

2005 Rural Health Care Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

January 24, 2005

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held its quarterly meeting at the USAC Office in Washington, D.C., on Monday, January 24, 2005. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:30 p.m. Eastern Time. Ms. Lamoureux, Executive Assistant to the CEO, called the roll. Six of the eight members of the Committee were present, representing a quorum:

Duff, Bridget

Sanford, Joanne

Hughes, Alison

Brian Talbott

Sanders, Dr. Jay – Chair

Zaina, Lisa – CEO

Other Board members and Officers of the Corporation present:

Buller, Karen – USAC Board Member

Campbell, Anne – USAC Board Member

Eichler, Edwin – USAC Board Member

Hess, Kevin – USAC Board Member

Barash, D. Scott – Vice President and General Counsel

Blackwell, Mel – VP, External Communications & Rural Health Care Division

Carmichael, Mark – Assistant Treasurer; VP, Finance and Financial Operations

Flannery, Irene – VP, High Cost & Low Income Division

Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations

Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Bancroft, Royce	USAC
Bayona, Janet	USAC
England, Bill	USAC
Faunce, Donna	USAC
Johnson, Daniel	USAC
Lamoureux, Renee	USAC
Lenhardt, Chris	USAC
Miller, Linda	USAC
Parry, John	NSI

ACTION ITEMS:

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Monday, October 18, 2004.
- a2. Annual Election of Committee Chair and Vice Chair.** Dr. Sanders introduced this item. He indicated he was willing to serve as Vice Chair of the Committee but recommended that Alison Hughes serve as the Committee's Chair.

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

RESOLVED, That the USAC Rural Health Care Committee recommends that the of the USAC Board of Directors elect **Ms. Alison Hughes** as Chair and **Dr. Jay Sanders** as Vice Chair of the USAC Rural Health Care Committee for the term of one year that shall begin at the conclusion of the January 2005 quarterly Board meeting and that shall conclude at the close of the January 2006 quarterly Board meeting.

- a3. Approval of Proposed Plan for Beneficiary Audits of the Rural Health Care Support Mechanism for Inclusion in the 2005/2006 USAC Internal Audit Plan.** Mr. Scott introduced this item and reviewed the details of the proposed beneficiary audits of the Rural Health Care Support Mechanisms.

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

RESOLVED, That the USAC Rural Health Care Committee approves the proposed plan for beneficiary and follow-up audits of the Rural Health Care Support Mechanisms for 2005/2006 as presented by the USAC Internal Audit Division and recommends that the USAC Audit Committee include the proposed audits in the 2005/2006 USAC Internal Audit Plan.

- a4. Consideration of Approval of Extension of the Existing Program Support Services Agreement with NSI – Confidential & Proprietary – *Executive Session Recommended.*** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that discussion of this item be conducted in *Executive Session* because discussion of this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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

RESOLVED, That the USAC Board of Directors determines that discussion of the consideration of program services contract extension for the Schools and Libraries and Rural Health Care Support Mechanisms shall be conducted in ***Executive Session***.

At 1:39 p.m., on a motion duly made and seconded, the Committee voted to move into ***Executive Session*** for purposes of discussing the confidential and proprietary items as noted above.

EXECUTIVE SESSION:

- a1. Consideration of Program Services Contract Extension for the Schools and Libraries and Rural Health Care Support Mechanisms.** Mr. Blackwell introduced this item to the Board. Ms. Zaina discussed the merits of extending the current program support services contract with NECA Services, Inc.

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

RESOLVED, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors approves an extension to the current services contract with NECA Services, Inc. from July 1, 2005 through December 31, 2006 on mutually agreeable terms and conditions to be negotiated by USAC management.

The Committee adjourned from ***Executive Session*** and reconvened in open session at 1:59 p.m. to report the discussions of the Committee during ***Executive Session***.

- a2. Approval of 2005 Annual and 2nd Quarter Rural Health Care Programmatic Budgets.** Ms. Faunce, USAC Budget and Financial Analyst, introduced this item, presenting an overview of the 2nd Quarter 2005 programmatic budgets for the Rural Health Care Support Mechanism.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 2nd Quarter 2005 Rural Health Care Support Mechanism budget of \$975,300; and

RESOLVED FURTHER, That the USAC Rural Health Care Committee approves an annual Rural Health Care Support Mechanism budget of \$3,905,300.

- a3. **Approval of 2nd Quarter 2005 Rural Health Care Support Mechanism Projections and Resolution on the January 31, 2005, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 2nd Quarter 2005. Mr. William England, Director of Rural Health Care Operations and Systems discussed program outreach efforts.

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

RESOLVED, That the USAC Rural Health Care Committee, having reviewed at its meeting on January 24, 2005, a summary of the 2nd Quarter 2005 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required January 31, 2005, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

- a4. **Action on Six Rural Health Care Support Mechanism Beneficiary Audit Reports.** Mr. Lenhardt, Senior Internal Audit and Fraud Specialist, presented the six beneficiary audit reports to the Committee.

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

RESOLVED, That the USAC Rural Health Care Committee, had reviewed the 2004 Agreed Upon Procedures Reports (Audit Nos. RH2004BE018, RH2004BE019, RH2004BE020, RH2004BE021, RH2004BE022, and RH2004BE0023) of Rural Health Care Support Mechanism beneficiaries, together with management's response thereto, and recommends to the USAC Audit Committee that each such audit report be deemed final.

- a5. **Miscellaneous.**

- **Solicit Ideas for April 2005 Committee Agenda.** Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting Ms. Hughes or Mr. Blackwell between quarterly meetings.

Information Items

- i1. **Rural Health Care Support Mechanism Update.** Mr. Blackwell provided an update regarding the impact of the changes to the mechanism as a result of the December 2004 FCC order.

There being no further business, Dr. Sanders adjourned the meeting at 2:25 p.m.

_____/s/ Robert W. Haga

Robert W. Haga

Assistant Secretary

April 18, 2005 Date

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

April 18, 2005

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held its quarterly meeting at the USAC Office in Washington, D.C., on Monday, April 18, 2005. Ms. Hughes, Chair of the Committee, called the meeting to order at 11:30 p.m. Eastern Time. Ms. Lamoureux, Executive Assistant to the CEO, called the roll. Six of the eight members of the Committee were present, representing a quorum:

Hughes, Alison - Chair

Sanford, Joanne – *by telephone*

Jackson, Jimmy

Brian Talbott

Jortner, Wayne

Zaina, Lisa – CEO

Other Board members and Officers of the Corporation present:

Eichler, Edwin – USAC Board Member

Barash, D. Scott – Vice President and General Counsel

Blackwell, Mel – VP, External Communications & Rural Health Care Division

Flannery, Irene – VP, High Cost & Low Income Division

Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations

Others present for the meeting:

NAME	COMPANY
Delmar, Teleshia	USAC
Faunce, Donna	USAC
Johnson, Daniel	USAC
Lamoureux, Renee	USAC
Lenhardt, Chris	USAC
Mitchell, Jeff	USAC
Trew, Anne Marie	USAC

ACTION ITEMS:

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Monday, January 24, 2005.
- a2. Approval of 3rd Quarter Rural Health Care Programmatic Budgets.** Ms. Faunce introduced this item, presenting an overview of the 3rd Quarter 2005 programmatic budgets for the Rural Health Care Support Mechanism.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 3rd Quarter 2005 Rural Health Care Support Mechanism budget of \$1,007,300; and

RESOLVED FURTHER, That the USAC Rural Health Care Committee approves an annual Rural Health Care Support Mechanism budget of \$4,043,500.

- a3. Approval of 3rd Quarter 2005 Rural Health Care Support Mechanism Projections and Resolution on the May 2, 2005, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 3rd Quarter 2005. On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee, having reviewed at its meeting on April 18, 2005, a summary of the 3rd Quarter 2005 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required May 2, 2005, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

- a4. **Action on One Rural Health Care Support Mechanism Beneficiary Audit Reports. Reports – Confidential & Proprietary – *Executive Session Recommended*.** Mr. Lenhardt, Senior Internal Audit and Fraud Specialist, presented one beneficiary audit report to the Committee.

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

RESOLVED, That the USAC Rural Health Care Committee has reviewed the 2004 audit report (RH2004BE017) of a Rural Health Care Support Mechanism beneficiary and recommends to the USAC Audit Committee that the audit report be deemed final.

- a5. **Approval of Final Pricing of Partial Exercise of Option to Modify the Term of Rural Health Care and Schools and Libraries Support Services Agreement – Confidential & Proprietary – *Executive Session Recommended*.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that discussion of this item be conducted in *Executive Session* because discussion of this matter relates to USAC's procurement strategy and contract negotiations, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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

RESOLVED, That the USAC Rural Health Care Committee determines that discussion of final approval of partial exercise of option to modify term of Rural Health Care and Schools and Libraries program support services agreement shall be conducted in *Executive Session*.

See *Executive Session* for a report of this discussion.

- a6. **Miscellaneous.**

- **Solicit Ideas for July 2005 Committee Agenda.** Ms. Hughes reminded Committee members that they may offer suggestions for agenda items in between each quarterly meeting.

Information Items

- i1. **Rural Health Care Support Mechanism Update.** Mr. Blackwell provided an update on the 2005 filing window.
- i2. **Status Report on Ongoing Rural Health Care Support Mechanism Audits.** Ms. Delmar provide the Committee with an update on the status of Rural Health Care beneficiary audits.
- i3. **Status Report of Rural Health Care Support Mechanism Appeals.** Mr. Blackwell provided the Committee with the current status of pending appeals.

At 11:50 a.m., on a motion duly made and seconded, the Committee voted to move into *Executive Session* for purposes of discussing the confidential and proprietary items as noted above.

EXECUTIVE SESSION:

- a5. **Approval of Final Pricing of Partial Exercise of Option to Modify the Term of Rural Health Care and Schools and Libraries Support Services Agreement – Confidential & Proprietary.** Mr. Barash provided the Committee with a summary of the terms and conditions of the partial exercise of the priced option provision of the contract for program support services.

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

RESOLVED, That the USAC Rural Health Care Committee hereby approves the final pricing as presented by USAC management of the partial exercise of USAC's option to modify the term of the Rural Health Care and Schools and Libraries program support services agreement with NECA Services, Inc. to conclude on December 31, 2006.

The Committee adjourned from ***Executive Session*** and reconvened in open session at 11:52 a.m. to report the discussions of the Committee during ***Executive Session***.

There being no further business, Ms. Hughes adjourned the meeting at 11:53 a.m.

_____/s/ D. Scott Barash

D. Scott Barash, Assistant Secretary

July 18, 2005

Date

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

July 18, 2005

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held its quarterly meeting at the USAC Office in Washington, D.C., on Monday, July 18, 2005. Dr. Jay Sanders, called the meeting to order at 11:35 a.m. Eastern Time. Ms. Goode, Administrative Assistant for USAC, called the roll. Seven of the eight members of the Committee were present, representing a quorum:

Hughes, Alison – Chair – *by telephone*

Talbott, Brian

Jackson, Jimmy – *by telephone*

Zaina, Lisa – CEO

Jortner, Wayne – *by telephone*

Duff, Bridget

Sanders, Jay

Other Board members and Officers of the Corporation present:

Eichler, Edwin – USAC Board Member

Barash, D. Scott – Vice President and General Counsel

Richard Belden – Chief Operating Officer

Blackwell, Mel – VP, External Communications & Rural Health Care Division

Flannery, Irene – Senior VP of Programs

Others present for the meeting:

NAME	COMPANY
Faunce, Donna	USAC
Goode, Vernell	USAC
Johnson, Daniel	USAC
Lenhardt, Chris	USAC
Sullivan, Tanya	USAC

ACTION ITEMS:

- a1. **Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Monday, April 18, 2005.
- a2. **Approval of 4th Quarter Rural Health Care Programmatic Budgets.** Ms. Faunce introduced this item, presenting an overview of the 4th Quarter 2005 programmatic budgets for the Rural Health Care Support Mechanism.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 4th Quarter 2005 Rural Health Care Support Mechanism budget of \$388,900; and

RESOLVED FURTHER, That the USAC Rural Health Care Committee approves an annual Rural Health Care Support Mechanism budget of \$3,393,500.

- a3. **Approval of 4th Quarter 2005 Rural Health Care Support Mechanism Projections and Resolution on the August 1, 2005, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 4th Quarter 2005. On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee, having reviewed at its meeting on July 18, 2005, a summary of the 4th Quarter 2005 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required August 1, 2005, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

- a4. **Action on One Rural Health Care Support Mechanism Beneficiary Audit Reports. Reports – Confidential & Proprietary – Executive Session Recommended.** Mr. Lenhardt, Senior Internal Audit and Fraud Specialist presented the beneficiary audit report to the Committee.

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

RESOLVED, That the USAC Audit Committee accepts the recommendation of the USAC Rural Health Care Committee and directs that the audit report labeled RH2004BE024 be deemed final.

