

## **Minutes**

### **Board of Directors Meeting March 15, 2011 Atlanta, GA 8:00 am – 3:00 pm EST**

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on March 15, 2011, commencing at 8:00 a.m. local time, pursuant to notice duly given under the USOC Bylaws. The Chair called the meeting to order at approximately 8:10 a.m. The following members of the Board were present in person at the meeting’s commencement: Larry Probst (Chair), Robbie Bach, Scott Blackmun (CEO), Jim Benson, Bob Bowlsby, John Hendricks, Nina Kemppel, Jair Lynch, Susanne Lyons, Mary McCagg, Mike Plant, and Dave Ogrea. Anita DeFrantz joined the meeting telephonically for its entirety. Angela Ruggiero joined the meeting by teleconference at approximately 11:30 a.m. The above present members constitute a quorum of the Board under the USOC Bylaws Section 3.15. Ursula Burns and Jim Easton were unable to attend the meeting.

Present for the meeting from USOC management were: Alan Ashley, Lisa Baird, Larry Buendorf, Rana Dershowitz, Walt Glover, Janine Musholt, John Ruger, Patrick Sandusky, Michelle Stuart and Lisa Sweet.

The minutes were recorded by Rana Dershowitz, Secretary.

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

The Chair called the meeting to order. He welcomed the Board, including the five new Board members, and thanked Mike Plant for hosting the meeting.

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

Walt Glover, Chief Financial Officer, provided the Board with a report on the USOC’s 2010 year-end and 2011 year-to-date financial results.

Mr. Glover noted that the USOC ended 2010 with a favorable variance to budget with regard to revenue. Expenses exceeded budget for 2010, but all of the excess expenses had been discussed with and approved by the Board, and the USOC’s net income was favorable to budget. From an operating revenue standpoint, the USOC ended the year favorably. Mr. Glover explained certain elements of the USOC’s year-end financial report to the Board, including accounting aspects of the USOC’s headquarters-related deal with the City of Colorado Springs. Mr. Glover then explained to the Board how the USOC’s financial results compared to organization’s performance

screen goals. Mr. Glover also updated the Board on the USOC's year-end cash flow status and headcount.

Mr. Glover next updated the Board regarding the USOC's year-to-date financial results for 2011. Mr. Glover reminded the Board of the USOC's cyclical accounting nature; noting that in 2011 expenses are expected to exceed revenue and then in 2012 revenues are expected to exceed expenses.

A discussion then occurred regarding the effects of a grant from the Veterans Administration on the USOC's financial reporting, as well as on Paralympic division staffing.

### **3. CEO Report**

#### **A. Sport**

Alan Ashley, Chief of Sport Performance, updated the Board regarding competition results from World Championships in US Olympic sports, particularly as compared to the USOC's targets and expectations. Mr. Ashley advised the Board regarding certain result trends, successes, and challenges for both winter and summer sports.

Mr. Ashley next updated the Board regarding the USOC's operational preparations for the London Olympic Games. He confirmed that plans remain on target, and that the USOC is confident the necessary resources will be available on the ground in London for US athletes.

#### **B. Marketing**

Lisa Baird, Chief Marketing Officer, updated the Board on several aspects of the USOC's marketing efforts. She noted that the USOC is having a good year from a sponsor perspective, with two recent domestic signings – Citigroup and TD Ameritrade – undertaken in coordination with NBC.

Ms. Baird advised the Board regarding the USOC's strategic marketing plans for the remainder of 2011 as well as overall economic expectations for the 2009-2012 quad. Ms. Baird then updated the Board regarding the USOC's 2013-2016 marketing plans and sponsor acquisition strategies.

#### **C. Development**

Janine Musholt, Chief Development Officer, updated the Board regarding revenue from the USOC's development efforts. Mrs. Musholt noted that direct marketing revenue is tracking slower than expected, but explained that she believes this is a timing issue, as March acquisition rates appear to be more in line with expectations. Mrs. Musholt then updated the Board regarding the USOC's major gifts efforts and USOF Trustees

acquisitions. On both fronts the USOC is doing very well. Mrs. Musholt next advised the Board regarding the USOC's expectations for development related revenue on a quad over quad basis.

A discussion then occurred regarding the USOC's direct mail efforts, including results, budgeting and future plans. There was general consensus among the Board that the USOC must shift to an increased digital focus for direct response efforts, but must do so in balance with its traditional efforts so as not to lose existing donors.

Mrs. Musholt next engaged the Board in a discussion regarding several ways in which Board members might help the USOC's development efforts. Mrs. Musholt explained to the Board that there will be several fundraising events around the country in the coming months, and that Board members are welcome to join in these events or host others. The USOC has also restructured its Games related hospitality benefits, and Board members should direct any contacts interested in Games hospitality to the Development Division.

#### **D. Communications**

Patrick Sandusky, Chief Communications Officer, updated the Board regarding public issues around the global Olympic Movement. Mr. Sandusky noted that both Mr. Probst and Mr. Blackmun had recently been appointed to important IOC commissions (International Relations and Marketing, respectively), a first for the USOC. Mr. Sandusky also advised the Board that due to mandatory retirements, there will be several new IOC members named this year.

Mr. Sandusky next turned to the 2012 London Olympic Games, reporting to the Board on the ongoing dispute between the British Olympic Association and LOCOG, and noting that tickets for the 2012 Games are going on sale. A discussion occurred regarding ticket pricing for the Games.

Mr. Sandusky next updated the Board regarding some of the press reports relating to both the 2014 Sochi Olympic Winter Games and the 2016 Rio Olympic Games. Mr. Sandusky then reported to the Board regarding the race to host the 2018 Olympic Winter Games, for which the final vote will occur in July in Durban; and the plans for the race to host the 2020 Olympic Games, for which NOCs must name their applicant cities by September 1, 2011.

Finally Mr. Sandusky noted for the Board that the head of the Vancouver Organizing Committee had been cleared of any wrongdoing with regard to the bidding for the 2010 Olympic Winter Games. Ms. DeFrantz explained to the Board the IOC Ethics Commission's finding on this issue. None of the parties involved were IOC members and none had control over the votes of IOC members. The case was dismissed.

Ms. DeFrantz then updated the Board regarding preparations for the IOC's 2012 Women and Sport Conference, which will be held in Los Angeles. She advised the Board that preparations are going well and 600-700 people are expected to attend.

#### **E. Ombudsman Report**

John Ruger, USOC Ombudsman, reported to the Board on his activities. He explained to the Board the statutory nature and history of his position. Mr. Ruger explained that his responsibility is to provide independent advice to all athletes and to mediate disputes, but not to act as legal counsel. Mr. Ruger updated the Board regarding some of the biggest issues he deals with, giving a general sense of the different types of disputes with which he becomes involved. Mr. Ruger explained how complaints generally come to him and walked the Board through the grievance process generally.

Mr. Ruger then advised the Board regarding the larger matters he expects to be involved with in 2011, including the reassessment of the WADA code and the USOC's Best Practices Seminar for NGBs. Mr. Blackmun explained to the Board that although Mr. Ruger's responsibility is to represent the athletes, he should and does work collaboratively with NGBs to solve disputes in creative ways.

#### **F. Diversity Working Group**

Mr. Blackmun updated the Board regarding the USOC's Diversity Working Group. This group, made up of representatives from across the US Olympic Movement, is expected to provide a report at the Olympic Assembly. Its goal will be to develop practical, results focused proposals to expand diversity across the entire US Olympic Movement.

#### **G. Safe Training Environments**

Mr. Blackmun reported that the USOC has hired a Director of Ethics and Safe Sport who will begin work in early April.

#### **H. AAU/NGB Working Group**

Mr. Blackmun advised the Board that there are some challenges in the relationship between the AAU and the NGB family. To address these issues, the USOC put together a working group made up of representatives of each. The working group came together for an initial meeting at the USOC's headquarters to determine how to develop a better working relationship between the groups. Mr. Blackmun reported that the meeting went well, although more work is needed. Following the meeting, it was agreed that AAU representatives would join the NGBs for their meeting in April.

#### **I. Chula Vista OTC Projects**

Mr. Blackmun updated the Board regarding several potential deals relating to the Chula Vista Olympic Training Center. The USOC has a potential agreement with the Easton Sports Development Foundation which would result in the development of a new archery facility and a potential agreement with the Eastlake Company and the San Diego National Sports Training Foundation (collectively) that could allow the USOC to free up resources to use to further build-out the OTC. Mr. Jim Didion has been leading the negotiations on behalf of the USOC.

A discussion then occurred regarding each of the potential deals, the benefits to the USOC, the risks and the potential costs. Following the discussion, Mr. Blackmun sought Board approval to enter into the two agreements, subject to two conditions discussed by the Board.

Subject to obtaining modifications to both proposals as discussed with the Board, the Board unanimously approved a motion authorizing the USOC to enter into each agreement.

#### **J. Colorado Springs OTC Project**

Mr. Blackmun reported to the Board regarding the renovation plans for the Colorado Springs Olympic Training Center. Mr. Blackmun began by reminding the Board of the original agreement reached with the City of Colorado Springs with regard to the OTC build-out. He then explained to the Board that the USOC has undertaken significant further assessment of the OTC's current and potential use since the deal was consummated. Based upon this assessment, the USOC has a further conceptual proposal for the OTC improvements that it would like to take to the City. However, before the USOC takes this proposal to the City, Mr. Blackmun was seeking confirmation that the Board supports a move in this direction. A discussion ensued regarding use of the OTC, how best to serve the athletes and the direction the USOC desires to go with its training centers generally. Following the discussion the Board confirmed that it agreed with the direction proposed. Mr. Blackmun explained that the USOC would next be going to the City to confirm that they were comfortable as well, and would come back to the Board in June seeking approval of a more detailed development plan.

#### **K. US Olympians and Paralympians Association**

Mr. Blackmun directed the Board to their Board books for an update on the work being done by and with the USOPA. He noted that the USOPA worked with the USOC to put together a strategic plan that will allow them to become more strategically aligned with the USOC going forward.

#### **L. Board Orientation**

Mr. Blackmun advised the Board that the first Board orientation had occurred in early March for the new Board members. He explained that he believed it had been very successful based upon feedback provided by the participants. Several of the new Board

members confirmed, particularly noting that the Board manual was an extremely informative book and indicating that the orientation had allowed them to have a greater understanding of the USOC going into the board meeting.

#### **M. Guadalajara Security**

Larry Buendorf, Chief Security Officer, together with Jack Hurley from the US State Department, updated the Board regarding security planning for the Guadalajara Pan American Games. Mr. Hurley explained the coordination occurring between various US governmental units, the USOC and the Mexican government for the event, including pre-event planning, training exercises, and on-site support throughout the Games. Finally, both gentlemen confirmed that security support would continue through the ParaPan American Games as well.

At this time, 10:35, the Board took a short break.

#### **4. Resource Allocation**

The Board next turned to a discussion regarding the USOC's current and future resource allocation strategy. Mr. Ashley reminded the Board of the discussion that had occurred at the December 2010 Board meeting regarding the USOC's current funding strategy and the work that had been undertaken with Deloitte relating to resource allocation. As had been explained previously, the USOC is working to ensure better integration all resources in funding decisions including financial support, services and OTC use. In order to ensure greater focus and accountability, the USOC is looking to develop a clear philosophy, with specifically articulated, Board approved, guiding principles, which will then drive the allocation of all sport-related USOC resources.

A detailed and thorough discussion then occurred among the Board regarding resource allocation, the USOC's current efforts, proposed guiding principles and how resource allocation must be used in support of the USOC's mission. Angela Ruggiero joined the meeting by teleconference during this discussion. As part of the discussion, the Board examined funding options for both Paralympic sports and for Pan American Games only sports. Following the discussion, it was determined that the USOC should undertake a further assessment of the economic impact of various ideas proposed by the Board with a goal of proposing a specific policy for Board approval at the June Board meeting. In the interim, Mr. Ashley will continue to move forward using the basic concepts laid out for the Board and which have been driving the USOC's allocation efforts for the last several allocation cycles.

From 12:10 to 12:45 the Board adjourned for lunch.

#### **5. AAC Presentation**

Matt Van Houten, Chair of the Athletes' Advisory Council, provided the Board with an update regarding the structure and activities of the AAC. Mr. Van Houten

explained the AAC's structure to the Board, including its leadership and divisions. He advised the Board that the AAC's mission is "to communicate the interests and protect the rights of athlete, in cooperative support of the USOC achieving its mission." Mr. Van Houten noted that cooperation with the USOC has grown significantly, with the AAC involved in several key USOC initiatives in the last year, including Angela Ruggiero's election to the IOC Athletes Commission and the Tagliabue Committee on Governance. In 2010, the AAC also explored appropriate representation of Paralympic athletes on the AAC, undertook a survey of the US athlete population to determine where the AAC should focus going forward, and acted as part of the group that helped to develop the new Olympic and Paralympic Assembly structure. As Chair, Mr. Van Houten also worked with Mr. Blackmun to oversee the Ombudsman.

Mr. Van Houten next explained to the Board the AAC's intended focus for 2011. The AAC will be working collaboratively with the NGBC to develop a guide of best practices to improve relationships between athletes and sport administrators. It will also be working to build stronger relationships across all of the USOC's councils. Finally, it will continue its efforts regarding Paralympic representation and will be looking to better understand and be part of the USOC's resource allocation process. Mr. Van Houten explained that many of these efforts will continue into 2012 as well, with an additional focus on identifying a new AAC representative to the USOC Board in that year.

Mr. Van Houten closed his presentation by noting that the athletes are generally very pleased with the progress and direction of the USOC and the Olympic Movement. Ms. DeFrantz inquired on work about involving AAC members with their International Federations. He noted that the AAC wants to continue to work with the USOC to enhance US athletes' profiles internationally through their International Federations.

At 1:30 the Board moved to executive session, with only the Board members and the Secretary remaining in the room.

## **6. Board Committee Appointments**

Chairman Probst discussed with the Board assignments for Board committees. In light of the new Board members, succession planning and the skill sets that different Board members bring to the USOC, Mr. Probst suggested new committee assignments as follows: Audit Committee: Ursula Burns (Chair), Angela Ruggiero, Dave Ogreaan, Jim Benson and Nina Kemppel; Compensation Committee: Bob Bowsby (Chair), Anita DeFrantz, Jair Lynch, Robbie Bach and Susanne Lyons; Nominating and Governance Committee: John Hendricks (Chair), Mike Plant, and the new representatives identified by the AAC, NGBC and MSOC; and Ethics Committee: Mary McCagg (Chair), with a mix of the existing independent members and new independent members to be selected by the Nominating and Governance Committee this year. As no concerns were raised by any Board members, Mr. Probst indicated that the new assignments will become effective immediately.

The discussion then turned to the creation of a Paralympic Advisory Committee. Mr. Probst explained to the Board that efforts to develop this committee have been underway, led by Mr. Blackmun, Charlie Huebner, Chief of Paralympics and Board member Jim Benson. The Board then considered the following resolution:

BE IT RESOLVED, THAT the Board of Directors hereby creates the "Paralympic Advisory Committee." The objective of the Paralympic Advisory Committee is to: a) advise the USOC's Board of Directors with respect to strategies for sustained competitive excellence in Paralympic sport, and; b) assist the USOC as requested by the Board of Directors to generate resources in support of Paralympic sport in the U.S.

The Paralympic Advisory Committee will be chaired by a member of the USOC Board of Directors and all Committee members will serve at the discretion of the USOC Board. The Committee will meet in person two times per year, as and when designated by the Committee Chair. The Committee shall serve in an advisory capacity only.

The resolution was unanimously approved. Following approval of the resolution, Mr. Benson advised the Board regarding current plans for members of the Committee, which will have its first meeting on April 18, 2011.

## **7. Committee Reports**

Bob Bowsby, Chair of the Compensation Committee, reported to the Board on the Committee's activities. The Compensation Committee met the day before the Board meeting. The Committee approved certain amendments to the CEO's long term incentive plan, reviewed the Committee's charter, discussed the Committee calendar and discussed implementing an annual self-evaluation process. In addition, the Committee discussed the USOC's merit and performance incentive plan applications, including the USOC's performance management efforts and salary benchmarking. Finally the Committee discussed the USOC's implementation of a 457 plan.

Jair Lynch reported to the Board that the Nominating and Governance Committee has not met as it is awaiting its new AAC, NGBC and MSOC members. The NGBC and MSOC have identified their selections. The AAC will be providing their selection after their April meeting.

Mr. Lynch confirmed that the Audit Committee had not met.

Mary McCagg, Chair of the Ethics Committee, reported to the Board on the Committee's activities. The Committee met the week before the Board meeting. The Committee approved a reworked USOC Code of Conduct for the Board's consideration. Their goal was to make the Code more useful to the staff. In addition, the Committee approved a revised Gift Policy, intended to provide greater flexibility and more appropriately reflect the realities of the USOC's operations. Ms. McCagg confirmed that



the Ethics Committee was recommending that the Board approve the new Code of Conduct and Gift Policy. A motion was made to approve both policies. The motion passed unanimously. Finally, Ms. McCagg noted that the Committee had reviewed the USOC's 2010 conflict of interest disclosure forms.

#### **8. IOC Update**

Ms. DeFrantz confirmed that her update regarding IOC matters had been covered earlier in the meeting. Mr. Blackmun then provided the Board with an update regarding revenue share negotiations with the IOC as well as the USOC's involvement in the negotiations for the 2014/2016 Games telecast. A discussion occurred regarding these matters and the potential next steps for each.

#### **9. Other Business**

Chairman Probst advised the Board of his proposal for Chef de Mission for the London Olympic Games. The Board was very supportive of his idea.

Ms. Dershowitz provided the Board with a short litigation report.

Mr. Blackmun advised the Board that the USOC will not be replacing the COO position. Instead, the USOC will be undertaking a search for a Chief Administrative Officer. The search will be conducted by Spenser Stuart.

#### **10. Adjournment**

There being no further business, the meeting was adjourned at approximately 2:15.

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

April 5, 2011  
Date