

2011 Board of Directors Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

BOARD OF DIRECTORS MEETING

January 25, 2011

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, January 25, 2011. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:33 a.m. Eastern Time, with a quorum of 15 of the 17 Board members present (there are two vacancies):

Abshire, Dr. Sheryl	Jacobs, Ellis
Anderson, D. Michael – Vice Chair – <i>by telephone</i>	Jortner, Wayne – Treasurer
Barash, Scott – Acting Chief Executive Officer	Kragel, Dr. Peter – Secretary – <i>by telephone</i>
Boyle, Anne	McClure, David
Bryant, Dr. Anne	Lubin, Joel – <i>by telephone</i>
Campbell, Anne	Sanders, Dr. Jay
Feiss, Geoff	Talbott, Dr. Brian – Chair
Gillan, Joseph	

Members of the Board not present:

Bergmann, Scott
Ridley, Carolyn

Officers of the corporation present:

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

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beaver, Tracey	USAC
Bellavia, Leslie	USAC

<u>NAME</u>	<u>COMPANY</u>
Berkland, Kristin	USAC
Betancourt, Laura	USAC
Brooks, Whitney	USAC
Delmar, Teleshia	USAC
Duvall, Rashann	USAC
Falkowitz, Ed	USAC
Garber, Michelle	USAC
Goode, Vernell	USAC
Hughes, Jeff	USAC
Iversen, Eric	USAC
Keiser, Cherie	Cahill
King, Sola	USAC
Lee, Jay	USAC
Machcinski, Thad	FCC
Miller, Jack	Solix
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
O'Connor, Austin	FCC
Parry, John	Solix
Reynolds, Daniel	USAC
Schrieber, Johnnay	USAC
Trew, Anne Marie	USAC
Wu, Bonnie	USAC

ACTION ITEMS:

a1-A. Election of Members to the USAC Board of Directors. Dr. Talbott presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors having received the selections from the Chairman of the FCC pursuant to 47 C.F.R. § 54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws hereby elects Scott Bergmann, Dr. Anne Bryant, Anne Campbell, Jose Manuel Jimenez, Wayne Jortner and Joel Lubin to the USAC Board of Directors each for a term beginning effective January 25, 2011 and continuing until December 31, 2013; and

RESOLVED FURTHER, that each of the aforementioned directors shall remain a director until such director's: (i) resignation, (ii) removal pursuant to Article II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) election of a successor pursuant to Article II, § 4 of the USAC By-laws or (iv) action by the stockholder of the corporation pursuant to the Article I of the USAC By-laws; and

RESOLVED FURTHER, that Mr. Jimenez is hereby appointed to the Rural Health Care Committee as an at-large representative pursuant to the requirements of 47 C.F.R. § 54.705(b)(2).

a1-B. Annual Election of Committee Chairs and Vice Chairs and Election and Appointment of Corporate Officers. Mr. Barash presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors elects **Dr. Brian Talbott** as Chair and **D. Michael Anderson** as Vice Chair of the Board, **Peter Kragel** as Secretary of the corporation, and **Wayne Jortner** as Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such member's successor has been elected or when such member resigns such position or from the Board, is removed by resolution of the Board, or such member's Board term expires.

RESOLVED, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects **David McClure** as Chair and **D. Michael Anderson** as Vice Chair of the **Audit Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the High Cost & Low Income Committee and elects **Joel Lubin** as Chair and **Joe Gillan** as Vice Chair of the **High Cost & Low Income Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Rural Health Care Committee and elects **Dr. Jay Sanders** as Chair and **Dr. Peter Kragel** as Vice Chair of the **Rural Health Care Committee**, each for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects **Anne Campbell** as Chair and **Anne Bryant** as Vice Chair of the **Schools & Libraries Committee**, each for a term that begins immediately upon the adoption of this resolution

by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires.

RESOLVED, that the USAC Board of Directors accepts the recommendation of the USAC Nominating Committee and appoints **David A. Capozzi** as Assistant Secretary of the corporation and **David Case** as Assistant Treasurer of the corporation, each for a term that begins immediately upon adoption of this resolution and ends when such person's successor has been appointed, such person resigns from the position, his employment with USAC terminates for whatever reason, or such person is removed by the Acting CEO or CEO or by resolution of the Board.

- a2. Approval of Board of Directors Meeting Minutes of October 26, 2010.** On a motion duly made and seconded, the Board approved the minutes, as written, of the Board meeting of October 26, 2010.
- a3. Reports from the Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the October 2010 quarterly meetings. Mr. McClure reported for the Audit Committee; Dr. Talbott reported for the Executive Committee; Dr. Kragel reported that the Executive Compensation Committee did not meet during the quarter; Mr. Lubin reported for the High Cost & Low Income Committee; Dr. Sanders reported for the Rural Health Care Committee and Ms. Campbell reported for the Schools & Libraries Committee.
- a4. Approval of 2nd Quarter 2011 and 2011 Annual USAC Common and Consolidated Budgets.** Mr. Belden presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors approves a 2nd Quarter 2011 USAC common budget of \$10.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$10.3 million for USAC common budget administrative expenses in the required January 31, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2011 annual common budget of \$43.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2011 USAC consolidated budget of \$29.4 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$29.1 million for USAC consolidated budget administrative expenses in the required January 31, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2011 annual consolidated budget of \$126.3 million.

a5. Approval of April 2012 – January 2013 Board of Directors Quarterly Meeting Schedule.

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

RESOLVED, that the USAC Board of Directors adopts the following Board of Directors and committee quarterly meetings schedule for April 2012 – January 2013:

Executive Committee	Programmatic Committees & Board of Directors
April 19, 2012	April 23-24, 2012 (Easter Sunday is April 8, 2012.)
July 26, 2012	July 30-31, 2012
October 25, 2012	October 29-30, 2012
January 24, 2013	January 28-29, 2013

a6. Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of the contract extension for the Rural Health Care and Schools and Libraries Program Support Services Agreement shall be conducted in *Executive Session*.

a7. Miscellaneous.

a7-1. Consideration of Confidential Personnel Matter. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that the discussion concerning a confidential *personnel matter* should occur in *Executive Session*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of a confidential personnel matter shall be conducted in *Executive Session*.

a7-2. Solicit Ideas for the April 2011 Board Agenda. Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Anderson or Mr. Barash between quarterly meetings.

a7-3. Board Materials. Mr. Barash requested the Board provide feedback regarding the materials provided to the Board and committees.

INFORMATION ITEMS:

i1. Assistant Treasurer's Report. This report was provided for informational purposes. No discussion was held.

i2. External Relations Report. This report was provided for informational purposes. No discussion was held.

i3. Bankruptcy and Other Litigation Matters Report. This report was provided for informational purposes. No discussion was held.

i4. Quarterly Report on Universal Service Fund Contribution Matters. In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i5. Quarterly Summary of Audit Reports Finalized at Programmatic and Executive Committee Meetings.** This report was provided for informational purposes. No discussion was held.
- i6. Report on the Audit of the FCC's Financial Statements for the Fiscal Year Ending September 30, 2010.** This report was provided for informational purposes. No discussion was held.
- i7. FCC Office of Inspector General USF Audit Program Status Update.** This report was provided for informational purposes. No discussion was held.
- i8. USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP) and Payment Quality Assurance (PQA) Program Update.** Mr. Scott presented this item to the Board.
- i9. Procurement Update.** This report was provided for informational purposes. No discussion was held.
- i10. USAC Procurement Competition Advocate Annual Report.** This report was provided for informational purposes. No discussion was held.
- i11. Approval of USAC 2010 Annual Report to the FCC and Congress.** Mr. Barash presented this item to the Board, noting that any comments Board members may have to the draft annual report should be submitted to Mr. Barash or Mr. Iversen on or before February 24, 2011.
- i12. Information on Two USF Contributor Revenue Audits Conducted by the FCC Office of Inspector General.** This report was provided for informational purposes. No discussion was held.
- i13. Report on Low Income Program Disbursement Matter.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to specific *internal controls, and/or confidential company data*.

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

RESOLVED, that discussion of the Low Income Program Disbursement matter shall be conducted in *Executive Session*.

- i13. USAC Internal Controls Program Update.** This report was provided for informational purposes. No discussion was held.

i14. USAC 2010 Accomplishments. Mr. Barash presented this item to the Board, noting USAC's many significant accomplishments in 2010 as listed in the issue paper.

i15. USAC 2011 Objectives. Mr. Barash presented this item to the Board, noting the multiple 2011 objectives by function area listed in the issue paper, and noting the following key objectives:

- Implement universal service program and administrative changes efficiently and effectively.
- Further stabilize program and financial information systems and implement enhancements to improve stakeholder service and to prepare for policy changes.
- Continue to expand and improve education, communication, and outreach efforts.

At 10:01 a.m. Eastern Time, Dr. Sanders left the meeting. He did not vote on items a6 and a7-1 or participate in the discussion of items i4, i13 or a7-1. At 10:20 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 10:34 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION:

a6. Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract. Mr. Barash presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors accepts management's recommendation and hereby approves an extension to the contract between USAC and Solix, Inc. under the terms set forth by management in this issue paper for Rural Health Care and Schools and Libraries Program support services for the period July 1, 2011 through June 30, 2012 along with a one-year option to be utilized, if necessary, to support the transition of operational support services to a new vendor; and

RESOLVED FURTHER, that management is hereby authorized to finalize the terms and conditions of the proposed agreement, and upon receiving FCC approval, execute the proposed contract extension with Solix, Inc. and proceed with its implementation.

i4. Quarterly Report on Universal Service Fund Contribution Matters. Mr. Case presented this item to the Board.

i13. Report on Low Income Program Disbursement Matter. Messrs. Barash and Case presented this item to the Board.

At 11:02 a.m. Eastern Time, the Board continued its discussion in *Executive Session* with only members of the Board, Mr. Barash, Mr. Belden and counsel present.

a7-1. Consideration of Confidential Personnel Matter. Dr. Talbott presented this item to the Board.

At 12:23 p.m. Eastern Time, the Board adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on item a6 and discussed items i4, i13 and a7-1 above. On a motion duly made and seconded, the Board adjourned at 12:32 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

BOARD OF DIRECTORS MEETING

April 27, 2011

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Wednesday, April 27, 2011. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:32 a.m. Eastern Time, with a quorum of 15 of the 16 Board members present (there are two vacancies):

Abshire, Dr. Sheryl	Jimenez, Jose
Anderson, D. Michael – Vice Chair	Jortner, Wayne – Treasurer
Barash, Scott – Acting Chief Executive Officer	Kragel, Dr. Peter – Secretary
Bergmann, Scott	Lubin, Joel
Bryant, Dr. Anne	Ridley, Carolyn
Campbell, Anne	Sanders, Dr. Jay
Gillan, Joseph	Talbott, Dr. Brian – Chair
Jacobs, Ellis	

Mr. David McClure joined the meeting at 8:44 a.m. Eastern Time. He did not participate in the discussion of or vote on item1. Mr. Geoff Feiss joined the meeting at 8:53 a.m. Eastern Time. He did not participate in the discussion of or vote on items a1, a2, a3 and a4.

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Dr. Bill – Vice President, Rural Health Care Division
Greiner, Colleen – Vice President of Information Technology, Chief Information
Officer.
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beard, Jay	USAC
Bellavia, Leslie	USAC

<u>NAME</u>	<u>COMPANY</u>
Berkland, Kristin	USAC
Betancourt, Laura	USAC
Brooks, Whitney	USAC
Carpenter, Nikki-Blair	USAC
Delmar, Teleshia	USAC
Duvall, Rashann	USAC
Falkowitz, Ed	USAC
Gallant, Pamela	USAC
Garber, Michelle	USAC
Gelman, Sheryl	USAC
Hopper, Melissa	USAC
Hughes, Jeff	USAC
Iversen, Eric	USAC
Keiser, Cherie	Cahill
Miller, Jack	Solix
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
O'Connor, Austin	FCC
Payne, Patti	USAC
Pond, Mike	USAC
Rasmussen, Mary	USAC
Rock, Anil	USAC
Schrieber, Johnnay	USAC
Skadin, Andy	USAC
Slagowski, Adam	Vangent
Sockwell, Pat	USAC
Yee, Kim	FCC

ACTION ITEMS:

a1-A. Election of New Member to the USAC Board of Directors. Dr. Talbott presented the selection by the Chairman of the FCC of Commissioner Randy Mitchell to the Board for consideration by the Board.

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

RESOLVED, that the USAC Board of Directors, having received the selection from the Chairman of the FCC pursuant to 47 C.F.R. § 54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws, hereby elects Commissioner Randy Mitchell to the USAC Board of Directors for a term beginning effective April 27, 2011 and continuing until December 31, 2012; and

RESOLVED FURTHER, that the aforementioned director shall remain a director until such director's: (i) resignation, (ii) removal pursuant to Article

II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) election of a successor pursuant to Article II, § 4 of the USAC By-laws or (iv) action by the stockholder of the corporation pursuant to the Article I of the USAC By-laws; and

RESOLVED FURTHER, that the USAC Board of Directors on behalf of the High Cost & Low Income Committee and the Rural Health Care Committee (collectively, the Committees) hereby ratifies any and all votes on action items cast by Commissioner Mitchell at the Committee meetings on April 26, 2011, which would have occurred after his selection by the Chairman of the Federal Communications Commission but prior to his election to the Board and automatic appointment to the Committees.

- a1-B. Approval of Board of Directors Meeting Minutes of January 25, 2011. Mr. Barash presented this item to the Board.** On a motion duly made and seconded, the Board approved the minutes, as written, of the Board meeting of January 25, 2011.
- a2. Reports from the Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the January 2011 quarterly meetings. Mr. Anderson reported for the Audit Committee; Dr. Talbott reported for the Executive Committee; Dr. Kragel reported that the Executive Compensation Committee did not meet during the quarter; Mr. Gillan reported for the High Cost & Low Income Committee; Dr. Sanders reported for the Rural Health Care Committee and Ms. Campbell reported for the Schools & Libraries Committee.

The Board next considered item a5.

- a5. Consideration of Internal Audit Division Expansion in Support of the USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program.** Mr. Scott presented this item to the Committee. Dr. Sanders recused himself from the discussion of this item.

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

RESOLVED, that the USAC Board of Directors accepts the recommendation of the USAC Audit Committee and approves the course of action proposed by USAC management for performing support mechanism beneficiary and USF contributor audits as described in the issue paper.

- a3. Approval of 3rd Quarter 2011 and Revised 2011 Annual USAC Common and Consolidated Budgets.** Mr. Belden presented this item to the Board.

On a motion duly made and seconded and after discussion, the Board adopted the

following resolutions:

RESOLVED, that the USAC Board of Directors approves a 3rd Quarter 2011 USAC common budget of \$9.4 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$7.2 million for USAC common budget administrative expenses in the required May 2, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2011 annual common budget of \$37.2 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2011 USAC consolidated budget of \$28.4 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$25.1 million for USAC consolidated budget administrative expenses in the required May 2, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2011 annual consolidated budget of \$113.5 million.

- a4. Action on One USAC Internal Audit Division USF Contributor Revenue Audit Report.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter be discussed in *Executive Session* because the report relates to specific *internal controls, and/or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the contributor revenue audit report labeled CR2008CP005 shall be conducted in *Executive Session*.

- a6. Consideration of Revised USAC Office Space Plan and Authorization to Execute a Lease.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of an updated office space plan and entering into a lease for additional office space shall be conducted in *Executive Session*.

- a7. **Resolution Honoring Board Member Whose Service Has Recently Concluded.** Dr. Talbott presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Ms. Anne Boyle for her dedicated service on the Board of Directors of the Universal Service Administrative Company and wishes her the best in her future endeavors.

- a8. **Consideration of Contract Award for EMC Data Domain Storage System and Installation.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of the recommended contract award to acquire storage equipment and installation services to support USAC Systems Operations shall be conducted in *Executive Session*.

- a9. **Miscellaneous. Solicit Ideas for the July 2011 Board Agenda.** Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Anderson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. **Assistant Treasurer's Report.** This report was provided for informational purposes. Mr. Barash noted that information on High Cost Program funds being reserved for broadband, pursuant to FCC 10-155, could be found on pages three and four of the issue paper.
- i4. **External Relations Report.** This report was provided for informational purposes. Mr. Gillan requested that future reports include the purpose of the outreach.
- i5. **Bankruptcy and Other Litigation Matters Report.** This report was provided for informational purposes. No discussion was held.

- i4. **Quarterly Report on Universal Service Fund Contribution Matters.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i6. **Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** This report was provided for informational purposes. No discussion was held.
- i6. **Semiannual Status Report on Ongoing USAC Audits.** This report was provided for informational purposes. No discussion was held.
- i7. **Semiannual Status Report on Actions Taken on Final USAC Audits.** This report was provided for informational purposes. No discussion was held.
- i8. **USAC Universal Service Support Mechanism Beneficiary and USF Contributor Compliance Audit Program (BCAP) and Payment Quality Assurance (PQA) Program Update.** Mr. Scott presented this item to the Board.
- i9. **Procurement Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

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

- i10. **Information on One USF Contributor Revenue Audit Conducted by the FCC Office of Inspector General.** This report was provided for informational purposes. No discussion was held.
- i11. **Miscellaneous. Internal Board Discussion** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter is *subject to the attorney-client privilege* and relates to *internal personnel matters*.

At 9:19 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 9:31 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION:

- a4. Action on One USAC Internal Audit Division USF Contributor Revenue Audit Report.** Ms. Leslie Bellavia, Senior Manager of Internal Audit, presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the USAC Internal Audit Division contributor revenue audit report labeled CR2008CP005, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such audit report final.

- a6. Consideration of Revised USAC Office Space Plan and Authorization to Execute a Lease.** Mr. Belden presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to proceed with leasing additional office space and extending the overall lease by five years at 2000 L Street, N.W., Washington D.C., subject to obtaining any necessary FCC approvals.

- a8. Consideration of Contract Award for EMC Data Domain Storage System and Installation.** Mr. Belden presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to acquire the storage equipment and installation services listed in the issue paper from Clearpath Solutions Group, LLC for the firm fixed price of \$166,851.42 (including applicable sales tax and freight).

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

i9. Procurement Update. Mr. Belden presented this item to the Board.

At 10:24 a.m. Eastern Time, the Board recessed and reconvened at 10:37 a.m. Discussion continued in *Executive Session* with only members of the Board, Mr. Barash, Mr. Belden and counsel present.

i11. Miscellaneous. Internal Board Discussion.

At 12:02 p.m. Eastern Time, the Board adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on items a4, a6 and a8 and discussed items i4, i9 and i11 above. On a motion duly made and seconded, the Board adjourned at 12:02 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

BORAD OF DIRECTORS MEETING

July 26, 2011

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, July 26, 2011. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:30 a.m. Eastern Time, with a quorum of 13 of the 16 Board members present (there is one vacancy):

Abshire, Dr. Sheryl	Jortner, Wayne – Treasurer
Anderson, D. Michael – Vice Chair	Kragel, Dr. Peter – Secretary
Barash, Scott – Acting Chief Executive Officer	Mitchell, Randy
Bryant, Dr. Anne	Ridley, Carolyn
Campbell, Anne	Sanders, Dr. Jay
Feiss, Geoff	Talbott, Dr. Brian – Chair
Gillan, Joseph	

Mr. Scott Bergmann and Mr. Ellis Jacobs joined the meeting at 8:31 a.m. Eastern Time. Mr. David McClure joined the meeting at 8:32 a.m. Eastern Time. They did not participate in the discussion of or vote on item a1. Mr. McClure and Mr. Ellis joined by telephone.

Mr. Jose Jimenez joined the meeting at 8:40 a.m. Eastern Time. He did not participate in the discussion of or vote on items a1 and a2.

Members of the Committee not present:

Lubin, Joel

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Greiner, Colleen – Vice President and Chief Information Officer.
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Abebe, Hiwot	USAC
Bancroft, Royce	USAC
Beard, Jay	USAC
Beaver, Tracey	USAC
Betancourt, Laura	USAC
Bui, Brandon	USAC
Carpenter, Nikki-Blair	USAC
Crowe, Jen	USAC
Dadeboe, Joshua	USAC
Delmar, Teleshia	USAC
Duvall, Rashann	USAC
Fischer, Dennis	USAC
Garber, Michelle	USAC
Grant, Colleen	USAC
Hughes, Jeff	USAC
Iversen, Eric	USAC
Johnson, Nikkia	USAC
McCoy, Cedric	USAC
McKinley, Larry	FCC
Miller, Jack	Solix
Nuzzo, Patsy	USAC
Payne, Patti	USAC
Pierre, Keston	FCC
Reynolds, Dan	USAC
Rodriguez, Jose	FCC
Ruffley, Brandon	USAC
Schrieber, Johnnay	USAC
Sharma, Akanchya	USAC
Smith, Lisa	USAC
Tashova, Lola	USAC
Trew, Anne Marie	USAC
Skadin, Andy	FCC

ACTION ITEMS:

- a1. **Approval of Board of Directors Meeting Minutes of April 27, 2011.** On a motion duly made and seconded, the Board approved the minutes, as written, of the Board meeting of April 27, 2011.
- a2. **Reports from the Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the

April 2011 quarterly meetings. Mr. Anderson reported for the Audit Committee and Executive Committee; Dr. Kragel reported that the Executive Compensation Committee did not meet during the quarter; Mr. Gillan reported for the High Cost & Low Income Committee; Dr. Sanders reported for the Rural Health Care Committee and Ms. Campbell reported for the Schools & Libraries Committee.

a3. Approval of 4th Quarter 2011 and Revised 2011 Annual USAC Common and Consolidated Budgets. Mr. Belden presented this item to the Committee.

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

RESOLVED, that the USAC Board of Directors approves a 4th Quarter 2011 USAC common budget of \$9.5 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$9.2 million for USAC common budget administrative expenses in the required August 2, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2011 annual common budget of \$36.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 4th Quarter 2011 USAC consolidated budget of \$29.2 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$28.6 million for USAC consolidated budget administrative expenses in the required August 2, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a revised 2011 annual consolidated budget of \$112.1 million.

a4. Consideration of Revised USAC Office Space Plan and Authorization to Execute a Lease. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of an updated office space plan and entering into a lease for additional office space shall be conducted in *Executive Session*.

- a5. **Consideration of Request to Reimburse a Board Member to Attend an Event Other Than a USAC Board or Committee Meeting.** Dr. Talbott presented this item to the Committee.

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

RESOLVED, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred in Conducting USAC Business other than Board of Directors Meetings*, the USAC Board of Directors authorizes management to reimburse Ms. Anne Campbell, Chair of the Schools & Libraries Committee, for travel expenses incurred by her in attending the Schools and Libraries Program fall 2011 training in Los Angeles, California.

- a6. **Consideration of Contract Award for Certification and Accreditation Services.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of the recommended contract award to acquire Certification and Accreditation services shall be conducted in *Executive Session*.

- a7. **Miscellaneous. Solicit Ideas for the October 2011 Board Agenda.** Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Anderson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. **Assistant Treasurer's Report.** This report was provided for informational purposes. Mr. Case responded to questions from the Board concerning contributor accounts receivables.
- i6. **External Relations Report.** This report was provided for informational purposes. No discussion was held.
- i7. **Bankruptcy and Other Litigation Matters Report.** This report was provided for informational purposes. No discussion was held.
- i4. **Quarterly Report on Universal Service Fund Contribution Matters.** In accordance with the approved criteria and procedures for conducting Board and committee business

in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i7. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** This report was provided for informational purposes. No discussion was held.
- i6. Payment Quality Assurance Program Update.** Mr. Scott presented this item to the Committee.
- i7. Beneficiary and Contributor Audit Program Update.** Mr. Scott presented this item to the Committee.
- i8. Procurement Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

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

- i9. Information on Three USF Contributor Revenue Audits Conducted by the FCC Office of Inspector General.** This report was provided for informational purposes. No discussion was held.
- i10. Acceptance of USAC 2010 Annual Financial Audit and Agreed-Upon Procedures Review.** Mr. Scott presented this item to the Committee.
- i11. Consideration of Schools & Libraries Program Operations Information Technology Support Services Strategy.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Schools & Libraries Committee determines that discussion of the Information Technology Services Strategy shall be conducted in *Executive Session*.

- i12. Mid-Year Report on USAC 2011 Objectives.** Mr. Barash presented this item to the Board.

At 9:14 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 9:30 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION:

- a4. Consideration of Revised USAC Office Space Plan and Authorization to Execute a Lease.** Mr. Belden presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to proceed with leasing additional office space and extending the overall lease by five years at 2000 L Street, N.W., Washington D.C., subject to obtaining any necessary FCC approvals.

- a6. Consideration of Contract Award for Certification and Accreditation Services.** Mr. Belden presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to award a contract to acquire the certification and accreditation services described in this issue paper from Tetrad Digital Integrity, LLC for the firm-fixed price of \$119,672, and hereby authorizes management to increase the contract amount up to an additional \$30,000 to cover any unforeseen requirements pertaining to the Low Income Duplicate Database System application; bringing the total authorization to a not-to-exceed level of \$149,672.

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

- i8. Procurement Update.** Mr. Belden presented this item to the Board.

i11. Consideration of Schools & Libraries Program Operations Information Technology Support Services Strategy. Mr. Belden presented this item to the Board.

At 10:49 a.m. Eastern Time, the Board adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on items a4 and a6 and discussed items i4, i8 and i11 above.

i13. Miscellaneous. The Board held a follow-up discussion to the discussion in the Audit Committee concerning the annual USAC financial audit and agreed-upon procedures review. The Board expressed concern that the FCC Office of Inspector General had directed USAC to remove from the 2011 audit plan the information technology assessment that has traditionally been part of the agree-upon procedures review.

On a motion duly made and seconded, the Board adjourned at 11:02 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

BORAD OF DIRECTORS MEETING

October 25, 2011

MINUTES

The quarterly meeting of the Board of Directors (Board) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Tuesday, October 25, 2011. Dr. Brian Talbott, Board Chair, called the meeting to order at 8:29 a.m. Eastern Time, with a quorum of 16 of the 18 Board members present (there is one vacancy):

Abshire, Dr. Sheryl	Jacobs, Ellis
Anderson, D. Michael – Vice Chair	Jortner, Wayne – Treasurer
Barash, Scott – Acting Chief Executive Officer	Kragel, Dr. Peter – Secretary
Bergmann, Scott	Lubin, Joel
Bryant, Dr. Anne	Mitchell, Randy
Campbell, Anne	Ridley, Carolyn
Feiss, Geoff	Sanders, Dr. Jay
Gillan, Joseph	Talbott, Dr. Brian – Chair

Mr. Jose Jimenez and Mr. David McClure joined the meeting at 8:31 a.m. Eastern Time. They did not participate in the discussion of or vote on item a1. Mr. McClure joined by telephone.

Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Case, David – Vice President of Finance, Chief Financial Officer and Assistant
Treasurer
Capozzi, David – Acting General Counsel and Assistant Secretary
Greiner, Colleen – Vice President and Chief Information Officer.
Majcher, Karen – Vice President, High Cost & Low Income Division
Scott, Wayne – Vice President of Internal Audit

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Bancroft, Royce	USAC
Beard, Jay	USAC
Bellavia, Leslie	USAC
Berkland, Kristin	USAC
Brooks, Whitney	USAC

<u>NAME</u>	<u>COMPANY</u>
Carpenter, Nikki-Blair	USAC
Delmar, Teleshia	USAC
Duvall, Rashann	USAC
Falkowitz, Ed	USAC
Garber, Michelle	USAC
Goode, Vernell	USAC
Grant, Colleen	USAC
Hopper, Melissa	USAC
Hughes, Jeff	USAC
Iversen, Eric	USAC
Lischick, Peter	USAC
Miller, Jack	Solix
Murphy, Tom	USAC
Nuzzo, Patsy	USAC
O'Connor, Austin	FCC
Panzenhagen, Brent	USAC
Parry, John	Solix
Ruffley, Brandon	USAC
Schrieber, Johnnay	USAC
Sinkfield, David	USAC
Sockwell, Pat	USAC
Stassen, John	USAC
Thompson, Scott	USAC
Waldrum, Stuart	Solix

ACTION ITEMS:

- a1. **Approval of Board of Directors Meeting Minutes of July 26, 2011.** On a motion duly made and seconded, the Board approved the minutes, as written, of the Board meeting of July 26, 2011.
- a2. **Reports from the Committee Chairs: Audit Committee, Executive Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the July 2011 quarterly meetings. Mr. Anderson reported for the Audit Committee; Dr. Kragel reported that the Executive Compensation Committee did not meet during the quarter; Mr. Lubin reported for the High Cost & Low Income Committee; Dr. Sanders reported for the Rural Health Care Committee; Ms. Campbell reported for the Schools & Libraries Committee, and Dr. Talbott reported for the Executive Committee.
- a3. **Appointment of a Nominating Committee and Direction to Committees for the Appointment of Committee Chairs and Vice Chairs.** Dr. Talbott presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors establishes a Nominating Committee for the purpose of recommending to the USAC Board of Directors at its January 2012 meeting nominations for the elected USAC officer positions; and

RESOLVED FURTHER, that the USAC Board of Directors appoints **Mike Anderson** as Nominating Committee chair and **Anne Campbell** and **Joel Lubin** as members of the Nominating Committee; and

RESOLVED FURTHER, that the USAC Board of Directors directs each committee of the Board to bring to the Board at the January 31, 2012 meeting nominations for a chair and vice chair of each respective committee; and

RESOLVED FURTHER, that the USAC Board of Directors may, at the discretion of the Board Chair, defer the election of officers, committee chairs, and committee vice chairs in the event that appointment of Board members to fill seats expiring on December 31, 2011, does not occur before the January 2012 quarterly Board of Directors meeting.

- a4. Approval of 1st Quarter 2012 USAC Common and Consolidated Budgets and Information on the Estimated 2012 Annual Budgets.** Mr. Belden presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors approves a 1st Quarter 2012 USAC common budget of \$10.9 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$10.9 million for USAC common budget administrative expenses in the required November 2, 2011 filing to the FCC on behalf of the Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2012 USAC consolidated budget of \$30.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$30.3 million for USAC consolidated budget administrative expenses in the required November 2, 2011 filing to the FCC on behalf of the Board of Directors.

- a5. Action on Three USAC Internal Audit Division USF Contributor Revenue Audit Reports.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that this matter

be discussed in *Executive Session* because the reports relates to specific *internal controls, and/or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the contributor revenue audit reports labeled CR2009CP001, CR2010CP001 and CR2011CP002 shall be conducted in *Executive Session*.

a6. Consideration of Request to Reimburse Board Members to Attend an Event Other than a USAC Board or Committee Meeting.

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

RESOLVED, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred in Conducting USAC Business other than Board of Directors Meetings* approved by the USAC Board of Directors, the USAC Board of Directors authorizes management to reimburse those Board members who travel to Washington, D.C. for the purpose of interviewing candidates for the USAC Chief Executive Officer position.

a7. Miscellaneous. Solicit Ideas for the January 2012 Board Agenda. Dr. Talbott reminded Board members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Talbott, Mr. Anderson or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

i1. Assistant Treasurer's Report. This report was provided for informational purposes. Mr. Case responded to questions from the Board concerning contributor accounts receivables.

i8. External Relations Report. This report was provided for informational purposes. No discussion was held.

i9. Bankruptcy and Other Litigation Matters Report. This report was provided for informational purposes. No discussion was held.

i4. Quarterly Report on Universal Service Fund Contribution Matters. In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this report relates to specific *internal controls, and/or confidential company data, and may also include pre-decisional matters*

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

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

RESOLVED, that discussion of the quarterly report on USF contribution matters shall be conducted in *Executive Session*.

- i8. Quarterly Summary of Audit Reports Finalized at Board and Committee Meetings.** This report was provided for informational purposes. No discussion was held.
- i6. Payment Quality Assurance Program Update.** Mr. Scott presented this item to the Committee.
- i7. Beneficiary and Contributor Audit Program Update.** Mr. Scott presented this item to the Committee.
- i8. Semiannual Status Report on Ongoing USAC Audits.** This report was provided for informational purposes. No discussion was held.
- i9. Semiannual Status Report on Actions Taken on Final USAC Audits.** This report was provided for informational purposes. No discussion was held.
- i10. Procurement Update.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

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

- i11. Discussion of FCC-USAC Memorandum of Understanding.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter is *subject to the attorney-client privilege*.

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

RESOLVED, that the USAC Board of Directors determines that consideration of the proposed revisions to the September 2008 FCC-USAC Memorandum of Understanding shall be conducted in *Executive Session*.

- i12. Update on Chief Executive Officer Search Process.** In accordance with the approved criteria and procedures for conducting Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of the USAC Chief Executive Officer search process should occur in *Executive Session* because it is an *internal personnel matter*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of the USAC Chief Executive Officer search process shall be conducted in *Executive Session*.

- i13. Miscellaneous.** Dr. Talbott informed the Board he had an additional USAC personnel matter to discuss. In accordance with the approved criteria and procedures for conducting Board and Committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this matter should occur in *Executive Session* because it is an *internal personnel matter*.

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

RESOLVED, that the USAC Board of Directors determines that discussion of a personnel matter shall be conducted in *Executive Session*.

At 9:55 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential and proprietary items noted above. The Board then recessed until 10:10 a.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION:

- a5. Action on Three USAC Internal Audit Division USF Contributor Revenue Audit Reports.** Ms. Leslie Bellavia, Senior Manager of Internal Audit, presented this item to the Committee.

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

RESOLVED, that the USAC Board of Directors, having reviewed the USAC Internal Audit Division contributor revenue audit reports labeled CR2009CP001, CR2010CP001 and CR2011CP002, together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

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

i10. Procurement Update. Mr. Belden presented this item to the Board.

At 10:30 a.m. Eastern Time, the Board continued in *Executive Session* with Board members and officers present.

i11. Discussion of FCC-USAC Memorandum of Understanding. Mr. Barash presented this item to the Board.

At 10:55 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members Mr. Capozzi and Ms. King, USAC Director of Human Resources, present.

i12. Update on Chief Executive Officer Search Process. Dr. Talbott presented this item to the Board.

At 11:15 a.m. Eastern Time, the Board continued in *Executive Session* with only Board members present.

i13. Miscellaneous – Personnel Matter. Dr. Talbott presented this item to the Board.

At 11:40 a.m. Eastern Time, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that in *Executive Session*, the Board discussed and took action on item a5 and discussed items i4, i10, i11, i12 and i13 above. On a motion duly made and seconded, the Board adjourned at 11:45 a.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary