status on USAC-FCC Office of Inspector General Audit Program – Executive Session Option.** Mr. Scott provided an overview and answered questions from Committee members concerning the status of this program, including efforts to procure audit services from multiple firms for the large number of program beneficiary and USF contributor audits the FCC Office of Inspector General is requiring.

**i2. Course of Action Concerning Schools and Libraries and Rural Health Care Program Support Services Agreement – Confidential & Proprietary – Executive Session Recommended.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed would compromise USAC's negotiation strategy to the detriment of the company, the Universal Service Fund, and the universal service support programs.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the course of action concerning the Schools and Libraries and Rural Health Care Program Support Services Agreement shall be conducted in *Executive Session*.

**i3. Mid-Year Report on 2006 USAC Corporate Objectives.** Mr. Barash presented this item to the Committee, and Mr. Barash and Ms. Majcher answered questions from the Committee.

**i4. Miscellaneous.**

• Mr. Barash inquired as to whether the approach implemented for this meeting of streamlining the Executive Committee agenda by generally removing items redundant to both this Committee and the Board agendas and only placing them on the Board agenda is useful. The Committee agreed with this approach.

At 11:33 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into *Executive Session* for purposes of discussing the confidential and proprietary items as noted above.

**EXECUTIVE SESSION:**

**a3. Action on One USAC Internal Audit Division Contributor Revenue Audit.** Mr. Scott introduced this item to the Committee and answered questions from the Committee concerning this matter.

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

**RESOLVED**, that the Executive Committee, having reviewed the USAC Internal Audit Division Contributor Revenue Audit Report labeled CR2005CP006, together with management's response thereto, recommends that such audit report be deemed final. Mr. Banks abstained from voting on this resolution.

**a4. Approval of 2007 Site Visit Strategy.** Ms. Goff introduced this item to the Committee. Mr. Barash, Ms. Majcher and Ms. Goff answered questions posed by the Committee.

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

**RESOLVED**, that the USAC Executive Committee recommends the USAC Board of Directors approve the 2007 site visit initiative strategy as described by USAC management.

**i2. Course of Action Concerning Schools and Libraries and Rural Health Care Program Support Services Agreement.** Mr. Barash presented this item to the Committee. With regard to this matter, he reviewed prior discussions by the Committee, internal USAC management deliberations and a summary of the conversations with FCC staff.

At 12:00 p.m. Eastern Time, the Committee voted to continue in *Executive Session* with only members of the Committee present. At 12:13 p.m. Eastern Time, the Committee moved out of Executive Session and reconvened in *Open Session*, at which time Dr. Talbott reported that the Committee considered and took action on Action Items a3 and a4 and considered Information Item i5 and a personnel matter in Executive Session.

On a motion duly made and seconded, the Committee adjourned at 12:15 p.m. Eastern Time.

/s/

David A. Capozzi  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**August 25, 2006**

**MINUTES**

A non-quarterly meeting of the Executive Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, August 25, 2006. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:30 a.m. Eastern Time. Ms. Marci Panton, Administrative Assistant, called the roll. Five of the nine members were present, representing a quorum:

Banks, Jonathan – *by telephone*  
Barash, Scott – Acting CEO  
Jortner, Wayne – Treasurer – *by telephone*  
Sanders, Dr. Jay – *by telephone*  
Talbott, Dr. Brian – Chair – *by telephone*

Members of the Committee not present:

Campbell, Anne  
Duff, Bridget – Secretary  
Hess, Kevin  
Jackson, Jimmy – Vice Chair

Other Board Members and Officers of the Corporation present:

Belden, Richard – Chief Operating Officer  
Capozzi, Dave – Acting General Counsel  
Scott, Wayne – VP, Internal Audit Division

**ACTION ITEMS:**

**a1. Engagement of Firms for Audits of Universal Service Support Mechanism Beneficiaries and Contributors and Authorization to Procure Project Management and Quality Assurance Services – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed would compromise USAC's negotiation strategy to the detriment of the company, the Universal Service Fund, and the universal service support programs. In addition, this issue paper involves *pre-decisional matters presently before Commission staff.*

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

**RESOLVED**, that the USAC Executive Committee determines that consideration of the engagement of firms for audits of universal service support mechanism beneficiaries and Universal Service Fund contributors and authorization to procure project management and quality assurance services shall be conducted in *Executive Session*.

At 11:31 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into *Executive Session* for purposes of discussing the confidential and proprietary items as noted above.

***EXECUTIVE SESSION:***

**a1. Engagement of Firms for Audits of Universal Service Support Mechanism Beneficiaries and Contributors and Authorization to Procure Project Management and Quality Assurance Services.** Mr. Barash introduced this item to the Committee and answered questions from the Committee members concerning the timelines for conducting the required audits and concurrence and participation by FCC staff in the procurement process.

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

**RESOLVED**, that the USAC Executive Committee, having reviewed information presented by management concerning the procurement and award process for firms to conduct audits of Universal Service Fund beneficiaries and contributors in conjunction with the FCC Office of Inspector General, hereby ratifies the engagement of Clifton Gunderson, Deloitte and Touche, McBride Locke & Associates, Reznick Group, KPMG, Gardiner Kamy & Associates, Thompson, Cobb, Bazillo, & Associates, Lani Eko & Company, and Torres Llompart Sanchez Ruis; and

**RESOLVED FURTHER**, that USAC staff shall seek additional spending authority from the Executive Committee or the Board of Directors if costs for the audit services described above are expected to exceed \$35 million; and

**RESOLVED FURTHER**, that the USAC Executive Committee authorizes USAC management to conduct a competitive bidding process and enter into a contract with one or more vendors for audit quality assurance review services as described above in an amount not to exceed \$850,000; and

**RESOLVED FURTHER**, that the USAC Executive Committee authorizes USAC management to conduct a competitive bidding process and enter into contracts with one or more vendors for audit program project management support services as described above in an amount not to exceed \$1,060,000.

At 11:35 a.m. Eastern Time, the Committee voted to moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that the Committee considered and took action on Action Item a1 above in Executive Session. On a motion duly made and seconded, the Committee adjourned at 11:36 a.m. Eastern Time.

/s/

David A. Capozzi  
Assistant Secretary



**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**EXECUTIVE COMMITTEE MEETING**

**October 19, 2006**

**MINUTES**

The quarterly meeting of the Executive Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, October 19, 2006. Jimmy Jackson, Vice Chair of the Committee, chaired the meeting at the request of Dr. Talbott, Chair of the Committee. Mr. Jackson called the meeting to order at 11:04 a.m. Eastern Time. Ms. Marci Panton, Administrative Assistant, called the roll. Seven eight members were present, representing a quorum:

Banks, Jonathan – *by telephone*  
Barash, Scott – Acting CEO  
Hess, Kevin – *by telephone*  
Jackson, Jimmy – Vice Chair – *by telephone*  
Jortner, Wayne – Treasurer – *by telephone*  
Sanders, Dr. Jay – *by telephone*  
Talbott, Dr. Brian – *by telephone*

Ms. Anne Campbell did not attend the meeting.

Other Board Members and Officers of the Corporation present:

Belden, Richard – Chief Operating Officer  
Blackwell, Mel – VP, Schools and Libraries Division  
Capozzi, Dave – Acting General Counsel and Assistant Secretary  
England, William – VP, Rural Health Care Division  
Erwin, WB – VP of Finance and Assistant Treasurer  
Holcombe, Jamie – VP, Information Services  
Majcher, Karen – VP, High Cost and Low Income Division  
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

<b>NAME</b>	<b>COMPANY</b>
Falcowitz, Ed	USAC
Nuzzo, Patsy	USAC
Panton, Marci	USAC
Trew, Anne Marie	USAC

## **ACTION ITEMS:**

a1. Approval of Executive Committee Meeting Minutes. **On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of July 20, 2006 and August 25, 2006. Dr. Talbott did not vote on this item as he joined the meeting after the Committee voted.**

**a2. Action on One USAC Operational Audit Report – Confidential & Proprietary – *Executive Session Recommended*.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in ***Executive Session***, Mr. Capozzi recommended this audit report be discussed in ***Executive Session*** because discussion of the report ***relates to specific internal controls, and/or confidential company data*** that constitutes a discussion of internal rules and procedures concerning the administration of the company where discussion of the matter in open session would result in disclosure of confidential techniques, procedures and information that would compromise company operations.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the Internal Audit Division Travel and Expense Operational Audit report labeled US2006OP001 shall be conducted in ***Executive Session***.

**a3. Consideration of Personnel Matter – Confidential & Proprietary – *Executive Session Recommended*.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in ***Executive Session***, Mr. Capozzi recommended that discussion of the nomination for the permanent CEO position be conducted in ***Executive Session*** because it is a ***personnel matter***.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of a personnel matter regarding the nomination for the permanent Chief Executive Officer position shall be conducted in ***Executive Session***.

At 11:19 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into ***Executive Session*** with only members of the Committee present for the purpose of discussing item a3 as noted above.

At 11:22 a.m., the Committee determined to continue in ***Executive Session*** with staff present. Mr. Jackson reported that the Committee considered item a3 in ***Executive Session***. The Committee continued in ***Executive Session*** for the purpose of discussing item a2 as noted above.

At 11:26 a.m. Eastern Time, the Committee moved out of Executive Session and reconvened in *Open Session*, at which time Mr. Jackson reported that the Committee considered item a2 as follows:

**a2. Action on One USAC Operational Audit Report**

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

**RESOLVED**, that the USAC Executive Committee, having reviewed the Internal Audit Division USAC Travel and Expense Operational Audit Report labeled US2006OP001, together with management's responses thereto, recommends to the USAC Audit Committee that the audit report be deemed final.

The Committee then continued to address other business as follows:

**a4. Biennial Review of USAC Employee Ethical Standards.** Mr. Capozzi introduced this item to the Committee. The Committee discussed certain aspects of the standards.

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

**RESOLVED**, that the USAC Executive Committee recommends to the USAC Board of Directors the current *Statement of Ethical Conduct for Employees* be reaffirmed and approved without modification.

**a5. Miscellaneous.**

- Solicit ideas for the January 2007 Committee agenda. Mr. Jackson reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Barash between quarterly meetings.

**INFORMATION ITEMS:**

**i1. Status on USAC-FCC Office of Inspector General Audit Program.** Mr. Mitchell provided an overview and answered questions from Committee members concerning the status of this program, including audits in progress, expected start dates for other audits and the planned procurement of audit quality assurance services from an outside vendor.

**i2. Update on Course of Action Concerning Schools and Libraries and Rural Health Care Program Support Services Agreement – Confidential & Proprietary – *Executive Session Recommended*.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed would compromise USAC's negotiation strategy to the detriment of the company, the Universal Service Fund, and the universal service support programs.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the course of action concerning the Schools and Libraries and Rural Health Care Program Support Services Agreement shall be conducted in *Executive Session*.

**i3. Preliminary Assessment of Contribution Methodology Changes Impact – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* as the nature of this matter relates to USAC's contributor data which is confidential and public disclosure of such information is prohibited.

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

**RESOLVED**, that the USAC Executive Committee determines that discussion of the preliminary assessment of the impact of the *Second Interim Contribution Methodology Order* released on June 27, 2006 shall be conducted in *Executive Session*.

**i4. Semiannual Status Report on Ongoing USAC Audits.** Mr. Scott presented this item to the Committee. He highlighted that the FCC's annual audit is underway, which includes an audit of the management and administration of the USF by USAC. Mr. Scott also mentioned that Deloitte & Touche is starting its audit of USAC's financial statements and Agreed Upon Procedures for calendar year 2006.

**i5. Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item to the Committee in which he discussed recoveries related to the audit labeled: SL2004BE035. Mr. Jortner asked a question concerning the audit labeled: CR2004CP018. Mr. Scott stated he would report back to Mr. Jortner after he has had an opportunity to research the matter.

At 11:45 a.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

**EXECUTIVE SESSION:**

**i2. Update on Course of Action Concerning Schools and Libraries and Rural Health Care Program Support Services Agreement.** Mr. Barash presented this item to the Committee, and he and Mr. Belden answered questions during discussion.

**i3. Preliminary Assessment of Contribution Methodology Changes Impact.** Mr. Erwin presented this item to the Committee, and he and Ms. Trew answered questions during discussion.

**i4. Miscellaneous.**

Mr. Barash discussed two pre-decisional matters in which USAC is working with the FCC concerning expiring USAC Board member terms and progress on the memorandum of understanding being developed to govern the operating relationship between USAC and the FCC.

At 12:04 p.m. Eastern Time, the Committee moved out of Executive Session and reconvened in *Open Session*, at which time Mr. Jackson reported that the Committee considered items i2 and i3 and discussed two pre-decisional matters in which USAC is working with the FCC.

On a motion duly made and seconded, the Committee adjourned at 12:05 p.m. Eastern Time.

David A. Capozzi, Assistant Secretary