



Executive Committee Quarterly Meeting

Briefing Book

Thursday, October 19, 2017

11:00 a.m. - 12:30 p.m. Eastern Time

Universal Service Administrative Co. Offices

700 12th Street NW, Suite 900

Washington, DC, 20005

**Universal Service Administrative Company
Executive Committee Quarterly Meeting
Agenda**

**Thursday, October 19, 2017
11:00 a.m. – 12:30 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 Executive Committee Meeting Minutes of July 20, 2017 and September 11, 2017. B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i> .	5
Vickie	a2. Solicit Ideas for January 2018 Board & Committee Meetings.	5

<u>EXECUTIVE SESSION</u>		<i>Estimated Duration in Minutes</i>
Charlie	i1. Information on Preliminary Annual USAC Common and Consolidated Budgets – Confidential – <i>Executive Session Recommended</i> . <i>Same as iBOD03cf</i>	30
Charlie/ Vickie	i2. Business Update – Confidential – <i>Executive Session Recommended</i> . <ul style="list-style-type: none"> • Contributors and Providers Business Update. • Summary of October Quarterly Meetings. 	30
Vickie	i3. Discussion of FCC-USAC Executive Committee Quarterly Meeting – Confidential – <i>Executive Session</i> .	20

Next Scheduled USAC Executive Committee Meeting

**Thursday, January 25, 2018
11:00 a.m. – 12:30 a.m. Eastern Time
USAC Offices, Washington, D.C.**

**Universal Service Administrative Company
Executive Committee Meeting**

ACTION ITEM

Consent Items

Action Requested

The Executive Committee (Committee) is requested to approve the consent items listed below.

Discussion

The Committee is requested to approve the following items using the consent resolution below:

- A. Committee meeting minutes of July 20, 2017 and September 11, 2017 (*see Attachments A-1 and A-2*).
- B. Approval for discussing in *Executive Session* agenda items:
 - (1) **i1** – Information on Preliminary Annual USAC Common and Consolidated Budgets. USAC management recommends that this matter be discussed in *Executive Session* because this matter relates to USAC’s *procurement strategy and contract administration*.
 - (2) **i2** – Business Update. USAC management recommends that this matter be discussed in *Executive Session* because this matter *includes pre-decisional matters pending before the FCC, and may also include discussion of personnel matters and attorney/client privileged communications*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
 - (3) **i3** – FCC-USAC Executive Committee Quarterly Meeting Agenda. USAC management recommends that this matter be discussed in *Executive Session* because this matter *includes pre-decisional matters pending before the FCC, and may also include discussion of personnel matters and attorney/client privileged communications*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.

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

Recommended USAC Executive Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Board of Directors Executive Committee hereby approves the Committee meeting minutes of July 20, 2017 and September 11, 2017 and discussion in *Executive Session* of the items noted above.

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

EXECUTIVE COMMITTEE MEETING
Thursday, July 20, 2017

(DRAFT) MINUTES¹

The quarterly meeting of the USAC Board of Directors (Board) Executive Committee (Committee) was held at USAC's offices in Washington, D.C. on Thursday, July 20, 2017. Mr. Joel Lubin, Vice Chair of the Committee, called the meeting to order at 11:23 a.m. Eastern Time with a quorum of six of the eight Committee members present:

Brisé, Ronald – Treasurer – *by telephone*
Domenech, Dr. Dan – *by telephone*
Gillan, Joe – Chair of Audit Committee – *by telephone*
Lubin, Joel – Vice Chair, USAC Board – *by telephone*
Robinson, Vickie – Acting Chief Executive Officer, General Counsel and Assistant Secretary
Talbot, Dr. Brian – Chair, USAC Board – *by telephone*

Dr. Kathy Wibberly joined the call at 11:24 a.m. Eastern Time by telephone. She did not vote on item a1.

