

2009 Executive Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

January 22, 2009

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 22, 2009. Dr. Brian Talbott, Committee Chair, called the meeting to order at 11:01 a.m. Eastern Time with a quorum of six of the seven Committee members present.

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jortner, Wayne – Treasurer
Kragel, Dr. Peter – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Committee Chair

Members of the Committee not present:

Lubin, Joel

Other Board members and officers of the corporation present:

Anderson, D. Michael – Member of the Board
Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Bill – Vice President, Rural Health Care Division – *by telephone*
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>
Iversen, Eric	USAC
Nuzzo, Patsy	USAC
Yee, Kim	FCC
Rodriguez, Jose	FCC

ACTION ITEMS:

- a1. **Approval of Executive Committee Meeting Minutes of October 23, 2008, November 10, 2008, December 12, 2008 and December 22, 2008.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of October 23, 2008, November 10, 2008, December 12, 2008 and December 22, 2008.
- a2. **Action on One USAC Internal Audit Division Information Technology 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* that would constitute a discussion of internal rules and procedures.

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 Access Controls Audit Report labeled US2008OP001 shall be conducted in *Executive Session*.

- a3. **Miscellaneous.** Solicit ideas for the April 2009 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 or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. **FCC Office of Inspector General USF Audit Program Status Update.** Mr. Scott presented this item to the Committee, noting that for Round 3 of the FCC OIG USF audit program 103 Schools and Libraries Program beneficiary audits have been announced and 106 High Cost Program beneficiary audits have been announced. Of the announced audits of Schools and Libraries Program beneficiaries, 56 audits overlap existing Round 2 audits and 147 High Cost Program beneficiary audits overlap existing Round 2 audits.
- 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. USAC 2008 Accomplishments.** Mr. Barash presented this item to the Committee, noting that in 2008 USAC faced unusually intense scrutiny from the FCC and was required by Commission staff to quickly implement over 30 FCC directives without being provided an opportunity to consult with Commission staff concerning costs and impacts on program operations in all but a few cases. Mr. Barash stated that the organization continued to mature in 2008. Employee turnover was held to approximately 9.1%, which is very low for any industry.
- i4. USAC 2009 Objectives.** Mr. Barash presented this item to the Committee, noting that USAC has an extensive set of 2009 objectives, which include, among other things, establishing and maintaining an effective working relationship with new Commission staff, successfully implementing program and administrative changes directed by the FCC, transitioning High Cost and Low Income Program operations from a third party contractor to USAC staff to increase operational flexibility, completing Round 3 of the FCC OIG USF audit program and implementing the new USAC support mechanism beneficiary site visit program.

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

- a2. Action on One USAC Internal Audit Division Information Technology Operational Audit Report.** 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 Access Controls Audit Report labeled US2008OP001, together with management's responses thereto, accepts the recommendation of USAC management and recommends to the USAC Audit Committee that the report be deemed final.

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

At 11:51 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 item a2 and discussed item i2 in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 11:51 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

March 26, 2009

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 Thursday, March 26, 2009. Dr. Brian Talbott, Committee Chair called the meeting to order at 12:02 p.m. Eastern Time with a quorum of eight of nine Committee members present.

Anderson, D. Michael – *by telephone*
Barash, Scott – Acting Chief Executive Officer
Campbell, Anne – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – *by telephone*
McClure, David – *by telephone*
Lubin, Joel – *by telephone*
Talbott, Dr. Brian – *by telephone*

Members of the Committee not present:

Sanders, Dr. Jay

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary – *by telephone*
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>
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Consideration of Request to File Petition for Waiver of FCC Rule 54.717(f) Requiring Completion of Draft USAC Annual Audit Report by April 15, 2009.** 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 request to file a Petition for Waiver of Section 54.717(f) of the Commission's rules shall be conducted in *Executive Session*.

- a2. Consideration of Contract Award for Acquisition of Computer Operating Software to Support High Cost and Low Income Program Operations – Confidential & Proprietary.** 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 consideration of the recommended contract award to acquire computer operating software to support High Cost and Low Income program operations shall be conducted in *Executive Session*.

- a3. Consideration of Contract Award for Acquisition of Computer Networking and Security Hardware to Support High Cost and Low Income Program Operations – Confidential & Proprietary.** 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 consideration of the recommended contract award to acquire computer networking and security hardware to support High Cost and Low Income program operations shall be conducted in *Executive Session*.

- a4. **Consideration of Contract Award for Acquisition of Storage Area Networking (SAN) Equipment and Disk Storage Required for System Operations – Confidential & Proprietary.** 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 consideration of the recommended contract award to acquire storage area networking (SAN) and disk storage equipment shall be conducted in *Executive Session*.

At 12:05 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

- a2. **Consideration of Contract Award for Acquisition of Computer Operating Software to Support High Cost and Low Income Program Operations – Confidential & Proprietary.**

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 recommendation of USAC management, hereby authorizes management to award a contract to acquire the computer operating systems software listed in the issue paper from En Pointe Technologies at a price not-to-exceed \$102,750 (including applicable sales tax).

- a3. **Consideration of Contract Award for Acquisition of Computer Networking and Security Hardware to Support High Cost and Low Income Program Operations – Confidential & Proprietary.**

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 recommendation of USAC management, hereby authorizes management to award a contract to acquire the computer networking and security hardware listed in the issue paper from TannerNet Technologies for Government, LLC, at a price not-to-exceed \$114,938.08 (including applicable sales tax).

a4. Consideration of Contract Award for Acquisition of Storage Area Networking (SAN) Equipment and Disk Storage Required for System Operations – Confidential & Proprietary.

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 recommendation of USAC management, hereby authorizes management to award a contract to acquire the storage area networking (SAN) and disk equipment listed in the issue paper from Dimension Data North America, Inc. at a price not-to-exceed \$145,136.10 (including applicable sales tax).

At 12:23 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* with only members of the Committee and USAC staff present for the purposes of discussing item a1.

a1. Consideration of Request to File Petition for Waiver of FCC Rule 54.717(f) Requiring Completion of Draft USAC Annual Audit Report by April 15, 2009.

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

RESOLVED, that the USAC Executive Committee accepts the recommendation of USAC management and hereby authorizes USAC to file with the Federal Communications Commission a Petition for Waiver of Section 54.717(f) of the Commission's rules requiring USAC's independent auditor to submit a draft of the USAC 2008 annual audit report to the FCC Office of Inspector General within 105 days of the end of the calendar year (i.e., April 15, 2009).

At 12:45 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, a2, a3 and a4 above in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 12:46 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

April 23, 2009

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 23, 2009. Dr. Brian Talbott, Committee Chair, called the meeting to order at 11:02 a.m. Eastern Time with a quorum of seven of the nine Committee members present.

Anderson, D. Michael – Vice Chair – *by telephone*

Barash, Scott – Acting CEO

McClure, David – *by telephone*

Kragel, Dr. Peter – Secretary – *by telephone*

Lubin, Joel – *by telephone*

Sanders, Dr. Jay – *by telephone*

Talbott, Dr. Brian – Committee Chair

Members of the Committee not present:

Campbell, Anne

Jortner, Wayne

Other Board members and 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

Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

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

ACTION ITEMS:

- a2. Approval of Executive Committee Meeting Minutes of January 22, 2009 and March 26, 2009.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of January 22, 2009 and March 26, 2009.
- a2. Action on Two 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 CR2008CP001 and CR2008CP003 shall be conducted in *Executive Session*.

- a3. Action on One USAC Internal Audit Division Finance Division 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 reports relate to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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 Form 499 Process Review Audit Report labeled US2008OP003 shall be conducted in *Executive Session*.

- a4. **Miscellaneous.** Solicit ideas for the April 2009 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 or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i2. **FCC Office of Inspector General USF Audit Program 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 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 discussion of the FCC Office of Inspector General USF audit program status update shall be conducted in *Executive Session*.

- 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* 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 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. **Miscellaneous. Update on Projected Program Demand for 3rd Quarter 2009.** 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 pending 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 the discussion of the projected program demand for 3rd Quarter 2009 shall be conducted in *Executive Session*.

At 11:08 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 Two USAC Internal Audit Division Contributor Revenue Audit Reports.** Ms. Bellavia 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 reports labeled CR2008CP001 and CR2008CP003, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit reports final.

- a3. Action on One USAC Internal Audit Division Finance Division Operational Audit Report.** Mr. Scott 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 Form 499 Process Review Audit Report labeled US2008OP003, together with management's responses thereto, hereby accepts the recommendation of USAC management and recommends to the USAC Audit Committee that the report be deemed final.

- i1. FCC Office of Inspector General USF Audit Program Status Update.** Mr. Scott presented this item to the Committee.
- i2. Update on Procurement Matters.** Mr. Belden presented this item to the Committee.
- i3. Miscellaneous. Update on Projected Program Demand for 3rd Quarter 2009.** Mr. Barash presented this item to the Committee.

At 12:02 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Dr. Talbott reported that in *Executive Session*, the Committee took action on items a2 and a3 above, and in association with taking action on item a2, Mr. Scott stated that at the Committee's January 2010 meeting, USAC's Internal Audit Division would provide the Committee with a follow-up report on USAC management's efforts at implementing the recommendations in the audit report. Also in *Executive Session*, the Committee discussed items i1, i2 and i3 above.

On a motion duly made and seconded, the Committee adjourned at 12:04 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

May 19, 2009

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 Tuesday, May 19, 2009. Mr. D. Michael Anderson, Committee Vice Chair, called the meeting to order at 3:30 p.m. Eastern Time with a quorum of eight of the nine Committee members present.

Anderson, D. Michael – Vice Chair – *by telephone*
Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jortner, Wayne – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Lubin, Joel – *by telephone*
McClure, David – *by telephone*
Sanders, Dr. Jay – *by telephone*

Members of the Committee not present:

Talbott, Dr. Brian – Committee Chair

Other Board members and 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
Amalfitano, Vince	FCC – <i>by telephone</i>
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. **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, the Committee adopted the following resolution:

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

- a2. **Consideration of Contract for Office Furniture and Installation.** 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 consideration of the recommended contract award to acquire office furniture systems and installation services shall be conducted in ***Executive Session***.

- a3. **Consideration of Proposed Litigation Settlement.** 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 related to pending litigation***.

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

RESOLVED, that the discussion of the proposed litigation settlement with a former USAC employee shall be conducted in *Executive Session*.

At 3:34 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. 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 Committee adopted the following resolution:

RESOLVED, that the USAC Executive Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to HBW Group Construction to provide construction general contracting services to USAC for the fixed price of \$217,870; and hereby authorizes management to increase the contract amount, if necessary, up to an additional \$21,787 to cover any unforeseen requirements identified during construction bringing the total authorization to a not-to-exceed level of \$239,657.

- a2. Consideration of Contract for Office Furniture and Installation.** Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee, having reviewed the recommendation of USAC management, hereby authorizes management, subject to management obtaining any necessary FCC approvals, to award a contract to Price Modern, LLC to provide the office and conference room furniture systems, and installation services to USAC for the fixed price of \$302,438.53, and hereby authorizes management to increase the contract amount up to an additional \$15,121.92 to cover any unforeseen requirements identified during installation; bringing the total authorization to a not-to-exceed level of \$317,560.45.

- a3. Consideration of Proposed Litigation Settlement.** Mr. Capozzi 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 approves settlement of the litigation between USAC and a former employee in accordance with the terms and conditions described by counsel herein, thereby resolving all claims between the parties.

At 4:00 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 Mr. Anderson reported that the Committee, in *Executive Session*, took action on items a1, a2 and a3 above. On a motion duly made and seconded, the Committee adjourned at 4:02 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

June 25, 2009

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 Thursday, June 25, 2009. Dr. Brian Talbott, Committee Chair, called the meeting to order at 12:00 p.m. Eastern Time with a quorum of six of the nine Committee members present.

Anderson, D. Michael – Vice Chair – *by telephone*
Barash, Scott – Acting CEO
Jortner, Wayne – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
McClure, David – *by telephone*
Talbott, Dr. Brian – *by telephone*

Members of the Committee not present:

Campbell, Anne
Lubin, Joel
Sanders, Dr. Jay

Other Board members and 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
Amalfitano, Vince	FCC – <i>by telephone</i>
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Consideration of Contract Award for Acquisition of Computer Disk Library Hardware to Support USAC’s Collocation Data Center Facilities.** Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee determines that consideration of the recommended contract award to acquire computer disk library hardware to provide system backup capability shall be conducted in *Executive Session*.

At 12:02 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. Consideration of Contract Award for Acquisition of Computer Disk Library Hardware to Support USAC’s Collocation Data Center Facilities.**

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 recommendation of USAC management, hereby authorizes management to award a contract to acquire the computer disk library hardware and software products listed in this issue paper from ePlus Technology, Incorporated at a price not-to-exceed \$236,750.00 (including freight and applicable sales tax).

At 12:08 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. Anderson reported that the Committee, in *Executive Session*, took action on item a1 above. On a motion duly made and seconded, the Committee adjourned at 12:09 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

July 23, 2009

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 23, 2009. Dr. Brian Talbott, Committee Chair, called the meeting 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*
Kragel, Dr. Peter – Secretary – *by telephone*
Lubin, Joel – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Committee Chair – *by telephone*

Members of the Committee not present:

Anderson, D. Michael
Jortner, Wayne
McClure, David

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, William – Vice President, Rural Health Care Division
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
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Approval of Executive Committee Meeting Minutes of April 23, 2009, May 19, 2009 and June 25, 2009.** On a motion duly made and seconded, the Committee approved the minutes as written of the Executive Committee meetings of April 23, 2009, May 19, 2009 and June 25, 2009.
- 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 CR2007CP005 shall be conducted in *Executive Session*.

- a3. Consideration of FCC OIG USF Audit Program Follow-Up Work, USAC Beneficiary and USF Contributor Compliance Audit Program (BCAP), and Improper Payments Information Act (IPIA) Assessment Program.** 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 discussion of specific audit plans, internal controls, and/or confidential company data constitutes a discussion of ***internal rules and procedures*** and ***relates to pre-decisional matters pending before the Federal Communications Commission.***

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

RESOLVED, that the USAC Executive Committee determines that discussion of the Improper Payments Information Act Assessment Plan and Beneficiary Compliance Audit Program shall be conducted in *Executive Session*.

- a4. **Consideration of Proposed Revisions to September 2008 FCC-USAC Memorandum of Understanding.** 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 it is *subject to the attorney-client privilege* and *relates to pre-decisional matters pending before the Federal Communications Commission*.

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

RESOLVED, that the USAC Executive Committee determines that discussion of the proposed revisions to the 2008 Memorandum of Understanding between the FCC and USAC shall be conducted in *Executive Session*.

- a5. **Miscellaneous.** Solicit ideas for the October 2009 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. Anderson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i3. **FCC Office of Inspector General USF Audit Program Status Update.** Mr. Scott presented this item to the Committee, noting that results for the follow-up work on the Round 1 High Cost Program beneficiary audits indicate that the improper payment rate of approximately \$4.1 million, representing a 15.07 percent error rate in the audits as reported by the FCC Office of Inspector General (OIG), should be reduced to approximately \$219,000, representing a 2.74 percent error rate. Mr. Scott also reported that similar results should be realized when the follow-up work is completed on the Round 2 and Round 3 audits. Mr. Scott stated that all reports for Round 2 Schools and Libraries beneficiaries have been finalized, and data for the Round 3 audits will be reported to the FCC on July 31, 2009, as planned.

Ms. Campbell asked whether management had any comments on the FCC OIG's report that 100 percent of Low Income Program payments made for a certain period were improper. Mr. Scott reported that the FCC Office of Managing Director was reviewing the OIG's report and had requested USAC perform certain analysis on amounts the OIG deemed improper.

