

# 1997 Schools and Libraries Committee Meetings Minutes

---

*Click on a date below to see the minutes. To see the entire year's minutes, click on the first date. Once open, search within the document for a particular word or phrase, using the 'Find' feature or Ctrl+f.*

## Meeting Dates

September 23, 1997.....	2
September 23, 1997 Joint with RHC .....	4
October 21, 1997 .....	11
November 17, 1997 .....	15
November 21, 1997 .....	18
November 26, 1997 .....	21
December 3, 1997.....	24
December 19, 1997.....	26

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries Committee Meeting**

**September 23, 1997**

**MINUTES**

The 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. Five members of the Board representing a quorum were present for the meeting as follows:

Ken Brody

Anne L. Bryant

Frank Gumper

Dr. Henry Marockie

Kathleen G. Ouye

One member was absent as follows:

Brian Talbott

(Steve Witter substituted in a nonvoting capacity.)

The Board selected Ms. Ouye to serve as Acting Chairman and Edward R. English, Director, Finance, National Exchange Carrier Association, Inc. (NECA) was designated Secretary for the meeting. The Board discussed organizational matters and the necessity to select a Chairman, Vice Chairman, Chief Executive Officer, and Chief Operating Officer as soon as possible. The Board discussed the qualities/characteristics desired in the Chairman such as: excellent spokesperson, organized, and consensus builder. On a motion duly made and seconded, the Board unanimously selected Kathleen G. Ouye as Chairman.

On a motion duly made and seconded, the Board elected, by secret ballot, Dr. Henry Marockie to be Vice Chairman.

The Board then discussed the steps required in finding a CEO. The Board determined that a Selection Committee of three made up of Ken Brody, Anne Bryant, and Dr. Henry Marockie would meet on Tuesday, September 30, 1997 in order to recommend a viable candidate to the full Board. The Board discussed qualities desirable in a CEO to assist the Selection Committee in its search. Mr. William E. Stern, Vice President, NECA, made a presentation on what NECA has done since the August 15, 1997 FCC Order and what current operational requirements were. The Board discussed operational issues. Mr. Mark Nadel, USF Branch, FCC, reported the status of application forms development. All parties acknowledged the importance of obtaining OMB approval of the application forms at the earliest possible date. The Board established a Forms Committee made up of Anne Bryant and Frank Gumper to focus on accelerating approval of the forms. William Stern distributed draft copies of the NECA version of the Schools and Libraries application form. After a brief recess, Mr. Gus

Estrella of the national Cerebral palsy Association addressed the Board with an eloquent plea for the Board to serve the physically-challenged community. The Board thanked Mr. Estrella for his contribution. The Board discussed activities and operational matters related to using revenues 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:

**RESOLVED**, that all services provided by the National Exchange Carrier Association, Inc. (NECA) through today's meeting which were 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 is duly elected.

There being no further business to come before the Board, on a motion duly made and seconded, Ms. Ouye adjourned the meeting at 11:15 AM to reconvene jointly with the Board of the Rural Health Care Corporation.

---

Edward R. English, Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries and the Rural Health Care Joint Committee Meeting**

**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 authoring 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**

<b>NAME</b>	<b>ORGANIZATION</b>
Scott Reiter	NTCA
Maryanne McCormick	FCC
Donald Feuerstein	ED
Carolyn Hill	AITell
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	NTCA
Robert Haga	NECA
Katherine Harris	CTIA
Ryan Oremland	Telecommunications Reports
Whitney Malone	Arthur Andersen & Co., SC
Alan Dinsmore	American Foundation For The Blind
Lana Meller	Boller Law Group, P.C.
Mark Nadel	FCC
Aleck Johnson	American Library Association
Edwin Lavergne	Funds For Learning, LLC
Jimmy Jackson	G.C.I.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY****Schools and Libraries Committee Meeting**

October 21, 1997

**MINUTES**

The regular meeting of the Schools and Libraries Corporation (SLC) was held at the Doubletree Hotel Park Terrace, 1515 Rhode Island Avenue, NW, Washington, D.C. on the above date. The meeting was called to order at 8:46 AM by Ms. Kathleen G. Ouye, Chair.

<b>Six Board members were present, representing a quorum, as follows:</b>	
Kathleen G. Ouye	Ken Brody
Anne L. Bryant	Frank Gumper
Dr. Henry Marockie	Brian Talbott
<b>Three members of the National Exchange Carrier Association, Inc. (NECA) were present as follows:</b>	
Ed English	Acting Secretary/Treasurer, USAC; Director, Finance, NECA
Mannie Greene	Director, NECA
Bill McKoy	Manager, NECA
<b>Others present for various parts of the open meeting:</b>	
<b>Name</b>	<b>Organization</b>
Steve Kahn	Bell Atlantic/Gov't Office
Tom Billington	Billington Media Consulting
Jackie Lamb	CA Dept. Of Education
Greg Weisiger	VA Dept. Of Education
Edie Herman	Comms. Daily
Valerie Yates	FCC
Mark Nadel	FCC
David Abramson	USAC BoD
Stacey Chaney	Bell Atlantic
Irene Flannery	FCC
Maryanne McCormick	FCC
Sara Fitzgerald	E-Rate Insider
Chris Collins	NAIS
Jeff Burnett	NAIS
James Jackson	USAC BoD
Patricia F. Lewis	U of Florida

Lisa Zaina	OPASTCO
Alan Dinsmore	AFB
Robert Klassen	IMLS
Dennis L. Bybee	Inventing Tomorrow's Schools
Kari Afstrom	AASA
William Sonnett	SBC
Evan Grayes	Gibson, Drand & Cintcher
Steve Gorski	NITV/CTN
Jon Bernstein	NEA
Michelle Richards	NSBA
Hanee Haney	USTA/Legal
Kevin Taglang	Benton Foundation
Scott Reiter	NTCA

1. Ms. Ouye opened the meeting and presented the Minutes of the September 23, 1997 Board of Directors Meeting. Upon a motion duly made and seconded, the Minutes were approved unanimously.
2. Ms. Ouye reported on the efforts of the CEO Selection Committee. The Committee recommended that Ira Fishman be appointed as CEO due to his commitment to Universal Service, excellent leadership skills, and his ability to work effectively with all levels and backgrounds. On a motion duly made and seconded, the Board unanimously acclaimed Mr. Fishman as CEO of USAC effective November 1. Mr. Fishman was invited to participate in the remainder of the Board meeting.
3. Mr. Fishman thanked the Board for his appointment and led a discussion on the issue of aggregation and averaging of discounts within a consortium. The Board was concerned that the neediest school or library within a consortium may not receive the full discount to which it is entitled. The Board was concerned that any certifications of equitable treatment be fair, meaningful and auditable.

The Board felt that a two-pronged approach may work best: (1) for consortia-wide procurements, the discount would be based on the average of all members in the consortium, and (2) for products and services used by only one school or library, such as a dedicated line, the discount would be based on the matrix percentage applicable to that entity. The Board differentiated between shared and site-specific services.

After much deliberation, it was decided that Mr. Fishman would work with the FCC to ensure that the information gathered from a consortium ensure that shared/averaged services were distributed on an equitable basis to all members of the consortium over time.

4. The Board determined that if USAC meets on November 17, the Schools and Libraries Corporation would meet on the same day at 4:00 PM.

5. Pursuant to FCC Order, the Board addressed the issue of an applications "window" and the length of time during which all applicants will have equal access to available fund balances. On a motion duly made and seconded, the Board unanimously adopted the following Resolution:

**RESOLVED**, that the Board recommends that there be a sixty (60) consecutive day window from the date the website opens during which all applications will be considered on an equal basis for services retroactive to January 1, 1998. (See amendment to this Resolution at paragraph 12).

6. Mr. Fishman informed the Board of the mass mailing of forms and instructions to schools and libraries prior to the opening of the website. The Board concurred with the mailing.
7. Mr. Fishman raised the issue of obtaining state agency approval of technology plans for schools not subject to state jurisdiction. The Board considered having the Schools and Libraries Corporation perform the review or designating qualified third-party firms to perform the review for a fee. Some members of the Board did not want to create a bureaucracy if the private sector could be used more effectively.
8. Mr. Fishman suggested the need for a Policy Committee within the Board to allow for timely decision-making. It was decided that he could deal directly with the Chair, Ms. Ouye. If she needed further assistance, the Policy Committee would be formed at a subsequent meeting of the Board. (The Board inserted the following verbiage after the word "that" in the second sentence per Item 1 in the November 17, 1997 Board Minutes: "...this question would be taken up at the next meeting and in the interim...")
9. Mr. Brody requested that the lines of authority between Schools and Libraries Corporation and the FCC be clarified. He would like the Board to be a decision-making body and not a body recommending courses of action for FCC approval. Mr. Gumper pointed out that the Schools and Libraries Corporation had to work within the rules established by the FCC. Mr. Brody excused himself from the meeting at 11:26 AM.
10. Mr. Stern, Vice President, NECA, explained the First Quarter 1998 budget estimates for the October 31 filing to the FCC. The Board acknowledged that the 1998 budget is a rough estimate based on NECA's determination of the necessary work effort.

On motions duly made and seconded, the Board unanimously adopted the following Resolutions:

**RESOLVED**, that the Schools and Libraries Corporation (Corporation) Board of Directors, having reviewed a summary of the Schools and Libraries program revenue requirements, including administrative costs for the First Quarter of 1998 at its meeting on October 21, 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.

**RESOLVED**, that the Board authorizes the CEO to lead negotiations between NECA and USAC to present a work plan at the next meeting of the Board.

11. Mr. Stern pointed out the critical issues of obtaining staff, facilities and equipment to meet the tight time lines faced by the Schools and Libraries Corporation. Mr. Fishman said he would work with NECA and USAC to arrive at a reasonable work plan.

On a motion duly made and seconded, the following Resolution was adopted:

**RESOLVED**, that the Board authorizes the retention of outside consultants to review systems and procedures developed by NECA.

Anne Bryant excused herself from the meeting at 12:15 PM.

12. Deborah Schaub, Director, Applications Systems, NECA, presented to the Board a systems review of the Schools and Libraries Corporation website and application process. Ms. Schaub reported on the status of the systems development effort. The development consists of four main deliverables: a website; funds commitment; tracking service provision and payments; and review and enhancements to the system. There was much discussion on the manual and electronic interaction between the forms, the users and the system. Some concerns were expressed on the turn-around time for manually-keyed applications and the effect on the 60-day window recommended by the full Board.

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

**RESOLVED**, that the Chair may recommend that the 60-day window be extended up to 15 days based on analysis of the turn-around time necessary to post applications.

(This amends the Resolution at paragraph 5.)

There followed a period of questions, discussion and answers on the website and application process from the participants in the open meeting. NECA was unable to commit to a firm date for when the website would open, citing that the forms have not yet been approved by the Office of Management and Budget.

Ms. Ouye thanked Ms Schaub for her informative presentation.

There being no further business to come before the Board, on a motion duly made and seconded, Ms. Ouye adjourned the meeting at 1:15 PM.

\_\_\_\_\_  
Edward R. English, Secretary

\_\_\_\_\_  
Date

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries Committee Meeting**

**November 17, 1997**

**MINUTES**

The meeting of the Schools and Libraries Corporation (SLC) Board of Directors was held at the Doubletree Hotel Park Terrace, 1515 Rhode Island Avenue, N.W., Washington, D.C. on the above date. The meeting was called to order at 4:09 p.m. by Kathleen G. Ouye, Chair.

<b>Six Board members were present, representing a quorum, as follows:</b>	
Kathleen G. Ouye	Anne L. Bryant
Dr. Henry Marockie	Frank Gumper
Brian Talbott	Ira Fishman

Kenneth A. Levy of the National Exchange Carrier Association, Inc., served as Secretary of the meeting. Others present for various parts of the open meeting are listed in Attachment I to these minutes.

1. Ms. Ouye opened the meeting and presented the Minutes of the October 21, 1997 meeting. Discussion ensued on the potential inclusion in the minutes of answers to certain key questions concerning the program. It was decided to include this type of information in future minutes and other communications vehicles.

The minutes were approved unanimously with amended language to paragraph 8, making clear that the matter of establishing a policy committee of the Board would be taken up at its next meeting.

2. Mr. Fishman, the CEO of SLC, announced the hiring of three executives, all of whom bring substantial experience and ability to their fields. Kate Moore, who has served as CFO of the United Way and as an Assistant Secretary at the U.S. Department of Transportation, will be COO. Debra Kriete is leaving the Pennsylvania Public Utilities Commission, where she worked closely with the FCC and the states to develop rules for the program, and will become General Counsel. Tom Carroll, recently, director of the technology grant program at the U.S. Department of Education, has joined SLC as Director of Technology Assessment and Planning. Mr. Fishman pointed out that Mr. Carroll, while at DOE, worked extensively as the regional and local levels. He went on to say that SLC was strongly committed to outreach and that the Board of Directors would participate directly.
3. Mr. Fishman asked the Board to establish a policy committee to expedite resolution of issues that arise on various aspects of the program. He proposed Mr. Gumper, Mr. Talbott, himself and Ms. Ouye (ex-officio) as members of the committee. He described a process for answering questions at different levels of the organization, in

some cases involving the committee and/or the FCC. There was discussion and agreement on the importance of keeping all Board members informed of the Policy Committee's work.

Ms. Ouye confirmed that all Board members would be given notice of questions that come before the Policy Committee and would be able to join in discussions; E-mail and fax will be used. Mr. Fishman requested travel schedules from Board members. The Board unanimously approved formation of the Policy Committee.

4. Mr. Fishman next presented a proposed policy statement establishing a standard for applicants who are required to certify that the services will be used for "educational purposes." Following discussion and suggested language changes by Board members, the policy statement was revised as follows:

The primary purpose of the services for which support is sought must be the delivery of services into classrooms or other places of instruction at schools and libraries that meet the statutory definition of an eligible institution. Support for the administrative functions of library or education programs is permitted so long as the services are part of the network of shared services for learning. Universal service support will be limited to services delivered to the onsite educational facility or facilities. Services at a personal residence or at locations that do not host places of instruction or are not accessible to library patrons, with the exception of a centralized district office or similar facility, are not eligible for support.

The Board discussed various situations in which coverage might be an issue and acknowledged the need to provide guidance to the schools and libraries community through illustrative examples. It then approved the policy statement unanimously.

5. The Board next discussed another emerging policy issue concerning the eligibility of services provided via a telecommunications network built and owned by a state or other entity. Mr. Fishman stated his belief that this was a pending issue on reconsideration at the FCC. It was pointed out that the FCC had encouraged the formation of consortia in its order, but also that such networks might present issues related to cost allocation and charging practices. Mr. Fishman agreed to pursue this matter with the Policy Committee and FCC.
6. Mr. Fishman reported on SLC outreach efforts. He noted that application forms have been submitted to OMB by the FCC and that the instructions are in a form that will facilitate the application process. Mr. Fishman read a letter describing the program that he intended to send to schools and libraries. The Board made several suggestions on wording and discussed means of information sharing, including a review of available resources such as bulletins and E-rate hotlines. Mr. Fishman noted that the date of the website opening has not yet been set.
7. Ms. Ouye reported on a meeting that she, Mr. Talbott and Mr. Fishman had had that morning with FCC Chairman Kennard, who expressed support for the program. She also described a contact with the Cross Industry Working Team, an expert industry group focused on technology, that would be a source of information on state of the art technologies. Mr. Fishman mentioned several other groups that had offered to form relationships with SLC. Acknowledging the need to structure dialogues and

relationships with broadly-based groups, Mr. Fishman said he will aggressively pursue worthwhile opportunities.

8. The open session of the meeting was adjourned at 6:00 p.m. The Board reconvened in executive session at 6:10 p.m.
9. Mr. William Stern of NECA gave an overview of program implementation planning, describing three key functions: input of applications, customer service and process review. He proposed a service arrangement with NECA under which the first two functions would be outsourced and the last would be conducted by NECA directly. Mr. Mannie Green of NECA provided additional detail on NECA's plan and responded to questions from the Board.
10. The Board indicated a strong commitment to high quality customer service support in light of the large number of applicants that were in various stages of their own understanding of telecommunications and technology and the fact that this is a new program. It deferred action on the proposed NECA service agreement until it received further information from NECA and evaluated proposals from other vendors. The Board asked NECA to develop recommendations on customer service outsourcing for presentation at a conference call Board meeting on Friday, November 21, 1997 at 2:15 p.m. EST.
11. The Board continued its discussion of process review , emphasizing its importance to the integrity of the program. Mr. Fishman reported that he had received proposals from several firms that could have a role in process review.
12. The Board discussed various requirements for a service contract with NECA, including performance standards, a complete work statement and counsel review. The Board also asked NECA to provide a flow time-line and a detailed description of the process review function.
13. NECA reported on the website development work being performed by Spectrum and the incorporation of a number of additional features from the original concept. The Board discussed the importance of including process review data points in the website. The Board unanimously passed a resolution authorizing additional funds for the Spectrum project to total \$1,475M (plus travel).

The Board meeting was adjourned at 7:20 p.m.

---

Kenneth A. Levy, Secretary

December 5, 1997

Date

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries Committee Meeting**

**November 21, 1997**

**MINUTES**

A meeting of the Schools and Libraries Corporation (SLC) was held via conference call on the above date. The meeting was called to order at 2:15 PM by Ms. Kathleen G. Ouye, Chair. Five Board members were present, representing a quorum, as follows:

Ira Fishman  
Kathleen G. Ouye  
Frank Gumper  
Dr Henry Marockie  
Brian Talbott

Two members were absent as follows:

Anne L. Bryant  
Ken Brody

Ten members of the National Exchange Carrier Association, Inc. (NECA) were present as follows:

Bruce Baldwin - President & CEO  
Bill Stem - Vice President  
Ken Levy -Vice President & General Counsel  
Dave Hoyle - Executive Director & Corporate Secretary  
Jim Frame -Vice President, Operations  
Fred Hughes - Executive Director, Auditing  
Debra Schaub - Director, Applications & Data Management  
Ed English - Acting Secretary/Treasurer, USAC; Director, Finance  
Mannie Green - NECA Staff  
Bill McKoy -NECA Staff

Mr. English was designated Secretary for the meeting for the period during which NECA representatives were on the call.

Also present:

Dana Stevens - Spectrum  
Tom Carroll - Schools & Libraries Corporation (SLC)  
Debra Kriete - Schools & Libraries Corporation (SLC)

1. Mr. Stern introduced the NECA representatives on the call. Mr. Fishman introduced the SLC representatives and stated that the primary purpose for the meeting was to

discuss the options available for provisioning a Client Service Bureau and Process Review function for SLC. He acknowledged that there were extremely tight constraints which would have to be balanced with the need for quality assurance. He was very appreciative of NECA's aggressive efforts to service the needs of SLC.

2. Mr. Baldwin announced that Mr. Stern was being replaced by Mr. Frame and that NECA was delegating Mr. Hughes and Ms. Schaub full time to the effort. The Board discussed the impact of the management change on the ability to move forward.
3. Mr. Frame presented NECA's proposal and rationale to serve as the general contractor to SLC in performing the data input, Client Service Bureau, ongoing Website support, and process review functions. NECA proposed to subcontract with NCS to do the data input and simple Client Inquiry service function.

The Board discussed with NECA representatives the timing, estimated costs, staffing levels, systems testing and length of the contract term.

NECA proposed using NECA staff on temporary assignment to start up the Client Service Bureau in December. The Board requested that this effort be augmented with staff from the Schools and Libraries community. NECA was receptive to the idea and requested that the Board provide names of potential candidates.

Mr. Talbott excused himself from the call at 3:20 PM.

The Board discussed the capabilities of the data entry subcontractor and costs relative to NECA direct expenses.

Mr. Fislunan discussed the cost of the NECA proposal relative to other proposals he was considering, and concluded that NECA appeared to be the most timely and cost effective.

Mr. Levy explained that NECA's costs were governed by the FCC-approved cost allocation manual and would vary based on the level of service requested by SLC.

Mr. Fishman requested that NECA provide detailed staffing and cost estimates for maintenance of the Website and process review function in a format similar to that which had been provided for the Client Service Bureau. Mr. Frame agreed to provide the information as soon as possible.

Mr. Frame stressed the importance of getting a contract in place so that NECA could proceed to obtain leased office space, equipment and staff necessary for a successful launch of the project. He emphasized that a decision to obtain space was critical.

Ms. Schaub explained the need to perform testing on the Web site process before opening the Website to the public. She recommended that Coopers & Lybrand be retained for this purpose due to their familiarity with the project. On a motion duly made and seconded, the following Resolution was passed unanimously:

**RESOLVED**, that NECA enter into a contract with Coopers & Lybrand to aid in the development of a testing plan for interaction with the Website.

4. Mr. Fishman requested other business.

Ms. Ouye suggested some changes to the draft of the SLC review function, "soft edits" provided in the pre-Board materials specific to libraries.

5. Mr. Fishman stated that the Board needed to deliberate further off-line.

The NECA representatives left the call at 4:05 PM and the meeting continued.

Edward R. English, Secretary

12/23/97

Date

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries Committee Meeting**

**November 26, 1997**

**MINUTES**

A meeting of the Schools and Libraries Corporation (SLC) was held by conference call on the above date. The meeting was called to order at 11:22 AM by Ms. Kathleen G. Ouye, Chair.

<b>Six board members were present, representing a quorum, as follows:</b>	
Kathleen G. Ouye	Anne Bryant
Ira Fishman	Frank Gumper
Dr. Henry Marockie	Brian Talbott
<b>One member was absent as follows:</b>	
Ken Brody	
<b>Also present was:</b>	
Debra Kriete	Incoming General Counsel
<b>The following members of the National Exchange Carrier Association, (Inc.) NECA were present as follows:</b>	
Bruce Baldwin	Jim Frame
Ken Levy	Ron Cook
Fred Hughes	Joe Douglas
Debra Schaub	Mannie Green
Ed English	

1. Mr. Fishman asked that Mr. Frame present to the Board the NECA Services Proposal relative to the Process Review Function.

Mr. Frame reviewed the Estimated Annual Costs for the overall NECA Services Proposal to SLC. The Client Service Bureau function including outsourcing with NCS had been discussed on the November 21, 1997, call and accepted by SLC. The pre-board materials to support the Process Review and System Maintenance Proposals were presented to the Board with the same level of detail as that which was provided for the Client Service Bureau. Mr. Hughes spoke about the Process Review function and indicated that reasonable assurance of the integrity of the process and accuracy of the data were review objectives. He stated that the estimates of the required staff level may need to be adjusted as experience is gained with the program. He stressed that it was important that the service agreement with NECA be signed by December 5 to meet tight program time lines.

Before taking up discussion on the Process Review Function, Dr. Marockie requested clarification on some outstanding action items from prior meetings. The Board was concerned about the lack of progress on some of the initiatives. The Board has requested that staff from the schools from the schools and libraries communities participate in the development and implementation of the procedures and he wanted to know how that would be implemented. Ms. Schaub responded that staff were needed in Whippany and Iowa City to assist with the setting up of the Client Service Bureau December 8-10. Mr. Frame requested that volunteers be recommended by SLC. Ms. Ouye was concerned that there may be a conflict with a libraries training forum in Washington, D.C. on December 8 and 9. Ms. Schaub indicated that she and Ms. Kriete had been discussing the scheduling and would jointly coordinate arrangements. The Board asked that a draft of the existing training materials be sent overnight to each Board member.

The Board requested that there be a tight link with staff from the NCS service bureau and suggested that an NCS staffer be based in Whippany. Mr. Frame was receptive to the idea, but indicated that the cost was not included in the current proposal.

The Board questioned why data on schools and the school lunch program was not being sourced directly from the Departments of Education and Agriculture. NECA agreed to assess these sources as opposed to using a third party vendor.

The Board discussed with NECA management the structure of the Process Review function, the size and duties of staff, level of salaries and qualifications.

The Board discussed the projected volumes of applications and the number of applications which would receive a detailed review. The Board was concerned about the ability to handle a large volume of claims near the end of the seventy five day window.

Mr. Fishman reported that Coopers & Lybrand would be engaged to do a review of the proposed system process at NECA in early December. He asked NECA for a time line on the development process review manual.

Ms. Ouye expressed her opinion and generally that of the Board that it was very difficult for the Board to sign a long term contract with NECA without knowing all the details and having responses to outstanding issues. Mr. Frame stated that since the last Board meeting he had enlisted the services of additional NECA resources and personnel to enable the NECA team to meet the tight objectives and respond to the Board's needs. Mr. Frame requested that Mr. Fishman provide a list to NECA of those outstanding issues so that he could adequately address the Board priorities.

The Board discussed the costs associated with the System Maintenance Proposal. Mr. Marockie wanted an explanation for the allocated costs included in the salaries. The Board also requested that NECA provide a comparison of the NECA loaded costs to those of other organizations to determine if they are reasonable. Ms. Bryant excused herself from the call at 12:58 PM. The Board asked why the system could not receive uploaded data. Ms. Schaub explained that there were many issues related to compatibility and security which prohibited that feature from being included in the current scope of the project. This could be provided at a later date and time, resources permitting.

Mr. Marockie listed seven items for inclusion in Mr. Fishman's priority list to NECA.

There being no further business to discuss with NECA, the NECA representatives left the call at 1:20 PM.

2. Mr. Fishman summarized the alternative proposal from KPMG Peat Marwick to perform all of the major operations functions (customer service, data entry and application review). KPMG also proposed to perform the application review function only in conjunction with NECA-NCS performance of the customer service and data entry functions. The Board expressed concern about the cost of the KPMG proposal and its ability to begin operations on schedule and directed Mr. Fishman to pursue those issues with KPMG pending NECA's response to the Board's list of outstanding issues.
3. The Board scheduled a teleconference for December 3rd to make final decisions on which entity would perform the application review function.

---

Edward R. English, Secretary

---

Date

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries Committee Meeting**

**December 3, 1997**

**MINUTES**

A meeting of the Schools and Libraries Corporation (SLC) was held via a conference call on the above date. The meeting was called to order by Ms. Kathleen G. Ouye, Chair.

<b>Five board members were present, representing a quorum, as follows:</b>	
Kathleen G. Ouye	Ira Fishman
Frank Gumper	Dr. Henry Marockie
Brian Talbott	
<b>Two members were absent as follows:</b>	
Anne L. Bryant	Ken Brody
<b>Also present:</b>	
Tom Carroll	Schools and Libraries (SLC)
Debra Kriete	Schools and Libraries (SLC)

Ms. Kriete was designated Secretary for the meeting.

1. Mr. Fishman advised that the document submitted by NECA on December 1, 1997 concerning NECA's detailed staffing and cost estimates for the process review function was responsive to the Board's information request.

Mr. Fishman discussed the cost of the NECA proposal relative to other proposals he was considering and concluded that NECA was the best offer on timeliness and cost-effectiveness that he had received.

2. The Board discussed the NECA proposal and December 1 documentation and concluded that the documentation responded to their outstanding inquiries.
3. Ms. Moore joined the call from NECA's Whippany offices, having traveled there on this date to meet with Mr. Frame and to review and discuss NECA's efforts to render assistance to the Schools and Libraries Corporation. She reported that she was favorably impressed with NECA's efforts.
4. Mr. Fishman recommended that the Schools and Libraries Corporation negotiate an agreement with NECA to perform the process review functions on behalf of the Schools and Libraries Corporation, for a two-year term subject to cancellation after one year, if performance under the contract is not satisfactory, subject to the risk of incurring termination charges if the option to cancel is exercised after one year.

On a motion duly made and seconded, the following Resolution was passed unanimously:

**RESOLVED**, that Schools and Libraries Corporation enter into a contract with NECA for NECA to perform the process review function on behalf of Schools and Libraries Corporation, subject to cancellation after one year if performance is not satisfactory, and subject to termination costs that cannot be mitigated if the option to cancel after one year is exercised.

5. The board discussed generally the progress being undertaken to start up the program, with recent news articles concerning all of the universal service support programs.

---

Debra Kriete

---

Date

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Schools and Libraries Committee Meeting**

**December 19, 1997**

**MINUTES**

A meeting of the Schools and Libraries Corporation (SLC) was held via conference call on the above date. The meeting was called to order at 11 AM EST by Ms. Kathleen Ouye, Chair.

<b>Seven Board members were present, representing a quorum, as follows:</b>	
Kathleen G. Ouye	Ira Fishman
Frank Gumper	Dr. Henry Marockie
Brian Talbott	Anne L. Bryant
Ken Brody	
<b>Also present:</b>	
Debra Kriete	Schools & Libraries Corporation (SLC)
Kate Moore	Schools & Libraries Corporation (SLC)
Tom Carroll	Schools & Libraries Corporation (SLC)

Ms. Kriete was designated Secretary for the meeting.

1. Dr. Marockie moved, and Mr. Fishman seconded, the approval of the minutes of the prior meetings, December 3; November 21; and November 17. The Board unanimously approved the minutes.
2. Mr. Fishman advised that a draft document comprising proposed questions and answers for the Policy Committee had been circulated to all members of the Board, in order to provide an illustrative example of the type of issues that will come before the Policy Committee. The Policy Committee is scheduled to meet on January 12, 1998.
3. Mr. Fishman announced that SLC has hired a Director of Operations, Mr. George McDonald, and Ms. Mickey Revenaugh, Vice President for Outreach and Education. Mr. Fishman projected that the SLC staff would be ultimately comprised of 16-18 individuals.
4. Mr. Fishman reported that the form 470 and 471 applications, instructions, program description and cover letter had been mailed to over 41,000 school districts, library systems and independent schools over a two and one half day period. The Client Service Bureau became operational on December 11, 1997 before the forms mailing reached our clients' destinations. The toll free number for CSB is 1-888-203-8100 and the fax telephone number is 1-888-276-8736. The forms are also available electronically on the NECA website. The forms also were distributed to all member organizations of EDLiNC so that they may readily reproduce copies of these materials

and disseminate them to their member constituents, as well as to each state's chief technology officer. In addition, Mr. Fishman advised that the Department of Education faxed notifications of the availability of the forms to over 11,000 schools and libraries.

5. Mr. Fishman also reported that the Council of Chief State School Officers had completed a survey of its members concerning their plans for submitting applications to the Program.
6. Mr. Fishman described the program package that Ms. Revenaugh prepared in conjunction with the mailing of the applications and forms. The package was mailed to small and medium sized media outlets and was intended to provide another mechanism to inform schools and libraries, and the surrounding communities, about the program and the availability of the forms.
7. Mr. Fishman provided a report on the extensive outreach efforts undertaken by the SLC team to inform and educate potential beneficiaries about the program. He also provided a report on upcoming events. He suggested, and the Board concurred, that he will maintain a schedule of activities so that Board members' participation can be coordinated with these activities, to the extent that their schedules allow.
8. Mr. Fishman updated the Board on the efforts to complete and open the SLC website to begin accepting applications. Beginning the week of January 2, 1998, the system is scheduled to be tested by the developers. During the following week, user acceptance testing will commence, which will include members of the education community. Coopers and Lybrand, who is coordinating the user acceptance testing, advised that the testing schedule is very aggressive and will require adjustments depending upon results.
9. Mr. Fishman described the efforts of Coopers and Lybrand to undertake the review requested by the FCC of the internal controls for processing applications.
10. Dr. Talbott moved, which was seconded by Dr. Marockie, to establish an Audit and Compliance Committee comprising Ms. Ouye, Dr. Marockie and Mr. Brody, to be staffed by COO Kate Moore.
11. Mr. Fishman updated the Board on the status of various pending contracts. SLC had signed an interim agreement with NECA, to be formalized upon completion of negotiated performance standards and Statement of Work. The SLC office plans to relocate to 1023 15th Street NW in DC, having signed a one year sub-lease for the office space at the cost of \$17.50/square foot.
12. Mr. Fishman provided an overview of the FCC's activities in recent weeks to revise the collection rate on providers of interstate telecommunications to fund the various universal service programs beginning January 1, 1998.
13. Mr. Fishman reported that a proposed set of procedures for the Technology Plan review had been circulated to the Board for the members' review, with the intention of finalizing the document and circulating it publicly in the near future. Comments should be provided to Dr. Tom Carroll.

14. The next meeting of the Board is scheduled for Tuesday, January 27, 1998 at 8:30 am in Washington DC.

---

Debra M. Kriete

---

Date