Members of the Committee not present:

Jacobs, Ellis – Secretary

Other Board members and officers of the corporation present:

Davis, Craig – Vice President of Schools & Libraries
Feiss, Geoff – Member of the Board – *by telephone*
Fontana, Brent – Member of the Board – *by telephone*
Garber, Michelle – Vice President of Lifeline
Gaither, Victor – Vice President of High Cost
Kinser, Cynthia – Member of the Board
Lee, Karen – Vice President of Rural Health Care
Poulin, Chera – Vice President and Chief Human Resources Officer
Salvator, Charles – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Scott, Wayne – Vice President of Internal Audit
Shah, Hemang – Vice President of Enterprise Portfolio Management

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

Sweeney, Mark – Chief Operating Officer
 Wein, Olivia – Member of the Board – *by telephone*

Others present:

<u>NAME</u>	<u>COMPANY</u>
Anderson, Jarnice	USAC
Delmar, Teleshia	USAC
Hughet, Pamela	USAC
Hutchinson, Kyle	USAC
King, Lauren	USAC
Mitchell, Tamika	USAC
Nuzzo, Patsy	USAC
Simab, Habib	USAC
Theobald, Fred	USAC

OPEN SESSION

a1. Consent Items. Mr. Lubin presented this item to the Committee.

A. Approval of Executive Committee Meeting Minutes of April 20, 2017, June 15, 2017 and July 7, 2017.

B. Approval for discussing in *Executive Session* agenda items:

- (1) **a2** – Action on Five USAC Internal Audit Division Operational Audit Reports. USAC management recommends that this matter be discussed in *Executive Session* because these reports relate to *specific internal controls, and/or confidential company data* that would constitute a discussion of internal rules and procedures
- (2) **i1** – Business Update. USAC management recommends that this matter be discussed in *Executive Session* because this matter *includes pre-decisional matters pending before the FCC, and may also include discussion of personnel matters and attorney/client privileged communications*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (3) **a3** – Personnel Matter. USAC management recommends this item be discussed in *Executive Session* in accordance with the approved criteria and procedures for conducting USAC Board and Committee business *in Executive Session* and because it involves an internal confidential personnel matter. This matter is also subject to *attorney/client privilege*.
- (4) **i2** – Revision of Executive Compensation Committee Charter. USAC management recommends this item be discussed in *Executive Session* in accordance with the approved criteria and procedures for conducting USAC Board and Committee business *in Executive*

- Session* and because it involves an internal confidential personnel matter. This matter is also subject to *attorney/client privilege*.
- (5) **i3.** Update on CEO Search. USAC management recommends that this item be discussed in *Executive Session* consistent with USAC's long-standing practice to discuss personnel matters in *Executive Session* and to preserve privacy.

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

RESOLVED, that the USAC Board of Directors Executive Committee hereby approves the Committee meeting minutes of April 20, 2017, June 15, 2017, and July 7, 2017 and discussion in *Executive Session* of the items noted above.

At 11:27 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential items noted above.

EXECUTIVE SESSION

a2. Action on Five USAC Internal Audit Division Operational Audit Reports.

Mr. Scott presented this item for consideration.

On a motion duly made and seconded, and after discussion, the Committee adopted the following resolution, which was corrected to reflect the fact that multiple reports were deemed final:

RESOLVED, that the USAC Executive Committee, having reviewed the USAC Internal Audit Division (IAD) operational audit reports as listed in Exhibit I to this briefing paper, accepts the recommendations of the USAC Audit Committee and USAC management and hereby deems the reports final.

- i1. Business Update.** Ms. Robinson and Mr. Fred Theobald, Director of Financial Operations, presented this item to the Board for discussion.
- Projected Universal Service Fund (USF) Contribution Rate for 4th Quarter 2017.
 - Overview of July Quarterly Meetings.

At 12:00 p.m. Eastern Time, the meeting continued in *Executive Session* with only the Board, officers and counsel present.

- a3. Personnel Matter.** Ms. Robinson presented this item to the Committee for consideration.

At 12:13 p.m. Eastern time, the meeting continued in *Executive Session* with only members of the Board and counsel present.

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

RESOLVED, that the USAC Board of Directors Executive Committee, having reviewed and considered the proposed options to address the potential contractual dispute that USAC management recommends, hereby approves that USAC continues to seek Commission approval to enter into a negotiated resolution and reach a monetary settlement to resolve the pending claims asserted by the two former employees.

- i2. Revision of Executive Compensation Committee Charter.** Ms. Robinson presented this item to the Committee for discussion.
- i3. Update on the CEO Search.** Ms. Robinson presented this item to the Committee for discussion.

At 12:54 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee took action on items a2 and a3 and discussed items i1, i2 and i3. On a motion duly made and seconded, the Committee adjourned at 12:55 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary

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

EXECUTIVE COMMITTEE MEETING
Monday, September 11, 2017

(DRAFT) MINUTES¹

A meeting of the USAC Board of Directors (Board) Executive Committee (Committee) was held at USAC's offices in Washington, D.C. on Monday, September 11, 2017. At the request of Dr. Brian Talbott, Chair of the Committee, Mr. Joel Lubin, Vice Chair of the Committee, called the meeting to order at 5:03 p.m. Eastern Time with a quorum of six of the eight Committee members present. Ms. Robinson recused herself from this meeting.

Brisé, Ronald – Treasurer – *by telephone*
Domenech, Dr. Dan – *by telephone*
Gillan, Joe – *by telephone*
Jacobs, Ellis – Secretary – *by telephone*
Lubin, Joel – Vice Chair
Talbot, Dr. Brian – Chair – *by telephone*

Members of the Committee not present:

Robinson, Vickie – Acting Chief Executive Officer, General Counsel and Assistant Secretary
Wibberly, Dr. Kathy

Other Board members and officers of the corporation present:

Bocher, Bob – Member of the Board – *by telephone*
Kinser, Cynthia – Member of the Board – *by telephone*
Salvator, Charles – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Scott, Wayne – Vice President of Internal Audit

Others present:

<u>NAME</u>	<u>COMPANY</u>
Beckford, Ernesto	USAC
Nuzzo, Patsy	USAC
Tomlin, Nicole	USAC

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

OPEN SESSION

- a1. Consideration of Approval to Reimburse Board Members to Attend an Event Other Than a USAC Board or Committee.** Mr. Lubin presented this item for consideration.

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

RESOLVED, 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 Executive Committee authorizes management to reimburse those Board members who travel to Washington, D.C. for the purpose of interviewing CEO candidates, for local Board members that reviewed the executive search firms proposals at the August 29, 2017 meeting conducted that the USAC offices and for Dr. Brian Talbott and Mr. Joel Lubin to address the USAC staff on September 25, 2017.

- a2. Consideration of Contract Award for Executive Search Firm.** Mr. Ernesto Beckford recommended that discussion of this item be conducted in *Executive Committee Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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

RESOLVED, that the Executive Committee determines that the discussion of this item be conducted in *Executive Session*.

At 5:06 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item noted above.

EXECUTIVE SESSION

- a2. **Consideration of Contract Award for Executive Search Firm.** Mr. Lubin presented this item for consideration.

On a motion duly made and seconded and after discussion, with Ms. Robinson not present, the Committee adopted the following resolution:

RESOLVED, that the USAC Executive Committee, having reviewed the SST recommendations and having participated in the call-back sessions described above, hereby authorizes USAC management to award a contract to Odgers Berndtson to assist the USAC Board in identifying candidates for a new CEO, for a not-to-exceed total price of \$77,000, plus expenses, plus applicable sales taxes.

At 5:12 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Lubin reported that in *Executive Session*, the Committee took action on item a2.

On a motion duly made and seconded, the Committee adjourned at 5:18 p.m. Eastern Time.

/s/ Ellis Jacobs
Secretary