

## **Minutes**

**Board of Directors Meeting  
June 28, 2010  
Silver Spring, MD  
8:00 a.m. – 3:00 p.m. Eastern Standard Time**

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on June 28, 2010, 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 8:05 a.m. The following members of the Board were present in person: Larry Probst (Chair), Bob Bowsby, Ursula Burns, John Hendricks, Mary McCagg and Angela Ruggiero. Anita DeFrantz and Mike Plant joined the meeting after it began, as noted in the minutes below. Jim Easton and Jair Lynch did not attend. The above present members constitute a quorum of the Board under the USOC Bylaws Section 3.14.

Present for the meeting from USOC management were: Scott Blackmun, Norman Bellingham, Walt Glover, Lisa Baird, Patrick Sandusky, Debra Yoshimura and Michelle Stuart. Rana Dershowitz participated in the meeting via teleconference.

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. He walked the Board through the Agenda for the day, including certain changes being made to the schedule.

### **2. Report on Financial Conditions and Activities**

Chairman Probst requested that Walt Glover, Chief Financial Officer, report to the Board regarding the USOC’s financial condition. Mr. Glover first advised the Board regarding the USOC’s financial status as of May 31, 2010, and then provided the Board with the USOC’s year end and quadrennial forecasts.

Mr. Glover reported that, as of May 31, the USOC was favorable to budget with regard to both revenue and expenses. He noted that the expense favorability is largely timing based and is expected to reverse, while the revenue favorability is based upon contracted and booked commitments and should remain. Cash flow is positive to expectations as well. Headcount stands at 352 FTE in place, with a fairly typical number of current vacancies that are in the process of being filled.

Year end projections continue to look good for the USOC as well, and it appears that the organization will complete the year ahead of budgeted revenue. Mr. Glover noted that there may be some challenges in hitting the USOC’s fundraising targets,

however, it is expected that any amount by which the USOC misses its targets in 2010 will be made up for in the remainder of the quad.

At this time Bill Hybl, Chairman of the US Olympic Foundation, joined the meeting in preparation for his presentation to the Board.

Mr. Glover next advised the Board that the USOC expects it will end the year with expenses slightly higher than budgeted, and walked the Board through the reasons for these variances. In connection with this explanation, the Board engaged in a discussion regarding some of the long term expense benefits to the USOC that should stem from some of these shorter term expense outlays.

Mr. Glover explained to the Board certain changes to the budget stemming from accounting rules relating to the consummation of the Headquarters and US Olympic Sport House projects. A portion of the benefits received by the USOC will be shown as a sponsorship rights fee and a portion will be shown as a contribution. Additionally, depreciation will now need to be recognized on the expense side. Mr. Glover noted that all of these items are shown as extraordinary events for 2010.

Completing his report on the USOC's year end projections, Mr. Glover advised the Board regarding the USOC's status on the financial goals set out in the performance screen. The organization is currently trending above target on both goals.

Finally, Mr. Glover reported to the Board regarding the USOC's current projections for the remainder of the quad. If trends continue as expected, the USOC will be able to bring back certain programs that had previously been cut from the quad budget and still remain favorable for the quad.

### **3. Report of the US Olympic Foundation**

At Chairman Probst's request, Mr. Bill Hybl, Chairman of the US Olympic Foundation provided the Board with background on, and an update about, the US Olympic Foundation. Mr. Hybl was joined for his presentation by Mr. Bill McCarron of Prime Buchholz, an investment consulting firm utilized by the USOF.

Mr. Hybl presented to the Board the history of the USOF, explaining to the Board where its funding originated, how much had been given out in grants to date, the existing corpus today, and the Foundation's current Board structure. Mr. Hybl noted that over \$240M in grants had been made since the Foundation was created with the surplus from the 1984 Olympic Games in LA. Since 1991, funding has gone to general operating support for the USOC at a rate of roughly \$10M per year. Mr. Hybl explained to the Board that the USOC had determined many years ago that significant funds should be maintained at the Foundation, so that, in a crisis, the Foundation could act as an insurance policy for the USOC.

In addition, Mr. Hybl explained to the Board that the USOF invites NGBs to invest their funds through the Foundation as well. NGBs are given access to high level investment managers based upon the total value of the Foundation's funds (through participation in an investment pool). NGBs are not charged any fees for this, as all fees are paid out of the Foundation's funds and not allocated back to the NGBs. NGBs are free to put money into, and remove money from, the Foundation as they see fit. Roughly thirty-five NGBs currently participate in the Foundation's investment opportunities today. In addition, five other Olympic organizations do as well.

At this time Anita DeFrantz joined the meeting.

Mr. Hybl next asked Mr. McCarron to walk the Board through the Foundation's investment strategies and historic returns. Mr. McCarron did so, explaining that the Foundation has obtained an average 8.5% annualized rate of return and net of all expenses has consistently done better than inflation. The Foundation's funds are diversified, with investments in US equities, US bonds, international equities, hedge funds and flexible capital. The Foundation is careful to strive for sustainable returns with reasonable liquidity. A discussion then occurred regarding the Foundation's investment strategy versus that used by many US universities. The discussion then turned to the Foundation's costs, and how these costs are managed.

Mr. Hybl next advised the Board that two Foundation awards will be given out in December: the George Steinbrenner Award and the William E. Simon Award. The George Steinbrenner Award is domestically focused, while the William E. Simon Award will be given to an American with both a national and international impact. The Foundation is still, for a short time, seeking nominees for both awards, and USOC Board members are encouraged to recommend candidates. The Awards will be handed out at a fundraiser to be held in December in coordination with some work being done by the US Olympic Foundation Board of Trustees.

With their report completed, Mr. Hybl and Mr. McCarron left the meeting.

#### **4. Report of the CEO**

Mr. Blackmun next provided the Board with the report of the CEO.

##### **A. Major Grants**

Mr. Blackmun advised the Board regarding the status of a major new donation the USOC expects will be finalized in the next few weeks. The gift will have certain restrictions, but those restrictions provide the USOC with sufficient flexibility to allow the funds to be used for budget relieving purposes.

At this time Mike Plant joined the meeting.

## **B. Sponsor and Sales Update**

Mr. Blackmun requested that Lisa Baird, Chief Marketing Officer, provide the Board with an update on the USOC's sponsors and sponsor sales efforts. Ms. Baird advised the Board of the USOC's current sponsor sales, noting particularly that licensing royalties from domestic product had increased substantially. Ms. Baird next updated the Board regarding several potential TOP deals that the IOC is looking to close.

The Board next discussed the status of USOC sponsor BP, and the USOC's relationship with them.

## **C. Digital Strategy**

Ms. Baird presented the USOC's current digital media strategy. She explained to the Board that the USOC had been given access to research that NBC recently completed. This research confirmed that people are now multitasking in their media consumption. That is, they are online at the same time they are watching television, with digital devices actually causing people to watch more, not less, television. Interestingly, this holds true for viewers over 50 as well as younger viewers. In its research, NBC did not do a full assessment of the social media space, and this is clearly an area that needs further analysis.

Ms. Baird explained that while media consumption is changing, where advertising dollars are being spent has not changed substantially. This led to a discussion regarding two different aspects of many digital strategies. That is, the assessment of what to do in the digital realm has often been separated from the assessment of how that strategy can be monetized or converted to clear, measurable benefits for an organization. For the USOC, Ms. Baird explained, our first goal is to use digital media to enhance our reach and relevance, and then only secondarily to obtain revenue from it. In terms of revenue, e-commerce is our primary focus. Finally, the USOC is looking to enhance its online and mobile fundraising capabilities. The Board next turned the discussion to the IOC's digital media strategy and the interplay between the USOC and the IOC in this area.

Mr. Blackmun reminded the Board that the USOC works in this space with a relatively small budget. The Board's input as to whether this is an area into which greater resources should be placed is going to be important going forward. Before coming to the Board with a specific request in this regard, the USOC staff will begin to work with the Wasserman Media Group on a consulting basis to help develop measurable analytics, think through strategies and develop further plans. Ms. Baird explained to the Board the specific timeline the USOC hopes to work through with the Wasserman Media Group in this regard. A discussion then occurred regarding the scope of the engagement with the Wasserman Media Group, as well as some of the strategic approaches the USOC may undertake with its sponsors in this space.

#### **D. Veterans Administration Grant Update**

Mr. Blackmun updated the Board regarding the USOC's efforts to obtain a grant from the Veterans Administration for certain Paralympic programming and activities. The VA is very supportive of the USOC's Paralympic programs, and funding in the amount of \$10M total (\$7.5M of which will be directed to the USOC) is being seriously contemplated. The structure of the grant arrangement is still being worked out to ensure that the USOC is not put at any risk regarding the funds. Presuming that the details can be worked out, this grant will have positive budgetary, programming and headcount implications.

#### **E. Youth Olympic Games Update**

Mr. Blackmun updated the Board regarding the USOC's preparations for the Youth Olympic Games. The USOC will be sending a delegation of roughly 70 athletes, supported by a lean staff contingent. Several members of leadership, including Chairman Probst, Ms. Ruggiero, Ms. DeFrantz and Mr. Blackmun will all be attending.

#### **F. Olympic Day**

Mr. Blackmun advised the Board that Olympic Day has grown significantly in the United States. For 2010, over 250 different events were held around the country. The USOC worked hard to build off the momentum originally created by the Chicago 2016 bid committee's efforts in this regard. The USOC is very happy with the level of celebration this year and expects to continue in this regard in future years.

#### **G. IOC Conferences**

Mr. Blackmun advised the Board that the USOC is in discussions with the IOC about the 2011 IOC Athletes Commission meeting in Colorado Springs. The event would be in the fall of 2011. Several local entities have offered to help organize and fund the event, which would bring athletes and IOC leadership to Colorado Springs where they could gain greater exposure to the USOC's headquarters and training center.

Additionally, Mr. Blackmun noted that there has been discussion about the USOC bidding to host the 2012 IOC Quadrennial Conference on Women in Sport. Mr. Blackmun asked Ms. DeFrantz to update the Board regarding the status of this project. Ms. DeFrantz noted that there is an opportunity to bring the event to the US, but certain political and budgetary issues remain to be resolved. There are several US cities that have expressed an interest in this conference, which would bring together over 600 participants.

#### **H. Safe Training Environment Working Group**

Mr. Blackmun advised the Board that a USOC Working Group examining safe training environments, chaired by AAC Vice Chair Nina Kempel, has begun its work.

The group met for the first time approximately a week before the Board meeting, and expects to issue a report in time for the September Board meeting and Assembly.

### **I. Olympians for Olympians Relief Fund**

Mr. Blackmun explained to the Board that the US Olympians Association had created the "Olympians for Olympians Relief Fund" (OORF) several years ago, seeking contributions from Olympians to support other Olympians in need. Approximately four or five years ago, the USOC began contributing to the Fund. Unfortunately, when the USOC began contributing to the Fund, efforts to have other Olympians contribute dropped off. In light of this, the USOC has spoken with the current OORF leadership and determined that the USOC's donations to the Fund will be converted to a matching program. For the next two years, the USOC will fund \$25,000 per year, and thereafter, for the following two years at least, the USOC will match contributions made by Olympians, up to a total of \$50,000 per year. The USOC and OORF leadership are comfortable that OORF currently has funds to cover its needs, and the transition period will allow it to continue its efforts uninterrupted.

### **J. Communication**

Mr. Blackmun noted that he will work with Patrick Sandusky, Chief of Communications, to communicate, in writing, with the Board at least once a month.

### **K. IOC**

The Board discussion next turned to the ongoing issues between the USOC and the IOC relating to revenue shares and games costs. Discussions have been ongoing between the two organizations. In order to further facilitate the discussions, Mr. Blackmun and Chairman Probst are requesting some degree of negotiating flexibility from the Board that could enable them to finalize a resolution with the IOC on some of the outstanding issues, without the need to bring the matter back before the Board.

Following the Board's discussion, the Board unanimously passed a resolution authorizing the Chairman and the CEO to negotiate to enter into an agreement with the IOC up to certain, specific, economic parameters agreed upon by the Board. A copy of the specific resolution voted on by the Board has been uploaded to the Board book.

At this time, 9:45, the Board took a break. Following the break, all members of the Executive Team other than Mr. Blackmun, Mr. Bellingham and Ms. Dershowitz (telephonically) were asked to leave the meeting so that the Board could meet in closed session. Ms. Stuart remained in the room for the closed session.

## **5. Discussion Regarding Tagliabue Advisory Committee Report and Bylaws Revisions**

### **A. Presentations of the MSOC and USOA**

Jeanne Picariello, Chair of the Multisport Organizations Council, and Willie Banks, President of the US Olympians Association, were invited to present to the Board regarding certain concerns they each had with the recommendations of the Advisory Committee on Governance chaired by Paul Tagliabue.

Ms. Picariello presented first, and explained to the Board that, notwithstanding the Advisory Committee's report, it is her belief that all three Councils (MSOC, NGBC and AAC) as well as the US Olympians Association, still believe that they should have some form of direct representation on the USOC Board. Ms. Picariello reminded the Board that the MSOC alone has roughly fifty million constituents throughout the country, can have a significant effect on education nationally, and forms the original pipeline for the USOC. The MSOC also represents seniors and masters programs throughout the country, a group that can undertake significant efforts to give back to the sport community. In light of this, Ms. Picariello believes that the group should be involved in the oversight of the USOC. Representatives of the MSOC can provide critical advice and guidance on training, background checks, education and best practices generally.

Ms. Picariello wanted to make sure the Board understood that the MSOC's interest in joining the Board is not about getting money from the USOC or controlling the flow of resources for the benefit of MSOC members. Rather, the purpose is to have a voice in the governance direction and decisions of the USOC. Ms. Picariello confirmed that the Advisory Committee did very good work, but explained that in her view the recommendations simply do not go far enough. Further, Ms. Picariello noted that adding a representative from the MSOC to the USOC Board could be done while still preserving the necessary representative ratios on the Board and adhering to good governance guidelines of keeping the Board to under 20 members. Finally, Ms. Picariello explained to the Board that while the MSOC believes direct representation is the best way to move forward, the Board should be comfortable that the MSOC will continue to contribute to the Olympic Movement even if direct representation for the group is not provided on the Board.

Mr. Banks then presented to the Board regarding the views of the US Olympians Association. Mr. Banks explained that the US Olympians believe they should have a seat on the USOC Board as Olympians are not just constituents, they are the stakeholders of the Movement. Mr. Banks reminded the Board that if the Olympic rings and values are ever tarnished, the Olympians are the ones hurt. Thus, in Mr. Banks' view, Olympians must be the protectors of the Olympic brand. Further, the Olympians have a broader focus than the athletes making up the AAC and more time to give back. The AAC is a political entity charged with protecting athletes' rights. The Olympians Association drives Olympians to participate in Olympic day, supports physical fitness efforts throughout the United States, actively supported the Chicago bid and is engaged in

Washington DC to help the USOC launch the Olympic Caucus. Noting that the USOC Board currently has five Olympians on it, Mr. Banks explained that his concern is that there is no guarantee that the current Olympic representation will always be there. To protect the Olympics, in his view, there must always be an Olympian on the USOC Board.

Their respective presentations having been completed, at this time Ms. Picariello and Mr. Banks left the meeting.

## **B. Discussion of Bylaws Revisions**

Chairman Probst noted that in the Board materials contained in the Board book, the Board had been provided with a proposed draft of revised Bylaws incorporating changes as discussed by the Advisory Committee, as well as a memo from Chairman Probst and Mr. Blackmun highlighting certain issues that warranted specific discussion among the Board. Chairman Probst confirmed that all of the Board members had reviewed the memo and the proposed draft Bylaws. He then walked the Board through the issues outlined in the memo.

The Board engaged in a detailed and thorough discussion of all of the issues highlighted in the memo, as well as other areas of concern for the select Board members. Particularly, the Board noted that there were a number of items from the Advisory Committee report with which the Board completely agreed, but which did not require changes to the Bylaws themselves. The Board noted that it would be very important to highlight the Board's intent in these areas for the USOC's constituents and the public. Examples of items falling into this realm included a commitment from the Board to adopt a statement of principles and a statement of fiduciary obligations, as well as the Board's intent to create a Paralympic Advisory Committee to help guide the Board on Paralympic issues.

As part of its discussion, the Board specifically explored issues surrounding representation by Olympians, Paralympians and other athletes on the Board as well as how these matters should be addressed in the Bylaws. The Board discussed term limits for the Board and the Chair and how these should be implemented. Additionally, a robust discussion occurred regarding the constituent director severance requirement, with the Board analyzing the potential benefits of an enhanced candidate pool and the potential conflict concerns raised by removing the severance requirement. On this issue, the Board ultimately reached consensus regarding a compromise the directors believe will balance the various benefits, detriments and interests in the best manner for the organization.

Additional discussion occurred around the oversight and operation of the Olympic and Paralympic Assembly, weighted voting among Board members, engaging with the IOC regarding the changes to the USOC's governance structure, the work of the Nominating and Governance Committee (including the process for new director



identification), the title of the Multisport Organizations Council and certain other smaller issues.

Following its discussion, a motion was made to approve the draft Bylaws as provided to the Board with four specifically identified changes for publication and public comment. The Board directed that the changes be incorporated into the draft; the new draft be circulated to the Board for confirmation; and the new draft then be publicly disseminated as soon as possible. The motion to move forward as described was unanimously approved.

At this time, 12:15, the Board broke for lunch. The Board reconvened at 12:45, with Lisa Baird, Walt Glover, Patrick Sandusky and Debra Yoshimura of USOC management re-joining the meeting.

## **6. Strategic Plan discussion**

Mr. Blackmun introduced the draft strategic plan prepared by USOC management to the Board. Mr. Blackmun explained that he expects that the strategic plan will be Board driven, so the draft should be seen as just that. He is looking for the Board to push back and engage regarding the proposed plan so that it can be updated, altered or revised as needed to reflect the Board's views. In developing the strategic plan, Mr. Blackmun hopes that the Board will provide USOC staff with clearly established priorities so that staff knows where to expend resources (both with respect to time and with respect to money). Mr. Blackmun further explained that he expects the Board to have a further in-depth strategic planning discussion in December, and so the plan currently before the Board should be seen as a shorter term guide before the more robust plan is finalized.

The Board began their discussion by examining the current USOC mission. The Board felt that while it generally captures the USOC's purposes, it could be made better; certain additional elements needed to be incorporated and the focus may need to be tweaked. It was determined that this was the type of issue that needed to be taken up in December.

Mr. Blackmun laid out for the Board the current USOC landscape and explained, from staff's perspective, some of the key challenges currently facing the organization. He then explained the USOC's proposed vision for 2024, which the Board discussed. As part of this dialog, the Board examined the goals of the USOC and engaged in debate regarding who should be seen as the USOC's "customers".

Mr. Blackmun then took the Board through eight areas of strategic focus that USOC management felt were priorities. The strategic areas identified by Mr. Blackmun were each then discussed among the Board, including various initiatives under each one. The Board noted certain changes it wanted to see made to the plan. The Board approved the plan subject to a few changes which were discussed in the meeting.

## **7. Administrative Items**

Rana Dershowitz provided the Board with a brief litigation update.

Ms. Dershowitz next advised the Board that a proposed resolution regarding the approval process for team selection criteria was contained in the Board materials. Ms. Dershowitz explained the reasoning behind the proposed resolution, which would delegate responsibility for approval of all team and staff selection from the Board to the CEO and staff. The Board was fully supportive of delegating this responsibility to staff, provided that they were given sufficient assurances that staff put in place appropriate criteria regarding the selection of USOC controlled staff members of the delegation. Accordingly, the Board requested that prior to approving the resolution, staff, through the CEO, commit to provide the Board with a written description of the policies and criteria used by the USOC to select staff to support the US delegation to the Olympic, Paralympic, Pan American, and Parapan American games for the Board's approval. Mr. Blackmun agreed, and a motion was made to approve the resolution contained in the Board materials, with the addition noted above. The motion passed unanimously.

Finally, Ms. Dershowitz advised the Board regarding proposed Board dates and locations for 2011, and explained that she would be reaching out to all members of the Board to determine the specific dates that would be most appropriate in light of Board members' schedules.

## **8. Committee Reports**

The Board received reports from the following Board committees.

### **A. Compensation Committee**

Bob Bowsby, Chair of the Compensation Committee, reported to the Board on the activities of the Compensation Committee. The Committee met on June 27, 2010, with all members other than Mr. Plant participating. Mr. Bowsby reported that the Committee had discussed Mr. Blackmun's employment contract; walked through the USOC performance screen; received a report on the USOC's current incentive compensation plans; heard an update on Olympic University; got a report on the closure of the Irvine International Relations office; and was advised regarding the status of the IRS audit. In addition, the Committee listened to Mr. Blackmun's assessment of key USOC staff and the direction of the organization. The Committee discussed the need for better information flow regarding personnel changes, and spoke about the USOC's relationships with NGB leaders. Finally, Mr. Bowsby noted that the Committee will be receiving further follow-ups on all of these topics as well as the USOC's long term incentive plan at its September meeting.

## **B. Audit Committee**

Ursula Burns, Chair of the Audit Committee, reported to the Board on the activities of the Audit Committee. The Committee met on June 27, 2010. Angela Ruggiero has been named as a member of the Audit Committee and participated in the meeting along with the Ms. Burns and Mr. Lynch. Mr. Easton did not attend. Ms. Burns reported that the Committee approved minutes from prior meetings and then spent a good deal of time discussing the NGB audit process. The critical issue for the Committee is to better determine what the USOC is trying to do for the NGBs, both with the audit process and more generally. The Committee then went through four audit reports: cycling, badminton, basketball and table tennis. The Committee received a report from the Chief Financial Officer, a report regarding the Paralympic grant process, and a litigation report from the General Counsel. Ms. Burns reported that the Committee had requested certain follow-up information regarding funding through to athletes as well as NGB governance structures.

At this time, Mr. Bowsby noted one additional item that the Compensation Committee had discussed. He indicated that the Compensation Committee had also had a discussion regarding ethics at the USOC, including the role of the Ethics Committee, and the best way to structure the Ethics Officer position. It was generally agreed that a broad discussion of ethics oversight should be on a future Board agenda.

## **C. IOC Report**

Mr. Probst asked Ms. DeFrantz to give the Board an update on any IOC activities. Ms. DeFrantz advised that the IOC is involved with a UN conference, given its newly obtained observer status. Additionally, Ms. DeFrantz indicated that the USOC's outreach efforts over the last year have been well received by the IOC. Finally, Ms. DeFrantz reminded the Board that the IOC is putting a great deal of focus on the Youth Olympic Games. Ms. Ruggiero confirmed Ms. DeFrantz' report.

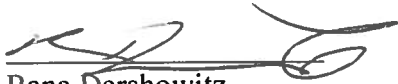
## **D. Ethics Committee**

Ms. McCagg, Chair of the Ethics Committee, reported to the Board that the Ethics Committee had not met due to scheduling conflicts, but is in the process of setting up its next meeting. She noted that she had engaged in discussion with Ms. Burns regarding some of the overlap between the Audit and Ethics Committees. Finally, Ms. McCagg noted that the Ethics Committee has been focused on the USOC gift policy and may explore shortening the USOC Code of Conduct.

## **9. Adjournment**

Chairman Probst thanked Mr. Hendricks for hosting the Board meeting, and, noting that there was no further business, adjourned the meeting at approximately 2:45.

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

July 8, 2010  
Date