

2008 Executive Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

January 18, 2008

MINUTES

The quarterly meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, January 17, 2008. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:02 a.m. Eastern Time. Eight of the nine members of the Committee were present, representing a quorum.

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jackson, Jimmy – Vice Chair – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Chair – *by telephone*
Williams, Jason – *by telephone*

Mr. Joel Lubin joined the meeting at 11:04 a.m. Eastern Time by telephone. He did not participate in the discussion of or vote on item a1.

Officers of the Corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools and Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Bill – Vice President, Rural Health Care Division
Erwin, W.B. – Vice President, Finance, and Assistant Treasurer
Majcher, Karen – Vice President, High Cost and Low Income Division
Scott, Wayne – Vice President, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Briddell, Chris	USAC
Grant, Colleen	USAC
Iversen, Eric	USAC
Machcinski, Thaddeus	FCC

NAME	COMPANY
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC
Rodriguez, Jose	FCC
Ruffley, Brandon	USAC
Yee, Kim	FCC

ACTION ITEMS:

- a1. Approval of Executive Committee Meeting Minutes of October 18, 2007, November 2, 2007 and December 19, 2007.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of October 18, 2007, November 2, 2007 and December 19, 2007.
- a2. Action on One USAC Operational Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report *relates to specific internal controls, and/or confidential company data*.

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

RESOLVED, that the USAC Executive Committee determines that discussion of the USAC Internal Audit Division accounts payable operational audit report labeled US2007OP002 shall be conducted in *Executive Session*.

- a3. Approval of USAC 2007 Annual Report to the FCC and Congress.** Mr. Eric Iversen, Director, External Relations, introduced this item to the Committee requesting feedback from Committee members and noting that the draft Annual Report would also be presented to the Board of Directors at the meeting on January 18, 2008.

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

RESOLVED, that the USAC Executive Committee approves the USAC 2007 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, 2008, and further directs USAC management to provide each Board member with a copy of the final 2007 Annual Report. The USAC Executive Committee authorizes management to exercise appropriate editorial privilege and discretion in the preparation of the final report.

- a4. Action on Three USAC Internal Audit Division Contributor Revenue Audit Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports **relate to specific internal controls, and/or**

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

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

RESOLVED, that the USAC Executive Committee determines that discussion of the contributor revenue audit reports labeled CR2006CP092, CR2007CP001 and CR2007CP002 shall be conducted in **Executive Session**.

- a5. Miscellaneous. Solicit ideas for April 2008 Committee Agenda.** Dr. Talbott reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Jackson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. Status Report on the FCC Office of Inspector General (OIG) USF Audit Program.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in **Executive Session**, Mr. Capozzi recommended this discussion be conducted in **Executive Session** because this matter relates to USAC's **procurement strategy and contract administration** as well as **investigatory records**, and also may relate to **pre-decisional matters pending before the FCC**.

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

RESOLVED, that the USAC Executive Committee determines that consideration and discussion of the status report on the FCC Office of Inspector General USF Audit Program shall be conducted in **Executive Session**.

- i2. USAC 2007 Accomplishments.** Mr. Barash presented this item to the Committee, noting the many changes and accomplishments that occurred during the year, including:
- Continued execution of the Rural Health Care and Schools & Libraries strategy for procuring and implementing information technology (IT) and operations support services. Although the strategy changed in the first half of 2007, a contract with SAIC has been signed for IT support services and the procurement for operations support services is in process.
 - Implementation by USAC of requirements specified in the FCC – USAC Memorandum of Understanding.
 - Continued development and implementation of system enhancements for High Cost & Low Income Support Mechanism administration.
 - Initiating work with the FCC to plan and implement the Rural Health Care Pilot Program.
 - In the Schools and Libraries Program, processed funding commitments are 20% ahead of last year as of December 31, 2007. Invoice processing has surpassed targets with 98% of invoices processed within 20 days, with an average per invoice processing time of five days. Sixty-six percent of appeals

were processed within 90 days.

- Round 1 of FCC OIG USF audit program was completed on time and under budget.

i3. USAC 2008 Objectives. Mr. Barash presented this item to the Committee, noting key objectives for 2008 include:

- Maintain an effective and productive working relationship with the FCC.
- Complete procurement and continue implementation of Rural Health Care and Schools and Libraries IT and operations support services.
- Continue, in conjunction with the FCC, planning and implementation of the Rural Health Care Pilot Program.
- Execute Round 2 of the 2007-2008 FCC OIG USF audit program.
- Continue development and rollout of the USAC financial systems modernization.
- Continue development and rollout of systems enhancements for High Cost and Low Income Support Mechanism administration.
- Define and implement the next phase of the USAC site visit program.

i4. Miscellaneous.

i4-1. Transfer of \$21.48 Million of USF Funds to the FCC Pursuant to the Consolidated Appropriations Act of 2008 (P.L. 110-761). In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this discussion be conducted in *Executive Session* because this item relates to *pre-decisional matters* before the FCC.

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

RESOLVED, that the USAC Executive Committee determines that consideration and discussion of the transfer of \$21.48 million of USF funds to the FCC pursuant to the consolidated appropriations act of 2008 (P.L. 110-761) shall be conducted in *Executive Session*.

At 11:22 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

a2. Action on One USAC Operational Audit Report. Mr. Scott introduced this time to the Committee.

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 USAC Internal Audit Division USAC accounts payable audit report labeled US2007OP002,

together with management's responses thereto, hereby accepts the recommendation of USAC management and recommends to the USAC Audit Committee that such report be deemed final.

a4. Action on Three USAC Internal Audit Division Contributor Revenue Audit Reports. Mr. Scott introduced 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 Executive Committee, having reviewed the USAC Internal Audit Division contributor revenue audit reports labeled CR2006CP092, CR2007CP001 and CR2007CP002, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit reports final.

i1. Status Report on FCC OIG USF Audit Program. Mr. Scott presented this item to the Committee.

i4. Transfer of \$21.48 Million of USF Funds to the FCC Pursuant to the Consolidated Appropriations Act of 2008 (P.L. 110-761). Mr. Barash presented this item to the Committee.

At 11:52 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Dr. Talbott reported that the Committee took action on items a2 and a4 and discussed items i1 and i4 above in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 11:54 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

April 2, 2008

MINUTES

A non-quarterly meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Wednesday, April 2, 2008. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 12:20 p.m. Eastern Time. Eight of the nine members of the Committee members were present, representing a quorum.

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jackson, Jimmy – Vice Chair – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Lubin, Joel – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Chair – *by telephone*

Members of the Committee not present:

Williams, Jason

Other Board members and officers of the corporation present:

Blackwell, Mel – Vice President, Schools and Libraries Division
Boyle, Anne – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Erwin, W.B. – Vice President, Finance, and Assistant Treasurer
McClure, Dave – Member of the Board
Scott, Wayne – Vice President, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Grant, Colleen	USAC
Machcinski, Thaddeus	FCC
Mi, Christy	USAC
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC
Ruffley, Brandon	USAC
Theobald, Fred	USAC
Tilton, Michelle	USAC
Yee, Kim	FCC

ACTION ITEMS:

- a1. Action on 17 Contributor Revenue Compliance Attestation Audit Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the reports **relate to specific internal controls, and/or confidential company data** that would constitute a discussion of *internal rules and procedures* concerning the administration of the universal service support mechanisms. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.*

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

RESOLVED, that the USAC Executive Committee determines that discussion of the contributor revenue reports listed in Exhibit 1 to this issue paper shall be conducted in *Executive Session*.

- a2. Consideration of Renewal of Banking and Financial Services Agreement.** In accordance with the approved criteria and procedure for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this item be discussed in *Executive Session* because this **matter relates to USAC's procurement strategy and contract administration.**

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

RESOLVED, that the USAC Executive Committee determines that consideration of the banking and financial services agreement extension shall be conducted in *Executive Session*.

At 12:22 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a1. Action on 17 Contributor Revenue Compliance Attestation Audit Reports – Confidential & Proprietary.** Mr. Scott introduced 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 Executive Committee having reviewed the seventeen contributor revenue compliance attestation audit reports listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- a2. Consideration of Renewal of Banking and Financial Services Agreement.** Mr. Erwin introduced this item to the Committee, noting that exercise of the renewal option is necessary to complete the ongoing competitive procurement process and that the contract is terminable on 90 days notice.

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

RESOLVED, that the USAC Executive Committee approves exercising the one-year renewal option in the current contract with LaSalle Bank/Bank of America to provide financial services at pricing currently in effect.

At 12:36 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Dr. Talbott reported that the Committee took action on items a1 and a2 above.

OPEN SESSION:

- i3. Miscellaneous. Draft Agendas for the April 2008 Quarterly Board of Directors and Executive Committee Meetings.** Mr. Barash informed the Committee of Dr. Kragel's suggestion to add an agenda item to the Board and Executive Committee meetings regarding USAC customer service standards and complaint system implementation.

On a motion duly made and seconded, the Committee adjourned at 11:52 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

April 24, 2008

MINUTES

The quarterly meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, April 24, 2008. At the request of Dr. Talbott and Mr. Jackson who were not able to attend, Mr. Barash chaired the meeting. The meeting was called to order at 11:02 a.m. Eastern Time with a quorum of six of the nine Committee members present.

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Lubin, Joel – *by telephone*
Sanders, Dr. Jay – *by telephone*
Williams, Jason – *by telephone*

Members of the Committee not present:

Jackson, Jimmy
Kragel, Dr. Peter
Talbott, Dr. Brian

Officers of the Corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Bill – Vice President, Rural Health Care Division
Erwin, W.B. – Vice President of Finance, and Assistant Treasurer
Majcher, Karen – Vice President, High Cost and Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Bellavia, Leslie	USAC
Grant, Colleen	USAC
Iversen, Eric	USAC
Machcinski, Thaddeus	FCC
Mi, Christy	USAC
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC
Ruffley, Brandon	USAC
Sotoodehfar, Sara	USAC
Trew, Anne Marie	USAC

ACTION ITEMS:

- a1. **Approval of Executive Committee Meeting Minutes of January 17, 2008 and April 2, 2008.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of January 17, 2008 and April 2, 2008.
- a2. **Action on One USAC Internal Audit Division Contributor Revenue Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report **relates to specific internal controls, and/or confidential company data**. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Executive Committee determines that discussion of the contributor revenue audit report labeled CR2007CP004 shall be conducted in *Executive Session*.

- a3. **Miscellaneous. Solicit ideas for the April 2008 Committee Agenda.** Mr. Barash reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Jackson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i2. **Status Report on the FCC Office of Inspector General (OIG) USF Audit Program.** Mr. Scott presented this item to the Committee noting that USAC is meeting with the FCC OIG bi-weekly to allow for more detailed discussion and status updates. As of April 18, 91% of the audits have been announced, 61% of the entrance conferences have been conducted and 32% of field visits are complete. Audit program costs through March are at approximately \$30 million. The original projected program cost was \$87 million. Final program costs may exceed this estimate by at least \$5 million due to the later start date for the program this year requiring additional training to augment the initial number of auditors and the complexity of the High Cost audits. As the audits continue other factors may affect total program cost positively or negatively.

Responding to an inquiry by Ms. Campbell, Mr. Scott reported that the Schools and Libraries audits are on target, but the High Cost audits are slightly behind. Mr. Scott reiterated that the audit firms have committed to the July 31 data delivery date and noted that there was a penalty in the contract should they miss the deadline. Mr. Barash noted that the 2007-2008 audit program is a massive undertaking, and, while the firms have committed to meeting the July 31 deadline, it will not be without risk or challenge.

Mr. Williams asked about the status of the High Cost follow-up items for the 2006-2007 audit program, specifically those with documentation issues. Mr. Scott indicated that there are approximately 16 audits with this classification, and, based on FCC direction, additional work will be performed by USAC or audit firms under contract to USAC to determine what, if any, amount of support paid should be recovered from each entity audited. Mr. Williams asked if the same issues would arise with the current audit program. Mr. Scott stated that it was too soon to know, however, he has discussed this matter with the OIG.

- i2. **Update on Procurement Matters.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that the discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

- i3. Introduction of the USAC's Complaint Handling Process.** Mr. Barash presented this item to the Committee, noting that the March report would be presented at the Board of Directors meeting on April 29, 2008. USAC's External Relations Division is providing overall management of the complaint function. In addition, the contributor revenue reporting and support mechanism groups have a complaint coordinator to facilitate complaint resolution in their respective groups. Mr. Barash also noted that USAC quickly and effectively implemented the complaint handling process based on very short notice from the FCC.

At 11:19 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

- a2. Action on One USAC Internal Audit Division Contributor Revenue Audit Report.** Ms. Colleen Grant, Senior Internal Auditor, introduced 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 Executive Committee, having reviewed the USAC Internal Audit Division contributor revenue audit report labeled CR2007CP004, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit report final.

