

## **Minutes**

### **Board of Directors Meeting**

**September 24-25, 2010**

**Colorado Springs, CO**

**Session # 1: 11:30 a.m. – 1:00 p.m. 9-24-10 Mountain Standard Time**

**Session # 2: 3:15 p.m. – 5:45 p.m. 9-24-10 Mountain Standard Time**

**Session # 3: 1:30 p.m. – 3:30 p.m. 9-25-10 Mountain Standard Time**

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on September 24<sup>th</sup> and 25<sup>th</sup>, 2010, commencing at 11:30 a.m. local time on September 24<sup>th</sup>, pursuant to notice duly given pursuant to the USOC Bylaws. The Chair called the meeting to order at approximately 11:45 a.m. The following members of the Board were present in person at the meeting’s commencement: Larry Probst (Chair), Ursula Burns, Anita DeFrantz, John Hendricks, Jair Lynch, Mary McCagg, Mike Plant and Angela Ruggiero. Bob Bowsby and 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 first session of the meeting from USOC management were: Scott Blackmun, Norman Bellingham, Rana Dershowitz, Walt Glover, Lisa Baird, Janine Musholt, Alan Ashley 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. He noted that the mood at the Olympic Assembly had been very positive so far.

#### **2. Report of the Working Group for Safe Training Environments**

Scott Blackmun reminded the Board that he had put together a Working Group for Safe Training Environments early in the summer of 2010 and explained to the Board some of the background as to why the Working Group had been created. Mr. Blackmun explained that the Group was tasked with coming to the Board with a set of practical, workable recommendations for the Olympic family. Nina Kemppel, Vice Chair of the AAC and four-time Olympian, chaired the Group and would be presenting its findings to the Board. Mr. Blackmun took a moment to express his appreciation for the Group’s efforts, and to note that they had done exceptional work in his view.

Ms. Kemppel presented the Working Group’s recommendations to the Board. She noted that the Group identified four primary objectives: 1) to assess how real the problem of sexual and physical abuse is in sport; 2) to examine best practices already in

place across sport (both within and outside the Olympic family); 3) to work with the NGBs and athletes through direct outreach in order to best understand the actual needs that exist regarding this issue; and 4) to develop a set of recommendations for the USOC Board to consider.

Ms. Kemppel explained that it had quickly become clear to the Group that direct input from a wide range of people would be critical. Thus, the Group reached out to coaches, NGB executives, athletes, parents, and other youth organizations. In addition, the Group engaged the CDC and several other organizations exploring similar issues in other contexts. The Group also received a great deal of unsolicited input from athletes across many different sports. Ultimately, the Group determined that focus needed to be on six key areas: 1) background checks, screening and information sharing; 2) reporting systems and requirements; 3) clubs and grassroots engagements; 4) practices, policies and audits; 5) behavioral standards and definitions of abuse; and 6) training and education.

The Group determined that the issue of sexual abuse is very real in sport and that a call to action is needed. The Group believes that the USOC is in the right position to take a leadership role in this area, and suggests that the Board adopt a strong policy statement indicating that abuse is unacceptable in sport. It is apparent that if the USOC Board takes the issue seriously, the whole US Olympic family will do so as well. With the USOC leading by example, the issue is more likely to be addressed. To do so, the USOC should include guidance on the issue of sexual and physical abuse in all of its policies and code of conduct forms.

Additionally, the Group determined, training is going to be critical. Training will need to focus not only on the big picture, but also on issues such as how to report abuse, what constitutes abuse, and how to identify key warning signs. Training needs to be provided for all USOC staff, athletes, NGBs, coaches and parents. In order to ensure this occurs, the Working Group recommends that the USOC create a centralized set of training and education materials that NGBs can adopt. The USOC should also create a centralized online toolkit that provides NGBs with a set of resources such as sample templates and forms, educational resources, and links to external resources.

As an additional step to address the issue, the Working Group also recommends that the USOC work with NGBs to centralize and standardize the delivery of services designed to promote safe training environments. This could include a list of “preferred providers” available to provide quality background checks for reasonable cost, and suggestions for ways to standardize the procedures to use in addressing violations.

As the NGBs are separate entities from the USOC, the Working Group determined that the USOC should encourage (though not require) NGBs to adopt policies, practices, programs and tools to address sexual and physical misconduct and that the USOC should encourage NGBs, in turn, to encourage their clubs and other grassroots organizations in their sport to do the same.

A discussion then occurred among the Board regarding a number of the Working Group's suggestions, the parameters of the work the Working Group had done, and appropriate next steps for the USOC. Following the discussion, the Board determined that it desired to adopt a strong policy statement condemning sexual and physical abuse. It directed staff to further assess the other recommendations of the Group and come back to the Board with a plan for implementation. The Board requested that the statement suggested by the Working Group be strengthened further before the final Board meeting session so that the Board could review and adopt an appropriate statement before the end of the Assembly.

### **3. Resolution Regarding the 1980 US Olympic Team**

Mr. Blackmun next directed the Board to a proposed resolution contained in the Board book regarding the 1980 US Olympic Team. A discussion occurred regarding certain details of the background leading to the resolution. Following the discussion, the Board unanimously approved the following resolution:

The U.S. Olympic Committee hereby recognizes, and fondly expresses its appreciation for, the great sacrifices made by the members of the 1980 U.S. Olympic Team on behalf of their Nation.

### **4. Organizational Updates**

#### **A. Marketing**

Lisa Baird, Chief Marketing Officer, provided the Board with a report on the activities of the Marketing department. The USOC is currently tracking ahead of budget on revenue from sponsors, suppliers and licensees, and is in active discussions regarding several potential new sponsor categories. The USOC is soon going to need to determine how many sponsors it wants to have at a maximum. A discussion occurred among the Board regarding the USOC's sponsor categories as well as ways the USOC is approaching new sponsors.

Ms. Baird updated the Board regarding the USOC's new brand architecture and advised the Board of collaborative efforts being undertaken with the NGBs to prevent ambush marketing activity. Additionally, she reported on the USOC's new direction regarding its retail store and consumer products. A discussion occurred regarding coordinated marks/co-branding between the USOC and NGBs, and Ms. Baird explained that the USOC has issued guidelines under which NGBs will be able to create co-branded materials.

Next Ms. Baird discussed the Marketing department's priorities going forward, specifically noting that digital media continues to be a focus. The organization is working to strengthen its online content, and is coordinating with NGBs to stream their events. A task force including USOC marketing and NGB leaders has been put in place to further enhance marketing coordination across the Olympic family.

Finally, Ms. Baird led the Board in a discussion regarding whether the USOC should participate in USOC branded lottery games. Mr. Blackmun noted that many countries fund their Olympic efforts through national lotteries, but in the US, to date, the USOC has had no involvement with any lottery. A discussion regarding the pros and cons of lottery involvement occurred. Following further discussion, the Board requested to see additional research on a number of topics, which staff committed would be presented at the next Board meeting.

## **B. Sport Performance**

Alan Ashley, Chief of Sport Performance, updated the Board regarding US performances on the field of play in 2010. He noted that the organization is doing well on the sports related performance screen metrics, and expects to be on target or slightly above by the end of the year. Mr. Ashley pointed out that the US is holding strong in our core sports, but is also making progress in sports that have not been traditional US strengths. He also explained that our Paralympic efforts, which have been integrated under him, are going well.

Mr. Ashley next advised the Board regarding certain sports about which the USOC has concerns, as well as other critical issues facing the Sport Performance department. He noted that there is a great deal of focus on preparation for the London Olympic Games, and that the department is taking on a new more integrated approach to resource allocation going forward, which will lead to some difficult choices. Mr. Blackmun advised the Board that staff will be presenting funding theories to the Board in December, and noted that there are different views on the relevant issues, both within the Sport Performance department and among the Board, that will need to be addressed.

## **C. Development**

Janine Musholt, Chief of Development, updated the Board regarding the work of the Development department. She noted that 2009 had been the USOC's best ever fundraising year, with net revenue of \$9.1M. She advised the Board that 2010 looks to be even better, but it appears likely that net revenues will, nevertheless, fall a bit short of budget. Mrs. Musholt explained to the Board that she believes the shortfall is really timing based, and she is confident that the department will hit its quadrennial budget. She explained that work creating the US Olympic Foundation Board of Trustees is going well, but finalizing pledges is taking a little longer than had been hoped. She noted that as part of the Trustee effort, the USOC is, for the first time, adding money to the corpus of the US Olympic Foundation as part of its fundraising efforts. This is a positive event, but results in less money recognized by the USOC.

## **D. Additional Updates**

Mr. Blackmun updated the Board regarding the resolution of the Games Cost issues with the IOC and thanked the Board for the direction and flexibility that it had provided to him and Mr. Probst to complete negotiations.

Mr. Blackmun next updated the Board regarding the USOC's plans and activities relating to improvements at the Colorado Springs OTC. He reminded the Board that the City of Colorado Springs will be giving the USOC \$16M for OTC improvements, approximately \$14M of which is already in the bank. He explained that the USOC is looking at potential new concepts to create a more impactful experience with the visitors center. A discussion of the benefits and risks of going this route then occurred. Mr. Blackmun advised the Board that staff hoped to have a concept and budget ready for presentation to the Board by December.

At approximately 1:00, the Board adjourned Session #1.

The Board reconvened for Session #2 at 3:15, with the Chair calling the meeting back to order. All Board members from Session #1, except Mary McCagg, were present when the Chair called the meeting to order. Also present from USOC management were Scott Blackmun, Norman Bellingham, Rana Dershowitz, Walt Glover and Michelle Stuart.

## **5. Financial Report**

Walt Glover, Chief Financial Officer, provided the Board with a financial report. He advised the Board that the USOC is running favorable on both cash flow and headcount. Revenues are expected to be favorable to budget as well, though not quite as much as had been forecast in June. The difference in favorability is due to a decrease in investment interest, slightly lower than expected licensing revenue and the shortfall in Development revenue previously explained by Mrs. Musholt. On the expense side, an adjustment will need to be made to address the Games Costs resolution with the IOC. The other adjustments are small. Revenue over expenses continues to be ahead of budget.

At this time Mary McCagg rejoined the meeting.

Mr. Glover next advised the Board that the USOC expects to hit its target both as to revenue and as to expenses, with the possibility that revenue may further increase and expenses may decrease by the end of the year.

Mr. Glover then walked the Board through the current quadrennial outlook, including variations on restoring programs cut in 2009. Finally, Mr. Glover spent some time explaining to the Board the economic and operational impact of the Veterans Administration grant received to support Paralympic programming. It was noted that the grant allows the USOC to add additional staff supporting US Paralympics. A discussion

occurred regarding the potential risks of adding staff with grants that are not guaranteed long term, as well as the costs of oversight and administration of federal grants generally.

At this time Mr. Glover left the meeting.

## **6. Audit Committee Report**

Ursula Burns, Chair of the Audit Committee, reported on the activities of the Committee. Audit met the morning of September 24<sup>th</sup>. After approving the minutes, they received audit reports on USA Table Tennis and USA Swimming. Both were fine. Ms. Burns noted that there continues to be an ongoing matter with Swimming where our auditors and their auditors are not in agreement regarding appropriate accounting treatment on one item. The USOC will continue to monitor the matter, but will not push it further for the time being. For issues like this and other grey items, if an NGB does not agree to adopt the recommendations of the USOC Audit, the Audit Committee has determined that it will forward such matters to Mr. Blackmun so that he can have a discussion with the NGB's CEO. It does not appear that there will be a lot of issues requiring CEO to CEO discussions, but it is hoped that these discussions will help solve any issues that do arise. The Audit Committee also received a detailed financial report, a report from Development, and a litigation update. The Committee also reviewed the audit plan with the USOC's auditors, Grant Thornton, and met in executive session. No significant issues of concern were identified.

## **7. Bylaws Discussion**

The Board next turned to a discussion regarding the proposed revisions to the USOC Bylaws that had been posted for public comment on July 23. Chairman Probst requested that Ms. Dershowitz walk the Board through the process, the comments received, and the next steps. Ms. Dershowitz explained to the Board the amendment process under the USOC Bylaws and then reviewed the feedback received during the 60 day public comment period, all of which had been provided to the Board in the Board books.

The first item the Board took up for discussion, based upon comments received, related to the manner in which Board members are to be elected to the Board. Based upon suggestions received both from the NGBs and from the AAC, following discussion, the Board determined that rather than requiring each council to provide slates of four candidates for each Board position, the Bylaws should only require slates of two candidates. It was determined that this would give the Board sufficient flexibility to ensure appropriate composition, while also allowing the USOC's key constituents to have significant input into the direction and composition of the USOC Board.

The Board next discussed how best to effectuate appropriate representation of Paralympic interests and perspectives on the USOC Board. Several different possible directions were discussed. Ultimately, the Board determined that the best approach would be to strengthen the commitment that there will always be a Paralympic

perspective while leaving in place the basic concepts that had been incorporated into the July 23<sup>rd</sup> draft Bylaws.

Next the Board discussed certain comments received from the IOC. Following discussion, the Board determined that changes arising from the IOC's comments, if any, would best be addressed in the next round of Bylaws amendments, expected to take place in 2011. Ms. DeFrantz expressed her preference that the IOC's comments be addressed sooner rather than later.

Following further discussion, Ms. Dershowitz was directed to make the necessary revisions to the Bylaws to effectuate the two changes agreed upon by the Board and to circulate the specific proposed language to the Board. The Board determined that it would vote on the Bylaws amendments once it had reviewed the specific language circulated.

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

Jair Lynch, Chair of the Nominating and Governance Committee, reported on the activities of the Committee. The Committee had met on Thursday, September 23<sup>rd</sup>. Presuming the new Bylaws are finalized, the Committee will have five Board seats to fill, including the independent seat vacated when Ms. Streeter resigned from the Board. Based upon the draft Bylaws, the Committee put together draft Board member criteria and qualifications, which Mr. Lynch provided to the Board for review and consideration. A discussion regarding the criteria occurred. Following the discussion, Mr. Lynch explained the time line that the Committee intended to follow as well as the process it intended to employ to provide recommended candidates for the Board to vote on. Finally, Mr. Lynch advised the Board that the Committee is also going to need to replace several Ethics Committee members, and noted that the terms of several members of the Nominating and Governance Committee will expire on December 31, 2010.

## **9. IOC Update**

Anita DeFrantz advised the Board that all indications are that the US will be awarded the opportunity to host the 5<sup>th</sup> IOC World Conference on Women and Sport. The documents have not been signed, but we should be receiving them shortly. The conference will occur in Los Angeles from February 16-19, 2012 and will coincide with the 40<sup>th</sup> anniversary of Title 9. Ms. DeFrantz noted that the IOC President traditionally attends the conference together with at least the 25 IOC members who are on the Women and Sport Commission. Additionally, the conference generally draws over 600 attendees from across the global Olympic family. The Southern California Committee for the Olympic Games will be acting as the organizing committee in partnership with the USOC.

Angela Ruggiero reported to the Board that indications are positive for the IOC Athletes Commission meeting to come to the US as well. A final decision will not be

made, however, until the vote in Acapulco. If the US were to be awarded this meeting, it would occur in Colorado Springs at the end of October 2011.

## **10. Administrative Matters**

Ms. Dershowitz directed the Board's attention to proposed 2011 Board meeting dates that were included in the Board books. Based upon feedback from the Board, the date of the December Board meeting will be moved from the 5<sup>th</sup>/6<sup>th</sup> to the 13<sup>th</sup>/14<sup>th</sup>. All other dates and locations will remain as proposed.

Ms. Dershowitz next explained to the Board that management was requesting that the Board pass a resolution authorizing USOC officers to sign state charitable solicitation filings. Following discussion, the Board unanimously approved the following resolution:

BE IT RESOLVED, THAT the Board of Directors authorize the duly constituted officers of the USOC, CEO, Secretary and Treasurer to approve and sign annual charitable reports on behalf of the organization and the board of directors.

Ms. Dershowitz next gave the Board a brief litigation report.

Mr. Blackmun explained to the Board the schedule for Saturday and advised the Board of what would be expected of them. There being no further business for the session, the Board adjourned Session #2 at approximately 5:20 p.m.

The Board reconvened for Session #3 at 1:40 p.m. on Saturday, September 25, 2010. All Board members from Session #1 except Ursula Burns and Chairman Probst were present when the meeting was called back to order, with Mike Plant acting as interim Chair until Chairman Probst arrived. Also present from USOC management were Scott Blackmun, Norman Bellingham, Rana Dershowitz and Michelle Stuart.

## **11. USA Rugby Recommendation**

Ms. Dershowitz advised the Board that as rugby had been added to the Olympic program for the 2016 Olympic Games, USA Rugby had requested a change of status from a Recognized Sport Organization to the National Governing Body for the sport of rugby. USA Rugby had met with the USOC's Membership Working Group, and the Membership Working Group recommended that USA Rugby be recognized as the NGB. Following discussion, a motion was made to approve USA Rugby as the National Governing Body for the sport of rugby. The motion passed unanimously.

At this time Chairman Probst rejoined the meeting.

## **12. Bylaws Discussion, Continued**



Ms. Dershowitz had provided all Board members with the proposed language that would be included in the new Bylaws to address the two points discussed at yesterday's session of the Board. Following review, a discussion regarding these points and several others ensued. Ms. DeFrantz noted her continuing objection to the US IOC members having a fractional vote on the USOC Board.

Following the discussion, a motion was made to approve the Bylaws as posted on July 23 with two specific additional revisions designed to address comments received during the public comment period. The motion passed unanimously.

### **13. Working Group Discussion, Continued**

A proposed statement condemning sexual and physical abuse had been circulated to the Board prior to the beginning of Session #3. Following discussion, a motion was made to adopt the following statement:

Sexual and physical abuse is intolerable and in direct conflict with Olympic ideals. The USOC will work with its partners to play a leadership role promoting safe sport environments for athletes, with a goal of implementing new policies, safeguards and protective practices within six months.

The motion passed unanimously. The Board next discussed the resources that would be required to implement the recommendations of the Working Group.

### **14. Paralympic Update**

At this time, Charlie Huebner, Chief of Paralympics, joined the meeting to present to the Board. Mr. Huebner explained the current structure of the Paralympic movement within the United States and internationally. He explained that internationally, the IOC and IPC are very separate organizations, but that there has been a trend towards integration at the International Federation level. Domestically, the USOC's position is towards integration, but only if such integration will positively benefit the sport and is something that the NGB is in favor of and can actively manage.

Mr. Huebner next walked the Board through the history of the USOC's involvement with the Paralympics. Mr. Huebner explained that there are three other countries (Norway, the Netherlands and South Africa) that are structured the way the USOC is, acting as both the NOC and the NPC. A discussion regarding the benefits and detriments to this structure occurred. Mr. Huebner advised the Board regarding USP's historic and current budget, as well as its sources of revenue. He noted that USP is significantly less reliant on USOC general funds, with Paralympic-dedicated funding now covering 78% of costs, with much of this coming from federal funds.

On the sport side of USP, there has been a significant shift toward a performance focus. However, as other countries have begun substantially increasing their economic

commitment to the Paralympics, they have begun to outpace the US. The USOC's move to integrate its Olympic and Paralympic sport efforts will hopefully combat this trend.

Critical issues facing US Paralympics include the fact that much of the money now funding these programs is restricted. USP needs access to less restricted funds to enable it to reach a broader pipeline of future Paralympians. Additionally, the USOC must determine the appropriate level of focus on Paralympics generally. There is, unfortunately, still a lack of awareness of, and programs for, disabled athletes in the US.

A further discussion occurred among the Board regarding how the USOC should function as the National Paralympic Committee. As part of this discussion, the Board engaged in a dialog about the creation of a Paralympic Advisory Committee. The sense of the Board was that this committee clearly must be set up. It was agreed that it should be led by a USOC Board member.

The Board then discussed whether there were aspects of the work that USP is doing that could be undertaken more broadly across the USOC.

#### **15. International Relations Strategy**

Mr. Blackmun presented a proposed International Relations strategy to the Board. The strategy contained four long term objectives and a number of shorter term objectives that would lead into the long term plans. A discussion regarding several aspects of the strategy occurred. Following the discussion, the Board expressed its approval for the direction presented in the strategy.

#### **16. Ethics Committee Report**

Mary McCagg, Chair of the Ethics Committee, reported on the activities of the Committee. She noted that several reports had come in through the Ethics Hotline in the last two months and had been appropriately handled. She advised that the Committee is looking to meet with Mr. Blackmun to discuss revising the USOC Code of Conduct, and the possibility of the USOC hiring an Ethics Officer separate from the General Counsel.

#### **17. Compensation Committee Report**

Mike Plant, Compensation Committee member, reported to the Board on the activities of the Committee. The Committee had met the morning of September 23<sup>rd</sup>. It received a report from Pam Sawyer, Managing Director of Human Resources, which indicated that the USOC is in a good position regarding its compensation structure and health insurance costs. The Committee also discussed some concerns about how time is tracked at the USOC and went over performance screen status for the organization. Finally, the Committee discussed the LTIP program being put in place, and agreed that Chairman Probst should sign off on it.

#### **18. Adjournment**

Based upon the time, it was determined that Mr. Bellingham's presentation of a Deloitte study regarding OTC usage should be postponed until the December Board meeting.

There being no further business, the meeting was adjourned at approximately 3:30.

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

October 15, 2010  
Date