

## Minutes

### **Board of Directors Meeting June 28, 2011 Stanford, CA 8:00 am – 3:00 pm PST**

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) was held on June 28, 2011, commencing at 8:00 a.m. local time, pursuant to notice duly given pursuant to the USOC Bylaws. The following members of the Board were present in person at the meeting’s commencement: Larry Probst (Chair), Scott Blackmun (CEO), Robbie Bach, Jim Benson, Bob Bowsby, Ursula Burns, Nina Kemppel, Jair Lynch, Mary McCagg, Dave Ogrea, Mike Plant and Angela Ruggiero. Anita DeFrantz joined the meeting shortly after it commenced. Jim Easton, John Hendricks and Susanne Lyons 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: Alan Ashley, Lisa Baird, Rana Dershowitz, Mike English, Leslie Gamez, Walt Glover, Janine Musholt, Patrick Sandusky and Michelle Stuart. Pam Sawyer joined for a portion of the meeting as well.

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 thanked Bob Bowsby for hosting the meeting.

#### **2. Financial Report**

##### **A. YTD Financial Results**

The Chair requested that Walt Glover, Chief Financial Officer, report on the USOC’s year to date financial results, which he did. Mr. Glover advised the Board that the USOC continues to operate favorably to budget with regard to both revenue and expense. Cash flow remains ahead of projections as well. The USOC’s revenue favorability comes from major gifts, sponsorship and licensing all being ahead of budget.

##### **B. Website Redesign**

Mr. Glover next noted that the USOC is requesting a \$1M approved variance for the USOC’s website development and asked Lisa Baird, Chief Marketing Officer, to explain the request more fully. Ms. Baird provided the Board with details regarding the USOC’s

current website and explained the process that had been undertaken to determine how to redesign the site and with whom. She noted that the proposed vendor, VML, is a part of the Young and Rubicam Group, who will be undertaking content work for the USOC on a pro bono basis as well. Ms. Baird confirmed the expected timing of the redesign as well as the fact that the funding being requested would include the cost to migrate the USOC and all of the involved NGBs to the new platform.

A discussion then occurred among the Board regarding the project and cost. Following the discussion, the Board confirmed support for the idea, but indicated that the additional spend required should be considered as part of the CEO's existing extra-budgetary spending authority, rather than being a new approved budget variance.

### **C. Paralympic Funding**

Mr. Glover then led the Board through a discussion regarding Paralympic funding, noting challenges that exist relating to the Paralympics' federal funding efforts. Mr. Glover advised the Board that certain funding received for Paralympics is designated to specific programs (such as the Warrior Games) and must be used if accepted. Thus, as with VIK, accepting such funding often increases both revenue and expense such that it results in a budget neutral effect. Mr. Glover requested that the Board consider such incremental Paralympic revenue and spending as outside of the USOC's budget related performance goals, much as VIK is. The Board agreed.

Mr. Glover next explained to the Board that, in addition to funds that are specifically designated to support particular Paralympic programs or events, the USOC also sometimes receives incremental funds that are earmarked for Paralympic activities, though not specifically designated or restricted to a particular program or event. For this funding, the USOC is requested Board authorization to spend up to 50% of any such incremental funding received on incremental Paralympic programs outside of the USOC's performance goals and existing budget. A discussion then occurred regarding this proposal, possible alternatives, effects and examples of how similar issues are handled by other organizations. It was noted that the discussion was needed for this year only, as the existing USOC budget was completed prior to the creation of the Paralympic Advisory Committee and, therefore, does not include any incremental Paralympic specific fundraising in it. The Board confirmed that Paralympic fundraising should be treated as a line item in future budgets alleviating the need for any unique or different treatment.

Following the discussion, a motion was made to authorize the USOC to spend up to 50% of incremental Paralympic earmarked funding actually received (cash in hand) on incremental Paralympic high performance programming outside of the 2011 budget and without effecting the USOC's performance goals. The motion passed unanimously.

#### **D. Winter NGB Funding**

The discussion next turned to winter NGB funding. Mr. Glover reminded the Board that winter NGBs operate on a seasonal basis rather than a calendar year basis. In light of this, winter NGB funding for the 2011-2012 season must flow across two USOC budgets. While the 2012 USOC budget has not yet been presented to, or approved by, the USOC Board, the USOC is nonetheless requesting authorization to commit the 2012 winter NGB resource allocation portion. Following discussion, a motion was made to approve the USOC recommended winter NGB resource allocation for 2012. The motion passed unanimously.

#### **E. Quad-based Budgeting Discussion**

Mr. Glover advised the Board that staff believes it would be advantageous to the organization to provide for a longer planning horizon within the USOC by creating a quadrennial budget based upon projected quadrennial revenues and expenses. Such a quadrennial budget would include predetermined contingencies to address instances where assumptions do not come to fruition. Staff intends to then seek Board approval for the quadrennial budget with its built-in contingencies. This will allow Sport Performance to make longer term commitments to NGBs (with appropriate caveats built into such commitments reflecting the need for the USOC to achieve its projections and the NGBs to achieve their respective benchmarks). It was noted that this would be extremely positive for the NGBs.

### **3. Development Update**

#### **A. Results**

Janine Musholt, Chief Development Officer, updated the Board regarding the Development Division's activities and results. She noted that the major gifts program is significantly ahead of budget to date, but direct mail efforts are behind target. Overall, Development remains on track to achieve its 2011 targets though through a different mix of channels than had been budgeted. If Development achieves as forecast, 2011 will be the USOC's most successful fundraising year in history.

A discussion then occurred regarding the pros and cons of direct mail. Several Board members requested that the USOC undertake a strategic assessment of the long term plans for this fundraising channel.

The discussion next turned to the USOC's major gifts program, with Ms. Musholt reporting that, to date, the USOC has received quadrennial commitments from 15 Trustees. Ms. Musholt then reminded the Board that a significant portion of the USOC's major gift program revolves around hospitality at the Olympic Games. Ms. Musholt walked the Board through the hospitality options, and requested that Board members send to her any individuals who may be interested in participating in the program. A

discussion then occurred regarding including more athletes in the program once they have completed competing.

Ms. Musholt then advised the Board of several upcoming fundraising events, and thanked Mr. Bach for agreeing to host a fundraising dinner in Seattle. She requested that other Board members consider doing the same in their respective local areas.

#### **B. NGB Challenge Grant Pilot Program**

Ms. Musholt reported to the Board on a pilot program the USOC would like to embark upon, developed out of an idea suggested by John Hendricks at the previous Board meeting. Subject to the Board's authorization of the concept, the USOC is prepared to launch a challenge grant program for a subset of NGBs. The NGBs would receive guidance and support from the Development division, and would then be eligible to receive matching funds from the USOC during a set fundraising period. A discussion was had regarding the potential program. Following the discussion, a motion was made to approve the pilot program. The motion passed unanimously.

#### **4. Marketing Update**

##### **A. Sponsor Revenue**

Ms. Baird updated the Board regarding the USOC's sponsorship efforts. She advised the Board of the USOC's 2009-2012 expected revenue and initial projections for 2013-2016. As part of this update she advised the Board of her expectations regarding signing of additional licensing and domestic sponsorship deals over the next year. With regard to the 2013-2016 quad, Ms. Baird confirmed that the USOC is currently ahead of its traditional sales pace.

##### **B. London 2012 Preparations**

Ms. Baird reported to the Board on the USOC's marketing plans for the lead up to the London 2012 Olympic Games. The USOC's goal is to enhance Americans' awareness of Team USA in advance of the Games themselves. She explained that the USOC will be undertaking a variety of marketing initiatives around the US Olympic Trials. At this point Alan Ashley, Chief of Sport Performance, advised the Board of the current schedule for US Olympic Trials.

Ms. Baird then showed the Board preliminary plans for USA House and explained how USA House credentialing will work. She discussed some of the logistical challenges the US delegation may encounter in London on the business side. Ms. Baird next discussed with the Board members their participation at the Games.

### **C. Digital update**

Ms. Baird continued her description of the USOC's digital strategy that had begun as part of the financial update earlier in the Board meeting. She provided the Board with a report regarding the USOC's current website traffic, social media efforts and planned developments. Ms. Baird then provided the Board with insight into the USOC's mobile strategy, which will be re-launching in July.

With the website redesign, Ms. Baird explained, the USOC will be working to create a simplified site with better athlete integration so as to ensure more effective communication of the stories of US Olympians. Ms. Baird advised the Board of the different content elements the USOC intends to develop for the site as part of the redesign. She also advised the Board of the USOC's revenue and traffic goals for this space.

#### **5. Athlete Visit**

Olympic swimmer Natalie Coughlin and Olympic swim coach Teri McKeever joined the meeting and were introduced to the Board. Ms. Coughlin and Ms. McKeever introduced themselves and spent some time explaining their plans and goals for the London Olympic Games and the year leading up to the Games.

At 10:30, the Board took a ten minute break. At the end of the break, Ms. Coughlin and Ms. McKeever departed.

#### **6. PanAmerican and Parapan Games Preparation**

Leslie Gamez, Managing Director of International Games, provided the Board with a preview of Games Operations' plans for the 2011 PanAmerican and Parapan Games. Ms. Gamez explained to the Board the multiple reasons that the USOC participates in the PanAmerican Games, noting that these Games will be an Olympic or Paralympic qualifier for a number of different sports.

Ms. Gamez advised that the goal of the International Games Division is to create an environment of excellence at each international games so that the US athletes participating can have a magical experience, with minimal distractions, thereby allowing them to compete at their best. Ms. Gamez explained that in addition to the PanAmerican Games, the International Games Division is already working on preparations for London, Sochi, Rio and the Youth Olympic Games as well.

A discussion then occurred regarding some of the benefits and challenges expected with the 2011 PanAmerican Games. In connection with this discussion, Ms. Gamez explained the USOC's operational plans to the Board, including certain contingencies the USOC has put in place.

## **7. 2011 Performance Screen Review**

Mr. Blackmun provided the Board with an update regarding the USOC's performance against the 2011 Performance Screen. He reminded the Board of the general categories on the screen and the weighting of those categories. He noted that the USOC is generally tracking well, but many things are still in process. Mr. Blackmun confirmed that there are no areas of the strategic plan with regard to which he thinks the USOC will fail to meet its objectives, in any material respect. Mr. Blackmun advised that as part of the USOC's strategic assessment of how best to support enhanced careers and educational opportunities for athletes, he intended to create a Career Working Group involving educators, professionals and career planners. A discussion ensued regarding several points in the strategic plan.

## **8. Resource Allocation Process**

Mr. Ashley then reminded the Board of its previous discussions regarding the resource allocation process. He explained some of the USOC's concerns on the sport performance front, and described how the USOC hopes to counter those concerns. A discussion ensued regarding the resource allocation process, including what resources are provided by the USOC to NGBs; how the allocation assessments are undertaken; how resources are spent; how those resources have translated to performance on the field of play over time; and how sport is being funded globally. The discussion included an analysis of how NGBs fit into the current assessment system.

Following this, the Board engaged in an assessment of what the USOC's sport priorities should be and how success should be measured. Included in this dialog was a discussion of how Paralympic and PanAm-only sports fit into the overall structure. Also explored were some of the differences between individual and team sports.

At the end of this discussion, a motion was made to approve guiding principles for resource allocation that had been provided to the Board in their Board books, subject to two additions identified by the Board. The guiding principles were unanimously approved, subject to the condition that the USOC also create a separate fund for NGB organizational development (unrelated to high performance). It was noted that implementation of these principles must be handled appropriately, with careful communication to ensure transparency, clarity of criteria and understanding of the broader context in which the principles are being applied.

At 12:20, the Board broke for lunch.

## **9. NGB Council Update**

Rich Bender, Chair of the NGB Council, spoke to the Board during lunch. He thanked the USOC Board on behalf of the NGBs and confirmed that from the collective NGB perspective, it feels like there is now good support for the Olympic Movement in the US. He advised the Board of some of the NGBC's initiatives and priorities and spoke

about some of the issues that NGBs generally face. He noted that for most NGBs, the key areas of focus are resource development, sports growth and elite performance. Mr. Bender pointed out that NGBs have responsibilities to several different masters, including their members, the USOC and their Ifs, and spoke of some of the challenges this can cause. As part of this discussion, Mr. Bender spoke about grassroots efforts of NGBs and discussed the division of time NGBs spend focusing on grassroots efforts versus elite performance programs. A discussion then occurred regarding the NGB perspective on use of the Olympic Training Centers.

Mr. Bender explained to the Board how the NGBC interacts with ACES (the Association of Chief Executives of Sport) and noted that the NGBC had recently revised its bylaws to ensure greater effectiveness and alignment to the USOC mission. Finally, Mr. Bender encouraged the USOC to appreciate that different NGBs function well with different structures, and suggested that the USOC should not require identical governance for every NGB.

#### **10. Colorado Springs OTC Renovation Discussion**

Mr. Blackmun reminded the Board of the current situation at the Colorado Springs OTC, as well as the renovation plans that had previously been considered. He then introduced the Board to the new renovation plan being recommended, based upon the guidance received from the Board at the last Board meeting. He explained that the plan being contemplated would require additional fundraising beyond the \$16 million being provided by the City of Colorado Springs, but that the USOC felt the additional fundraising would be attainable without cannibalizing existing USOC resources or fundraising activities. Mr. Blackmun requested that Mike English, Chief of Sport Operations, provide the Board with a detailed description of the plans.

Mr. English explained to the Board the process that had been undertaken to assess the OTC's renovation needs, including discussions among Sport Operations, Sport Performance, outside consultants and athletes. Based upon the USOC's current assessments, the recommendation is to undertake some access related upgrades; develop a new training facility with effective adjacencies to and enhancements of sports medicine; add an education center with conference facilities; and upgrade the visitor experience. Mr. English then provided the Board with further details into each of these proposed elements.

Mr. English explained the preliminary budget required for all of the contemplated improvements and discussed how the USOC believed it could meet these budgetary needs. Ms. Musholt advised the Board of how she would approach the necessary capital campaign to support this project. Mr. Blackmun noted that the USOC's current agreements with the City of Colorado Springs and the El Pomar Foundation provide grants of certain naming rights associated with the OTC renovations. In order to enable the USOC to more effectively run its capital campaign, Mr. Blackmun is recommending that the USOC forgive certain obligations under the existing agreements in exchange for the return of all OTC-related naming rights.

A discussion regarding the proposal and all of its elements then occurred among the Board. The Board assessed the pros and cons of the proposal, examining how the elements aligned with the USOC's strategic goals and how they interplayed with existing and expected use of OTCs. It further discussed whether the additional expense beyond that already provided by the City of Colorado Springs was an effective use of resources for the organization. The Board also discussed the purposes and goals of the OTC Visitors Center. During this discussion, Mr. English explained the planned timeline for the renovations if approved by the Board, and noted that there would be a modest increase in operational expenses required once the renovations were complete.

Following the discussion, a motion was made to approve the plan as presented, including approving the USOC recapturing all naming rights and undertaking a capital campaign to support the budget. The motion passed with no nay votes and one Board member abstaining.

At this point, 1:50 pm, the Board moved to executive session. All USOC staff other than the Secretary departed.

## **11. International Relations Update**

Mr. Blackmun updated the Board regarding the USOC's recent meeting with the International Paralympic Committee. He advised that the purpose of the meeting was to initiate a dialog regarding the USOC's role in the international Paralympic Movement. The USOC updated the IPC regarding the USOC's creation of the Paralympic Advisory Committee and explained its expectation that Jim Benson, as Chair of the Paralympic Advisory Committee, would have an enhanced international role. The meeting was a very positive first step in a needed dialog.

Mr. Probst noted that the Board had already received updates on the telecast negotiations, the revenue share discussions, and the USOC's relationship with the international world, and confirmed with the Board that no additional discussion was required.

## **12. Committee Reports**

### **A. Paralympic Advisory Committee**

Mr. Benson, Chair of the Paralympic Advisory Committee, reported to the Board on the PAC's activities to date. The PAC currently has twelve members, which the group sees as a full complement for the time being, although there may be a desire to expand at some point in the future. Mr. Benson noted that the group is an excellent mix of terrific representatives. He advised that PAC has two main foci: the first is fundraising for the Paralympic movement in the US, and the second is examining governance and role of the Paralympics in the US. Mr. Benson reported that the PAC has had excellent success on the fundraising front so far and hopes to have significantly more raised by the Assembly.



Mr. Benson explained some of the PAC's fundraising strategies, noting that the PAC is sensitive about ensuring that its efforts do not take money away from the USOC's Olympic-side fundraising. A discussion then occurred among the Board regarding the appropriate interplay between the Olympic and Paralympic brands as well as how best to communicate the stories of Paralympic athletes.

### **B. Compensation Committee**

Bob Bowlsby, Chair of the Compensation Committee, reported to the Board on the Compensation Committee's meeting on June 27. Mr. Bowlsby reported that the Committee had reviewed the USOC's progress on the 2011 Performance Screen and Strategic Plan; reviewed the CEO's LTIP plan and progress; discussed the USOC's Performance Incentive Plan and general compensation structures; and discussed executive compensation. The Committee directed staff to try to keep structures and benefits offerings relatively simple, but recognized that some flexibility might be needed to enhance retention efforts. One point the Committee noted as being important was to develop a plan and then stay with it for a significant period to ensure continuity.

### **C. Ethics Committee**

Mary McCagg, Chair of the Ethics Committee, reported to the Board on the Ethics Committee's recent activity. She noted that she, Ethics Officer Rana Dershowitz and Director of Ethics Malia Arrington have begun monthly update calls which have been effective. She noted that there has been an increase in gift disclosure forms received with the rollout of the new Gift Policy, though nothing problematic. Ms. McCagg expressed her view that this was a positive development, as it showed increased awareness of the Gift Policy.

Ms. McCagg next led the Board in a discussion regarding per diems received from third parties, seeking to obtain Board consensus on how best to handle these to avoid any appearance of conflict of interest. There was general consensus among the Board on the best approach to take. Ms. McCagg confirmed that she would work with the Ethics Committee and Ms. Dershowitz to draft a policy covering the issue.

### **D. Audit Committee**

Ursula Burns, Chair of the Audit Committee, reported to the Board on the Audit Committee's meeting on June 27. The Committee received a financial report from the CFO and discussed the concept of a 2013-2016 quadrennial budget. The Committee also received audit reports and responses from several NGBs and discussed a number of issues surfaced by the audits. Ms. Burns noted that the Committee had also had a good discussion regarding Paralympic funding and reviewed the USOC's Travel Policy. Finally, the Committee met in executive session, where they discussed the performance of the finance team and debated appropriate situations under which an NGB should lose its funding.

## **E. Assembly Advisory Committee**

Mike Plant, the Board representative to the Assembly Advisory Committee, updated the Board on preparations for the 2011 Olympic and Paralympic Assembly. The Assembly will occur on September 22-24, 2011 in Colorado Springs. Mr. Plant reported to the Board of the theme for the Assembly and some of the content planned. He also advised the Board of the schedule that would be expected of them.

### **13. World Fit Report**

Mr. Blackmun reported to the Board on the status of the World Fit program. A discussion ensued regarding World Fit and its involvement with US Olympians. Following the discussion, Mr. Blackmun confirmed that the USOC would look for non-monetary ways to support the program.

### **14. Women and Sport Conference**

Anita DeFrantz updated the Board on preparations for the IOC Women and Sport Conference. Fundraising for the Conference is ongoing, but going well. The Conference location in Los Angeles is set, and the organizing committee is now working on identifying and securing speakers. Ms. DeFrantz noted that a significant number of IOC members will likely be in attendance, with 22 IOC members on the Women and Sport Commission. She confirmed that there has been good collaboration to date between the organizing committee and the USOC.

### **15. Administrative Items**

#### **A. Bylaws Revisions**

Ms. Dershowitz explained to the Board that during the governance restructuring process sparked by the Tagliabue Report, the USOC had received a number of additional recommendations for revisions to its Bylaws. Rather than further complicate the process then being undertaken, the USOC had determined to hold off on recommending any of those additional changes at that time. Those changes had all been collected, however, and additional revisions to the Bylaws were now being suggested. Ms. Dershowitz pointed the Board to the materials contained in their Board books regarding the changes being proposed and explained certain proposed amendments. She then walked the Board through the USOC's Bylaws amendment process, reminding the Board that before any changes could be made, proposed revisions would need to be posted for public comment.

Ms. DeFrantz and Mr. Dave Ogreaan departed the meeting during this discussion.

Following discussion, the Board authorized the posting of the proposed amendments discussed and contained in the Board books, with the expectation that the amendments will be considered for a vote at the Board meeting during the Olympic and Paralympic Assembly.

## **B. Board Policies**

Ms. Dershowitz next directed the Board to a proposed resolution contained in their materials relating to Board policies. She explained that there is not currently a central repository of Board policies and that the resolution is intended to create one. Mr. Blackmun noted that he wants to make sure that the USOC is aware of, and following, all Board policy directives, and suggested that consolidating them into one manual would better enable this to occur. A discussion occurred regarding existing Board policies, following which Ms. Dershowitz confirmed with the Board that, other than those listed in the resolution and the guidelines regarding resource allocation adopted earlier in the meeting by the Board, no other Board policies exist. A motion was made to adopt the Board policy resolution as contained in the Board book. The motion passed unanimously.

## **C. Board Meeting Dates**

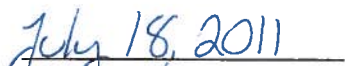
A discussion occurred regarding proposed 2012 Board meeting dates.

### **16. Adjournment**

There being no further business, after again thanking Mr. Bowsby for hosting the meeting, at 3:15 the Chair adjourned the meeting.

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

  
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Date

