

**USA VOLLEYBALL
MINUTES OF THE MEETING
of the
BOARD OF DIRECTORS
May 20, 2009
Minneapolis, MN**

Presiding: David Schreff, Chair

Directors: Ken Cain, Mike Carter, John Dunning, Dave Gentile, Jason Hodell, Jon Lee, Ted Leland, Sarah Noriega, Reid Priddy, Adam Rymer, David Schreff and Kevin Twohig.

Treasurer: Stewart McDole

Staff: Doug Beal, Stacie Kearns, Kerry Klostermann, Margie Mara

Guests: Scott Fortune, Tim McCune, Al Lau, Ryan Morgan, Gary Colberg, June Lobeck, Kay Rogness, Lauri Dagostino

Absent: Sean Scott, Tyra Turner

Recorder: Fred Wendelboe, Recording Secretary

NOTE: Information is reported according to topic and not necessarily in the chronological order of discussion.

I. CALL TO ORDER/INTRODUCTIONS

The meeting of the Board of Directors of USA Volleyball was called to order by David Schreff, Chair at approximately 10:30 am on Wednesday, May 20, 2009. Mr. Schreff thanked Mr. Beal, Mr. Klostermann, MS Mara and MS Kearns for their help preparing the agenda. Mr. Schreff welcomed the directors and especially Dave Gentile and Reid Priddy to their first meetings. He mentioned the changes at the USOC and the AVP and congratulated Jason Hodell on his selection as CEO of the newly reorganized AVP. We have lost two Directors, Steve Simpson and Karch Kiraly. Mr. Simpson resigned and Karch has taken a position as an Assistant Coach of the Women's National Team and is no longer eligible to serve as a Director as a USAV employee. Mr. Schreff remarked on the meeting schedule and the goal to get the meetings to a half day format. Staff has been asked to hit only the high points and most important issues. He described the presentations that the Board will hear this afternoon and thanked the speakers for their willingness to share their knowledge and experience with the Board.

- A. **Roll Call, Declaration of Quorum:** Mr. Schreff asked Mr. Klostermann to make the roll call. He declared a quorum was present. A fifty-five percent "super" majority vote is required to pass any motion of the Board of Directors. Since there are eleven votes present, it will take seven votes to pass a motion.
- B. **Board Directory:** The Board of Directors was asked to review their information in the Board Directory, making any appropriate changes and initial the entry.

II. ANNOUNCEMENTS

- A. Mr. Schreff briefly described the presentations that the Board will hear this afternoon which will focus on the three "C's" of our strategic plan, (1) competitive excellence, (2) club and member growth, and (3) commercialization of the sport. Mr. Rymer, Mr. Priddy and Mr. Gentile will also make these presentations at the General Assembly and the full presentations will be available on the USA Volleyball website.
1. Mr. Hodell will discuss the "new" AVP and will present a proposal along with player agent Ryan Morgan. The Board will be joined by phone conference by Gold Medalists Kerri Walsh, Todd Rogers and Phil Dalhausser. It is important for the Board to hear athlete discussion and representation and understanding from the beach discipline.
 2. Adam Rymer, Board Member from Universal Pictures, will review options for USA Volleyball in the digital platform and web business areas and opportunities to broaden our coverage in those areas both for consumer and business to business purposes.
 3. Reid Priddy, one of our indoor Olympic Gold Medalists, will present his perspective on pro leagues around the world and opportunities in this country.
 4. Dave Gentile, Board Member from the Junior Assembly, will present his research on junior club volleyball and the interactions between clubs, Regions and USA Volleyball.
 5. USA Volleyball needs to be a better "branded" business. Only approximately 1% of our revenue comes from licensing and merchandising. Our focus has been on aligning ourselves with suppliers who are endemic to the sport, e.g. uniforms, balls, etc. USA Volleyball needs to expand into licensing products that are outside that specific area that would get us into general retailers. A company called Wincraft has products that might serve us in that area and two of their licensing and marketing employees will make a presentation and show us some potential customized products.

III. APPROVAL OF MINUTES

MOTION #1: It was **M/S/C (Twohig/Gentile)** to approve the minutes of the January 17, 2009 meeting of the Board as corrected.

IV. APPROVAL OF AGENDA

MOTION #2: It was **M/S/C (Twohig/Carter)** to approve the agenda as amended with the provision for adjustments and additions as the Chair deems necessary.

V. BYLAWS AND GOVERNANCE

- A. **Bylaws Revisions:** Minor revisions of the Bylaws were distributed.

MOTION #3: It was **M/S/C (Gentile/Twohig)** to approve the Bylaws revisions as presented.

- B. **Athlete Representatives on Board Committees:** Sarah Noriega on Audit, Finance and Budget Committee, Reid Priddy on Ethics & Eligibility, Erik Sullivan and Stephanie Cox on Nominating and Governance Committee.
- C. **Side-Out Foundation Member Organization Application:** the application information was distributed and placed on the floor for discussion. Their primary volleyball activity is a "Dig Pink" promotion and the focus of the foundation is the eradication of breast cancer. Mr. Gentile questioned what the protocol was for screening these kinds of application. Mr. Klostermann discussed the staff's review of the application based on the Affiliated Member Organizations criteria in the Bylaws. Mr. Gentile asked if there were any conflicts with our foundation efforts and Mr. Klostermann did not believe that it was an issue. Ms Noriega asked what rights this affiliation gives them. Basically they have the right to use the "Member Organization" logo and language and such other limited rights as are outlined in the Bylaws.

MOTION #4: It was **M/S/C (Twohig/Carter)** to approve the application of the Side-out Foundation as an Affiliated Member Organization with an annual fee of \$25.

VI. COMMITTEE REPORTS

- A. **Audit, Finance and Budget:** a written report was circulated by the Committee Chair Adam Rymer. Certain budget adjustments are needed based on activities in the first part of the year. The budget is tending towards being a break-even position rather than showing any surplus on net operations. Mr. Beal has recommended that Steve Bishop be added to the Committee as an ad hoc representative from the RVA population. Mr. Rymer thanked the Committee for their performance on the recent audit. There are certain new requirements involved with filing the 990 form required by the IRS. Mr. Leland questioned whether the entire Board was required to sign the 990. It was clarified that the Board needs to approve the Audit report after the Audit Committee reviews and approves it. The report will be distributed in full for each Board member to review and approve.

MOTION #5: It was **M/S/C (AFB Committee)** to approve the adjustments to the 2009 budget as detailed in Attachment A to the committee report.

MOTION #6: It was **M/S/C (AFB Committee)** approve the 2008 Audit as presented.

- B. **Ethics & Eligibility:** Mr. Twohig listed the committee members and described the activities. There is one active situation. Mr. Twohig reviewed the Arbitrator program and praised the work of all those involved. Chuck McCracken will be given the Joe Sharpless Arbitrator Award on Friday.
- C. **Nominating and Governance Committee:** Al Lau, Chair of the Committee presented the report. Reid Priddy has been elected to continue on the Board for a four year term as the Male Indoor Athlete Representative. The NCAA and Beach Commission are

reviewing their candidates and the Nominating and Governance Committee is actively seeking a replacement for Steve Simpson as an Independent Director and is on track for a late July decision.

VII. AVP BEACH VOLLEYBALL PRESENTATION

The AVP has acquired new investors and a new management team. The plan is to enhance relationships with the players and involve them in a partnership. The next step is to enhance the relationship with USAV. The FIVB has made a significant change in the Olympic qualification process and has now set the qualification procedure for 2012. Sixteen positions will be defined by country positions on the FIVB circuit. The other eight positions will be assigned: one for each of the five Confederations, one for the host country and the final two will be awarded at a final qualifier event. There are still some uncertainties involved in some of the specifics, but it should not affect an individual country's qualifier procedures or the opportunity to hold specific trials in their own country. Ryan Morgan and Jason Hodell made a presentation with Kerri Walsh, Todd Rogers, Phil Dalhausser and Steve Simpson participating by phone conference. The proposal was to cooperate more fully in the decision-making process regarding USAV's rights to the Olympic Beach Trials in 2012. No Board vote was taken at the meeting about the specific proposal but after substantial discussion it was determined that USAV, USOC, AVP and players would continue to evaluate the economic value of USAV's rights in consultation with other NGBs, while moving forward collaboratively on issues ranging from formatting and scheduling of competitions for mutual gain. It is also clear that USA Volleyball wants to cooperate and work with the AVP and the players to reach an equitable partnership in an atmosphere of trust. The USA Volleyball and AVP staffs will work to come to an agreement acceptable to all parties involved and report back to their respective Boards.

VIII. CEO REPORT

- A. **Finance and Budget Update:** First quarter review shows \$230,000 below projections. That currently puts us close to a projected year-end break-even and not the originally projected surplus. Tour of Glory lost us projected revenue, but no actual dollars. FIVB has made changes that will potentially cost us \$50-60K. They made changes in distribution of World League prize money; they made changes in requirements for organizers of events; and they made changes in delegation size for some events. They have also required us to produce two World Championship Qualification events that we had not budgeted for and will probably lose a little. On the plus side, events may produce more revenue than projected. Some other revenue streams may produce more revenue and we could still end up close to the projected budget.
- B. **Foundation Development Director (Tim McCune):** Mr. Beal introduced Tim McCune who has been hired as USAV's Development Director. Mr. McCune presented a brief overview of a proposed Development Plan which will be reviewed in detail at the Foundation's Board meeting tomorrow. Key to attracting donors is engaging potential donors early in their exposure to the sport and grabbing their attention in the current atmosphere of overwhelming information onslaught and then repeated and consistent contact. Gift Clubs will be organized to attract giving at levels from \$10 to \$1000. Endowments are key to the plan, such as endowing the Head Coaches' positions. Planned giving will be emphasized. SEE HANDOUT.
- C. **USOC Update (leadership; headquarters building):** Stephanie Streeter is the new acting CEO and is a candidate for the continuing position. There have recently been six senior staff resignations and changes. There are issues with the city of Colorado Springs

agreement regarding improvements on existing buildings and a new office building downtown. Bob Gambardella is no longer with the USOC and we have a new sport partner, Wes Barnett. 2016 presentations have been made, Chicago presented a good bid. Rio de Janeiro, Tokyo and Chicago all have significant volleyball flavor/rep to their presentations and committees.

- D. **FIVB Board Report / NORCECA Board Report:** Lots of FIVB changes under new President Wei. He has assigned significant responsibilities to Executive Committee members. The person appointed to handle beach volleyball is from Brazil and may create difficulties because of his viewpoint. Mr. McDole asked if there is a new atmosphere in the post-Acosta era. It comes down to who is appointed to oversee certain areas; it isn't just one person making all the decisions. There appears to still be scheduling problems with the FIVB Beach tour and the AVP tour. Mr. Hodell mentioned that the AVP would be interested in working with NORCECA to create a joint tour outside the regular AVP tour.
- E. **Fee Increase Proposal:** Several RVA's believe they have real challenges to their membership from other entities and believe a fee increase would be damaging. There are some who believe that a \$10 fee increase would result in the possibility of a split with some new organizations being formed and attempting to take members with them. Mr. Beal asked Jon Lee to discuss the RVA's proposal for a modified fee increase proposal. The alternative proposal would establish two classes of members. One class who would play or officiate outside their RVA (a national schedule) would have a total member fee of \$18 and would include all other pass through fees, insurance, magazine, etc. Class two is for members who play only locally within their own RVA; they would pay only a member fee of \$8 but would not receive the magazine for a total fee of \$11.85. This is projected to be revenue neutral for USAV, but may in fact be revenue negative. Should a regional member desire to participate in a national event, they would then need to upgrade to the national membership. There was concern expressed about the impact on the magazine advertising revenue if there was a significant decrease in circulation. Mr. Schreff believes this proposal reflects a deflation of our value and eliminates the possibility for implementation of the staff's programming initiatives.

MOTION #7: It was **M/S/C (Rymer/Gentile)** to charge the staff with making an analysis of a fee structure including a two tier membership structure that achieves a net \$2.4 million increase in revenue.

- F. **Coaching / Staff Update:** Karch has been hired and is working out nicely. He and Hugh are working well together. Alan Knipe is our new head men's coach and is in the process of completing his staff. Ron Larson took the women's coaching job at UC Riverside.
- G. **Anaheim Center Update:** We have concluded an agreement with the city of Anaheim for both teams through 2016. It is a positive relationship for us and effectively doubles their commitment to us. It still makes sense for the main USAV office to be in Colorado Springs as long as the USOC is still there. Mr. Hodell mentioned that the AVP is looking to build a new building which would have both offices as well as courts for training and possibly a hotel agreement for housing. It might be a possibility to join with USAV. USAV is also talking with Long Beach about a beach training facility. The USOC is also looking at a beach training facility at the OTC in Chula Vista.
- H. **International Calendar:** Indoor calendar traditionally has been May 15 to October 15 with the pro leagues playing outside those dates. This year the Men's NORCECA

Championships currently extends past that date which may create problems for some of our players signing contracts with their pro teams.

- I. **Doping Issues:** There **are** two active cases, one male and one female.

IX. BOARD PRESENTATIONS

- A. **Digital Rights and Web Management:** Adam Rymer made a presentation on a website initiative for USAV. Mr. Rymer began by noting that USA Volleyball's current community contacts are focused around upper skill level athletes and limited involvement with more casual sport participants. Our current website and online presence is limited in functionality. Online-based community sites such as Twitter and Facebook are becoming the de facto standard for people to connect to friends, hobbies and activities. There are significant opportunities to work with regions to create a comprehensive volleyball experience to support USA Volleyball's efforts to grow the sport and drive revenue. He described an enhanced website that would connect to individuals and allow them to personalize their experience with many new features and content. There are significant challenges to create and fund this upgrade, but he believes it can be done and would significantly impact both participation and revenue.
- B. **WINCRAFT – Licensing & Merchandising Presentation:** Cynthia Speltz and Erin Oberton from Wincraft made a presentation on their company which works with NFL, NHL, NASCAR, baseball, the Olympics and over 300 total licensees. They have over 13 product families that can be personalized. Broad product lines and low minimum order quantities. They presented a broad range of products that can be branded with USAV logos, pictures, etc. They have the ability to personalize down to an individual member name level. Mr. Schreff would like to pursue a licensing relationship with them that would use the USAV brand on a broad range of products for USAV, the RVAs and individual clubs. His report prompted a discussion on whether USAV is operating a business model that serves the junior club community. Mr. Leland suggested that it may serve us well to further sample our junior constituency directly.
- C. **Playing in Overseas Pro Leagues:** Reid Priddy made a presentation on professional volleyball as a career. Mr. Priddy gave an overview of existing professional leagues in many countries and described scheduling and funding aspects of a typical season. Most leagues and teams are supported by sponsors and he believes most teams are not profitable but are used as advertising venues for their sponsors. The top leagues have strong television exposure. He believes a pro league in the USA would be an important step for continuing development and support of our national team and players. It is a viable career for many players from the US currently and could be extended with a domestic indoor league.
- D. **USAV Junior Club Marketing:** Dave Gentile gave a presentation on junior club issues. He conducted a survey among a number of junior clubs of various sizes on aspects of club operation and relations with USA Volleyball. He presented those findings and also his perspective on successfully managing a club. Junior players and clubs are more important than ever to USA Volleyball. Clubs must function as a business and must be viewed as a business by all parties. Club success is tied to player and parent satisfaction. Clubs must practice sound budget and financial practices and must have skilled coaches and connections of players to coaches. Challenges to club success include rising facility costs and availability, rising expense of participation and travel and recruitment and training of coaches. USAV must consider the relationship between clubs, regions and national operations and understand and improve the challenges to good partnership.

X. ADJOURNMENT

Chair David Schreff closed the meeting by thanking members of the Board of Directors for their attendance, for their participation throughout the meeting and for their willingness to serve volleyball. He particularly thanked the presenters. He asked the question "what is the press writing about?" and he has asked the staff to prepare an analysis which will be forwarded to the Board.

MOTION #8: It was **M/S/C (Lee/Hodell)** to adjourn the meeting of the Board at 5:23 pm.

Next Meetings of the Board of Directors:

The Board will meet in October, in Holyoke in conjunction with the Volleyball Hall of Fame induction on Friday October 30 from 8:30 AM to 1:30 PM. Plans are tentatively set to come in for the induction dinner that night and meet on Friday morning. Arrive Thursday and depart Saturday morning. There are activities on Thursday afternoon if it is possible to arrive for them.

Respectfully submitted,

Fred N. Wendelboe
Recording Secretary