

2007 Rural Health Care Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

January 22, 2007

MINUTES

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, January 22, 2007. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:30 a.m. Eastern Time. Six of the eight members of the Committee were present, representing a quorum:

Barash, Scott – Acting CEO
Jackson, James
Jortner, Wayne

Kragel, Dr. Peter – Vice Chair
Sanders, Dr. Jay – Chair
Schroeder, Lee – *by telephone*

Members of the Committee not present:

Anderson, D. Michael

Boyle, Anne

Other Board Members and Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Dr. William – Vice President, Rural Health Care
Erwin, W. B. – Vice President, Finance and Assistant Treasurer
Flannery, Irene – Senior Vice President, External Relations
Holcombe, Jamie – Vice President, Information Systems
Talbott, Dr. Brian – Board Chair

Scott, Wayne – Vice President, Internal Audit

Others present for the meeting:

NAME	COMPANY
Beard, Jay	USAC
Bellavia, Leslie	USAC
Brooks, Whitney	FCC
Castro, Mauricio	USAC
Clinkscale, Laneia	USAC

NAME	COMPANY
Falkowitz, Ed	USAC
Faunce, Donna	USAC
Goff, Liz	USAC
Johnson, Daniel	USAC
Kaufman, Ron	FCC
LeNard, David	USAC
Lenhardt, Chris	USAC
Malychev, Victor	USAC
McCloud, Robert	USAC
Mitchell, Jeff	USAC
Morrow, Henry	FCC
Murphy, Kristin	USAC
Nuzzo, Patsy	USAC
Perry, John	Solix
Reynolds, Renee	USAC
Rodriguez, Jose Luis	FCC
Rovetto, Edward	USAC
Short, Don	USAC
Starks, Eric	USAC
Uzoukwu, Gene	USAC
Whitaker, Michelle	USAC

ACTION ITEMS:

- a1. Approval of Rural Health Care Committee Meeting Minutes of October 23, 2006 and December 19, 2006.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meetings of October 23, 2006 and December 19, 2006. Ms. Schroeder joined the meeting at 11:40 a.m. Eastern Time and did not vote on this item.
- a2. Approval of 2nd Quarter 2007 and 2007 Annual Rural Health Care Support Mechanism Programmatic Budgets.** Mr. Erwin introduced this item to the Committee. In his presentation he noted that the 2007 annual budget before the Committee of \$5,746,800 is \$156,500 higher than the budget presented to the Committee in October due to the following changes: (a) one new position is proposed at a cost of \$104,100 for compensation and benefits in 2007; and (b) \$52,400 has been added for the revised Solix fixed price contract.

Mr. Erwin also noted that: (a) Solix program support services contract costs of \$2,260,100 represent 39% of the programmatic budget; (b) IPIA audit costs of \$2,295,000 represent 40% of the programmatic budget; and (c) the remaining 21% includes \$637,900 for compensation and benefits for four employees, \$474,600 for site visits, and \$79,200 for travel, printing, and miscellaneous administrative and outreach functions.

Mr. Erwin explained that the 2nd Quarter 2007 programmatic budget of \$1,858,300 is 147% higher than 2nd Quarter 2006 actual expenses primarily due to IPIA audit and site visits costs.

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

RESOLVED, that the USAC Rural Health Care Committee approves a 2nd Quarter 2007 Rural Health Care Support Mechanism budget of \$1,858,300; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee approves a 2007 annual Rural Health Care Support Mechanism budget of \$5,746,800.

- a3. Approval of 2nd Quarter 2007 Rural Health Care Support Mechanism Demand Projection for the January 31, 2007 FCC Filing.** Dr. England introduced this item to the Committee and noted a correction to the prior period adjustment table on page five of the issue paper for this item. The first row of the table should state: “The 4Q2006 billings were higher than expected due to lower revenues reported by contributors in their quarterly revenue projections.”

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

RESOLVED, that the USAC Rural Health Care Committee, having reviewed at its meeting on January 22, 2007, a summary of the 1st Quarter 2007 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required January 31, 2007, filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but not more than \$1.0 million.

- a4. Recommendation for Annual Election of Committee Chair and Vice Chair.** Dr. Sanders introduced this item to the Committee and requested nominations for the Committee Chair and Vice Chair positions. Mr. Jackson nominated Dr. Sanders for Committee Chair and Dr. Kragel for Committee Vice Chair. There were no other nominations submitted.

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

RESOLVED, that the USAC Rural Health Care Committee recommends that the USAC Board of Directors elect **Dr. Jay Sanders** as Chair and **Dr. Peter Kragel** as Vice Chair of the USAC Rural Health Care Committee for a term that begins immediately following the conclusion

of the January 23, 2007 Board of Directors meeting (whether by adjournment, postponement or recess) and ends when a successor to the Chair and/or Vice Chair has been elected or 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.

- a5. **Action on One Rural Health Care Program Operational Audit – Confidential & Proprietary – Executive Session Recommended.** In accordance with the approved criteria and procedures for conducting USAC Board and Committee business in *Executive Session*, Mr. Capozzi recommended that the audit report be discussed in *Executive Session* because discussion of the report relates to specific *internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures concerning the administration of the universal service support mechanisms where discussion of the matter in open session would result in disclosure of confidential techniques and procedures that would compromise program integrity.

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

RESOLVED, that the USAC Rural Health Care Committee determines that discussion of the USAC Internal Audit Division Rural Health Care Operational Audit Report labeled RH2006OP001 shall be conducted in *Executive Session*.

a6. **Miscellaneous.**

- Solicit ideas for the April 2007 Committee Agenda. Dr. Sanders reminded members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Committee Chair, Dr. Kragel, Vice Chair, or Mr. Barash between quarterly meetings.

INFORMATION ITEMS:

- i1. **Rural Health Care Support Mechanism Update.** Dr. England provided a status report on the Rural Health Care support mechanism. In his report, Dr. England stated that as of December 31, 2006, 432 applications for Hurricane Katrina related support had been received. Mr. Jortner asked if increased commitments in the regular Rural Health Care program would decrease funds available for the pilot program. Dr. England stated that the existing Rural Health Care program has priority over the pilot program.
- i2. **Update on the Schools and Libraries and Rural Health Care Program Support Services Agreement – Confidential & Proprietary – Executive Session Recommended.** 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 discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation

strategy to the detriment of the Universal Service Fund, the universal service support programs and the company.

At 12:07 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into **Executive Session** for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a5. Action on One Rural Health Care Program Operational Audit.** Ms. Murphy, Staff Auditor, USAC Internal Audit Division (IAD), introduced this item to the Committee. After discussion, Dr. Kragel requested a follow-up report. Dr. England indicated that the Internal Audit Division would present a report to both the Board of Directors and the Rural Health Care Committee. Dr. England also noted that USAC is leading the IT effort and making recommendations to the vendor.

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

RESOLVED, that the USAC Rural Health Care Committee, having reviewed the USAC Internal Audit Division (IAD) Rural Health Care Operational Audit Report labeled RH2006OP001, together with management's responses thereto, recommends to the USAC Audit Committee that the audit report be deemed final.

- i1. Update on the Schools and Libraries and Rural Health Care Program Support Services Agreement.** Mr. Barash, Mr. Belden and Dr. England presented information to and discussed this item with the Committee.

At 12:20 p.m. Eastern Time, on a motion duly made and seconded, the Committee voted to move out of **Executive Session** and immediately reconvened in **Open Session** at which time, Dr. Sanders reported the Committee took action on item a5 and discussed item i2 above in **Executive Session**. The Committee then held a general discussion on impacts of the Antideficiency Act on the Rural Health Care Support Mechanism

On a motion duly made and seconded, the Board Adjourned at 12.25 p.m. Eastern Time.

/s/ David A. Capozzi

David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

April 23, 2007

MINUTES

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, April 23, 2007. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:29 a.m. Eastern Time. All eight members of the Committee were present, representing a quorum:

Anderson, D. Michael
Barash, Scott – Acting CEO
Boyle, Anne
Jackson, James

Jortner, Wayne
Kragel, M.D., Peter – Vice Chair
Sanders, Dr. Jay – Chair
Schroeder, Lee – *by telephone*

Lee Schroeder joined the meeting at 11:32 a.m. due to difficulties with the conference bridge and was unable to participate in the discussion and vote on items a1 and a2 below.

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer

Capozzi, David – Acting General Counsel and Assistant Secretary

England, Dr. William – Vice President, Rural Health Care

Erwin, WB – Vice President of Finance and Assistant Treasurer

Flannery, Irene – Senior Vice President, External Relations

Holcombe, Jamie – Vice President, Information Systems

Simon, Phyllis – Board Member

Talbott, Dr. Brian – Board Member

Williams, Jason – Board Member

Others present for the meeting:

NAME	COMPANY
Anderson, Latoya	USAC
Beard, Jay	USAC
Bellavia, Leslie	USAC
Byrd, Pamela	USAC
Castro, Mauricio	USAC
Cunningham, Christina	USAC
Falkowitz, Ed	USAC
Faunce, Donna	USAC
Goff, Liz	USAC
Goff, Liz	USAC
Kaffky, John	Bearing Point
LeNard, Dave	USAC
Lenhardt, Chris	USAC
Machcinski, Thaddeus	FCC
McCloud, Robert	USAC
Messemer, Steve	Bearing Point
Morrow, Henry	FCC
Nuzzo, Patsy	USAC
Reynolds, Renee	USAC
Rodriguez, Jose Luis	FCC
Rovetto, Ed	USAC
Short, Don	USAC
Tawes, Pauline	USAC

ACTION ITEMS:

- a1. **Approval of Rural Health Care Committee Meeting Minutes of January 22, 2007.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meeting of January 22, 2007.

- a2. **Approval of 3rd Quarter 2007 Rural Health Care Support Mechanism Programmatic Budget.** Mr. Erwin introduced this item to the Committee. In his presentation, Mr. Erwin noted that no changes are proposed to the budget approved by the Committee in January 2007.

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

RESOLVED, that the USAC Rural Health Care Committee approves a 3rd Quarter 2007 programmatic budget for the Rural Health Care Support Mechanism of \$1,283,500.

- a3. **Approval of 3rd Quarter 2007 Rural Health Care Support Mechanism Demand Projection for the May 2, 2007 FCC Filing.** Dr. England introduced this item to the Committee.

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

RESOLVED, that the USAC Rural Health Care Committee, having reviewed at its meeting on April 23, 2007, a summary of the 2nd Quarter 2007 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required May 2, 2007, filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but not more than \$1.0 million.

- a4. **Miscellaneous.**

- Solicit ideas for July 2007 Committee Agenda. Dr. Sanders informed the Committee that agenda ideas for the next quarterly meeting may be submitted to Dr. Kragel, Mr. Barash, Dr. England or him.

INFORMATION ITEMS:

- i1. **Rural Health Care Support Mechanism Update.** Dr. England presented this item to the Committee. In his presentation, Dr. England noted that the window for the Rural Health Care Pilot Program opened March 8, 2007—three days earlier than the regular program. The Rural Health Care Division is receiving many calls from potential applicants expressing interest in the pilot program. Dr. England indicated that one third of those calling are also eligible to participate in the regular Rural Health Care program.

For Funding Year 2007, Dr. England stated that as of March 31, 2007, USAC had received 671 Form 465s. Of those, 94% were electronically certified. For Fund Year 2006, as of March 31, 2007, USAC received 3,337 Form 465s, of which, 76% were electronically certified, 2,417 Form 466s and 626 Form 466-As. For Funding Year 2005, USAC received 4,313 Form 466s and 1,444 Form 466-As; with a small number of applications pending completion. For Fund Year 2004, a total of 3,857 Form 466s and 810 Form 466-As were filed, with \$35.580 million in total support committed as of March 31, 2007.

Dr. England reported that monthly outreach calls continue to be held on the second Thursday of each month for applicants and service providers with attendance averaging about 70 participants per call. The first mock site visit was conducted at the Marshfield Clinic in Wisconsin on January 28-29, 2007. Site visits are also planned to coincide with the National Rural Health Association Conference in Anchorage Alaska in May 2007. USAC also hosted the Federal Joint Working Group on Telemedicine presentation on January 18, 2007 and April 5, 2007.

- i2. **Semiannual Status Report on Ongoing USAC Audits.** Ms. Bellavia, Manager of Internal Audit, USAC Internal Audit Division, presented this item to the Committee. In her presentation, Ms. Bellavia noted that 61 draft audit reports are under quality assurance review. Interim meetings will be scheduled with the Committee to review these reports.
- i3. **Update on the Schools and Libraries and Rural Health Care Program Support Services Agreement – Confidential & Proprietary – Executive Session Recommended.** 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 discussion of this matter relates to USAC's **procurement strategy and contract administration**.

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

RESOLVED, that the USAC Rural Health Care Committee determines that discussion of the Schools and Libraries and Rural Health Care program support services agreement shall be conducted in *Executive Session*.

- i4. **Miscellaneous.** There were no additional items discussed.

At 12:00 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* with only members of the Committee and USAC officers present for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- i3. Update on the Schools and Libraries and Rural Health Care Program Support Services Agreement.** Mr. Barash presented this item to the Committee.

At 12:15 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session* at which time, Dr. Sanders reported that the Committee discussed item i3 above in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 12:17 p.m. Eastern Time

/s/ David A. Capozzi

David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

June 4, 2007

MINUTES

A non-quarterly joint meeting of the Board of Directors (Board), Rural Health Care Committee (Committee) and Schools and Libraries Committee of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, June 4, 2007. At the request of Dr. Jay Sanders, Committee Chair, Dr. Brain Talbott called the meeting to order at 1:03 p.m. Eastern Time. Six of the eight Committee members were present, representing a quorum:

Anderson, D. Michael – *by telephone*
Barash, Scott – Acting CEO
Jackson, Jimmy – *by telephone*

Jortner, Wayne – *by telephone*
Kragel, M.D., Peter – Vice Chair – *by telephone*
Sanders, M.D., Jay – Chair – *by telephone*

Members of the Committee not present:

Boyle, Anne
Schroeder, Lee

Other Board members and officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools and Libraries Division
Bryant, Dr. Anne - Member of the Board
Campbell, Anne Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Dr. William – Vice President, Rural Health Care Division
Erwin, W.B. – Vice President, Finance and Assistant Treasurer
Flannery, Irene – Senior Vice President, External Relations
Holcombe, Jamie – Vice President, Information Systems
Joseph, Kevin – Member of the Board
Lubin, Joel – Member of the Board
Scott, Wayne – Vice President, Internal Audit
Talbott, Dr. Brian – Member of the Board
Williams, Jason - Member of the Board

Others present for the meeting:

NAME	COMPANY
Kiser, Cherie	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Lerner, Richard	FCC
Nuzzo, Patsy	USAC

ACTION ITEM:

- a1. **Consideration of Rural Health Care and Schools and Libraries Program Support Services Procurement Strategy – Confidential & Proprietary – *Executive Session Recommended*.** 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 Committee adopted the following resolution:

RESOLVED, that the USAC Rural Health Committee determines that consideration of the Rural Health Care and Schools and Libraries Program Support Services procurement strategy shall be conducted in *Executive Session*.

At 1:07 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- a1. **Consideration of Rural Health Care and Schools and Libraries Program Support Services Procurement Strategy.** Mr. Barash introduced this item to the Board.

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

RESOLVED, that the Rural Health Care Committee, having considered the Rural Health Care and Schools and Libraries Program Support Services procurement strategy proposed by management, hereby recommends to the USAC Board of Directors that management be authorized to proceed with implementing the proposed procurement strategy subject to any and all guidelines established by the Board.

At 1:35 p.m. Eastern Time, the Committee voted to move out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Talbott reported that the Committee considered and took action on item a2 above in *Executive Session*.

One a motion duly made and seconded, the Committee adjourned at 1:38 p.m. Eastern Time.

/s/ David A. Capozzi

David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

June 25, 2007

MINUTES

A non-quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, June 25, 2007. Dr. Jay Sanders, Committee Chair, called the meeting to order at 3:05 p.m. Eastern Time. Six of eight members of the Committee were present, representing a quorum:

Anderson, D. Michael – *by telephone*
Barash, Scott – Acting CEO
Jortner, Wayne – *by telephone*

Kragel, M.D. Peter – Vice Chair – *by telephone*
Sanders, M.D., Jay – Chair – *by telephone*
Schroeder, Lee – *by telephone*

Members of the Committee not present:

Boyle, Anne

Jackson, Jimmy

Other Board Members and Officers of the corporation present:

Capozzi, David – Acting General Counsel and Assistant Secretary

England, Dr. William – Vice President, Rural Health Care Division

Others present for the meeting:

NAME	COMPANY
Bellavia, Leslie	USAC
Byrd, Pamela	USAC
Lenhardt, Chris	USAC
Mitchell, Jeff	USAC
Morrow, Henry	FCC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Action on 20 Rural Health Care Support Mechanism Beneficiary Compliance Attestation Audit Reports.** Mr. Chris Lenhardt, Senior Auditor and Fraud Specialist, USAC Internal Audit Division (IAD), introduced this item to the Committee. Mr. Barash noted that these audit reports represent the first group of audits associated with the FCC Office of Inspector General's Improper Payment Information Act (IPIA) audits program that will be presented to the USAC Board of Directors (Board) and programmatic committees. He invited the Committee to provide feedback regarding the process.

Mr. Lenhardt stated that many of the audit findings involving Indian Health Service sites indicated the sites could not provide adequate documentation for the auditors to make a determination as to compliance with FCC rules. Dr. England explained the complexity of the Indian Health Service and indicated that much of the billing is handled through the U.S. General Services Administration, which makes it difficult to obtain and track the documents associated with individual sites. Mr. Barash stated that USAC will consult with FCC staff concerning any actions that may affect the Indian Health Service.

Ms. Bellevia, Manager of Internal Audit, USAC IAD, explained that once deemed final, copies of the audits will be sent to each beneficiary within one week, with the USAC Rural Health Care Division taking any additional action as needed. Mr. Barash commented that follow-up reports would be presented to the Board at the quarterly meetings.

Dr. England noted that the management responses for RHC2006BE249 and RHC2006BE252 do not include data and should be withdrawn.

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

RESOLVED, that the USAC Rural Health Care Committee having reviewed the 20 Rural Health Care Support Mechanism beneficiary compliance attestation audit reports provided by USAC management, together with management's responses thereto, hereby accepts the recommendation of USAC management and recommends that such reports be deemed final.

On a motion duly made and seconded, the Board Adjourned at 3.23 p.m. Eastern Time.

