



Board of Directors

Briefing Book

Tuesday, January 25, 2022

10:00 a.m. – 2:10 p.m. Eastern Time

Available for Public Use

USAC Offices

700 12th Street NW, Suite 900

Washington, D.C. 20005

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

**Tuesday, January 25, 2022
10:00 a.m. – 2:10 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

	<u>OPEN SESSION</u>	<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of Board of Directors Meeting Minutes of October 21 and 26; November 15 and 16; December 2, 16, and 30, 2021. B. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i> C. Review of the 2022 Audit Committee Charter D. Approval of April 2023 - January 2024 Board of Directors Quarterly Meeting Schedule	5
Chair	a2. Annual Election of Committee At-Large Seats, Chairs and Vice Chairs and Election of Appointment of Corporate Officers.	15
Chair	a3. Reports from the Committee Chairs: Audit Committee, High Cost & Low Income Committee, Executive Compensation Committee, Rural Health Care Committee, and Schools & Libraries Committee	10
Michelle	a4. Approval of Connected Care Pilot Program 2nd Quarter 2022 Budget and Demand Projection for the January 31, 2022 FCC Filing	5
Mark	i1. Connected Care Pilot Program Update (<i>For Information Only</i>)	-
Michelle	a5. Approval of USAC Common and Consolidated 2nd Quarter 2022 Budgets for the January 31, 2022 FCC Filing	10
Craig/ Christine/ Pam	i2. Enterprise Business Updates A. CEO Update <ul style="list-style-type: none"> • 2021 Accomplishments B. Appropriated Programs <ul style="list-style-type: none"> • Emergency Connectivity Fund Update • Round 2 COVID-19 Telehealth Program Update • Emergency Broadband Benefit Program/Affordable Connectivity Program Update 	10
Stephen	C. Shared Services Update <ul style="list-style-type: none"> • 2021 Annual Report Timeline • Call Center Transition 	10

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Kyle	D. IT Update <ul style="list-style-type: none"> IT Modernization Efforts 	10
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<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Radha/Craig	i3. Enterprise Business Updates (Continued) A. CEO Update <ul style="list-style-type: none"> Appropriated Programs Update <ol style="list-style-type: none"> Emergency Broadband Benefit Program Close and Affordable Connectivity Program Challenges Emergency Connectivity Fund Invoicing 	15
Chris	B. Enterprise Risk Management Update: <ol style="list-style-type: none"> 4Q 2021 Risk Management Risk Management Council Minutes <i>(For Information Only)</i> 	–
Chris/ Erin	C. 1. Procurement Business Update (For Information Only) 2. Annual Competition Advocate Report	10
Michelle	D. Information on Contribution Factor	5
Erin	a6. Review of Statement of Ethical Conduct for Members of the USAC Board of Directors and Board Member Annual Disclosure of Corporate or Entity Affiliations Form	10
Erin	a7. Consideration to Approve an Amendment to the Acknowledgement of Confidentiality Agreement	5
Michelle	a8. Approval of 2022 Annual USAC Common and Consolidated Budgets	15
Michelle	a9. Approval of Connected Care Pilot Program 2022 Annual Budget	5
Chris	a10. Consideration of a Contract Award for Oracle Technical Support	5
Chris	a11. Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems Modifications for Affordable Connectivity Program Portal	5
Chris	a12. Consideration of a Contract Award for WordPress Hosting Services	5
Chris	a13. Consideration of a Contract Modification for Red Hat	5
Chris	a14. Consideration of a Task Order Award for Contributor Revenue Audit Services	5
Chris	a15. Consideration of a Contract Modification for Internet Service Provider (ISP) and Wide Area Network (WAN) Services (Zayo)	5
Chris	a16. Consideration of a Contract Modification for Internet Service Provider (ISP) and Wide Area Network (WAN) Services (Cogent)	5
Chris	a17. Consideration of a Contract Award for Cisco WebEx FedRamp Licenses	5

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<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Chris	a18. Consideration of a Contract Modification for Analysis and Project Management Office Support for the Enterprise Resource Planning System	5
Teleshia	i4. Information on One USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Report <i>(For Information Only)</i>	–
Chair	a19A. Personnel Matter	5
Chair	a19B. Personnel Matter	5
Chair	i5. Confidential Executive Session: Board of Directors Only	25

Next Scheduled USAC Board of Directors Meeting

<p>Tuesday, April 26, 2022 USAC Offices, Washington, D.C.</p>

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

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Approval of Board of Directors Meeting Minutes of October 21 and 26; November 15 and 16; and December 2, 16, and 30, 2021 (*see Attachments A-1, A-2, A-3, A-4, A-5, A-6, and A-7*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
- (1) **i3** – Enterprise Business Updates (*Continued*).
- A. CEO Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, this item might include discussion of *pre-decisional matters pending before the FCC* or discussion related to USAC's *procurement strategy and contract administration*.
- B. Enterprise Risk Management 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.
- C. 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*.
- D. Information on Contribution Factor. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific internal controls or confidential company data* and may also include *pre-decisional matters*

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

- (2) **a6** – Review of Statement of Ethical Conduct for Members of the USAC Board of Directors and Board Member Annual Disclosure of Corporate or Entity Affiliations Form. USAC management recommends that discussion of this item be conducted in *Executive Session* because the discussion may include examples of how the Statement and Disclosure Form apply, and could include specific facts protected by the *attorney/client privilege*.
- (3) **a7** – Revision of the USAC Confidentiality Agreement For Board Members, Employees, and Contractors. USAC management recommends that discussion of this item be conducted in *Executive Session* because the discussion of the Confidentiality Agreement may include examples of how the Agreement applies, and could include specific facts protected by the *attorney/client privilege*.
- (4) **a8** – Approval of 2022 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*.
- (5) **a9** – Approval of 2022 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*.
- (6) **a10** – Consideration of a Contract Award for Oracle Technical Support. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (7) **a11** – Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems Modifications for Affordable Connectivity Program Portal. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (8) **a12** – Consideration of a Contract Award for WordPress Hosting Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (9) **a13** – Consideration of a Contract Modification for Red Hat. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (10) **a14** – Consideration of a Task Order Award for Contributor Revenue Audit Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.

- (11) **a15** – Consideration of a Contract Modification for Internet Service Provider (ISP) and Wide Area Network (WAN) Services (Zayo). USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (12) **a16** – Consideration of a Contract Modification for Internet Service Provider (ISP) and Wide Area Network (WAN) Services (Cogent). USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (13) **a17** – Consideration of a Contract Award for Cisco WebEx FedRamp Licenses. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (14) **a18** - Consideration of a Contract Modification for Analysis and Project Management Office Support for the Enterprise Resource Planning System. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (15) **i4** – Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Report. USAC management recommends that this item be discussed in *Executive Session* because it relates to *specific 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*.
- (16) **a19A& B** – *Personnel Matter*: USAC management recommends that discussion of this item occur in *Executive Session* because it involves *internal personnel matters*.
- (17) **i5** – *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. Review of the 2022 Audit Committee Charter (*see Attachments C-1, C-2, and C-3*).

D. Approval of April 2023 - January 2024 Board of Directors Quarterly Meeting Schedule (*see Attachment D*).

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 21, October 26, November 15, November 16, December 2, December 16, and December 30, 2021; and (2) discussion in *Executive Session* of the items noted above; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the revised 2022 Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee and approves the revised 2022 Audit Committee Charter; and

RESOLVED FURTHER, that the USAC Board of Directors adopts the Board of Directors and committee quarterly meetings schedule for April 2023 through January 2024.

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

BOARD OF DIRECTORS MEETING
Thursday, October 21, 2021

(DRAFT) MINUTES¹

Due to the USAC's maximum telework allowance in response to the COVID-19 pandemic, the non-quarterly meeting of the USAC Board of Directors (Board) was conducted by web conference on Thursday, October 21, 2021. Mr. Joe Gillan, Board Chair, called the meeting to order at 1:01 p.m. Eastern Time, with a quorum of 16 of the 18 Board members present (there is one vacancy):

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

Members of the Board not present:

Domenech, Dr. Dan	Polk, Stephanie
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Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services
Garber, Michelle – Vice President of Finance and Chief Financial Officer
Hutchinson, Kyle – Vice President of IT and Chief Information Officer

Others present:

<u>NAME</u>	<u>COMPANY</u>
Nuzzo, Patsy	USAC
Pace, Regina	USAC
Phillippi, Megan	USAC

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

NAME
Williams, Erin

COMPANY
USAC

OPEN SESSION

- a1. **Consideration of a Contract Award for Call Center Services and Customer Relationship Management System.** 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 approves discussion of this item in *Executive Session*.

- a2. **Consideration of a Contract Modification for Adobe Acrobat Pro DC Licenses.** 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 approves discussion of this item in *Executive Session*.

- a3. **Consideration of a Contract Modification for CyberArk Licensing and Support.** 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 approves discussion of this item in *Executive Session*.

- a4. **Consideration of Modification to Task Order for Long Term Project Management Office 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 approves discussion of this item 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 a Contract Award for Call Center Services and Customer Relationship Management System.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to award a contract to Ernst & Young LLP for call center services and a customer relationship management system.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to award a contract to Ernst & Young LLP for call center services and a customer relationship management system for a total not-to-exceed amount of \$4.8 million (plus applicable taxes) over a twelve (12) month base period, with the ability to exercise four (4) additional one-year option periods, subject to required Federal Communications Commission and USAC Board of Directors approvals, for a five (5) year total not-to-exceed amount of \$17.3 million (plus applicable taxes) over the base year and four (4) one-year option terms.

- a2. Consideration of a Contract Modification for Adobe Acrobat Pro DC Licenses.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to increase the total amount of its three-year firm-fixed price contract with ITSavvy for Adobe Acrobat Pro DC licenses.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to increase the total amount of its three-year firm-fixed price contract with ITSavvy for Adobe Acrobat Pro DC licenses by \$75,000.00 (plus applicable taxes), from a not-to-exceed price of \$262,470.00 (plus applicable taxes) to a total not-to-exceed price of \$337,470.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a3. Consideration of a Contract Modification for CyberArk Licensing and Support.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to increase the total

amount of its one-year firm-fixed price contract with Access IT Group for CyberArk licensing and support.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to increase the amount of its one-year firm-fixed price contract with Access IT Group for CyberArk licensing and support by \$100,000.00 (plus applicable taxes), from a not-to-exceed price of \$235,594.50 (plus applicable taxes) to a total not-to-exceed price of \$335,594.50 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a4. Consideration of Modification to Task Order for Long Term Project Management Office Services.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to increase the base period not-to-exceed amount of the project management office task order with Deloitte Consulting LLP for additional services related to the Emergency Broadband Benefit Program.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to increase the base period not-to-exceed amount of the project management office task order with Deloitte Consulting LLP by \$2,417,000.00 (plus applicable taxes) for additional services related to the Emergency Broadband Benefit Program, thereby increasing the total not-to-exceed amount for the base period from \$7,783,258.00 (plus applicable taxes) to \$10,200,258.00 (plus applicable taxes).

OPEN SESSION

At 1:32 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- a4.

On a motion duly made and seconded, the Board adjourned at 1:33 p.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

BOARD OF DIRECTORS MEETING
Tuesday, October 26, 2021

(DRAFT) MINUTES¹

The quarterly meeting of the USAC Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Tuesday, October 26, 2021. A virtual meeting platform was available to the general public for *Open Session* to accommodate the need for increased physical distancing on site due to the COVID-19 pandemic. Mr. Joe Gillan, Board Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of 16 of the 18 Board members present (there is one vacancy):

Buzacott, Alan	Mason, Ken – Vice Chair
Choroser, Beth – <i>by telephone</i>	Schell, Julie Tritt – Treasurer
Domenech, Dr. Dan	Sekar, Radha – Chief Executive Officer
Feiss, Geoff	Skrivan, Michael – <i>by telephone</i>
Fontana, Brent – <i>by telephone</i>	Wade, Dr. Joan – <i>by telephone</i>
Freeman, Sarah – <i>by telephone</i>	Waller, Jeff – <i>by telephone</i>
Gillan, Joe – Chair	Wein, Olivia – Secretary
Gregory, Amber – <i>by telephone</i>	Wibberly, Dr. Kathy

Mr. Ellis Jacobs joined the meeting by telephone at 10:04 a.m. Eastern Time. He did not vote on or participate in the discussion of item a1. Ms. Stephanie Polk joined the meeting by telephone at 10:42 a.m. Eastern Time. She did not vote on or participate in the discussion of items a1- a5, i1, and i2.

Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services – *by telephone*
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*
Gaither, Victor – Vice President of High Cost – *by telephone*
Garber, Michelle – Vice President of Finance and Chief Financial Officer
Hughet, Pamela – Vice President of Lifeline
Hutchinson, Kyle – Vice President of IT and Chief Information Officer – *by telephone*
Sweeney, Mark – Vice President of Rural Health Care – *by telephone*

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

Others present:

<u>NAME</u>	<u>COMPANY</u>
Colbert, Michelle	Conduent
James, Christine – <i>by telephone</i>	USAC
Mitchell, Tamika	USAC
Morning, Kimberly	Morgan Lewis
Nuzzo, Patsy	USAC
Pace, Regina – <i>by telephone</i>	USAC
Phillippi, Megan	USAC
Shrader, Theresa	Broadband Legal Strategies, LLC
Smith, Christopher – <i>by telephone</i>	USAC
Tiwari, Tanya	USAC
Williams, Erin	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, and September 10, 21, and 24, 2021.

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

(1) i3 – Enterprise Business Updates (*Continued*).

A. CEO Update. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *specific internal controls or confidential company data* that would constitute a discussion of internal rules and procedures. In addition, this item might include discussion of *pre-decisional matters pending before the FCC* or discussion related to USAC's *procurement strategy and contract administration*.

B. Enterprise Risk Management Update. USAC management recommended 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.

C. Procurement Business Update. USAC management recommended that this item be discussed in *Executive Session*

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because it relates to USAC's *procurement strategy and contract administration*.

D. Information on Contribution Factor. USAC management recommended 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

- (2) **a6** – Consideration to Exercise a One Year Option for Beneficiary and Contributor Audit Program. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (3) **a7** – Consideration of Task Order Modification for Emergency Connectivity Fund Systems Development and Technical Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (4) **a8** – Consideration of Contract Extension for Benefits Broker Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (5) **a9** – Consideration of Contract Award for Redundant Telecom Circuits and Support Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (6) **i4** – Information on One USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommended that this item be discussed in *Executive Session* because it relates to *specific 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.
- (7) **i5** – Overview and Fraud Risk Framework Assessment. USAC management recommended 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.

- (8) **i6** – Legal Update: *Consumers’ Research, et al. v. FCC*. USAC management recommended that this item be discussed in *Executive Session* because it relates to *pre-decisional matters pending before the FCC* and might be subject to the *attorney-client privilege or any other legally recognized privilege* where discussion of such matters in *Open Session* would compromise the continued applicability of the privilege.
- (9) **a10** – *Personnel Matter*: Consideration of 2022 Compensation Items. USAC management recommended that this item be discussed in *Executive Session* because it involves *internal personnel matters*.
- (10) **i7** – Confidential *Executive Session*: Board of Directors Only. USAC management recommended that this item be discussed in *Executive Session* because it involves *internal personnel matters*.

C. Consideration of Approval to Reimburse Board Members to Attend an Event Other Than a USAC Board or Committee Meeting.

D. Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended. The Board would like to recognize and honor Matthew Gerst, whose term has recently concluded. Mr. Gerst served as a Board member from October 2015 through August 2021. The USAC Board and USAC management are extremely appreciative of his dedication to universal service as well as his leadership, guidance, and expertise in USAC’s administration of the federal Universal Service Fund.

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

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of July 27 and September 10, 21, and 24, 2021; and (2) discussion in *Executive Session* of the items noted above.

RESOLVED FURTHER, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred in Conducting USAC Business other than Board of Directors Meetings*, the Board of Directors authorizes USAC management to reimburse Mr. Joe Gillan, Mr. Ken Mason, and Ms. Julie Tritt Schell should they travel to Washington, D.C. for the purpose of participating in USAC's 2022 Budget Planning Review.

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

- a2. Reports from the Committee Chairs: Audit Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** Mr. Feiss presented the report for the Audit Committee. Mr. Mason presented the report for the High Cost & Low Income Committee and the Executive Compensation Committee. Dr. Wibberly presented the report for the Rural Health Care Committee. Dr. Domenech presented the report for the Schools & Libraries Committee.
- a3. Appointment of a Nominating Committee and Direction to Committees for the Nomination 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 2022 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, 2022 meeting nominations for the elected USAC officer positions; and

RESOLVED FURTHER, that the USAC Board of Directors appoints **Dr. Joan Wade** as Nominating Committee Chair and **Julie Tritt Schell** and **Sarah Freeman** 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, 2022 meeting, nominations for a chair and vice chair of each respective committee.

- a4. Approval of Connected Care Pilot Program 1st Quarter 2022 Budget and**

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Demand Projection for the November 2, 2021 FCC Filing. Ms. Garber presented this item for consideration. The presentation included a written report on USAC management's recommendations for the Connected Care Pilot Program 1st quarter 2022 demand projection for the November 2, 2021 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 2022 Connected Care Pilot Program direct budget of \$0.10 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$0.10 million for Connected Care Pilot Program administrative costs in the required November 2, 2021 filing to the Federal Communications Commission on behalf of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed at its meeting on October 26, 2021 the 1st Quarter 2022 Connected Care Pilot Program demand estimate of \$9.21 million, hereby directs USAC staff to proceed with the required November 2, 2021 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

- i1. Connected Care Pilot Program Update.** Mr. Gillan noted that the report was provided for *information only* and would be posted on USAC's public website. No discussion was held.
- a5. Approval of USAC Common and Consolidated 1st Quarter 2022 Budgets for the November 2, 2021 FCC Filing.** Ms. Garber presented this item for consideration. The presentation included a written report on USAC management's recommendations for USAC's common and consolidated 1st Quarter 2022 budgets for the November 2, 2021 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 2022 common budget of \$25.20 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$25.20 million for common costs in the required November 2, 2021 filing to the Federal Communications Commission on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 1st Quarter 2022 consolidated budget to administer the Universal Service Fund of \$55.57 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$55.57 million for consolidated costs in the required November 2, 2021 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

i2. Enterprise Business Updates:

A. CEO Update. Ms. Sekar discussed the lifting of USAC's mandatory telework policy on October 12, 2021, providing staff who are fully vaccinated against COVID-19 the option to work from the office, as well as the current plans to fully reopen the office to staff and contractors starting Monday, January 3, 2022. Ms. Sekar noted that the plans were subject to change in accordance with any further information and guidance from the CDC and the District of Columbia Government regarding COVID-19 protocols.

Ms. Sekar announced the onboarding of Pamela Hughet as the Vice President of Lifeline, Stephen Butler as the Vice President of Shared Services, and Erin Williams as the Acting Vice Present of the Office of the General Counsel.

Ms. Sekar provided a verbal update on the appropriated programs, noting that the Emergency Connectivity Fund Program's the first funding wave resulted in 2,662 applications committed and \$1.2 billion committed. Ms. Sekar noted that the Emergency Broadband Benefit Program has enrolled over 6.89 million households.

At 10:42 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into **Executive Session** for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

i3. A. CEO Update. Ms. Sekar introduced this item and expressed appreciation to the USAC staff working on the appropriated programs. Mr. Davis presented PowerPoint slides providing updates on the Emergency Connectivity Fund Program. Ms. James presented PowerPoint slides providing updates on the COVID-19 Telehealth Program. Ms. Hughet presented PowerPoint slides providing updates on the Emergency Broadband Benefit Program.

B. Enterprise Risk Management Update. Mr. Gillan noted that the report was provided for *information only*. No discussion was held. The report included the following items:

- Q3 2021 Enterprise Risk Management Update
- Q3 2021 Risk Management Council Minutes

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C. Procurement Business Update. Mr. Gillan noted that the report was provided for *information only*. No discussion was held. The report included an overview of major procurements completed in Q3 2021 and Q4 2021 anticipated activities.

D. Information on Contribution Factor. Ms. Garber presented this item to the Board. The presentation included a written report providing USAC's estimate of the 1st Quarter 2022 contribution factor.

- a6. Consideration to Exercise a One Year Option for Beneficiary and Contributor Audit Program.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to exercise the second one-year option of the Indefinite Delivery Indefinite Quantity task order-based contracts for Beneficiary and Contributor Audit Program Services with each of the following nine firms: (1) KPMG LLP, (2) Cotton & Company, (3) Kearney & Company, (4) Regis & Associates PC, (5) Clifton Larson Allen LLP, (6) DP George & Company, (7) Cohn Reznick LLP, (8) Hurlbert CPA LLC, and (9) Mitchell & Titus LLP.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to exercise the second one-year option of the Beneficiary and Contributor Audit Program Services Indefinite Delivery Indefinite Quantity contracts with KPMG LLP, Cotton & Company, Kearney & Company, Regis & Associates PC, Clifton Larson Allen LLP, DP George & Company, Cohn Reznick LLP, Hurlbert CPA LLC, and Mitchell & Titus LLP. The task orders under all of these Indefinite Delivery Indefinite Quantity contracts, collectively, will not exceed \$10.30 million (plus applicable taxes) over the second one-year option period.

The Board recessed at 11:10 a.m. Eastern Time and reconvened in *Executive Session* at 11:20 a.m. Eastern Time.

- a7. Consideration of Task Order Modification for Emergency Connectivity Fund Systems Development and Technical Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to increase the base period not-to-exceed amount of Task 2 under its contract with ICF Incorporated, LLC (ICF), pursuant to which ICF provides Emergency Connectivity Fund systems development and technical services.

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

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following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to increase the base period not-to-exceed amount for Emergency Connectivity Fund systems development and technical services (Task 2) provided under USAC's contract with ICF Incorporated, LLC. Specifically, USAC request authorization to transfer the entire amount of \$2,000,000.00 (plus applicable taxes) originally allocated for the two one-year contract options to the eighteen (18) month base period of performance for Task 2, thereby increasing the not-to-exceed amount for the base period of Task 2 from \$2,100,000.00 (plus applicable taxes) to \$4,100,000.00 (plus applicable taxes).

- a8. Consideration of Contract Extension for Benefits Broker Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to extend its employee benefits broker services contract with Gallagher Benefit Services, Inc. for an additional six-month period.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to extend USAC's employee benefits broker services contract with Gallagher Benefit Services, Inc. for an additional six-month period for a firm-fixed price of \$52,584 (plus applicable taxes) over the six-month extension period, subject to required Federal Communications Commission approval.

- a9. Consideration of Contract Award for Redundant Telecom Circuits and Support Services** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendations.

The Board requested that this item be tabled and discussion resume at a future meeting once additional information is made available.

- i4. Information on One USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Report.** This item was provided for *information*

purposes only. Mr. Gillan noted the summary and reports can be found in the Board Audit Briefing Book. No discussion was held.

- i5. **Overview and Fraud Risk Framework Assessment.** Mr. Smith presented a presented PowerPoint slides to the Board providing an overview of USAC's Fraud Risk Group and its current activities.
- i6. **Legal Update: *Consumers' Research, et al. v. FCC.*** Ms. Williams provided the Board a verbal update on this case.

At 12:03 p.m. Eastern Time, the meeting continued in ***Executive Session*** with only members of the Board and Ms. Mitchell present.

a10. *Personnel Matter:*

A-1: Consideration of 2022 Merit-Based Salary Increase and Incentive Awards Program for USAC Employees. Ms. Mitchell presented this item to the Board which included the Executive Compensation Committee's proposed 2022 merit-based salary increase and incentive awards programs for USAC employees.

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 USAC management's and the Executive Compensation Committee's proposed 2022 merit-based salary increase and incentive awards programs for USAC employees, hereby approves the proposed program.

A-2: Addendum to the USAC Compensation and Employee Rewards and Recognition Program Policy. Ms. Sekar presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed USAC management's and the Executive Compensation Committee's addendum to the USAC Compensation and Employee Rewards and Recognition Program Policy, hereby approves the addendum.

At 12:15 p.m. Eastern Time, the Board continued in confidential ***Executive Session*** with only members of the Board present.

- i7. **Confidential *Executive Session: Board of Directors Only.*** Mr. Gillan facilitated this discussion.

OPEN SESSION

At 12:50 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-a8 and a10, and discussed items i3A, i3D, and i5- i7.

On a motion duly made and seconded, the Board adjourned at 12:50 p.m. Eastern Time.

/s/ Olivia Wein

Secretary

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

BOARD OF DIRECTORS MEETING
Monday, November 15, 2021

(DRAFT) MINUTES¹

Due to the USAC's maximum telework allowance 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 15, 2021. Mr. Joe Gillan, Board Chair, called the meeting to order at 12:02 p.m. Eastern Time, with a quorum of 14 of the 18 Board members present (there is one vacancy):

Buzacott, Alan	Gregory, Amber
Choroser, Beth	Jacobs, Ellis
Domenech, Dr. Dan	Mason, Ken – Vice Chair
Feiss, Geoff	Schell, Julie Tritt – Treasurer
Fontana, Brent	Sekar, Radha – Chief Executive Officer
Freeman, Sarah	Wade, Dr. Joan
Gillan, Joe – Chair	Waller, Jeff

Members of the Board not present:

Polk, Stephanie	Wein, Olivia – Secretary
Skriwan, Michael	Wibberly, Dr. Kathy

Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Hutchinson, Kyle – Vice President of IT and Chief Information Officer

Others present:

<u>NAME</u>	<u>COMPANY</u>
Hamm, Aaron	USAC
Miller, Arielle	USAC
Nuzzo, Patsy	USAC
Pace, Regina	USAC
Phillippi, Megan	USAC

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

NAME
Tiwari, Tanya
Williams, Erin

COMPANY
USAC
USAC

OPEN SESSION

- a1. **Consideration of a Modification for Operation and Maintenance, Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems Modifications Emergency Broadband Benefit Program Portal.** 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 approves discussion of this item in *Executive Session*.

- a2. **Consideration of a Contract Modification for IT Security Assessment and Authorization.** 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 approves discussion of this item in *Executive Session*.

- a3. **Consideration of a Contract Modification for Xacta Licensing and Support.** 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 approves discussion of this item in *Executive Session*.

- a4. **Consideration of a Task Order Award for the Development of Enterprise Architecture Assessment.** 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 approves discussion of this item in *Executive Session*.

- a5. **Consideration of a Task Order Increase for Tableau Legacy Reports.** 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 approves discussion of this item in *Executive Session*.

At 12:02 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 a Modification for Operation and Maintenance, Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems Modifications Emergency Broadband Benefit Program Portal.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to increase the base period not-to-exceed amount of USAC's contract with Accenture Federal, LLC for the operation, maintenance, continued development, licensing, and hosting of the National Verifier and National Lifeline Accountability Database system modifications for the Emergency Broadband Benefit Program.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to increase the base period not-to-exceed amount of USAC's contract with Accenture Federal, LLC, for the operation, maintenance, continued development, licensing, and hosting of the National Verifier and National Lifeline Accountability Database system modifications for the Emergency Broadband Benefit Program, by \$700,000 (plus applicable taxes), for a new total not-to-exceed price of \$2.8 million (plus applicable taxes) over the remainder of the twelve (12) month base period.

- a2. **Consideration of a Contract Modification for IT Security Assessment and Authorization.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation

to extend Task 1 under its IT security assessment and authorization contract with KPMG, LLP for an additional five-month period.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to extend the period of performance for Task 1 under USAC's IT Security Assessment and Authorization contract with KPMG LLP for an additional five-month period, for a firm-fixed price of \$801,366 (plus applicable taxes) over the extension period, subject to required Federal Communications Commission approval.

- a3. Consideration of Contract Modification for Xacta Licensing and Support.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to increase the amount of USAC's three-year firm-fixed price contract with Telos Corporation for Xacta licenses and support.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to increase the amount of USAC's three-year firm-fixed price contract for Xacta licenses and support with Telos Corporation by \$40,000.00 (plus applicable taxes), for a total not-to-exceed price of \$271,703.00 (plus applicable taxes).

- a4. Consideration of a Task Order Award for the Development of Enterprise Architecture Assessment.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to award a task order to Grant Thornton Public Sector LLC for the performance of an enterprise architecture assessment and associated support services.

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 firm-fixed-price task order for a total not-to-exceed amount of \$1,459,153.64 (plus applicable taxes) to Grant Thornton Public Sector LLC, subject to required Federal Communications Commission approval, for the performance of an Enterprise Architecture assessment and associated support services, for an initial period of performance of twelve (12) months, with the ability to exercise two (2) additional one-year option terms, subject to required Federal Communications Commission and Board approvals.

- a5. Consideration of a Task Order Increase for Tableau Legacy Reports.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to increase the base period amount of its task order with Grant Thornton for legacy report migration to Tableau.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to increase the total 22-month base period amount of USAC's task order for Legacy Report Migration to Tableau Services with Grant Thornton by \$228,813.48 (plus applicable taxes), for a total not-to-exceed price of \$1,495,580.97 (plus applicable taxes) over the remainder of the base period, subject to required Federal Communications Commission approval.

OPEN SESSION

At 12:20 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- a5.

Ms. Sekar noted that it was anticipated that the Infrastructure Investment and Jobs Act, H.R. 3684, 117th Cong. (2021) directing the FCC to adopt final rules modifying and extending the Emergency Broadband Benefit Program (EBBP) to the Affordable Connectivity Program (ACP) would be signed into law that week. Ms. Sekar informed the Board that a request would be forthcoming to vote via unanimous consent to approve the Memorandum of Understanding agreement between USAC and the FCC for the implementation of the ACP. Ms. Sekar acknowledged the tremendous effort USAC staff and contractors would undertake to close out the EBBP by December 30, 2021 and launch the ACP by December 31, 2021.

Ms. Schell reported an increase to the Community Eligibility Provision (CEP) multiplier from 1.6 to 2.5 and noted this change may require efforts similar to ACP to adjust the CEP multiplier in the E-Rate Productivity Center tool.

On a motion duly made and seconded, the Board adjourned at 12:25 p.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

BOARD OF DIRECTORS MEETING
Tuesday, November 16, 2021

(DRAFT) MINUTES¹

During the non-quarterly meeting of the USAC Board of Directors (Board) held on Monday, November 15, 2021, the Board was notified that a vote by unanimous written consent for the approval of the Memorandum of Understanding (MOU) between the Federal Communications Commission (FCC) and USAC for the implementation of the Affordable Connectivity Program (ACP) would be forthcoming.

Previously, on February 3, 2021, the Board had approved an MOU between the FCC and USAC regarding the Emergency Broadband Benefit Program (EBBP). On November 15, 2021, the Infrastructure Investment and Jobs Act (Infrastructure Act) was signed into law. The Infrastructure Act directs the FCC to adopt final rules modifying and extending the EBBP to the ACP, a longer-term broadband affordability program. The Infrastructure Act authorizes the FCC to use USAC's services to implement the ACP, including developing and processing reimbursements and distributing funds to participating providers.

- a1. Consideration of Adoption of New FCC-USAC Memorandum of Understanding Regarding the Affordable Connectivity Program.** On November 15, 2021, briefing papers were distributed to the Board requesting members to vote electronically for this matter pursuant to Article II, Section 9 of USAC's By-laws.² Responses to approve adoption of the new FCC-USAC MOU regarding the ACP were timely received on November 16, 2021, providing unanimous consent from all 18 Board members (there is one vacancy). The Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors hereby approves the adoption of the new FCC-USAC Memorandum of Understanding (MOU) regarding the Affordable Connectivity Program recommended by USAC management, and the Board authorizes management, subject to making editorial changes agreed upon by USAC and FCC, to execute the new MOU as proposed.

¹ Draft resolutions were presented to the Board prior to the Board vote. 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.

² See USAC By-laws, Article II, § 9 ("Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.").

/s/ Olivia Wein
Secretary

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

BOARD OF DIRECTORS MEETING
Thursday, December 2, 2021

(DRAFT) MINUTES¹

Due to USAC's maximum telework allowance in response to the COVID-19 pandemic, the non-quarterly meeting of the USAC Board of Directors (Board) was conducted by web conference on Thursday, December 2, 2021. Mr. Joe Gillan, Board Chair, called the meeting to order at 12:03 p.m. Eastern Time, with a quorum of 11 of the 18 Board members present (there is one vacancy):

Buzacott, Alan	Sekar, Radha – Chief Executive Officer
Freeman, Sarah	Skrivan, Michael
Gillan, Joe – Chair	Waller, Jeff
Gregory, Amber	Wein, Olivia – Secretary
Mason, Ken – Vice Chair	Wibberly, Dr. Kathy
Schell, Julie Tritt – Treasurer	

Due to a scheduling conflict, Dr. Kathy Wibberly left the meeting at 12:27 p.m. Eastern Time. She did not take action on or participate in the discussion of item a4.

Member of the Board not present:

Choroser, Beth	Jacobs, Ellis
Domenech, Dr. Dan	Polk, Stephanie
Feiss, Geoff	Wade, Dr. Joan
Fontana, Brent	

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Davis, Craig – Vice President of Schools and Libraries
Garber, Michelle – Vice President of Finance and Chief Financial Officer
Hughet, Pamela – Vice President of Lifeline
Hutchinson, Kyle – Vice President of IT and Chief Information Officer

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

Others present by telephone:

<u>NAME</u>	<u>COMPANY</u>
Faunce, Donna	USAC
Miller, Arielle	USAC
Nuzzo, Patsy	USAC
Pace, Regina	USAC
Phillippi, Megan	USAC
Tiwari, Tanya	USAC
Williams, Erin	USAC

OPEN SESSION

- a1. **Consideration of a Task Order Award for the Emergency Broadband Benefit Program/Affordable Connectivity Program and Lifeline Program Email 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 approves discussion of this item in *Executive Session*.

- a2. **Consideration of a Sole Source Contract Award for Affordable Connectivity Program Call Center Services and a Contract Modification for Lifeline Program Call Center 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 approves discussion of this item in *Executive Session*.

- a3. **Consideration of a Contract Modification for Affordable Connectivity Program and Lifeline Program Business Process Outsourcing 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 approves discussion of this item in *Executive Session*.

- a4. Consideration of a Modification to Task Order for Long Term Project Management Office 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 approves discussion of this item in *Executive Session*.

At 12:04 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 a Task Order Award for the Emergency Broadband Benefit Program/Affordable Connectivity Program and Lifeline Program Email Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to award a task order to Grant Thornton Public Sector LLC under the USAC Professional Services indefinite delivery/indefinite quantity agreement for the performance of professional services for email processing to support the Emergency Broadband Benefit Program and the Affordable Connectivity Program.

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 Task Order under USAC's Professional Services indefinite delivery/indefinite quantity agreement to Grant Thornton Public Sector LLC for the performance of professional services for email processing to support the Emergency Broadband Benefit Program and the Affordable Connectivity Program. The Task Order will have a base period of twelve (12) months for an amount not-to-exceed \$5,463,237.22 (plus applicable taxes), using congressionally appropriated funds, to support the Emergency Broadband Benefit Program and the Affordable Connectivity Program, subject to required Federal Communications Commission approval.

- a2. **Consideration of a Sole Source Contract Award for Affordable Connectivity Program Call Center Services and a Contract Modification for Lifeline Program 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 award a sole source contract for call center services to Conduent to support the Affordable Connectivity Program.

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, authorizes management to award a sole source contract for call center services to Conduent State & Local Solutions, Inc. to support the Affordable Connectivity Program for a not-to-exceed amount of \$21,500,000.00 (plus applicable taxes) over a period of performance of twelve (12) months, subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a3. **Consideration of a Contract Modification for Affordable Connectivity Program and Lifeline Program Business Process Outsourcing Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to modify USAC's existing contract with Maximus to include application processing services in support of the Affordable Connectivity Program.

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, authorizes USAC management to modify USAC's contract with Maximus Federal Services, Inc. to include application processing services in support of the Affordable Connectivity Program for a not-to-exceed amount of \$11,500,000.00 (plus applicable taxes) for a period of twelve (12) months, subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a4. **Consideration of a Modification to Task Order for Long Term Project Management Office Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to modify the existing Deloitte project management task order for services related to the Affordable Connectivity Program.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, subject to required Federal Communications Commission approval, to modify the task order with Deloitte Consulting LLP as follows: (i) extend the base period expiration date from March 9, 2022 to December 31, 2022; and (ii) increase the base period not-to-exceed amount by \$3,000,000.00 (plus applicable taxes), using congressionally appropriated funds, for services related to the Affordable Connectivity Program, thereby increasing the total not-to-exceed amount for the base period from \$10,200,258.00 (plus applicable taxes) to \$13,200,258.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

OPEN SESSION

At 12:32 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 – a4.

On a motion duly made and seconded, the Board adjourned at 12:33 p.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

BOARD OF DIRECTORS MEETING
Thursday, December 16, 2021

(DRAFT) MINUTES¹

Due to USAC's maximum telework allowance in response to the COVID-19 pandemic, the non-quarterly meeting of the USAC Board of Directors (Board) was conducted by web conference on Thursday, December 16, 2021. Mr. Joe Gillan, Board Chair, called the meeting to order at 1:02 p.m. Eastern Time, with a quorum of 14 of the 18 Board members present (there is one vacancy):

Choroser, Beth	Mason, Ken – Vice Chair
Domenech, Dr. Dan	Sekar, Radha – Chief Executive Officer
Feiss, Geoff	Skrivan, Michael
Fontana, Brent	Wade, Dr. Joan
Freeman, Sarah	Waller, Jeff
Gillan, Joe – Chair	Wein, Olivia – Secretary
Gregory, Amber	Wibberly, Dr. Kathy

Julie Tritt Schell, Treasurer, joined the meeting at 1:12 p.m. Eastern Time. She did not take action on or participate in the discussion of items a1-a2.

Members of the Board not present:

Buzacott, Alan	Polk, Stephanie
Jacobs, Ellis	

Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Delmar, Teleshia – Vice President of Audit and Assurance
Hutchinson, Kyle – Vice President of IT and Chief Information Officer
Sweeny, Mark – Vice President of Rural Health Care

Others present by telephone:

<u>NAME</u>	<u>COMPANY</u>
Nuzzo, Patsy	USAC

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

<u>NAME</u>	<u>COMPANY</u>
Pace, Regina	USAC
Phillippi, Megan	USAC
Tiwari, Tanya	USAC
Williams, Erin	USAC

OPEN SESSION

- a1. **Consideration of a Contract Modification for Microsoft Enterprise Agreement.** 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 approves discussion of this item in *Executive Session*.

- a2. **Consideration to Exercise Option Year for High Cost Broadband Network & Engineering Audit 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 approves discussion of this item in *Executive Session*.

At 1:03 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 a Contract Modification for Microsoft Enterprise Agreement.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to increase the total amount of USAC's three-year Microsoft Enterprise Agreement with Microsoft.

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 increase the total amount of USAC's three-year Microsoft Enterprise Agreement with Microsoft by \$967,000.00 (plus applicable taxes), from a not-to-exceed amount of \$1,886,940.40 (plus applicable taxes) to a new total not-to-exceed amount of \$2,853,940.40 (plus applicable taxes) to procure additional licenses and support, subject to required Federal Communications Commission approval.

- a2. Consideration to Exercise Option Year for High Cost Broadband Network & Engineering Audit Services.** Mr. Beyerhelm presented this item to the Board. The presentation included a written summary and report detailing USAC management's recommendation to exercise the first one-year option to extend the three (3) indefinite delivery indefinite quantity contracts for the High Cost broadband network and engineering audit services.

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 exercise the first one-year option of the three (3) indefinite delivery indefinite quantity contracts with: (1) Elite Systems, Inc.; (2) CN Ventures, Inc.; and (3) Tilson Technology Management, Inc., subject to required Federal Communications Commission approval, for the performance of High Cost broadband and engineering audit services for the total cumulative not-to-exceed amount of \$3,100,000.00 (plus applicable taxes).

OPEN SESSION

At 1:12 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 – a2.

On a motion duly made and seconded, the Board adjourned at 1:13 p.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

BOARD OF DIRECTORS MEETING
Thursday December 30, 2021

(DRAFT) MINUTES¹

Due to USAC's maximum telework allowance in response to the COVID-19 pandemic, the non-quarterly meeting of the USAC Board of Directors (Board) was conducted by web conference on Thursday, December 30, 2021. Mr. Joe Gillan, Board Chair, called the meeting to order at 12:04 p.m. Eastern Time, with a quorum of 12 of the 18 Board members present (there is one vacancy):

Buzacott, Alan	Sekar, Radha – Chief Executive Officer
Choroser, Beth	Skrivan, Michael
Freeman, Sarah	Wade, Dr. Joan
Gillan, Joe – Chair	Waller, Jeff
Gregory, Amber	Wein, Olivia – Secretary
Mason, Ken – Vice Chair	Wibberly, Dr. Kathy

Due to technical difficulties, Mr. Geoff Feiss joined the meeting at 12:08 p.m. Eastern Time. He did not vote on or participate in the discussion of items a1-a2.

Members of the Board not present:

Domenech, Dr. Dan	Polk, Stephanie
Fontana, Brent	Schell, Julie Tritt – Treasurer
Jacobs, Ellis	

Officers of the corporation present:

Beyerhelm, Chris – Chief Administrative Officer
Hughet, Pamela – Vice President of Lifeline

Others present:

<u>NAME</u>	<u>COMPANY</u>
Nuzzo, Patsy	USAC
Phillippi, Megan	USAC
Tiwari, Tanya	USAC

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

NAME

Williams, Erin

COMPANY

USAC

OPEN SESSION

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

- a1. Election of Members to the USAC Board of Directors and Appointment of Members to Programmatic Committees.** Mr. Gillan presented this item for consideration. The presentation included a written report on the election of seven members to the USAC Board of Directors, pursuant to Federal Communications Commission regulations and USAC's corporate By-laws, and to committees by virtue of the constituencies that such Board members represent.

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

RESOLVED, that the USAC Board of Directors, having received the selections from the Chairwoman 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, 2022:²

- Alan J. Buzacott for a term expiring on December 31, 2024;
- Brent Fontana for a term expiring on December 31, 2024;
- Sarah Freeman for a term expiring on December 31, 2024;
- Kenneth F. Mason for a term expiring on December 31, 2024;
- Julie Tritt Schell for a term expiring on December 31, 2024;
- Olivia Wein for a term expiring on December 31, 2024; and
- Indra Sehdev Chalk for a term expiring on December 31, 2022;

RESOLVED FURTHER, that each of the aforementioned directors shall remain a director until: (i) such director's resignation, (ii) such director's removal pursuant to Article II, § 7 of the USAC By-laws and the provisions of the Delaware General Corporation Law, (iii) the 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 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:

² Each is director is appointed for a three year term. See 47 C.F.R. § 54.703(d). In the event a director vacates his or her seat prior to the completion of the three year term, the chosen successor will serve the remaining term of the vacating director. See USAC By-laws, Article II, § 4.

- Julie Tritt Schell is hereby appointed to the Schools & Libraries Committee;
- Sarah Freeman and Indra Sehdev Chalk are hereby appointed to the High Cost & Low Income Committee; and
- Brent Fontana and Sarah Freeman are hereby appointed to the Rural Health Care Committee.

At 12:06 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

a2. Consideration of a Contract Modification for Affordable Connectivity Program 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 modify its existing contract with Ernst & Young to provide additional call center services to support the Affordable Connectivity Program.

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 modify USAC's existing contract with Ernst & Young LLP to add call center services to support the Affordable Connectivity Program for a not-to-exceed amount of \$3,095,680.00 (plus applicable taxes) over a period of performance of four (4) months from December 31, 2021 to April 30, 2022, subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund. The not-to-exceed amount for the base year of the contract with Ernst & Young shall be increased to \$7,895,680.00 (plus applicable taxes).

OPEN SESSION

At 12:09 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Board took action on item a2.

Ms. Sekar reported the reinstatement of mandatory telework for all USAC staff starting January 3, 2022 and the postponement of the office reopening date to March 1, 2022 due to concerns about the COVID-19 Omicron variant. Ms. Sekar noted that, although subject to change, the Quarterly Committee and Board meetings scheduled for January 24-25, 2022 will take place in-person for Board members and limited staff with the option for remote participation for those unable to or concerned about travel to

Washington, DC to attend the meetings. A link will be provided for the public to register and virtually attend the Open Session portions of the meetings.

On a motion duly made and seconded, the Board adjourned at 12:14 p.m. Eastern Time.

/s/ Olivia Wein
Secretary

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

ACTION ITEM

Review of the 2022 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 accept the Committee's recommendation to approve the revised Charter.

Discussion

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

Attachment C-2 provides the existing Charter with proposed revisions in redline and **Attachment C-3** provides a clean version of the revised Charter.

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 USAC Audit and Assurance Division, accepts the recommendation of the Audit Committee of the USAC Board of Directors, and approves the revised Audit Committee Charter.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
AUDIT COMMITTEE CHARTER**

January 2022

- 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, [Payment Quality Assessments](#); [Supply Chain Audit Program 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, [the Memorandum of Understanding between USAC and the FCC](#), 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 [and for Supply Chain audits](#). 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 2022

- 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, Payment Quality Assessments; Supply Chain Audit Program 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 and for Supply Chain audits. 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

**Approval of April 2023 – January 2024 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 2023 through January 2024 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 2021 meeting, the Board approved quarterly meeting dates through January 2023 as follows:

Executive Committee*	Programmatic Committees & Board of Directors*
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

Below is the recommended schedule of meetings for April 2023 through January 2024:

Executive Committee	Programmatic Committees & Board of Directors
April 20, 2023	April 24-25, 2023
July 20, 2023	July 24-25, 2023
October 26, 2023	October 30-31, 2023
January 25, 2024	January 29-30, 2024

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 2023 through January 2024.

*NOTE: The meeting dates may be 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

**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.¹ The Board also determined that it should elect committee chairs and vice chairs at the same time.²

On January 13, 2022, the Nominating Committee of the Board met via teleconference to (1) discuss the results of the December 2021 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.

¹ USAC By-laws, Article III.

² 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.³ Other committee seats, which may be identified as “at-large” positions, are not automatic and are made by appointment of the Board.⁴

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.⁵ 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).⁶

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

³ 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.

⁴ 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.

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

⁶ 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.⁷

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.⁸

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.”

Executive Committee:

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

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

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:

Committee	Chair	Vice Chair
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:

Officer Position	Incumbent
Chair	Joe Gillan
Vice Chair	Ken Mason
Secretary	Olivia Wein
Treasurer	Julie Tritt Schell
CEO ⁹	Radha Sekar
Assistant Secretary ¹⁰	Vacant
Assistant Treasurer ¹¹	Vacant

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

¹⁰ Traditionally, the General Counsel serves as the Assistant Secretary.

¹¹ Traditionally, the Chief Financial Officer serves as the Assistant Treasurer.

Officer Position	<i>Incumbent</i>
Other USAC VPs ¹²	<ul style="list-style-type: none"> • VP; General Counsel: Vacant • VP, Finance; Chief Financial Officer: Michelle Garber • VP, Rural Health Care Program: Mark Sweeney • VP, Lifeline Program: Pamela Hughet • VP, High Cost Program: Victor Gaither • VP, Schools and Libraries: Craig Davis • VP, Audit and Assurance: Teleshia Delmar • VP; Chief Administrative Officer: Chris Beyerhelm • VP, IT; Chief Information Officer: Kyle Hutchinson • VP, Shared Services: Stephen Butler

On January 24, 2022, 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

RESOLVED, that the USAC Board of Directors accepts the recommendations of the Nominating Committee and elects the following directors to

¹² 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.

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 _____ as Assistant Secretary of the corporation and _____ 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 2022 Budget and
Demand Projection for the January 31, 2022 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2022 (2Q2022) Connected Care Pilot Program budget and demand projection for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2022 quarterly filing.

Discussion

On a quarterly basis, USAC is required to submit to the FCC the projected budget¹ and demand² for the upcoming quarter.

Funding Requirement

USAC estimates the 2Q2022 funding requirement for the Connected Care Pilot Program as follows:

Table A. Connected Care Pilot Program Funding Requirement

<i>(in millions)</i>	1Q2022	Increase/ (Decrease)	2Q2022	Notes
Steady State:				
Connected Care Pilot Program	\$8.33	\$0.00	\$8.33	See Note 1
New Requirements:				
N/A	0.00	0.00	0.00	
Total Connected Care Demand	\$8.33	\$0.00	\$8.33	
Prior Period Adjustments (difference between projections and actuals):				
Billings	0.79	(1.32)	(0.53)	
Bad Debt Expense	(0.08)	0.02	(0.06)	
Total Prior Period Adjustments	\$0.71	(\$1.30)	(\$0.59)	
USAC Administrative Expenses	\$0.17	(\$0.10)	\$0.07	See Table B
Total Funding Requirement	\$9.21	(\$1.40)	\$7.81	

¹ See 47 C.F.R. § 54.715(c).

² 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 \$100 million available over three years to help defray health care providers' qualifying costs of providing connected care services, with a primary focus on providing these services to low-income or veteran patients.³ The Order authorized collections of \$100 million over three years (12 quarters) at \$8.33 million per quarter beginning in 4Q2020.⁴ 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.⁵ 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.⁶

Based on the projected burn rate, USAC estimates the following 2Q2022 budget:

Table B. Quarterly Budget

<i>(in millions)</i>	1Q2022 Budget	Increase/ (Decrease)	2Q2022 Budget	Notes
Direct Program Costs				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.07	(0.00)	0.00	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$0.07	(\$0.07)	\$0.00	
Direct Assigned Costs				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.03	0.03	0.00	
General & Administrative	0.00	(0.00)	0.00	
Total Direct Assigned Costs	\$0.03	(\$0.03)	\$0.00	
Total Direct Program & Direct Assigned Costs	\$0.10	(\$0.10)	\$0.00	
Common Allocated Costs	\$0.07	\$0.00	\$0.07	
Total Programmatic Budget	\$0.17	(\$0.10)	\$0.07	

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2021 is provided in **Attachment 1**.

³ See *Promoting Telehealth for Low-Income Consumers; COVID-19 Telehealth Program*, WC Docket Nos. 18-213 and 20-89, Report and Order, 35 FCC Rcd 3366, 3384, paras. 37-38 (2020).

⁴ See *id.* at 3387-88, para. 42.

⁵ See *id.* at 3368-69, para. 5.

⁶ See *id.* at 3384, 3387, paras. 38, 42.

Recommendation

USAC management recommends that the Board approve the 2Q2022 budget and projection of demand as proposed.

Recommended USAC Board Actions

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors approves a 2nd Quarter 2022 Connected Care Pilot Program direct budget of \$0.00 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$0.00 million for Connected Care Pilot Program administrative costs in the required January 31, 2022 filing to the Federal Communications Commission on behalf of the Board; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed at its meeting on January 25, 2022 the 2nd Quarter 2022 Connected Care Pilot Program demand estimate of \$7.81 million, hereby directs USAC staff to proceed with the required January 31, 2022 filing to the Federal Communications Commission 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, 2021

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	0	0	0	\$0.00	\$0.00	\$0.00
Professional Services (Note 2)				0.08	1.00	0.92
General & Administrative (Note 3)				0.00	0.00	0.00
Total Direct Program Costs				\$0.08	\$1.00	\$0.92
Direct Assigned Costs						
Employee Expenses	0	0	0	\$0.00	\$0.00	\$0.00
Professional Services (Note 2)				0.01	0.00	(0.01)
General & Administrative (Note 3)				0.00	0.14	0.14
Total Direct Assigned Costs				\$0.01	\$0.14	\$0.13
Total Direct Program & Direct Assigned Costs	0	0	0	\$0.09	\$1.14	\$1.05
Common Allocated Costs (Note 4)				\$0.05	\$0.06	\$0.01
Total Programmatic Budget				\$0.14	\$1.20	\$1.06

Note 2: Direct Assigned Professional Services include business process outsourcing (BPO) costs.

Note 3: General & Administrative expenses include costs for software licenses.

Note 4: 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. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



Board of Directors Meeting

Connected Care Pilot Program Update

Open Session

January 25, 2022



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Connected Care Pilot Program Updates

- **USAC follow-up action to Second Report and Order (June 2021)**
 - Outreach
 - Welcome letters sent to all selected projects.
 - Kick-off webinar for selected projects (July 8) to explain next steps (requirements, timelines, and future trainings).
 - System modifications
 - July 30 release containing My Portal FCC Form 462 Commitment/Review and FCC Form 463 changes.
 - Currently working with Maximus who will process FCC Forms 461/462. RHC staff will process FCC Form 463.
 - To date, we have received 32 FCC Form 461 and 2 FCC Form 462.



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

ACTION ITEM

**Approval of USAC Common and Consolidated
2nd Quarter 2022 Budgets for the January 31, 2022 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2022 (2Q2022) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2022 quarterly filing.

Discussion

Based on the projected burn rate, USAC estimates a 2Q2022 USAC consolidated budget of \$58.09 million to administer the Universal Service Fund (USF), which includes \$34.02 million in direct program costs and \$24.07 million in common indirect costs. This does not include projected spending related to the appropriated programs.

<i>(in millions)</i>	1Q2022 Budget	Increase/ (Decrease)	2Q2022 Budget
Direct Program & Direct Assigned Costs			
High Cost	\$5.98	\$0.36	\$6.34
Lifeline	9.87	0.75	10.62
Rural Health Care	3.63	1.99	5.12
Schools & Libraries	10.79	0.65	11.44
Connected Care Pilot	0.10	(0.10)	0.00
Total Direct Program & Direct Assigned Costs	\$30.37	\$3.65	\$34.02
Common Costs			
Employee Expenses	\$14.53	\$0.46	\$14.99
Professional Services	3.35	(1.11)	2.24
General & Administrative (Note 1)	7.32	(0.48)	6.84
Total Common Costs	\$25.20	(\$1.13)	\$24.07
Total Consolidated Costs	\$55.57	\$2.52	\$58.09

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, 2021 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the 2Q2022 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 2022 common budget of \$24.07 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$24.07 million for common costs in the required January 31, 2022 filing to the Federal Communications Commission on behalf of the USAC Board of Directors; and

RESOLVED FURTHER, that the USAC Board of Directors approves a 2nd Quarter 2022 consolidated budget to administer the Universal Service Fund of \$58.09 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$58.09 million for consolidated costs in the required January 31, 2022 filing to the Federal Communications Commission 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, 2021

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program & Direct Assigned Costs						
High Cost	63	74	11	\$16.46	\$25.53	\$9.07
Lifeline	80	86	6	30.58	39.81	9.23
Rural Health Care	54	62	8	14.27	14.90	0.63
Schools & Libraries	73	82	9	35.86	43.75	7.89
Connected Care Pilot	0	0	0	0.09	1.14	1.05
Total Direct Program & Direct Assigned Costs	270	304	34	\$97.26	\$125.13	\$27.87
Common Costs (Note 2)						
Employee Expenses	359	387	28	\$57.31	\$62.85	\$5.54
Professional Services				16.83	25.98	9.15
General & Administrative (Note 3)				22.33	26.50	4.17
Total Common Costs	359	387	28	\$96.47	\$115.33	\$18.86
Total Consolidated Costs	629	691	62	\$193.73	\$240.46	\$46.73

Note 2: Actual USF common costs reflect a reduction for costs allocated to the appropriated programs.

Note 3: 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

CEO Update

Open Session

January 25, 2022



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Discussion Topics

- 2021 Accomplishments



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Board of Directors Meeting

Emergency Connectivity Fund (ECF) Update

Open Session

January 25, 2022



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Agenda

- ECF Update
- ECF Post-Commitment Processes

ECF Update

- Over 14,800 applications submitted requesting \$6.43 billion
 - 5.8 million connections requested
 - 11.5 million connected devices requested
 - 7.3 million service requests
- First funding wave issued on September 24
 - 10,777 applications committed (72.7 percent) with \$4.27 billion reviewed (66.5 percent) and \$3.83 billion committed as of December 31

Data as of December 31, 2021.

ECF Post-Commitment Processes

- Invoice submission opened on October 1.
 - Over 2,900 invoices received (3,842 line items); \$79 million disbursed through December 31.

Data as of December 31, 2021.



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Board of Directors Meeting

Round 2 COVID-19 Telehealth
Program Update

Open Session

January 25, 2022



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COVID-19 Telehealth Program Update

- Round 2 of the COVID-19 Telehealth Program is a \$249.95 million Congressional appropriation from the Consolidated Appropriations Act, 2021.
- A combined total of 1,952 applications were submitted, including a number of submissions by applicants who were granted a waiver of the filing deadline.
- Cumulative commitments total 348 applications for \$208 million.
 - To date the FCC has issued the following awards:
 - August 26: approved 62 awardees for \$42 million
 - September 29: approved 72 awardees for \$41 million
 - October 21: approved 71 awardees for \$40 million
 - November 9: approved 75 awardees for \$42 million
 - December 21: approved 68 awardees for \$43 million

COVID-19 Telehealth Program Update (Continued)

- The Public Notice announcing the 10-day period for applicants to supplement their applications was released on November 9, 2021, and the ten-day period closed on November 19, 2021.
- The first post-supplemental period award was issued on December 21, 2021.
- Next Steps
 - As directed by the FCC, the remaining Program funding will be awarded to the highest-scoring remaining applications until all funding has been committed.



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Board of Directors Meeting

Emergency Broadband Benefit Program and
Affordable Connectivity Program Update

Open Session

January 25, 2022

EBB Program Close-Out and ACP Launch

- The Emergency Broadband Benefit (EBB) Program transitioned to the Affordable Connectivity Program (ACP) on December 31, 2021.
- Key metrics:
 - Approximately 9 million subscribers enrolled in the EBB Program at transition date.
 - Approximately \$1.5 billion claimed for the EBB Program through the November 2021 data period. Final EBB Program claims through the December 2021 data period will be paid out in February 2021.
- Change management:
 - Consumer outreach: Conducted outreach to inform legacy EBB subscribers of transition to ACP.
 - Service provider and consumer advocate training: Hosted four webinars and held ten office hours on system and process changes related to ACP launch.
 - Website launch: Regularly updating [ACPBenefit.org](https://www.acpbenefit.org), which provides key information on ACP.
- ACP launch status

EBB Program Close-Out and ACP Launch (Continued)

- Key changes between EBB and ACP:

Key Change	EBB	ACP
Non-Tribal Service Amount	\$50	\$30
Income Criterion	At or below 135% of the Federal Poverty Guidelines.	At or below 200% of the Federal Poverty Guidelines.
Qualifying Programs (in addition to Lifeline programs)	Pell Grant awardee, free and reduced price school lunch or breakfast participant, experienced substantial loss of income (SLI) since Feb. 29, 2020, or participation in a provider's low income or COVID-19 program.	Infrastructure Act retains EBB qualifying programs, but removes eligibility based on SLI and COVID-19 program participation; adds Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
Eligible Service Offerings	Limited to rates and terms offered as of 12/1/2020.	Providers must allow an eligible household to apply the benefit to any internet service offering of the participating provider, at the same rates and terms available to households that are not eligible households.
High-Cost Non-Tribal Areas	N/A	Up to \$75 enhanced reimbursement for broadband services in high-cost, non-Tribal areas (to defined by the National Telecommunications and Information Administration (NTIA)).



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Board of Directors Meeting

Shared Services Update

Open Session

January 25, 2022



Agenda

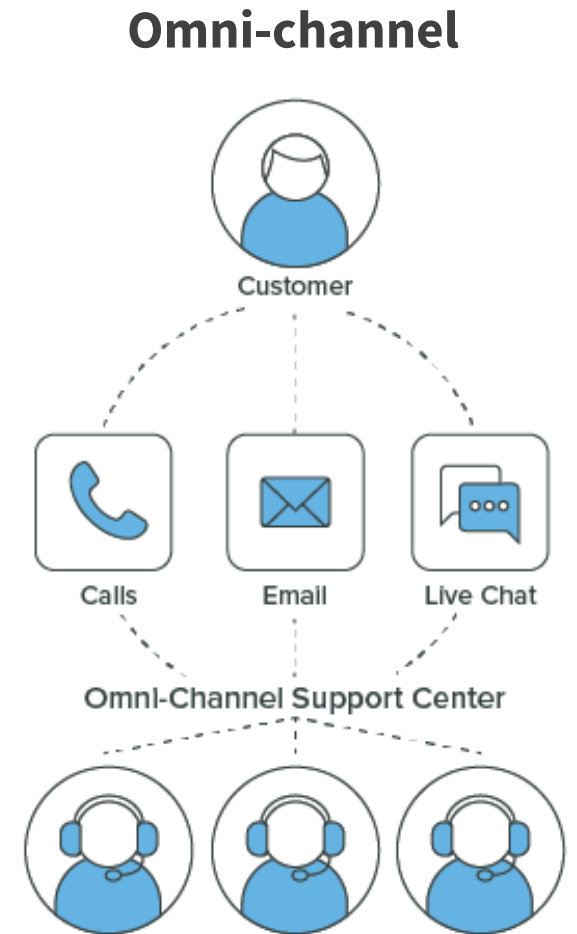
- 2021 Annual Report Timeline
- Call Center Transition

2021 Annual Report Timeline

Timing	Activity	Due
December 2021	Shared Services meets with Board to discuss Annual Report content.	In progress
January 2022	Shared Services works with programs and Leadership to draft content.	January 31, 2022
February 2022	Shared Services works with OGC and Leadership to review/sign off on drafted content.	February 28, 2022
March 1, 2022	USAC shares Annual Report final draft with USAC Board and FCC for review.	March 16, 2022
March 16, 2022	FCC and Board provide feedback on Annual Report final draft.	March 16, 2022
March 18, 2022	USAC incorporates Board and FCC feedback into Annual Report.	March 18, 2022
March 28, 2022	USAC delivers final Annual Report to FCC per MOU.	March 31, 2022

Objectives: Call Center Transition

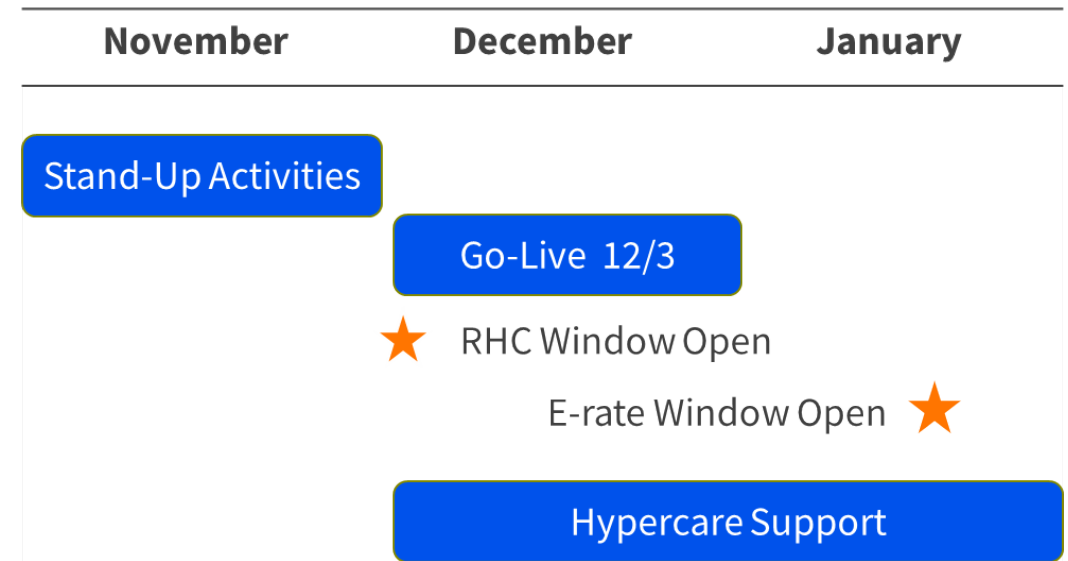
- Demonstrate exceptional customer service and professionalism.
 - Empathetic support.
 - Provide accurate and complete information.
 - Command of USAC program information.
- Operational efficiency reflected in key performance indicators (KPIs).
- Deliver trend-based insights and strategic planning support.
- Ability to adapt service to meet USAC's changing business needs.
- Enhance support channel options for participants.
 - Chat functionality
 - Chat to call
- Implement an enterprise CRM solution for a more cohesive experience.



Accomplishments: Call Center Transition

- Stand up activities began on Nov 2.
 - Conducted deep-dive training sessions.
 - Migrated knowledge base from incumbent.
 - Defined escalation process and procedures.
 - Developed interim case management system.
 - Case tracking & reporting including escalations.
- Go-live activities began Dec 3.
 - Executed Hypercare plan.
- Prepared for program windows openings and support.

Call Center Stand Up Schedule





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Board of Directors Meeting

IT Update

Open Session

January 25, 2022



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IT Modernization Efforts

In addition to maintaining and enhancing systems, IT embarked on critical modernization efforts in accordance with our USAC IT Strategic Vision:

USAC IT Strategic Vision 2021-2023

“Embark on thoughtful modernization while ensuring stability of the current environment for continued business operations”

V1.0 2021-07-12

The IT Strategic Plan identifies modernization efforts across all programs and operations. Particular areas of focus this year include but are not limited to:

Rural Health Care – Healthcare Connect Fund

Objective: Automate current manually intense RHC application review process by April 2022

Status:

- Developed and deployed a new FCC Form 462 for Funding Year 2022 using updated workflow technology; i.e., Appian.
- To date, IT received 3,229 applications with no user issues.
- Stakeholders (SHLB) are pleased with the user experience of the new form.
- Work is proceeding as planned to deploy the automated application review process; i.e., USAC Program Integrity Assurance (PIA) process.
- The review process will be similar to E-Rate’s interactive user communications; i.e., Customer Contact Template (CCT) type communications.

IT Modernization Efforts (Continued)

High Cost Modernization

Objective: Modernize the HCLI Payment Calculation System and bring process efficiencies to the verification process.

Status:

- USAC will procure professional service support for the HCLI System and Verification Modernization in 1Q2022.
- Robotic Process Automation (RPA) software will be considered for process efficiencies related to verification while USAC IT will explore the application for enterprise use of RPA, with High Cost as pilot.

E-Rate

Objective: Mitigate obsolete technology risks associated with E-Rate legacy systems.

Status:

- USAC IT has embarked on updating E-Rate legacy systems to mitigate security risks by YE 2022.
- As a part of updating legacy systems, USAC will explore ease of use and automation capabilities of E-Rate invoicing applications.

Lifeline

Objective: Mitigate fraud risk threats and improve program integrity and process efficiencies.

Status:

- USAC IT will be embarking on requirements to automate processes (i.e., Death Master Validation, various program integrity checks, etc.) that will decrease program risk for fraud, waste, and abuse, as well as improve processing efficiencies.

IT Modernization Efforts (Continued)

Enterprise IT Initiatives

Objective: Meet the five requirements of Presidential Executive Order on IT security framework.

Background: Focus on improving the state of national cybersecurity in the US and to increase protection of government networks following incidents involving SolarWinds and more recently the Colonial Pipeline hack.

Goals:

1. Software supply chain security assessment of security stack and critical software
 - Analysis of security stack and critical software, In-progress – January 31, 2022
 - Updates to Software Development Lifecycle (SDLC), In-progress – January 31, 2022
 - Security Standards for software supply chain, In-progress, – January 31, 2022
 - Quarterly update after January 31, 2022
2. Cybersecurity Incident Response Process evaluation and analysis – Completed November 19, 2021
3. Plan and Implement Zero Trust Architecture
 - Modernization Plan for Legacy environment – Completed January 7, 2022
 - Develop a holistic Zero Trust architecture – March 31, 2022
4. Multifactor Authentication Roadmap – Completed January 7, 2022
5. System Data Encryption
 - Inventory of systems that do or do not support encryption at rest and in-transit – Completed November 19, 2021
 - Plan to implement data encryption at rest and in-transit (to close gaps) – January 31, 2022

IT Modernization Efforts (Continued)

Enterprise IT Initiatives (Continued)

Objective: Address on-going security vulnerabilities (i.e., Log4j).

Background: Log4j vulnerability was discovered on December 9, 2021 as a Java-based logging utility exploit that enables an attacker to remotely take control of Internet-connected applications, allowing them the ability to execute malicious code.

Remediation Efforts:

1. External Facing Systems:

- All programs, with exception of High Cost, have been remediated in accordance with DHS guidance.
- High Cost is scheduled to be completed on February 10, 2022.

2. Internal Facing Systems:

- In process of upgrading Log4j utility; expected completion by the end of Q1.



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