



Board of Directors

Briefing Book

Tuesday, January 28, 2025

10:00 a.m. – 1:30 p.m. Eastern Time

Available for Public Use

Universal Service Administrative Company Offices

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

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

<p>Tuesday, January 28, 2025 10:00 a.m. – 1:30 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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<u>OPEN SESSION</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each available for discussion upon request):</p> <ul style="list-style-type: none"> A. Approval of Board of Directors Meeting Minutes of October 29, 2024, December 31, 2024, and January 7, 2025 B. Approval of moving all <i>Executive Session</i> Items into <i>Executive Session</i> C. Consideration and Approval of One Routine Procurements D. Approval of Board of Directors Quarterly Meeting Schedule for April 2026-January 2027 E. Review of the 2025 Audit Committee Charter F. Review of the Nominating Committee Charter G. Resolution Honoring Four Board Member Whose Service on the Board Has Recently Ended 	5
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: High Cost & Low Income Committee, Schools & Libraries Committee, Rural Health Care Committee, Audit Committee, and Executive Compensation Committee	10
Michelle	a3. Approval of USAC Common and Consolidated 2nd Quarter 2025 Budgets for the January 31, 2025 Federal Communications Commission Filing	5
Radha Stephen	<p>i2. Enterprise Business Update</p> <ul style="list-style-type: none"> A. 2024 USAC Accomplishments B. 2024 Annual Report Timeline 	15

<u>OPEN SESSION INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Teleshia	<p>i3. Information on Two USAC Audit and Assurance Audit Division Universal Service Supply Chain Audit Reports <i>(For Information Only)</i></p>	–

<u>EXECUTIVE SESSION</u>		<i>Estimated Duration in Minutes</i>
Confidential – Executive Session Recommended		
Sabina	i4. Enterprise Business Update (<i>Continued</i>) • 2024 Employee Retention Updates by Quarter	5
Michelle	i5. Information on Contribution Factor	5
Michelle	a4. Approval of 2025 Annual USAC Common and Consolidated Budgets	15
Erin	a5. Review of USAC Statement of Ethical Conduct for Employees and Employee Annual Disclosure Form	5
Chris	a6. Consideration of a Contract Award for Collibra Licenses	5
Chris	a7. Consideration of Contract Award for Dell EMC Unity Hardware Maintenance and Support Services	5
Chris	a8. Consideration of a Contract Award for Appian Licenses, Cloud Services and Support	5
Chris	a9. Consideration of a Contract Award for SolarWinds License Maintenance Renewal	5
Chris	a10. Consideration of a Contract Award for Splunk Application Performance Monitoring	5
Chris	a11. Consideration of a Contract Award for Veracode Licenses	5
Chris	a12. Consideration of a Contract Award for VMware Enterprise Licensing Agreement	5
Chris	a13. Consideration for Modifying the Fourth Option Period of Enterprise Resource Planning Analysis and PMO Services Contract to Include EDW Assessment	–
Chris	i6. Enterprise Risk Management Scorecard A. Q4 2024 Risk Management Scorecard B. Risk Management Council Minutes	5

<u>EXECUTIVE SESSION – INFORMATION ONLY</u>		<i>Estimated Duration in Minutes</i>
Executive Session Recommended		
Teleshia	i7. Information on One USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports	–
Chris/Erin	i8. Annual Competition Advocate Report	–
Chris	i9. Procurement Business Update	–
Steve	i10. November 2024 USAC Complaints Report	–

CONFIDENTIAL EXECUTIVE SESSION <i>Confidential Executive Session Recommended</i>		<i>Estimated Duration in Minutes</i>
Chair	a14. <i>Personnel Matter:</i> Consideration of a Compensation Item	5
Chair	i11. <i>Confidential Executive Session:</i> Board of Directors Only	20

Next Scheduled USAC Board of Directors Meeting

<p>Tuesday, April 29, 2025 USAC Offices, Washington, D.C.</p>

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

ACTION ITEM

Consent Items

Action Requested

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

Discussion

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

- A. Approval of Board of Directors Meeting Minutes of October 29, 2024, December 31, 2024, and January 7, 2025 (*see items aBOD01A1-A3*).

- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i4.** Enterprise Business Updates (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it involves discussion of USAC *internal personnel matters* concerning specific individual(s).

 - (2) **i5.** Information on Contribution Factor. USAC management recommends that this item be discussed in *Executive Session* because the reports relate to specific *internal controls or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. Additionally, the reports relate to *pre-decisional matters* before a governmental agency or instrumentality to which USAC is privy, where discussion of such matters in open session would undermine the agency's deliberative process or would result in the disclosure of an agency's conclusions or rationales before the agency had formally decided the matter.

 - (3) **a4.** Approval of 2025 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*, as well as *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. In addition, this includes *pre-decisional matters pending before the FCC*.

- (4) **a5.** Review of USAC Statement of Ethical Conduct for Employees and Employee Annual Disclosure Form. USAC management recommends that discussion of this item be conducted in *Executive Session* because the discussion could include specific facts protected by the *attorney/client privilege or any other legally recognized privilege* where discussion of such matters in open session would compromise the continued applicability of the privilege.
- (5) **a6.** Consideration of a Contract Award for Colibra Licenses. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (6) **a7.** Consideration of Contract Award for Dell EMC Unity Hardware Maintenance and Support Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (7) **a8.** Consideration of a Contract Award for Appian Licenses. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (8) **a9.** Consideration of a Contract Award for SolarWinds License Maintenance Renewal. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (9) **a10.** Consideration of a Contract Award for Splunk Application Performance Monitoring. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (10) **a11.** Consideration of a Contract Award for Veracode Licenses. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (11) **a12.** Consideration of a Contract Award for VMware Enterprise Licensing Agreement. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and*

- contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (12) **a13.** Consideration for Modifying the Fourth Option Period of Enterprise Resource Planning Analysis and PMO Services Contract to Include EDW Assessment. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (13) **i6.** Enterprise Risk Management Scorecard. 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.
- (14) **i7.** Information on One USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Report. USAC management recommends that this item be discussed in *Executive Session* because the report relates to *specific internal controls or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. Additionally, the reports relate to *pre-decisional matters* before a governmental agency or instrumentality to which USAC is privy, where discussion of such matters in open session would undermine the agency's deliberative process or would result in the disclosure of an agency's conclusions or rationales before the agency had formally decided the matter.
- (15) **i8.** 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*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (16) **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*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (17) **i10.** November 2024 USAC Complaints Report. USAC management recommends that this item be discussed in *Executive Session* because discussion of this matter relates to *specific internal controls and/or confidential company data* that would constitute a discussion of internal rules and procedures.
- (18) **i11. Confidential Executive Session:** Board of Directors Only. USAC management recommends that this item be discussed in *Confidential*

Executive Session because it involves *internal personnel matters concerning specific individual(s)*.

- (19) **a14. Confidential Executive Session:** Consideration of a Compensation Item. USAC management recommends that this item occur in *Confidential Executive Session* because it involves *internal personnel matters concerning specific individual(s)*.

C. Consideration and Approval of One Routine Procurement.

- (1) Consideration for Modifying the Fourth Option Period of Enterprise Resource Planning Analysis and PMO Services Contract to Include EDW Assessment. The resolution is provided in **aBOD13cf**. If discussion is needed, it will be conducted in *Executive Session*.

D. Approval of Board of Directors Quarterly Meeting Schedule for April 2026-January 2027 (see Attachment D).

E. Review of the 2025 Audit Committee Charter (see Attachments E1-3).

F. Review of the Nominating Committee Charter (see Attachments F1-2).

G. Resolution Honoring Four Board Member Whose Service on the Board Has Recently Ended.

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

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Board of Directors hereby approves: (1) the meeting minutes of October 29, 2024, December 31, 2024, and January 7, 2025; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of one routine procurement as presented in item **aBOD13cf**.

RESOLVED, that the USAC Board of Directors adopts the Board of Directors quarterly meeting schedule for April 2026 through January 2027; and

RESOLVED, that the USAC Board of Directors, having reviewed the revised 2025 Audit Committee Charter presented by the Audit Committee, hereby accepts the recommendation of the Audit Committee, and approves the revised 2025 Audit Committee Charter; and

RESOLVED, that the USAC Board of Directors, having reviewed the Nominating Committee Charter presented by the Nominating Committee, hereby accepts the recommendation of the Nominating Committee, and approves the

Nominating Committee Charter without revisions; and

RESOLVED, that the USAC Board of Directors hereby expresses its sincere appreciation to Allan Buzacott, Dan Domenech, Brent Fontana, and Michael Skrivan for their dedicated service on the Board of Directors of the Universal Service Administrative Company and wishes them the best in their future endeavors.

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

BOARD OF DIRECTORS MEETING
Tuesday, October 29, 2024

(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 29, 2024. Mr. Ken Mason, Board Chair, called the meeting to order at 10:00 a.m. Eastern Time, with a quorum of 17 of the 20 Board members present:

Buzacott, Alan	Schell, Julie Tritt – Vice Chair
Chacko, Sheba – <i>by telephone</i>	Sekar, Radha – Chief Executive Officer
Chalk, Indra	Siefer, Angela
Domenech, Dr. Dan	Skrivan, Michael
Fontana, Brent – <i>by telephone</i>	Thompson, Mona – <i>by telephone</i>
Freeman, Sarah – <i>by telephone</i>	Waller, Jeff – <i>by telephone</i>
Gregory, Amber	Wein, Olivia – Secretary
Mason, Ken – Chair	Wibberly, Kathy
Sanquist, Christine – <i>by telephone</i>	

Dr. Joan Wade joined the call by telephone at 10:33 a.m. ET. She did not vote on items a1-a3 or participate in the discussion of item i1. Ms. Stephanie Polk joined the meeting by telephone at 11:10 a.m. Eastern Time. She did not vote on items a1-a3, or participate in the discussion of items i1, i2, and i4A.

Members of the Board not present:

Semmler, Kara

Officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit and Assurance
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and
Assistant Treasurer

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, or to correct grammatical or spelling errors.

Hutchinson, Kyle – Vice President of IT and Chief Information Officer
 O'Brien, Tim – Vice President of Lifeline
 Sweeney, Mark – Vice President of Rural Health Care
 Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Armstrong, Katlyn	USAC
Burchuk, Hillary	USAC
Calhoun, Mitch	USAC
Carrington, Samuel	USAC
Claxton, Naomi	USAC
Crouse, Martin – <i>by telephone</i>	InHand Networks
Emory, Matthew	Deloitte
Enayat, Falak Jan	USAC
Faunce, Donna	USAC
Franciso, Dale	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Hamm, Aaron	USAC
Harrington, Samuel	USAC
Harvey, Casey	Iron Bow
Havivi, Daniel	USAC
Hawkins, Crystal	USAC
Khairkhwah, Hameed	USAC
King, Ryan	USAC
Little, Chris	USAC
Lougheed, Matt	USAC
Massoud, Jawed	USAC
McCullough, LaShae	USAC
Mitchell, Katherine	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Parker, Ben	USAC
Pond, Mike	USAC
Robinson, Ben	USAC
Sadirkhanova, Sabina	USAC
Santana-Gonzalez, Jeanette	USAC
Shrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies
Smith, Chris	USAC
Staurulakis, Chresanthe	USAC
Strandberg, Steve	USAC
Tyler, Gerrod	USAC
Wirfs, Tyler	USAC

OPEN SESSION

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

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

A. Approval of Board of Directors Meeting Minutes of July 30, September 12, and September 24, 2024.

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

- (1) **i4A-D.** Enterprise Business Updates (*Continued*). USAC management recommends that these items be discussed in *Executive Session* because they relate to *specific internal controls or confidential company data* that would constitute a discussion of internal rules and procedures, relate to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy, and involve *personnel matters*.
- (2) **i5.** Information on Contribution Factor. USAC management recommends that this item be discussed in *Executive Session* because the reports relate to specific *internal controls or confidential company data*. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*. Additionally, the reports relate to *pre-decisional matters* before a governmental agency or instrumentality to which USAC is privy, where discussion of such matters in open session would undermine the agency's deliberative process or would result in the disclosure of an agency's conclusions or rationales before the agency had formally decided the matter.
- (3) **i6.** Information on Four USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports. USAC management recommends that these items be discussed in *Executive Session* because they relate to *specific internal controls or confidential company data* and may also include *pre-decisional matters* pending before the FCC to which USAC is privy, where discussion of such matters in open session would undermine the deliberative process or result in the disclosure of an agency's conclusions or rationales before the matter is formally decided. In addition, *47 C.F.R. § 54.711(b) requires USAC to keep all data obtained from contributors confidential*.
- (4) **i7.** Enterprise Risk Management Scorecard. 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.

- (5) **i8.** 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*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (6) **a4.** Consideration to Exercise Option Term for Call Center Services and Customer Relationship Management System. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (7) **a5.** Consideration of a Contract Modification for Enterprise Resource Planning Analysis and PMO Services Contract. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (8) **a6.** Consideration of a Contract Modification for Enterprise Architecture Assessment and Support Services. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (9) **a7.** Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Affordable Connectivity Program. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy.
- (10) **a8.** Consideration of a Contract Award for Fraudulent Document Identification Tool. USAC management recommends that this item be discussed in *Executive Session* because it relates to USAC's *procurement strategy and contract administration*, where discussion

of such matters in open session would compromise USAC's business objectives or negotiating strategy.

- (11) **i9. *Litigation Update (verbal presentation)***. USAC management recommends that discussion of this item occur in ***Confidential Executive Session*** because ***it involves Attorney Client Privileged Communications***.
- (12) **a9. *Personnel Matter***: Consideration of Contract Awards for the USAC Employee Benefit Program. USAC management recommends that this item be discussed in ***Confidential Executive Session*** because it relates to USAC's ***procurement strategy and contract administration***, where discussion of such matters in open session would compromise USAC's business objectives or negotiating strategy ***and relates to personnel matters***.
- (13) **a10. *Personnel Matter***: Consideration of 2025 Compensation Item. USAC management recommends that this item occur in ***Confidential Executive Session*** because it involves internal ***personnel matters***.
- (14) **i10. *Confidential Executive Session***: Board of Directors Only. USAC management recommends that this item be discussed in ***Confidential Executive Session*** because it involves ***internal personnel matters***.

C. Consideration and Approval of Four Routine Procurements.

- (1) Consideration to Exercise Option Term for Call Center Services and Customer Relationship Management System. The resolution is provided in **aBOD04cf**. If discussion is needed, it will be conducted in ***Executive Session***.
- (2) Consideration of a Contract Modification for Enterprise Resource Planning Analysis and PMO Services Contract. The resolution is provided in **aBOD05cf**. If discussion is needed, it will be conducted in ***Executive Session***.
- (3) Consideration of a Contract Modification for Enterprise Architecture Assessment and Support Services. The resolution is provided in **aBOD06cf**. If discussion is needed, it will be conducted in ***Executive Session***.
- (4) Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems for the Affordable Connectivity Program. The resolution is provided in **aBOD07cf**. If discussion is needed, it will be conducted in ***Executive Session***.

D. Consideration of Approval to Reimburse Board Members to Attend an Event Other than a Quarterly USAC Board or Committee Meeting.

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

RESOLVED, that the USAC Board of Directors hereby approves: (1) the Board meeting minutes of July 30, September 12, and September 24, 2024; (2) discussion in *Executive Session* of the items noted above; and (3) the approval of four routine procurements as presented in items aBOD04cf-aBOD7cf.

RESOLVED FURTHER, that in accordance with the *Procedures for Requesting Approval and Reimbursing a Member of the Board of Directors for Expenses Incurred while Conducting USAC Business other than Board of Directors Meetings*, the Board of Directors authorizes USAC management to reimburse Mr. Ken Mason, Ms. Julie Tritt Schell, and Dr. Joan Wade should they travel to Washington, D.C. for the purpose of participating in USAC's 2025 Budget Planning Review.

- ii. **Reports from the Committee Chairs: Audit Committee, High Cost & Low Income Committee, Rural Health Care Committee, and Schools & Libraries Committee.** Ms. Wein presented the report for the High Cost & Low Income Committee. Dr. Domenech presented the report for the Schools & Libraries Committee. Dr. Wibberly presented the report for the Rural Health Care Committee. Ms. Schell presented the report for the Audit Committee and the Executive Compensation Committee.

- a2. **Appointment of a Nominating Committee and Direction to Committees for the Appointment of Committee Chairs and Vice Chairs.** Mr. Mason presented this item to the Committee.

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

RESOLVED, that the USAC Board of Directors establishes a Nominating Committee and directs the Committee to recommend to the USAC Board of Directors at its January 28, 2025 meeting nominations for the elected USAC officer positions; and

RESOLVED FURTHER, that the USAC Board of Directors appoints **Sarah Freeman** as Nominating Committee Chair and **Amber Gregory** and **Dr. Joan Wade** 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 28, 2025 meeting, nominations for a chair and vice chair of each respective committee.

- a3. Approval of USAC Common and Consolidated 1st Quarter 2025 Budgets for the November 1, 2024, Federal Communications Commission Filing.** Ms. Garber presented a written report on USAC management's recommendations for USAC's common and consolidated 1st Quarter 2025 budget and demand projection for the November 1, 2024 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 2025 common budget of \$36.12 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$36.12 million for common costs in the required November 1, 2024 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 2025 consolidated budget to administer the Universal Service Fund of \$68.84 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$68.84 million for consolidated costs in the required November 1, 2024 filing to the Federal Communications Commission on behalf of the USAC Board of Directors.

- i2. Enterprise Business Update.** Ms. Garber presented a PowerPoint presentation on that provided updated status on the launch of the Enterprise Resource Planning system.
- i3. Information on One USAC Audit and Assurance Audit Division Universal Service Supply Chain Audit Report.** This item was provided for *information purposes* only. No discussion was held. Mr. Mason noted that the Board of Directors Supply Chain Audit Briefing Book would be made public and posted to the USAC website.

At 10:41 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 Update (Continued).**
- A. Zero Trust Maturity Model.** Mr. Hutchinson shared a PowerPoint update on USAC's status on the Zero Trust Maturity Model.

- B. Contract Administration and Vendor Performance.** Mr. Hamm shared a PowerPoint presentation and discussed how USAC administers contracts, manages vendors, and tracks vendor performance.
 - C. USAC Fraud Risk Insights and Antifraud Activities.** Mr. Smith presented a PowerPoint that provided an overview of the goals, assessment activities, investigations, and whistleblower monitoring to the Board. Mr. Parker discussed using data analytics and provided examples of how they are used in the E-Rate and Lifeline programs.
 - D. USAC's Retention and Growth Effectiveness.** Ms. Sadirkhanova shared USAC's strategy for recruitment, onboarding, and development, in coordination with benefits and compensation and provided examples of the impact of the strategy.
- i5. Information on the Contribution Factor.** Ms. Garber presented a written report providing USAC's estimate of the 1st Quarter 2025 contribution factor.
- a4. Consideration to Exercise Option Terms for Call Center Services and Customer Relationship Management System.** No additional discussion was held on this item. The Board adopted the following resolutions 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 third of four one-year option terms of its existing contract with Ernst & Young LLP for call center and customer relationship management system services for E-Rate, Rural Health Care, Finance, and High Cost by increasing the total not-to-exceed amount by \$4,256,176.63 (plus applicable taxes), thereby increasing the total not-to-exceed amount supporting these programs from \$14,236,134.61 (plus applicable taxes) to \$18,492,311.24 (plus applicable taxes) subject to required Federal Communications Commission approval.

RESOLVED FURTHER, that the USAC Board of Directors, having reviewed the recommendation of USAC management, hereby authorizes USAC management to exercise the third of four one-year option terms of its existing contract with Ernst & Young LLP for call center and customer relationship management system services for the Emergency Connectivity Fund by increasing the total not-to-exceed amount by \$670,475.04 (plus applicable taxes), thereby increasing the total not-to-exceed amount supporting the Emergency Connectivity Fund from \$1,620,872.00 (plus applicable taxes) to \$2,291,347.04 (plus applicable taxes) 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.

- a5. Consideration of a Contract Modification for Enterprise Resource Planning Analysis and Project Management Office Services Contract.** No additional

discussion was held on this item. The Board adopted the following resolutions 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 the contract with Ernst & Young LLP for analysis and project management services for the enterprise resource planning system to add and exercise a fourth option period of thirteen (13) months, to the contract for not-to-exceed amount of \$6,000,000.00 (plus applicable taxes) thereby increasing the total not-to-exceed amount from \$19,949,744.00 (plus applicable taxes), to \$25,949,744.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a6. Consideration of a Contract 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 modify its contract with Guidehouse, LLP for Enterprise Architecture Assessment and Support Services by adding and exercising a twelve month option term (“third option term”) for a not-to-exceed amount of \$3,000,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$8,372,493.64 to \$11,372,493.64 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a7. Consideration of a Contract Modification for Operation and Maintenance, Design and Development, Licensing, and Hosting of the National Verifier and National Lifeline Accountability Database Systems 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 modify its contract with Accenture Federal Services, LLC for the operation and maintenance, design, development, licensing and hosting of the National Verifier and National Lifeline Accountability Database system for the Affordable Connectivity Program by adding and exercising a twelve month option term (“fourth option term”) for a not-to-exceed amount of \$1,765,000.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount from \$22,415,000.00 (plus applicable taxes) to \$24,180,000.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- a8. Consideration of a Contract Award for Fraudulent Document Identification Tool.** Mr. Beyerhelm presented a written summary, providing background detailing USAC management’s recommendation to award a contract for a tool to support the

ability to detect fraudulent documents or images.

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 fifteen (15) month firm-fixed price contract to Thomson Reuters Special Services, LLC for the design, development, and implementation of a Fraudulent Document Identification Tool, for a total not-to-exceed amount of \$4,546,860.00 (plus applicable taxes), subject to required Federal Communications Commission approval.

- i6. **Information on Four USAC Audit and Assurance Audit Division Universal Service Contributor Revenue Audit Reports.** This item was provided for *information purposes only*. No discussion was held.
- i7. **Enterprise Risk Management Update.** Mr. Beyerhelm provided an overview of the updated Enterprise Risk Management Heat Map.
- i8. **Procurement Business Update.** Mr. Mason noted that the report was provided for *information only*. No discussion was held. The report included an overview of major procurements completed in Q3 2024 and Q4 2024 anticipated activities.

At 12:14 a.m. Eastern Time, on a motion duly made and seconded, the Board moved into ***Confidential Executive Session*** for the purpose of discussing confidential items. Only members of the Board, Ms. Williams, Mr. Beyerhelm, and Ms. Sadirkhanova were present.

CONFIDENTIAL EXECUTIVE SESSION

- i9. **Litigation Update.** Ms. Williams provided a verbal update on ligations impacting USAC.
- a11. **Review of the Executive Compensation Committee Charter.** Ms. Williams noted that the Board needed to approve the Executive Compensation Charter (Charter) as included in the July 30th briefing materials as a consent item (aBOD11cf 07302024 Review of the Executive Compensation Committee Charter), however the resolutions for Charter was omitted from the resolutions. Therefore, the Board was asked to approve the Charter as included in the July 30th briefing materials.

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

RESOLVED, that the USAC Board of Directors, having reviewed the existing Executive Compensation Committee Charter, hereby

accepts the recommendation of the Executive Compensation Committee and approves the current Executive Compensation Committee Charter without revision.

The meeting continued in Confidential Executive Session at 12:38 p.m. with members of the Board, Mr. Beyerhelm, and Ms. Sadirkhanova present.

a9. Consideration of Contract Awards for the USAC Employee Benefit Programs.

Mr. Beyerhelm presented this item for consideration. The presentation included a written summary, and the discussion provided background detailing USAC management's recommendation to award contracts for medical, prescription drug, dental, and vision benefits, as well as life, and disability benefits for employees.

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, subject to required Federal Communications Commission approval, to award a one-year contract for employee medical, prescription, dental and vision benefits to United Healthcare Corporation for a not-to-exceed cost of \$12,835,001 (plus applicable taxes) and to award a one-year contract to The Guardian Life Insurance Company of America, Inc. for life, and disability benefits, for a not-to-exceed cost of \$649,659 (plus applicable taxes). The total estimated costs for the Calendar Year 2025 for USAC employee benefits program is \$13,484,660 (plus applicable taxes).

a10. Personnel Matter: Consideration of 2025 Merit-Based Salary Increase and Incentive Awards Program for USAC Employees. Ms. Sadirkhanova presented this item for consideration. The presentation included a written summary, and the discussion provided background detailing USAC management's recommendation for the salary increase and incentive awards.

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

RESOLVED, that the USAC Board of Directors, having reviewed the USAC management and the Executive Compensation Committee proposed 2025 merit-based salary increase and incentive awards programs for USAC employees, hereby approves the proposed program.

At 1:10 p.m. Eastern Time the Board of Directors continued in *Confidential Executive Session* with only non-staff members of the Board present.

i9. Confidential Executive Session: Board of Directors Only. Mr. Mason facilitated this discussion.

OPEN SESSION

At 1:50 p.m. Eastern Time, on a motion duly made and seconded, the Board moved out of *Confidential Executive Session* and immediately reconvened in *Open Session*, at which time Mr. Mason reported that, in *Executive Session*, the Board acted on items a9 an a10, and discussed items i4A-D, i5, i9, and i10.

On a motion duly made and seconded, the Board adjourned at 1:50 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
Tuesday, December 31, 2024

(DRAFT) MINUTES

In a Public Notice dated December 19, 2024 (DA-24-1274A1), Federal Communications Commission (FCC or Commission) Chairwoman Rosenworcel appointed the following eight individuals to the USAC Board of Directors (Board):

- Anisa Green, Director – Federal Regulatory, AT&T as the Representative for interexchange carriers with annual operating revenues of more than \$3 billion (term expires on December 31, 2027);
- Dan Kettwich, Founder, President, and CEO of ADS Advanced Data Services, Inc. as the Representative for rural health care providers that are eligible to receive supported services under section 54.601 of the Commission's rules (term expires on December 31, 2027);
- Sarah Freeman, Commissioner, Indiana Utility Regulatory Commission as the Representative for state telecommunications regulators (term expires on December 31, 2027);
- Kenneth Mason, Industry Consultant as the Representative for incumbent local exchange carriers (non-Bell Operating Companies) with more than \$40 million in annual revenues (term expires on December 31, 2027);
- David Schuler, Executive Director of AASA, The School Superintendents Association as the Representative for schools that are eligible to receive discounts pursuant to section 54.501 of the Commission's rules (term expires on December 31, 2027);
- Julie Tritt Schell, E-Rate Coordinator, State of Pennsylvania as the Representative for schools that are eligible to receive discounts pursuant to section 54.501 of the Commission's rules (term expires on December 31, 2025);
- Olivia Wein, Senior Attorney, National Consumer Law Center as the Representative for information service providers (term expires on December 31, 2027);
- Brian Dalhover, Head of SLED Engineering & Policy, Zayo Group LLC as the Representative for interexchange carriers with annual operating revenues of \$3 billion or less (term expires on December 31, 2026).

On December 23, 2024, 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 31, 2024 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, 2024:¹

- Brain Dalhover for a term expiring on December 31, 2026;
- Sarah Freeman for a term expiring on December 31, 2027;
- Anisa Green. for a term expiring on December 31, 2027;
- Dan Kettwich for a term expiring on December 31, 2027;
- Kenneth Mason for a term expiring on December 31, 2027;
- Julie Tritt Schell for a term expiring on December 31, 2025;
- David Schuler for a term expiring on December 31, 2027; and
- Olivia Wein, for a term expiring on December 31, 2027.

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:

- Julie Tritt Schell and David Schuler are hereby appointed to the Schools & Libraries Committee;
- Sarah Freeman is hereby appointed to the High Cost & Low Income Committee; and
- Sarah Freeman and Dan Kettwich are hereby appointed to the Rural Health Care Committee.

/s/ Erin Williams
Assistant Secretary

¹ Each 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
700 12th Street N.W., Suite 900
Washington, D.C. 20005

BOARD OF DIRECTORS MEETING
Tuesday, January 7, 2025

(DRAFT) MINUTES

The USAC Board of Directors (Board) was requested to revise the appointment of the Nominating Committee (Committee) consisting of members of the Board for the purpose of soliciting nominations and recommending to the Board a slate of candidates for each of USAC's corporate officer positions; assisting the Audit (AC), High Cost & Low Income (HCLI), Rural Health Care (RHC), and Schools & Libraries (SL) committees in identifying Board members to serve as committee chair and vice chair for each committee; and assisting committees in filling at-large seats. At the October 29, 2024, Board of Directors meeting, the Board approved the nominations of Sarah Freeman as the Committee Chair and two additional members. On December 26, 2024, the remaining two members of the Nominating Committee submitted their resignations from the Committee. For the Nominating Committee to complete its necessary work, the Board was requested to vote by written consent to fill the two vacant positions.

- a1. Appointment of Nominating Committee Members** On January 7, 2025, on a motion duly made and approved by written unanimous consent, the Board adopted the following resolutions:

RESOLVED, that the USAC Board of Directors revises the composition of the Nominating Committee and directs the Committee to recommend to the USAC Board of Directors at its January 28, 2025 meeting nominations for the elected USAC officer positions; and

RESOLVED FURTHER, that the USAC Board of Directors confirms the previous appointment of Sarah Freeman as Nominating Committee Chair and appoints **Indra Chalk** and **Dr. Kathy Wibberly** 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 28, 2025 meeting, nominations for a chair and vice chair of each respective committee.

/s/ Erin Williams
Assistant Secretary

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

ACTION ITEM

**Approval of April 2026 – January 2027 Board of Directors
Quarterly Meeting Schedule**

Issue

The USAC Board of Directors (Board) is requested to approve a schedule for the quarterly Board and committee meetings for April 2026 through January 2027 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 2024 meeting, the Board approved quarterly meeting dates through January 2026 as follows:

Executive Committee	Programmatic Committees & Board of Directors
April 24, 2025	April 28-29, 2025
July 24, 2025	July 28-29, 2025
October 23, 2025	October 27-28, 2025
January 22, 2026	January 26-27, 2026

Below is the recommended schedule of meetings for April 2026 through January 2027:

Executive Committee	Programmatic Committees & Board of Directors
April 23, 2026	April 27-28, 2026
July 23, 2026	July 27-28, 2026
October 22, 2026	October 26-27, 2026
January 21, 2027	January 25-26, 2027

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Board of Directors adopts the Board of Directors quarterly meeting schedule for April 2026 through January 2027.

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

ACTION ITEM

**Review of the 2025 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 recommend a few changes to the Charter to align with the Global Internal Audit Standards and to provide adequate Committee member coverage for activities requiring financial expertise.

Attachment E-1 provides the existing Charter with recommended changes in redline, and **Attachment E-2** 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 approved by the Audit Committee, recommends that the USAC Board of Directors approve the revised Audit Committee Charter.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
AUDIT COMMITTEE CHARTER

January 2025

This charter is guided by the governance provisions in the Generally Accepted Government Auditing Standards and the Global Internal Audit Standards.

- 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 assist~~ 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 (USF) 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. Work with the head of the organization to ensure the chief audit executive reports to a level within the organization (i.e., the Chief Executive Officer) that allows the internal audit function to fulfill the internal audit mandate and is provided with sufficient resources to achieve the audit plans.
 - 4.5. Develop and oversee a Strategic Audit Plan to verify USAC's financial and operational integrity.
 - 5.6. Provide insight and recommendations to establish cost-effective USF 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 USF participants.

~~6.7.~~ 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.

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.
 - a. The Chair or the Vice Chair shall have a background in financial reporting, accounting, or auditing, or other financial expertise.

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 Statement Audit 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 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 2025

This charter is guided by the governance provisions in the Generally Accepted Government Auditing Standards and the Global Internal Audit Standards.

- 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 assist 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 (USF) 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. Work with the head of the organization to ensure the chief audit executive reports to a level within the organization (i.e., the Chief Executive Officer) that allows the internal audit function to fulfill the internal audit mandate and is provided with sufficient resources to achieve the audit plans.
 5. Develop and oversee a Strategic Audit Plan to verify USAC's financial and operational integrity.
 6. Provide insight and recommendations to establish cost-effective USF 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 USF participants.

7. 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.

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.
 - a. The Chair or the Vice Chair shall have a background in financial reporting, accounting, or auditing, or other financial expertise.

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 Statement Audit 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 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**

INFORMATION ITEM

Review of the 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 17, 2025, 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 F-2 provides the existing Charter.

Recommended USAC Board of Directors Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that USAC Board of Directors approve the current Nominating Committee Charter without revision as recommended by the Nominating Committee.

**Attachment F -2
Nominating Committee Charter**

Universal Service Administrative Company 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 17, 2025, the Nominating Committee of the Board met via teleconference to (1) discuss the results of the January 2025 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 20 members, with the Chief Executive Officer (CEO) being the only permanently appointed, non-elected member. The other 19 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 Board Chair, Vice Chair, Treasurer, Secretary, Assistant Treasurer, and Assistant

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 *Id.*

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 eight seats: three school representatives; one library representative; one Tribal communities 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(b)(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	Ken Mason	Julie Tritt Schell
Audit Committee	Julie Tritt Schell	Stephanie Polk
High Cost & Low Income	Oliva Wein	Vacant (Formerly Mike Skrivan)
Rural Health Care	Dr. Kathy Wibberly	Brent Fontana
Schools & Libraries	Vacant (Formerly Dr. Dan Domenech)	Amber Gregory
Executive Compensation	Julie Tritt Schell	N/A

Table 2 – Officers

Following are the current officers:

Officer Position	Incumbent
Chair	Ken Mason
Vice Chair	Julie Tritt Schell
Secretary	Olivia Wein
Treasurer	Dr. Joan Wade
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 O'Brien • 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 27, 2025, 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), _____ (at-large member), and _____ (at-large member); and _____ (at-large)

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.

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), _____ (at-large member), and _____ (representing interexchange carriers); 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.



Board of Directors Meeting

Reports from Committee Chair (Verbal)

Open Session

January 28, 2025

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

ACTION ITEM

**Approval of USAC Common and Consolidated
2nd Quarter 2025 Budgets and Demand Projection
for the January 31, 2025 FCC Filing**

Action Requested

The USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2025 (Q2 2025) common and consolidated budgets for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2025 quarterly filing.

Discussion

Based on the projected burn rate, USAC estimates a Q2 2025 USAC consolidated budget of \$74.41 million to administer the Universal Service Fund (USF), which includes \$33.31 million in direct program costs and \$41.30 million in common indirect costs. This does not include projected spending related to the appropriated programs.

<i>(in millions)</i>	Q1 2025 Budget	Increase/ (Decrease)	Q2 2025 Budget
Direct Program & Direct Assigned Costs			
High Cost	\$5.93	(\$0.64)	\$5.29
Lifeline	13.81	(1.69)	12.12
Rural Health Care	3.98	0.52	4.50
Schools & Libraries	9.00	2.20	11.20
Connected Care Pilot	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	\$32.72	\$0.39	\$33.11
Common Costs			
Employee Expenses	\$18.09	\$0.82	\$18.91
Professional Services	9.53	(0.60)	8.93
General & Administrative (Note 1)	8.50	4.96	13.46
Total Common Costs	\$36.12	\$5.18	\$41.30
Total Consolidated Costs	\$68.84	\$5.57	\$74.41

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 projected data collection billing revenue..

A comparison of actual common and consolidated expenditures to the budget for the twelve months ending December 31, 2024 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Board approve the Q2 2025 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 2025 common budget of \$41.30 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$41.30 million for common costs in the required January 31, 2025 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 2025 consolidated budget to administer the Universal Service Fund of \$74.41 million; and

RESOLVED FURTHER, that the USAC Board of Directors directs USAC staff to submit a collection requirement of \$74.41 million for consolidated costs in the required January 31, 2025 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, 2024

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program & Direct Assigned Costs						
High Cost	62	66	4	\$31.03	\$29.28	(\$1.75)
Lifeline	94	112	18	50.21	55.35	5.14
Rural Health Care	59	58	(1)	20.63	19.61	(1.02)
Schools & Libraries	81	88	7	42.71	41.42	(1.29)
Connected Care Pilot	0	0	0	0.00	0.00	0.00
Total Direct Program & Direct Assigned Costs	296	324	28	\$144.58	\$145.66	\$1.08
Common Costs (Note 2)						
Employee Expenses	410	411	1	\$72.50	\$69.90	(\$2.60)
Professional Services				37.66	47.64	9.98
General & Administrative (Note 3)				31.71	36.41	4.70
Total Common Costs	410	411	1	\$141.87	\$153.95	\$12.08
Total Consolidated Costs	706	735	29	\$286.45	\$299.61	\$13.16

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, and data collection billing revenue.



Board of Directors Meeting

2024 USAC Accomplishment (Verbal)

Open Session

January 28, 2025



Board of Directors

2024 Annual Report Timeline

Open Session

January 28, 2025

2024 Annual Report Timeline

Timing	Activity	Due
December 2024	Design Annual Report outline	In progress
January 2025	Develop Annual Report program narratives	January 22, 2025
February 2025	Finalize Annual Report financial content	February 28, 2025
March 5, 2025	Share Annual Report final draft with Board and FCC for review	March 19, 2025
March 19, 2025	FCC and Board provide feedback on Annual Report final draft	March 19, 2025
March 20, 2025	Incorporate Board and FCC feedback into Annual Report	March 28, 2025
March 31, 2025	Deliver final Annual Report to FCC per MOU	March 31, 2025



**Universal Service
Administrative Co.**