

1997 Rural Health Care Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

September 23, 1997

MINUTES

A separate meeting of the Board of Directors was held at the Doubletree Hotel Park Terrace in Washington, D.C. on the above date. The meeting was called to order at 8:45 AM. Four members of the Board representing a quorum were present for the meeting as follows:

Kevin Hess
Sanford Greenberg
Isiah Lineberry
Dr. Jay Sanders

1. The Board selected Dr. Sanders to serve as Acting Chairman, and Robert Haga, Government Relations, National Exchange Carrier Association, Inc. (NECA) was designated Secretary for the meeting.
2. The Board discussed and established priorities for the meeting: a. Determine process for selecting a CEO; b. Determine a process for selecting a General Counsel, and c. Discuss establishing operations to educate the rural health community.
3. Mannie Green, Director of Methods Procedures & Systems for NECA, made a presentation on what NECA has done since the August 15, 1991 FCC Order, and what the operational requirements are for the corporation for the next six months. Mr. Green responded that computer programmers from Spectrum Software Development have been hired to assist in writing the computer code required for the databases and the web site, and that there was no relation with the Spectrum group in St. Louis which does consulting for rural hospitals.
4. The Board noted the overlap with the Schools and Libraries program, particularly with regard to multiple infrastructures.
5. The Board then discussed the steps required in finding a CEO. The Board determined that positive qualities for a candidate would be politically savvy, health care experience, knowledgeable about the health care needs in rural communities, good leadership and management skills, and good entrepreneurial skills.
6. The Board determined that Mr. Greenberg, Mr. Hess, Mr. Lineberry and Dr. Sanders would form the Executive Committee for the purpose of finding a CEO. Dr. Sanders was appointed Chairman of the committee and Mr. Greenberg was appointed Vice Chairman of the committee.
7. On a motion duly made and seconded, the Board unanimously adopted a resolution asking that NECA draft a basic job description for the CEO

RESOLVED, that NECA draft a skeletal job description for: the CEO of the Rural Health Care Corporation within twenty-four (24) to forty-eight (48) hours of this meeting and revise the draft after comments are received from the Board members within twenty-four (24) to forty-eight (48) hours.

8. Mr. Greenberg was selected to contact executive search firms and will contact the other members of the Executive Committee for their agreement. The Board then discussed possible salary for the CEO position and the need to have a CEO separate from the Schools and Libraries Corporation and the Universal Service Administrative Company. The Board discussed the time line involved in selecting the CEO with the possibility of interviewing finalist candidates in late- November or early-December of this year.
9. The Board then discussed the procedure to select a General Counsel, including the possibility of retaining a law firm on an interim basis.
10. The Board reviewed operations to date and discussed how to continue until a CEO and General Counsel are in place. The Board decided to ask NECA to continue work on the program under a fully compensable basis until the next Board meeting where NECA was asked to present a contract for a longer work period. On a motion duly made and seconded, the Board unanimously adopted the following resolution:

RESOLVED, that NECA will provide its services at a reasonable cost until the next Rural Health Care Corporation Board meeting, at which time it will present a contract for a longer period of time.

11. Elliot Maxwell of the FCC then made a presentation on outreach efforts that have begun by the Administration and the FCC. The Board suggested that they be included in the outreach efforts in order to ensure a consistent message and discussed how the representatives of the federal agencies could be used to assist their outreach efforts.
12. The Board discussed how it would monitor the success of the program, and how critical outreach is to the initial success. The Board discussed methods to reach beyond the health care community to the patients, the end users. Mr. Hess was selected by the Board to coordinate outreach to the service provider community. Mr. Lineberry moved and Mr. Hess seconded a resolution to pay for costs associated with outreach efforts of the Board members. The resolution was unanimously adopted.

RESOLVED, that reasonable costs associated with travel by Board members to engage in outreach are reimbursable by the Corporation with prior notice to the Chairman of the Board.

13. The Board then expressed its appreciation for all the work NECA has done to date on the programs.

There being no further business to come before the Board, on a motion duly made and seconded, Dr. Sanders adjourned the meeting at 11: 15 AM to reconvene jointly with the Board of the Schools and Libraries Corporation.

Robert Haga, Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING *joint with Schools and Libraries*

September 23, 1997

MINUTES

The Joint Organizing meeting of the Boards of Directors was held at the Doubletree Hotel Park Terrace in Washington, D.C. on the above date. The meeting was called to order at 8:30 A.M. by David F. Hoyle, the Sole Incorporator. Five members of the Board for the Schools and Libraries Corporation (S&L) and four members of the Board of the Rural Health Care Corporation (RHC), representing quorums, were present for the meeting as follows:

S&L

Ken Brody
Anne L. Bryant
Frank Gumper
Dr. Henry Marockie
Kathleen G. Ouye

RHC

Kevin Hess
Sanford Greenberg
Isiah Lineberry
Dr. Jay Sanders

One member for S&L was absent as follows: Brian Talbott

Others present for various parts of the open meeting are included in these minutes.

1. Mr. Hoyle opened the meeting by welcoming the assembly and explaining the agenda. He requested that the members of the Boards introduce themselves. At the conclusion of the Board introductions, Mr. Hoyle also introduced representatives from the National Exchange Carrier Association, Inc.(NECA): William E. Stern, Vice President; Kenneth A. Levy, General Counsel, and Edward R. English, Director, Finance. Mr. English was designated Secretary for the meeting.
2. Mr. Hoyle indicated that Steve Witters would be substituting for Brian Talbott in a nonvoting capacity for the S&L Corporation.
3. Mr. Brody indicated the immediate desire by both Boards to modify the agenda to allow the respective Boards to transact business in separate forums. On a motion duly made and seconded, the Boards unanimously agreed to recess the joint organizing meeting to conduct separate meetings. The meeting was recessed at 8:45 A.M.