- i2. **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 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 2009 Objectives.** Mr. Barash presented this item to the Committee, noting that:
- the interaction between USAC and Commission staff under Acting Chairman Copps was positive and he expects this trend will continue under Chairman Genachowski;
 - the High Cost and Low Income Program information technology and operations support services transition from Telcordia to USAC in-house staff is underway and is presently on track to meet the required cutover dates;
 - the Rural Health Care Program has seen a substantial increase in primary program (as opposed to the Pilot Program) applications;
 - the Schools and Libraries Program information technology infrastructure management conversion from Solix to SAIC and USAC's data center is continuing with significant activities planned for September 2009;
 - the rejection by the FCC of USAC's proposed award for Schools and Libraries Program operations support services was disappointing, but staff plans to send a revised RFP to FCC staff for review on July 29, 2009, and will reconduct the procurement once Commission staff has approved the RFP;
 - USAC is continuing to complete audits and follow-up work required under the FCC OIG USF audit program, and is waiting for Commission staff approval to initiate the proposed USAC Beneficiary and USF Contributor Compliance Audit Program and Improper Payments Information Act Assessment Program;
 - USAC staff is working to implement all aspects of the September 2009 FCC-USAC Memorandum of Understanding with most of the requirements that USAC can implement already in-place;
 - completion of the additional 8th floor space construction at 2000 L Street is on schedule and budget with occupancy planned for mid-August; and
 - new employee recruiting has worked well and existing employee retention is outstanding with employee turnover at approximately 2 percent year-to-date.
- i4. **Miscellaneous. Projected Contribution Revenue Base for 4th Quarter 2009.** 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 pending 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 the discussion of the projected contribution revenue base for 4th Quarter 2009 shall be conducted in *Executive Session*.

At 11:31 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.** Mr. Scott presented this item to the Committee.

On a motion duly made, 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 CR2007CP005, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit report final.

- a3. Consideration of FCC OIG USF Audit Program Follow-Up Work, USAC Beneficiary and USF Contributor Compliance Audit Program (BCAP), and Improper Payments Information Act Assessment Program.** Mr. Barash presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee, having reviewed USAC management's recommendation, recommends that the USAC Board of Directors approve the continued development by USAC management of programs to address beneficiary compliance and support the FCC in meeting its Improper Payments Information Act compliance obligations; and

RESOLVED FURTHER, that the USAC Executive Committee, having reviewed USAC management's recommendation, recommends that the USAC Board of Directors authorize management to incur necessary start-up expenses for the programs as outlined in the proposed 4Q2009 common and consolidated budgets.

- i2. Update on Procurement Matters.** Mr. Belden presented this item to the Committee.
- i4. Miscellaneous. Projected Contribution Revenue Base for 4th Quarter 2009.** Mr. Barash presented this item to the Committee.

At 12:30 p.m. Eastern Time, the Committee continued discussion in *Executive Session* with only members of the USAC Board and staff present.

- a4. Consideration of Proposed Revisions to September 2008 FCC-USAC Memorandum of Understanding.** Mr. Barash presented this item to the Committee.

At 12:40 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time Dr. Talbott reported that in *Executive Session*, the Committee took action on items a2, a3, and a4 and discussed items i2 and i4 above.

On a motion duly made and seconded, the Committee adjourned at 12:42 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

August 25, 2009

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 Tuesday, August 25, 2009. Dr. Brian Talbott, Committee Chair, called the meeting to order at 12:00 p.m. Eastern Time with a quorum of five of the nine Committee members present:

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
McClure, David – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Board Chair – *by telephone*

Dr. Peter Kragel joined the call at 12:02 p.m. Eastern Time. He did not vote on item a1 below. Mr. Wayne Jortner joined the call at 12:03 p.m. He did not vote on item a1 below or the resolution approving consideration of item a2 below in ***Executive Session***.

Members of the Committee not present:

Anderson, D. Michael – Board Vice Chair
Lubin, Joel

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Ridley, Carolyn – Member of the Board

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Iversen, Eric	USAC
Nuzzo, Patsy	USAC
Yee, Kim	FCC

ACTION ITEMS:

- a2. **Consideration of Revised 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*.

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

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

- a3. **Consideration of Contract Award for Acquisition of Marketing Communications and Graphic Design Services to Support Production of USAC's Annual Report and Collateral Materials.** 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 consideration of the recommended contract award to acquire marketing and graphic design services shall be conducted in *Executive Session*.

- a3. **Approval of 4th Quarter 2009 Contribution Base for the September 1, 2009 Universal Service Fund Contribution Base Filing.** Mr. Belden presented this item to the Committee, noting that when this matter was approved by the USAC Board of Directors (Board) on July 28, 2009,¹ USAC staff expressed concern that the projected 3rd quarter contribution base of \$18.66 billion may have to be adjusted based on information received in USF contributor Form 499-Qs due on August 3, 2009. Mr. Belden also noted that the resolution adopted by the Board on July 28, 2009 authorized staff to adjust the

¹ See aBOD04 072809.

contribution base by up to \$1.25 billion if necessary. Mr. Belden reported that staff has determined the contribution base to be reported to the FCC, based on information received on the August Form 499-Qs, is \$17.16 billion, which is \$.25 billion greater than \$1.25 billion adjustment limit staff is authorized to make, and therefore, the Committee is requested to approve this revised contribution base amount.

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

RESOLVED, that the USAC Executive Committee, having reviewed at its meeting on August 25, 2009, a summary of the current status of the Universal Service Fund (USF) contribution base filing information, authorizes staff to proceed with the required filing to the FCC on behalf of USAC using \$17.16 billion for the projected USF contribution base. Staff may make adjustments in accordance with the approved \$1.25 billion variance threshold.

At 12:06 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:

- a2. Consideration of Contract Award for Acquisition of Marketing Communications and Graphic Design Services to Support Production of USAC's Annual Report and Collateral Materials.** Mr. Iversen 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 recommendation of USAC management, hereby authorizes management to award a two-year contract to acquire the communications and graphics design services described in this issue paper from AED Social Change Design at a price not-to-exceed \$230,888.

At 12:12 p.m. Eastern Time, the Committee continued in *Executive Session* with only members of Committee and officers present to discuss a personnel matter.

- a1. Consideration of Revised Performance-Based Compensation Plan for USAC Corporate Officers and Other Executives.** Dr. Kragel 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 proposed 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 revised plan and authorizes the USAC Executive Compensation Committee Chair to submit the revised 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.

At 12:31 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, in *Executive Session*, took action on items a1 and a2 above. On a motion duly made and seconded, the Committee adjourned at 12:36 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

September 21, 2009

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 Monday, September 21, 2009. Dr. Brian Talbott, Committee Chair, called the meeting to order at 12:34 p.m. Eastern Time with a quorum of seven of the nine Committee members present:

Anderson, D. Michael – Committee Vice Chair *–by telephone*
Barash, Scott – Acting CEO
Kragel, Dr. Peter – Secretary *– by telephone*
Lubin, Joel *– by telephone*
McClure, David *– by telephone*
Sanders, Dr. Jay *– by telephone*

Members of the Committee not present:

Campbell, Anne
Jortner, Wayne– Treasurer

Other Board members and 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
Amalfitano, Vince	FCC <i>– by telephone</i>
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. **Consideration of Proposed USAC Office Space Plan and Authorization to Execute a Lease.** 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 consideration of an updated office space plan and entering into a lease for additional office space shall be conducted in *Executive Session*.

At 12:35 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:

- a2. **Consideration of Proposed USAC Office Space Plan and Authorization to Execute a Lease.** Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to proceed with leasing additional office space at 2000 L Street, N.W., Washington D.C., subject to obtaining necessary FCC approvals.

