

Minutes

U.S. Olympic and Paralympic Foundation Board of Directors Meeting New York, New York December 7, 2017

A meeting of the Board of Directors (the "Board") of the United States Olympic and Paralympic Foundation ("USOPF") occurred on December 7, 2017 commencing at 8:59 a.m. local time, following notice duly given pursuant to the USOPF Bylaws. Pursuant to the list below, the following members of the Board were present in person or by telephone. The present and telephonic members **did** constitute a quorum of the Board under the USOPF Bylaws Section 3.10 (a).

Present for the meeting, in person and telephonically, were the following board members, listed alphabetically: John Babcock, Scott Blackmun, Michael Carter, Robert Cohen, Kevin Compton, Gayla Compton, Gordon Crawford, Joan Criswell, Brian Deevy, Scott Freidheim, William Garland, John Goldman, Gary Goldring, Joanie Hall, James Hirschmann, Jonathan Ledecy, Robert Lovelace, John Macfarlane, Robert Merrilees, Thomas Mistele (Ashley Mistele), Kevin Penn, Erica Penn, David Poms, Brad Powell, Tracey Powell, Lawrence Probst, Michael Ray, Johnathon Robertson, Susan Schnabel, Benjamin Sutton, Jr., Stuart Weitzman, Kevin White, Geoff Yang, and Lisa Zelson.

Present for the meeting from the USOC were: Jon Denney, Morane Kerek, Alan Ashley, Kevin Penn, Blanton Jones, Christine Walshe, Gene Derkack, Christine Palmer, Jason Rizzi, Alexandra Triumph Bloch and Megan Berg.

The minutes were recorded by Megan Berg, Secretary.

1. Call to Order and Introductory Remarks

The meeting of the Board was called to order by USOPF Board Chairman Gordon Crawford. He thanked Kevin White for hosting the Board at the New York Athletic Club the prior night.

Gordon called for a vote to approve the minutes of the Board meeting held March 16, 2017 and the minutes of the Annual Meeting held September 26, 2017 in a joint vote. The motion was made and seconded and both sets of minutes were approved **unanimously**.

Gordon introduced three (3) new Board members as recommended by the Nominating and Governance Committee on November 15, 2017 and approved by email vote of the Board: Nancy and Timothy Armstrong, Ray Bingham and Dmitri and Lisa Shklovsky. Gordon also reviewed the USOPF Trustee list, which included 22 new Trustees.

2. Finance Report

Jon Denney, USOPF President and USOC Chief Development Officer, and Morane Kerek, USOPF Treasurer and USOC Chief Financial Officer, reported on the joint Executive and Finance Committee meeting held on November 28, 2017 wherein the Committees endorsed the 2018 USOPF budget,

which will roll up to the USOC Budget and be formally approved by the USOC Board at their upcoming meeting.

Jon reported that the USOPF is reporting gross revenue of \$24.3MM through October 31, 2017, with the 2017 revenue goals passed in November. Of the gross revenue, \$19.1MM is recorded as unrestricted.

Jon reviewed the revenue as recorded per gift bands and explained the reforecast of planned giving revenue as being a result of expected estate distributions not received in 2017.

Morane Kerek reported on the current accrual methodology of counting new activity and gift commitments and that the USOC advances all Development expenses, subject to repayment. Further, Morane discussed the USOPF reforecast of expenses primarily due to the new CRM platform which will be implemented in 2018 and the engagement of an annual fund consultant.

Morane reviewed the Statement of Financial Position as of October 31, 2017 and the report of Pledges Receivables, comprised of pledge commitments from prior years, current year pledge commitments, annual fund and other receipts. There was a discussion about USOPF cash on hand as of October 1 and the endowment. The Board requested a USOE performance update at the next Board meeting.

Morane reviewed the 2017-2020 quad budget projections. The 2017-2020 quad will show USOPF expenses flattening and revenue projections to be adjusted in line with fundraising during the Games cycle of a quad to gross revenue of \$120.9 million. There was a discussion about the role of Games hospitality and the effect on expenses, specifically staff expenses on the expense budget. Morane explained that hospitality expenses are neutral from the donor/attendee perspective.

Morane presented the proposed budget for 2018. A motion to approve the revised budget was made, seconded and approved **unanimously**.

Jon Denney and Morane presented an initiative underway to simplify the USOPF accounting practices by changing gift agreement/pledge language to allow the USOPF to recognize gift activity on a cash basis rather than accrual basis under GAAP regulations. This initiative came about because of the increased giving through donor advised funds which normally require the USOPF to recognize revenue upon receipt of funds rather than accrued at the time of an executed gift agreement. Morane and her USOC Finance team are working with tax advisors to determine if the accounting change is feasible. Any change to the accounting treatment would require some write-off of prior recognized pledges and would affect 2017 revenue.

3. Nominating and Governance Committee

John Macfarlane, Chair of the Nominating and Governance Committee ("NGC") reported on the activities of the NGC. The NGC undertook the following during 2017:

- a) Bylaws Amendments: Megan Berg, USOPF Secretary and USOC Sr. Associate General Counsel for Development, reviewed the six areas of the Bylaws that the NGC recommends approval for amendment including: (1) clarifying Board member terms and adding the potential for a third term for Board leaders; (2) removing the specific month in which the annual meeting must be held; (3) adding a provision allowing for Directors Emeritus; (4) editing the Article regarding Trustees to bring it in line with practice and revising the

Honorary Trustee role to include clarified terms; (5) adding a new Article to govern Working Groups; and (6) clarifying the Foundation's role to specifically allow the Board to undertake strategic planning initiatives.

Upon Motion and further discussion, the Board requested that the Bylaws also address the advancement of litigation expenses and the correction of a cross reference between Articles. Upon re-motion, incorporating the requested changes and second, the Bylaws were amended **unanimously**.

- b) Board Survey Results: John Macfarlane reviewed the Board Self-Evaluation Survey results and specifically addressed staff actions. Jon Denney thanked the participants and shared that feedback and action items are appreciated and will be undertaken by staff.
- c) Director and Trustee Roles: The NGC reviewed and approved the Director and Trustee descriptions.
- d) Board Management Software: Megan updated the Board that a Board Management Software portal is in final approvals and will be operational for 2018 Board meetings.
- e) New Director On-Boarding: John Macfarlane reported that the new members will be on-boarded through direct contact. In 2018 the NGC will address and look to formalize a mentoring and on-boarding program for new Directors.

4. USOC Update

Lawrence Probst, USOC Board Chair, updated the Board on the IOC imposed sanctions on the Russian National Olympic Committee. There was a discussion about broadcast or publicity plans when Team USA athletes are awarded medals resulting from Russian athlete disqualifications from past Games.

Scott Blackmun, USOC CEO, reported on the following matters as relate to the USOC: (1) current focus on upcoming Olympic Winter Games in PyeongChang, South Korea; (2) tax legislation and impact on USOC if proposal to tax non-profit sponsorship dollars is included and approved; (3) safety concerns for upcoming Winter Games; and (4) strategic focus on LA2028.

5. Team USA Fund

Jon introduced the historical perspective of the USOPF's annual fund. He shared that the USOC is working on its long-term strategic plan with a particular focus on substantially increasing fan engagement. Scott shared that this goal of growth in the fan and donor base is an organizational priority. Geoff Yang, Vice-Chair of the Board, shared the benefit of the opportunity to build beyond the donor base and engage fans in the Olympic Movement through multi-channel opportunities. Geoff's goal is to make the story about Team USA and not the USOC. Jon shared that outside resources will be engaged.

Blanton Jones, Vice-President of Strategic Partnerships for Development, and Christine Palmer, Director of Team USA Fund, reported on leveraging the aspirational goals and growth of the Team USA fanbase into the growth plans of the Team USA Fund. The priority in 2017 was on converting past direct marketing donors into Team USA Fund donors.

The average gift in 2017 was \$67, as compared to industry averages of \$20 and there has been a 124% increase in unique donors. Digital components have been introduced during Giving Tuesday and athlete social media influencers were engaged in awareness and solicitation campaigns.

6. PyeongChang Preview

Hospitality: Rob Cohen, Chair of the Hospitality Working Group, reported that 28 families will be attending the Winter Games. Lifetime giving from those families total \$32.5MM to the organization. Rob reported that accommodations will be apartment-style with 2-3 bedrooms per apartment and accommodations were chosen to be central to venues. The USOPF will partner with the U.S. Ski and Snowboard Foundation for hospitality and the program is close to being sold out.

Sport Performance: Alan Ashley, USOC Chief of Sport Performance, reported that trials are ongoing. He highlighted the following sports: (1) the curling team has been selected; (2) short-track trials will be held next week; (3) the women's bobsled team is strong; (4) in downhill skiing, the women have medal opportunities but the men have injuries that may affect medal opportunities; (5) the snowboard teams won't be selected until January 22, 2018, but the men swept the podium in Big Air at a recent World Cup event; and (6) the women's cross country ski team has 5 athletes in the top 15 in the world.

There were additional discussions regarding the men's ice hockey team, sport qualifying processes, long-track speed skating, biathlon and figure skating.

Alan shared the sport performance approach to providing services in PyeongChang including nutrition, housing, logistics and a centralized sport services center.

7. New Business

Jon Denney reported on the following items: (1) a 2017/2018 focus on strategic outreach and cultivation events and the successful events hosted by Board members in 2017. (2) The staff will continue to look for ways to pair Board meetings with domestic sporting events to give the Board opportunities to engage further with athletes and individual sports. (3) Jon reported on recent noteworthy major and principal gifts.

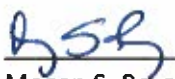
Gordy reminded the Board that the USOPF has been functional for four (4) years and has made improvements on engagement through committee and working group opportunities. He encouraged Board members to engage in these opportunities based on their areas of interest.

8. Open Discussion

There being no further business, the meeting was adjourned at 11:29 a.m.

This document constitutes a true and correct copy of the minutes of the meeting of the Board of Directors of the United States Olympic and Paralympic Foundation.

Approved by the USOPF Board this 12 day of April 2018.



Megan S. Berg
Secretary