Refer to the separate Board of Directors Meetings of S&L (S&L Minutes; September 23, 1997) and RHC (RHC Minutes; September 23, 1997) which took place between 8:45 and 11:15 A.M.

4. Mr. Hoyle reconvened the Joint Meeting at 11:21 A.M. and proceeded to review the organizing resolutions with the Joint Board members. On motions duly made and seconded, the Boards unanimously adopted the following resolutions:

RESOLVED, that the original Certificate of Incorporation of this Corporation, filed in the office of the Secretary of State of the State of Delaware on September 17, 1997, is hereby ratified and approved. The Secretary is instructed to cause a certified copy of the Certificate of Incorporation to be inserted in the Minute Book.

RESOLVED, that all of the actions taken by the incorporator of this Corporation to effect the incorporation of this Corporation are hereby approved, ratified, confirmed and adopted by and on behalf of this Corporation.

RESOLVED, that creation of a seal, bearing the inscription of "Schools and Libraries Corporation, Delaware, 1997" is authorized and shall be the official corporate seal of the Corporation.

RESOLVED, that creation of a seal, bearing the inscription of "Rural Health Care Corporation, Delaware, 1997" is authorized and shall be the official corporate seal of the Corporation.

The Certificate of Incorporation of the Schools and Libraries Corporation and the Rural Health Care Corporation are attached.

5. The Boards next addressed the seventeen fiscal resolutions authorizing the officers of the Corporation to establish bank accounts, pay all expenses, procure proper books, etc. Upon motions duly made and seconded, the Boards unanimously adopted the following resolutions:

RESOLVED, that the Chairman of the Board of Directors, the Chief Executive Officer and the Treasurer of the Corporation (the "Designated Officers") be and each of them hereby is authorized for and on behalf of the Corporation to designate from time to time one or more banks, trust companies or other banking institutions (any thereof being hereinafter referred to as a "bank") to act as depository or depositories for the funds of the Corporation for and during such period as he may from time to time deem necessary or desirable in the interests of the Corporation and to open or close out from time to time accounts in any such depository so selected or reselected.

RESOLVED, that the Designated Officers of the Corporation be and each of them hereby is authorized and directed, in the name and on behalf of the Corporation, to take any and all action that they may deem necessary or advisable in order to establish bank accounts from time to time for the efficient conduct of the Corporation's business.

RESOLVED, that the CEO of the Corporation be and he or she hereby is authorized to designate those officers or agents of the Corporation who may be authorized from time to time to sign checks on any of such bank accounts.

RESOLVED, that the CEO, any Vice President, Secretary and Treasurer be, and each of them hereby is, authorized and directed, for and on behalf of the Corporation, to pay all charges and expenses incident to or arising out of the incorporation of the

Corporation and to reimburse the persons who have made any disbursements therefor.

RESOLVED, that the officers of the Corporation be and each of them hereby is authorized and empowered on behalf of the Corporation to pay any other such fees and expenses and to do such other acts and things as they may deem necessary or advisable in connection with the carrying out of any of the matters or purposes set forth in the foregoing resolutions.

RESOLVED, that the Secretary and the Treasurer of this Corporation be and hereby are authorized and directed to procure all appropriate corporate books, books of account and stock books that may be deemed necessary or appropriate in connection with the business of this Corporation.

RESOLVED, that the fiscal year of the Corporation shall commence on the first day of January and shall end on the last day of December of each year.

RESOLVED, that the Treasurer or any employee designated by the Chief Executive Officer or the Treasurer be authorized to deposit for safekeeping any temporary cash investment securities with such banks or trust companies approved as depositories of funds of the Corporation or such other bank or trust company as deemed appropriate.

RESOLVED, that the Treasurer is authorized to sell any security purchased for temporary investment purposes; to agree at the time of purchase of any temporary investment to resell all or any part thereof on terms fixed at the time of purchase; and to agree at the time of sale of any temporary investment to repurchase all or any part thereof on terms fixed at the time of sale.

RESOLVED, that for corporate purposes of the Corporation, the Treasurer, be, and hereby is, authorized to borrow such amounts as may from time to time be approved by the Chief Executive Officer. Said borrowings to be made as follows:

(a) from such banks, insurance companies, or other financial institutions on such terms and at such rates of interest as the Treasurer shall deem advisable, and in connection therewith, there may be executed and delivered unsecured promissory notes on behalf of the Corporation evidencing such forms as the officer executing the same approve, each such note to be signed by the Treasurer.

RESOLVED, that the holder may rely on any unsecured promissory note of the Corporation signed as provided for in these resolutions as constituting a valid and binding obligation of the Corporation.

RESOLVED, that in connection with borrowings by the Corporation to be made from the issuance and sale from time to time of unsecured promissory notes (commercial paper) authorized pursuant to the foregoing resolutions, the signature of any officer authorized to execute any such note (commercial paper) on behalf of the Corporation may, but need not be a facsimile signature imprinted or otherwise reproduced on such note, the Corporation hereby adopting as binding upon it the facsimile signature of the present and any future Chief Executive Officer, or, Treasurer provided however, that the countersignature on such notes may not be a facsimile signature.

RESOLVED, that the Chief Executive Officer has the responsibility to ensure the preparation and submission to the Board of Directors of a quarterly expense budget and an annual capital expenditure budget, each of which describes in reasonable detail the programs and projects contemplated.

RESOLVED, that the Chief Executive Officer will periodically submit to the Board of Directors a comparison of the budgets with actual results of operations.

RESOLVED, that the Chief Executive Officer shall have full power to enter into contracts, purchase material, and approve employee expenses on behalf of the Corporation for all contracts in amounts in a prescribed schedule of authorizations and that such schedule of authorizations should be developed for approval by the Board.

RESOLVED, that the Chief Executive Officer may at his or her option delegate the power to enter into contracts, purchase material, and approve employee expenses for all contracts or amounts valued at or below the amounts prescribed in the approved schedule of authorizations.

RESOLVED, that the Chief Executive Officer shall have the full authority to approve the disbursement of support funds and may delegate this authority to the Treasurer.

6. Upon recommendation that the Corporation obtain adequate insurance coverage, on a motion duly made and seconded, the Boards unanimously adopted the following resolution:

RESOLVED, that the Corporation provide for directors' and officers' insurance, property, casualty and fiduciary insurance, as well as such other insurance as the officers of the Corporation deem necessary or advisable.

7. Acknowledging the requirement to establish appropriate office space, operating facilities and personnel for the operation, upon a motion duly made and seconded, the following resolution was adopted unanimously:

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed to make such arrangements as are deemed necessary and appropriate with respect to office space, operating facilities and personnel, in order to conduct the business of the Corporation efficiently and properly.

8. Mr. Levy presented a discussion of authorizations to do business in various states and the importance of securing the service mark of the Corporations. On motions duly made and seconded, the Boards unanimously adopted the following resolutions:

RESOLVED, that for the purpose of authorizing the Corporation to do business in any jurisdiction in which it is necessary or expedient for the Corporation to transact business, the officers of the Corporation be, and each of them hereby is, authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices, and under the corporate seal, if required, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such jurisdiction to authorize the Corporation to cease doing business therein and withdraw therefrom, to revoke any appointment of agent or attorney for service of

process and to file such certificates, reports, revocations of appointment, or surrenders of authority as may be necessary to terminate the authority of the Corporation to do business in any such jurisdiction.

RESOLVED, that the Corporation should review the feasibility of registering its name as a service mark and/or a logo identifying the company. This review shall include attorney review of comparable service marks and design of the actual service mark. If it is determined that the registration is prudent and legally defensible, the Corporation is authorized to register the service mark(s) in a timely manner.

9. Mr. Hoyle requested a motion for the Boards to accept the By-Laws of the corporations. On a motion duly made and seconded, the Boards unanimously adopted the following resolution:

RESOLVED, that the By-laws for the regulation of the affairs of this Corporation, as approved by the Federal Communications Commission in a Public Notice dated September 15, 1997, attached hereto and incorporated herein by reference, are hereby ratified, adopted and approved as the By-laws of this Corporation and shall be filed with the Minutes of the Corporation.

The By-laws of the Schools and Libraries Corporation and the Rural Health Care Corporation are attached.

10. The RHC Board discussed operational matters related to using services of NECA to further assist the organizational start-up and on-going operations of the Corporation. On a motion duly made and seconded, the following resolution was adopted by the RHC Board:

RESOLVED, that all services provided by the National Exchange Carrier Association, Inc. Through today's meeting which authorized by the Federal Communications Commission Orders dated July 18 and August 15, 1997 are accepted and authorized for payment to NECA under the requirements of the NECA Cost Manual. NECA is hereby authorized to continue the services described in the FCC Orders through provision of its staff and other resources on a fully compensatory basis and to provide such additional services as the Board deems necessary to meet the regulatory deadlines until such time that a CEO and General Counsel are duly elected.

11. Mr. Stern explained the procedure for obtaining reimbursement for Board expenses and established the schedule for upcoming meetings.
12. Ms. Bryant, on behalf of the Corporations, commended the staff of NECA for the tremendous effort performed to date and thanked the NECA representatives who were present.

There being no further business to come before the Board, on a motion duly made and seconded, Mr. Hoyle adjourned the meeting at 11:45 A.M.

Edward R. English, Secretary

Date

Attachment I -- Attendees

NAME	ORGANIZATION
Scott Reiter	NTCA
Maryanne McCormick	FCC
Donald Feuerstein	ED
Carolyn Hill	AllTell
Jackie Lamb	CA Dept. of Education
Sally Shake	Education Legislative Services
Pamela Curtin	NYC - GC
Jon Bernstein	NEA
Dale McDonald	CEA
Chris Collins	AIS
Jeff Burnett	NAIS
Ben Jasopzinski	USCC
Wayne Cornelius	NY-PSC
Sean Corcoran	Lockheed Martin
Greg Weisiger	VA Dept. Of Education
Robert Galbreath	Reed Simon Show & McClay
Sharon Logan	DC PSC
David Abramson	3Com
Brett Himsworth	Tel/Logic
Kevin Taglang	Benton
Jennifer Williams	Mintz Levin
Edwin Lavergne	Funds for Learning, LLC
Kimberly Parker	FCC
Jay Newman	Ginsburg, Feldman & Bress
Dennis L. Bybee	Inventing Tomorrow's Schools
Cormac B. Long	DC Public Schools (State Office)
Marvin Bailey	Ameritech
Andrew Magpartay	American Library Association
Debra Kriete	Pennsylvania PUC
Teresa Pitts	NCTA

Robert Haga
Katherine Harris
Ryan Oremland
Whitney Malone
Alan Dinsmore
Lana Meller
Mark Nadel
Aleck Johnson
Edwin Lavergne
Jimmy Jackson

NECA
CTIA
Telecommunications Reports
Arthur Andersen & Co., SC
American Foundation For The Blind
Boller Law Group, P.C.
FCC
American Library Association
Funds For Learning, LLC
G.C.I.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

October 21, 1997

MINUTES

A regular meeting of the Board of Directors of the Rural Health Care Corporation (RHCC) (the Corporation) was held at the DoubleTree Hotel Park Terrace in Washington, D.C. on the above date. The meeting was called to order at 8:30 AM. by Dr. Jay Sanders, Acting Chairman of the Board.

Four Board members, representing a quorum, were present as follows:	
Sanford Greenberg	Isiah Lineberry
Kevin Hess	Dr. Jay Sanders

Others present for parts of the open meeting included: Carl Allen (HHS), Narciso Cano (DCCI), Mary Jo Deering (HHS), Pam Gallant (FCC), L. Marie Guillory (NTCA), Elliot Maxwell (FCC), Jim McConnaughey (NTIA), Richard Metzger (FCC), John Nakahata (FCC), Marita Novicky (MD SORH), Tim Peterson (FCC), Lygeia Ricciardi (Winthrop Group), Usa Zaina (OPASTCO). The following representatives from the National Exchange Carrier Association were also in attendance during various parts of the meeting: M. Green, R. Haga, K. Levy, R. Rhyner, D. Schaub, B. Stern.

1. Dr. Sanders opened the meeting and announced that the Board had selected Mr. Greenberg to serve as Chairman. The Board ratified the selection of Mr. Greenberg to serve as Chairman, succeeding Dr. Sanders. Mr. Greenberg was then appointed Chairman of the Executive Committee. Mr. Greenberg welcomed the guests and reviewed the agenda. Mr. Greenberg then presented the Minutes for the September 23, 1997 Board meeting held in Washington, D.C. On a motion duly made and seconded, the Board unanimously approved the Minutes.
2. Dr. Sanders then presented a report on the CEO Search, including presenting a list of search firms to assist in finding the candidates. The Board discussed their desire to move quickly on selecting a CEO.
3. Mr. Richard Metzger, Acting Chief of the Common Carrier Bureau of the FCC, and John Nakahata, Deputy Chief of the Common Carrier Bureau were then introduced to the Board. Mr. Metzger encouraged the Board to contact him or his staff if they ever needed any assistance from the FCC.
4. The Board discussed the search for a General Counsel and the possibility of using a law firm for a short period. On a motion duly made and seconded, the Board unanimously adopted the following resolution:

RESOLVED, that the Chairman of the Rural Health Care Corporation be empowered to select the search firm or firms to assist the corporation in finding candidates for CEO and General Counsel.

5. The Board then discussed the procedure for setting up a weekly conference call. Dr. Sanders asked that the Board allow his assistant to listen to the calls so that he would receive a full update during his absences from the country over the next two months.
6. Mr. Levy reported on Regulatory Matters. He referred to the regulatory materials included with the September 1997 Board pre-meeting materials. He reported on the status of reconsideration petitions on the structure of the Rural Health Care Corporation Board which are pending at the FCC. The Board discussed whether any changes to the Board structure would undo any actions they have taken up to that point. Mr. Levy reported that as a duly formed Delaware Corporation their actions are taken as a legal entity and any changes to the Board structure would be prospective. Mr. Tim Peterson of the Common Carrier Bureau then reported on the timing of the reconsideration orders. Reconsideration of the Corporations Boards will not be considered quickly and are not part of the fast track order. Issues such as carrier eligibility and existing contracts will receive priority from the FCC.
7. Mr. Stern reported on the need for the Corporation to select a filing window for applications. The Board discussed the time frame for the filing window and asked for a report on the status of the systems development effort.
8. Ms. Schaub reported on the status of the systems development effort. The development consists of four main deliverables: a web site; funds commitment; tracking service provision and payments; and review and enhancements to the system. Ms. Schaub indicated that they were focusing their efforts on system requirements but were tracking enhancements they would like to make to improve the system at a later date. She indicated that some delay has been introduced into the process as certain uncertainties have existed, among them the finalization of the forms, and the establishment of filing windows. The Board then discussed the need to establish the filing window, and on a motion duly made and seconded, the Board unanimously adopted the following resolution:

RESOLVED, that a seventy-five (75) day window, initiated from the time the webpage comes on line, be established for filing applications for the rural health care programs. (See amendment to this Resolution at paragraph 15.)

The Board then inquired whether information was included on the applications regarding whether the requesting health care provider was receiving subsidization from another government source.

9. Mr. Lineberry reported on the outreach, marketing, and education plan being coordinated by various federal officials. He introduced Mary Jo Deering of the Department of Health and Human Services (HHS) and invited her to make a presentation on an outreach program to be implemented over the next ninety days.

The Board thanked Ms. Deering and the rest of the team which put together the plan and then discussed the prioritization of efforts and who should perform the outreach efforts. The Board determined that it was important to identify the constituents, develop the outreach mechanisms to enable them to get in touch with and provide information to those constituents, by the end of next week, have the basic materials to send out, develop mechanisms to continue the outreach efforts. On a motion duly made and seconded the Board unanimously adopted the following resolution:

RESOLVED, Kevin Hess and Isiah Lineberry will identify the lead agent to implement an outreach plan to 1) identify the constituents of the program, both health care and telecommunications carriers, 2) develop outreach mechanisms including contacts with the national health associations, 3) develop basic outreach materials to send to eligible

health care providers, and 4) coordinate the mechanism to continue the outreach efforts beyond the initial period.

BE IT FURTHER RESOLVED, that these efforts will be done in conjunction with parallel efforts NECA has begun with regard to identifying constituents of the program and including those in a database and that up to \$200,000 is authorized to be spent during the next 90 days.

10. The Board then discussed the proposal by HHS to explore partnerships with health care foundations to develop a Rural Telehealth Outreach and Technical Assistance Institute. On a motion duly made and seconded the Board unanimously adopted the following resolution:

RESOLVED, the Rural Health Care Corporation supports HHS's proposal to explore partnerships with health care foundations.

Representatives from HHS agreed to provide the initial proposal for this outreach within two weeks.

11. Mr. Stem presented the projected First Quarter budget for the Corporation which needs to be filed with the FCC by October 31, 1997. The Board discussed the projected budget and noted that operational and administrative expenses are part of the \$400 million available to the program. The Board discussed the \$100 million requirement for the First Quarter of 1998, including \$1.6 million of administrative costs.

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

RESOLVED, that the Rural Health Care Corporation (the Corporation) Board of Directors, having reviewed a summary of the rural health care program revenue requirements including administrative costs for the first quarter of 1998 at its meeting on October 31, 1997, hereby directs the NECA staff to proceed with the required October 31, 1997 filing on behalf of the Corporation. NECA staff may make adjustments if additional data becomes available or errors are discovered and to reflect changes required as a result of FCC orders.

12. The Board then discussed requirements for continuing operations for the Corporation and the need to enter into a contract with NBCA to perform critical functions to ensure the program is operation by January 1, 1998, and through its initial period. On a motion duly made and seconded the Board unanimously adopted the following resolutions:

RESOLVED, the Chairman shall engage outside counsel to advise them on any matters that come before the Board.

RESOLVED, the Chairman is authorized to execute a contract with NECA or USAC to obtain services for operation of the Corporation.

13. Mr. Levy then reported on D&O insurance. He stated that the Corporation has temporary coverage from the date of incorporation in the amount of \$5 million with an annual premium of \$22,000. He reported that they are now in the application process to obtain permanent coverage. The Board expressed its appreciation for this effort and asked to receive a further update at their next meeting.
14. Mr. Stern reviewed the auditing considerations established by the FCC, and the timing of setting up the auditing procedures. The Board then discussed the process for establishing an annual outcomes process to evaluate what they have accomplished.

15. On a report. from Elliot Maxwell, the Board discussed coordinating the filing window with that established by the Schools and Libraries Corporation. On a motion duly made and seconded the Board unanimously adopted the following resolution:

RESOLVED, to amend the previous motion establishing a seventy-five (75) day window for the filing of applications, to establish a sixty (60) day window, initiated from time webpage comes on line for filing applications for the rural health care programs. (This amends the Resolution at paragraph 8.)

There being no further business to come before the Board, on a motion duly made and seconded, Mr. Greenberg adjourned the meeting at 12:45 P.M.

Robert W. Haga, Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

October 21, 1997

MINUTES

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3. Mr. Richard Metzger, Acting Chief of the Common Carrier Bureau of the FCC, and John Nakahata, Deputy Chief of the Common Carrier Bureau were then introduced to the Board. Mr. Metzger encouraged the Board to contact him or his staff if they ever needed any assistance from the FCC.
4. The Board discussed the search for a General Counsel and the possibility of using a law firm for a short period. On a motion duly made and seconded, the Board unanimously adopted the following resolution:

RESOLVED, that the Chairman of the Rural Health Care Corporation be empowered to select the search firm or firms to assist the corporation in finding candidates for CEO and General Counsel.

5. The Board then discussed the procedure for setting up a weekly conference call. Dr. Sanders asked that the Board allow his assistant to listen to the calls so that he would receive a full update during his absences from the country over the next two months.
6. Mr. Levy reported on Regulatory Matters. He referred to the regulatory materials included with the September 1997 Board pre-meeting materials. He reported on the status of reconsideration petitions on the structure of the Rural Health Care Corporation Board which are pending at the FCC. The Board discussed whether any changes to the Board structure would undo any actions they have taken up to that point. Mr. Levy reported that as a duly formed Delaware Corporation their actions are taken as a legal entity and any changes to the Board structure would be prospective. Mr. Tim Peterson of the Common Carrier Bureau then reported on the timing of the reconsideration orders. Reconsideration of the Corporations Boards will not be considered quickly and are not part of the fast track order. Issues such as carrier eligibility and existing contracts will receive priority from the FCC.
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The Board thanked Ms. Deering and the rest of the team which put together the plan and then discussed the prioritization of efforts and who should perform the outreach efforts. The Board determined that it was important to identify the constituents, develop the outreach mechanisms to enable them to get in touch with and provide information to those constituents, by the end of next week, have the basic materials to send out, develop mechanisms to continue the outreach efforts. On a motion duly made and seconded the Board unanimously adopted the following resolution:

RESOLVED, Kevin Hess and Isiah Lineberry will identify the lead agent to implement an outreach plan to 1) identify the constituents of the program, both health care and telecommunications carriers, 2) develop outreach mechanisms including contacts with the national health associations, 3) develop basic outreach materials to send to eligible

health care providers, and 4) coordinate the mechanism to continue the outreach efforts beyond the initial period.

BE IT FURTHER RESOLVED, that these efforts will be done in conjunction with parallel efforts NECA has begun with regard to identifying constituents of the program and including those in a database and that up to \$200,000 is authorized to be spent during the next 90 days.

10. The Board then discussed the proposal by HHS to explore partnerships with health care foundations to develop a Rural Telehealth Outreach and Technical Assistance Institute. On a motion duly made and seconded the Board unanimously adopted the following resolution:

RESOLVED, the Rural Health Care Corporation supports HHS's proposal to explore partnerships with health care foundations.

Representatives from HHS agreed to provide the initial proposal for this outreach within two weeks.

11. Mr. Stem presented the projected First Quarter budget for the Corporation which needs to be filed with the FCC by October 31, 1997. The Board discussed the projected budget and noted that operational and administrative expenses are part of the \$400 million available to the program. The Board discussed the \$100 million requirement for the First Quarter of 1998, including \$1.6 million of administrative costs.

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

RESOLVED, that the Rural Health Care Corporation (the Corporation) Board of Directors, having reviewed a summary of the rural health care program revenue requirements including administrative costs for the first quarter of 1998 at its meeting on October 31, 1997, hereby directs the NECA staff to proceed with the required October 31, 1997 filing on behalf of the Corporation. NECA staff may make adjustments if additional data becomes available or errors are discovered and to reflect changes required as a result of FCC orders.

12. The Board then discussed requirements for continuing operations for the Corporation and the need to enter into a contract with NBCA to perform critical functions to ensure the program is operation by January 1, 1998, and through its initial period. On a motion duly made and seconded the Board unanimously adopted the following resolutions:

RESOLVED, the Chairman shall engage outside counsel to advise them on any matters that come before the Board.

RESOLVED, the Chairman is authorized to execute a contract with NECA or USAC to obtain services for operation of the Corporation.

13. Mr. Levy then reported on D&O insurance. He stated that the Corporation has temporary coverage from the date of incorporation in the amount of \$5 million with an annual premium of \$22,000. He reported that they are now in the application process to obtain permanent coverage. The Board expressed its appreciation for this effort and asked to receive a further update at their next meeting.
14. Mr. Stern reviewed the auditing considerations established by the FCC, and the timing of setting up the auditing procedures. The Board then discussed the process for establishing an annual outcomes process to evaluate what they have accomplished.

15. On a report. from Elliot Maxwell, the Board discussed coordinating the filing window with that established by the Schools and Libraries Corporation. On a motion duly made and seconded the Board unanimously adopted the following resolution:

RESOLVED, to amend the previous motion establishing a seventy-five (75) day window for the filing of applications, to establish a sixty (60) day window, initiated from time webpage comes on line for filing applications for the rural health care programs. (This amends the Resolution at paragraph 8.)

There being no further business to come before the Board, on a motion duly made and seconded, Mr. Greenberg adjourned the meeting at 12:45 P.M.

Robert W. Haga, Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

October 31, 1997

MINUTES

The meeting was conducted by conference call and began at 11 :30. All members of the Board were present. At the request of the Chairman, Elliot Maxwell of the FCC served as Secretary for the Board.

The Board unanimously agreed to a motion by Dr. Sanders, seconded by Mr. Hess, to pursue discussions with Covington and Burling about representing the Board on an interim basis until a General Counsel is selected. Two other law firms were considered but the Board decided that Covington's strength across a wide range of areas, including Washington representation, made it a better choice. The Chairman was authorized to enter into an agreement upon successful conclusion of the discussions.

The Board agreed unanimously to a motion by Mr. Lineberry, seconded by Dr. Sanders, that it proceed with securing trademark rights to its name, contingent upon receiving advice from counsel.

The Board agreed unanimously to a motion by Mr. Lineberry, seconded by Dr. Sanders to proceed with discussions with Korn Ferry International to undertake two searches simultaneously for a Chief Executive Officer and for a General Counsel. The Chair was authorized to enter into an agreement upon successful conclusion of the discussions.

The Board agreed to begin the search for an independent auditor to be retained by the Corporation.

The Board agreed that the applications would not be issued until the structure was in place to process the applications and to provide high quality customer support for potential applicants. The Board will review the application process and the proposed Web site on a regular basis.

The Board agreed unanimously to a motion by Dr. Sanders, seconded by Mr. Lineberry, to authorize the Chairman to extend the applications window to 75 days.

The Board decided that all outreach proposals and requests for support will be reviewed by Mr. Lineberry and Mr. Hess and that no outreach expenditures will be made in the future without their approval. The Board discussed options for proceeding with a contractor or contractors for this year's and the following years' application process.

The Board adjourned at 12:30 following a motion by Mr. Hess, seconded by Mr. Lineberry.

Elliot Maxwell, InterimSecretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

November 7, 1997

MINUTES

The meeting was conducted by conference call and began at 2:00 PM. At the request of Board Chairman, Sanford Greenberg, Elliot Maxwell of the FCC served as Interim Secretary for the Board.

Participants in the conference call were as follows:	
Kevin Hess	Jay Sanders
Isiah Lineberry	Elliot Maxwell

The draft Minutes of the meeting of October 31 were approved unanimously.

Mr. Lineberry and Mr. Hess reported to the Board on outreach efforts. The Board had allocated up to \$200,000 for outreach, and it was agreed that Mr. Lineberry and Mr. Hess would serve as a committee of the Board overseeing outreach, and would ensure that a process was in place to approve any expenditures made on the Corporation's behalf. Such efforts were not limited to those that had previously been discussed at Board meetings, but would include partnership efforts with other organizations. Mr. Hess raised the issue of outreach to telecommunications service providers, and Mr. Maxwell described a proposed meeting to address industry questions about the application as well as possible outreach efforts by the telecommunications industry.

Mr. Greenberg described the negotiations with Korn Ferry International, the search firm that the Board had selected. Upon a motion duly made by Mr. Sanders, and seconded by Mr. Hess, the Board unanimously passed the following Resolution:

RESOLVED, that the Chairman be authorized to sign an agreement with Korn Ferry International on the terms he described, with limitations on payments and with a potential bonus if a successful search were concluded quickly.

Mr. Greenberg then described the status of the NECA arrangements. The Board requested that NECA be asked to provide more detailed breakdowns of its past and on-going expenditures undertaken at the direction of the FCC on behalf of the Board.

Mr. Greenberg reported to the Board that he had been identifying potential independent auditors for consideration by the Board

Upon a motion duly made by Dr. Sanders. and seconded by Mr. Hess, the Board unanimously passed the following Resolution:

RESOLVED, that the Chairman be authorized to engage in discussions with the CEO of the Schools and Libraries Corporation on collaboration in obtaining space and services.

The Board scheduled another conference call for Friday, November 14, which will include the Board members and counsel. The meeting was adjourned at 3:00 PM.

Elliot Maxwell, Interim Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

November 14, 1997

MINUTES

The meeting was conducted by conference call and began at 12:30 PM when it was called to order by Board Chairman Sanford Greenberg.

Participating members of the Board were as follows:

Kevin Hess
Isiah Lineberry
Jay Sanders

Other participants were as follows:

Mark Weiss – Covington & Burling, Counsel for the Board
Catherine Dargan – Covington & Burling, Counsel for the Board
Ira Fishman – CEO of the Schools and Library Corporation

Elliot Maxwell of the FCC attended at the request of the Chairman to respond to questions.

The draft minutes of the meeting of November 7 were amended to reflect the Korn/Ferry contracts and then approved unanimously.

1. The Board then discussed its efforts, and those of the Schools and Libraries Corporation, to identify all the functions and processes necessary for the timely commencement of the programs and the options available to perform them. These include, among others, helpdesk functions, application processing functions, and the audit/review of the processes. The Board also reviewed NECA's work to date, proposed changes in the existing outsourcing contract, and the allocation of costs between the two corporations. Mr. Weiss then provided the Board with a preliminary analysis of the proposed NECA contract. The Board will continue this discussion at its next meeting. Mr. Greenberg will meet with NECA on November 18th, with other Board members joining via conference call if available.
2. The Board discussed the job descriptions of CEO and General Counsel proposed in the Korn/Ferry International agreement. The Board agreed to approve such job descriptions,

with certain changes. Mr. Greenberg noted that resumes of potential candidates that are forwarded to him will be promptly submitted to Korn/Ferry for their review.

3. Mr. Lineberry and Mr. Hess reported to the Board on outreach efforts. There is an outreach meeting hosted by NTIA scheduled for November 25, 1997. The Board should have an outline of the meeting to review by Monday, November 17th. On November 19th, there will be an informational presentation on the Rural Health Care program via satellite downlink. Elliot Maxwell will be one of the presenters. An effort will be made to ensure that Board members receive notices of all such meetings and presentations.

The Board scheduled another conference call for Friday, November 21, 1997 at 12:30 PM, which will include the Board members and counsel, and then adjourned at 1:40 PM.

Catherine J. Dargan, Acting Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

November 21, 1997

MINUTES

A meeting was conducted by conference call and began at 12:30 PM when it was called to order by Board Chairman Sanford Greenberg. Participating in the conference call were Kevin Hess, Isiah Lineberry and Jay Sanders, members of the Board, as well as Elliot Maxwell from the FCC and Mark Weiss and Catherine Dargan from Covington & Burling.

The draft minutes of the Meeting of November 14, 1997 were approved unanimously.

The Board discussed the liaison meeting with the FCC on November 20, 1997 attended by Mr. Greenberg, Mr. Maxwell and Mr. Weiss.

Mr. Lineberry moved to authorize the Chairman and other Board members to solicit proposals from major accounting firms or other firms to assist temporarily as technical advisors to the Board to evaluate proposals submitted by NECA and others and to oversee and evaluate any work done pursuant to the proposals. The motion passed unanimously. Mr. Greenberg disclosed that Ernst & Young does work for two of his corporations and therefore recused himself from the final selection of a firm to serve as technical advisor. A meeting with Price Waterhouse is scheduled for Monday, November 24, 1997.

Mr. Hess introduced Carl Allen who reported to the Board on outreach efforts. Mr. Allen explained that initial efforts focused on compiling a good annotated source list of articles, guides and speeches. Efforts have now expanded to conferences, programs and mailings as well as continuing coordination with Health and Human Services and other groups. Key representatives of industry groups may be asked to meet with the Board during the next Board meeting in the District of Columbia.

Bill Stern and others from NECA joined the meeting, and Mr. Stern introduced his colleagues associated with ongoing work for the Corporation.* Mr. Stern announced that he will be retiring from NECA and that Jim Frame will be taking over his responsibilities in connection with the Corporation. Mr. Frame discussed NECA's proposal to provide services as a general contractor to the Corporation. NECA was requested to provide a more detailed breakdown of all proposed administrative costs to be undertaken on behalf of the Board. The Board discussed the NECA presentation of costs and timeline.

* NECA participants on the conference call included Jim Frame, Dave Hoyle, Mannie Green, Debra Schaub, Fred Hughes, Rich Rhyner, Ed English, Ken Levy and Dana Stevens (Spectrum).

Mr. Greenberg commented on the search for a CEO by Korn/Ferry International. The Board agreed to authorize Korn/Ferry to conduct initial screening interviews by video conferencing instead of in-person meetings to reduce costs. The Board also agreed that Mr. Greenberg and Dr. Sanders would conduct the initial screening review and all Board members would participate in the final selection.

The Board meeting adjourned at 2:10 PM.

Catherine Dargan

Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

December 5, 1997

MINUTES

The meeting was conducted by conference call and began at 12:00 PM when it was called to order by Board Chairman Sanford Greenberg. Participating in the conference call were Kevin Hess, Isiah Lineberry and Jay Sanders, members of the Board, as well as Mark Weiss and Catherine Dargan from Covington & Burling.

The draft minutes of the meeting of November 21, 1997 were approved unanimously.

The Board discussed recent congressional developments and press reports raising questions about the universal service support programs. The Board agreed that it should continue its efforts to fulfill its assigned mission.

Mr. Greenberg reported on recent conversations with the Schools and Libraries Corporation concerning coordination of efforts and conversations with NECA with respect to its work on behalf of the Corporation.

The Board discussed Chairman Kennard's request that the Corporation secure an independent audit of the application and approval process. The Board (with Mr. Greenberg abstaining) unanimously agreed to retain KPMG Peat Marwick LLP to conduct such an audit and to provide technical advice and assistance to the Board pending the hiring of a CEO of the Corporation. Mr. Greenberg recused himself from voting on the selection of KPMG Peat Marwick because that firm is scheduled to merge with Ernst & Young, which is employed by certain of his corporations. The Board also agreed to forward materials relating to the Corporation to KPMG for its review.

The Board discussed the need to maintain close liaison with the FCC.

The Board discussed the proposal submitted by Neal Neuberger to conduct a seminar on the services offered by the Rural Health Care Corporation to rural health care providers. It was suggested that Mr. Neuberger should coordinate with Carl Allen and, to the extent possible, make seminar materials available to others at minimal or no cost. Mr. Hess will contact Mr. Neuberger to obtain additional information about the proposal. Dr. Sanders noted that he will recuse himself from any vote on the proposal because he has other relationships with Mr. Neuberger. Further discussion of the proposal was postponed until the next meeting of the Board.

Mr. Greenberg reported on the search for a CEO by Korn/Ferry International.

Dr. Sanders indicated that, in order to avoid any conflicts of interest, he will consult with counsel to the Corporation regarding his consulting activities.

The Board agreed to hold its next meeting on December 18, 1997 at noon.

The meeting was adjourned at 1:40 PM.

Catherine Dargan, Acting Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

December 18, 1997

MINUTES

The meeting was conducted by conference call and was called to order by Board Chairman Sanford Greenberg. Participating in the conference call were Kevin Hess, Isiah Lineberry and Jay Sanders, members of the Board, as well as Mark Weiss and Catherine Dargan from Covington & Burling.

The draft minutes of the meeting of December 5, 1997 were approved unanimously.

The Board discussed the recent decision by the FCC to reduce the level of universal service support funding in the first two quarters of 1998.

The Board discussed the preliminary findings of the performance audit conducted by KPMG Peat Marwick LLP (“KPMG”) on behalf of the Corporation. Upon a motion duly made and seconded, the Board voted unanimously to amend the draft services contract between the Corporation and KPMG to cover the work on the performance audit and to exclude technical assistance except as needed on a case-by-case basis.

Upon a motion duly made and seconded, the Board voted unanimously to authorize the drafting of a Request for Proposal for services relating to the development of the Corporation’s website and processing of applications.

Mr. Lineberry discussed the proposal submitted to the Corporation regarding a seminar to be conducted at George Mason University. All of the directors of the Corporation will receive information about the seminar.

The Board discussed the search for a CEO by Korn/Ferry International and the status of various outreach efforts.

The Board agreed to hold its next meeting on December 22, 1997 at 2:30 PM.

The meeting was adjourned at 1:10 PM.

Catherine J. Dargan, Acting Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care COMMITTEE MEETING

December 22, 1997

MINUTES

The meeting was conducted by conference call and began at 2:40 PM when it was called to order by Board Chairman Sanford Greenberg. Participating in the conference call were Kevin Hess, Isiah Lineberry and Jay Sanders, members of the Board, as well as Mark Weiss and Catherine Dargan from Covington & Burling.

The Board discussed its concerns with respect to the pending requests for additional funds for the development of the Corporation's website and applications systems, and the preliminary audit report findings of KPMG Peat Marwick LLP ("KPMG"). The Board discussed the draft Request for Proposal ("RFP") and accompanying terms and conditions that had been prepared for possible use in soliciting competitive proposals. Upon a motion duly made and seconded, the Board voted unanimously to approve the draft RFP and to authorize distribution of the RFP to solicit proposals for website development and related customer service and application processing services.

The Board discussed recent FCC developments and agreed to communicate with the Chairman of the FCC to apprise the FCC of the preliminary KPMG audit results and requesting guidance from the FCC on issues posed by the Commission's decision to reduce the level of universal service support funding in the first two quarters of 1998.

Upon a motion duly made and seconded, the Board voted to obtain assistance from KPMG in developing possible prioritization mechanisms for use in the event that requests for universal service support exceed funds available to the Corporation for disbursement.

Mr. Lineberry discussed the proposal submitted to the Corporation regarding a seminar to be conducted at George Mason University. Upon a motion duly made and seconded, the Board unanimously approved the seminar proposal with the recommendation that the seminar sponsors coordinate with Carl Allen and make brochures available to interested persons at reasonable cost.

Mr. Greenberg discussed the search for a CEO by Korn/Ferry International and the progress of candidate interviews.

The meeting was adjourned at 3:30 PM.

Catherine J. Dargan, Acting Secretary