- i2. Update on Procurement Matters.** Mr. Belden presented this item to the Committee.

At 11:48 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Mr. Barash reported that the Committee took action on item a2 and discussed item i2 in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 11:49 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

May 7, 2008

MINUTES

A non-quarterly meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Wednesday, May 7, 2008. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 3:59 p.m. Eastern Time. Seven of the nine members of the Committee were present, representing a quorum.

Barash, Scott – Acting CEO
Jackson, Jimmy – Vice Chair – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Chair – *by telephone*
Williams, Jason – *by telephone*

Members of the Committee not present:

Campbell, Anne
Lubin, Joel

Officers of the Corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Erwin, W. B. – Vice President of Finance, and Assistant Treasurer

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Nuzzo, Patsy	USAC
Trew, Anne Marie	USAC – <i>by telephone</i>
Yee, Kim	FCC

ACTION ITEMS:

- a1. Consideration of Revisions to the Memorandum of Understanding Between the FCC and USAC.** 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 *pre-decisional matters before the FCC*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of the proposed changes to the Memorandum of Understanding between the FCC and USAC shall be conducted in *Executive Session*.

At 4:01 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION

- a1. Consideration of Revisions to the Memorandum of Understanding Between the FCC and USAC.** Mr. Barash introduced this item to the Committee.

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

RESOLVED, that the Executive Committee approves the suggested revisions to the MOU recommended by management and directs management to submit the suggested revisions to the FCC for consideration.

At 4:14 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Mr. Barash reported that the Committee took action on item a1 in *Executive Session*. On a motion duly made and seconded, the Committee adjourned at 4:18 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

June 6, 2008

MINUTES

A non-quarterly meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, June 6, 2008. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:58 a.m. Eastern Time. Seven of the nine members of the Committee were present, representing a quorum.

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jackson, Jimmy – Vice Chair – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Talbott, Dr. Brian – Chair – *by telephone*
Sanders, Dr. Jay – *by telephone*
Williams, Jason – *by telephone*

Members of the Committee not present:

Lubin, Joel

Officers of the Corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools and Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Bill – Vice President, Rural Health Care Division
Erwin, W.B. – Vice President of Finance, and Assistant Treasurer
Scott, Wayne – Vice President of Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Bellavia, Leslie	USAC – <i>by telephone</i>
Grant, Colleen	USAC – <i>by telephone</i>
Machcinski, Thaddeus	FCC
Mitchell, Jeff	USAC

NAME	COMPANY
Nuzzo, Patsy	USAC
Ruffley, Brandon	USAC
Sotoodehfar, Sara	USAC
Yee, Kim	FCC

ACTION ITEMS:

- a2. Action on 46 Contributor Revenue Compliance Attestation Audit Reports.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that these reports be discussed in *Executive Session* because this matter relates to specific internal controls, and/or confidential company data that would constitute a discussion of *internal rules and procedures*. 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 and after discussion, the Committee adopted the following resolution:

RESOLVED, that the USAC *Executive Committee* determines that discussion of the contributor revenue reports listed in Exhibit 1 to this issue paper shall be conducted in *Executive Session*.

INFORMATION ITEMS:

- i1. Discussion Regarding Report on Rural Health Care Pilot Program Project Management Services Procurement Process.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

At 12:01 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

- a1. Action on 46 Contributor Revenue Compliance Attestation Audit Reports.** Mr. Scott introduced 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 Executive Committee having reviewed the 48 contributor revenue compliance attestation audit reports listed in Exhibit 1 to this issue paper and attached hereto, together with management's responses, accepts the recommendation of USAC management and hereby deems such reports final.

- i1. **Discussion Regarding Report on Rural Health Care Pilot Program Project Management Services Procurement Process.** Mr. Barash presented this item to the Committee.

At 1:00 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Dr. Talbott reported that the Committee took action on item a1 and discussed item i1 in *Executive Session*. The Committee, in discussing item i1, considered the report prepared by management on the Rural Health Care Pilot Program project management services procurement and determined that no further review or action by the Committee on this matter was warranted at this time.

On a motion duly made and seconded, the Committee adjourned at 1:01 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

July 24, 2008

MINUTES

The quarterly meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday, July 24, 2008. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 10:58 a.m., with a quorum of all nine Committee members attending.

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jackson, Jimmy – Vice President – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Lubin, Joel – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – *by telephone*
Williams, Jason – *by telephone*

Other Board Members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Bill – Vice President, Rural Health Care Division
Tate, Joycelyn – Member of the Board

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Iversen, Eric	USAC
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC
Rodriguez, Jose	FCC
Trew, Anne Marie	USAC

ACTION ITEMS:

- a1. Approval of Executive Committee Meeting Minutes of April 24, May 7, and June 6, 2008.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of April 24, May 7, and June 6, 2008.
- a2. Miscellaneous. Solicit ideas for the April 2008 Committee Agenda.** Dr. Talbott reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Jackson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. Status Report on FCC Office of Inspector General USF Audit Program.** Mr. Jeff Mitchell, Director of Outsourced Audit Services, presented this item to the Committee, noting that the field work is complete for 277 of the 390 High Cost Program beneficiary audits and first draft reports had been received on 83 of the audits; fieldwork is complete for 256 of the 260 Schools and Libraries Program beneficiary audits and 148 first draft reports have been received. Mr. Mitchell reported that 98% of the Schools and Libraries assessment data was currently available and he anticipates that 100% of the data will be available by the July 31 deadline; and 70% of the High Cost audit data is currently available. Mr. Mitchell anticipates that the FCC will receive all of the audit data in August.

Mr. Mitchell reported that the Schools and Libraries audits are on budget, while one audit firm conducting High Cost audits has begun informal discussions concerning a substantial increase above the not-to-exceed (NTE) fee amount it proposed to conduct the work. Mr. Jortner questioned the legal and contractual obligation regarding this increase. Mr. Barash explained that the audit firms and USAC agreed to the NTE, but also noted that the firms can request an increase. While USAC is not obligated to accept the increase, USAC must entertain any formal requests in good faith. Mr. Barash noted that no formal requests have been received from any of the audit firms, however, in anticipation of such a request, USAC management is requesting an increase in the budget as a preparatory measure. In response to Mr. Jortner's question regarding the probability that the FCC would approve such an increase, Mr. Barash noted that USAC staff is keeping the Commission's Office of Inspector General (OIG) informed of developments. Mr. Barash also informed the Committee that the firm requesting the increase would be available at the USAC Board meeting on July 29 to answer questions. Mr. Belden noted that last year USAC agreed to approve some requests for increased expenses, while other requests were denied based on the reasons for the request.

Mr. Mitchell also reported that each of the 459 Round 1 auditees were asked to provide feedback on auditor performance and costs incurred by the auditee in participating in the audit through surveys sent to the auditees along with the final audit reports.

Mr. Mitchell reported that staff has been discussing with the OIG parameters for the next round (Round 3) of the FCC OIG USF audit program, however, at the present time, program requirements, size or targeted start date have not been defined by the OIG.

- i2. Update on Procurement Matters.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that the discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

- i3. Mid-Year Report on USAC 2008 Objectives.** Mr. Barash discussed first-half 2008 accomplishments with the Committee and objectives for the remainder of the year.

- i4. FCC-USAC MOU Status Update.** 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 *pre-decisional matters before the FCC*

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

RESOLVED, that the USAC Executive Committee determines that discussion of the FCC-USAC Memorandum of Understanding shall be conducted in *Executive Session*

- i5. Establishment of an Executive Compensation Committee.** Mr. Barash presented this to the Committee, noting a typographical error on the date of the FCC's letter to USAC directing the committee be established. While dated June 9, 2008, FCC staff indicated the letter should have been dated July 9, 2008, impacting the 90 day deadline for USAC to submit a proposal. Mr. Barash reported that Dr. Talbott had asked the following Board members to serve on the Executive Compensation Committee and that those Board members had agreed to do so: Mr. D. Michael Anderson, Dr. Anne Bryant, Mr. Jimmy Jackson, Ms. Phyllis Simon, and Dr. Peter Kragel as Committee Chair. Appropriate resolutions creating the Committee will be considered at the July 29 Board meeting.

i6. Miscellaneous.

i6.1. CEO Evaluation Form. Dr. Talbott introduced this item to the Committee noting that he had incorporated all feedback received from Board members. A final copy will be distributed for review. Dr. Talbott has committed to the FCC that the evaluation will be complete by the end of 2008. He anticipated having the evaluation completed by Board members during September and results compiled for the October meeting.

i6.2. Employee Turnover. In response to an item raised in Mr. Barash's mid-year report, Dr. Sanders commented that the low level of employee turnover was very positive and wanted to point out the expense of recruiting and training new employees. He commended management on the tremendous cost saving through the low turnover rate.

At 11:30 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION

i2. Update on Procurement Matters. Mr. Belden presented this item to the Committee.

i4. FCC-USAC MOU Status Update. Mr. Barash presented this item to the Committee.

At 11:36 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Dr. Talbott reported that the Committee discussed items i2 and i4 above in *Executive Session*. Dr. Talbott reminded the Committee that FCC staff and the Executive Committee are scheduled to meet on July 28 at 1:30 p.m.

On a motion duly made and seconded, the Committee adjourned at 11:43 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

October 23, 2008

MINUTES

The quarterly meeting of the Executive Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Thursday October 23, 2009. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 11:04 a.m. Eastern Time. Seven of the nine Committee members were present representing a quorum:

Barash, Scott – Acting CEO	Kragel, Dr. Peter – Secretary – <i>by telephone</i>
Campbell, Anne – <i>by telephone</i>	Sanders, Dr. Jay – <i>by telephone</i>
Jortner, Wayne – Treasurer – <i>by telephone</i>	Talbott, Dr. Brian – Chair
Jackson, Jimmy – Vice Chair – <i>by telephone</i>	

Mr. Wayne Jortner joined the meeting by telephone at 11:26 a.m. Eastern Time. He did not vote on items a1 or a3, nor did he participate in the discussion of item i1.

Members of the Committee not present:

Lubin, Joel
Williams, Jason

Other officers of the corporation presents:

Capozzi, David – Acting General Counsel and Assistant Secretary
Belden, Richard – Chief Operating Officer
Erwin, W. B. – Vice President of Finance and Assistant Treasurer
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Bellavia, Leslie	USAC
Grant, Colleen	USAC
Iversen, Eric	USAC
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC

Raffley, Brandon	USAC
Rodriguez, Jose	FCC
Winstead, Laura N.	FCC
Yee, Kim	FCC

Dr. Talbott stated that he instructed USAC management to begin preparing comments to the USF Management, Administration and Oversight Notice of Inquiry (NOI), which was released by the FCC on September 12, 2008, for submission to the USAC Board of Directors for review. Dr. Talbott also stated that the NOI raises new matters for comment and seeks to refresh the record from the 2005 Notice of Proposed Rule Making (NPRM), which, at the invitation of the FCC, USAC had filed comments in that proceeding.

ACTION ITEMS:

- a1. **Approval of Executive Committee Meeting Minutes of July 24, 2008.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of July 24, 2008.
- a2. **Action on One USAC Internal Audit Division Contributor Revenue Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report *relates to specific internal controls, and/or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Executive Committee determines that discussion of the contributor revenue audit report labeled CR2007CP003, shall be conducted in *Executive Session*.

- a3. **Miscellaneous.** Dr. Talbott reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Jackson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

FCC Office of Inspector General USF Audit Program Status Update. Mr. Scott presented this item to the Committee noting that for Round 2 of the FCC Office of Inspector General (OIG) USF audit program, 12 reports will be presented to the High Cost & Low Income Committee on October 27. Of the remaining High Cost audit reports, 11 were draft reports under review by management, 162 were pending quality assurance(QA) review, 126 had completed QA review and 79 were pending USAC management responses. Forty-four Schools and Libraries audit reports were schedule to be presented to the Schools and Libraries Committee on October 27. Of

the remaining Schools and Libraries audits, 48 were pending QA review, 122 were draft reports under review by management, 26 had been returned to the audit firms for clarification, and 66 were pending USAC management responses.

Mr. Scott reported that on September 25, 2008, the FCC Inspector General informed USAC that Round 3 of the FCC OIG USF audit program would consist of 346 Schools and Libraries Program entity-level beneficiary audits and 335 High Cost Program beneficiary audits. Audit samples were received from the OIG in early October. In addition, the FCC Inspector General informed USAC that there would likely be 90 Low Income Program beneficiary audits and 135 contributor revenue audits. USAC management had previously been informed that the OIG intended to conduct 269 Rural Health Care Program audits, but that number has not been confirmed.

In preparation for Round 3, auditor training for the Schools and Libraries Program audits is complete and High Cost Program auditor training is in progress. The Inspector General participated in the training with his comments focused on the importance of professionalism and appropriate auditor behavior. Mr. Scott noted that Solix began the extensive document compilation required for the Schools and Libraries Program beneficiary audits and anticipated that some audits would be announced before Thanksgiving.

