

## Minutes

### **Board of Directors Meeting December 16, 2010 Redwood City, CA 8:00 am – 3:00 pm PST**

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on December 16, 2010, commencing at 8:00 a.m. local time, pursuant to notice duly given pursuant to the USOC Bylaws. The Chair called the meeting to order at approximately 8:00 a.m. The following members of the Board were present in person at the meeting’s commencement: Larry Probst (Chair), Scott Blackmun (CEO), Bob Bowsby, Ursula Burns, John Hendricks, Jair Lynch, Mary McCagg, and Mike Plant. Anita DeFrantz joined the meeting shortly after it commenced. Angela Ruggiero joined the meeting by teleconference at approximately 1:00 p.m. Jim Easton did not attend. The above present members constitute a quorum of the Board under the USOC Bylaws Section 3.15.

Present for the meeting from USOC management were: Norman Bellingham, Rana Dershowitz, Walt Glover, Lisa Baird, Alan Ashley, Rick Adams, Patrick Sandusky and Michelle Stuart.

The minutes were recorded by Rana Dershowitz, Secretary.

#### **1. Call to Order and Welcome**

The Chair called the meeting to order and welcomed the Board.

#### **2. YTD Financial Results**

The Chair requested that Walt Glover, Chief Financial Officer, report on the USOC’s financial results, which he did by providing a report on the USOC’s financial results as of November 30, 2010 and a report on projected year end results. Mr. Glover advised the Board that the USOC continues to operate favorably to budget with regard to revenue. Expenses are also currently favorable, but this is expected to normalize by year end.

Mr. Glover then explained to the Board some of the details of the USOC’s financial results, including how certain items, such as Paralympic funding and the USOC’s headquarters deal, are being booked. Mr. Glover also explained to the Board the reasons behind certain variances shown in the USOC’s projections (positive and negative). Mr. Glover finally provided the Board with a summary of the USOC’s financial results compared to the organization’s performance screen goals. Mr. Glover also updated the Board on the USOC’s cash flow projections and headcount. A

discussion occurred regarding headcount in the Paralympic division and then the USOC's financial results generally.

### **3. Marketing Update**

Lisa Baird, Chief Marketing Officer, updated the Board on several aspects of the USOC's marketing efforts.

#### **a. Current Status**

Ms. Baird first reported to the Board on the USOC's current sponsorship and marketing efforts. She noted that the USOC has had a good year from a sponsor perspective, with four new domestic signings. A discussion occurred regarding the USOC's retail partner and licensed merchandise plans.

#### **b. 2013-2016 Marketing Plan**

Ms. Baird then walked the Board through the USOC's 2013-2016 marketing plan. She started by comparing the USOC's current marketing situation to the situation at the beginning of the 2009-2012 quadrennium. Since 2009 the USOC has sixteen new sponsor and licensee signings. Ms. Baird advised the Board regarding her expectations for the remainder of the 2009-2012 quad. She then explained to the Board her strategy regarding future sponsor sales. A discussion occurred regarding the involvement of NBC in the USOC's sponsor sales efforts.

Ms. Baird explained that one key for the USOC will be to have a more disciplined approach to its trademarks model, including incorporating a new brand architecture, which Ms. Baird presented to the Board. In addition, the USOC will need to invest in a platform that will allow it to deliver against specific fan segments. The USOC will need to critically assess the terms of the deals it signs. Finally, the USOC will look to include NGB rights and events in USOC deals where appropriate and beneficial for all involved.

Ms. Baird discussed with the Board the valuation of USOC domestic and TOP deals as well as her projections regarding the upside opportunity potentially available to the USOC. She also explained the challenges facing the USOC to reach this potential. As part of this discussion, the Board discussed the USOC's open categories, as well as its status on renewals of both domestic and TOP deals. Ms. Baird next discussed with the Board the nature of USOC fans as social influencers. A discussion then occurred regarding use of the USOC's marks to build an appropriate media platform.

#### **c. Digital Media Strategy**

Ms. Baird discussed with the Board the USOC's current digital media presence and walked the Board through the organization's digital media options going forward. She explained the challenges facing the USOC in this area, including the complex rights landscape in which the USOC operates. Key will be the development of compelling

content for the right platforms. A discussion occurred regarding the resources that would need to be allocated to the digital media strategy.

#### **d. USOC - NGB Marketing Relations**

Finally, Ms. Baird reminded the Board that in 2009 an ACES survey showed a high level of dissatisfaction with USOC Marketing and in order to address this, in March 2010 the USOC had begun working with representatives of the NGBs to come up with a plan to work more effectively with the NGBs around marketing initiatives. Ms. Baird explained to the Board that the group approached the issues through a structured, transparent process. It was recognized that although the goal of building sustainable revenue models for all NGBs is the same, the way to achieve this varies by NGB. Ideally, the USOC will create a basic, but adaptable, marketing charter, acceptable to NGBs that can then be used to measure progress on an annual basis. Ms. Baird also advised the Board that the USOC will be working with NGBs to enhance athlete and agent education, particularly around Rule 41 issues, to help address some of the athlete marketing issues that arise.

### **4. High Performance Funding Discussion**

#### **a. Funding Philosophy**

Norman Bellingham, Chief Operating Officer and Alan Ashley, Chief of Sport Performance, reported to the Board on the USOC's strategy regarding high performance funding. They walked the Board through the USOC's efforts, plans and goals regarding high performance funding, as well as how this had been undertaken historically.

Mr. Bellingham and Mr. Ashley then explained to the Board the more structured approach that they had begun to employ. Under the new approach, the USOC identified sports as "Foundation", "Medal Opportunity" or "Development" sports. Mr. Ashley explained to the Board the differences between these different categories. He also spoke to the Board about some of the challenges facing certain NGBs. Mr. Bellingham then explained to the Board that the USOC had worked with Deloitte over the summer to undertake a data driven analysis of how effective the USOC's resource allocation process is, how beneficial the sport services the USOC provides are, and how valuable OTC usage really is. Mr. Bellingham explained to the Board the initial hypotheses used, as well as the results obtained. Generally, it was recognized that the USOC's efforts were not being tracked based upon objective, calculable metrics.

The reorganization of the Sport department was undertaken as a partial response to Deloitte's findings, with the new structure allowing for greater focus on developing metrics and accountability. A discussion occurred among the Board regarding how athletes choose where to train, how expenses should be allocated and potential funding models that might be employed.

The discussion then turned to the resource allocation process. Following discussion, the Board suggested that the matter should be reexamined in March once the new Board

members are in place. In addition, the Board will also examine the USOC's philosophy of funding more broadly, including whether the USOC's current approach to non-Olympic sports results in optimal use of resources.

The discussion then turned to the USOC's facilities and an examination of whether the USOC's current investment of resources in facilities is optimal. Mr. Ashley noted that the USOC must adopt a transparent and objective decision-making process to better understand the strengths and weaknesses of the USOC facilities and services in the sports area. This will be done in partnership with the NGB Business Development division.

## **5. CEO Report**

### **a. Safe Sport Environment Implementation Plan**

Scott Blackmun asked Mr. Ashley to update the Board on the USOC's plans to implement the recommendations of the Working Group on Safe Training Environments. Mr. Ashley advised the Board that, subject to Board authorization of the necessary resources as part of the 2011 budget, the USOC intends to take a leadership role in this area for the US Olympic Movement.

The USOC would like, subject to Board approval, to hire an individual to spend half of his/her time as the USOC's Ethics Officer and half of his/her time in a new role as the USOC's Safe Sport Officer. With regard to the Safe Sport Officer function, this individual would partner with the Sport Performance group to create a safe environment for athletes as well as work to ensure that the USOC is operating at the highest levels internally in this space, with up to date codes of conduct and frequent training. The Safe Sport Officer would be charged with working with other organizations to create and disseminate a set of training curriculum that could be used by NGBs, coaches, parents and athletes. The curriculum would be available on line, and the USOC's goal will be to ensure that this curriculum squares with the work of organizations like the NCAA and APHERT to enhance the overall culture of sport. The USOC's focus will be on leadership, education, resources and making services available. In order to make this happen the USOC has built a specific line item in the 2011 budget, which will be reviewed by the Board later in the meeting.

### **b. IOC and International Relations Update**

Mr. Blackmun updated the Board regarding ongoing discussions with the IOC as well as the USOC's implementation of the International Relations strategy.

### **c. OTC Capital projects**

Mr. Blackmun next provided the Board with a presentation laying out a possible way to reinvigorate and enhance the Visitor's Center at the Colorado Springs OTC. By enhancing the Visitor's Center and turning it into a multimedia experience focusing on inspiring excellence, telling the stories of the athletes, explaining the history of the

Olympic Movement and allowing visitors to experience aspects of the sports science behind the work at the OTC, the USOC might be able to expand the number of visitors and more effectively convey its message to the American public. However, to go this route would take significant resources. A discussion then occurred regarding the concept, the costs, the benefits and the challenges with adopting this approach.

Following the discussion, the Board requested that staff run the concept through a more in-depth critical assessment and bring the results back to the Board. The Board directed that the assessment include at least the following analysis of the concept: 1) Is it strategic; 2) Does it support the Mission; 3) Does the USOC have the necessary expertise to make it work; and 4) Is it affordable given the USOC's existing resources.

#### **d. NGB Organizational Development Update**

Mr. Blackmun then introduced Rick Adams, Director of NGB Organizational Development, to the Board and asked Mr. Adams to share with the Board the work he has been doing. Mr. Adams advised the Board of his background and the perspective he brings to the work he is doing. He explained to the Board that his goal is to work with the NGBs to drive self-sufficiency. He intends to undertake a targeted approach focusing on a small subset of NGBs in need of support. With regard to shared services, Mr. Adams will be focusing on areas where functions and processes may be consolidated across NGBs. Under his direction, the USOC will work to provide customized deliverables for different NGBs, with detailed staff and Board level engagement by Mr. Adams directly.

#### **e. Diversity and Inclusion Proposal**

Mr. Adams next advised the Board regarding work he has been involved in relating to diversity. The USOC intends to create a Diversity Task Force including USOC representatives, NGB representatives, AAC representatives and independent experts. The purpose will be to help NGBs to recruit and retain high performing, diverse talent. Mr. Adams explained that ideally this will also result in a new means for NGBs to grow their businesses by expanding their athlete and membership pipelines and introducing them into new markets.

#### **f. USADA Agreement**

Mr. Blackmun requested that Rana Dershowitz, General Counsel, explain to the Board the proposed new contract between the USOC and the US Anti-Doping Agency. Ms. Dershowitz did so, advising the Board of the basic terms being proposed, the economics of the Agreement and history of the USOC's relationship with USADA. A discussion then occurred regarding the Agreement, the work of USADA and the USOC's relationship with USADA going forward. Following the discussion a motion was made to authorize the new Agreement with USADA. The motion passed unanimously.

#### **g. Olympic and Paralympic Assembly**

Mr. Blackmun reported to the Board on the feedback received regarding the restructured Olympic Assembly. He advised the Board that all of the feedback received was very good. He further informed the Board that he had put a Committee in place to develop the 2011 Olympic and Paralympic Assembly, and the Committee would again be led by Carol Brown, the former Board liaison.

## **6. Strategic Plan**

The Board then turned to a discussion of the proposed Strategic Plan for 2011. Mr. Blackmun began the discussion by inquiring whether the Board remained comfortable with the USOC's current mission statement. The Board confirmed that it did not want to revise the mission statement at this time.

Mr. Blackmun advised the Board that the proposed 2011 Strategic Plan had been built off of the 2010 Strategic Plan previously approved by the Board. The pillars remain the same, but the strategic assessments have been updated, some of the strategies refined, and the tactics tailored for the next year.

Mr. Blackmun walked the Board through the proposed Plan and a discussion ensued. As a part of the discussion the Board requested a minor rewording of the 2024 vision contained in the Plan, and requested the inclusion of one additional strategy.

A further discussion then occurred regarding how best to engage the Board in the ongoing development of the Strategic Plan. The suggestion was made to set up informal conversations between individual Board members and individuals on staff relating to particular strategies about which the Board member might have insight or a specific perspective. The Board asked Mr. Blackmun to ensure that the foundational elements of the Strategic Plan are communicated to the Councils in the first quarter of 2011.

## **7. 2011 Budget**

Mr. Glover presented the Board with the USOC's proposed 2011 Budget. The Budget was created based upon the proposed 2011 Strategic Plan, utilizing the same guiding principles as were used in 2010. Those guiding principles include: not damaging athlete performance; only relying on contractually committed funds; only spending amounts already in hand; and budgeting so that the USOC will not need a line of credit at any point during the quad.

Mr. Glover further expanded upon the financial picture he had presented to the Board at the beginning of the Board meeting, and explained to the Board how the picture has changed since 2009, both with regard to revenue and with regard to expenses. Mr. Glover explained that if the Board approved the 2011 budget as presented, and if everything played out as forecast, the USOC would generate a modest surplus in the 2009-2012 quad. Mr. Glover advised the Board of the existing risks identified by the USOC that might affect the USOC's ability to end the quad as projected. A board

member then inquired about certain athlete and NGB funding changes in 2011, which Mr. Ashley explained.

A motion was made to approve the 2011 budget and the 2011 Strategic Plan. The motion passed unanimously.

At approximately 12:15 the Board adjourned for lunch.

The Board reconvened at 1:00 pm in Executive Session, with Ms. Dershowitz present from USOC management. Ms. Ruggiero joined the meeting at is time by teleconference.

## **8. Nominating and Governance Committee Report**

Jair Lynch, Chair of the Nominating and Governance Committee, provided the Board with a report on the Committee's activities. Mr. Lynch reminded the Board of the current membership of the Committee, noting that the terms of several members of the Committee will expire at the end of the year. Mr. Lynch explained that the primary focus of the Committee for the last several months has been to find, vet and recommend new members for the Board following the new process laid out in the Bylaws approved at the September Board meeting.

The Committee met at the September Assembly and established written criteria for Board candidates, which had previously been discussed with the Board. Notice that the USOC was seeking new Board members was posted on October 1, with independent nominations due November 1 and nominations from the AAC and NGBC due December 1. The Committee worked electronically and telephonically to review and vet the independent nominees received. The Committee then met in person over two days to interview a final subset of the independent nominees, as well as all of the candidates submitted by the AAC and NGBC. Following the interview process, the Nominating Committee made its recommendations to the Board, with its written recommendations contained in the Board book and posted publicly.

Mr. Lynch expressed his appreciation for the work the Committee had undertaken, and noted that the Committee was extremely pleased and impressed with the quality of the candidates received. Mr. Hendricks, also a member of the Committee, confirmed how enthusiastic the entire Committee had been about the candidates received.

Mr. Lynch then provided the Board with further information regarding each of the candidates that the Committee was recommending to the Board, noting specifically, together with Mr. Hendricks, that the Committee was particularly enthusiastic about the Paralympic and disabled sport perspectives that could be brought to the Board by Jim Benson, Dave Ogreaan and Nina Kemppel. Mr. Lynch then asked whether any Board members had any questions regarding the candidates or the process. A discussion occurred regarding the need to make the recommended slate public in advance of the Board's decision and the Board expressed its concern that following this course could create uncomfortable or inappropriate dynamics.

Following its discussion, the Board then voted on each of the candidates recommended by the Nominating and Governance Committee: Ms. Nina Kempfel (AAC representative), Mr. Dave Ogreaan (NGB representative), Mr. Jim Benson (independent), Ms. Susanne Lyons (independent) and Mr. Robbie Bach (independent, recommended to replace the seat vacated when Ms. Stephanie Streeter resigned from the Board). With regard to each candidate, the Board confirmed the recommendation of the Committee and voted unanimously to elect the recommended candidate. Mr. Probst confirmed that he would call each new Board member to offer congratulations and welcome them to the Board.

Finally, Mr. Lynch advised the Board that the AAC, NGBC and MSOC would need to name new representatives to the Nominating and Governance Committee for 2011, and that the next focus of the NGC would be to find two new members for the Ethics Committee. Absent a Board member resignation, the NGC will not need to undertake a search for new Board members again until 2012.

## **9. Audit Committee Report**

Ms. Ursula Burns, Chair of the Audit Committee, reported to the Board on the activities of the Committee, which had met earlier that morning. Ms. Burns advised the Board that the Committee had walked through the financial report which the Board heard from Mr. Glover, received a litigation report from the General Counsel, and reviewed the audits undertaken by the USOC's internal auditors. The Committee also met in executive session, during which they noted that the USOC should continue to be careful with its expenses and headcount given the current state of the global economy.

The Board then discussed the fact that the new Board members will need to be given Committee assignments and Chairman Probst committed to handling this.

## **10. Compensation Committee Report**

Mr. Bob Bowsby, Chair of the Compensation Committee, reported to the Board on the activities of the Committee, which had met the day before the Board meeting. The Committee first discussed certain fees owed to the search firm Spenser Stuart, and agreed upon a course of action. The Committee then went through the USOC's 2010 Performance Screen, and agreed upon a capture percentage about which Mr. Bowsby advised the full Board. The Committee also reviewed Mr. Blackmun's performance. The Committee next discussed and agreed upon the level of funding to authorize for merit increases. The Committee discussed with staff how merit increases should be handled as part of the organization's efforts to implement a performance culture. Finally, the Committee noted that the organization will need to spend some time on succession planning and a discussion on this issue occurred among the Board. Following Mr. Bowsby's report, the Board unanimously expressed its support for the decisions of the Compensation Committee.



## **11. Ethics Committee Report**

Ms. Mary McCagg, Chair of the Ethics Committee, reported to the Board on the activities of the Committee. She noted that a proposed revised Code of Conduct and Gift Policy have been drafted and circulated for review by the Ethics Committee. The Committee expects to meet in early January to discuss these proposed policies. Ms. McCagg noted that several members of the Committee will be rolling off of the Committee, but expressed that the group as currently constituted provides a good mix of perspectives.

## **12. Administrative Matters**

Ms. Dershowitz provided the Board with a brief litigation report. She then advised the Board regarding the USOC's planned Board orientation, noting that a draft agenda for the session was provided in the Board book. Ms. DeFrantz expressed her interest, schedule permitting, in participating in the Board orientation to provide new Board members with an IOC perspective.

Ms. Dershowitz next advised the Board that the USOC will be undertaking a wholesale assessment of its current policies in order to create a better understanding of which policies are in place as well as who has the authority to create and disseminate policies. Mr. Blackmun explained that he wants to make sure there is clear guidance from the Board as to the limits on the authority of the professional staff.

## **13. International Conference Update**

Ms. DeFrantz updated the Board regarding planning efforts for the 5<sup>th</sup> IOC World Conference on Women and Sport, being held in Los Angeles February 16-18, 2012. The theme for the conference will be "Together, Stronger: the Future of Sport." Registration will open eight months before the Conference, and it is expected that approximately 600 people will participate. The local organizing committee has begun actively fundraising.

Mr. Blackmun updated the Board regarding planning efforts for the 2011 IOC Athletes Forum, being held in Colorado Springs October 9-12, 2011. Ms. Ruggiero advised that the IOC is considering shortening the dates to make the conference more affordable.

## **14. Board Member Retention**

With the changes to the Bylaws adopted in September, it was noted that Bob Bowsby, John Hendricks and Mary McCagg would all be completing their first four year term of service at the end of 2010. The Board unanimously voted to retain each of them for a second four year term, with each abstaining from the vote on themselves.

## **15. Adjournment**

There being no further business, the meeting was adjourned at approximately 1:50 p.m. PST.

This document constitutes a true and correct copy of the minutes of the meeting of the Board of Directors of the United States Olympic Committee.



Rana Dershowitz  
Secretary



Date