- a5. **Miscellaneous.**

- **Solicit Ideas for October 2005 Committee Agenda.**

INFORMATION ITEMS:

- i1. **Rural Health Care Support Mechanism Update:** Mr. Blackwell provided an update on the 2005 filing window.
- i4. **Rural Health Care Support Mechanism Timeline and Key Dates:** The Committee will meet again to discuss 2006 application windows after seeking guidance from the FCC.
- i5. **Miscellaneous.** None.

There being no further business, Dr. Sanders adjourned the meeting at 12:00 p.m.

_____/s/ D. Scott Barash

D. Scott Barash, Assistant Secretary

October 24, 2005

Date

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

October 3, 2005

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held a non-quarterly meeting at the USAC Office in Washington, D.C., on Monday, October 3, 2005. Ms. Hughes, Chair of the Committee, called the meeting to order at 3:03 p.m. Eastern Time. Ms. Lamoureux, Executive Staff Manager for USAC, called the roll. Five of the eight members of the Committee were present, representing a quorum:

Duff, Bridget – *by telephone*
Hughes, Alison – Chair – *by telephone*
Sanders, Jay – *by telephone*
Sanford, Jo Anne – *by telephone*
Zaina, Lisa – CEO

Other Board members and Officers of the Corporation present:

Barash, D. Scott – Vice President and General Counsel
Belden, Richard – Chief Operating Officer
Blackwell, Mel – VP, Rural Health Care Division
Flannery, Irene – Senior VP of Programs

Others present for the meeting:

NAME	COMPANY
Capozzi, Dave	USAC
England, William	USAC
Goode, Vernell	USAC
Hughes, Jeff	USAC
Lamoureux, Renee	USAC

ACTION ITEMS:

- a1. **Approval of Proposal on Rural Health Care Program Operations – Confidential & Proprietary – *Executive Session Recommended*.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in ***Executive Session***, Mr. Barash recommended that discussion of this item be conducted in ***Executive Session***

because discussion of this matter relates to USAC's procurement strategy and contract negotiations, and public disclosure of the matters discussed in this paper would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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

RESOLVED, That the USAC Rural Health Care Committee determines that discussion of the proposal on the Rural Health Care program operations shall be conducted in ***Executive Session***.

See ***Executive Session*** for a report of this discussion.

At 3:04 p.m., on a motion duly made and seconded, the Committee voted to move into ***Executive Session*** for purposes of discussing the confidential and proprietary items as noted above.

EXECUTIVE SESSION:

- a1. **Approval of Proposal on Rural Health Care Program Operations** – Ms. Irene Flannery, Sr. Vice President of Programs, introduced this item to the Committee providing a brief overview of the advantages to bringing the Rural Health Care operations in house upon the expiration of the current vendor contract. The Committee agreed to place this item on the upcoming Board of Director's meeting agenda for discussion.

On a motion duly made and seconded, the Committee adopted the following resolution. Dr. Jay Sanders abstained from voting.

RESOLVED, That the USAC Rural Health Care Committee accepts the recommendations made by USAC staff with respect to the operations of the Rural Health Care program.

The Committee adjourned from ***Executive Session*** and reconvened in open session at 3:49 p.m. to report the discussions of the Committee during ***Executive Session***.

There being no further business, Ms. Hughes adjourned the meeting at 3:50 p.m.

/s/ D. Scott Barash

D. Scott Barash, Assistant Secretary

1/24/2006

Date

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

October 24, 2005

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held its quarterly meeting at the USAC Office in Washington, D.C., on Monday, October 24, 2005. Ms Alison Hughes called the meeting to order at 11:35 a.m., Eastern Time. Ms. Goode, Administrative Assistant for USAC, called the roll. Six of the eight members of the Committee were present, representing a quorum:

Duff, Bridget

Sanford, Jo Anne

Hughes, Alison – Chair

Talbott, Brian

Sanders, Jay

Zaina, Lisa – CEO

Other Board members and Officers of the Corporation present:

Eichler, Edwin – USAC Board Member

Barash, D. Scott – Vice President and General Counsel

Belden, Richard – Chief Operating Officer

Blackwell, Mel – VP, External Communications & Rural Health Care Division

Erwin, WB – VP, Finance

Flannery, Irene – Senior VP of Programs

Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Faunce, Donna	USAC
Goode, Vernell	USAC
Johnson, Daniel	USAC
Lenhardt, Chris	USAC
Sullivan, Tanya	USAC

ACTION ITEMS:

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Monday, July 18, 2005 and Monday, October 3, 2005.
- a2. Approval of 1st Quarter 2006 Rural Health Care Programmatic Budgets.** Ms. Faunce introduced this item, presenting an overview of the 1st Quarter 2006 programmatic budgets for the Rural Health Care Support Mechanism.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 1st Quarter 2006 Rural Health Care Support Mechanism budget of \$916,500.

- a3. Approval of 1st Quarter 2006 Rural Health Care Support Mechanism Projections and Resolution on the November 2, 2005, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 1st Quarter 2006. On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee, having reviewed at its meeting on October 24, 2005, a summary of the 1st Quarter 2006 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required November 2, 2005, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

a4. Miscellaneous.

- Solicit Ideas for January 2006 Committee Agenda.

INFORMATION ITEMS:

- i1. Rural Health Care Support Mechanism Update:** Mr. Blackwell provided an overview on Rural Health Care Support Mechanism activity since the last Committee meeting.
- i2. Status Report on USAC Audits.** For information purposes only. No discussion held.
- i3. Status Report on Actions Taken on Final USAC Audits.** For information purposes only. No discussion held.
- i4. Report on the Implementation of Hurricane Katrina Special Relief.** Ms. Irene Flannery provided the Committee with an update on program activities related to the implementation of Hurricane Katrina special relief.

There being no further business, Dr. Sanders adjourned the meeting at 12:00 p.m.

_____/s/ D. Scott Barash

D. Scott Barash, Assistant Secretary

January 23, 2006

Date

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

December 1, 2005

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held a non-quarterly meeting at USAC's Office in Washington, D.C. on Thursday, December 1, 2005. Ms. Hughes, Chair of the Committee, called the meeting to order at 1:03 p.m. Eastern Time. Ms. Lamoureux, Executive Staff Manager for USAC, called the roll. Six of the eight members of the Committee were present, representing a quorum:

Hughes, Alison – Chair – *by telephone*

Jackson, Jimmy – *by telephone*

Jortner, Wayne – *by telephone*

Sanders, Dr. Jay – *by telephone*

Sanford, Jo Anne– *by telephone*

Zaina, Lisa – CEO

Other Board members and Officers of the Corporation present:

Eichler, Edwin

Barash, D. Scott – Vice President and General Counsel

Belden, Richard – Chief Operating Officer

Blackwell, Mel – VP, Rural Health Care Division

Flannery, Irene – Senior VP of Programs

Others present for the meeting:

NAME	COMPANY
Lamoureux, Renee	USAC

ACTION ITEMS:

- a1. Approval of Proposal on Rural Health Care Program Operations – Confidential & Proprietary – *Executive Session Recommended*.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in ***Executive Session***, Mr. Barash recommended that discussion of this item be conducted in ***Executive Session*** because discussion of this matter relates to USAC's procurement strategy and contract negotiations, and public disclosure of the matters discussed in this paper would compromise

USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund.

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

RESOLVED, that the USAC Rural Health Care Committee determines that discussion of the proposal on the Rural Health Care program operations shall be conducted in **Executive Session**.

See **Executive Session** for a report of this discussion.

At 1:04 p.m., on a motion duly made and seconded, the Committee voted to move into **Executive Session** for purposes of discussing the confidential and proprietary items as noted above.

EXECUTIVE SESSION:

- a1. **Approval of Proposal on Rural Health Care Program Operations** – Ms. Alison Hughes introduced this item to the Committee providing a summary of the action taken by the Committee on October 3, 2005, approving the transition of Rural Health Care program operations in-house, and recent requests by Committee members to revisit that decision.

On a motion duly made and seconded, the Committee adopted the following resolution. Ms. Zaina abstained from voting.

RESOLVED, that the USAC Rural Health Care Committee shall **RECONSIDER** the action taken by the Committee on October 3, 2005, to transition the Rural Health Care program operations in-house.

Ms. Zaina and Ms. Flannery provided the Committee with an overview of new information provided by management since the October 3, 2005, Committee meeting.

On a motion duly made and seconded, the Committee adopted the following resolution.

RESOLVED, that the USAC Rural Health Care Committee hereby **AFFIRMS** the action taken by the Committee on October 3, 2005, to transition the Rural Health Care program operations in-house.

Ms. Zaina abstained from voting.

The Committee adjourned from **Executive Session** and reconvened in open session at 1:32 p.m. to report the discussions of the Committee during **Executive Session**.

There being no further business, Ms. Hughes adjourned the meeting at 1:34 p.m.

/s/ David A. Capozzi

David A. Capozzi, Assistant Secretary