Mr. Barash commended the Inspector General for his participation in the training and his statements to the audit firms concerning professional conduct when in the field. Mr. Barash stated that USAC management will be meeting with senior partners from each of the audit firms to discuss expectations and set a professional tone for the Round 3 audits.

Dr. Talbott, with concurrence of other Committee members, requested that USAC seek a written directive from the FCC Inspector General authorizing USAC to begin Round 3 of the FCC OIG Audit Program.

Procurement Update. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in Executive Session, Mr. Capozzi recommended that discussion of this item be conducted in Executive Session because this matter relates to USAC's procurement strategy and contract administration.

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

RESOLVED, that the USAC Executive Committee determines that the discussion of the procurement matters associated with this item shall be conducted in *Executive Session*.

At 11:22 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into Executive Session for the purposes of discussing the confidential and proprietary items note above.

EXECUTIVE SESSION:

- a2. Action on One USAC Internal Audit Division Contributor Revenue Audit Report.** Mr. Brandon Raffley, USAC Internal Audit Division Staff Internal Auditor, 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 Executive Committee, having reviewed the USAC Internal Audit Division contributor revenue audit report labeled CR2007CP003, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit report final.

- i2. Procurement Update.** Mr. Barash presented this item to the Committee.

At 11:40 a.m. Eastern Time, the Committee adjourned from **Executive Session** and immediately reconvened in **Open Session** at which time Dr. Talbott reported that in **Executive Session** the Committee took action on item a2 and discussed item i2 above.

On a motion duly made and seconded, the Committee adjourned at 11:41 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

December 12, 2008

MINUTES

A meeting of the Executive Committee (Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, December 12, 2008. Dr. Brian Talbott, Chair of the Committee, called the meeting to order at 12:08 p.m. Eastern Time. Seven of nine Committee members were present representing a quorum:

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*

Sanders, Dr. Jay – *by telephone*
Talbot, Dr. Brian – Chair – *by telephone*
Williams, Jason – *by telephone*

Committee members not present:

Jackson, Jimmy
Lubin, Joel

Other Board members and officers of the corporation present:

Capozzi, David – Acting General Counsel and Assistant Secretary
Gillan, Joe – Board member
Knowles, Rex – Board member
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Carroll, Kristy	USAC – <i>by telephone</i>
Iversen, Eric	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a4. **Approval to File Reply Comments in Response to the Notice of Inquiry in the Matter of Comprehensive Review of Universal Service Fund Management, Administration, and Oversight.** Dr. Talbott introduced this item to the Committee.

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 is subject to the *attorney-client privilege*.

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

RESOLVED, that the USAC Executive Committee determines that discussion of the authorization to file reply comments *In the Matter of Comprehensive Review of Universal Service Fund Management, Administration, and Oversight, Notice of Inquiry*, shall be conducted in *Executive Session*.

At 12:11 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- a1. **Approval to File Reply Comments in Response to the Notice of Inquiry in the Matter of Comprehensive Review of Universal Service Fund Management, Administration, and Oversight.** Mr. Barash presented this item to the Committee.

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

RESOLVED, that pursuant to the resolution adopted by the Board of Directors on October 28, 2008, the USAC Executive Committee hereby approves the draft USAC reply comments *In the Matter of Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight, Notice of Inquiry* and hereby authorizes USAC management to timely file the reply comments on behalf of USAC; and

RESOLVED FURTHER, that the Committee authorizes staff to exercise appropriate editorial judgment in finalizing the draft reply comments approved by the Committee prior to filing.

At 12:18 p.m. Eastern Time, the Committee adjourned from **Executive Session** and immediately reconvened in **Open Session** at which time Dr. Talbott reported that in **Executive Session** the Committee took action on item a1 above. The Committee then discussed the reports on improper payments in the Low Income and Schools and Libraries Programs issued by the FCC Inspector General earlier in the day.

On a motion duly made and seconded, the Committee adjourned at 12:37 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

December 22, 2008

MINUTES

A joint meeting of the Executive Compensation Committee (Compensation Committee) and the Executive Committee (Executive Committee) of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, December 22, 2008. Dr. Brian Talbott, Chair of the Executive Committee and acting at the request of Dr. Kragel, Chair of the Compensation Committee, called the meetings to order at 12:02 p.m. Eastern Time.