At 12:39 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, in *Executive Session*, took action on items a1 above. On a motion duly made and seconded, the Committee adjourned at 12:42 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

October 22, 2009

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, October 22, 2009. Dr. Brian Talbott, Committee Chair, called the meeting to order at 11:01 a.m. Eastern Time, with a quorum of six of the nine Committee members present:

Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Lubin, Joel – *by telephone*
McClure, David – *by telephone*
Talbott, Dr. Brian – Committee Chair – *by telephone*

Members of the Committee not present:

Anderson, D. Michael – Vice Chair
Jortner, Wayne – Treasurer
Sanders, Dr. Jay

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Dr. William – Vice President, Rural Health Care Division
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>
Grant, Colleen	USAC
Iversen, Eric	USAC
Nuzzo, Patsy	USAC
Theobald, Fred	USAC

ACTION ITEMS:

- a1. **Approval of Executive Committee Meeting Minutes of July 23, 2009, August 25, 2009, and September 21, 2009.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Executive Committee meetings of July 23, 2009, August 25, 2009, and September 21, 2009.

- 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 CR2008CP002 shall be conducted in *Executive Session*.

- a3. **Miscellaneous.** Solicit ideas for the January 2010 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. Anderson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. **FCC Office of Inspector General USF Audit Program Status Update.** Mr. Scott presented this item to the Committee, noting that on October 15, 2009, USAC issued a report addressing FCC Office of Inspector General (OIG) USF audit program Round 1 Schools and Libraries Program audits improper payment rates, which were initially reported by the FCC OIG in an October 2007 report. Mr. Scott stated that USAC completed follow-up work on a number of audits, which

resulted in a reduction in the improper payment rate originally reported by the FCC OIG from 12.9 percent to 8.5 percent. In response to a question from Dr. Kragel, Mr. Scott stated that the improper payment rate originally reported by the FCC OIG was based on data that did not include follow-up work required when the auditors cannot render an opinion using the attestation audit process. As a result of the completion of this follow-up work, the actual improper payment rate is much lower following the review of all data. Mr. Scott also reported that for Round 2 of the FCC OIG USF audit program audits, the Schools & Libraries Committee has reviewed all Schools and Libraries Program audits, and all of the remaining Round 2 High Cost Program audits should be presented to the High Cost & Low Income Committee in November 2009. Finally for the Round 3 audits, Mr. Scott stated that 52 audits would be presented to the Schools & Libraries Committee and 22 audits would be presented to the High Cost & Low Income Committee for consideration on October 26, 2009. In addition, Mr. Scott stated that follow-up work on Round 3 audits has started in cases where the auditors were unable to render an opinion.

- i2. Update on USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP) and Improper Payments Information Act (IPIA) Assessment Program.** Mr. Scott presented this time to the Committee, noting that USAC staff continues working with the FCC Offices of the Managing Director and Inspector General on finalizing details for the new IPIA assessment program and BCAP. USAC staff has submitted to FCC staff for review draft requests for proposals to retain auditing firms to support these programs. In response to a question from Dr. Bryant, Mr. Belden reported that Round 3 of the FCC OIG USF audit program will cost between \$90 million and \$100 million over the 12-month duration of the Round 3 audits, and USAC is projecting that the proposed BCAP and IPIA assessment program will cost, in total, approximately \$30 million for a full year.
- i3. 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*.

- i4. Miscellaneous.**
- i4-1. 1st Quarter 2009 Contribution Factor.** 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 pending before the FCC*.

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 1st Quarter 2010 contribution revenue base shall be conducted in *Executive Session*.

- i4-2. Executive Committee Meeting with the FCC on July 27, 2009.** 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 the discussion of the Executive Meeting with the FCC on July 27, 2009, shall be conducted in *Executive Session*.

At 11:16 a.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:

- a2. Action on One USAC Internal Audit Division Contributor Revenue Audit Report.** Mr. Scott presented this item to the Committee.

On a motion duly made, 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 CR2008CP002, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit report final.

- i3. Update on Procurement Matters.** Mr. Belden presented this item to the Committee.

- i4. Miscellaneous.**

- i4-1 1st Quarter 2009 Contribution Factor.** Mr. Barash presented this item to the Committee.

- i4-2 Executive Committee Meeting with the FCC on July 27, 2009.** Mr. Barash presented this item to the Committee.

At 12:09 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Committee took action on item a2 and discussed items i3 and i4 above.

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

/s/ David A. Capozzi

Assistant Secretary