



Board of Directors

Briefing Book

Tuesday, April 28, 2020

Universal Service Administrative Company Offices

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

**Universal Service Administrative Company
Board of Directors Quarterly Meeting
Agenda**

<p>Tuesday, April 28, 2020 USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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	<u>OPEN SESSION</u>	<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each available for discussion upon request):</p> <p style="margin-left: 20px;">A. Approval of Board of Directors Meeting Minutes of January 28, 2020 and March 25, 2020</p> <p style="margin-left: 20px;">B. Approval of Executive Committee Meeting Minutes of January 23, 2020</p> <p style="margin-left: 20px;">C. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i></p> <p style="margin-left: 20px;">D. Review/Approval of Executive Compensation Committee Charter (<i>See aBOD05cf</i>)</p>	5
Chair	<p>a2. Reports from the Committee Chairs: Audit Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee</p>	15
Charlie	<p>a3. Approval of USAC Common and Consolidated 3rd Quarter 2020 Budgets for the May 1, 2020 FCC Filing</p>	10

<u>EXECUTIVE SESSION</u>		
Confidential – Executive Session Recommended		
Radha Vic Michelle	<p>ii. Enterprise Business Updates</p> <p style="margin-left: 20px;">A. CEO Update</p> <ul style="list-style-type: none"> • USAC COVID-19 Approach and Impact • Supply Chain Update • ERP Update 	20
Chris	<p style="margin-left: 20px;">B. Enterprise Risk Management</p> <ul style="list-style-type: none"> • Q1 2020 Update • Risk Management Council Minutes <i>(For Information Only)</i> 	–
Chris	<p style="margin-left: 20px;">C. Procurement Business Update <i>(For Information Only)</i></p>	–
Charlie	<p style="margin-left: 20px;">D. Information on Contribution Factor</p>	15
Chris	<p>a4. Consideration of a Contract Award for CISO Advisory Services</p>	5

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		
Teleshia	i2. Information on Two USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Reports <i>(For Information Only)</i>	–
Ernesto	a5. Personnel Matter – Review/Approval of Executive Compensation Committee Charter	–

Next USAC Board of Directors Meeting

<p>Tuesday, July 28, 2020 8:30 a.m. – 2:00 p.m. Eastern Time USAC Offices, Washington, D.C.</p>
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**Universal Service Administrative Company
Board of Directors Meeting**

ACTION ITEM

Consent Items

Action Requested

The USAC Board of Directors (Board) is requested to approve the consent items listed below.

Discussion

The Board is requested to approve the following items using the consent resolutions below:

- A. Board meeting minutes of January 28, 2020 and March 25, 2020 (*see Attachments A-1 and A-2*) and the Executive Committee meeting minutes of January 23, 2020 (*see Attachments A-3*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **ii** – Enterprise Business Updates.
 - A. CEO Business Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data*, and *internal rules and procedures* concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - B. Enterprise Risk Management Update. USAC management recommends that this item be discussed in *Executive Session* because it involves *specific internal controls or confidential company data*, and *internal rules and procedures* concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - C. Procurement Business Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
 - D. Information on Contribution Factor. USAC management recommends that this item be discussed in *Executive Session* because it relates to *internal controls or confidential company*

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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.

- (2) **a4** – Consideration of a Contact Award for CISO Advisory Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (3) **i2** – Information on Two Contributor Revenue Audit Reports. USAC management recommends that this item be discussed in *Executive Session* because it relates to *internal controls or confidential company data* and would constitute a discussion of internal rules and procedures. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential.
- (4) **a5** – Personnel Matter – Review of Executive Compensation Committee Charter. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

C. Review of Executive Compensation Committee Charter. In accordance with Section C of USAC’s Executive Compensation Committee Charter, the Executive Compensation Committee of the USAC Board of Directors is required to review and reassess the adequacy of the Charter and recommend changes, as deemed necessary, to the Board (*see aBOD05cf*; if discussion is needed, it will be conducted in *Executive Session*).

Upon request of a Board member, any one or more of the above items are available for discussion by the Board.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of January 28, 2020, and March 25, 2020, and the Executive Committee meeting minutes of January 23, 2020; and (2) discussion in *Executive Session* of the items noted above; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the existing Executive Committee Charter, hereby accepts the recommendation of the Executive Compensation Committee and approves the current Executive Compensation Committee Charter without revision.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, January 28, 2020

(DRAFT) MINUTES¹

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, January 28, 2020. Mr. Joe Gillan, Acting Board Chair, called the meeting to order at 8:33 a.m. Eastern Time, with a quorum of 18 of the 19 Board members present:

Buzacott, Alan	Jacobs, Ellis - <i>by telephone</i>
Choroser, Beth	Mason, Ken – Treasurer
Domenech, Dr. Dan	Polk, Stephanie
Feiss, Geoff	Schell, Julie Tritt
Fontana, Brent	Tinic, Atilla
Freeman, Sarah	Waller, Jeff – <i>by telephone</i>
Gerst, Matthew	Wade, Dr. Joan
Gillan, Joe – Acting Chair and Vice Chair	Wien, Olivia - Secretary
Gregory, Amber	Wibberly, Dr. Kathy

Ms. Radha Sekar, Chief Executive Officer, joined the meeting at 8:36 a.m. Eastern Time. She voted on and participated in the discussion of all items.

Officers of the corporation present:

Ayer, Catriona – Vice President of Schools and Libraries
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Davis, Craig – Vice President of Procurement and Sourcing Strategy
Delmar, Teleshia – Vice President of Audit and Assurance
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Lifeline
Hutchinson, Kyle – Vice President and Chief Information Officer
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer
Sweeney, Mark – Vice President of Rural Health Care

Others present:

¹ Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

<u>NAME</u>	<u>COMPANY</u>
Adkins, Sean	USAC
Bethel, Tameca	USAC
Benthall, Anthony	USAC
Bliss, Edward	USAC
Boakye-Gyan, Carol	USAC
Burgess, Melody	USAC
Butler, Stephen	USAC
D'Aguiar, J'amie	USAC
Daniels, Joel	USAC
Faunce, Donna	USAC
Fischer, Dennis	USAC
Gidley, Susan	USAC
Gray, Amanda	USAC
Howard, Chris	USAC
Hughet, Pamela	USAC
James, Christine	USAC
Kahn, Sammy	USAC
Kim, Nathan	USAC
Lee, Brandon	USAC
Little, Chris	USAC
Lubin, Joel	Lubin Consulting
Lutin, Smyth	USAC
Marjani, Regina	USAC
Matthews, Ellery	USAC
Mitchell, Tamika	USAC
Nuzzo, Patsy	USAC
Palmer, Ryan	FCC
Parker, Ben	USAC
Patel, Amish	USAC
Rios, Estee	USAC
Robinson, Ben	USAC
Savoy, Pamela	USAC
Samuels, Joel	USAC
Schecker, Larry	USAC
Sherlock, Matthew	USAC
Singh, Amit	USAC
Subramaniam, Nathan	USAC
Tamm, Nico	USAC
Theobald, Fred	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

a1. Consent Items. Mr. Gillan presented this item to the Board.

A. Approval of Board Meeting Minutes of October 29, 2019, December 9, 2019, December 23, 2019, and January 2, 2020.

B. Approval of moving all *Executive Session* items into *Executive Session*:

(1) **i1** – Enterprise Business Updates (*Continued*).

- **B.** CEO Business Update (*Continued*).
 - **1.** Protecting the Communications Supply Chain Order. USAC management recommends that this item be discussed in *Executive Session* because it relates to *pre-decisional matters pending before the FCC* and may include discussion of USAC's *internal rules and procedures* concerning the administration of the universal service support mechanisms.
- **C.** Enterprise Risk Management Update. USAC management recommends that this item be discussed in *Executive Session* because it involves *specific internal controls or confidential company data*, and *internal rules and procedures* concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
- **D.** Procurement Updates. USAC management recommends that the following items be discussed in *Executive Session* because they relate to USAC's *procurement strategy and contract administration*:
 - 1. Procurement Business Update.
 - 2. Competition Advocate Annual Report.
- **E.** Information on Contribution Factor. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *internal controls /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.*

(2) **a5** – Approval of 2020 Annual USAC Common and Consolidated Budgets. USAC management recommends that this item be

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discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.

- (3) **i2** – Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Report. USAC management recommends that this item be discussed in *Executive Session* because it relates to *internal controls or confidential company data* and would constitute a discussion of internal rules and procedures. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (4) **i3** – Personnel Matter – Human Resource Business Update. USAC management recommends that discussion of this item occur in *Executive Session* because it involves *confidential company data* and *personnel matters*.
- (5) **a6** – Review of Statement of Ethical Conduct and Annual Disclosure Form for USAC Board Members. USAC management recommends that this item be discussed in *Executive Session* because it relates to matters subject to *attorney/client privilege*.
- (6) **a7** – Board Member Annual Training Module on Confidentiality and Acknowledgement of Confidentiality Agreement. USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of matters subject to *attorney/client privilege*.
- (7) **a8** – Personnel Matter – Compensation Items. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.
- (8) **i4** – Executive Session with Board Only (Lunch) – Personnel Matter. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

C. Approval of April 2021 – January 2022 Board of Directors Quarterly Meeting Schedule.

Executive Committee	Programmatic Committees & Board of Directors
April 22, 2021	April 26-27, 2021
July 22, 2021	July 26-27, 2021
October 21, 2021	October 25-26, 2021
January 20, 2022	January 24-25, 2022

D. Approval of the 2020 Audit Committee Charter.

E. Resolution Honoring Board Members Whose Service on the Board Has Recently Ended. The Board recognized and honored Robert Bocher, Cynthia Kinser, and Joel Lubin, whose terms recently concluded. Robert Bocher served as a Board member from November 2015 through December 2019, Cynthia Kinser served as a Board member from January

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2016 through December 2019, and Joel Lubin served as a Board member from January 2001 through December 2019. In addition Mr. Lubin also served as the Chair and Vice Chair of the USAC Board of Directors. The USAC Board and USAC management expressed their appreciation for their dedication to universal service as well as their leadership and guidance in USAC's administration of the federal Universal Service Fund.

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

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of October 29, 2019, December 9, 2019, December 23, 2019, and January 2, 2020; and (2) discussion in *Executive Session* of the items noted above; and

RESOLVED FURTHER, that the USAC Board of Directors adopts the Board of Directors and committee quarterly meetings schedule for April 2021 through January 2022; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the existing Audit Committee Charter, hereby accepts the recommendation of the Audit Committee and approves the current Audit Committee Charter without revision; and

RESOLVED FURTHER, that the USAC Board of Directors hereby expresses its sincere appreciation to Robert Bocher, Cynthia Kinser, and Joel Lubin for their dedicated service on the Board of Directors of the Universal Service Administrative Company, and wishes the best in their future endeavors.

a2. Annual Election of Committee At-Large Seats, Chairs and Vice Chairs and Election and Appointment of Corporate Officers. Mr. Gillan introduced this item to the Board and requested that Mr. Gerst, Chair of the Nominating Committee, present the recommendations for the Committee At-Large Seats, Committee Chairs and Vice Chairs, Board Chair, Vice Chair, Secretary and Treasurer, and the appointment of USAC Staff as Assistant Secretary and Assistant Treasurer.

Election of Board Members to Committee At-Large Seats

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Schools & Libraries Committee**: **Ken Mason** (representing service providers), **Beth Choroser** (at-large member), **Brent Fontana** (at-large member), and **Alan Buzacott** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **High Cost & Low Income Committee**: **Ken Mason** (at-large member), and **Oliva Wein** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Rural Health Care Committee**: **Atilla Tinic** (representing service providers), **Dr. Joan Wade** (at-large member), and **Oliva Wein** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Audit Committee**: **Joe Gillan** (representing the HCLI Committee), **Brent Fontana** (representing the RHC Committee), **Beth Choroser** (representing the SL Committee), **Geoff Feiss** (at-large member), and **Atilla Tinic** (at-large member); and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to serve in at-large seats on the **Executive Compensation Committee**: **Ken Mason** (at-large member), **Dr. Dan Domenech** (at-large member), **Dr. Kathy Wibberly** (at-large member), **Dr. Joan Wade** (at-large member) and **Geoff Feiss** (at-large member).

Election of Committee Chairs and Vice Chairs

RESOLVED, that the USAC Board of Directors accepts the recommendation of the Schools & Libraries Committee and elects **Dr. Dan Domenech** as Chair and **Julie Tritt Schell** as Vice Chair of the **Schools & Libraries Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the High Cost & Low Income Committee and elects **Ken Mason** as Chair and **Olivia Wein** as Vice Chair of the **High Cost & Low Income Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Rural Health Care Committee and elects **Dr. Kathy Wibberly** as Chair and **Brent Fontana** as Vice Chair of the **Rural Health Care Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Audit Committee and elects **Geoff**

Feiss as Chair and **Beth Choroser** as Vice Chair of the **Audit Committee**; and

RESOLVED FURTHER, that the USAC Board of Directors accepts the recommendation of the Board Chair and elects **Ken Mason** as Chair of the **Executive Compensation Committee**; and

RESOLVED FURTHER, that each of the aforementioned directors shall serve for a term that begins immediately upon the adoption of this resolution by the Board and ends at such time as the chair or vice chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

Election of Board Chair, Vice Chair, Secretary and Treasurer

RESOLVED, that the USAC Board of Directors elects **Joe Gillan** as Chair of the Board and **Ken Mason** as Vice Chair of the Board, **Olivia Wien** as Secretary of the corporation, and **Julie Tritt Schell** 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, when such member resigns such position, is removed by resolution of the Board, or is no longer a member of the Board.

Appointment of USAC Staff Members as Assistant Secretary and Assistant Treasurer

RESOLVED, that the USAC Board of Directors accepts the recommendation of the USAC Nominating Committee and appoints **Ernesto Beckford** as Assistant Secretary of the corporation and **Charles Salvator** 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 such position, his employment with USAC terminates for whatever reason, or such person is removed by the CEO or by resolution of the Board.

- a3. Reports from Committee Chairs: Audit Committee, Executive 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 2019 quarterly meetings. Mr. Feiss reported for the Audit Committee; Mr. Gillan reported for the Executive Committee and the Executive Compensation Committee; Mr. Mason reported for the High Cost & Low Income Committee; Dr. Wibberly reported for the Rural Health Care Committee; and Dr. Domenech reported for the Schools and Libraries Committee.
- a4. Approval of USAC Common and Consolidated 2nd Quarter 2020 Budgets**

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for the January 31, 2020 FCC Filing. Ms. Hughet presented this item for consideration. The presentation included a written report on USAC management's recommendations for USAC's common and consolidated 2nd quarter 2020 budgets for the January 31, 2020 FCC filing.

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 2020 common budget of \$23.96 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$23.96 million for common costs in the required January 31, 2020 filing to the FCC on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2020 consolidated budget of \$60.91 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$60.91 million for consolidated costs in the required January 31, 2020 filing to the FCC on behalf of the USAC Board of Directors.

ii. Enterprise Business Updates:

A. Shared Services: USAC 2019 Annual Report Timeline. Mr. Butler reviewed the timeline for publishing the USAC 2019 Annual Report.

B. CEO Update. Ms. Sekar and Mr. Hutchinson presented PowerPoint slides covering the following:

- October 2019 Board and Committee Recaps
- 2019 Major Accomplishments
- 2020 Major Initiatives
- Information Technology Update

At 9:33 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential items listed above. The Board then recessed at 9:33 a.m. Eastern Time and reconvened, continuing in *Executive Session* at 9:45 a.m. Eastern Time.

EXECUTIVE SESSION

B. CEO Business Update (Continued) – Protecting the Communications Supply Chain Order. Mr. Gaither presented PowerPoint slides covering the

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following to the Board:

- Overview
- Obligations for USF Recipients
- For USAC
- USAC's Implementation Approach
- USAC Recommendations
- Supply Chain Order – Roadmap at a Glance

C. Enterprise Risk Management Update. Mr. Beyerhelm presented PowerPoint slides covering the following to the Board:

- Enterprise Risks – Q3 2019 Heat Map
- Enterprise Risks – Q3 to Q4
- Enterprise Risks – Q4 Heat Map
- FY 2019 Risk Reporting Highlights
- Risk Management Council Minutes (*For information purposes only, no discussion was held on this topic.*)

D. Procurement: Mr. Davis presented PowerPoint slides to the Board that covered the following:

- Procurement Business Update that provided an overview of major procurement activities through 2nd Quarter 2020
- Competition Advocate Annual report

E. Finance – Information on Contribution Factor. Mr. Salvator presented this item to the Board. The presentation included a written report providing USAC's estimate for the 2nd quarter 2020 contribution factor.

a5. Approval of 2020 Annual USAC Common and Consolidated Budgets. Mr. Salvator presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendations for the 2020 annual USAC common and consolidated budgets.

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

RESOLVED, that the USAC Board of Directors approves the 2020 annual common budget of \$98.3 million; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2020 annual consolidated budget of \$239.6 million.

i2. Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Report. The Board received a report with information on one USAC Audit and Assurance Division contributor revenue audit report. Ms. Rios responded to questions from the Board.

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At 11:15 a.m. Eastern Time the Board continued in *Executive Session* with only members of the Board, USAC leadership, and members of the Office of General Council present.

i3. Personnel Matter – Human Resource Business Update. Ms. Mitchell presented PowerPoint slides to the Board that covered the following:

- 2019 Accomplishments
- 2019 Metrics
- Employee Engagement

At 11:45 a.m. Eastern Time, the Board continued in *Executive Session* with only members of the Board present for lunch and discussion of a Personnel Matter. At 12:45 p.m. Eastern Time the Board, Ms. Mitchell and Mr. Beckford reconvened in *Executive Session*.

a6. Review of Statement of Ethical Conduct and Annual Disclosure Form for USAC Board Members. Mr. Beckford presented this item to the Board for consideration, requesting that that the Board review and reaffirm: (1) the Statement of Ethical Conduct for Members of the USAC Board of Directors, and (2) the Director Affiliation Disclosure Form.

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

RESOLVED, that the USAC Board of Directors hereby reaffirms the Statement of Ethical Conduct for Members of the USAC Board of Directors and the Director Affiliation Disclosure Form, without revision.

a7. Board Member Annual Training Module on Confidentiality and Acknowledgement of Confidentiality Agreement. Mr. Beckford presented this item to the Board for consideration, requesting that the Board adopt a requirement that Board members, on an annual basis: (1) review and execute the USAC Confidential Information Use and Disclosure Agreement, and (2) complete an ethics and confidentiality training module. Mr. Gillan requested a revision be made to the resolution incorporated require the approval by the Board Chair, Vice Chair, Secretary and the Treasurer of the training module prepared by USAC management.

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

RESOLVED, that the USAC Board of Directors adopts a requirement that, on an annual basis, all Board members review and

execute the USAC Confidential Information Use and Disclosure Agreement on an annual basis; and

RESOLVED FURTHER, that the USAC Board of Directors adopts a requirement that, on an annual basis, all Board members complete an ethics and confidentiality training module prepared by USAC management and approved by the Board Chair, the Vice Chair, the Secretary, and the Treasurer.

a8A. Personnel Matter -- Compensation Item. Ms. Mitchell presented this item to the Board, outlining the requested changes to the USAC Compensation Policy.

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

RESOLVED, that the Board of Directors, having reviewed the revised USAC Compensation Policy recommended by the CEO and the Executive Compensation Committee, hereby approves the revised Compensation Policy set forth in Attachment A1.

a8B. Consideration of 2020 Salary Increase for the USAC Chief Executive Officer. Mr. Gillan presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the proposed 2020 merit-based salary increase for the USAC CEO, as recommended by the Executive Compensation Committee, hereby approves the salary increase, effective retroactively as of January 16, 2020.

OPEN SESSION

At 1:25 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that in *Executive Session*, the Board took action on items a5 – a8 and discussed items i1B-E and i2 – i4.

On a motion duly made and seconded, the Board adjourned at 1:25 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Wednesday, March 25, 2020

(DRAFT) MINUTES¹

A meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Wednesday, March 25, 2020. Mr. Joe Gillan, Board Chair, called the meeting to order at 12:31 p.m. Eastern Time, with a quorum of 15 of the 19 Board members present:

Buzacott, Alan – *by telephone*
Choroser, Beth – *by telephone*
Domenech, Dr. Dan – *by telephone*
Feiss, Geoff – *by telephone*
Fontana, Brent – *by telephone*
Freeman, Sarah – *by telephone*
Gillan, Joe – Chair – *by telephone*
Gregory, Amber – *by telephone*

Schell Julie Tritt – Treasurer – *by telephone*
Sekar, Radha – CEO – *by telephone*
Tinic, Atilla – *by telephone*
Wade, Dr. Joan – *by telephone*
Waller, Jeff – *by telephone*
Wein, Olivia – Secretary – *by telephone*
Wibberly, Dr. Kathy – *by telephone*

Mr., Ken Mason, Vice Chair, joined the call at 12:34 p.m. Eastern Time. He participated in the discussion and voted on item i1.

Members of the Board not present:

Gerst, Matthew
Jacobs, Ellis
Polk, Stephanie

Officers of the corporation present by telephone:

Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Davis, Craig – Vice President of Procurement and Sourcing Strategy
Hutchinson, Kyle – Vice President, Chief Information Officer
Salvator, Charles – Vice President of Finance, Chief Financial Officer and
Assistant Treasurer

¹ Draft resolutions were presented to the Board prior to the Board meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present by telephone:

<u>NAME</u>	<u>COMPANY</u>
James, Christine	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. **Consideration of an Increase in the Not-to-Exceed Contract Values for USAC's Indefinite Delivery Indefinite Quantify Contracts for Information Technology Temporary Staff Augmentation.** USAC management 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 the discussion of this item be conducted in *Executive Session*.

At 12:33 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

- a1. **Consideration of an Increase in the Not-to-Exceed Contract Values for USAC's Indefinite Delivery Indefinite Quantify Contracts for Information Technology Temporary Staff Augmentation.** Mr. Davis presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposed increase in the not-to-exceed value of its seven indefinite delivery, indefinite quantity (IDIQ) contracts for information technology (IT) temporary staff augmentation.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required FCC approval, to increase the total not-to-exceed amount of the seven IDIQ contracts for IT temporary staff augmentation by \$3.8 million, from the former not-to-exceed amount of \$5.0 million, for a new not-to-exceed amount of \$8.8 million (plus applicable taxes), in the aggregate, during the current one-year option period.

OPEN SESSION

Available for Public Use

At 12:51 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Board took action on item a1.

On a motion duly made and seconded, the Board adjourned at 12:53 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

EXECUTIVE COMMITTEE MEETING
Thursday, January 23, 2020

(DRAFT) MINUTES¹

The quarterly meeting of the Executive Committee (Committee) of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Thursday, January 23, 2020. Mr. Joe Gillan, Acting Committee Chair, called the meeting to order at 11:04 a.m. Eastern Time with a quorum of five of the seven Committee members present (there was one vacancy):

Feiss, Geoff – *by telephone*
Gillan, Joe – Acting Chair and Vice Chair – *by telephone*
Sekar, Radha – Chief Executive Officer
Wein, Olivia – Secretary – *by telephone*
Wibberly, Dr. Kathy – *by telephone*

Committee members not present:

Domenech, Dr. Dan
Mason, Ken – Treasurer

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Schools and Libraries
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Davis, Craig – Vice President of Procurement and Strategic Sourcing
Delmar, Teleshia – Vice President of Audit and Assurance
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Lifeline
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board – *by telephone*
Sweeney, Mark – Vice President of Rural Health Care

¹ Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate, non-substantive changes have been made to the resolutions set forth herein to clarify language, where necessary, or to correct grammatical or spelling errors.

Others present:

<u>NAME</u>	<u>COMPANY</u>
James, Christina	USAC
Mitchell, Tamika	USAC
Nuzzo, Patsy	USAC
Tiwari, Tanya	USAC

OPEN SESSION

All materials from *Open Session* can be found on the [USAC website](#).

- a1. Consent Items.** Mr. Gillan presented this item to the Committee.
- A. Approval of Executive Committee Meeting Minutes of October 24, 2019.
 - B. Approval of Moving all *Executive Session* Items into *Executive Session*:
 - (1) **i2** – Information on Contribution Factor. USAC management recommends that this matter be discussed in *Executive Session* because it relates to *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*.
 - (2) **i3** – Discussion of FCC-USAC Executive Committee Quarterly Meeting. USAC management recommends that this item be discussed in *Executive Session* because it may include discussion of *confidential company data*, and *pre-decisional matters pending before the FCC*.

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

RESOLVED, that the USAC Board of Directors Executive Committee hereby approves: (1) the Committee meeting minutes of October 24, 2019; and (2) discussion in *Executive Session* of the items noted above.

- i1. CEO Business Update.** Ms. Sekar presented PowerPoint slides covering the following items to the Committee for discussion:
- o October 2019 Board and Committee Recaps
 - o 2019 Accomplishments
 - o 2020 Initiatives
 - o Information Technology Update (*This item was provided for information purposes only. Mr. Hutchinson presented the materials at the Board meeting on January 28, 2020.*)

At 11:45 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

EXECUTIVE SESSION

- i2. Information on Contribution Factor.** Mr. Salvator presented this item to the Committee for discussion. The presentation included a written report providing USAC's estimate for the 2nd quarter 2020 contribution factor.
- i3. Discussion of FCC / USAC Executive Committee Quarterly Meeting.** The Committee discussed potential topics for the FCC / USAC Executive Committee quarterly meeting. Ms. Sekar reminded the Committee that, during the course of the quarterly Board and Committee meetings, topics could be added to the agenda if necessary.

OPEN SESSION

At 12:03 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Committee discussed items i2 and i3.

On a motion duly made and seconded, the Committee adjourned at 12:03 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

**Universal Service Administrative Company
Board of Directors Meeting**

ACTION ITEM

**Approval of USAC Common and Consolidated
3rd Quarter 2020 Budgets for the May 1, 2020 FCC Filing**

Action Requested:

The USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2020 (3Q2020) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's May 1, 2020 quarterly filing.

Discussion:

The 3Q2020 USAC consolidated budget of \$60.24 million represents approximately 25% of the 2020 annual USAC consolidated budget of \$239.63 million. This includes \$35.75 million in direct program costs and \$24.49 million in common indirect costs.

<i>(\$ in millions)</i>	2Q2020 Budget	Increase/ (Decrease)	3Q2020 Budget
Direct Program & Direct Assigned Costs			
High Cost	\$7.52	(\$0.24)	\$7.28
Lifeline	12.77	0.21	12.98
Rural Health Care	3.60	(0.55)	3.05
Schools & Libraries	13.06	(0.62)	12.44
Total Direct Program & Direct Assigned Costs	\$36.95	(\$1.20)	\$35.75
Common Costs			
Employee Expenses	\$12.33	\$1.02	\$13.35
Professional Services	4.73	(0.25)	4.48
General & Administrative (Note 1)	6.90	(0.24)	6.66
Total Common Costs	\$23.96	\$0.53	\$24.49
Total Consolidated Costs	\$60.91	(\$0.67)	\$60.24

Note 1: General & Administrative expenses include computer support & maintenance, rent, hardware & equipment rental, taxes & insurance, printing & postage, Board of Directors expenses, reference materials, repairs & maintenance, telecommunications, and data collection billing revenue.

A comparison of actual common and consolidated expenditures to the budget for the three months ending March 31, 2020 is provided in **Attachment 1**.

Recommendation:

USAC management recommends that the Board approve the 3Q2020 budgets as proposed.

Recommended USAC Board of Directors Action:

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors approves a 3rd Quarter 2020 common budget of \$24.49 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$24.49 million for common costs in the required May 1, 2020 filing to the FCC on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 3rd Quarter 2020 consolidated budget of \$60.24 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$60.24 million for consolidated costs in the required May 1, 2020 filing to the FCC on behalf of the USAC Board of Directors.

ATTACHMENT 1

USAC Administrative Costs and Headcount

Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months Ending March 31, 2020

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program & Direct Assigned Costs						
High Cost	55	62	7	\$3.89	\$7.55	\$3.66
Lifeline	69	84	15	8.70	12.08	3.38
Rural Health Care	53	59	6	2.76	3.27	0.51
Schools & Libraries	75	78	3	9.17	12.27	3.10
Total Direct Program & Direct Assigned Costs	252	283	31	\$24.52	\$35.17	\$10.65
Common Costs						
Employee Expenses	331	365	34	\$13.05	\$11.87	(\$1.18)
Professional Services				4.14	5.72	1.58
General & Administrative (Note 2)				5.30	6.00	0.70
Total Common Costs	331	365	34	\$22.49	\$23.59	\$1.10
Total Consolidated Costs	583	648	65	\$47.01	\$58.76	\$11.75

Note 2: General & Administrative expenses include computer support & maintenance, rent, hardware & equipment rental, taxes & insurance, printing & postage, Board of Directors expenses, reference materials, repairs & maintenance, telecommunications, data collection billing revenue, and interest income.