

## **Minutes**

### **Board of Directors Meeting September 20-21, 2012**

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on September 20 and 21, 2012, commencing on September 20 at 3:30 p.m. local time, following notice duly given pursuant to the USOC Bylaws. The Chair called the meeting to order at approximately 3:30 p.m. The following members of the Board were present in person for the meeting: Larry Probst (Chair), Robbie Bach, Jim Benson, Scott Blackmun (CEO), Bob Bowlsby, Ursula Burns, Anita DeFrantz, John Hendricks, Nina Kemppel, Susanne Lyons, Mary McCagg, and Dave Ogrea. Angela Ruggiero joined the meeting telephonically. The above present members constituted a quorum of the Board under the USOC Bylaws Section 3.16. Jim Easton, Jair Lynch and Mike Plant were unable to attend the meeting.

Present in person for the meeting from USOC management were: Alan Ashley, Lisa Baird, Rana Dershowitz, Walt Glover, Charlie Huebner, Janine Musholt, Patrick Sandusky, Kirsten Volpi and Michelle Stuart.

The minutes were recorded by Rana Dershowitz, Secretary.

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

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

#### **2. London Games Report**

Scott Blackmun noted that both the athletes and the supporting members of the delegation did an amazing job in London and thanked the Board for being supportive and constructive.

##### **A. London Sport Report**

Alan Ashley, Chief of Sport Performance, provided the Board with an update on the US team’s performance at the Olympic Games. Mr. Ashley advised that a really good job had been done to select the team and that the NGBs had then worked extremely well from selection through the arrival in London to ensure that the athletes were as prepared as possible. Mr. Ashley showed the Board how the medal race developed over the course of the Games and commented that the USOC’s particular focus on several specific sports had affected the overall outcome of the medal race. Mr. Ashley also reported to the Board regarding Top 8 US finishes and explained to the Board his thinking regarding its importance. The Board also spent time discussing certain sports that had underperformed at the Games and Mr. Ashley’s thinking regarding the reasons for these results as well. Finally, the Board discussed the US’s particular success in team

sports and how this means that many more individuals (209 in total with 256 total medals) will return home to their communities with an Olympic medal.

Mr. Ashley next reported to the Board on the US team's performance at the Paralympic Games. Mr. Ashley noted that the US's medal performance at the Paralympic Games was not as good as it had been at the Olympic Games. The Paralympic Games had, however, provided the USOC with a good opportunity to better understand where the US's best opportunities for Paralympic medals lie. Mr. Charlie Huebner, Chief of Paralympics, then gave the Board greater insight into the specific competition focus used going into London and the results achieved. The Board discussed the efforts of other countries and how the USOC compared. Following the discussion, the Board asked Mr. Huebner and Mr. Ashley to develop a sport performance plan with a goal of being at least second in the overall and gold medal count at the Rio Paralympic Games.

Finally, Mr. Ashley briefly advised the Board regarding the USOC's plans for the Sochi Winter Olympic Games, noting preparations are well underway. Mr. Ashley explained that Sochi will provide some exciting opportunities for creative thinking.

## **B. London Marketing Report**

Lisa Baird, Chief Marketing Officer, presented to the Board regarding the USOC's marketing efforts in and in connection with the London Games. Overall, the Games execution was extremely smooth from the marketing perspective with great engagement from Americans all over the United States. NBC's coverage of the Games broke new records and the London Games became the most watched TV event in history with over 219MM Americans tuning into watch over 3,500 hours of programming. Their strategy to hold key events for prime time viewing proved highly successful in combination with their depth of live coverage on the internet. Ms. Baird attributed some of the success of the Games coverage to the buildup and momentum generated by the successful U.S. Olympic Team Trials which were executed in over 28 cities across American along with unprecedented activation by USOC sponsors. The Trials were undertaken in partnership with the NGBs. Ms. Baird noted that the biggest enhancements seemed to come with the small and medium NGBs.

Ms. Baird reported to the Board on a number of the different marketing activation programs in the lead up to the Games, including "Road to London" and "Raise our Flag". The discussion then turned to whether it might be beneficial for the USOC to have a permanent or semi-permanent presence in high traffic areas; for example, an interactive, digitally-focused "Olympic Village". This conversation led to a further dialog about the USOC's digital media efforts, with Ms. Baird noting that the USOC's digital channel on YouTube was one of the top five channels of the hundred YouTube channels launched.

Ms. Baird next advised the Board regarding the USOC's licensed merchandise from the Games as well as the organization's overall efforts at USA House.

Finally, Ms. Baird discussed with the Board the USOC's projections and plans regarding 2013-2016 sponsorship revenue.

### **C. London Development Report**

Janine Musholt, Chief Development Officer, updated the Board regarding the development efforts that occurred in and in connection with the London Games, noting that the USOC had hosted over one hundred and thirty families during the Games, as compared with eight families in Beijing. Mrs. Musholt noted that Olympians had been integrated into the hosting program in a very impactful way.

Mrs. Musholt next reported to the Board on Development's revenue to date by segment, as well as the department's focus for the remainder of the year. Mrs. Musholt provided the Board with her revenue projections for the year.

### **D. London Media Report**

Patrick Sandusky, Chief Communications and Public Affairs Officer, reported to the Board regarding the USOC's media and community activation within London, including work with a local charity in London named Kids Company, as well as thank you signage on the way to Heathrow. He commented that US athletes had handled themselves extremely well throughout the Games, noting that the vast majority had gone through the Ambassador program and had found it extremely useful. Mr. Sandusky made the point that Teresa Edwards had done a phenomenal job as Chef de Mission. Mr. Blackmun took this opportunity to remind the Board that the organization would need to start thinking about a Chef de Mission for the Sochi Winter Games.

## **3. YTD Financial Results**

Walt Glover, Chief Financial Officer, reported to the Board on the USOC's year to date financial results, noting that, as of August, revenue and expense both remained favorable to budget. Mr. Glover explained the items underlying the favorability on the revenue side and noted that much of the favorability on the expense side was due to timing. Next Mr. Glover provided the Board with a year-end forecast, noting that the forecast was a bit skewed due to delays in the build-out of the Olympic Training Center and the effects this delay has on realizing revenue from the City of Colorado Springs.

## **4. Strategic Plan**

Mr. Blackmun suggested that approval of the USOC's Strategic Plan be deferred so as to allow for reactions following the description of the possible changes to the mission he intends to present at the general address. The Board discussed input received from the NGC Council and AAC and decided to defer action on the Strategic Plan until December.

Mrs. Musholt next presented the Board with her high level plan for how the USOC could achieve the development goals proposed by the strategic planning working group. In order to achieve the objective of raising \$50M net in development revenue per year, Mrs. Musholt believes that a significant FTE investment will need to be made, though it will more than pay for itself. Mrs. Musholt walked the Board through her proposed departmental structure if the new FTEs were to be approved and confirmed for the Board that the plan could be staged over time based upon specific milestones and benchmarks. The Board engaged in a discussion regarding the proposal and the front end expense it would require. Following the Board's discussion, the Board confirmed that it was supportive of undertaking the kind of investment contemplated, but wanted to make sure the staffing plan was more fully vetted. Mr. Blackmun suggested that staff come back to the Board with a revised plan containing specific benchmarks, milestones and metrics. The Board agreed with this approach.

At this time the Board adjourned for the day.

The Board reconvened for its second session at approximately 11:55 am on Friday September 21, 2012. At the beginning of the meeting, Ms. Kemmpel and Ms. McCagg were not present as both were attending the AAC meeting. Ms. DeFrantz was unable to attend the second Board session. Present from staff at the commencement of the meeting were Rana Dershowitz, Walt Glover, Janine Musholt, Patrick Sandusky, Michelle Stuart and Kirsten Volpi. Alan Ashley joined the meeting shortly after its commencement.

At the beginning of the session, Willie Banks, President of the US Olympians, provided each Board member with a token of appreciation on behalf of the Olympians.

## **5. NGB Council Report**

Rich Bender, Chair of the NGB Council, began the report by expressing the thanks of the NGB community for the Board. He noted that the NGBs have never felt as supported as they did in London and complemented the Board for effectively enabling the USOC staff to do their jobs.

Mr. Bender then turned the podium over to Ron Radigonda, the Executive Director of USA Softball and Luke St. Onge, the Executive Director of USA Karate. Mr. Radigonda and Mr. St. Onge advised the Board that the Pan Am sports (whom they represent) believe that a reference to the Pan Ams should be included in the USOC's mission statement as doing so would, in their view, both enable the Olympic Movement to better reach the many Americans who play Pan Am sports, and more accurately reflect the intent behind the Ted Stevens Olympic and Amateur Sports Act. Mr. St. Onge confirmed to the Board that the reason for requesting a change to the Mission is not to push for funding for Pan Am sports, but instead to give the Pan Am athletes greater recognition that they are part of the Olympic family. The Board discussed the request, and while confirming the important role that Pan Am-only sports play, determined not to add a reference to Pan Am-only sports to the Mission statement.

## **6. Athlete Career Working Group**

Luke Bodensteiner, Executive Vice President, Athletics with the US Ski and Snowboard Association, updated the Board regarding efforts being undertaken by a Working Group he is chairing at Mr. Blackmun's request. The Working Group has been looking at the question of athlete career support and its effect on performance, particularly trying to assess what can and should be done within existing budget parameters as well as what could be done with greater resources. Mr. Bodensteiner explained that he was only providing the Board with an interim update, but that the group would be coming back to the Board with a full report in December.

The Working Group has found that no good study has ever been done regarding the value and benefits of athlete career education programs, and particularly how such programs may enhance athlete performance. There is clear anecdotal evidence, however, that such programs enhance athlete behavior and create mentorship opportunities that it is reasonable to expect may benefit performance. One thing that also seems clear is that without programs of this type some athletes end up leaving sport earlier. The Working Group is continuing to explore these questions.

The Group has determined that any such athlete career program needs to be an integrated program that is effectively communicated and seen as a part of high performance. The Group believes that without this integration, both at the athlete level and at the NGB level, there will continue to be a disconnect through which resources will not be used most effectively.

One goal of the Working Group will be to provide NGBs with the tools they need to understand the career and athlete development pipeline as a different but related pipeline to latch on to the high performance pipeline. The Group also intends to provide a roadmap showing where there are gaps or holes to be addressed.

The discussion then turned to whether there are ways to engage non-sponsor businesses in this process, perhaps by developing a marketplace to match athletes with potential employers, or perhaps by encouraging non-sponsor companies to commit to hire certain numbers of Olympians.

At this time, Ms. McCagg and Ms. Kempfel rejoined the Board meeting.

## **7. Bid Working Group**

Mr. Blackmun updated the Board on the efforts undertaken to date by the Bid Working Group. He advised the Board of the Bid Working Group's preliminary assessments and explained some of the issues explored by the Group. Several members of the Working Group gave input into Mr. Blackmun's report. Ms. McCagg noted that the Ethics Committee would be engaging in an assessment of the ethical parameters that will need to be respected in connection with any bid undertaken by the USOC.

At this time the Board took a five minute break.

## **8. Quadrennial Budget**

Mr. Glover next walked the Board through a proposed 2013-2016 quadrennial budget. He started by explaining the guiding principles underlying the proposed budget, including: 1) ensuring that spending does not exceed revenue; 2) maintaining appropriate cash reserves; 3) focusing spending growth on sport performance; 4) providing essential sponsor and infrastructure support to ensure organizational effectiveness; 5) growing fundraising revenue; 6) ensuring that programs do not grow until the revenue necessary to support them is in-house; and 7) decreasing reliance on federal funding for Paralympic programs.

Mr. Glover explained to the Board that the quadrennial budget represents a basic framework, within which the USOC would continue to provide the Board with detailed yearly budgets for review and approval. The purpose of the quadrennial budget, however, is to obtain assurance and approval for the overall plan and direction so as to allow the organization to undertake longer term funding plans with NGBs.

Mr. Glover explained the assumptions and projections incorporated into the quad budget on both the revenue and expense sides, including how they were arrived at based upon past activity and current projections.

The Board discussed the proposed budget, including revenue, expense and headcount assumptions. The consensus of the Board was that the budget was too conservative from a revenue standpoint. The Board confirmed its strong support for the notion of allowing Sport Performance to undertake longer term high performance planning with the NGBs, but determined that it was not necessary to approve a conservative quad budget in order to give this authorization to Sport Performance. Instead, the Board expressed its directional support for the quad budget but declined to approve the budget as presented. The Board authorized Sport Performance to undertake long term resource allocation planning as contemplated under the proposed quad budget and directed staff to come back in December with a revised quad budget.

## **9. Council Engagement Discussion**

The Board then turned to the discussion regarding how best to ensure that the USOC Councils were appropriately informed and engaged regarding the USOC's strategic initiatives, resource allocation plans and expense stewardship. The Board confirmed the importance of transparency with, and availability to, the Councils.

Following this discussion, Ms. Kemmpel and Ms. McCagg left the Board meeting to return to the AAC meeting.

## **10. Committee Reports**

### **A. Audit Committee Report**

Ursula Burns, Chair of the Audit Committee, reported to the Board on the activities of the Audit Committee. The Committee met on September 20, 2012. It thoroughly discussed the quadrennial budget the Board had reviewed and received a financial report from Mr. Glover. The Committee discussed various audits undertaken by the USOC's Internal Audit division, including an internal USOC gifting audit. The Committee also received updates on several previously discussed audits, including USA Taekwondo and USA Fencing. The Committee next reviewed and voted to update the USOC's investment policies and assessed the USOC's investments against appropriate benchmarks, noting that the USOC's investments appear in line with such benchmarks. The Committee reappointed Grant Thornton as the organization's outside auditors and received a litigation report from the General Counsel. Finally, the Committee undertook a brief executive session to discuss the work of the finance team, which they are satisfied with.

### **B. USA Taekwondo Hearing Panel Update**

In light of the Audit Committee's review of the updated USA Taekwondo audit, the Board determined to turn its attention next to receiving an update from Ms. Susanne Lyons, Chair of the USA Taekwondo Section 10 Hearing Panel. Ms. Lyons reported that minimal steps in the right direction have been taken USA Taekwondo, but that the Hearing Panel is not satisfied with the progress that has been made to date nor confident that all appropriate steps will ultimately be taken by the NGB. While the Panel strongly considered recommending to the USOC Board that the NGB be decertified, ultimately the Panel determined that it believed a better course would be to continue the NGB's probation for an additional six months, extend the transitional board for the six month period and direct that the Advisory Council put in place by the Hearing Panel be given greater oversight authority. Ms. Lyons explained that while the Hearing Panel hopes that the NGB can come back in to compliance and move on to the right path forward, the Panel recommends that in parallel with the work being done by the NGB and the Advisory Council, the USOC use the additional six month probationary period to ensure that it has the resources and capabilities in place to be ready in case the ultimate result is a recommendation of decertification. Ms. McCagg returned to the meeting during this discussion.

A motion was made to support the recommendations of the Hearing Panel. The motion was approved unanimously.

### **C. Compensation Committee Report**

Bob Bowsby, Chair of the Compensation Committee, reported to the Board on the Committee's activities. The Compensation Committee met on September 20, 2012.

The Compensation Committee reviewed the USOC's total reward program and incentive philosophy and then discussed succession planning for fourteen key positions. Next the Committee reviewed the senior executive performance evaluation process, noting that all members of the Executive Team were undergoing 360 reviews. The Committee also reviewed merit trends to ensure that the organization operated in line with appropriate benchmarks, and discussed turnover trends over the last several years. Finally, Mr. Bowsby noted that the Committee had discussed Mr. Blackmun's employment agreement status.

#### **D. Paralympic Advisory Committee Report**

Mr. Blackmun directed the Board to the proposed resolution regarding the Paralympic Advisory Committee contained in the Board materials. Following discussion, the Board voted unanimously to adopt the resolution as presented.

#### **E. Ethics Committee Report**

Mary McCagg, Chair of the Ethics Committee, advised the Board that the Ethics Committee was scheduled to meet on November 9, 2012 to discuss appropriate ethical parameters should the USOC determine to bid for an Olympic Games, as well as certain other matters.

#### **F. Nominating & Governance Committee Report**

John Hendricks, Chair of the Nominating and Governance Committee, reported to the Board on the work of the Nominating Committee. The Committee met on September 20, 2012. Mr. Hendricks advised the Board that the Committee would be receiving the final candidates from both the NGB Council and the AAC this weekend. The Committee will be vetting the candidates put forward by the Councils and will present their recommendations to the Board at the December Board meeting.

### **11. Other Business**

The Board reviewed the proposed USOC Safe Sport Policies contained in the Board materials. The Policies were approved unanimously, subject to certain wording clarification that Ms. Burns would like to provide. Ms. Burns confirmed that she will provide her clarifications to Ms. Dershowitz to implement.

### **12. Adjournment**

There being no further business, the meeting was adjourned at approximately 4:45 p.m. MST.



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 12, 2012  
Date