Seven of eight Executive Committee members, and four of five Compensation Committee members were present, representing a quorum for each Committee:

Anderson, D. Michael – <i>by telephone</i>	Kragel, Dr. Peter – Secretary - <i>by telephone</i>
Barash, Scott – Acting CEO – <i>by telephone</i>	Lubin, Joel – <i>by telephone</i>
Campbell, Anne – <i>by telephone</i>	Simon, Phyllis – <i>by telephone</i>
Jackson, Jimmy – Vice Chair – <i>by telephone</i>	Talbott, Dr. Brian – Chair – <i>by telephone</i>
Jortner, Wayne – Treasurer – <i>by telephone</i>	

Members of the Committees not present:

Bryant, Dr. Anne (for the Compensation Committee)
Sanders, Dr. Jay (for the Executive Committee)

Other officers of the corporation present:

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

Others present for the meeting:

NAME	COMPANY
Labuvnik, Jennifer	Mercer, Inc.
McGee, Chris	Mercer, inc.
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Consideration of Draft Performance-Based Compensation Plan For USAC Corporate Officers and Other Executives.** 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 *personnel matters*. Mr. Capozzi also noted that Compensation Committee meetings are conducted in *Executive Session* without the need for a formal resolution pursuant to the provisions of the Compensation Committee charter.

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

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

- a2. Consideration of Modification to Round 3 Project Management Services Contract for FCC Office of Inspector General USF Audit Program.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Executive Committee determines that consideration of authorizing a modification to the not-to-exceed contract amount for the existing project management support services for the FCC OIG USF audit program effort shall be conducted in *Executive Session*.

- a3. Consideration of Contract for Construction General Contractor Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Executive Committee determines that consideration of the contract for construction general contracting services shall be conducted in *Executive Session*.

At 12:04 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a1. Consideration of Draft Performance-Based Compensation Plan For USAC Corporate Officers and Other Executives.** Dr. Kragel introduced this item to the Committee.

On a motion duly made and seconded and after discussion, including discussion with the representatives of Mercer, Inc., the Compensation Committee adopted the following resolution with Mr. Jackson voting against the resolution:

RESOLVED, that the USAC Board of Directors Executive Compensation Committee, having reviewed the proposed draft revised Proposed Performance-Based Compensation Plan for USAC Corporate Officers and Other Executives, hereby approves the plan and recommends that the USAC Executive Committee approve the draft revised plan and authorize the Executive Compensation Committee Chair to submit the draft plan to the Federal Communications Commission (FCC) Managing Director, pursuant to the December 1, 2008 letter from the FCC Managing Director to the Chair of the USAC Board of Directors.

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

RESOLVED, that the USAC Executive Committee, having reviewed the proposed draft revised Performance-Based Compensation Plan for USAC Corporate Officers and Other Executives, accepts the recommendation of the USAC Executive Compensation Committee and hereby approves the draft plan and authorizes the USAC Executive Compensation Committee Chair to submit the draft plan to the Federal Communications Commission (FCC) Managing Director, pursuant to the December 1, 2008 letter from the FCC Managing Director to the Chair of the USAC Board of Directors.

- a2. Consideration of Modification to Round 3 Project Management Services Contract for FCC Office of Inspector General USF Audit Program.** Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee, accepts the recommendation of USAC management and hereby authorizes management to modify the contract between USAC and Washington Consulting Inc. to provide project management services related to the second and third years of the FCC OIG USF audit program in an amount not-to-exceed \$2,373,551.

- a3. **Consideration of Contract for Construction General Contractor Services.** Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee accepts management's recommendation and hereby authorizes management to engage QSS International, Inc. to provide construction general contracting services to USAC for the fixed price of \$140,977; and hereby authorizes management to increase the contract amount, if necessary, up to an additional \$14,098 to cover any unforeseen requirements identified during construction bringing the total authorization to a not-to-exceed level of \$155,075.

At 1:06 p.m. Eastern Time, the Executive Committee adjourned from **Executive Session** and immediately reconvened in **Open Session** at which time Dr. Talbott reported that in **Executive Session** the Compensation Committee took action on item a1 above and the Executive Committee took action on items a1, a2 and a3 above. On a motion duly made and seconded, the Compensation Committee and the Executive Committee adjourned at 1:06 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary