



Board of Directors

Briefing Book

Tuesday, January 31, 2023

10:00 a.m. – 1:30 p.m. Eastern Time

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Universal Service Administrative Company

700 12th Street NW, Suite 900

Washington, DC, 20005

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

**Tuesday, January 31, 2023
10:00 a.m. – 1:30 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 25, November 28, December 15, and December 30, 2022 B. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i> C. Review of the 2023 Audit Committee Charter D. Approval of Adjusted April 2023 – January 2024 Board of Directors Quarterly Meeting Schedule and April 2024 – January 2025 Board of Directors Quarterly Meeting Schedule E. Review of the Nominating Committee Charter F. Consideration and Approval of Three Routine Procurements G. Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended	10
Chair	a2. Annual Election of Committee At-Large Seats, Chairs and Vice Chairs and Election of Appointment of Corporate Officers	15
Chair	i1. 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	a3. Approval of Connected Care Pilot Program 2nd Quarter 2023 Budget and Demand Projection for the January 31, 2023 FCC Filing	5
Mark	i2. Connected Care Pilot Program Update (<i>For Information Only</i>)	-
Michelle	a4. Approval of USAC Common and Consolidated 2nd Quarter 2023 Budget and Demand Projection for the January 31, 2023 FCC Filing	10
Radha	i3. Enterprise Business Updates A. CEO Update <ul style="list-style-type: none"> • 2022 Accomplishments B. Appropriated Programs <ul style="list-style-type: none"> • Emergency Connectivity Fund Update • Affordable Connectivity Program Update 	10 5
Stephen	i4. 2022 Annual Report Timeline	5

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Michelle	a5. Approval of 2023 Annual USAC Common and Consolidated Budgets	15
Radha	i5. Update on ERP	15
Michelle	i6. Information on Contribution Factor	5
Erin	a6. Reaffirming USAC Employee Ethical Standards	10
Chris / Erin	i7. Annual Competition Advocate Report	5
Chris	i8. Enterprise Risk Management Update: 1. 4Q 2022 Risk Management 2. Risk Management Council Minutes <i>(For Information Only)</i>	–
Chris	i9. Procurement Business Update <i>(For Information Only)</i>	–
Chris	a7. Consideration of a Task Order Award for Contributor Revenue Audit Services	5
Chris	a8. Consideration of a Task Order Award for Penetration Testing	5
Chris	a9. Consideration of a Contract Award for ServiceNow Licenses and Support	5
Chris	a10. Consideration of a Task Order Modification for Long-Term Affordable Connectivity Program Project Management Office Services	–
Chris	a11. Consideration of a Contract Modification and to add Option Terms for Affordable Connectivity Program Third Party Identification and Verification Services	–
Chris	a12. Consideration of a Contract Modification for IT Security Assessment Services	–
Teleshia	i10. Information on Two USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports <i>(For Information Only)</i>	–
Sabina	i11. Personnel Matter: Human Resource Business Update	10
Chair	a13. Confidential Executive Session: Personnel Matter	5
Chair	i12. Confidential Executive Session: Board of Directors Only	25

Next Scheduled USAC Board of Directors Meeting

<p>Friday, April 21, 2023 USAC Offices, Washington, D.C.</p>
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**Universal Service Administrative Company
Board of Directors Meeting**

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Approval of Board of Directors Meeting Minutes of October 25, November 28, December 15, and December 30, 2022 (*see Attachments A-1, A-2, A-3, and A-4*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
- (1) **a5** – Approval of 2023 Annual USAC Common and Consolidated Budgets. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
 - (2) **i5** – Update on ERP. 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*.
 - (3) **i6** – 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 pending before the FCC*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
 - (4) **a6** – Reaffirming USAC Employee Ethical Standards. USAC management recommends that discussion of this item be conducted in *Executive Session* because the discussion may include examples of how

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the Statement and Disclosure Form apply, and could include specific facts protected by the *attorney/client privilege*.

- (5) **i7** – 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*.
- (6) **i8** – 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, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
- (7) **i9** – Procurement Business Update. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (8) **a7** – 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*.
- (9) **a8** – Consideration of a Task Order Award for Penetration Testing. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (10) **a9** – Consideration of a Contract Award for ServiceNow Licenses and Support. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (11) **a10** – Consideration of a Task Order Modification for Long-Term Affordable Connectivity Program Project Management Office Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (12) **a11** – Consideration of a Contract Modification and to add Option Terms for Affordable Connectivity Program Third Party Identification and Verification Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.

- (13) **a12** – Consideration of a Contract Modification for IT Security Assessment Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
 - (14) **i10** – Information on Two USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports. 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 pending before the FCC*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
 - (15) **i11 – Personnel Matter:** Human Resources Business Update. USAC management recommends that discussion of this item occur in *Executive Session* because it involves *internal personnel matters*.
 - (16) **a13 – Confidential Executive Session: Personnel Matter.** USAC management recommends that discussion of this item occur in *Executive Session* because it involves *internal personnel matters*.
 - (17) **i12 – Confidential Executive Session:** Board of Directors Only. USAC management recommends that this item be discussed in *Executive Session* because it involves *internal personnel matters* and it relates to USAC’s *procurement strategy and contract administration*.
- C. Review of the 2023 Audit Committee Charter (*see Attachments C-1, C-2, and C-3*).
- D. Approval of Adjusted April 2023 – January 2024 Board of Directors Quarterly Meeting Schedule and April 2024 – January 2025 Board of Directors Quarterly Meeting Schedule (*see Attachment D*).
- E. Review of the Nominating Committee Charter (*see Attachments E-1 and E-2*).
- F. Consideration and Approval of Three Routine Procurements
- (1) Approval of the Consideration of a Task Order Modification for Long-Term Affordable Connectivity Program Project Management Office Services. The resolution is provided in **aBOD10cf**. If discussion is needed, it will be conducted in *Executive Session*.
 - (2) Approval of the Consideration of a Contract Modification and to add Option Terms for Affordable Connectivity Program Third Party Identification and Verification Services. The resolution is provided in **aBOD11cf**. If discussion is needed, it will be conducted in *Executive Session*.

- (3) Approval of the Consideration of a Contract Modification for IT Security Assessment Services. The resolution is provided in **aBOD12cf**. If discussion is needed, it will be conducted in *Executive Session*.

G. Resolution Honoring a Board Member Whose Service on the Board Has Recently Ended. The Board would like to recognize and honor Beth Choroser, whose term has recently concluded. Ms. Choroser served as a Board member from January 2017 through December 2022. The USAC Board and USAC management are extremely appreciative of her dedication to universal service as well as her leadership, guidance, and expertise in USAC's administration of the federal Universal Service Fund.

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

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of October 25, November 28, December 15, and December 30, 2022; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of three routine procurements as presented in items aBOD10cf – aBOD12cf; and

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the revised 2023 Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee and approves the revised 2023 Audit Committee Charter; and

RESOLVED FURTHER, that the USAC Board of Directors adopts the Board of Directors and committee adjusted April 2023 – January 2024 Board meeting schedule and the and the April 2024 – January 2025 meeting schedule; and

RESOLVED FURTHER, that the USAC Board of Directors having reviewed the 2023 Nominating Committee Charter presented by the Nominating Committee, hereby accepts the recommendation of the Nominating Committee and approves the Nominating Committee Charter without revision; and

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

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

BOARD OF DIRECTORS MEETING
Tuesday, October 25, 2022

(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 25, 2022. Mr. Joe Gillan, Board Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of 18 of the 19 Board members present:

Buzacott, Alan	Jacobs, Ellis – <i>by telephone</i>
Chalk, Indra	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
Fontana, Brent – <i>by telephone</i>	Wade, Dr. Joan
Freeman, Sarah	Waller, Jeff – <i>by telephone</i>
Gillan, Joe – Chair	Wein, Olivia – Secretary
Gregory, Amber	Wibberly, Dr. Kathy

Stephanie Polk joined the meeting by telephone at 11:22 a.m. Eastern Time. She did not take action on items a1 - a4 and did not participate in the discussion of items i1 - i3.

Beth Choroser left the meeting at 11:29 a.m. Eastern Time. She did not take action on items a11 - a13 and did not participate in the discussion of items i5 - i6.

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services
Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
Sweeney, Mark – Vice President of Rural Health Care
Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

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

<u>NAME</u>	<u>COMPANY</u>
Bolling, Christopher – <i>by telephone</i>	USAC
Campbell, Jo-Ann	USAC
Case, Kevin – <i>by telephone</i>	USAC
Evirgen, Danielle – <i>by telephone</i>	Frontier Communications
Glisson, Connor – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Gustafson, Jaymie – <i>by telephone</i>	USAC
Jensen, Andrew – <i>by telephone</i>	USAC
Lee, Brandon	USAC
Lee, James	USAC
Little, Christopher	USAC
Morning, Kimberly – <i>by telephone</i>	Morgan Lewis
Nuzzo, Patsy	USAC
Phillippi, Megan	USAC
Sadirkhanova, Sabina	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Wallace, Jana – <i>by telephone</i>	PTCI
Wilson Jr., Jerusa Carl	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 26, August 23, and October 3, 2022.
 - B.** Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i4** – Enterprise Business Updates (*Continued*).
 - A.** CEO Update: Affordable Connectivity Program. USAC management recommended 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 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, where

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* 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 *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*.

- (2) **a5** – Consideration of a Contract Modification for Business Process Outsourcing Services for the Affordable Connectivity Program. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (3) **a6** – Consideration of a Contract Modification for Operations & Maintenance, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Affordable Connectivity Program. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (4) **a7** – Consideration to Exercise the First and Final Option Year of Geographic Information System Technical Support. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (5) **a8** – Consideration of a Task Order Modification for Enterprise Architecture Assessment 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) **a9** – Consideration of a Contract Modification for Long Term Project Management Office Services for the Emergency Connectivity Fund. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (7) **a10** – Consideration of a Modification to the Task Order for Long Term Project Management Office Services for the Affordable Connectivity Program. USAC management recommended that this item be discussed

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

- (8) **a11** – Consideration to Exercise Option Term and a Contract Modification for Call Center Services and Customer Relationship Management System. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*.
- (9) **i5** – Information on Two 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*.
- (10) **a12 – Personnel Matter:** Consideration of 2023 Compensation Item. USAC management recommended that discussion of this item occur in *Executive Session* because it involves *internal personnel matters*.
- (11) **a13 – Personnel Matter:** Consideration of Contract Awards for the USAC Employee Benefits Programs. USAC management recommended that discussion of this item occur in *Executive Session* because it involves *internal personnel matters*.
- (12) **i6 – Confidential Executive Session:** Board of Directors Only. USAC management recommended that this item be discussed in *Executive Session* because it involves *internal personnel matters* and it relates to USAC's *procurement strategy and contract administration*.

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

D. Consideration and Approval of Six Routine Procurements

- (1) Approval of the Consideration of a Contract Modification for Business Process Outsourcing Services for the Affordable Connectivity Program. The resolution is provided in aBOD05cf.
- (2) Approval of the Consideration of a Contract Modification for Operations & Maintenance, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Affordable Connectivity Program. The resolution is provided in aBOD06cf.
- (3) Approval of the Consideration to Exercise the First and Final Option Year of Geographic Information System Technical Support. The resolution is provided in aBOD07cf.
- (4) Approval of the Consideration of a Task Order Modification for Enterprise Architecture Assessment and Support Services. The resolution is provided in aBOD08cf.

- (5) Approval of the Consideration of a Contract Modification for Long Term Project Management Office Services for the Emergency Connectivity Fund. The resolution is provided in aBOD09cf.
- (6) Approval of the Consideration of a Modification to the Task Order for Long Term Project Management Office Services for the Affordable Connectivity Program. The resolution is provided in aBOD10cf.

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 26, August 23, and October 3, 2022; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of six routine procurements as presented in items aBOD05cf – aBOD10cf.

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 2023 Budget Planning Review.

- i1. **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.

Dr. Domenech expressed appreciation for the impact that USAC, the Board, the FCC, and Congress have had on schools. He noted that during the pandemic over 14 million students did not have access due to lack on equipment and access to internet. Because of the appropriated program, this has been remediated.

- a2. **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 2023 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

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establishes a Nominating Committee and directs the Committee to recommend to the USAC Board of Directors at its January 31, 2023 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 **Olivia Wein** as members of the Nominating Committee; and

RESOLVED FURTHER, that the USAC Board of Directors directs each committee of the Board to bring to the Board, at the January 31, 2022 meeting, nominations for a chair and vice chair of each respective committee.

- a3. Approval of Connected Care Pilot Program 1st Quarter 2023 Budget and Demand Projection for the November 2, 2022 Federal Communications Commission (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 2023 demand projection for the November 2, 2022 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 2023 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 November 2, 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 October 25, 2022 the 1st Quarter 2023 Connected Care Pilot Program demand estimate of \$8.50 million, hereby directs USAC staff to proceed with the required November 2, 2022 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

- i2. 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.
- a4. Approval of USAC Common and Consolidated 1st Quarter 2023 Budgets for the November 2, 2022 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 2023 budgets for the November 2, 2022 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 2023 common budget of \$33.40 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$33.40 million for common costs in the required November 2, 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 1st Quarter 2023 consolidated budget to administer the Universal Service Fund of \$67.28 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$67.28 million for consolidated costs in the required November 2, 2022 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

i3. Enterprise Business Updates:

- A. CEO Update.** Ms. Sekar presented PowerPoint slides providing updates on the Appropriated Programs. Mr. Brandon Lee presented PowerPoint slides providing updates on the IT product management strategy and the project management office structure. Mr. Butler presented PowerPoint slides providing updates on the Customer Relationship Management System.

At 11:05 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

i4. Enterprise Business Updates (Continued):

- A. CEO Update.** Mr. James Lee presented PowerPoint slides providing updates on the Affordable Connectivity Program.
- B. Enterprise Risk Management Update.** Mr. Beyerhelm presented PowerPoint slides highlighting the Q32022 Risk Management Scorecard.
- 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 3Q 2022 and 4Q 2022 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 2023 contribution factor.

- a5. Consideration of a Contract Modification for Business Process Outsourcing Services for the Affordable Connectivity Program.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to modify its contract with Maximus Federal Services, Inc. for application processing services in support of the Affordable Connectivity Program, increasing the contract's total not-to-exceed amount by \$3,750,000.00 (plus applicable taxes) from \$15,700,000.00 (plus applicable taxes) to \$19,450,000.00 (plus applicable taxes), and extending the contract period of performance end date by three (3) months from December 31, 2022 to March 31, 2023, subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a6. Consideration of a Contract Modification for Operations & Maintenance, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Affordable Connectivity Program.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to add and exercise a one-year option term to its contract with Accenture LLP for operation and maintenance, licenses and hosting of the National Verifier and National Lifeline Accountability Database Systems for the Affordable Connectivity Program for a total not-to-exceed amount of \$5,200,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$7,315,000.00 (plus applicable taxes) to \$12,515,000.00 (plus applicable taxes), and extending the contract period of performance end date by one (1) year from March 31, 2023 to March 31, 2024, subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a7. Consideration to Exercise the First and Final Option Year of Geographic Information System Technical Support.** No additional discussion was held on

this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the first and final one-year option term of its GIS technical support contract with KPMG LLP for the total not-to-exceed amount of \$1,075,200.86 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$1,048,976.45 (plus applicable taxes) to \$2,124,177.31 (plus applicable taxes) over the remainder of the contract term, subject to required Federal Communications Commission approval.

- a8. Consideration of a Task Order Modification for Enterprise Architecture Assessment and Support Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the first of two one-year option terms of its task order under the USAC Professional Indefinite Delivery/Indefinite Quantity contract (Contract No. USAC 20-015) with Guidehouse for Enterprise Architecture Assessment and associated support for \$1,650,000.00 (plus applicable taxes), increasing the contract's total not-to-exceed price from \$2,129,993.64 (plus applicable taxes) to \$3,779,993.64 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a9. Consideration of a Contract Modification for Long Term Project Management Office Services for the Emergency Connectivity Fund.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the first and final one-year option term of its contract with Ernst & Young LLP to provide project and program management and invoicing services to support activities related to the Emergency Connectivity Fund for a not-to-exceed amount of \$16,000,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$15,831,126.00 (plus applicable taxes) to \$31,831,126.00 (plus applicable taxes) over the remainder of the contract term, subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a10. Consideration of a Modification to the Task Order for Long Term Project Management Office Services for the Affordable Connectivity Program.** No

additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the first of two one-year option terms of its task order under the USAC Professional Indefinite Delivery/Indefinite Quantity contract with Deloitte LLP for \$2,500,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$13,740,258.00 (plus applicable taxes) to \$16,240,258.00 (plus applicable taxes), subject to required Federal Communications Commission approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a11. Consideration to Exercise Option Term and a Contract Modification 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 recommendations to exercise the first of four one-year option terms with Ernst & Young to provide call center services and Customer Relationship Management system implementation and to exercise the added services provision of its contract to provide additional call center services in support of the Emergency Connectivity Fund 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, to exercise the first of four one-year option terms with Ernst & Young LLP to provide call center services and customer relationship management implementation for a total not-to-exceed amount of \$4,340,768.41 (plus applicable taxes), increasing the total not-to-exceed amount of the contract from \$5,593,280.00 (plus applicable taxes) to \$9,934,048.41 (plus applicable taxes), subject to required Federal Communications Commission approval. This option term will be effective one month earlier than the end of the twelve (12) month base period and will have a thirteen (13) month period of performance.

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management, to exercise the added services provision of its contract with Ernst & Young LLP to provide call center services in support of the Emergency Connectivity Fund for a total not-to-exceed amount of \$875,397.00 (plus applicable taxes), subject to required Federal Communications Commission

approval. This amount will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- i5. Information on Two USAC Audit and Assurance Division Universal Service Contributor Revenue Audit Reports.** This item was provided for *information purposes only*. No discussion was held.

The Board recessed at 11:45 a.m. Eastern Time. At 12:15 p.m. Eastern Time, the meeting continued in *Executive Session* with only members of the Board, Mr. Beyerhelm, and Ms. Sadirkhanova present.

- a12. Personnel Matter: Consideration of 2023 Compensation Item.** Ms. Sadirkhanova presented this item to the Board.

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

RESOLVED, that the USAC Board of Directors, having reviewed the USAC management and the Executive Compensation Committee proposed 2023 merit-based salary increase and incentive awards programs for USAC employees, hereby approves the proposed program.

- a13. Personnel Matter: Consideration of Contract Awards for the USAC Employee Benefit Program.** Mr. Beyerhelm presented this item for consideration.

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

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management, subject to required Federal Communications Commission approval, to award a one-year contract for employee medical and prescription drug benefits to Cigna Corporation for a not-to-exceed cost of \$12,179,701 (plus applicable taxes) and to award a one-year contract to The Guardian Life Insurance Company of America, Inc. with a new two year rate guarantee for dental, vision, life, and disability benefits, for a not-to-exceed cost of \$1,405,458 (plus applicable taxes). The total estimated costs for the calendar year 2023 for USAC employee and retiree benefits program is \$13,585,159 (plus applicable taxes).

At 12:51 p.m. Eastern Time, the Board continued in confidential *Executive Session* with only members of the Board present.

- i6. Confidential Executive Session: Board of Directors Only.** Mr. Gillan facilitated this discussion.

OPEN SESSION

At 12:55 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Gillan reported that, in *Executive Session*, the Board took action on items a5-a13 and discussed items i4A, i4B, i4D, and i6.

On a motion duly made and seconded, the Board adjourned at 12:55 p.m. Eastern Time.

/s/ Erin Williams

Assistant Secretary

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

**BOARD OF DIRECTORS MEETING
Monday, November 28, 2022**

(DRAFT) MINUTES¹

The non-quarterly meeting of the USAC Board of Directors (Board) was conducted by web conference on Monday, November 28, 2022. Mr. Joe Gillan, Board Chair, called the meeting to order at 12:01 p.m. Eastern Time, with a quorum of 15 of the 19 Board members present:

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

Member of the Board not present:

Fontana, Brent	Polk, Stephanie
Jacobs, Ellis	Wade, Dr. Joan

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
 Delmar, Teleshia – Vice President of Audit and Assurance
 Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
 Hutchinson, Kyle – Vice President of IT and Chief Information Officer
 Williams, Erin – Vice President, General Counsel, and Assistant Secretary

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.

OPEN SESSION

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

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

- (1) **a2** – Consideration of a Contract Award for Lifeline and Affordable Connectivity Program Call Center Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (2) **a3** – Consideration of a Contract Award for Financial Systems Integrator and Enterprise Resource Planning (ERP) System. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (3) **a4** – Consideration to Exercise One-Year Option Term for Affordable Connectivity Program Email Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (4) **a5** – Consideration to Exercise Two One-Year Option Terms for Beneficiary and Contributor Audit Program (BCAP) Contract. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (5) **a6** – Consideration to Exercise One-Year Option Term for National Supply Chain Audit Services. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.
- (6) **a7** – Consideration to Exercise Second One-Year Option of the High Cost Broadband Network & Engineering Audit Services Contract. USAC management recommended that this item be discussed in *Executive Session* because it relates to USAC’s *procurement strategy and contract administration*.

B. Consideration and Approval of Four Routine Procurements

- (1) Approval of the Consideration to Exercise One-Year Option Term for Affordable Connectivity Program Email Services m. The resolution is provided in **aBOD04cf**.
- (2) Approval of the Consideration to Exercise Two One-Year Option Terms for Beneficiary and Contributor Audit Program (BCAP) Contract. The resolution is provided in **aBOD05cf**.

- (3) Approval of the Consideration to Exercise One-Year Option Term for National Supply Chain Audit Services. The resolution is provided in **aBOD06cf**.
- (4) Approval of the Consideration to Exercise Second One-Year Option of the High Cost Broadband Network & Engineering Audit Services Contract. The resolution is provided in **aBOD07cf**.

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

RESOLVED, that the USAC Board of Directors hereby approves: (1) discussion in Executive Session of the items noted above; and (2) the four routine procurements as presented in items aBOD04cf – aBOD07cf.

At 12:03 p.m. Eastern Time, on a motion duly made and seconded, the Board moved into *Executive Session* for the purpose of discussing confidential items.

EXECUTIVE SESSION

- a2. **Consideration of a Contract Award for Lifeline and Affordable Connectivity Program Call Center Services.** Mr. Beyerhelm presented this item for consideration. The presentation included a written summary and report detailing USAC management's recommendation to award a contract for Affordable Connectivity Program call center 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, authorized USAC to award a contract to Navient B.P.O., LLC for Affordable Connectivity Program Call Center Services. The contract will have a hybrid fee structure of firm-fixed price and fixed-unit price over a base period of twelve (12) months and four (4) additional one-year option terms, for a five (5) year total period of performance, for a total not-to-exceed amount of \$110,198,786.31 (plus applicable taxes), 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 Award for Financial Systems Integrator and Enterprise Resource Planning (ERP) 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 for an ERP

system and professional services for implementation and integration of the proposed 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 USAC management to award a contract for enterprise resource planning system and professional services for implementation and integration of the proposed system to International Business Machines Corporation. The contract will have a hybrid fee structure of firm-fixed price and time and materials over a twelve (12) month base period and five (5) additional one-year option terms, for a six (6) year total period of performance, for a total not-to-exceed amount of \$39,509,763.07 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a4. Consideration to Exercise One-Year Option Term for Affordable Connectivity Program Email Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the first one-year option term of the Affordable Connectivity Program (ACP) email services contract with Guidehouse Inc. for a total not-to-exceed amount of \$4,386,589.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$5,963,237.22 (plus applicable taxes) to \$10,349,826.22 (plus applicable taxes), subject to required Federal Communications Commission approval. Amounts associated with these services will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a5. Consideration to Exercise Two One-Year Option Terms for Beneficiary and Contributor Audit Program (BCAP) Contract.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the third one-year option term for the Beneficiary and Contributor Audit Program Services contract. The third one-year option term has a not-to-exceed amount of \$5,000,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$20,300,000.00 (plus applicable taxes) to \$25,300,000.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

Available For Public Use

- a6. **Consideration to Exercise One-Year Option Term for National Supply Chain Audit Services.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the first one-year option term under the USAC Professional Indefinite Delivery/Indefinite Quantity contract (Contract No. AAD-21-016) for National Supply Chain Audit Services for a not-to-exceed amount of \$700,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$2,500,000.00 (plus applicable taxes) to \$3,200,000.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a7. **Consideration to Exercise Second One-Year Option of the High Cost Broadband Network & Engineering Audit Services Contract.** No additional discussion was held on this item. The Board adopted the following resolution as part of the Consent Items:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the second one-year option term of the High Cost Broadband Network & Engineering Audit Services contract to examine, test, and evaluate the technology and network buildout of High Cost carrier broadband services for a not-to-exceed amount of \$3,000,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount of the contract from \$3,100,000.00 (plus applicable taxes) to \$6,100,000.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

OPEN SESSION

At 12:31 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 a2-a3.

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

/s/ Erin Williams
Assistant Secretary

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

BOARD OF DIRECTORS MEETING
Thursday, December 15, 2022

(DRAFT) MINUTES¹

Previously, on November 28, 2022 the Board authorized USAC to award a contract to a new vendor, Navient B.P.O., LLC, for the Affordable Connectivity Program (ACP) call center services. To ensure a smooth transition to the new vendor, USAC management requested modifications of the contracts with the current vendors, Conduent State & Local Solutions, Inc. and Ernst & Young LLP.

- a1. Consideration of a Contract Modification for Affordable Connectivity Program Call Center Services (Conduent State & Local Solutions, Inc.).** On December 8, 2022, 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 a contract modification for ACP call center services were timely received by December 12, 2022, providing unanimous consent from all 19 Board members. The Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to modify the Affordable Connectivity Program (ACP) call center services contract with Conduent State & Local Solutions, Inc. by increasing the total not-to-exceed amount of the contract by \$3,500,000.00 (plus applicable taxes) from \$29,640,000.00 to \$33,140,000.00 (plus applicable taxes), and extending the contract period of performance end date from December 31, 2022 to February 15, 2023, to account for expenses associated with continued call center support during the transition to a new vendor, subject to required Federal Communications Commission approval. Amounts associated with these services will be expensed using congressionally appropriated funds and not the Universal Service Fund.

- a2. Consideration of a Contract Modification for Affordable Connectivity Program Call Center Services (Ernst & Young, LLP).** On December 8, 2022, briefing papers were

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.").

distributed to the Board requesting members to vote electronically for this matter pursuant to Article II, Section 9 of USAC’s By-laws.³ Responses to approve a contract modification for ACP call center services were timely received by December 12, 2022, providing unanimous consent from all 19 Board members. The Board adopted the following resolution:

RESOLVED, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes management to modify its call center services contract with Ernst & Young LLP (EY) to support the Affordable Connectivity Program (ACP) by increasing the total not-to-exceed (NTE) amount of the contract by \$400,000.00 (plus applicable taxes) from \$10,715,680.00 to \$11,115,680.00 (plus applicable taxes), and extending the contract period of performance end date from December 31, 2022 to February 28, 2023, to account for expenses associated with continued call center support during the transition to a new vendor, and sustainment of the existing EY resources to setup a Tiger/ SWAT call center team with subject matter experts to address concerns observed by United States Digital Service as well as institute a “call back” feature to mitigate long call handling times, subject to required Federal Communications Commission approval. Amounts associated with these services will be expensed using congressionally appropriated funds and not the Universal Service Fund.

/s/ Erin Williams
Assistant Secretary

³ 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.”).

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

BOARD OF DIRECTORS MEETING
Friday, December 30, 2022

(DRAFT) MINUTES

In a Public Notice, dated December 23, 2022 (DA-22-1365A1), Federal Communications Commission (FCC or Commission) Chairwoman Rosenworcel appointed the following six individuals to the USAC Board of Directors (Board):

- Representative for commercial mobile radio service providers, Indra Sehdev Chalk, Director, Federal Regulatory Affairs, T-Mobile USA, Inc.;
- Representative for cable providers, Christine Sanquist, Vice President of Regulatory Affairs, Charter Communications;
- Representative for schools that are eligible to receive discounts pursuant to section 54.501 of the Commission's rules, Dr. Daniel A. Domenech, Executive Director, American Association of School Administrators;
- Representative for libraries that are eligible to receive discounts pursuant to section 54.501 of the Commission's rules, Amber Gregory, Manager of E-Rate Services, Arkansas State Library;
- Representative for incumbent local exchange carriers (Bell Operating Companies), Stephanie Polk, Vice President of Customer Success and Advocacy, Lumen Technologies; and
- Representative for state consumer advocates, Jeffrey Jay Waller, Chief Assistant Attorney General, Alaska Office of the Attorney General, Regulatory Affairs & Public Advocacy Section.

On December 27, 2022, the Board was requested to vote by written unanimous consent to elect these members to the Board and appoint them to a committee by virtue of the constituency they represent.

- a1. Election of Members to the USAC Board of Directors and Appointment of Members to Programmatic Committees.** On December 29, 2022, on a motion duly made and approved by written unanimous consent, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors, having received the selections from the 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, 2023:¹

- Indra Sehdev Chalk for a term expiring on December 31, 2025;
- Christine Sanquist for a term expiring on December 31, 2025;
- Dr. Daniel A Domenech for a term expiring on December 31, 2025;
- Amber Gregory for a term expiring on December 31, 2025;
- Stephanie Polk for a term expiring on December 31, 2025; and
- Jeffery Jay Waller for a term expiring on December 31, 2025

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:

- Dr. Daniel Domenech and Amber Gregory are hereby appointed to the Schools & Libraries Committee;
- Indra Sehdev Chalk, Stephanie Polk, and Jeffery Jay Waller are hereby appointed to the High Cost & Low Income Committee; and
- Jeffery Jay Waller is hereby appointed to the Rural Health Care Committee.

/s/ Erin Williams
Assistant Secretary

¹ 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.

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

ACTION ITEM

**Review of the 2023 Audit Committee Charter
(Same as aAC03)**

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.

Discussion

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

Attachment A provides the existing Charter with recommended changes in redline and **Attachment B** provides a clean version of the revised Charter.

The Committee is requested to recommend 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 20222023

- 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 past audit results, ongoing organizational projects, risk management trends, and data analytics. Also, assist USAC by providing recommending 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 [and / or approve](#) 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
AUDIT COMMITTEE CHARTER**

January 2023

- 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 past audit results, ongoing organizational projects, risk management trends, and data analytics. Also, assist USAC by recommending 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 and / or approve 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 Adjusted April 2023 – January 2024 Board of
Directors Quarterly Meeting Schedule and April 2023 –
January 2024 Board of Directors Quarterly Meeting Schedule**

Issue

The USAC Board of Directors (Board) is requested to approve an adjustment to the April 2023 – January 2024 quarterly Board and committee meetings schedule and the schedule for the quarterly Board and committee meetings for April 2024 through January 2025 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 2022 meeting, the Board approved quarterly meeting dates through January 2024 as follows:

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

Below is an adjustment to the April 2023 – January 2024 schedule:

Executive Committee	Programmatic Committees & Board of Directors
April 13, 2023	April 20-21, 2023
July 20, 2023	July 24-25, 2023
October 26, 2023	October 30-31, 2023
January 25, 2024	January 29-30, 2024

Below is the recommended schedule of meetings for April 2024 through January 2025:

Executive Committee	Programmatic Committees & Board of Directors
April 25, 2024	April 29-30, 2024
July 25, 2024	July 29-30, 2024
October 24, 2024	October 28-29, 2024
January 23, 2025	January 27-28, 2025

Available For Public Use

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTION:

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

RESOLVED, that the USAC Board of Directors adopts the Board of Directors and committee quarterly meetings schedule for April 2024 through January 2025.

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

INFORMATION ITEM

Review of the 2023 Nominating Committee Charter

Information Item

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

Discussion

On January 11, 2023, USAC's General Counsel and the Nominating Committee members met to review the Charter and to determine if any changes should be recommended to the Board of Directors for consideration.

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

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

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

Attachment E-2 provides the existing Charter.

**Attachment E -2
Nominating Committee Charter**

Universal Service Administrative Company 2023 Nominating Committee Charter

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

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

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

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

**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 11, 2023, 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.”

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/>.

Executive Committee:

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

Executive Compensation Committee:

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

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

Following are the current committee chairs and vice chairs:

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	Erin Williams
Assistant Treasurer ¹¹	Michelle Garber

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	Incumbent
Other USAC VPs ¹²	<ul style="list-style-type: none"> • VP; General Counsel: Erin Williams • VP, Finance; Chief Financial Officer: Michelle Garber • VP, Rural Health Care Program: Mark Sweeney • VP, Lifeline Program: Tim OBrien • 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 30, 2023, 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.

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 serve in at-large seats on the **Schools & Libraries Committee**: _____ (representing service providers), _____ (at-large member),

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.

_____ (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.

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

ACTION ITEM

**Approval of Connected Care Pilot Program
2nd Quarter 2023 Budget and
Demand Projection for the January 31, 2023 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2023 (2Q2023) Connected Care Pilot Program budget and demand projection for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2023 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 2Q2023 funding requirement for the Connected Care Pilot Program as follows:

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¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Connected Care Pilot Program Funding Requirement

<i>(in millions)</i>	1Q2023	Increase/ (Decrease)	2Q2023	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	1.22	(1.11)	0.11	
Bad Debt Expense	(0.06)	(0.02)	(0.08)	
Annual Admin True-Up	(1.06)	1.06	0.00	
Total Prior Period Adjustments	0.10	(0.07)	0.03	
USAC Administrative Expenses	\$0.07	\$0.00	\$0.07	See Table B
Total Funding Requirement	\$8.50	(0.07)	\$8.43	

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

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.

Based on the projected burn rate, USAC estimates the following 2Q2023 budget:

Table B. Quarterly Budget

<i>(in millions)</i>	1Q2023 Budget	Increase/ (Decrease)	2Q2023 Budget	Notes
Direct Program Costs				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.00	0.00	0.00	
General & Administrative	0.00	0.00	0.00	
Total Direct Program Costs	\$0.00	\$0.00	\$0.00	
Direct Assigned Costs				
Employee Expenses	\$0.00	\$0.00	\$0.00	
Professional Services	0.00	0.00	0.00	
General & Administrative	0.00	0.00	0.00	
Total Direct Assigned Costs	\$0.00	\$0.00	\$0.00	
Total Direct Program & Direct Assigned Costs	\$0.00	\$0.00	\$0.00	
Common Allocated Costs	\$0.07	\$0.00	\$0.07	
Total Programmatic Budget	\$0.07	\$0.00	\$0.07	

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the 2Q2023 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 2023 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, 2023 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 31, 2023 the 2nd Quarter 2023 Connected Care Pilot Program demand estimate of \$8.43 million, hereby directs USAC staff to proceed with the required January 31, 2023 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, 2022

<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)				0.00	0.13	0.13
General & Administrative				0.00	0.00	0.00
Total Direct Program Costs				\$0.00	\$0.13	\$0.13
Direct Assigned Costs						
Employee Expenses	0	0	0	\$0.00	\$0.00	\$0.00
Professional Services (Note 2)				0.00	0.03	0.03
General & Administrative				0.00	0.00	0.00
Total Direct Assigned Costs				\$0.00	\$0.03	\$0.03
Total Direct Program & Direct Assigned Costs	0	0	0	\$0.00	\$0.16	\$0.16
Common Allocated Costs (Note 3)				\$0.25	\$0.31	\$0.06
Total Programmatic Budget				\$0.25	\$0.47	\$0.22

Note 2: Direct Program Professional Services include business process outsourcing (BPO) costs. Direct Assigned Professional Services include system O&M costs.

Note 3: 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

Connected Care Pilot Program

Open Session

January 31, 2023



Connected Care Pilot Program Updates

- USAC continues to act upon the Second Report and Order (June 2021).
 - All applicants were required to submit at least one FCC Form 462 by September 16, 2022.
- The FCC announced 11 waivers for non-compliant applicants.
 - 80 projects are now fully compliant.
 - 26 projects were not compliant and were individually contacted and advised to request a deadline waiver from the FCC or not move forward with the Pilot Program.

Connected Care Pilot Program Updates (Continued)

- To date, 770 FCC Forms 462 have been received.
- So far, we have issued funding commitments for \$28.95M.
- We have received 26 FCC Forms 463 for disbursement and disbursed 17 invoices worth \$3.2M.
- We delivered additional system modifications and requirements for document upload in 4Q2022 allowing the Annual Reports to be filed.
- We are working with the FCC on the capacity to extract data for annual reports.



**Universal Service
Administrative Co.**

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

ACTION ITEM

**Approval of USAC Common and Consolidated
2nd Quarter 2023 Budgets and Demand Projection
for the January 31, 2023 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2023 (2Q2023) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2023 quarterly filing.

Discussion

Based on the projected burn rate, USAC estimates a 2Q2023 USAC consolidated budget of \$71.91 million to administer the Universal Service Fund (USF), which includes \$38.01 million in direct program costs and \$33.90 million in common indirect costs. This does not include projected spending related to the appropriated programs.

<i>(in millions)</i>	1Q2023 Budget	Increase/ (Decrease)	2Q2023 Budget
Direct Program & Direct Assigned Costs			
High Cost	\$6.42	(\$0.02)	\$6.40
Lifeline	14.08	0.24	14.32
Rural Health Care	4.48	0.01	4.49
Schools & Libraries	8.90	3.90	12.80
Connected Care Pilot	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	\$33.88	\$4.13	\$38.01
Common Costs			
Employee Expenses	\$15.66	\$0.10	\$15.76
Professional Services	9.24	(0.11)	9.13
General & Administrative (Note 1)	8.50	0.51	9.01
Total Common Costs	\$33.40	\$0.50	\$33.90
Total Consolidated Costs	\$67.28	\$4.63	\$71.91

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, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the 2Q2023 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 2023 common budget of \$33.90 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$33.90 million for common costs in the required January 31, 2023 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 2023 consolidated budget to administer the Universal Service Fund of \$71.91 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$71.91 million for consolidated costs in the required January 31, 2023 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

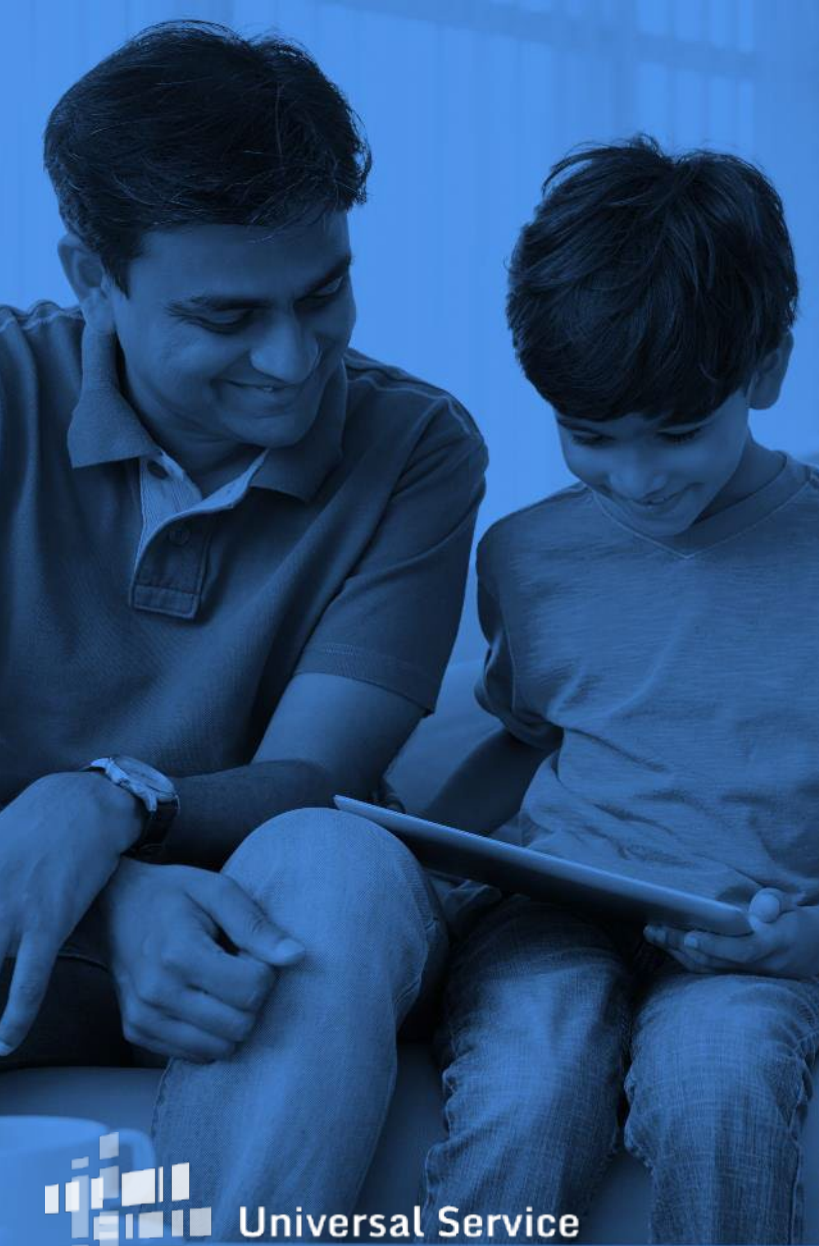
ATTACHMENT 1

USAC Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the
Twelve Months Ending December 31, 2022

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program & Direct Assigned Costs						
High Cost	61	70	9	\$23.52	\$25.08	\$1.56
Lifeline	93	90	(3)	42.50	52.99	10.49
Rural Health Care	54	59	5	17.24	17.81	0.57
Schools & Libraries	73	83	10	37.48	45.28	7.80
Connected Care Pilot	0	0	0	0.00	0.16	0.16
Total Direct Program & Direct Assigned Costs	281	302	21	\$120.74	\$141.32	\$20.58
Common Costs (Note 2)						
Employee Expenses	360	391	31	\$55.35	\$62.20	\$6.85
Professional Services				23.64	19.08	(4.56)
General & Administrative (Note 3)				24.69	28.29	3.60
Total Common Costs	360	391	31	\$103.68	\$109.57	\$5.89
Total Consolidated Costs	641	693	52	\$224.42	\$250.89	\$26.47

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

CEO and Appropriated Programs Update

Open Session

January 31, 2023



Universal Service
Administrative Co.



Board of Directors

2022 Annual Report Timeline

Open Session

January 31, 2023

**Universal Service
Administrative Co.**

2022 USAC Annual Report Timeline

Timing	Activity	Due
December 2022	Design Annual Report outline	In progress
January 2023	Develop Annual Report program narratives	January 27, 2023
February 2023	Finalize Annual Report financial content	February 28, 2023
March 6, 2023	Share Annual Report final draft with the FCC and Board for review	March 17, 2023
March 17, 2023	The FCC and Board provide feedback on Annual Report final draft	March 17, 2023
March 20, 2023	Incorporate Board and FCC feedback into Annual Report	March 24, 2023
March 31, 2023	Deliver final Annual Report to the FCC per MOU	March 31, 2023



**Universal Service
Administrative Co.**