

2010 Executive Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

January 14, 2010

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, January 14, 2010. Dr. Brian Talbott, Committee Chair, called the meeting to order at 12:01 p.m. Eastern Time, with a quorum of five of the nine Committee members present:

Anderson, Michael – Vice Chair – *by telephone*
Barash, Scott – Acting CEO
Jortner, Wayne – Treasurer – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Chair – *by telephone*

Members of the Committee not present:

Campbell, Anne
Lubin, Joel
Kragel, Dr. Peter
McClure, David

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>
Beard, Jay	USAC
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
Trew, Anne Marie	USAC

ACTION ITEMS:

- a1. Consideration of Contract Award for Information Systems Organizational Strategic Assessment.** 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 perform an information systems organizational strategic assessment 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 item noted above.

EXECUTIVE SESSION:

- a1. Consideration of Contract Award for Information Systems Organizational Strategic Assessment.** 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 the recommendation of USAC management, hereby authorizes management to award a contract to perform an information systems organizational strategic assessment to Global Information Partners at a firm-fixed price of \$172,080 for labor and materials and a not-to-exceed price of \$30,000 for travel reimbursement.

At 12:13 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 a1 above.

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

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

January 21, 2010

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 21, 2010. Dr. Brian Talbott, Committee Chair, called the meeting to order at 11:09 a.m. Eastern Time, with a quorum of eight of the nine Committee members present:

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

Members of the Committee not present:

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, Dr. William – Vice President, Rural Health Care Division
Erwin, W.B. – Vice President of Finance and Assistant Treasurer
Holcombe, Jamie – Vice President of Information Technology
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Bellavia, Leslie	USAC
Bhavsar, Tushar	USAC
Felton, Sharonda	USAC
Iversen, Eric	USAC

NAME
Nuzzo, Patsy

COMPANY
USAC

ACTION ITEMS:

- a1. Approval of Executive Committee Meeting Minutes of October 22, 2009 and January 14, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Executive Committee meetings of October 22, 2009 and January 14, 2010.
- a2. Action on Two USAC Internal Audit Division Information Technology Operational 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.

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 Information Technology Operational Audit Reports labeled US2008OP002 and US2009OP002 shall be conducted in *Executive Session*.

- a3. Action on One USAC Internal Audit Division Finance Division Operational Interim Follow-Up 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 Form 499 Processing Interim Follow-Up Audit Report labeled US2009OP003 shall be conducted in *Executive Session*.

- a4. Approval of USAC 2009 Annual Report to the FCC and Congress.** Mr. Iversen presented this item to the Committee, requesting that comments on the report from Board members be received no later than Friday, February 5, 2010.

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 2009 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, 2010, and further directs USAC management to provide each Board member with a copy of the final 2009 Annual Report. The USAC Executive Committee authorizes management to exercise appropriate editorial privilege and discretion in the preparation of the final report.

- a5. **Miscellaneous.** Solicit ideas for the April 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 work on the remaining Round 2 audits that were delayed in starting at the request of the FCC Office of Inspector General (OIG) is complete, and the audits will be presented to the High Cost & Low Income (HCLI) Committee in February 2010. Mr. Scott also stated that follow-up work is being completed, where necessary, on Round 2 audits and the first seven reports will be brought to the HCLI Committee on Monday at its regular quarterly meeting, and the remaining eight will be presented to the Committee in February. Mr. Scott noted that the results of the follow-up work indicate that the original improper payment amount of \$19 million identified by the FCC OIG has been reduced to \$700,000. Finally, Mr. Scott noted that significant progress has been made in presenting Round 3 audit results to the committees, and, by the end of February 2010, all but 97 of the original 323 High Cost Program beneficiary audits will have been reviewed by the HCLI Committee, and all but 92 of the original 345 Schools and Libraries Program beneficiary audits will have been reviewed by the Schools & Libraries Committee.
- 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 while waiting for approval from the FCC to start these programs, USAC staff continues to work with the FCC Offices of the Managing Director and Inspector General on finalizing details for the new IPIA assessment program and BCAP.
- 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. USAC 2009 Accomplishments. Mr. Barash presented this item to the Committee, highlighting the following USAC 2009 accomplishments:

- Significantly improved relationship with FCC Commissioners and senior staff.
- High Cost and Low Income Program operations successfully transferred from contractor to USAC personnel on time and under budget.
- Rural Health Care and Schools and Libraries Program information technology infrastructure successfully moved from contractor premises to USAC-controlled collocation facility in accordance with revised schedule.
- Round 3 of the FCC OIG USF audit program conducted successfully.
- Developed and proposed Improper Payments Information Act assessment program (IPIA) and USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP).
- USAC and USF again received clean audit opinions.
- Significant progress made in identifying and remediating internal control issues.
- Completed data center consolidation in USAC-controlled collocation facilities.
- Absorbed new staff while maintaining low employee turnover and high performance.
- Acquired and occupied substantial new office space on time and under budget.

Dr. Talbott thanked the staff on behalf of the Committee for its many accomplishments in 2009.

i5. USAC 2010 Objectives. Mr. Barash presented this item to the Committee, identifying goals for 2010 in each of the program areas, USF contributor collections and overall management of the company. Mr. Barash identified the following 2010 key objectives for USCA:

- Provide support as FCC considers universal service policy changes; implement any program or administrative changes efficiently and effectively.

- Further stabilize information systems and implement enhancements to improve stakeholder service in 2010 and to prepare for potential policy changes in the future.
- Continue to implement USAC Stakeholder Engagement Strategy, including program-specific education, communication, and outreach plans.
- Implement USAC-designed IPIA assessment program and Universal Service Fund Beneficiary and USF Contributor Compliance Audit Program (BCAP).

i6. Miscellaneous.

i6-1. Election of Officers and Committee Chairs. Dr. Talbott noted that the FCC Chairman has not yet selected nominees for the six open Board seats, and he recommended that the existing officers, committee chairs and vice chairs remain in their current positions for the time being. In response to a question from Mr. Anderson, Mr. Barash explained that once the FCC Chair select nominees to fill the open USAC Board seats, then a Board member can be appointed to fill the open seat on the Audit Committee.

i6-2 2nd Quarter 2010 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 2nd Quarter 2010 contribution revenue base shall be conducted in *Executive Session*.

At 11:48 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 Two USAC Internal Audit Division Information Technology Operational Audit Reports. 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 Information Technology Operational Audit Reports labeled US2008OP002 and US2009OP002, together with management's

responses thereto, hereby accepts the recommendation of USAC management and recommends to the USAC Audit Committee that the reports be deemed final.

- a3. Action on One USAC Internal Audit Division Finance Division Operational Interim Follow-Up Audit Report. Mr. Belden presented this item to the Committee.** 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 Form 499 Processing Interim Follow-Up Audit Report labeled US2009OP003, 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.

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

- i6-2 2nd Quarter 2010 Contribution Factor.** Messrs. Barash and Belden presented this item to the Committee.

At 12:19 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 discussed items i3 and i6-2 above.

On a motion duly made and seconded, the Committee adjourned at 12:21 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

April 22, 2010

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 22, 2010. Mr. D. Michael Anderson, Committee Vice Chair, called the meeting to order at 11:12 a.m. Eastern Time. When the meeting was called to order, four of nine members were present, which was one member short of the required five-member quorum. Therefore, the Committee began the meeting with a discussion of item i1 below. During this discussion, Mr. McClure joined the meeting, which then resulted in the five members listed below in attendance, thereby being sufficient for a quorum:

Anderson, D. Michael – Board Vice Chair – *by telephone*
Barash, Scott – Acting CEO
Lubin, Joel – *by telephone*
Sanders, Dr. Jay – *by telephone*
McClure, Dave – *by telephone*

Members of the Committee not present:

Campbell, Anne
Jortner, Wayne – Treasurer
Kragel, Dr. Peter – Secretary
Talbot, Dr. Brian – Board Chair

Other Board members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board
Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Erwin, W.B. – Vice President of Finance and Assistant Treasurer
Gillan, Joseph – Member of the Board
Holcombe, Jamie – Vice President of Information Technology
Jacobs, Ellis – Member of the Board
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Bellavia, Leslie	USAC
Nuzzo, Patsy	USAC
O'Connor, Austin	FCC

INFORMATION ITEMS:

- i1. **FCC Office of Inspector General USF Audit Program Status Update.** Mr. Scott presented this item to the Committee.

ACTION ITEMS:

- a2. **Approval of Executive Committee Meeting Minutes of January 21, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Executive Committee meeting of January 21, 2010.
- a2. **Miscellaneous.** Solicit ideas for the July 2010 Committee Agenda. Mr. Anderson 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:

- i2. **Update on USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP) and Payment Quality Assurance Program.** Mr. Scott presented this time to the Committee, noting that planning efforts continue for the Payment Quality Assurance Program, and USAC is still waiting FCC approval to begin procurement of audit services for BCAP.
- 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. **Preliminary Discussion of 3rd Quarter 2010 Universal Service Fund 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 the assessment relates to *predecisional 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 discussion of the preliminary 3rd Quarter 2010 USF contribution factor shall be conducted in *Executive Session*.

- i5. **Update on the National Broadband Plan.** Mr. Barash presented this item to the Committee.

- i6. **Information on Three USF Contributor Revenue Audit Reports Conducted by the FCC Office of Inspector General.** 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 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 Executive Committee determines that the discussion of the three audit reports associated with this item shall be conducted in *Executive Session*.

- i7. **USAC Information Systems Organizational Strategic Assessment Report.** 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 the assessment relates to *internal personnel matters and USAC's 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 Information Systems organizational strategic assessment shall be conducted in *Executive Session*.

At 11:28 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:

- i3. Procurement Update.** Mr. Belden presented this item to the Committee.
- i4. Preliminary Discussion of 3rd Quarter 2010 Universal Service Fund Contribution Factor.** Mr. Belden presented this item to the Committee.
- i6. Information on Three USF Contributor Revenue Audit Reports Conducted by the FCC Office of Inspector General.** Mr. Scott presented this item to the Committee.
- i7. USAC Information Systems Organizational Strategic Assessment Report.** Mr. Barash presented this item to the Committee suggesting that discussion on this matter be held until the Board of Directors meeting on April 27, 2010.

At 11:37 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 in *Executive Session*, the Committee discussed items i3, i4, i6 and i7 above.

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

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

June 11, 2010

MINUTES

A meeting of the Executive Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, June 11, 2010. Dr. Brian Talbott, Committee Chair, called the meeting to order at 1:32 p.m. Eastern Time. Five of the nine Committee members were present representing a quorum:

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

Mr. D. Michael Anderson joined the meeting by telephone at 1:38 p.m. Eastern Time. He did vote on item a1 below.

Members of the Committee not present:

Campbell, Anne
McClure, David
Lubin, Joel

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince	FCC – <i>by telephone</i>
Jarmon, Wesley	FCC
McKinley, Larry	FCC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. **Consideration of Contract Award for Payment Quality Assurance Support Services.** In accordance with the approved criteria and procedures for conducting 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 recommended contract award to acquire services supporting USAC's PQA program shall be conducted in ***Executive Session***.

At 1:35 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a1. **Consideration of Contract Award for Payment Quality Assurance Support Services.** Mr. Barash presented this item to the Committee.

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

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 for one base year, plus two one-year options, to Cotton & Company to provide support services to USAC's universal service support mechanism Payment Quality Assurance program for the total not-to-exceed price of \$4,688,620.

At 1:39 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 in ***Executive Session***, the Committee took action on item a1. On a motion duly made and seconded, the Committee adjourned at 1:40 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

July 13, 2010

MINUTES

A meeting of the Executive Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, July 13, 2010. Dr. Brian Talbott, Committee Chair, called the meeting to order at 12:00 p.m. Eastern Time. Seven of the nine Committee members were present representing a quorum:

Anderson, Michael – *by telephone*
Barash, Scott – Acting CEO
Campbell, Anne – *by telephone*
Jortner, Wayne – Treasurer – *by telephone*

McClure, David – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – *by telephone*

Mr. Joel Lubin joined the meeting by telephone at 12:05 p.m. Eastern Time.

Members of the Committee not present:

Kragel, Dr. Peter

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Amalfitano, Vince	FCC – <i>by telephone</i>
Green, Trish	FCC – <i>by telephone</i>
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Consideration of Contract Award for Construction General Contractor Services.** In accordance with the approved criteria and procedures for conducting USAC Board of Directors (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 Award for Office Furniture and Installation.** In accordance with the approved criteria and procedures for conducting 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 Contract Award for a Case and Claims Management Software Solution.** In accordance with the approved criteria and procedures for conducting 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 a case and claims management software solution supporting USAC's PQA program shall be conducted in *Executive Session*.

At 12:03 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 Contract Award 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 to provide construction general contracting services to USAC for a fixed price of \$230,000; and hereby authorizes management to increase the contract amount, if necessary, up to maximum total contract amount of \$245,000 to cover any unforeseen requirements identified during construction.

- a2. Consideration of Contract Award 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 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 \$193,991.35, and hereby authorizes management to increase the contract amount up to an additional \$9,700.00 to cover any unforeseen requirements identified during installation; bringing the total authorization to a not-to-exceed level of \$203,691.35.

- a3. Consideration of Contract Award for a Case and Claims Management Software Solution.** 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 Customer Expressions Corporation to provide the case and claims management solution, iSight®, to support USAC's universal service support mechanism Payment Quality Assurance program for the firm-fixed price of \$105,900; and hereby authorizes management to increase the contract amount, if necessary, up to an additional \$20,000 to cover any unforeseen requirements identified during configuration and implementation, and an allowance of \$11,400 per year be approved for two one-year renewal options; bringing the total authorization to a not-to-exceed amount of \$148,700.

At 12:19 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 a1, a2 and a3 above. On a motion duly made and seconded, the Committee adjourned at 12:20 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

July 22, 2010

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 22, 2010. Dr. Brian Talbott, Committee Chair, called the meeting to order at 11:01 a.m. Eastern Time with a quorum of seven of the nine Committee members present:

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

Barash, Scott – Acting CEO

Campbell, Anne – *by telephone*

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

McClure, Dave – *by telephone*

Sanders, Dr. Jay – *by telephone*

Talbott, Dr. Brian – Board Chair – *by telephone*

Mr. Lubin joined the meeting at 11:58 a.m. Eastern Time. He did not participate in the discussion of or vote on items a1, a2, a3, a4, i1, i2, i3, i4, and i7.

Members of the Committee not present:

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

Holcombe, Jamie – Vice President of Information Systems

Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Delmar, Teleshia	USAC
Nuzzo, Patsy	USAC

ACTION ITEMS:

a1. Approval of Executive Committee Meeting Minutes of April 22, 2010, June 11, 2010, and July 13, 2010. On a motion duly made and seconded, the Committee approved the minutes, as written, of the Executive Committee meetings of April 22, 2010, June 11, 2010, and July 13, 2010

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 consideration of the USAC Internal Audit Division Information Technology Operational Audit Report labeled US2009OP004 shall be conducted in *Executive Session*.

a3. Action on One USAC Internal Audit Division 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* 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 Whistleblower Process Operational Audit Report labeled US2009OP001 shall be conducted in *Executive Session*.

a4. Miscellaneous. Solicit ideas for October 2010 Committee meeting 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.

i2. USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP) and Payment Quality Assurance (PQA)

Program Update. Mr. Scott presented this item to the Committee, noting that USAC has received approval from FCC staff to award a contract to a vendor selected by USAC to provide PQA program support, and USAC is continuing to work with FCC staff to obtain approval to initiate procurement of audit services for BCAP.

- 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. **Preliminary Discussion of 4th Quarter 2010 Universal Service Fund 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 the assessment relates to *predecisional 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 discussion of the preliminary 3rd Quarter 2010 USF contribution factor shall be conducted in *Executive Session*.

- i5. **Discussion of USF Contributor Processes and Information Regarding USF Contribution Base Trends.** 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 USF contributor processes and USF contribution base trends shall be conducted in *Executive Session*.

- i6. **Preliminary Discussion on Program Operations In-Sourcing/Out-Sourcing Options.** 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 the reports 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 program operations in-sourcing and out-sourcing options shall be conducted in *Executive Session*.

- i7. **Mid-Year Report on USAC 2010 Objectives.** Mr. Barash presented this item to the Committee, noting that:

- USAC has established and is maintaining strong relationships with the universal service stakeholder community.
- USAC has responded to a number of FCC staff requests for information in support of National Broadband Plan efforts.
- For the first time, in 2010, USAC developed outreach plans tailored to each support mechanism and USF contributors.
- USAC is preparing to implement the PQA program and is continuing to work with the FCC to initiate the procurement of audit services for BCAP. Although the PQA reviews will be well underway by September, at the current pace, it is unlikely that any BCAP audits will be initiated in 2010.
- The High Cost and Low Income Program operations systems in-sourcing has been successfully completed. The in-house systems are now generating all beneficiary support payments.
- The FCC OIG USF audit program will be completed this year.
- USAC will implement the FCC-mandated electronic payments initiative to support mechanism beneficiaries during 3rd Quarter 2010.

At 11:32 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 Information Technology 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 Information Technology Operational Audit Report labeled US2009OP004, 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.

- a3. Action on One USAC Internal Audit Division USAC 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 Whistleblower Process Operational Audit Report labeled US2009OP001, 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.

- i3. Procurement Update.** Mr. Belden presented this item to the Committee.
- i4. Preliminary Discussion of 4th Quarter 2010 Universal Service Fund Contribution Factor.** Mr. Belden presented this item to the Committee.
- i5. Discussion of USF Contributor Processes and Information Regarding USF Contribution Base Trends.** Dr. Talbott introduced this item to the Committee.
- i6. Preliminary Discussion on Program Operations In-Sourcing/Out-Sourcing Options.** Mr. Barash presented this item to the Committee suggesting that discussion on this matter be held until the Board of Directors meeting on July 27, 2010.

At 12:24 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 discussed items i3, i4, i5 and i6 above.

On a motion duly made and seconded, the Committee adjourned at 12:25 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

September 10, 2010

MINUTES

A meeting of the Executive Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, September 10, 2010. Dr. Brian Talbott, Committee Chair, called the meeting to order at 2:31 p.m. Eastern Time. Five of the nine Committee members were present representing a quorum:

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

Sanders, Dr. Jay – *by telephone*
Talbot, Dr. Brian – *by telephone*

Mr. Dave McClure joined the meeting by telephone at 2:33 pm Eastern. He voted on item a1.

Members of the Committee not present:

Anderson, D. Michael, Vice Chair
Campbell, Anne
Lubin, Joel

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance
England, Dr. Bill – Vice President, Rural Health Care Division

Others present for the meeting:

Amalfitano, Vince
Nuzzo, Patsy

COMPANY
FCC – *by telephone*
USAC

ACTION ITEMS:

- a1. Consideration of Contract Award for Rural Health Care Business Process Consulting.** In accordance with the approved criteria and procedures for conducting USAC Board of Directors (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 consulting services for review of USAC's Rural Health Care Division business processes and operations shall be conducted in *Executive Session*.

At 2:32 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 Contract Award for Rural Health Care Business Process Consulting.** Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Executive Committee, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to Washington Consulting Incorporated to perform a review of the business processes and operations of the USAC Rural Health Care Division for the firm-fixed price of \$163,600, including expenses.

At 2:37 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 a1 above. On a motion duly made and seconded, the Board adjourned at 2:39 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

EXECUTIVE COMMITTEE MEETING

October 21, 2010

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 21, 2010. 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:

Barash, Scott – Acting Chief Executive Officer
Jortner, Wayne – Treasurer – *by telephone*
Kragel, Dr. Peter – Secretary – *by telephone*
Lubin, Joel – *by telephone*
McClure, Dave – *by telephone*
Sanders, Dr. Jay – *by telephone*
Talbott, Dr. Brian – Board Chair – *by telephone*

Ms. Anne Campbell joined the meeting at 11:12 a.m. Eastern Time. She did not participate in the discussion of or vote on items a1, a2 a3.

Members of the Committee not present:

Anderson, D. Michael – Vice Chair

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Scott, Wayne – Vice President of Internal Audit – *by telephone*

Others present for the meeting:

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

ACTION ITEMS:

a1. Approval of Executive Committee Meeting Minutes of July 22, 2010 and September 10, 2010. On a motion duly made and seconded, the Committee approved the minutes, as written, of the Executive Committee meetings of July 22, 2010 and September 10, 2010

a2. Action on One USAC Internal Audit Division Information Technology Division Operational Audit Follow-Up 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 consideration of the USAC Internal Audit Division Access Controls Follow-Up Audit Report labeled US2010FL001 shall be conducted in *Executive Session*.

a3. Review of Statement of Ethical Conduct for Members of the USAC Board of Directors. Dr. Talbott 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 accepts the recommendation of the USAC Acting CEO and counsel and recommends that the USAC Board of Directors adopt the revised *Statement of Ethical Conduct for Members of the USAC Board of Directors*.

a4. Biennial Review of USAC Employee Ethical Standards. Mr. Barash 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 accepts the recommendation of USAC management and hereby recommends that the USAC Board of Directors adopt the revised USAC *Statement of Ethical Conduct for Employees, Definition of Gifts Prohibited, Definition of Financial Interest, and Outside Employment*.

a5. Miscellaneous. Solicit ideas for the January 2011 Committee meeting 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.
- i2. **USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP) and Payment Quality Assurance (PQA) Program Update.** Mr. Scott presented this item to the Committee, noting that PQA was implemented in August, and USAC has been pleased with results to date with most of the sample period 1 cases closed and sample periods 2 and 3 reviews in progress. Mr. Scott also noted that USAC is continuing to work with FCC staff to obtain approval to initiate procurement of audit services for BCAP.
- 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. **Quarterly Report on Universal Service Fund Contribution 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 the assessment relates to *predecisional 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 discussion of the preliminary 3rd Quarter 2010 USF contribution factor 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 purpose of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a2. Action on One USAC Internal Audit Division Information Technology Division Operational Audit Follow-Up 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 Access Controls Follow-Up Audit Report labeled US2010FL001, 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.

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

- i4. Quarterly Report on Universal Service Fund Contribution Matters.** Mr. Belden presented this item to the Committee.

At 11:54 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 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 11:56 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary