**Universal Service
Administrative Co.**

Executive Committee

Briefing Book

Thursday, January 24, 2019

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

Universal Service Administrative Company Offices

700 12th Street, NW, Suite 900

Washington, DC, 20005

Universal Service Administrative Company
Executive Committee Quarterly Meeting
Agenda

Thursday, January 24, 2019
11:00 a.m. – 12:30 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

	OPEN SESSION		*Estimated Duration in Minutes*
Chair	**a1.**	Consent Items (each available for discussion upon request): **A.** Approval of Executive Committee Meeting Minutes of October 25, 2018 **B.** Approval of moving all *Executive Session* items into *Executive Session*	5
Radha	**i1.**	CEO Business Update	20

	EXECUTIVE SESSION **Confidential** – *Executive Session Recommended*.		*Estimated Duration in Minutes*
Pam	**i2.**	Information on Contribution Factor	15
Pam	**i3.**	Information on 2019 Annual USAC Common and Consolidated Budgets	20
Radha/ Joel	**i4.**	Discussion of FCC / USAC Executive Committee Quarterly Meeting	10

Next Scheduled USAC Executive Committee Meeting

Thursday, April 25, 2019
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) of the USAC Board of Directors (Board) 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 October 25, 2018 (*see* **Attachment A**).

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

        (1) **i2 –** Information on Contribution Fund Analysis and Contribution Factor. USAC management recommends that this matter be discussed in *Executive Session* because it relates to ***internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential***.

        (2) **i3** – Information on 2019 Annual USAC Common and Consolidated Budgets. USAC management recommends that discussion of this item be conducted in Executive Session because this matter relates to USAC's ***procurement strategy and contract administration***.

        (3) **i4** – Discussion of FCC-USAC Executive Committee Quarterly Meeting. USAC management recommends that this item be discussed in *Executive Session* because it may include ***confidential company data, and pre-decisional matters pending before the FCC***.

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: (1) the Committee meeting minutes of October 25, 2018; and (2) 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, October 25, 2018

(DRAFT) MINUTES[1]

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, October 25, 2018. Mr. Joel Lubin, Committee Chair, called the meeting to order at 11:02 a.m. Eastern Time with a quorum of seven of the eight Committee members present.

   Feiss, Geoff – *by telephone*
   Gillan, Joe – Vice Chair – *by telephone*
   Jacobs, Ellis – Secretary – *by telephone*
   Lubin, Joel – Chair – *by telephone*
   Mason, Ken – Treasurer – *by telephone*
   Sekar, Radha – Chief Executive Officer
   Wibberly, Dr. Kathy – *by telephone*

Dr. Wibberly left the meeting at 11:31 a.m. Eastern Time. She did not participate on in the discussions of items i2, i3 and i4.

Committee members not present:

   Domenech, Dr. Dan

Other Board members and officers of the corporation present:

   Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
   Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
   Bocher, Bob – Member of the Board – *by telephone*
   Buzacott, Alan – Member of the Board – *by telephone*
   Davis, Craig – Vice President of Procurement and Strategic Sourcing
   Delmar, Teleshia – Vice President of Audit and Assurance
   Fontana, Brent – Member of the Board – *by telephone*
   Garber, Michelle – Vice President of Lifeline
   Holstein, Bob – Vice President and Chief Information Officer
   Salvator, Charles – Vice President of Finance, Chief Financial Officer, and
      Assistant Treasurer

---

[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 – Vice President of Rural Health Care

Others present:

NAME	**COMPANY**
Ayer, Catriona	USAC
Hughet, Pamela	USAC
Tiwari, Tanya	USAC
Kahn, Sammy	USAC
Nuzzo, Patsy	USAC
Tomlin, Nicole	USAC

OPEN SESSION

All materials from Open Session can be found on the USAC website.

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

A. Approval of Executive Committee Meeting Minutes of July 19, 2018.

B. Approval for Moving all *Executive Session* Items to *Executive Session*:

(1) **i1 –** CEO Business Update (*Continued*). Discussion on the FCC and USAC Memorandum of Understanding. USAC management recommended that this matter be discussed in *Executive Session* because it is subject to the *attorney/client privilege*.

(2) **i2 –** Information on Contribution Factor. USAC management recommended that this matter be discussed in *Executive Session* because it relates to *internal controls, and/or confidential company data, and may also include pre-decisional matters pending before the FCC. In addition, 47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. Item i3 also relates to USAC's *procurement strategy and contract administration*.

(3) **i3** – Information on Preliminary 2019 Annual USAC Common and Consolidated Budgets. USAC management recommended that this item be discussed in *Executive Session* because it relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.

(4) **i4** – Discussion of FCC-USAC Executive Committee Quarterly Meeting. USAC management recommended that this item be discussed in *Executive Session* because it may include *confidential company data, and pre-decisional matters pending before the FCC*

Briefing book excludes all materials discussed in Executive Session.
ACTION Item #aEC01 01/24/19
Attachment A
Meeting Minutes of 10/25/18

Page 3 of 3

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

> **RESOLVED**, that the USAC Board of Directors Executive Committee hereby approves: (1) the Committee meeting minutes of July19, 2018; and (2) discussion in *Executive Session* of the items noted above.

i1.   **Business Update.** Ms. Sekar presented these items to the Committee for discussion:
- Action Items from the July Quarterly Meetings.
- Goals and Objectives.
- Major Accomplishments.
- USAC's 18-Month Program Plans.
- Update on the CEO Roundtables.

At 11:47 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

i1.   **Business Update** (*Continued*). Ms. Sekar provided an update on the FCC-USAC Memorandum of Understanding and Mr. Lubin reminded the Committee about the upcoming CEO Assessment Survey and Nominating Committee Survey.

i2.   **Information on Contribution Factor.** Mr. Salvator presented this item for discussion.

i3.   **Information on the 2019 Preliminary Annual USAC Common and Consolidated Budgets.** Mr. Salvator presented this item for discussion, noting that the final budget would be presented for approval at the January 2019 Board of Directors meeting.

i4.   **Discussion of FCC-USAC Executive Committee Quarterly Meeting.** The Committee discussed agenda topics, noting that additional topics would be added, based on discussion at the upcoming Committee and Board meetings.

At 12:34 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 discussed items i1, i2, i3, and i4. On a motion duly made and seconded, the Committee adjourned at 12:35 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

CEO Business Update

Executive Committee Meeting

January 24, 2019

Universal Service
Administrative Co.

Agenda

Topic	Description	Purpose	Presenter	Length
Recap	Review of action items and status from previous Board and Committee meetings	Informational	Radha	5 min
2018 Accomplishments	2018 significant accomplishments across the organization	Informational	Radha	5 min
2019 Goals and Objectives	Review of major corporate goals & objectives	Informational	Radha	5 min
CEO Roundtable	Status update	Informational	Radha	5 min

October Board Recap

Action items and updates from the previous Board and Committee meetings

Activity/Item	Purpose	Status
Specific Content Requested		
Executive Committee Projections for Demand and Contribution Rate	Support the FCC when they are considering revisions to the programs	USAC provides the information to the FCC.
Board of Directors Add a glossary	Add a glossary to make it easier to understand the materials for those that don't work with the program(s) regularly	A glossary has been added to the Appendix of the Business Updates, where needed.
Human Resources - Turnover rate	What is USAC doing to reduce turnover rate and how does USAC measure success?	This had been addressed in the Human Resource Business Update
EPMO – Open Data	When will there be an open data set available for the public for RHC?	RHC data was submitted to the FCC for review and approval. USAC will follow-up after the FCC returns from the partial government shutdown.
USAC Challenges	Board would like to understand USAC's key challenges	Program Business Updates include discussion topics on this item
Budget Papers	Show 2018 actuals to allow comparison to 2019	This has been added to the budget papers
Audit Committee USAC Risks and Reporting to the Board	Provide additional information on USAC's procedures to minimize risk and how it will be reported to the Board	This will be discussed during the EPMO Business Update during the Board meeting
Amend AAD Charter	The Audit Committee wants to have oversight on corporate assurance activities	Discussion on this topic will be conducted at the Board meeting

3

October Board Recap

Action items and updates from the previous Board and Committee meetings

Item	Purpose	Status
Changes/Modifications Requested		
Schools & Libraries PQA – Improper Payments Results	Provide two calculations for the Lifeline improper payment rate to see how the changes in the use of universal forms are helping to reduce the risk of improper payments.	This item will be addressed once the Fiscal Year 2019 PQA results are complete and presented during the October 2019 Audit Committee meeting.
Expiration of State Match for fiber builds	Which states have state match program that expire soon?	The following states have state match programs that expire in 2019: Arizona, Maryland, Nevada, and Texas. Complete information about approved state match program can be found on the USAC website.
Pricing Confidentiality	How many SL applications does USAC receive that request pricing confidentiality?	Over the past three funding years, the number of applications requesting pricing confidentiality has declined steadily. In FY 2016, we received 191 such applications, in FY 2017 there were 116 such applications, and in FY 2018 there were 46 such applications. This represents less than 0.5% of all applications received in that funding year.
Lifeline • Enhanced Duplicate Detection • National Verifier Reverifications	• Can you quantify the impact of the enhanced duplicate check implemented in August 2018? • How many carriers elect USAC to perform reverification?	• Just prior to the enhancement, approximately 500 enrollments out of 400,000 were potential duplicates. With the enhancement, no such enrollments have occurred. • 78 ETCs representing about 37,000 subscribers for the first two NV state launches. This represents approximately 11% of total subscribers that require reverification.
Rural Health Care Stakeholder Engagement	Provide more detail on what is RHC doing to engage stakeholders	This will be discussed in the RHC Business Update

4

2018 Major Enterprise Accomplishments

- Created 18-Month roadmap plans for each Program

- Transitioned disparate call centers to Sutherland (RHC, High Cost, SLD) and Conduent (Lifeline), resulting in a $2M annual saving

- Launched the Knowledge Management efforts that centralized program, process, team and application environment that will align the knowledge, content, and training required by the USAC Programs (High Cost, Lifeline, Rural Health Care, Schools and Libraries)

- CAF Map complete and accepted by FCC on September 27th, which is USAC's first open data mapping application – displaying over 1.8 million deployed broadband locations as reported by carriers in the High Cost Program's HUBB system. The map allows users to interact in a number of ways, along with the ability to run powerful searches and queries

- Successfully completed the Cash to Treasury and in the first month, processed 432 payments for $6.7M using the new system, working with the top 35 contributors (representing ~90% of contributions) to ensure a smooth transition to the new process

- Supporting some of the key activities for USAC, the Procurement team managed several procurements, including Appian; Oracle; EPC O&M; VMWare, and IV&V; Microsoft Enterprise Agreement; Dell/EMC Transformational License Agreement; Enterprise DB License Agreement, Red Hat Linux Enterprise License Agreement, Maximus; and IT Security Program Award

- Achieved FISMA 5 ATO for all of USAC's major systems: National Verifier, NLAD, High Cost, Finance E-File, EDS, and EPC/SL Legacy

- Implemented the Graduate Recruitment Program with early career talent for a more balanced workforce; hired over 30 recent graduates/early career talent in 2018

- In conjunctions with the FCC and the Board of Directors signed a new Memorandum of Understanding

Goals and Objectives: USAC

To work collaboratively with the FCC, stakeholders, and staff to ensure the success of the Universal Service Fund Programs, while continuing to reduce waste, fraud and abuse of the Universal Service Fund.

6

2019 Goals & Objectives

Helping households obtain the voice and broadband connectivity services they need to participate and function in today's digital world.

Goals	Objectives / Outcomes	How USAC will meet the goal
Operational Efficiency	To continuously improve the efficiency and effectiveness of business processes.	• Roll out a USAC wide knowledge management framework. • Through governance, establish processes that are simple, fast and efficient.
Improve Program Participant & FCC Experience	Enhance participant experience to enable successful participation. Enhance FCC relationship with transparent communication and responsiveness	• Timely and quality resolution of customer issues and concerns to their satisfaction. • Resolve and respond to high level highly visible inquires. • Continue open communication with FCC on 18-month Plan, meet milestones and deliverables and adjust plans as needed.
Program Integrity	To monitor and implement controls and proactively detect opportunity to prevent fraud, waste and abuse.	• Increase the trust of FCC, Public, and Congress in our programs.
Execute Mission Critical Performance	Create an environment where FCC direction and USAC goals are designed and implemented in the best and most timely fashion.	**Programs:** **HC**-Monitor Network Build-out obligation by fund & Execution of fund level validation and verifications / **LL** –Implement NV / **SLD** –Execute key business processes timely / **RHC**- Funding decisions for 2017 & 2018. **Enterprise:** **OGC** – Support Programs to improve Program integrity and operational efficiencies / **Finance** - A123 Enterprise Internal Audit and annual audit / **IT -** Use best-in-class solutions development & hosting services / **AAD** - Complete Lifeline Chairman Pai and forensic audits/ **EPM -** Finish Data Warehouse and complete Data Act compliance / **Procurement-** Strong FCC relationships and strategic alliances with USAC Service Providers/ **HR**- HR scorecard for overall assessment & improvement. Proactive recruiting solutions / **Shared Services –** Through communication an training vehicles reduce participant errors and improve response times.
Employee Engagement – (People Manager)	To ensure USAC employees feel a greater commitment to the organization. Ensuring that USAC becomes an employer of choice.	• Improve communication with employees to create a culture of feedback and transparency. • Create alignment on enterprise wide performance to ensure performance is rewarded and all staff are held accountable and supported.

7

CEO Roundtable Update

Focus on SL BPO Transition

- SECA
- ALA
- Council of Great City Schools
- Service Provider @ Annual Training – 104 participants, 66 unique companies
- SHLB – 82 participants; 61 unique companies
- Education Networks of America
- E-Rate Management Professionals Association

Networking Opportunities

- NTCA
- ITTA
- ATIS
- UTC
- Fiber Broadband