/s/ David A. Capozzi

David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

July 23, 2007

MINUTES

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, July 23, 2007. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:00 a.m. Eastern Time. Seven of eight members of the Committee were present, representing a quorum:

Anderson, D. Michael
Barash, Scott – Acting CEO
Boyle, Anne
Jackson, James – *by telephone*

Jortner, Wayne
Kragel, Dr. Peter – Vice Chair
Sanders, Dr. Jay – Chair

Members of the Committee not present:

Schroeder, Lee

Other Board Members and Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Campbell, Anne – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Dr. William – Vice President, Rural Health Care
Erwin, W. B. – Vice President, Finance, and Assistant Treasurer
Holcombe, Jamie – Vice President, Information Systems
Scott, Wayne – Vice President, Internal Audit
Simon, Phyllis – Member of the Board

Others present for the meeting:

NAME	COMPANY
Rovetto, Ed	USAC
Short, Don	USAC
Parry, John	Solix
McCloud, Robert	USAC
Mitchell, Jeff	USAC

NAME	COMPANY
Morrow, Henry	FCC
Faunce, Donna	USAC
Anderson, Latoya	USAC
Beard, Jay	USAC
Betancourt, Laura	ISAC
Byrd, Pamela	USAC
Friend, Dan	USAC
Henley, Michelle	BearingPoint
Johnson, Daniel	USAC
Klaffky, John	BearingPoint
LeNard, David	USAC
Nuzzo, Patsy	USAC
Rogers, Camelia	USAC
Samuel, Denise	USAC
Trew, Anne Marie	USAC
Wilson, Reggie	USAC
Yoder, Yvette	USAC

ACTION ITEMS:

- a1. Approval of Rural Health Care Committee Meeting Minutes of April 23, 2007, June 4, 2007 and June 25, 2007.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meetings of April 23, 2007, June 4, 2007 and June 25, 2007.
- a2. Approval of 4th Quarter 2007 and Revised 2007 Annual Rural Health Care Support Mechanism Programmatic Budgets.** Mr. Erwin introduced this item to the Committee requesting the Committee approve a net reduction of \$147,100 to the 2007 Rural Health Care programmatic budget. Mr. Erwin noted that the primary drivers for the reduction are:
- A reduction in the cost of the first round of Improper Payment Information Act (IPIA) audits resulting in a budget reduction of \$518,300.
 - An additional \$421,000 for the second round of IPIA audits.
 - A \$50,000 reduction attributable to the FCC's rejection of the proposed replacement Schools and Libraries and Rural Health Care program support services contract with Solix.

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

RESOLVED, that the USAC Rural Health Care Committee approves a 4th Quarter 2007 programmatic budget for the Rural Health Care Support Mechanism of \$894,500; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee approves a revised annual 2007 programmatic budget for the Rural Health Care Support Mechanism of \$5,599,700.

- a3. Approval of 4th Quarter 2007 Rural Health Care Support Mechanism Demand Projection for the August 2, 2007 FCC Filing.** Dr. England introduced this item to the Committee and noted that on September 29, 2006, the FCC released an order implementing a new two-year (Funding Years 2006 and 2007) Pilot Program for the Rural Health Care support mechanism, which will cover up to 85% of an applicant's costs of deploying a dedicated broadband network. Because support under the Pilot Program and the existing program was capped at \$100 million per year and the Pilot Program is expected to be fully subscribed, total demand for Funding Year 2006 is now expected to be \$100 million plus administrative costs. USAC's prior estimates of demand for Funding Year 2006 are subsumed in this new demand, which is capped at \$100 million. The 60-day window for applications for the pilot program opened March 8, 2007 and closed on May 7, 2007.

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

RESOLVED, that the USAC Rural Health Care Committee, having reviewed at its meeting on July 23, 2007, a summary of the 4th Quarter 2007 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required August 2, 2007, filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but not more than \$1.0 million.

- a4. Action on 39 Rural Health Care Support Mechanism Beneficiary Compliance Attestation Audit Reports.** Mr. Scott introduced this item to the Committee. In his presentation, Mr. Scott explained that the report provides an exhibit, which includes the amount audited, an estimated cost per audit, the monetary effect and the amount to be recovered, and the remaining 30 audits will be ready for Committee review in August.

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

RESOLVED, that the USAC Rural Health Care Committee having reviewed the 39 Rural Health Care Support Mechanism Beneficiary Compliance Attestation Audit reports listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, hereby accepts the recommendation of USAC management and determines that such reports shall be deemed final.

- a5. **Miscellaneous. Solicit ideas for October Committee Agenda.** Dr. Sanders reminded the Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Dr. Kragel, or Dr. England between quarterly meetings.

INFORMATION ITEMS:

- i1. **Rural Health Care Support Mechanism Update.** Dr. England provided a status report on the Rural Health Care support mechanism. In his presentation, Dr. England stated that the application window for the Rural Health Care Pilot Program closed on May 7, 2007 with 82 applications received representing 42 states. Applicants requested \$320 million for the first year of the pilot program.
- i2. **Update on the Schools and Libraries and Rural Health Care Program Support Services Solicitation – Confidential & Proprietary – *Executive Session Recommended.*** 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*.

At 11:28 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- i1. **Update on the Schools and Libraries and Rural Health Care Program Support Services Solicitation.** Mr. Barash presented information and discussed this item with the Committee.

At 11:32 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session* at which time, Dr. Sanders reported the Committee discussed item i2 above in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 11:33 a.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

August 27, 2007

MINUTES

A non-quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, August 27, 2007. Dr. Jay Sanders, Committee Chair, called the meeting to order at 3:05 p.m. Eastern Time. Five of eight members of the Committee were present, representing a quorum:

Anderson, D. Michael – *by telephone*
Barash, Scott – Acting CEO
Jackson, Jimmy – *by telephone*

Kragel, Dr. Peter – Vice Chair - *by telephone*
Sanders, Dr. Jay – Chair - *by telephone*

Members of the Committee not present:

Boyle, Anne
Jortner, Wayne

Other Board Members and Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
England, Dr. William – Vice President, Rural Health Care Division
Scott, Wayne – Vice President, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Byrd, Pamela	USAC
Mitchell, Jeff	USAC
Morrow, Henry	FCC
Nuzzo, Patsy	USAC

ACTION ITEMS:

- a1. Action on 30 Rural Health Care Support Mechanism Beneficiary compliance Attestation Audit Reports.** Mr. Scott introduced this item to the Committee. During discussion, Mr. Scott explained that audits were selected using a statistically valid sampling approach and no single beneficiary had been targeted for these audits. Dr.

Sanders expressed concern regarding the disparity between the amount spent on the audits in comparison to the funds to be recovered.

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

RESOLVED, that the USAC Rural Health Care Committee having reviewed the 30 Rural Health Care Support Mechanism Beneficiary Compliance Attestation Audit reports as listed in Exhibit 1 to the issue paper and attached thereto, together with management's responses, hereby accepts the recommendation of USAC management and determines that such reports shall be deemed final.

i1. Miscellaneous.

Dr. Sanders requested that the Committee and the USAC Board of Directors initiate a discussion as to whether the funds disbursed through the Rural Health Care Support Mechanisms are creating the benefits intended. Dr. Sanders suggested that the Executive Committee may wish to discuss this matter with the FCC during the next scheduled meeting on October 23, 2007.

Mr. Barash informed the Committee that he would provide an update on the Rural Health Care Pilot Program in **Executive Session**. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in **Executive Session**, Mr. Capozzi recommended that the discussion of this item be conducted in **Executive Session** because this matter relates to **predecisional matters** before the FCC.

At 12:15 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into **Executive Session** for the purpose of discussing the confidential and proprietary item noted above.

i1. Update Regarding the Rural Health Care Pilot Program. Mr. Barash presented this item to the Committee.

At 12:26 p.m. Eastern Time on a motion duly made and seconded, the Committee adjourned from **Executive Session** and immediately reconvened in **Open Session** at which time, Dr. Sanders reported that the Committee discussed item i1 above in **Executive Session**.

On a motion duly made and seconded, the Committee adjourned at 12:27 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

October 22, 2007

MINUTES

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 22, 2007. Dr. Peter Kragel, Committee Vice Chair, called the meeting to order at 11:40 a.m. Eastern Time. Seven of eight members of the Committee were present, representing a quorum:

Anderson, D. Michael
Barash, Scott – Acting CEO
Boyle, Anne
Jackson, James

Jortner, Wayne
Kragel, Dr. Peter – Vice Chair
Schroeder, Lee – *by telephone*

Members of the Committee not present:

Sanders, Dr. Jay – Chair

Other Board Members and Officers of the corporation present:

Belden, Richard – Chief Operating Officer

Capozzi, David – Acting General Counsel and Assistant Secretary

England, Dr. William – Vice President, Rural Health Care Division

Erwin, W. B. – Vice President, Finance, and Assistant Treasurer

Holcombe, Jamie – Vice President, Information Systems

Scott, Wayne – Vice President, Internal Audit

Talbott, Dr. Brian – Board Chair

Others present for the meeting:

NAME	COMPANY
Anderson, Latoya	USAC
Beard, Jay	USAC
Byrd, Pamela	USAC
Castro, Mauricio	USAC
King, Sola	USAC
LeNard, David	USAC
Lenhardt, Chris	USAC
Morrow, Henry	FCC
Nuzzo, Patsy	USAC
Rogers, Camelia	USAC
Samuel, Denise	USAC
Short, Don	USAC

ACTION ITEMS:

- a1. Approval of Rural Health Care Committee Meeting Minutes of July 23, 2007 and August 27, 2007.** On a motion duly made and seconded, the Committee approved the minutes as written of the Committee meetings of July 23, 2007 and August 27, 2007.
- a2. Approval of 1st Quarter 2008 Rural Health Care Support Mechanism Programmatic Budget and Information on the Estimated 2008 Annual Budget.** In accordance with the approved criteria and procedures for conducting Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Rural Health Care Committee determines that the approval of 1st Quarter 2008 Rural Health Care Support Mechanism Programmatic Budget and Information on the Estimated 2008 Annual Budget shall be conducted in *Executive Session*.

- a3. Approval of 1st Quarter 2008 Rural Health Care Support Mechanism Demand Projection for the November 2, 2007 FCC Filing.** Dr. England introduced this item to the Committee, noting that USAC requests authority to collect \$21.28 million to meet program demand in 1st Quarter 2008 (1Q2008), which includes \$25.00 million to meet projected 1Q2008 program requirements, plus \$1.90 million for administrative expenses,

less prior period adjustments of \$3.83 million, less allocated projected interest income of \$1.79 million.

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

RESOLVED, that the USAC Rural Health Care Committee, having reviewed at its meeting on October 22, 2007, a summary of the 1st Quarter 2008 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required November 2, 2007 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but not more than \$1.0 million.

- a4. Miscellaneous.** Dr. Kragel reminded the Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Dr. Kragel or Dr. England between quarterly meetings.

INFORMATION ITEMS:

- i1. Rural Health Care Support Mechanism Update.** Dr. England provided a status report on the Rural Health Care Support Mechanism. In his presentation, Dr. England noted that the FCC received 81 applications representing 7,400 health care providers from 42 states and territories. Applicants requested almost \$320 million dollars for the first year of the Pilot Program. Dr. England also noted that 23,000 application packets and eight new appeal letters have been received. The Rural Health Care Division currently has 10 appeals under review.
- i2. Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item to the Committee.
- i3. Rural Health Care Pilot Program Update.** Dr. England presented this item to the Committee.
- i4. Update on the Schools and Libraries and Rural Health Care Program Support Services Solicitation.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the USAC Rural Health Care Committee determines that discussion of the Schools and Libraries and Rural Health Care program support services solicitation shall be conducted in *Executive Session*.

i5. Miscellaneous.

- i5-1.** Mr. Capozzi reminded the Committee that the next Quarterly Schools and Libraries Committee meeting is scheduled for Tuesday, January 22, 2008 to accommodate the Martin Luther King holiday.

At 11:55 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purposes of discussing the confidential and proprietary items noted above.

EXECUTIVE SESSION:

- a1. Approval of 1st Quarter 2008 Rural Health Care Support Mechanism Programmatic Budget and Information on the Estimated 2008 Annual Budget.** Mr. Belden introduced this item to the Committee.

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

RESOLVED, that the USAC Rural Health Care Committee approves a 1st Quarter 2008 Rural Health Care Support Mechanism budget of \$1.7 million.

- i4. Update on the Schools and Libraries and Rural Health Care Program Support Services Solicitation.** Mr. Barash noted that the discussion for item a2 above included the update to be provided as part of this item.

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

On a motion duly made and seconded, the Committee adjourned at 12:15 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

November 28, 2007

MINUTES

A non-quarterly joint meeting of the Rural Health Care Committee and the Schools & Libraries Committee (collectively, the Committees) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Wednesday, November 28, 2007. Dr. Jay Sanders, Rural Health Care Committee Chair, called the meeting to order at 2:25 p.m. Eastern Time, and requested that Mr. Scott Barash act as chair of the meeting. Six of eight Rural Health Care Committee members were present, representing a quorum:

Anderson, D. Michael – *by telephone*
Barash, Scott – Acting CEO
Jackson, James - *by telephone*

Jortner, Wayne - *by telephone*
Kragel, Dr. Peter – Vice Chair – *by telephone*
Sanders, Dr. Jay – Chair – *by telephone*

Members of the Rural Health Care Committee not present:

Boyle, Anne
Schroeder, Lee

Other Board Members and Officers of the corporation present:

Belden, Richard – Chief Operating Officer
Blackwell, Mel – Vice President, Schools & Libraries Division
Campbell, Anne – Member of the Board – *by telephone*
Capozzi, David – Acting General Counsel and Assistant Secretary
Holcombe, Jamie – Vice President, Information Systems
McClure, David – Member of the Board – *by telephone*
Simon, Phyllis – Member of the Board – *by telephone*
Talbot, Brian – Member of the Board – *by telephone*

Others present for the meeting:

NAME	COMPANY
Byrd, Pamela	USAC
Morrow, Henry	FCC
Nuzzo, Patsy	USAC
Rodriguez, Jose	FCC
Trew, Anne Marie	USAC

ACTION ITEMS:

- a1. Consideration of Contract for the Rural Health Care and Schools & Libraries Support Mechanisms Information Technology Support Services.** In accordance with the approved criteria and procedure 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 Committees acting in concert adopted the following resolution:

RESOLVED, that the Rural Health Care Committee and Schools & Libraries Committee determines that consideration of the contract for Rural Health Care– Schools and Libraries Information Technology Support Services shall be conducted in *Executive Session*.

At 2:26 p.m. Eastern Time, on a motion duly made and seconded, the Committees acting in concert moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- a1. Consideration of Contract for the Rural Health Care and Schools & Libraries Support Mechanisms Information Technology Support Services.** Mr. Belden introduced this item to the Committees.

On a motion duly made and seconded and after discussion, the Committees acting in concert adopted the following resolution:

RESOLVED, that the Rural Health Care Committee and the Schools & Libraries Committee, having reviewed the recommendation of USAC management, hereby authorizes management, upon receiving FCC approval, to engage SAIC, in an amount not-to-exceed \$61,006,795, to provide the following information technology support services to the Rural Health Care and Schools and Libraries Support Mechanisms, as more fully discussed in the issue paper: upgrade and transition, purchase of hardware and software supporting the upgrade, operations and maintenance, and systems modernization.

At 2:44 p.m. Eastern Time, on a motion duly made and seconded, the Committees acting in concert adjourned from **Executive Session** and immediately reconvened in **Open Session** at which time, Mr. Barash reported that discussion and action on item a1 above occurred in **Executive Session**.

On a motion duly made and seconded, the Committees adjourned at 2:48 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

December 10, 2007

MINUTES

A non-quarterly joint meeting of the Rural Health Care Committee and the Schools & Libraries Committee (collectively, the Committees) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, December 10, 2007. Dr. Jay Sanders, Rural Health Care Committee Chair, and Ms. Anne Campbell, Schools & Libraries Committee Chair, called the meeting to order at 1:10 p.m. Eastern Time. Dr. Sanders and Ms. Campbell requested that Mr. Scott Barash act as chair of the meeting.

For the Rural Health Care Committee, six of eight members were present, representing a quorum:

Anderson, D. Michael – *by telephone*
Barash, Scott – Acting CEO
Boyle, Anne – *by telephone*

Jackson, Jimmy – *by telephone*
Kragel, Dr. Peter – Vice Chair – *by telephone*
Sanders, Dr. Jay – Chair – *by telephone*

Rural Health Care Committee members not present:

Jortner, Wayne

Schroeder, Lee

For the Schools & Libraries Committee, six of seven members were present, representing a quorum:

Barash, Scott – Acting CEO
Bryant, Dr. Anne – Vice Chair – *by telephone*
Campbell, Anne – Chair – *by telephone*

Jackson, Jimmy – *by telephone*
Simon, Phyllis – *by telephone*
Talbot, Dr. Brian – *by telephone*

Schools & Libraries Committee members not present:

McClure, David

Other Board Members and Officers of the corporation present:

Belden, Richard – Chief Operating Officer

Blackwell, Mel – Vice President, Schools & Libraries Division

Capozzi, David – Acting General Counsel and Assistant Secretary

England, Dr. William – Vice President, Rural Health Care Division

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Morrow, Henry	FCC
Nuzzo, Patsy	USAC
Rodriguez, Jose Luis	FCC
Trew, Anne Marie	USAC

ACTION ITEMS:

- a1. Consideration of a Contract Extension for Solix for 2008 & 2009 – Confidential & Proprietary – *Executive Session Recommended.*** 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 Committees acting in concert adopted the following resolution:

RESOLVED, that the USAC Rural Health Care Committee and Schools & Libraries Committee determine that consideration of the Rural Health Care and Schools and Libraries Program Support Services Agreement extension shall be conducted in *Executive Session.*

At 1:14 p.m. Eastern Time, on a motion duly made and seconded, the Committees acting in concert moved into *Executive Session* for the purposes of discussing the confidential and proprietary item noted above.

EXECUTIVE SESSION:

- a1. Consideration of a Contract Extension for Solix for 2008 & 2009 – Confidential & Proprietary.** Mr. Belden introduced this item to the Committees.

On a motion duly made and seconded and after discussion, the Committees acting in concert adopted the following resolutions:

RESOLVED, that the USAC Rural Health Care Committee and Schools & Libraries Committee, having considered the new Rural Health Care and Schools and Libraries Program Support Services Agreement between USAC and Solix, Inc. proposed by management, hereby authorize USAC management to finalize all remaining terms and conditions in the proposed agreement; and

RESOLVED FURTHER, that upon finalizing the terms and conditions of the proposed agreement, the USAC Rural Health Care Committee and Schools & Libraries Committee hereby authorize management to execute the proposed agreement with Solix, Inc. and proceed with its implementation.

At 1:27 p.m. Eastern Time, on a motion duly made and seconded, the Committees acting in concert adjourned from **Executive Session** and immediately reconvened in **Open Session** at which time, Mr. Barash reported that the Committees considered and took action on item a1 above in **Executive Session**.

On a motion duly made and seconded, the Committees acting in concert adjourned at 1:27 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary