



# Board of Directors

## Briefing Book

January 25, 2021

Virtual Meeting

Universal Service Administrative Company

700 12th Street NW, Suite 900

Washington, D.C. 20005

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

USAC Offices  
700 12th Street, N.W., Suite 900  
Washington, D.C. 20005

	<b>MONDAY, JANUARY 25, 2021 12:55 P.M. – 2:05 P.M. EASTERN TIME <u>OPEN SESSION</u></b>	<i>Estimated Duration in Minutes</i>
Chair	<b>a1.</b> Consent Items (each available for discussion upon request): <b>A.</b> Approval of Board of Directors Meeting Minutes of October 26, October 27, November 16, and December 14, 2020 <b>B.</b> Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i> <b>C.</b> Approval of April 2022 - January 2023 Board of Directors Quarterly Meeting Schedule <b>D.</b> Review of the 2021 Audit Committee Charter <b>E.</b> Resolution Honoring Board a Member Whose Service on the Board Has Recently Ended	10
Chair	<b>a2.</b> Annual Election of Committee At-Large Seats, Chairs and Vice Chairs and Election of Appointment of Corporate Officers	10
Chair	<b>a3.</b> Reports from the Committee Chairs: Audit Committee, High Cost & Low Income Committee, Executive Compensation Committee, Rural Health Care Committee, and Schools & Libraries Committee	10
Charlie Mark	<b>a4.</b> <b>A.</b> Approval of Connected Care Pilot Program 2nd Quarter 2021 Budget and Demand Projection for the January 29, 2021 FCC Filing <b>B.</b> Connected Care Pilot Program Update (Information Only)	10
Larry	<b>a5.</b> Reaffirming USAC Employee Ethics Standards	10
Charlie	<b>a6.</b> Approval of USAC Common and Consolidated 2nd Quarter 2021 Budgets for the January 29, 2021 FCC Filing	5
Charlie	<b>i1.</b> <b>A.</b> Information on Fiscal Year 2020 (FY2020)FCC Agency Financial Report / USF Audit	10
Ernesto	<b>i1.</b> <b>B.</b> Review of the Nominating Committee Charter ( <i>Information Only</i> )	-
Teleshia/Vic	<b>i2.</b> Enterprise Business Updates <b>A.</b> Supply Chain Audit Timeline	10

<b>WEDNESDAY, JANUARY 27, 2021</b> <b>10:00 A.M. – 1:30 P.M. EASTERN TIME</b> <b><u>EXECUTIVE SESSION</u></b> <b>Confidential – Executive Session Recommended</b>		<i>Estimated Duration in Minutes</i>
Radha/ Charlie	<b>a7. A1.</b> Approval of 2021 Annual USAC Common and Consolidated Budgets <b>A2.</b> Approval of the 2021 Annual Connected Care Pilot Program Budget	20
Chris	<b>a8.</b> Consideration of a Contract Award for Oracle Licensing Support	5
Chris	<b>a9.</b> Consideration of Increase in Contract Value for Splunk Cloud Licensing	5
Chris	<b>a10.</b> Consideration of a Contract Award for Veracode Analysis and eLearning Licensing	5
Chris	<b>a11.</b> Consideration of Contract Award for GRC Tool Licenses and Professional Services	5
Chris	<b>a12.</b> Consideration of Contract Award for Okta Support, Services, and Licensing	5
Chris	<b>a13.</b> Consideration of Task Order Award for Centralized Geocoding Repository (CGR)	5
Chris	<b>a14.</b> Consideration of Increase to Base Period of Contract for Analysis, Requirements, and Project Management Office Support for ERP System Services	10
Radha	<b>i2.</b> Enterprise Business Updates ( <i>Continued</i> ) <b>B. CEO Update</b>	30
Kyle	<ul style="list-style-type: none"> <li>• October 2020 Board and Committee Recaps</li> <li>• COVID-19 Update</li> <li>• Information Technology Security Update</li> <li>• ERP Business Process Improvements</li> </ul>	10
Michelle		10
Chris	<b>C. Enterprise Risk Management Update (<i>For Information only</i>)</b> 1. Q4 2020 Risk Management 2. Risk Management Council Minutes	–
Chris / Kim	<b>D.</b> 1. Procurement Business Update ( <i>For Information Only</i> ) 2. Annual Competition Advocate Report	10
Charlie	<b>E. Information on Contribution Factor</b>	10
Teleshia	<b>i3.</b> Information on Two USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Reports <i>(For Information Only)</i>	–
Catriona	<b>i4. Personnel Matter:</b> Shared Services Business Update <ul style="list-style-type: none"> <li>• USAC 2020 Annual Report Timeline</li> <li>• Modernizing External and Internal Training Approach</li> <li>• USAC 2020: A Year in Review</li> </ul>	20
Tamika	<b>i5. Personnel Matter:</b> Human Resources Business Update	15
Tamika/Ken	<b>a15. Personnel Matter:</b> Consideration of 2021 Compensation Item	10

Chair	<b>i6.</b> <i>Confidential Executive Session:</i> Board of Directors Only	30
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**Next USAC Board of Directors Meetings**

**April 26 & 28, 2021**  
**Virtual Meeting**

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

<b>ACTION ITEM</b>
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**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 October 26, October 27, November 16, and December 14, 2020 (*see Attachments A-1, A-2, A-3, and A-4*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
- (1) **a7-A1**– Approval of 2021 Annual USAC Common and Consolidated Budgets. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
  - (2) **a7-A2** – Approval of 2021 Annual Connected Care Pilot Program Budget. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
  - (3) **a8** – Consideration of a Contract Award for Oracle Licensing Support. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
  - (4) **a9** – Consideration of a Contract Increase for Splunk Cloud Licensing. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
  - (5) **a10** – Consideration of a Contract Award for Veracode Analysis and eLearning Licensing. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
  - (6) **a11** – Consideration of Contract Award for GRC Tool Licenses and Professional Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.

- (7) **a12** – Consideration of Contract Award for Okta Support, Services, and Licensing. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (8) **a13** – Consideration of Task Order Award for Centralized Geocoding Repository (CGR). USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (9) **a14** – Consideration of Increase to Base Period of Contract for Analysis, Requirements, and Project Management Office Support for ERP System Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (10) **i2** – Enterprise Business Updates (*Continued*).

**B.** 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. In addition, this item might include discussion of *pre-decisional matters pending before the FCC*.

**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 Business Update and Annual Competition Advocate Report. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.

**E.** Information on Contribution Factor. USAC management recommends that this item 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*

- (11) **i3** – Information on Two Contributor Revenue Audit Reports. USAC management recommends that this item be discussed in *Executive*

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*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.*

- (12) **i4.** – Personnel Matter: Shared Services Update. USAC management recommends that discussion of this item occur in *Executive Session* because it involves *internal rules and procedures, confidential company data* and *personnel matters.*
- (13) **i5** – *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.*
- (14) **a15** – *Personnel Matter:* Consideration of 2021 Compensation Item. USAC management recommends that discussion of this item occur in *Executive Session* because it involves *confidential company data* and *personnel matters.*
- (15) **i6** – *Confidential Executive Session:* Board of Directors Only. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters.*

**C.** Approval of April 2022 - January 2023 Board of Directors Quarterly Meeting Schedule. (*see Attachment C*).

**D.** Review of the 2021 Audit Committee Charter. (*see Attachments D-1, D-2 and D-3*).

**E.** Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended. The Board would like to recognize and honor Atilla Tinic, whose term has recently concluded. Mr. Tinic served as a Board member from November 2015 through December 2020. The USAC Board and USAC management are extremely appreciative of his dedication to universal service as well as his leadership, guidance and information technology expertise in USAC's administration of the federal Universal Service Fund.

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:

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**RESOLVED**, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of October 26, October 27, November 16, and December 14, 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 2022 through January 2023; and

**RESOLVED FURTHER**, that the USAC Board of Directors, having reviewed the revised Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee and approves the revised Audit Committee Charter; and

**RESOLVED FURTHER**, that the USAC Board of Directors hereby expresses its sincere appreciation to Atilla Tinic for his dedicated service on the Board of Directors of the Universal Service Administrative Company, and wishes the best in his future endeavors.

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

**BOARD OF DIRECTORS MEETING**  
Monday, October 26, 2020

**(DRAFT) MINUTES<sup>1</sup>**

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Open Session* meeting of the USAC Board of Directors (Board) was conducted by web conference on Monday, October 26, 2020. Mr. Joe Gillan, Board Chair, called the meeting to order at 12:28 p.m. Eastern Time, with a quorum of all 19 Board members present:

Buzacott, Alan	Mason, Ken – Vice Chair
Choroser, Beth	Polk, Stephanie
Domenech, Dr. Dan	Schell, Julie Tritt – Treasurer
Feiss, Geoff	Sekar, Radha – Chief Executive Officer
Fontana, Brent	Tinic, Atilla
Freeman, Sarah	Waller, Jeff
Gerst, Matthew	Wade, Dr. Joan
Gillan, Joe – Chair	Wein, Olivia – Secretary
Gregory, Amber	Wibberly, Dr. Kathy
Jacobs, Ellis	

Officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resources Program  
Hutchinson, Kyle – Vice President of IT 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:

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<sup>1</sup> 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>
Alfred, Kraynal	USAC
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Kriete, Debra	South Dakota State E-rate Coordinator
Lee, James	USAC
LeNard, David	E-Rate Elite Services
Lock, Sean	Funds For Learning
Mitchell, Tamika	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Rivera, Dan	Aruba
Samuels, Victoria	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 July 27, 2020, July 28, 2020, and September 29, 2020.

B. Approval of moving all *Executive Session* Items into *Executive Session*.

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

**RESOLVED**, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of July 27, 2020, July 28, 2020, and September 29, 2020; and (2) discussion in *Executive Session* of the items noted above.

**a2. Reports from Committee Chairs: Audit Committee, Executive Compensation Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** The committee chairs reported on matters discussed and actions taken by their respective committees since the July 2020 quarterly meetings. Mr. Feiss reported for the Audit Committee; Mr. Mason reported for the High Cost and Low Income

Committee; Dr. Wibberly reported for the Rural Health Care Committee; and Dr. Domenech reported for the Schools and Libraries Committee.

- a3. **Appointment of a Nominating Committee and Direction to Committees for the Appointment of Committee Chairs and Vice Chairs.** Mr. Gillan presented this item to the Board, announcing his nominations for the Nominating Committee members and the Nominating Committee chair. He also shared their responsibilities in preparation for the January 2021 quarterly meeting.

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

**RESOLVED**, that the USAC Board of Directors establishes a Nominating Committee and directs the Committee to recommend to the USAC Board of Directors at its January 25, 2021 meeting nominations for the elected USAC officer positions; and

**RESOLVED FURTHER**, that the USAC Board of Directors appoints **Matthew Gerst** as Nominating Committee Chair and **Julie Tritt Schell** and **Dr. Joan Wade** as members of the Nominating Committee; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs each committee of the Board to bring to the Board at the January 25, 2021 meeting nominations for a chair and vice chair of each respective committee.

- a4. **Approval of the Connected Care Pilot Program 1st Quarter 2020 Demand Projection for the November 2, 2020, FCC Filing.** Mr. Salvator presented this item for consideration. The presentation included a written report on USAC management's recommendations for the Connected Care Pilot Program 1st Quarter 2020 demand projection for the November 2, 2020 FCC filing.

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

**RESOLVED**, that the USAC Board of Directors, having reviewed at its meeting on October 26, 2020 the 1st Quarter 2021 Connected Care Pilot Program demand estimate of \$8.33 million, hereby directs USAC staff to proceed with the required November 2, 2020 filing to the FCC on behalf of the USAC Board of Directors.

- a5. **Approval of USAC Common and Consolidated 1st Quarter 2021 Budgets for the November 2, 2020 FCC Filing.** Mr. Salvator presented this item for consideration. The presentation included a written report on USAC management's recommendations for USAC's common and consolidated 1st

Quarter 2021 budgets for the November 2, 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 1st Quarter 2021 common budget of \$27.25 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$27.25 million for common costs in the required November 2, 2020 filing to the FCC on behalf of the USAC Board of Directors; and

**RESOLVED FURTHER**, that the USAC Board of Directors approves a 1st Quarter 2021 consolidated budget of \$58.91 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$58.91 million for consolidated costs in the required November 2, 2020 filing to the FCC on behalf of the USAC Board of Directors.

**ii. Enterprise Business Updates:**

**A. Information Technology Update.** Mr. Hutchinson presented PowerPoint slides covering the following:

- Compliance Updates
  - 508 Compliance Status / External 508 Vendor Testing Updates
  - FISMA Status
- IT Performance & SLA's
- E-Gov Assessment Update

At 12:28 a.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned until October 27, 2020 at approximately 12:40 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**  
**Tuesday, October 27, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly *Executive Session* meeting of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, October 27, 2020. Mr. Joe Gillan, Board Chair, called the meeting to order at 1:00 p.m. Eastern Time, with a quorum of 18 of the 19 Board members present:

Buzacott, Alan	Mason, Ken – Vice Chair
Choroser, Beth	Polk, Stephanie
Domenech, Dr. Dan	Schell, Julie Tritt – Treasurer
Feiss, Geoff	Sekar, Radha – Chief Executive Officer
Freeman, Sarah	Tinic, Atilla
Gerst, Matthew	Waller, Jeff
Gillan, Joe – Chair	Wade, Dr. Joan
Gregory, Amber	Wein, Olivia - Secretary
Jacobs, Ellis	Wibberly, Dr. Kathy

Mr. Tinic joined the meeting at 1:36 p.m. Eastern Time. He did not participate in the discussion of item i1.

Officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services  
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Davis, Craig – Vice President of Schools and Libraries  
Delmar, Teleshia – Vice President of Audit and Assurance  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resource Program  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and  
Assistant Treasurer  
Sweeney, Mark – Vice President of Rural Health Care

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<sup>1</sup> 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:

<u>NAME</u>	<u>COMPANY</u>
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Lee, James	USAC
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### OPEN SESSION

At 1:00 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing confidential items. The Board approved discussing confidential items in *Executive Session* on Monday, October 26, 2020. Only members of the Board and USAC staff were present.

### EXECUTIVE SESSION

#### **i1. Enterprise Business Updates:**

**B. CEO Update.** Ms. Sekar, Mr. Gaither, and Ms. Garber presented PowerPoint slides covering the following:

- July 2020 Board and Committee Recaps
- COVID-19 Update
- Enterprise Resource Planning Update
- Supply Chain Order Update

- C. Enterprise Risk Management Update.** Mr. Gillan noted that the report was provided for *information only*. No discussion was held.
- Q3 2020 Update
  - Risk Management Council Minutes
- D. 1. Procurement Business Update:** Mr. Gillan noted that the report was provided for *information only*. No discussion was held. The report included an update that provided an overview of major procurements completed in 3rd Quarter 2020 and 4th Quarter anticipated activities.
- 2. Information on Procurement Process.** Mr. Beyerhelm presented this item to the Board providing an overview of the USAC Procurement process.
- 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 1st Quarter 2021 contribution factor.
- a6. Consideration of Task Order Award for Legacy Report Migration to Tableau Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management’s recommendation to award firm-fixed-price task order for performance of Legacy Report Migration to Tableau services.

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

**RESOLVED**, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a firm-fixed-price task order (Task Order) to Grant Thornton for performance of Legacy Report Migration to Tableau services. The Task Order is for a base period of twenty-two (22) months for a not-to-exceed amount of \$1,266,767.49 (plus applicable taxes), with the ability to exercise an additional one year option in the amount of \$233,232.51, subject to FCC and Board approval, for a total not-to-exceed amount of \$1,500,000 (plus applicable taxes).

- a7. Consideration of a Third One-Year Contract Option for Call Center Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management’s recommendation to exercise a third, one-year contract option for call center services from Sutherland Government Solutions, Inc.

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

**RESOLVED**, that the Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the third one-year contract option to purchase call center services from Sutherland Government Solutions, Inc. for a not-to-exceed amount of \$1.53 million (plus applicable taxes), subject to required FCC approval.

- a8. Consideration of Contract Award for Acrobat Pro DC Licenses.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to award a three-year firm-fixed price contract for Acrobat Pro DC licenses.

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

**RESOLVED**, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management, subject to required FCC approval, to award a three-year, firm-fixed price contract for Acrobat Pro DC licenses to ITSavvy, for a total not-to-exceed price of \$262,470 (plus applicable taxes).

- i2. Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Reports.** Mr. Gillan noted that the report was provided for *information only*. No discussion was held.

At 2:15 p.m. Eastern Time, the Board continued in Executive Session with only members of the Board, USAC leadership and members of the Office of the General Counsel.

- i3. Personnel Matter. Human Resources Business Update.** Ms. Mitchell presented PowerPoint slides covering an overview of the January 2020 Employee Engagement Survey.

- i4. Confidential Executive Session.**

At 2:32 p.m. Eastern Time, the Board continued in Executive Session with only members of the Board present. Mr. Gillan facilitated this discussion.

### **OPEN SESSION**

At 2:58 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 a6, a7, and a8 and discussed items i1B, i1C, i1D, i1E, i2, i3, and i4.

On a motion duly made and seconded, the Board adjourned at 2:58 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**  
**Monday, November 16, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the temporary closure of USAC's offices in Washington, D.C. in response to the COVID-19 pandemic, the non-quarterly meeting of the USAC Board of Directors (Board) was conducted by web conference on Monday, November 16, 2020. Mr. Joe Gillan, Board Chair, called the meeting to order at 1:01 p.m. Eastern Time, with a quorum of 17 of the 19 Board members present:

Buzacott, Alan	Polk, Stephanie
Choroser, Beth	Schell Julie Tritt – Treasurer
Feiss, Geoff	Sekar, Radha – Chief Executive Officer
Fontana, Brent	Tinic, Atilla
Freeman, Sarah	Wade, Dr. Joan
Gregory, Amber	Waller, Jeff
Gillan, Joe – Chair	Wein, Olivia – Secretary
Jacobs, Ellis	Wibberly, Dr. Kathy
Mason, Ken – Vice Chair	

Members of the Board not present:

Domenech, Dr. Dan  
Gerst, Matt

Officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel and Assistant Secretary  
Beyerhelm, Chris – Chief Administrative Officer  
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and  
Assistant Treasurer  
Sweeney, Mark – Vice President, Rural Health Care

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<sup>1</sup> 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>
Mitchell, Tamika	USAC
Morning, Kimberly	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### OPEN SESSION

- a1. **Consideration of Task Order Awards for Business Process Outsourcing (BPO) Services.** 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*.

- a2. **Personnel Matter: Consideration of 2021 Merit-Based Salary Increase and Incentive Awards Program for USAC Employees.** USAC management recommended that discussion of this item be conducted in *Executive Session* because it involves *internal personnel matters*.

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 1:02 p.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.

### EXECUTIVE SESSION

- a1. **Consideration of Task Order Awards for Business Process Outsourcing (BPO) Services.** Mr. Beyerhelm presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposed award a fixed unit price task order for performance of BPO services for end-to-end processing of applications and invoice processing for the Connected Care Pilot.

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 USAC management to award a fixed unit price task order to ICF Incorporated, LLC for performance of BPO services for end-to-end processing of applications and invoice processing for the Connected Care Pilot. The base period will be 12 months with the ability to exercise an additional one-year option term, subject to FCC and Board approval, for a total amount of \$1,000,000 (plus applicable taxes). If an additional option year is required, USAC will seek approval from the FCC and the Board for the additional funding.

- a2. Consideration of 2021 Merit-Based Salary Increase and Incentive Awards Program for USAC Employees.** Ms. Mitchell presented the USAC management and the Executive Compensation Committee proposed 2021 merit-based salary increase and incentive awards programs for USAC employees for consideration.

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

**RESOLVED**, that the USAC Board of Directors, having reviewed the USAC management and the Executive Compensation Committee proposed 2021 merit-based salary increase and incentive awards programs for USAC employees, hereby approves the proposed program.

### **OPEN SESSION**

At 1:10 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 discussed and took action on items a1 and a2.

On a motion duly made and seconded, the Board adjourned at 1:11 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12<sup>th</sup> Street N.W., Suite 900**  
**Washington, D.C. 20005**

**BOARD OF DIRECTORS MEETING**  
**Monday, December 14 2020**

**(DRAFT) MINUTES**

In a Public Notice, dated November 24, 2020 (DA 20-1396), Federal Communications Commission (FCC or Commission) Chairman Pai appointed the following six individuals to the USAC Board of Directors (Board):

- Representative for incumbent local exchange carriers (non-Bell Operating Companies) with \$40 million or less in annual revenues: Geoffrey A. Feiss, General Manager, Montana Telecommunications Association;
- Representative for competitive local exchange carriers: Joseph Gillan, Consultant, Gillan Associates;
- Representative for low-income consumers: Ellis Jacobs, Senior Attorney, Advocates for Basic Legal Equality, Inc.;
- Representative for interexchange carriers with annual operating revenues of \$3 billion or less: Michael Skrivan, Vice President Regulatory, Consolidated Communications;
- Representative for schools that are eligible to receive discounts pursuant to section 54.501 of the Commission's rules: Joan H. Wade, Ed.D., Executive Director, Association of Educational Service Agencies; and
- Representative for rural health care providers that are eligible to receive supported services pursuant to section 54.601 of the Commission's rules: Katharine Hsu Wibberly, Ph.D., Executive Director, Mid-Atlantic Telehealth Resource Center.

On December 8, 2020, the Board was requested to vote by written unanimous consent to elect these members to the Board and appoint them to a committee by virtue of the constituency they represent.

- a1. Election of Members to the USAC Board of Directors and Appointment of Members to Programmatic Committees.** On December 14, 2020, on a motion duly made and approved by written unanimous consent, the Board adopted the following resolutions:

**RESOLVED**, that the USAC Board of Directors, having received the selections from the Chairman of the FCC pursuant to 47 C.F.R. § 54.703(c)(3) and pursuant to Article II, § 4 of the USAC By-laws, hereby elects to the USAC Board of Directors effective January 1, 2021:<sup>1</sup>

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<sup>1</sup> Each is director is appointed for a three year term. See 47 C.F.R. § 54.703(d).

- Geoffrey Feiss for a term expiring on December 31, 2023;
- Joseph Gillan, for a term expiring on December 31, 2023;
- Ellis Jacobs, for a term expiring on December 31, 2023;
- Michael Skrivan, for a term expiring on December 31, 2023;
- Dr. Joan Wade for a term expiring on December 31, 2023;
- Dr. Katharine Wibberly for a term expiring on December 31, 2023.

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

**RESOLVED FURTHER**, that consistent with 47 C.F.R. § 54.705 and the USAC By-laws, Article II, and by virtue of the constituency they represent:

- Dr. Joan Wade is hereby appointed to the Schools & Libraries Committee;
- Geoffrey Feiss, Joseph Gillan, Ellis Jacobs, and Michael Skrivan are hereby appointed to the High Cost & Low Income Committee; and
- Dr. Katharine Hsu Wibberly is hereby appointed to the Rural Health Care Committee.

/s/ Ernesto Beckford  
Assistant Secretary

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

**ACTION ITEM**

**Approval of April 2022 – January 2023 Board of Directors  
Quarterly Meeting Schedule**

**Issue:**

The USAC Board of Directors (Board) is requested to approve a schedule for the quarterly Board and committee meetings for April 2022 through January 2023 to provide Board members and USAC staff sufficient lead time to plan for the meetings.

**Background – Analysis – Justification:**

The USAC Board of Directors is required to meet quarterly in Washington, D.C. At the January 2020 meeting, the Board approved quarterly meeting dates through January 2022 as follows:

<b>Executive Committee*</b>	<b>Programmatic Committees &amp; Board of Directors*</b>
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

Below is the recommended schedule of meetings for April 2022 through January 2023:

<b>Executive Committee</b>	<b>Programmatic Committees &amp; Board of Directors</b>
April 21, 2022	April 25-26, 2022
July 21, 2022	July 25-26, 2022
October 20, 2022	October 24-25, 2022
January 26, 2023	January 30-31, 2023

**Recommended USAC Board of Directors Action:**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC Board of Directors adopts the Board of Directors and committee quarterly meetings schedule for April 2022 through January 2023.

\*NOTE: The meeting dates maybe adjusted to accommodate the need for virtual meetings during the COVID-19 pandemic.

Available For Public Use

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

**ACTION ITEM**

**Review of the 2021 Audit Committee Charter**

**Action Requested**

In accordance with USAC's Audit Committee Charter (Charter), Section III.A.1, the Audit Committee (Committee) of the USAC Board of Directors (Board) is required to review and reassess the adequacy of the Charter at least annually, and recommend changes, as deemed necessary, to the Board. The Board is requested to consider the revised Audit Committee Charter presented by the Audit Committee.

**Discussion**

USAC Audit and Assurance Division (AAD) staff and Committee members reviewed the Charter to determine if any changes should be recommended to the Committee and the Board of Directors for consideration. AAD recommends changes to reflect current practices and to delineate responsibilities that are governed by the full USAC Board of Directors.

**Attachment D-2** provides the existing Charter in redline version and **Attachment D-3** provides the revised Charter in clean version. The Committee recommends that the Board approve the revised Charter.

**Recommended USAC Board of Directors Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC Board of Directors, having reviewed the revised Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee and approves the revised Audit Committee Charter.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
AUDIT COMMITTEE CHARTER**

**January 20202021**

- I. Audit Committee Purpose, Duties, and Responsibilities.
- A. The Audit Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) shall provide assistance to the Board of Directors (Board) in fulfilling the Board’s oversight responsibilities relating to corporate accounting, financial reporting practices, internal control over operations (internal controls), Universal Service Fund program integrity, enterprise risk management, and all aspects of corporate compliance with applicable law.
- B. The Committee’s primary duties and responsibilities shall be as follows:
1. Oversee management’s efforts to maintain the reliability and integrity of USAC’s accounting policies and financial reporting practices.
  2. Oversee management’s efforts to establish, maintain, and review processes that assure that an adequate system of internal control is functioning within USAC through the execution of operational, ~~and~~ Universal Service Fund Beneficiary and Contributor audits, and the required annual financial statement audit and agreed upon procedures review.
  3. Oversee management’s efforts to establish, maintain, and review processes that assure compliance by USAC with all applicable laws.
  4. Develop and oversee a Strategic Audit Plan to verify USAC’s financial and operational integrity.
  5. Provide an avenue of communication between USAC’s independent financial statement auditors, USAC management (including but not limited to the Chief Executive Officer, the Vice President of Finance and Chief Financial Officer, the Vice President and General Counsel, and the Vice President of each USAC programmatic division), the Vice President of Audit and Assurance, and the Board.
  6. Provide insight and recommendations to establish cost effective Universal Service Fund strategic audit plans that include a focus on high risk areas as identified through audit results and data analytics. Also, assist USAC by providing solutions to mitigate common audit findings and suggestions to build a more collaborative audit experience for Universal Service Fund participants.

## II. Audit Committee Composition, Appointment, and Meetings.

### A. Composition

1. The Committee shall consist of five Board members:
  - a. At least one representative from each of the three programmatic committees of the Board (the High Cost & Low Income Committee, the Rural Health Care Committee, and the Schools & Libraries Committee). The Chairperson of the Audit Committee will serve as a member of the Executive Committee.
  - b. Two at-large Board members.
  - c. At least one Committee member shall have a background in financial reporting, accounting, or auditing, or other financial expertise.
2. Each member of the Committee shall meet each of the following independence requirements:
  - a. Is not and has not been employed in an executive capacity by USAC for at least five years prior to appointment to the Committee.
  - b. Is not an advisor or consultant to USAC, and does not have a personal services contract or other business relationship with USAC.
  - c. Is not a spouse, parent, sibling, child, or in-law of any person described in the preceding two clauses of this paragraph or of any member of USAC management.

### B. Appointment

1. The members of the Committee shall be appointed annually by the Board. Each member shall hold office until he/she resigns, is removed or until a successor is appointed by the Board.
2. The Board shall appoint one of the members of the Committee as Chair and another as Vice Chair.

### C. Meetings

1. The Committee shall meet at least quarterly and at such other times as the Committee deems necessary.
2. The Committee shall, at least annually and at such other times as the Committee deems necessary, separately meet with USAC management, the Vice President of Audit and Assurance, and representatives of the independent financial auditing firm retained by USAC to discuss any matters that either the Committee or any of these groups believes should be discussed privately.

3. The Committee may direct any member of the Board, officer, or employee of USAC or advisor to USAC, including outside counsel or independent auditors, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall advise the Board of all such special meetings either prior to the meeting or promptly thereafter.

### III. Responsibilities and Duties

#### A. Review of Documents, Reports, and Assessments

1. Review and reassess, at least annually, the adequacy of the Committee Charter and make recommendations to the Board, as deemed necessary.
2. Review, in conjunction with management and representatives of the independent auditing firm retained by USAC, the annual financial statements and the audit reports included with those statements and the annual agreed upon procedures review report.
  - a. Discuss with management and the independent auditors significant issues regarding accounting principles, practices, and judgments.
  - b. Discuss any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.
  - c. Discuss any significant exceptions in the agreed upon procedures review report.
3. Annually develop and approve a Strategic Audit Plan in consultation with the Vice President of Audit and Assurance. In addition to projects outlined in the Strategic Audit Plan, the Committee may from time to time request additional specific operational and/or financial audits.
4. Review USAC financial, operational and compliance audit reports prepared by the independent auditors or the Audit and Assurance Division and management's response thereto.
5. Review, at least annually, a summary report of common audit findings concerning Universal Service Fund beneficiary and contributor audits performed under the Universal Service Fund Beneficiary and Contributor Audit Program.
  - a. Discuss audit results to highlight areas of high risk for consideration in developing future Universal Service Fund audit plans; identify FCC rules that may require revision to improve compliance among beneficiaries and contributors; and propose suggestions for improving audit efficiency among beneficiaries and contributors.



- a. All significant accounting policies and practices to be used.
  - b. All alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of such alternative disclosures and treatments and the treatment preferred by the independent auditing firm.
  - c. Other written communications between the independent auditors and management, such as any management letter or schedule of adjusted differences.
4. Review and evaluate significant disagreement among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of the USAC financial statements, and management's response thereto.
- D. Oversight of the Operational Reporting Process, Agreed-Upon Procedures Review
1. In consultation with the independent auditing firm(s) retained by USAC and the Vice President of Audit and Assurance, review the integrity of internal controls and operating procedures and any exceptions identified in the agreed-upon procedures reviews.
  2. Review changes to USAC's internal controls or operating procedures and practices for consistency with suggestions of an independent auditing firm retained by USAC, management, or the Vice President of Audit and Assurance.
  3. Ensure and oversee timely reports from the independent auditing firm(s) retained by USAC to the Audit Committee.
  4. Review and evaluate significant disagreement among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of USAC's agreed upon procedures report and management's response thereto.
- E. Oversight of Audit and Assurance Division
1. Review and approve the Audit and Assurance Division Charter, organizational structure, budget, activities, and significant changes to the Strategic Audit Plan, as needed.
  2. Review and approve the appointment, replacement, reassignment or material changes in the role and/or responsibility of the Vice President of Audit and Assurance Division.

3. Review the effectiveness of the internal audit activities, including compliance with Generally Accepted Government Auditing Standards (GAGAS) as issued by the Comptroller General of the United States (as amended) and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.
4. Review reports of whistleblower complaints received by the Vice President of Audit and Assurance. Such reports shall be prepared jointly by the Vice President of Audit and Assurance and USAC's Office of General Counsel.

F. Assessment of Internal Controls, Annual Report on Internal Controls

1. Review with management, the independent auditors, ~~and~~ the Vice President of Audit and Assurance and the USAC Board of Directors, the effectiveness of the Company's process for assessing significant risks or exposures and the steps management has taken to minimize such risks and exposures to the Company.
2. Review with management, the independent auditors, and the Vice President of Audit and Assurance the adequacy of the Company's system of internal controls as noted in the Annual Report on Internal Controls as issued by the independent auditing firm.
3. Establish and maintain procedures for the following activities:
  - a. The receipt, retention, and treatment of complaints received by USAC regarding accounting, internal controls, operating procedures, or auditing matters.
  - b. The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

G. Compliance With Applicable Law

1. In consultation with the Vice President and General Counsel, review at least annually any legal matters that could have a significant effect on the USAC's operations, financial statements, and reports received from regulators.
2. In consultation with the Vice President and General Counsel, review the processes established to assure compliance by USAC with all applicable laws.
3. Review the results of any investigations concerning waste, fraud, abuse, and/or accounting irregularities and make recommendations for remedial action, if appropriate.

#### H. Other Responsibilities of the Audit Committee

1. Periodically report to the Board through the Committee Chair or pursuant to other means acceptable to the Board.
2. Maintain minutes or other records of meetings and activities of the Committee.
3. Perform any other activities consistent with the Committee Charter, USAC's By-laws, and applicable laws, as the Committee or the Board deems appropriate.
4. When deemed appropriate by the Committee, the Committee will retain outside legal, accounting, or other advisors or consultants to advise and assist the Committee, without needing to seek approval for the retention of such advisors or consultants from the Board, *provided* that the cost is less than \$250,000 in any single calendar year. If the cost for such purpose exceeds \$250,000 in a calendar year, the Committee shall obtain Board approval before engaging or continuing to engage an outside advisor or consultant.

#### IV. Limitations on Responsibilities and Duties of Audit Committee Members and Audit Committee

- A. The responsibility of the Committee is oversight. USAC management is responsible for the USAC financial statements as well as financial reporting processes, principles, and internal controls. The independent auditing firm(s) retained by USAC is/are responsible for performing audits of the annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles, and other procedures. The members of the Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving auditing or accounting.
- B. Each member of the Committee shall be entitled reasonably to rely on the following:
  1. The integrity of those persons within USAC and of the professionals and experts (such as the independent auditors) who provide professional advice and information to the Committee and/or USAC.
  2. The accuracy of the financial and other information provided to the Committee by such persons, professionals, or experts, absent actual knowledge to the contrary.
- C. Pursuant to USAC By-Laws and FCC rules, the programmatic committees of the Board have the authority for the performance of audits of beneficiaries of the respective support mechanisms and the full Board has the authority for the performance of audits of contributors to the Universal Service Fund. The Audit

Committee shall provide advice and assistance to the programmatic committees in support of the primary role of the programmatic committees with respect to audits of beneficiaries and the Board with respect to audits of contributors.

V. Procedures for Discussing Matters in *Executive Session*

- A. In general, any USAC Board member may attend any meeting of the Committee, including *Executive Sessions*, as an observer, even though the person is not a member of the Audit Committee. The exceptions to this general rule are as follows:
1. Where the Board member is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in *Executive Session*, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the conflict of interest, the Committee or any member thereof may raise the issue for consideration. The Board member may self-recuse from the meeting or, upon the vote of the Committee, be excluded from the relevant portion of the *Executive Session* of the Committee meeting.
  2. Where a Board member seeking to attend an *Executive Session* of the Committee is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in *Executive Session*, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the actual or the potential conflict of interest, the Committee or any member thereof may raise the issue for consideration. Where disclosure and/or discussion of the specific issue or potential conflict of interest would compromise the integrity of the Universal Service Fund, the Committee shall exclude all persons other than Audit Committee members.
  3. Where the Committee wishes to meet with USAC's independent auditing firm, the Vice President of Audit and Assurance, the Vice President and General Counsel, the Vice President of Finance and Chief Financial Officer, and/or other representatives to discuss or seek assurances concerning any significant difficulties encountered during the course of a review or audit, including any restrictions on the scope of work or access to required information, or matters of a similar nature, and/or engaged in the preliminary assessment of any investigation, the Committee may exclude Board members who are not members of the Committee from attending the relevant portion of the *Executive Session* of the Committee meeting.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
AUDIT COMMITTEE CHARTER**

**January 2021**

- I. Audit Committee Purpose, Duties, and Responsibilities.
- A. The Audit Committee (Committee) of the Board of Directors of the Universal Service Administrative Company (USAC) shall provide assistance to the Board of Directors (Board) in fulfilling the Board's oversight responsibilities relating to corporate accounting, financial reporting practices, internal control over operations (internal controls), Universal Service Fund program integrity, and all aspects of corporate compliance with applicable law.
- B. The Committee's primary duties and responsibilities shall be as follows:
1. Oversee management's efforts to maintain the reliability and integrity of USAC's accounting policies and financial reporting practices.
  2. Oversee management's efforts to establish, maintain, and review processes that assure that an adequate system of internal control is functioning within USAC through the execution of operational, Universal Service Fund Beneficiary and Contributor audits, and the required annual financial statement audit and agreed upon procedures review.
  3. Oversee management's efforts to establish, maintain, and review processes that assure compliance by USAC with all applicable laws.
  4. Develop and oversee a Strategic Audit Plan to verify USAC's financial and operational integrity.
  5. Provide an avenue of communication between USAC's independent financial statement auditors, USAC management (including but not limited to the Chief Executive Officer, the Vice President of Finance and Chief Financial Officer, the Vice President and General Counsel, and the Vice President of each USAC programmatic division), the Vice President of Audit and Assurance, and the Board.
  6. Provide insight and recommendations to establish cost effective Universal Service Fund strategic audit plans that include a focus on high risk areas as identified through audit results and data analytics. Also, assist USAC by providing solutions to mitigate common audit findings and suggestions to build a more collaborative audit experience for Universal Service Fund participants.

## II. Audit Committee Composition, Appointment, and Meetings.

### A. Composition

1. The Committee shall consist of five Board members:
  - a. At least one representative from each of the three programmatic committees of the Board (the High Cost & Low Income Committee, the Rural Health Care Committee, and the Schools & Libraries Committee). The Chairperson of the Audit Committee will serve as a member of the Executive Committee.
  - b. Two at-large Board members.
  - c. At least one Committee member shall have a background in financial reporting, accounting, or auditing, or other financial expertise.
2. Each member of the Committee shall meet each of the following independence requirements:
  - a. Is not and has not been employed in an executive capacity by USAC for at least five years prior to appointment to the Committee.
  - b. Is not an advisor or consultant to USAC, and does not have a personal services contract or other business relationship with USAC.
  - c. Is not a spouse, parent, sibling, child, or in-law of any person described in the preceding two clauses of this paragraph or of any member of USAC management.

### B. Appointment

1. The members of the Committee shall be appointed annually by the Board. Each member shall hold office until he/she resigns, is removed or until a successor is appointed by the Board.
2. The Board shall appoint one of the members of the Committee as Chair and another as Vice Chair.

### C. Meetings

1. The Committee shall meet at least quarterly and at such other times as the Committee deems necessary.
2. The Committee shall, at least annually and at such other times as the Committee deems necessary, separately meet with USAC management, the Vice President of Audit and Assurance, and representatives of the independent financial auditing firm retained by USAC to discuss any matters that either the Committee or any of these groups believes should be discussed privately.

3. The Committee may direct any member of the Board, officer, or employee of USAC or advisor to USAC, including outside counsel or independent auditors, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall advise the Board of all such special meetings either prior to the meeting or promptly thereafter.

### III. Responsibilities and Duties

#### A. Review of Documents, Reports, and Assessments

1. Review and reassess, at least annually, the adequacy of the Committee Charter and make recommendations to the Board, as deemed necessary.
2. Review, in conjunction with management and representatives of the independent auditing firm retained by USAC, the annual financial statements and the audit reports included with those statements and the annual agreed upon procedures review report.
  - a. Discuss with management and the independent auditors significant issues regarding accounting principles, practices, and judgments.
  - b. Discuss any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.
  - c. Discuss any significant exceptions in the agreed upon procedures review report.
3. Annually develop and approve a Strategic Audit Plan in consultation with the Vice President of Audit and Assurance. In addition to projects outlined in the Strategic Audit Plan, the Committee may from time to time request additional specific operational and/or financial audits.
4. Review USAC financial, operational and compliance audit reports prepared by the independent auditors or the Audit and Assurance Division and management's response thereto.
5. Review, at least annually, a summary report of common audit findings concerning Universal Service Fund beneficiary and contributor audits performed under the Universal Service Fund Beneficiary and Contributor Audit Program.
  - a. Discuss audit results to highlight areas of high risk for consideration in developing future Universal Service Fund audit plans; identify FCC rules that may require revision to improve compliance among beneficiaries and contributors; and propose suggestions for improving audit efficiency among beneficiaries and contributors.

- b. Provide insight to the Audit and Assurance Division by providing suggested approaches to avoid common audit challenges and solutions to build a more collaborative audit experience for Universal Service Fund participants.
  - 6. Review with management, the independent or external auditors, and the Vice President of Audit and Assurance any significant findings of the reports, management's response thereto, and any significant difficulties encountered during the course of the review or audit, including any restrictions on the objectives or scope of work or access to required information.
- B. Oversight of Independent Auditing Firm(s) Retained by USAC for the Annual Financial and Agreed-Upon Procedures Review
  - 1. Initially select, periodically evaluate (at least annually), and replace as necessary the independent auditing firm(s) retained by USAC for the Annual Financial and Agree-Upon Procedures review, subject to the requirement to obtain the approval of the Board for expenditures in excess of the amount set forth in Section III.H.4. of this Audit Committee Charter, *provided*, however, that nothing herein shall affect the authority of the programmatic committees of the Board to select, evaluate, and replace independent auditing firms with respect to the audits of beneficiaries and contributors of the universal service support mechanisms when deemed necessary by the Committee or the Vice President of Audit and Assurance.
  - 2. Oversee the independence of the independent auditing firm(s) retained by USAC by reviewing and discussing with each auditor a formal written statement concerning their independence and the nature of the relationship, if any, between the auditor and the USAC.
  - 3. Approve any significant non-audit related services to be provided by an independent auditing firm retained by USAC.
- C. Review and Oversight of USAC's Financial Reporting Process, Financial Statement Audit
  - 1. Review the integrity of USAC's financial reporting process, at least annually, in consultation with: (i) the independent auditing firm(s) retained by USAC, (ii) the Vice President of Finance and Chief Financial Officer, and (iii) the Chief Executive Officer.
  - 2. Review significant changes to USAC's auditing and accounting principles and practices as suggested by an independent auditing firm retained by USAC, the Vice President of Finance and Chief Financial Officer, or the Vice President of Audit and Assurance.
  - 3. Require and timely review reports from the independent auditing firm(s) retained by USAC relating to the following:

- a. All significant accounting policies and practices to be used.
  - b. All alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of such alternative disclosures and treatments and the treatment preferred by the independent auditing firm.
  - c. Other written communications between the independent auditors and management, such as any management letter or schedule of adjusted differences.
4. Review and evaluate significant disagreement among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of the USAC financial statements, and management's response thereto.
- D. Oversight of the Operational Reporting Process, Agreed-Upon Procedures Review
1. In consultation with the independent auditing firm(s) retained by USAC and the Vice President of Audit and Assurance, review the integrity of internal controls and operating procedures and any exceptions identified in the agreed-upon procedures reviews.
  2. Review changes to USAC's internal controls or operating procedures and practices for consistency with suggestions of an independent auditing firm retained by USAC, management, or the Vice President of Audit and Assurance.
  3. Ensure and oversee timely reports from the independent auditing firm(s) retained by USAC to the Audit Committee.
  4. Review and evaluate significant disagreement among USAC management and the independent auditing firm(s) retained by USAC and/or the Vice President of Audit and Assurance in connection with the preparation of USAC's agreed upon procedures report and management's response thereto.
- E. Oversight of Audit and Assurance Division
1. Review and approve the Audit and Assurance Division Charter, organizational structure, budget, activities, and significant changes to the Strategic Audit Plan, as needed.
  2. Review and approve the appointment, replacement, reassignment or material changes in the role and/or responsibility of the Vice President of Audit and Assurance Division.

3. Review the effectiveness of the internal audit activities, including compliance with Generally Accepted Government Auditing Standards (GAGAS) as issued by the Comptroller General of the United States (as amended) and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.
4. Review reports of whistleblower complaints received by the Vice President of Audit and Assurance. Such reports shall be prepared jointly by the Vice President of Audit and Assurance and USAC's Office of General Counsel.

F. Assessment of Internal Controls, Annual Report on Internal Controls

1. Review with management, the independent auditors, the Vice President of Audit and Assurance and the USAC Board of Directors, the effectiveness of the Company's process for assessing significant risks or exposures and the steps management has taken to minimize such risks and exposures to the Company.
2. Review with management, the independent auditors, and the Vice President of Audit and Assurance the adequacy of the Company's system of internal controls as noted in the Annual Report on Internal Controls as issued by the independent auditing firm.
3. Establish and maintain procedures for the following activities:
  - a. The receipt, retention, and treatment of complaints received by USAC regarding accounting, internal controls, operating procedures, or auditing matters.
  - b. The confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

G. Compliance With Applicable Law

1. In consultation with the Vice President and General Counsel, review at least annually any legal matters that could have a significant effect on the USAC's operations, financial statements, and reports received from regulators.
2. In consultation with the Vice President and General Counsel, review the processes established to assure compliance by USAC with all applicable laws.
3. Review the results of any investigations concerning waste, fraud, abuse, and/or accounting irregularities and make recommendations for remedial action, if appropriate.

#### H. Other Responsibilities of the Audit Committee

1. Periodically report to the Board through the Committee Chair or pursuant to other means acceptable to the Board.
2. Maintain minutes or other records of meetings and activities of the Committee.
3. Perform any other activities consistent with the Committee Charter, USAC's By-laws, and applicable laws, as the Committee or the Board deems appropriate.
4. When deemed appropriate by the Committee, the Committee will retain outside legal, accounting, or other advisors or consultants to advise and assist the Committee, without needing to seek approval for the retention of such advisors or consultants from the Board, *provided* that the cost is less than \$250,000 in any single calendar year. If the cost for such purpose exceeds \$250,000 in a calendar year, the Committee shall obtain Board approval before engaging or continuing to engage an outside advisor or consultant.

#### IV. Limitations on Responsibilities and Duties of Audit Committee Members and Audit Committee

- A. The responsibility of the Committee is oversight. USAC management is responsible for the USAC financial statements as well as financial reporting processes, principles, and internal controls. The independent auditing firm(s) retained by USAC is/are responsible for performing audits of the annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles, and other procedures. The members of the Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving auditing or accounting.
- B. Each member of the Committee shall be entitled reasonably to rely on the following:
  1. The integrity of those persons within USAC and of the professionals and experts (such as the independent auditors) who provide professional advice and information to the Committee and/or USAC.
  2. The accuracy of the financial and other information provided to the Committee by such persons, professionals, or experts, absent actual knowledge to the contrary.
- C. Pursuant to USAC By-Laws and FCC rules, the programmatic committees of the Board have the authority for the performance of audits of beneficiaries of the respective support mechanisms and the full Board has the authority for the performance of audits of contributors to the Universal Service Fund. The Audit

Committee shall provide advice and assistance to the programmatic committees in support of the primary role of the programmatic committees with respect to audits of beneficiaries and the Board with respect to audits of contributors.

V. Procedures for Discussing Matters in *Executive Session*

- A. In general, any USAC Board member may attend any meeting of the Committee, including *Executive Sessions*, as an observer, even though the person is not a member of the Audit Committee. The exceptions to this general rule are as follows:
1. Where the Board member is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in *Executive Session*, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the conflict of interest, the Committee or any member thereof may raise the issue for consideration. The Board member may self-recuse from the meeting or, upon the vote of the Committee, be excluded from the relevant portion of the *Executive Session* of the Committee meeting.
  2. Where a Board member seeking to attend an *Executive Session* of the Committee is aware of an actual or potential conflict of interest with respect to a matter coming before the Committee in *Executive Session*, he/she shall bring the matter to the attention of the Committee or, if the Committee is aware of the actual or the potential conflict of interest, the Committee or any member thereof may raise the issue for consideration. Where disclosure and/or discussion of the specific issue or potential conflict of interest would compromise the integrity of the Universal Service Fund, the Committee shall exclude all persons other than Audit Committee members.
  3. Where the Committee wishes to meet with USAC's independent auditing firm, the Vice President of Audit and Assurance, the Vice President and General Counsel, the Vice President of Finance and Chief Financial Officer, and/or other representatives to discuss or seek assurances concerning any significant difficulties encountered during the course of a review or audit, including any restrictions on the scope of work or access to required information, or matters of a similar nature, and/or engaged in the preliminary assessment of any investigation, the Committee may exclude Board members who are not members of the Committee from attending the relevant portion of the *Executive Session* of the Committee meeting.

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

**ACTION ITEM**

**Election of Committee At-Large Seats, Chairs, and Vice Chairs  
and  
Election and Appointment of Corporate Officers**

**Action Requested**

The USAC Board of Directors (Board) is requested to elect Board members to Board and committee leadership positions as committee chairs and vice chairs and to certain officer positions, as well as appoint staff members to certain officer positions. In addition, the Board elects members to committees when necessary.

**Discussion**

USAC's By-laws provide that the election of USAC corporate officers should be the first order of business at the first Board meeting at the beginning of each calendar year.<sup>1</sup> The Board also determined that it should elect committee chairs and vice chairs at the same time.<sup>2</sup>

On January 8, 2021, the Nominating Committee of the Board met via teleconference to (1) discuss the results of the December 2020 Board member interest survey, (2) recommend a slate of candidates for each of USAC's corporate officer positions (i.e., Board Chair, Vice Chair, Treasurer, Secretary, Assistant Treasurer, and Assistant Secretary), (3) make recommendations that would assist the Audit, Executive, Executive Compensation, High Cost & Low Income (HCLI), Rural Health Care (RHC), and Schools & Libraries (SL) committees in selecting Board members to serve as committee chairs and vice chairs; and (4) make recommendations to fill at-large seats in each of the committees.

The Nominating Committee shared its recommendations for officer and committee positions with Board members, basing its recommendations on each Board member's interest in serving on a particular committee and/or in a particular officer or committee leadership position and taking into account committee composition requirements, as set out in the Federal Communications Commission (FCC) rules, USAC's By-laws, and committee charters. Unless a member indicated that he or she did not wish to retain his or her current committee assignments (and so long as assignment to a particular committee is not prescribed by the By-laws or committee charters), the Nominating Committee recommended that members currently serving in a particular position remain in that position.

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<sup>1</sup> USAC By-laws, Article III.

<sup>2</sup> USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), available at <https://www.usac.org/about/leadership/board-minutes/>.

Below is information the Nominating Committee used as part of its discussion, which may be informative for Board members regarding Board structure and chair, vice chair and officer positions.

### **Background**

**Board of Directors Membership.** The USAC Board consists of 19 members, with the Chief Executive Officer (CEO) being the only permanently appointed, non-elected member. The other 18 members of the Board serve three-year staggered terms, with six Board member terms expiring each on December 31 of the third year of their term, regardless of when during the year the member was elected to the Board. In effect, six Board members have their terms expire each year. Although Board member terms are set for three years, Board members serve until they are reappointed or replaced by the FCC Chair, the member resigns, or the member is removed by a two-thirds vote of the Board with the concurrence of the FCC Chair.

**Committee Memberships and At Large Seats.** The Board currently has seven committees. The constituency of each committee is set forth below under “Board Committee Composition.” FCC rules and USAC’s By-laws set forth the composition requirements for the HCLI, RHC and SL committees. The composition requirements for the remaining committees are governed by charters that were approved by the Board. Some committee seats are automatic based on the constituency that each Board member represents.<sup>3</sup> Other committee seats, which may be identified as “at large” positions, are not automatic and are made by appointment of the Board.<sup>4</sup>

**Election and Term of Committee Chairs and Vice Chairs.** The Board previously determined by resolution that committee chairs and vice chairs would be elected for one-year terms that will typically commence at the conclusion of the January Board of Directors meeting each year.<sup>5</sup> There are no term limits for chairs and vice chairs, and there is no automatic succession. The Board also determined by resolution that a chair or vice chair would remain in position in the event the Board does not make an election or appointment for such position at the January Board meeting (provided the person holding that position has not resigned or been removed from the Board).<sup>6</sup>

**Officer Terms.** The officers of the company are set forth in Table 2 below. Pursuant to Article III of the USAC By-laws, and applicable Board resolutions, the positions of

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<sup>3</sup> For example, the Board has three members that represent schools eligible to receive support. The SL Committee must contain three members that represent schools eligible to receive support. Therefore, the Board members that represent this constituency are automatically members of the SL Committee.

<sup>4</sup> For example, the SL Committee must contain one at-large representative elected by the Board. The SL Committee also must contain one service provider representative and, because the Board has multiple service provider representatives, this committee position is also an at-large position elected by the Board.

<sup>5</sup> See USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), available at <https://www.usac.org/about/leadership/board-minutes/>.

<sup>6</sup> See *id.*

Board Chair, Vice Chair, Treasurer, Secretary, Assistant Treasurer, and Assistant Secretary each have a one-year term, which typically begins at the conclusion of each January Board meeting. There are no term limits for such positions, and there is no automatic succession. The Board also determined by resolution that an officer would remain in position in the event the Board did not make an election or appointment for such position in the January Board meeting, provided the person holding that position has not resigned from, or been removed by, the Board in the case of a Board member, and has not resigned, or been removed by, the CEO in the case of an employee of USAC.

Nominating Committee. The Nominating Committee consists of three members and is responsible for soliciting nominations and recommending to the Board a slate of candidates for each of USAC's corporate officer positions. In addition, the Committee assists the Audit, HCLI, RHC, and SL committees in identifying Board members to serve as committee chair and vice-chair for each committee, as well as assisting the committees with identifying Board members to fill at-large seats.

The Board appoints the Nominating Committee members during the October quarterly meeting each year. The Nominating Committee typically reports its recommendations to the Board at the January quarterly meeting. In addition, each committee at its respective January quarterly meeting votes on a recommended committee chair and vice chair, with the names of the nominees reported by the respective committee chair to the Board for consideration also at the Board's January meeting.

At the January meeting, the Chair of the Nominating Committee identifies the Board members recommended to serve as Board Chair, Vice Chair, Treasurer and Secretary, and the staff members to serve as Assistant Treasurer and Assistant Secretary. (USAC's Chief Financial Officer typically serves as the Assistant Treasurer, and the General Counsel typically serves as the Assistant Secretary.)

Deferment of Nominating Process Under Certain Circumstances. The nominating process assumes that the FCC Chair has selected individuals to fill expiring terms of members from the prior two years, as well as members whose terms expired on the immediately preceding December 31 (i.e., all expiring term seats have been selected by the FCC Chair and elected to the Board prior to consideration of members for the chair, vice chair, and officer positions). When this has not occurred, which has periodically been the case, the Audit, Executive Compensation, HCLI, RHC and SL committee chairs and vice chairs, as well as the Nominating Committee can (following consultation with the Board Chair, the Vice Chair, the CEO and the General Counsel), choose to defer making recommendations until the FCC Chair has made Board selections.

Incumbent Preferences. Traditionally, an incumbent committee chair and vice chair retain their positions if they so choose, but there is no rule or policy requiring such practice. Any Board member can serve as Board Chair, Vice Chair, Treasurer or Secretary. As with the committee chair and vice chair positions, the incumbents

traditionally retain their positions if they so choose, but there is no rule or policy requiring such practice.

### **Board Committee Composition**

#### *SL Committee:*

47 C.F.R. Section 54.705(a)(2) provides that the SL Committee will include the following seven seats: three school representatives; one library representative; one service provider representative; one at-large representative; and the USAC CEO. On July 26, 2016, at the recommendation of the Nominating Committee, the Board of Directors added two at-large positions to the SL Committee.<sup>7</sup>

#### *HCLI Committee:*

The composition of the HCLI Committee was originally set forth in a 1998 FCC order (FCC 98-306, ¶¶ 34 and 38). Although the FCC did not include the HCLI Committee composition requirements in 47 C.F.R. Part 54, the Order sets the size (nine) and membership of the committee, which USAC included in Article II, Section 8 of its By-laws as follows: two ILEC representatives (one representing rural telephone companies and one representing non-rural telephone companies); one wireless representative; one CLEC representative; one low income representative; one interexchange carrier representative; one state consumer advocate; one state telecommunications regulator representative; and the USAC CEO. On July 26, 2016, at the recommendation of the Nominating Committee, the Board of Directors added two at-large positions to the HCLI Committee.<sup>8</sup>

#### *RHC Committee:*

47 C.F.R. Section 54.705(a)(2) provides that the RHC Committee will consist of the following eight seats: two rural health care representatives; one service provider representative; two at-large representatives elected by the Board; one state telecommunications regulator; one state consumer advocate; and the USAC CEO.

#### *Audit Committee:*

The Audit Committee has five members, consisting of a member from each of the HCLI, RHC, and SL committees and two at-large seats. Section II.A. of the Audit Committee Charter requires that at least one member of the Committee “have a background in financial reporting, accounting, or auditing, or other financial expertise.”

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<sup>7</sup> See USAC Board of Directors Meeting Minutes at 25-26 (July 26, 2016), available at <https://www.usac.org/about/leadership/board-minutes/>.

<sup>8</sup> See USAC Board of Directors Meeting Minutes at 25-26 (July 26, 2016), available at <https://www.usac.org/about/leadership/board-minutes/>.

Executive Committee:

The Executive Committee is comprised of the Board Chair and Vice Chair; the Audit, HCLI, RHC and SL committee chairs; the Treasurer and Secretary of the corporation; and the USAC CEO.

Executive Compensation Committee:

The Executive Compensation Committee (ECC) consists of five voting members, plus the Board Chair, who serves as a non-voting member.

**Current Committee Chairs, Vice Chairs, and Officers***Table 1 – Chairs and Vice Chairs*

Following are the current committee chairs and vice chairs:

<b>Committee</b>	<b>Chair</b>	<b>Vice Chair</b>
Executive	Joe Gillan	Ken Mason
Audit Committee	Geoff Feiss	Beth Choroser
High Cost & Low Income	Ken Mason	Oliva Wein
Rural Health Care	Dr. Kathy Wibberly	Brent Fontana
Schools & Libraries	Dr. Dan Domenech	Julie Tritt Schell
Executive Compensation	Ken Mason	N/A

*Table 2 – Officers*

Following are the current officers:

<b>Officer Position</b>	<b>Incumbent</b>
Chair	Joe Gillan
Vice Chair	Ken Mason
Secretary	Olivia Wein
Treasurer	Julie Tritt Schell
CEO <sup>9</sup>	Radha Sekar
Assistant Secretary <sup>10</sup>	Kimberly Morning, Deputy General Counsel
Assistant Treasurer <sup>11</sup>	Charles Salvator

<sup>9</sup> The CEO is elected to a term coincident with the term of the CEO's employment and is not elected annually.

<sup>10</sup> Traditionally, the General Counsel serves as the Assistant Secretary.

<sup>11</sup> Traditionally, the Chief Financial Officer serves as the Assistant Treasurer.

Officer Position	Incumbent
Other USAC VPs <sup>12</sup>	<ul style="list-style-type: none"> <li>• VP; General Counsel: Ernesto Beckford</li> <li>• VP, Finance; Chief Financial Officer: Charles Salvator</li> <li>• VP, Rural Health Care Program: Mark Sweeney</li> <li>• Acting VP, Lifeline Program: James Lee (Not an officer)</li> <li>• VP, High Cost Program: Victor Gaither</li> <li>• VP, Schools and Libraries: Craig Davis</li> <li>• VP, Audit and Assurance: Teleshia Delmar</li> <li>• VP; Chief Administrative Officer: Chris Beyerhelm</li> <li>• VP, IT; Chief Information Officer: Kyle Hutchinson</li> <li>• VP, Shared Services: Catriona Ayer</li> <li>• VP, Enterprise Resource Program: Michelle Garber</li> </ul>

On January 25, 2021, the Audit, HCLI, RHC, and SL committees met to identify and make recommendations to the Board for action at today’s Board meeting for the positions of committee chair and vice chair of their respective committees.

**Actions to be Taken by the Board of Directors at this Meeting**

The Board will consider resolutions to take the following actions:

- (i) Elect members of the Board to fill at-large seats for each of the Board committees.
- (ii) Elect the Chair and Vice Chair for the SL, HCLI, RHC, and Audit committees, and the Chair for the ECC, each as nominated by the respective committees.
- (iii) Elect the Chair and Vice Chair of the Board, the Treasurer of the corporation, and the Secretary of the corporation.
- (iv) Appoint USAC staff members as Assistant Treasurer of the corporation and Assistant Secretary of the corporation.

**Recommended USAC Board of Directors Action**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

*Election of Board Members to Committee At-Large Seats*

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<sup>12</sup> The Board determined that each vice president shall be designated an officer of the corporation immediately upon his or her assumption of the duties of the position and shall serve as such until his or her employment in such position with USAC terminates for any reason; therefore, these positions are not elected annually. However, the positions of Assistant Secretary and Assistant Treasurer are elected annually.

**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**: \_\_\_\_\_ (representing service providers), \_\_\_\_\_ (at-large member), \_\_\_\_\_ (at-large member), and \_\_\_\_\_ (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**: \_\_\_\_\_ (at-large member), and \_\_\_\_\_ (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**: \_\_\_\_\_ (representing service providers), \_\_\_\_\_ (at-large member), and \_\_\_\_\_ (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**: \_\_\_\_\_ (representing the HCLI Committee), \_\_\_\_\_ (representing the RHC Committee), \_\_\_\_\_ (representing the SL Committee), \_\_\_\_\_ (at-large member), and \_\_\_\_\_ (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**: \_\_\_\_\_ (at-large member), \_\_\_\_\_ (at-large member), \_\_\_\_\_ (at-large member), \_\_\_\_\_ (at-large member) and \_\_\_\_\_ (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 \_\_\_\_\_ as Chair and \_\_\_\_\_ 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 \_\_\_\_\_ as Chair and \_\_\_\_\_ 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

\_\_\_\_\_ as Chair and \_\_\_\_\_ 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 \_\_\_\_\_ as Chair and \_\_\_\_\_ 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 \_\_\_\_\_ 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 \_\_\_\_\_ as Chair of the Board and \_\_\_\_\_ as Vice Chair of the Board, \_\_\_\_\_ as Secretary of the corporation, and \_\_\_\_\_ 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 **Kimberly Morning** 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.

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

**ACTION ITEM**

**Approval of Connected Care Pilot Program  
2nd Quarter 2021 Budget and  
Demand Projection for the January 29, 2021 FCC Filing**

**Action Requested:**

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2021 (2Q2021) Connected Care Pilot Program budget and demand projection for submission to the Federal Communications Commission (FCC) in USAC's January 29, 2020 quarterly filing.

**Discussion:**

On a quarterly basis, USAC is required to submit to the FCC the projected budget<sup>1</sup> and demand<sup>2</sup> for the upcoming quarter.

**Funding Requirement**

USAC estimates the 2Q2021 funding requirement for the Connected Care Pilot Program as follows:

Table A. Connected Care Pilot Program Funding Requirement

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
<b>Steady State:</b>				
Connected Care Pilot Program	\$8.33	\$0.00	\$8.33	See Note 1
<b>New Requirements:</b>				
N/A	0.00	0.00	0.00	
<b>Total Connected Care Demand</b>	<b>\$8.33</b>	<b>\$0.00</b>	<b>\$8.33</b>	
<b>Prior Period Adjustments (difference between projections and actuals):</b>				
Billings	0.00	(0.10)	(0.10)	
Interest Income	0.00	0.00	0.00	
Bad Debt Expense	0.00	(0.07)	(0.07)	
<b>Total Prior Period Adjustments</b>	<b>\$0.00</b>	<b>(\$0.17)</b>	<b>(\$0.17)</b>	
USAC Administrative Expenses	0.00	0.60	0.60	See Table B
<b>Total Funding Requirement</b>	<b>\$8.33</b>	<b>\$0.43</b>	<b>\$8.76</b>	

<sup>1</sup> See 47 C.F.R. § 54.715(c).

<sup>2</sup> See 47 C.F.R. § 54.709(a)(3).

**Note 1:** On April 2, 2020, the FCC issued Order FCC 20-44, establishing the Connected Care Pilot Program within the Universal Service Fund (Fund) making an additional \$100 million available over three years to help defray health care providers' qualifying costs of providing connected care services, which focused primarily to low-income or veteran patients.<sup>3</sup> The Order authorized collections of \$100 million over three years (12 quarters) at \$8.33 million per quarter beginning in 4Q2020.<sup>4</sup> The Order states that the purpose of the Pilot Program is to examine how the Fund can help support the trend towards connected care services, particularly for low income consumers and veterans.<sup>5</sup> The Order indicates that \$100 million funding for the Pilot Program will be separate from the budgets of the other existing universal service programs and directs USAC to separately collect funds for the Pilot Program.<sup>6</sup>

Based on the projected burn rate, USAC estimates the following 2Q2021 budget:

Table B. Quarterly Budget

<i>(in millions)</i>	<b>1Q2021 Budget</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021 Budget</b>	<b>Notes</b>
<b>Direct Costs</b>				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.00	0.50	0.50	
General & Administrative	0.00	0.00	0.00	See Note 2
<b>Total Direct Costs</b>	<b>\$0.00</b>	<b>\$0.50</b>	<b>\$0.50</b>	
<b>Direct Assigned Costs</b>				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.00	0.00	0.00	
General & Administrative	0.00	0.07	0.07	See Note 2
<b>Total Direct Assigned Costs</b>	<b>\$0.00</b>	<b>\$0.07</b>	<b>\$0.07</b>	
<b>Total Direct &amp; Direct Assigned Costs</b>	<b>\$0.00</b>	<b>\$0.57</b>	<b>\$0.57</b>	
<b>Common Allocated Costs</b>	<b>\$0.00</b>	<b>\$0.03</b>	<b>\$0.03</b>	
<b>Total Budget</b>	<b>\$0.00</b>	<b>\$0.60</b>	<b>\$0.60</b>	

**Note 2:** General & Administrative expenses include computer support & maintenance.

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2020 is provided in **Attachment 1**.

<sup>3</sup> See *Promoting Telehealth for Low-Income Consumers, COVID-19 Telehealth Program*, WC Docket Nos. 18-213 and 20-89, Report and Order, FCC 20-44, para. 37 (2020).

<sup>4</sup> *Id.*, paras. 41-42.

<sup>5</sup> *Id.*, para. 5.

<sup>6</sup> *Id.*, paras. 38, 42.

**Recommendation:**

USAC management recommends that the Board approve the 2Q2021 budget and projection of demand as proposed.

**Recommended Board Actions:**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

**RESOLVED**, that the USAC Board of Directors approves a 2nd Quarter 2021 Connected Care Pilot Program direct budget of \$0.57 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$0.57 million for Connected Care Pilot Program administrative costs in the required January 29, 2021 filing to the FCC on behalf of the Board; and

**RESOLVED FURTHER**, that the USAC Board of Directors, having reviewed at its meeting on January 25, 2021 the 2nd Quarter 2021 Connected Care Pilot Program demand estimate of \$8.76 million, hereby directs USAC staff to proceed with the required January 29, 2021 filing to the FCC on behalf of the USAC Board of Directors.

**ATTACHMENT 1**

**Connected Care Pilot Program Administrative Costs and Headcount**  
Comparison of Actual Expenditures and Headcount to the Budget for the  
Twelve months ending December 31, 2020

(\$ in millions)	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
<b>Direct Costs</b>						
Employee Expenses	0	0	0	\$0.00	\$0.00	\$0.00
Professional Services (Note 3)				0.00	0.00	0.00
General & Administrative (Note 4)				0.00	0.00	0.00
<b>Total Direct Costs</b>				<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	0	0	0	\$0.05	\$0.00	(\$0.05)
Professional Services (Note 3)				0.08	0.00	(0.08)
General & Administrative (Note 4)				0.00	0.00	0.00
<b>Total Direct Costs</b>				<b>\$0.13</b>	<b>\$0.00</b>	<b>(\$0.13)</b>
<b>Total Direct &amp; Direct Assigned Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0.13</b>	<b>\$0.00</b>	<b>(\$0.13)</b>
<b>Common Allocated Costs (Note 5)</b>				<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Costs and Budget</b>				<b>\$0.13</b>	<b>\$0.00</b>	<b>(\$0.13)</b>

**Note 3:** There were no Direct Professional Services expenses in 2020. Direct Assigned Professional Services include development work to stand-up system for Connected Care Pilot Program applications.

**Note 4:** There were no General & Administrative expenses in 2020.

**Note 5:** Common costs include costs not directly attributable to a program or the Connected Care Pilot Program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct costs in the prior year and 50% on demand in the prior year. No common costs were allocated to the Connected Care Pilot Program in 2020 because there were no prior year (2019) costs or demand for the Connected Care Pilot Program.



# Connected Care Pilot Program

Board of Directors Meeting

January 25, 2021



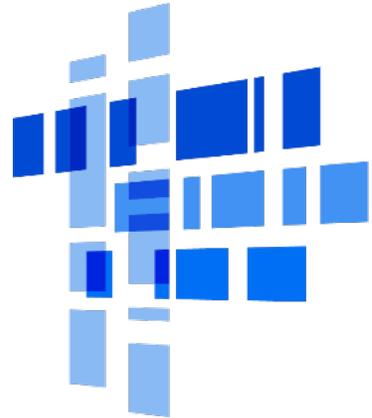
Universal Service  
Administrative Co.

# Connected Care Pilot Update

- 2020 timeline recap:
  - **April 2:** Report and Order released
  - **November 5:** Application PN with timeline released
  - **November 6 – December 7:** Application window open
  - **December 15:** Posted all applications in ECFS
    - 220 applications for \$184.6 million in total support
- USAC performed eligibility reviews and built a tool to collect applications.

# Connected Care Pilot Update: Next Steps

- The FCC is reviewing applications.
- The FCC will select projects that are then eligible to participate in the Connected Care Pilot Program.
- Selected projects will submit subsequent forms (FCC Forms 461, 462, 463) for USAC review.



**Universal Service  
Administrative Co.**

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

**ACTION ITEM**

**Reaffirming USAC Employee Ethical Standards**

**Action Requested**

The ethical standards for USAC employees (Ethical Standards)<sup>1</sup> adopted by the USAC Board of Directors (Board) require that the Board review the *USAC Statement of Ethical Conduct* at least biennially to determine its adequacy, evaluate compliance, and revise the statement as appropriate.<sup>2</sup> Because it has been two years since the last Board review, USAC management requests that the Board review the *USAC Statement of Ethical Conduct* and modify it as it deems appropriate.

**Discussion**

The USAC-FCC Memorandum of Understanding dated December 19, 2018 requires USAC to maintain an ethics policy and report any modifications to the FCC.<sup>3</sup> Pursuant to the Ethical Standards adopted by the Board, the Board must review the *USAC Statement of Ethical Conduct* every two years.

The current *USAC Statement of Ethical Conduct* for employees is included in the USAC Employee Handbook.

**Affirmation of the Current Ethical Standards**

The USAC General Counsel and the USAC Ethics Officer recommend that the *USAC Statement of Ethical Conduct* approved in January 2019 be re-affirmed by the Board without revision.

**Experience and Compliance with Current Ethical Standards**

USAC senior management and staff continue to be diligent concerning ethical issues. Since the Board last reviewed the *USAC Statement of Ethical Conduct*, the USAC Ethics Officer, General Counsel, and Human Resources Division have focused on ethics outreach and trainings regarding conflicts of interest. The USAC Ethics Officer

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<sup>1</sup> The Ethical Standards consists of the *USAC Statement of Ethical Conduct* and five additional documents: (1) Employee Disclosure Form, (2) Disclosure of Employment Discussions Form, (3) Definition of Prohibited Gifts, (4) Guidance on Outside Employment and Board Memberships, and (5) Form Confidentiality Agreement.

<sup>2</sup> The Board previously reviewed and modified the *USAC Statement of Ethical Conduct* in October 2000, 2002 and 2004, reaffirmed the standards without modification in 2006, 2008, 2010, 2013, and 2015, reviewed and revised the standards in 2017, and reaffirmed the standards with editorial changes in 2019.

<sup>3</sup> See USAC-FCC Memorandum of Understanding § IV(A)(3) (Dec. 19, 2018).

distributes via email to all employees a periodic newsletter, *Ethical USAC*, addressing topics such as ethical issues arising during the holiday season; issues arising when an employee seeks new employment and leaves USAC; and outside employment while working at USAC.

The Ethics Officer also reviews all employee disclosure forms that indicate any potential conflict of interest; addresses issues arising from gifts to employees, including attendance at events; and reviews employee requests for approval of outside employment and memberships on boards of various other institutions.

To enhance USAC's Ethics Program, the Ethics Officer has created a spreadsheet database to track (a) year-to-year disclosures by employees to ensure compliance with the standards, and (b) advice rendered to allow ease of reference and consistency.

The Human Resources Division, working with the General Counsel and the Ethics Officer, conducts annual mandatory refresher ethics training for all employees. The Human Resources Division and the Ethics Officer are working on revisions to the disclosure forms to provide additional information that will enhance the Ethics Officer's review.

#### Recommendation

The USAC General Counsel and the USAC Ethics Officer recommend that the Board reaffirm the *USAC Statement of Ethical Conduct* without revision.

#### **Recommended USAC Board of Directors Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC Board of Directors accepts the recommendation of the USAC General Counsel and hereby reaffirms the January 2019 version of the *USAC Statement of Ethical Conduct*.

ATTACHMENT

Attachment A: *USAC Statement of Ethical Conduct*

USAC Statement of Ethical Conduct	
Purpose	To provide employees with guidance on ethics matters
Division – Department	USAC
Policy Owner	USAC General Counsel
Policy Maintainer	USAC General Counsel
Effective Date	January 29, 2019
Status	(X) Final () Draft

### Applicable Rules, Regulations, and Standards

Memorandum of Understanding (MOU) dated December 19, 2018, between USAC and the Federal Communications Commission.

Conflicts of Interest rules found in the general procurement rules, 2 CFR § 200.318.

### Definitions

*Affiliated Party* means (a) the Employee’s spouse, immediate family, or relatives; or (b) other persons with whom the Employee has a sustained and substantive relationship that could interfere with the Employee’s ability to prioritize the interests of USAC over the other person’s interests.

*Ethics Officer* means the Vice President and General Counsel, or his or her designee within the Office of the General Counsel.

### Persons Affected

All USAC employees.

### Purpose

USAC’s mission is to achieve universal service. This Statement of Ethical Conduct, also referred to herein as the Policy, provides employees with an ethical roadmap to help navigate implementing USAC’s mission in practice: conserving company resources, avoiding conflicts of interest, maintaining public confidence, and maintaining confidential information.

For those Employees who also are subject to standards imposed by their discipline (e.g., accounting ethical standards or legal ethical standards) or their position in USAC, this Policy applies in addition to any such additional standards. Employees should direct any questions concerning the ethics standards set forth herein to the Ethics Officer.



Policy

1. Conserving Company Resources
  - a. Each Employee has a continuing obligation to protect and conserve all corporate resources. This obligation means that Employees should expend corporate resources in the best interests of USAC and in accordance with the policies and procedures established by USAC, as well as all applicable law.
  - b. Each Employee has a continuing fiduciary duty of loyalty and care in the management of USAC's resources. An employee acts in violation of that duty under the following circumstances:
    - The Employee is in a supervisory role and fails to use diligence in supervising the actions of other Employees;
    - The Employee is in a contract management role and fails to use diligence in supervising outside experts or contractors being paid using USAC funds; or
    - The Employee fails to perform his or her duties honestly, in good faith, and with reasonable diligence and care.
2. Maintaining Public Confidence.
  - a. USAC is charged with managing universal service funds in a manner that preserves the confidence in USAC of both the FCC and the public at large. To that end, Employees will not engage in any conduct that might reasonably give the appearance of the following:
    - The compromise or loss of complete impartiality of judgment and action, as further set forth in point 3 below.
    - The making or implementation of a corporate decision outside of standard corporate policies and procedures.
3. Avoiding Conflicts of Interest
  - a. *Prohibited Transactions*
    - i) No Employee will knowingly permit USAC to enter into a business transaction with: (A) any entity in which the Employee holds a position or is a substantial shareholder or beneficial owner; or (B) any entity in which an Affiliated Party holds a position or is a substantial shareholder or beneficial owner. An exception to this rule exists only when the Employee has obtained written consent of the Ethics Officer.
    - ii) No Employee will solicit or accept, directly or indirectly, for personal benefit or for the benefit of any Affiliated Party, anything of substantial monetary value (including any gift, gratuity, favor, entertainment, loan, or any other consideration) from any entity which has, or is seeking, a contractual, donative, employment, financial, or other beneficial relationship with USAC, which relationship may subsequently affect or influence the Employee's performance of his or her duties to USAC or the Employee's loyalty to USAC or discharge of responsibilities with uncompromised integrity. (See Annex C, Definition of Gifts Prohibited.)

b. *Outside Employment and Investments*

- i) No Employee shall receive any salary or other compensation from any source other than USAC during the period of his or her employment by USAC without the prior written consent of the employee's division head, in consultation with the Ethics Officer. If a request for outside employment or board membership is approved, the Employee has an obligation to immediately notify his or her division head and the Ethics Officer if the nature of the employment or board membership changes in any manner (including, without limitation, receipt of compensation) that was not comprehensively described in the original written request submitted for employment or board membership.

In no event may an Employee of USAC receive any salary or compensation from an entity that has a Universal Service Fund reporting obligation or is a beneficiary or service provider (or subcontractor to a service provider) to a universal service support mechanism.

Employees engaged in post-employment discussions must disclose such discussions consistent with point 5.c below.

Annex D provides additional information regarding the process for obtaining Ethics Officer consent for outside employment.

- ii) No Employee may have direct or indirect financial interests, or engage in any outside activities, which conflict substantially, or have the appearance of conflicting substantially, with his or her corporate responsibilities and duties. In determining whether there is a substantial conflict, the Ethics Officer will consider: the magnitude of an Employee's financial interest, the degree of policy making authority of the Employee in USAC, and the potential effect actions or inactions by USAC could have on such financial interests.
- This Policy presumes that the following do not present a conflict or the appearance of a conflict: financial interests of less than \$15,000 in any one entity;
  - financial interests of less than one percent of the total equity of an entity; or
  - investments in a mutual fund with a broad range of holdings, including securities in entities that could be affected by the activities of USAC.

c. *Travel*

- i) No Employee will solicit or accept for his or her personal benefit, or for the benefit of an Affiliated Party, payment from any entity other than USAC for expenses incurred while traveling on behalf of USAC. However, with the advance approval of the Ethics Officer, an entity may reimburse USAC for the



travel expenses of a Company Employee to participate in training seminars, industry association meetings, or other events where USAC's management determines that such participation is in the best interest of USAC. (See USAC's *Travel Expense Policy*, Section 400 for additional details.)

4. Maintaining Confidential Information

- a. Consistent with the MOU and each Employee's USAC Confidentiality Agreement (attached hereto as Annex D), no Employee will make use of, or permit others to make use of, any information not generally available to the public and obtained as a result of his or her relationship with USAC, whether for direct personal gain or for the benefit of any Affiliated Party. This prohibition includes any Employee use of trademarked or otherwise protected information in furtherance of personal or professional goals, without prior written consent of the Ethics Officer.
- b. The foregoing obligation to protect confidential information continues even when the Employee ceases employment.
- c. No Employee may engage, directly or indirectly, in financial, business, trade, or professional transactions as a result of, or in primary reliance upon, information obtained through his or her employment, or the discharge of his or her corporate responsibilities.

5. Disclosures and Procedures; Accountability

a. *Ethical Disclosure*

- i) Each new Employee of USAC shall, within the first week of employment, file with designated USAC management a written disclosure in the form of Annex A of current and prior (within the past five years) employment with, or financial interest of himself, herself, or an Affiliated Party in, any of the following: a telecommunications or Internet service provider, communications common carrier, educational institution, rural health care provider, or other organizations having an interest in the Universal Service Fund or the universal service support mechanisms. If the Employee has any change in circumstances that would trigger a requirement to disclose, an updated disclosure statement must be filed within five business days of an Employee's change in circumstance. All Employees must file with designated USAC management an updated disclosure statement by June 30 of every year and complete an annual training on Employee ethical obligations provided by USAC.

b. *Confidentiality Agreement*

As a condition of employment, an Employee shall execute the USAC Employee Confidentiality Agreement attached as Annex C within five business days of starting work at USAC.

c. *Notification of Outside Employment*

- i) Each Employee shall promptly file with the Ethics Officer a written disclosure in the form of Annex B outlining any discussion of potential employment with any person or entity which has, or is seeking, a contractual, donative, business, financial, or other beneficial relationship with USAC, or that may be substantially affected by that Employee's performance of his or her duties to USAC. The



Employee filing such disclosure of discussion of potential employment shall review with the Ethics Officer the matters he or she is working on, and the Ethics Officer shall determine whether that Employee must recuse himself or herself from any of those matters because of the conflict or potential conflict they may present because of the discussion of potential employment.

- ii) The conduct or interests of individual Employees may be further or otherwise reasonably restricted in light of special circumstances, duties, or responsibilities. Such restrictions shall be transmitted to the individual in writing by the Chief Executive Officer upon recommendation of the Ethics Officer and shall be subject to review by the Board of Directors or a committee of the Board, upon written application by the individual.

d. *Process*

- i) All annual ethics disclosures will be submitted to Human Resources. The Ethics Officer will review all ethics disclosures to ensure compliance with this Policy.
- ii) If a disclosure is required by this Policy, the Ethics Officer will provide the Employee with written guidance in response to such disclosure. The Employee is entitled to rely on such guidance to ensure compliance with this Policy.

e. *Accountability*

- i) Any Employee violating any provision of this Statement of Ethical Conduct for Employees will be subject to disciplinary action, up to and including termination.

## Review of Policy

The Board of Directors shall review, at least biennially, this Statement of Ethical Conduct for Employees and Officers to determine its adequacy, evaluate compliance, and revise the statement as appropriate.

## Sub-policies

N/A

ANNEX A:  
STATEMENT OF ETHICAL CONDUCT FOR EMPLOYEES DISCLOSURE FORM

Instructions:

Each employee of the Universal Service Administrative Company (“USAC”) will file with USAC Human Resources , and update at least annually, a written disclosure of current and prior (within the past five years) employment with, or financial interest in, any of the following: educational institution, health care provider, a telecommunications or Internet service provider, communications common carrier, or other provider, or any vendor, contractors, or consultants that provide goods and/or services to USAC.

Each employee shall also promptly file with the Ethics Officer a written disclosure of discussion of potential employment with any entity which has, or is seeking, a contractual, donative, employment, business, financial, or other beneficial relationship, that may be substantially affected by that employee's performance of his or her duties to the Corporation. The employee filing a written disclosure of discussion of potential employment shall review with the Ethics Officer the matters he or she is working on for USAC, and the Ethics Officer shall determine whether that employee must recuse himself or herself from any of those matters because of the conflict or potential conflict they may present because of the discussion of potential employment.

Financial Disclosure Forms must be filed by June 30 of every year. In addition, Employees must submit immediately an updated Disclosure Form for any change in circumstances that would trigger a requirement to disclose. USAC reserves the right to request additional information regarding the information provided on the Disclosure Form or subsequent updates, or any written disclosure of discussion of potential employment.

Name	Position with USAC
Home Address	Date of Filing
Please list positions currently held as director, officer, Board member, manager, employee, consultant or contractor with any of the following: educational institution, library, health care provider, consortia of any combination of those entities, telecommunications or Internet services provider, communications common carrier, or other telecommunications organization or internal connections provider, or vendors, contractors, or consultants that provide goods and/or services to USAC.	
Entity	Position and description of duties
Please list any telecommunications or Internet services provider, communications common carrier, other telecommunications organizations, or internal connections provider, in which you or your spouse own securities valued at \$15,000 or more or of one (1) percent or more of the total equity of the entity. (You need not list shares in any mutual fund that may include such securities unless the fund is devoted exclusively to investment in such	
Corporation Name	Function of Corporation
Please list any educational institution, library, health care provider, consortia of any combination of those entities, telecommunications or Internet services provider, communications common carrier, or other telecommunications organizations or internal connections provider with which you or your spouse have been employed prior to your employment by USAC. (List only those with which you have been employed in the last five years.)	
Organization	Position and description of duties
I have read USAC's Statement of Ethical Conduct for Employees, Financial Interests, Outside Employment and Board Memberships, Definition of Gifts Prohibited, and Travel Guidelines in the Employee Manual. I understand these documents. I am in compliance with them, and I will continue to abide by them. I certify that to the best of my knowledge and belief, the information given by me in this document is correct and	
Signature	Date

TO BE FILED BY June 30 OF EVERY YEAR. APPROVED BY THE USAC BOARD OF DIRECTORS, October 20, 1998; REVISED AND APPROVED BY USAC BOD, October 24, 2000; REVISED AND APPROVED BY USAC BOARD OF DIRECTORS, January 29, 2019.

**ANNEX B: DISCLOSURE OF EMPLOYMENT DISCUSSIONS**

Name of Employee	
Name of Potential Employer	
Date Employment Discussions Commenced	
Date of Disclosure	
Signature	
Ethics Officer Notes	
Signature of Ethics Officer	

## ANNEX C: DEFINITION OF GIFTS PROHIBITED

Prohibited gifts include items or services of substantial monetary value -- whether provided in-kind or as an advance payment or reimbursement -- and items or services given indirectly, such as those given to an Employee's relative or affiliated party, or a charity favored by the Employee. Prohibited gifts also include travel, lodging, and meals paid for by a prohibited source (as defined below) that does not otherwise comply with USAC's guidelines for accepting reimbursement for such items.

If an Employee receives a prohibited gift, he or she must return it, pay market value for it, or turn it over to the Company if returning the prohibited gift is impracticable (e.g., a gift of perishable goods).

Gifts specifically do not include the following:

1. Modest items of food not offered as part of a meal (e.g., coffee, soft drinks).
2. Items of little intrinsic value such as greeting cards and plaques.
3. Loans from financial institutions on terms generally available to the public.
4. Benefits and discounts available to the public.
5. Contest prizes available to the public.
6. Pension or other post-employment benefits from a former employer, the terms of which were fixed and certain prior to the Employee's joining the Company.
7. Anything properly paid for by USAC or secured under a USAC contract that is the property of USAC (except that frequent flyer miles and hotel bonus points are the property of the Employees who earn them).

A prohibited source of gifts is a person or entity who matches one of the following criteria:

1. Seeking official action by USAC.
2. Does or seeks to do business with USAC.
3. Has an interest that may be substantially affected by the performance of the USAC representative's duties.
4. Is an organization, the majority of whose members are prohibited sources

The following exceptions are made to the gift ban, though they do not apply to gifts solicited or given in exchange for the use of the Employee's influence:

1. Gifts with a market value of \$20 or less per occasion, up to \$50 per year from any source (there is no exception for gifts of cash or securities).
2. Gifts based on family relations or personal friendships predating affiliation with USAC.
3. Benefits offered to all members of a group to which the Employee belongs.

4. Gifts resulting from the Employee's spouse, other family members, affiliated party, or friend prior to joining USAC's business/employment, or an Employee's permissible outside business/employment activities.
5. Free admission to widely attended gatherings, including admission for the Employee's representative's spouse or guest if others attending will generally be accompanied by guests if: (a) free admission is provided by the event sponsor; (b) the Employee is a speaker at the event; or (c) the Employee's attendance is in USAC's interest and free attendance is provided by the sponsor (or another party if the event is expected to be attended by 100 or more people).
6. Food, refreshments, and entertainment provided at social events other than from prohibited sources where admission is free.

## ANNEX D: OUTSIDE EMPLOYMENT AND BOARD MEMBERSHIP

USAC recognizes its Employees may wish to engage in outside employment, including serving on corporate or non-profit boards, when such employment or board membership does not constitute an actual, potential or apparent conflict of interest. Further, it is USAC's right to assess whether an actual, potential or apparent conflict of interest exists as it pertains to outside employment or board membership by its Employees.

As such, the following rules are intended to:

1. Require and provide a process for any Employee engaged in employment outside USAC or as a member of a corporate or non-profit board to report such outside employment or board membership to USAC.
2. Provide guidelines under which the Ethics Officer will determine whether a specific situation of outside employment or board membership constitutes an actual, potential or apparent conflict of interest.

Outside employment includes all monetarily compensated employment or service on corporate or non-profit boards where some type of compensation is received for such service. Monetary compensation does not include reimbursement for expenses, including per diems provided for expenses of persons performing public service. Approval is not required for volunteer activities performed by an Employee for which the Employee receives no compensation. Employment would not include those activities performed for work or educational credits or reduced fees for organizations, such as Boy or Girl Scouts, athletic organizations, bowling leagues, etc.

As set forth above, no Employee shall receive any salary or other compensation from any source other than USAC during the period of his or her employment by the Company without the prior written consent of the Ethics Officer. In no event may an Employee receive any salary or compensation from an entity that has a Universal Service Fund reporting obligation or is a beneficiary or service provider (or subcontractor to a service provider to a universal service support mechanism).

### Guidelines

The following are examples of activities that shall, in all cases, interfere or conflict with an Employee's full and faithful discharge of his or her duties to USAC:

- Employment by or service on the board of an entity that has a Universal Service Fund reporting obligation or is a beneficiary of or service provider (or subcontractor to a service provider) to a universal service support mechanism.

- Employment by or service on the board of a trade organization that represents entities that have Universal Service Fund reporting obligations or are beneficiaries of or service providers (or subcontractors to service providers) to a universal service support mechanism.
- Employment by or serving on the board of an advocacy group that regularly participates in universal service proceedings at the FCC.

The following are examples of outside activities that have the potential for causing an actual or apparent conflict of interest:

- Employment or service on a board that would impair, or would appear to impair, the employee's ability to be impartial in the administration of the Universal Service Fund and/or the universal service support mechanisms.
- Employment or service on a board where the contact that led to the outside employment was made while the employee was performing USAC business, whether in the office or elsewhere, such that it may constitute a use of the employee's position in pursuit of private activities.
- Employment or service on a board in conjunction with other USAC employees that may conflict with managerial responsibilities, particularly the responsibility to impartially and adequately supervise other employees.
- Employment or service on a board in situations where it would appear that USAC was being represented by the employee, despite a clear statement that the employee is not representing USAC.
- Employment by or service on a board of an entity that had a Universal Service Fund reporting obligation or formerly received universal service support mechanism benefits or was a service provider (or subcontractor to a service provider) to a universal service support mechanism beneficiary during some recent period of the employee's tenure.
- Employment or serving on the board of a consulting firm that counts as clients any entity that has a Universal Service Fund reporting obligation or is a beneficiary of or service provider (or subcontractor to a service provider) to a universal service support mechanism.
- Any other employment that could constitute an actual, potential or apparent conflict of interest.

#### Procedures for Prior Approval Required for Certain Outside Employment

Prior to accepting outside employment or corporate or non-profit board membership where the Employee receives some form of compensation for such employment or service, the employee shall provide the Ethics Officer a written statement describing the nature of the proposed outside employment or board membership. If the Ethics Officer determines that an actual, potential or apparent conflict of interest exists, the employee has the option of withdrawing the request or forwarding it to the next level of supervision, up to and including the CEO, for further determination. If the Ethics Officer determines that no conflict of interest exists, the

employee may proceed with the outside employment activity. In circumstances where the CEO is the approving authority under these rules, the employee may not proceed with the outside employment activity until he or she receives the CEO's approval.

The Ethics Officer shall notify the employee within five business days of receiving the request if the employment is approved. Employees may request placement of approved outside employment requests in their personnel file. If the request is not approved by the Ethics Officer, the Employee may request the USAC Chief Executive Officer, in consultation with the General Counsel, review the request.

If a request for outside employment or board membership is approved, the Employee has an obligation to immediately notify the Ethics Officer if the nature of the employment or board membership changes in any manner (including, without limitation, receipt of compensation) that was not comprehensively described in the original written request submitted for employment or board membership.

## ANNEX E: CONFIDENTIALITY AGREEMENT

1. I recognize and acknowledge that as an employee, director, officer, contractor, subcontractor, consultant, agent, or an employee or other representative thereof (collectively, a “Staff Person”) for the Universal Service Administrative Company (“USAC”), I may have access to Confidential Information, as that term is defined in Appendix A to this Confidential Information Use and Disclosure Agreement (“Confidentiality Agreement”).
2. I acknowledge and agree that I will treat any Confidential Information in the manner set forth in this Confidentiality Agreement. I acknowledge and agree that this obligation applies to the treatment of all Confidential Information to which I obtain access while working as a Staff Person for or on behalf of USAC, regardless of the form of the Confidential Information or the manner in which I obtain access to it. I acknowledge and agree that my obligations with respect to Confidential Information apply to oral and written communications, drafts and final documents, information obtained directly or indirectly, and information obtained pursuant to or outside of my job responsibilities if I obtained the information as a result of my relationship with USAC.
3. I acknowledge and agree that my obligation to treat Confidential Information in the manner set forth in this Confidentiality Agreement will continue even if I am no longer a Staff Person.
4. I acknowledge and agree that I will not use Confidential Information for any purpose other than a legitimate business purpose of USAC.
5. I acknowledge and agree that, except as provided in paragraphs 6 and 7 herein or as authorized by the USAC Chief Executive Officer or the USAC General Counsel, or in either one’s absence, a respective designee, I will not disclose Confidential Information to any person or entity other than:
  - (a) the provider of the Confidential Information at issue, or (b) an authorized Staff Person who has executed a confidentiality agreement with USAC.
6. I acknowledge and agree that this Confidentiality Agreement shall not apply to requests for Confidential Information made by an employee of the Federal Communications Commission (“Commission”), except that I may not disclose Personally Identifiable Information (as that term is defined in Appendix A to this Confidentiality Agreement) without the express advance written approval of the USAC Director of Human Resources or the USAC General Counsel, or in either one’s absence, a respective designee.
7. I acknowledge and agree that, subject to the notice requirement in paragraph 8 below, this Confidentiality Agreement shall not prevent disclosure of Confidential Information in response to an official request from the Comptroller General of the United States, the Government Accountability Office, or the United States Congress or a Committee or Subcommittee thereof, except that I may not disclose Personally Identifiable Information without the express advance written approval of the USAC Director of Human Resources or the USAC General Counsel, or in either one’s absence, a respective designee.
8. I acknowledge and agree that if I receive a subpoena or any other request or demand for Confidential Information, I will take all reasonable and appropriate steps such that the

request is submitted within one business day of receipt, and prior to any disclosure of such information or records, to the USAC General Counsel, or in the USAC General Counsel's absence, a respective designee.

9. I acknowledge and agree that if I know or have a reasonable basis for believing that any Staff Person is using or disclosing Confidential Information in violation of this Confidentiality Agreement, I will immediately so notify my USAC supervisor or the USAC General Counsel.
10. I acknowledge and agree that if I intentionally or unintentionally disclose any Confidential Information in violation of this Confidentiality Agreement, I will immediately so notify my USAC supervisor or the USAC General Counsel.
11. I acknowledge and agree that if I am uncertain or have questions about my obligations under this Confidentiality Agreement, I will immediately seek advice from my USAC supervisor, the USAC Director of Human Resources or the USAC General Counsel.
12. I acknowledge and agree that any violation of this Confidentiality Agreement may subject me to disciplinary action, including suspension or termination of employment, and civil and criminal liability.
13. I acknowledge and agree that signing this Confidentiality Agreement is a condition of my working as a Staff Person for USAC. I acknowledge and agree that USAC may modify this Confidentiality Agreement and require me to execute the modified version.
14. I acknowledge and agree that upon completion or termination of my relationship as a Staff Person for USAC, I will return to the USAC General Counsel, the USAC Director of Human Resources, or other person designated by either of them, any Confidential Information in my possession.
15. I acknowledge and agree that this Confidentiality Agreement is binding upon me as of the date of my signature, that any modification to this Confidentiality Agreement is binding on me as of the date that I sign such modified version, and that my obligations under the Confidentiality Agreement, including any modifications, continue through and beyond the termination of my position as a Staff Person and for as long as I have in my possession, access to, or knowledge of Confidential Information. I further acknowledge and agree that USAC may, in its sole discretion, modify Appendix A and such modification(s) shall be effective and enforceable against me following written notice to me, which may be by any reasonable method, including but not limited to hand delivery, mail, courier service, email, or facsimile, and that my signature or agreement is not required for the modification to Appendix A to be effective and binding on me.
16. If any provision of this Confidentiality Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, that provision shall be deemed stricken and the remainder of the Confidentiality Agreement shall continue in full force and effect as if it had been executed without the invalid provision.

**Acknowledged and agreed:**

**By (signature)** \_\_\_\_\_ **Name (print)** \_\_\_\_\_  
**Date** \_\_\_\_\_

## CONFIDENTIALITY AGREEMENT – APPENDIX A

Personally Identifiable Information is defined as information whose disclosure would constitute an unwarranted invasion of personal privacy, including but not limited to, personnel records, salary and compensation information, medical records, social security number or residential address. In the event of a question about whether disclosure would constitute an unwarranted invasion of personal privacy, the USAC General Counsel or his or her designee will use for guidance the standards set forth in 47 C.F.R. § 0.457(f) and decisions made thereunder.

Confidential Information is defined as:

1. Information, data, material, or communications in any form or format, whether tangible or intangible, including notes, analyses, data, compilations, studies, or interpretations (collectively referred to hereafter as “information”) and any data, material or communications in any form or format, whether tangible or intangible, that contains, reflects, or is derived from or based upon any information or is related to internal USAC management matters, including but not limited to USAC program integrity procedures, if disclosure is reasonably likely to interfere with or prejudice the performance of the internal USAC management functions.
2. Information related to the development of statements of work or evaluation criteria for USAC or Commission procurements (but not final solicitation or procurement documents that are formally released to one or more prospective bidders or offerors), contractor bids or proposals, evaluation of bidders or offerors, selection of contractors, or the negotiation of contracts.
3. Information that is excluded by applicable statute or regulation from disclosure, provided that such statute (a) requires that the information be withheld from the public in such a manner as to leave no discretion on the issue, or (b) establishes particular criteria for withholding or refers to particular types of information to be withheld. Such information includes copyrighted or trademarked information.
4. Information containing trade secrets or commercial, financial or technical information that (a) identifies company-specific (i.e., non-aggregated) proprietary business information about a Universal Service Fund (USF) contributor (or a potential contributor) or its parent, subsidiary, or affiliate, and (b) has not previously been made publicly available.
5. Information concerning USAC relationships with financial institutions, including but not limited to, account locations, identifiers, balances, transaction activity and other account information and any advice or guidance received from such institutions.
6. Information regarding or submitted in connection with an audit or investigation of a USF contributor, potential USF contributor, USF beneficiary, applicant for USF support, or USAC Staff Person.
7. Information to which USAC, the Commission, or any other government agency might assert a claim of privilege or confidentiality, including but not limited to attorney-client communications, information that constitutes work product or reflects USAC, Commission or other government agency decision-making processes, including law enforcement investigations and program compliance matters. Such information includes but is not limited to internal USAC information, information exchanged between USAC and the Commission

or another government agency, and information exchanged between two or more government agencies in any form, including but not limited to letters, memoranda, draft settlement documents, and working papers of USAC, the Commission, other government agencies, and their respective staff.

8. Information that was submitted with a corresponding written request for confidential treatment, protection, or nondisclosure, including, but not limited to, submissions marked “proprietary,” “privileged,” “not for public disclosure,” or “market sensitive information,” unless and until such request is denied.
9. Information developed in security investigations. Such information is the property of the investigative agency and may not be made available for public inspection without the consent of the investigative agency.

#### ANNEX F: REVISION HISTORY

Date	Reason for Review/Update	Approval
Oct. 20, 1998	New Policy	Board of Directors
Oct. 24, 2000	Affirmed	Board of Directors
Oct. 22, 2002	Revised and Reaffirmed	Board of Directors
Oct, 19, 2004	Revised and Reaffirmed	Board of Directors
Oct. 24, 2006	Reaffirmed without Revision	Board of Directors
Oct. 28, 2008	Reaffirmed without Revision	Board of Directors
Oct. 26, 2010	Reaffirmed without Revision	Board of Directors
July 30, 2013	Reaffirmed without Revision	Board of Directors
Jan. 31, 2017	Revised and Reaffirmed	Board of Directors
Jan. 29, 2019	Reaffirmed with minor editorial revisions	Board of Directors

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

**ACTION ITEM**

**Approval of USAC Common and Consolidated  
2nd Quarter 2021 Budgets for the January 29, 2021 FCC Filing**

**Action Requested:**

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2021 (2Q2021) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's January 29, 2021 quarterly filing.

**Discussion:**

Based on the projected burn rate, USAC estimates a 2Q2021 USAC consolidated budget of \$60.58 million, which includes \$31.63 million in direct program costs and \$28.95 million in common indirect costs.

<i>(in millions)</i>	<b>1Q2021 Budget</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021 Budget</b>
<b>Direct Program &amp; Direct Assigned Costs</b>			
High Cost	\$6.38	(\$0.05)	\$6.33
Lifeline	10.40	(0.59)	9.81
Rural Health Care	3.85	0.09	3.94
Schools & Libraries	11.03	(0.05)	10.98
Connected Care Pilot	0.00	0.57	0.57
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$31.66</b>	<b>(\$0.03)</b>	<b>\$31.63</b>
<b>Common Costs</b>			
Employee Expenses	\$14.26	\$0.85	\$15.11
Professional Services	6.58	0.10	6.68
General & Administrative (Note 1)	6.41	0.75	7.16
<b>Total Common Costs</b>	<b>\$27.25</b>	<b>\$1.70</b>	<b>\$28.95</b>
<b>Total Consolidated Costs</b>	<b>\$58.91</b>	<b>\$1.67</b>	<b>\$60.58</b>

**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 twelve months ending December 31, 2020 is provided in **Attachment 1**.

**Recommendation:**

USAC management recommends that the Board approve the 2Q2021 budgets as proposed.

**Recommended USAC Board of Directors Action:**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

**RESOLVED**, that the USAC Board of Directors approves a 2nd Quarter 2021 common budget of \$28.95 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$28.95 million for common costs in the required January 29, 2021 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 2021 consolidated budget of \$60.58 million; and

**RESOLVED FURTHER**, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$60.58 million for consolidated costs in the required January 29, 2021 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  
Twelve Months Ending December 31, 2020

<i>(\$ in millions)</i>	<b>FTE Actual</b>	<b>FTE Budget</b>	<b>FTE Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>
<b>Direct Program &amp; Direct Assigned Costs</b>						
High Cost	64	62	(2)	\$16.63	\$29.45	\$12.82
Lifeline	84	84	0	34.31	49.34	15.03
Rural Health Care	55	59	4	11.55	12.60	1.05
Schools & Libraries	78	78	0	40.22	49.98	9.76
Connected Care Pilot	0	0	0	0.13	0.00	(0.13)
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>281</b>	<b>283</b>	<b>2</b>	<b>\$102.84</b>	<b>\$141.37</b>	<b>\$38.53</b>
<b>Common Costs</b>						
Employee Expenses	366	365	(1)	\$55.07	\$52.84	(\$2.23)
Professional Services				16.10	19.96	3.86
General & Administrative (Note 2)				22.22	25.46	3.24
<b>Total Common Costs</b>	<b>366</b>	<b>365</b>	<b>(1)</b>	<b>\$93.39</b>	<b>\$98.26</b>	<b>\$4.87</b>
<b>Total Consolidated Costs</b>	<b>647</b>	<b>648</b>	<b>1</b>	<b>\$196.23</b>	<b>\$239.63</b>	<b>\$43.40</b>

**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.



# Board of Directors Meeting

Information on Fiscal Year 2020 (FY2020)  
FCC Agency Financial Report / USF Audit  
January 25, 2021

Universal Service  
Administrative Co.

Available for Public Use

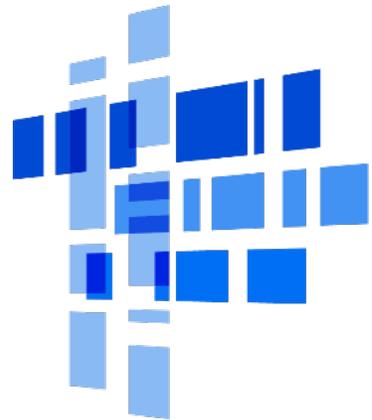
# FY2020 FCC Agency Financial Report (AFR): USF Audit Summary

## Overview

- Audit conducted by Kearney & Company on behalf of the FCC OIG
- Auditors concluded that the FCC's financial statements (which include USF balances) were presented fairly, in all material respects, for the fiscal year ending September 30, 2020

## Internal Control Findings

- FY2019 Significant Deficiency related to USF Budgetary Accounting was remediated and removed in FY2020
- See FY2020 FCC AFR at: <https://docs.fcc.gov/public/attachments/DA-20-1354A1.pdf>



**Universal Service  
Administrative Co.**

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

**INFORMATION ITEM**

**Review of the 2021 Nominating Committee Charter**

**Information Item**

In accordance with USAC's Nominating Committee Charter (Charter), the Nominating Committee is required to review and reassess the adequacy of the Charter at least every two years, and recommend changes, as deemed necessary, to the Board.

**Discussion**

On January 8, 2021, USAC's General Counsel and the Nominating Committee members met to review the Charter and to determine if any changes should be recommended to the Board of Directors for consideration.

Generally, the Charter provides three functions for the Nominating Committee:

1. Solicit nominations for USAC's corporate officer positions and make recommendations to the Board at the January quarterly meeting;
2. Assist each of USAC's committees in identifying Board members to serve as committee chair and vice-chair (to be appointed at the January quarterly meeting);  
and
3. Assist committees in identifying Board members to fill at-large seats (to be appointed at the January quarterly meeting).

The General Counsel did not recommend any changes to the Charter, and the Nominating Committee concurred. Accordingly, the Committee does not make any recommendations to the Board for a Charter amendment.

**Attachment B-2** provides the existing Charter.

**Attachment B -2  
Nominating Committee Charter**

## **Universal Service Administrative Company 2021 Nominating Committee Charter**

This charter (Charter) of the Nominating Committee (Committee) of the Universal Service Administrative Company (USAC or the Company) Board of Directors (Board) was adopted by the Board on October 25, 2016.

- A. Purpose. The purpose of the Committee is to: (i) solicit nominations and recommend to the USAC Board a slate of candidates for each of USAC's corporate officer positions; (ii) assist the Audit, HCLI, RHC, and SL committees in identifying Board members to serve as committee chair and vice-chair for each committee; and (iii) assist committees with identifying Board members to fill at-large seats. These duties shall be performed on an as-needed basis.
- B. Members and Terms. The Committee shall consist of three members. Members of the Committee shall be nominated by the Chair of the Board and confirmed by vote of the Board. Committee members may be removed by majority vote of the Board. If a Committee member should resign his/her Committee or Board membership during the year, a replacement will be selected by the Chair of the Board to ensure there are three members on the Committee.
- Committee members shall be appointed annually by the Chair of the Board and shall hold office until their resignations, removal by the Board, or until their successors are duly appointed by the Chair of the Board. The Chair of the Board shall appoint a Committee chair who shall hold office until the Committee chair resigns, is removed by the Board, or a successor is duly appointed by the Chair of the Board.
- C. Charter. At least every two years the Committee shall review and reassess the adequacy of this Charter and make recommendations to the Board, as conditions dictate, to revise its Charter.
- D. Meetings. The Committee shall meet at least annually, or more often if needed, in Washington, D.C. and/or by teleconference.
- E. Compliance with By-laws, Applicable Laws and Regulations. The Committee shall act in compliance with the By-laws and any applicable laws, regulations, and directives governing USAC, including 47 C.F.R. Part 54, any Memorandum of Understanding between the Commission and USAC, and any Commission directive that may be in effect when the Committee takes action.
- F. Assistance from Corporate Officers. The General Counsel of the corporation will provide advice and counsel to the Committee when requested by one or more Committee members. Other officers will assist the Committee as needed upon request.

G. Duties, Responsibilities and Authority. The Committee shall have the following duties, responsibilities and authority:

1. Solicit nominations for USAC's corporate officer positions described in Article III of USAC's By-laws and recommend to the Board such candidates at the January quarterly Board meeting, or as needed to ensure key positions are filled, for Board approval.
2. Assist the Audit, HCLI, RHC, and SL committees in identifying Board members to serve as committee chair and vice-chair for each committee and report recommendations for such committee positions to each committee at the January quarterly Board meeting, or as needed to ensure key positions are filled, for the committee's consideration and presentation to the Board for approval.
3. Assist committees in identifying Board members to fill at-large seats and report recommendations for at-large seats to each committee at the January quarterly Board meeting, or as needed to ensure key positions are filled, for the committee's consideration and presentation to the Board for approval.
4. Periodically report to the Board on matters discussed and actions taken by the Committee.
5. Have such other authority and responsibilities consistent with its purpose as may be assigned to it from time to time by the Board.



# National Supply Chain Audit Timeline

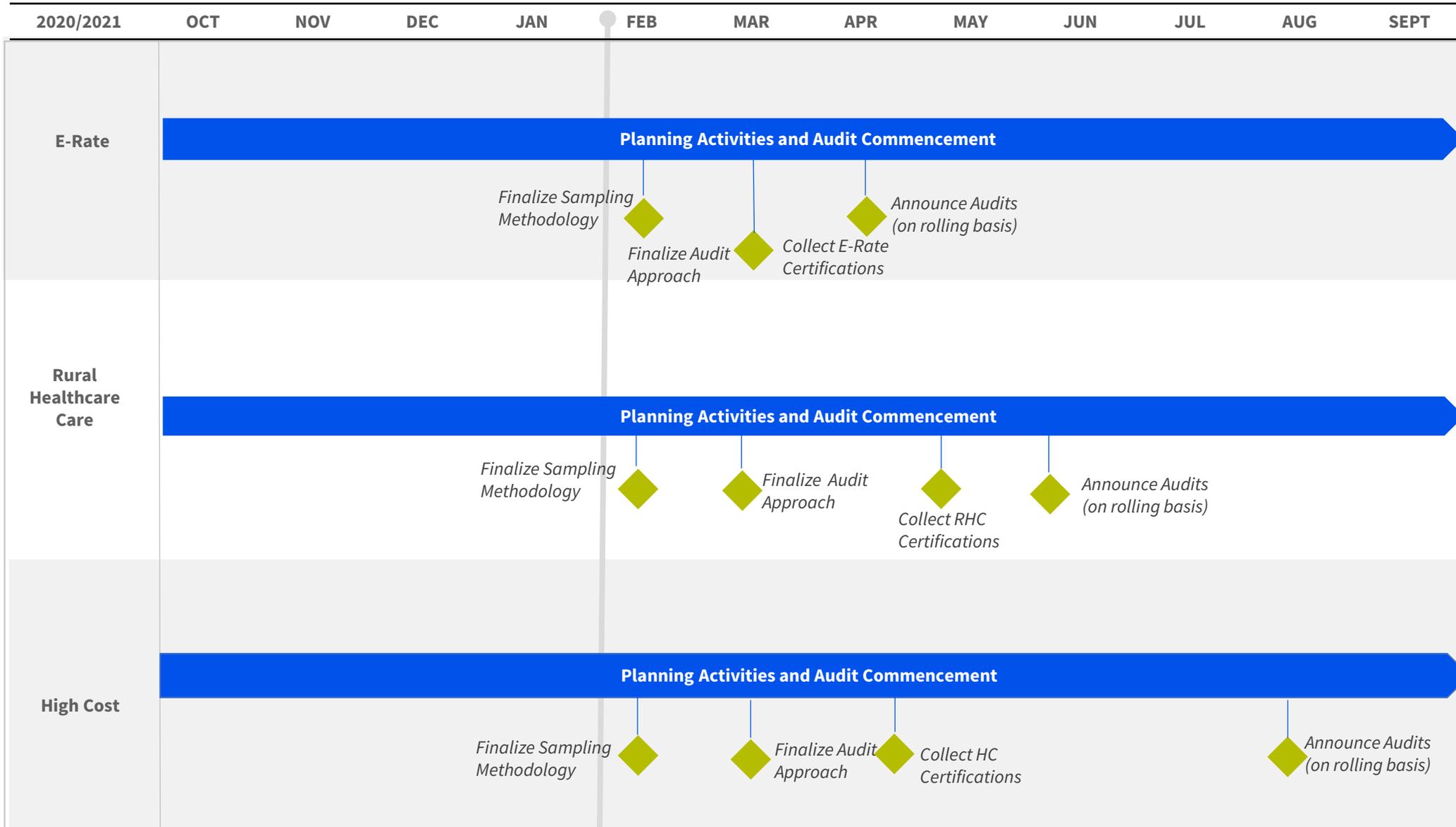
Board of Directors Meeting

January 25, 2021



Universal Service  
Administrative Co.

# Supply Chain Audit Timeline



**Milestone Legend**

-  At Risk
-  On Track
-  Completed