

**USA VOLLEYBALL  
MINUTES OF THE MEETING  
of the  
BOARD OF DIRECTORS**

January 17, 2009  
Costa Mesa, CA

- Presiding:** David Schreff, Chair
- Directors:** Ken Cain (33), Mike Carter(40), John Dunning (35), Jason Hodell (21), Karch Kiraly(42), Jon Lee (14), Ted Leland (1), Sarah Noriega (18), Adam Rymer (21), David Schreff (5), Sean Scott (21), Tyra Turner (10), and Kevin Twohig (40).
- Treasurer:** Stewart McDole (46)
- Staff:** Doug Beal, Stacie Kearns, Kerry Klostermann, Margie Mara
- Guests:** Andy Reitingner, Al Lau
- Absent:** Reid Priddy, Dave Gentile, Steve Simpson
- 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 8:00 am on Saturday, January 17, 2009.

- A. Introduction of Interim Recording Secretary:** Mr. Schreff introduced Fred Wendelboe who has served as a prior elected secretary and currently serves as the Chair of the USA Volleyball Foundation who will serve as Recording Secretary for the Board.
- B. Roll Call, Declaration of Quorum:** Mr. Schreff asked each person at the table to introduce themselves and give their number of years involved in volleyball which are indicated in parentheses behind their name above as Kerry Klostermann made 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 twelve votes present, it will take seven votes to pass a motion.
- C. Board Directory, Conflict of Interest and Registration:** Mr. Klostermann reviewed and distributed the Conflict of Interest policy that each Director must sign annually. The directors were reminded that they must be current members of USA Volleyball. The Board of Directors was asked to review their information in the Board Directory, making any appropriate changes and initial the entry.

<p><b>MOTION #1:</b> It was <b>M/S/C (Twohig/Cain)</b> approve the minutes of the October 17, 2008 meeting of the Board as corrected.</p>
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## II. ANNOUNCEMENTS

- A. Mr. Schreff led off with a discussion of the current State of the Game. He challenged the Board and its constituencies to identify, design and launch ideas and programs that would propel volleyball as a hyper growth sports property rather than a modest growth sport. Key factors are aligned to enable us to do this including:
1. Unprecedented success at Beijing Olympics for indoor, beach and paralympic disciplines (3 gold medals and 2 silver medals)
  2. TV ratings on NBC (Beijing Olympics) that were within 1 rating point of US Swimming/Michael Phelps also-historic medal count
  3. NSGA reports showing that among team sports, only volleyball showed a year over year increase in sporting goods sales (+7%) while other team sports showed flat or declines
- The opportunity is for USAV, AVP, colleges and RVAs to work closely together to:
4. Attract more local, regional and national TV coverage for the sport;
  5. Add more member categories to grow fans as well as participants;
  6. Link value to existing reasons to join USAV and its constituencies
  7. Attract more of the high school varsity players who may not be club players as members
  8. Create more co-branding and co-marketing opportunities among USA Volleyball, its affiliates, media partners and consumer products brands
  9. Work together to better publicize current players, upcoming players, elite players and former players in local, regional and national press
  10. Re-orient all outgoing USAV marketing materials (and website) to be more user-friendly and to drive greater traffic to USAV/AVCA/AVP/RVA sites for "expert opinions" about coaching and playing better volleyball at all age levels
  11. Identify more ways to drive early youth interest in the game and sport through licensed product design and marketing
  12. Align ourselves with the best practices of the sports world gained from knowledge of how the other "American invented sports" besides volleyball (Baseball, Football, and Basketball) have growth competition quality, membership/participation and commercialization/monetization opportunities.
- B. Board Chair Pro Tem Kevin Twohig announced that USA Volleyball Chief Executive Officer Doug Beal's (Colorado Springs, Colo.) 2008 performance was reviewed and his employment contract extended through 2012.

## III. APPROVAL OF AGENDA

**MOTION #3:** It was **M/S/C (Twohig/Rymer)** to approve the agenda as amended with the provision for adjustments and additions as the Chair deems necessary.

## IV. BYLAWS AND GOVERNANCE

- A. **USOC Athletes Advisory Council (AAC) Election:** Gabe Gardner (Primary) and Allison Ahlfeldt (Alternate) were announced as the elected representatives to the AAC.
- B. **Athlete Representatives on Board Committees:** Sarah Noriega serves on the Finance and Budget Committee; Reid Priddy serves on the Ethics and Eligibility Committee but we need a beach representative and an indoor athlete representative on the Nominating and Governance Committee. A call was made for interested athletes to serve and only Hans Stolfus, Nicole Branagh and Stephanie Cox responded as interested. All are beach athletes. Stephanie was selected as the beach representative. Staff will lead the search to identify an indoor athlete and forward the candidates to the Board for a decision by February 1.

- C. Nominating & Governance Committee:** The Board also needs to fill two additional positions, the Beach and Indoor positions. Staff will identify candidates and forward for a Board decision with a Feb 1 deadline.
- D. Compensation Committee:** A discussion on the need for a separate Compensation Committee led to a consensus that an ad hoc Committee could be formed by the Audit, Finance and Budget Committee as necessary.
- E. USAV Directors on Foundation Board:** Ted Leland and Adam Rymer volunteered to serve.
- F. Nominating & Governance Committee II:** A request for discussion of the role of the Committee in selecting and vetting directors was received from former Board member and officer Joe Sharpless. Doug presented the thought process of both the USOC and the framers of the Bylaws that led to the establishment of this committee. Mr. Sharpless objects to the committee having the right to screen candidates and make judgments on the suitability of candidates. He would like to change the name to Governance Oversight Committee. The Board discussed the merits of the Committee having a screening and vetting responsibility versus just rubber stamping candidates submitted. The Board declined a name change and affirmed specifically that the NGC has responsibilities to vet and recommend BOTH independent directors AND other directors (taking firmly into account the recommendations made by constituent groups). The Board also reiterated the policy of the Board to review and seek in a transparent manner any candidates not brought up to the full board level at any time the Board chooses, as the Board has the final say in these matters. Ken Cain, Kevin Twohig and Kerry Klostermann are appointed as a committee to review the Bylaws for language edits that would address certain concerns regarding the relative authority of the NGC and the Board and to frame a response to this issue.

**MOTION #4:** It was **M/S/C (Twohig/Rymer)** to move the responsibilities of the Compensation Committee to the Audit, Finance and Budget Committee, with the understanding that an ad hoc committee will be formed as needed. Final language for the Bylaws will be prepared by Kerry to be approved at the next meeting.

## V. FINANCE REPORT

### A. 2008 Budget Status and Projected Year End:

Doug presented a review of the 2008 budget. Merchandise sales at championships were down, as were qualifier fees. Championship net revenues were down (this was related to the THS housing issue), and the Boys Youth NORCECA tournament operated at a loss due to the necessity of changing the Host and the Host Agreement. Overall revenues and programs operated within the budget and a 2008 surplus of some significant amount is projected. In summary it was a positive year in a difficult economic environment and staff is to be commended.

### B. 2009 Budget Review:

The staff went through a thorough review and decision process to bring the budget into balance. A significant problem was a \$355K decrease from 2008 in performance pool funding from the USOC. The balancing process included:

- Requests for additional staff positions were denied.
- World University Games (WUG) participation was cut for both the Women and Men.
- Cuts were made across departments for staff travel and other administrative expense items.

Other factors contributing to the challenge of presenting a balanced budget include;

- Events

- Women's Pan AM Cup – probably a negative budget item; in conjunction with Girl's JNC
- World League – projected loss to host events
- Women's World Championship NORCECA Qualifier will operate at a loss
- Multiple Beach events, qualifiers, country quota qualifiers, holiday camp, collegiate beach event are planned
- Partnering on a new girl's qualifier event and two boy's bid events which should generate positive income
- Non-renewal of some sponsors
- Player severance policy name change to player transition policy. This is a significant expense.

Positives for the 2009 budget include:

- Coaching Education – National Federation online coaching education program to launch
- September 1 registration changeover from November 1 will have a positive impact in 2009
- Scheduling to send both junior indoor teams to world championships
- Capital purchases – SportCourt purchases are scheduled, but will be modified to purchase over the quad.
- Reduced expenses for governance are anticipated
- The Olympic Fund is still intact, \$250,000.

An add-back list has been developed to prioritize projects to add back to the budget if funding is generated.

Plans for the 2008 surplus need to be developed. Staff will develop a plan in the next few weeks. The current budget as presented has a \$13K surplus on a more than a \$12 million budget.

**MOTION #5:** It was **M/S/C (Rymer/Twohig)** to approve the 2009 budget as presented.

**C. USOC Audit:**

Stacie Kearns reported on the USOC Audit. In summary, Volleyball materially complied with the financial requirements of the Performance Partnership Agreement (PPA) for the grant years 2006 and 2007. Her full report is attached as appendix A.

**MOTION #6:** It was **M/S/C (Twohig/Lee)** to require staff to sign a conflict of interest statement.

**MOTION #7:** It was **M/S/C (Rymer/Twohig)** to assign the Chair of the Finance and Budget Committee to review the CEO's expense reports.

## **VI. BOARD DISCUSSION / ACTION ITEMS**

**A. Proposed Membership Fee Increase:**

In light of large post-Olympic opportunities to grow the sport and in view of significantly increased USAV operating costs Mr. Beal referenced a plan to modestly increase individual base per member fees paid. There have been no member fee increases over the past 8 years. Mr. Beal outlined a variety of enhanced member benefits commensurate with a reasonable increase, and also suggested that considering current economic conditions, the opportunity to phase in modest

increases on an annual or bi-annual basis can be successful. Discussions with RVA commissioners will take place soon after the Board meeting to outline the opportunities and timing. Enhanced member and constituent benefits can profit from the proposed increase in key areas expected of an NGB such as:

- RVA & Membership Development
- Championship Events
- Coaching Programs
- Officials Development
- High Performance Indoor Programming
- Diversity Programming
- Paralympic Programming
- Website Development
- Television Opportunities
- Beach Programming
- College-Age Programming
- USAV Building Project
- USAV Foundation

The financial environment of the total economy makes any increase a difficult prospect, but the overall impact on an individual member's fees is negligible when compared to the potential impact of these programs for the sport. Staff will assemble a group of Regional leaders to solicit input and prepare supporting documentation to support an action to increase the fees. A specific proposal for board action will be developed for the May meeting.

## **VII. CEO REPORT**

### **A. Mr. Beal reported on the following:**

1. New office site: USAV is likely to re-sign a 2-3 year lease at current site, because we can make it work with limited staff expansion and the deal is advantageous.
2. JVDA issues: we will not sanction events that have a 3<sup>rd</sup> party listed in the title that is not either a sponsor of the event or does not share in the liability by having operational responsibility.
3. The international calendar is a constantly changing document and will be circulated to the Board on a regular basis.
4. USAV/AVP cooperation at a good level; working on a cooperative event in Las Vegas at end of season, a two or three country event, Brazil and maybe China; Olympic qualification process changes for 2012 are in the works; trying to arrange country quota qualification tournaments in this country; NCAA recognition of sand volleyball as an emerging sport for women, with 40 schools it becomes a championship sport; USAV members get \$5 discount coupon to AVP events; cooperating on camps at AVP events; qualifier tour will be used to train officials.
5. 29 of 40 RVAs are on Webpoint registration system. It is still a high priority to get all RVA's on the system as there are many areas that would be positively impacted.
6. NIRSA tournament in 2010; NCVF, National Collegiate Volleyball Federation formed for club volleyball, men & women, USAV will run national championship for them in 2010 and beyond.
7. Women's team relocation: Anaheim is a possibility.
8. Men's team selected as the USOC team of the year.
9. FIVB – more transparency and more cooperation, more opportunity to host events.

10. Beach programming with Elevation group ongoing with several events planned, and expansion for a junior tour and Open qualifiers.
11. Prize Money Policy – Doug would like to add a line to policy that gives him more control over the splits that are proposed by the athletes similar to what is in the policy for coaches. A proposal will be presented in May.
12. Transition Fund Policy: the auditor has told us that we can calculate a reasonable estimate of the number of athletes likely to draw on the fund and set aside an amount less than the total possible amount encumbered in the budget to cover estimated costs
13. ACES – Associated Chief Executives of Sports – will meet with the USOC board for the first time and has proven to be a good organization.
14. New hire for Paralympic at UNO; we will fund a portion, but will be employee of UNO.
15. Sport Accord meeting in Denver; Doug will try to attend; it is a meeting of most of the IF's and the IOC with the 4 proposed Olympic host sites for 2012 making presentations.
16. Website is continuing to develop, but has been a frustrating process as it is a USOC driven and controlled initiative.
17. AAU: the challenge of dealing with RVA issues with the AAU is that the AAU is a Member Organization and we need to balance our concern with their standard of operation with our responsibilities to them as a Member Organization.
18. Consolidating magazines: repeated approaches by a group that produces other volleyball magazines, it has never been cost effective for us, talks will continue. Doug would like to increase the issues of our magazine from 4 to 6.
19. Tour of Glory: happening this weekend in New Jersey, a fundraiser event for USAV to promote success in Beijing. 8 or 9 indoor and beach athletes and Hugh are participating. If successful, there may be more events.
20. International players transfer status: over 200 and counting.
21. Calendar: proposed May meeting schedule under discussion; USAV Congress and Boyce Banquet on May 21. Planning is under way for the Congress and the rest of the meeting schedule. The Board will meet next on May 20<sup>th</sup>.

### **VIII. STRATEGIC PLAN and PRIORITIES**

- A.** The Strategic Plan and Quadrennial Goals were discussed at length with the objective of putting an organizational plan in place for success. Staff will periodically revise and update the plan to match changing needs and conditions. The three major strategic quad objectives are:
  1. Commercial success: Broaden revenue-producing opportunities for USAV in the areas of broader television coverage, national sponsorship, national licensing and merchandising partners and ticket sales.
  2. Competitive Success: maintaining the level of both the indoor and beach teams
  3. Creating Membership: new member categories and increase overall membership and participation
- B.** The pathway to achieving these goals leads through:
  1. Expanded PRODUCT offerings
  2. Improved PACKAGING of our products and services
  3. Improved PROMOTION of all USAV products and services to all constituencies

### **IX. NEW BUSINESS**

- A.** Bob Ctvrtlik made a presentation on the Olympic bid by Chicago for 2016. He also discussed the USOC's new emphasis on international matters headquartered out of an office in Irvine, CA. He is very enthusiastic on the progress they have made to prepare people for international

positions in the Olympic movement. The Chicago bid is an important part of the outreach to the international community. He is very optimistic that Chicago will make a strong bid.

**B.**

## **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.

<p><b>MOTION #8:</b> It was <b>M/S/C (Lee/Hodell)</b> to adjourn the meeting of the Board at 5:37 pm on Saturday, 17, 2009.</p>
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### **Next Meetings of the Board of Directors:**

The Board will meet in May in conjunction with the Boyce Banquet and Annual meetings. The schedule will be finalized and distributed by staff but is now set for a meeting on the 20<sup>th</sup> prior to the Boyce Banquet on Thursday. The Board is encouraged to attend the Boyce if possible.

The Board will meet in October, in Holyoke in conjunction with the Volleyball Hall of Fame induction on October 30. Plans are tentatively set to come in for the induction dinner on Thursday the 29<sup>th</sup> and meet on Friday.

Respectfully submitted,

Fred N. Wendelboe  
Recording Secretary

USA Volleyball  
USOC Audit Status Report to BOD  
January 17, 2009

USOC audit conducted week prior to Thanksgiving 2008 for years 2006 and 2007. Typically every two years, but audit for 2005 did not occur.

Volleyball materially complied with the financial requirements of the Performance Partnership Agreement (PPA) for the grant years 2006 and 2007.

	<u>2006</u>	<u>2007</u>
Performance Funding	\$ 694,285	\$ 813,398
Paralympics Funding	164,000	144,000
International Relations	3,660	6,000
Total	<u>\$ 861,945</u>	<u>\$ 963,398</u>

**Recommendations from Prior Report**

Volleyball's previous audit report from the USOC, dated September 19, 2005, resulted in three findings:

1. USA Volleyball must ensure that final grant reports accurately reflect the revenue and expenses related to each project.  
**Status => In 2007, Volleyball's final grant reports contained errors in USOC grant amounts reported. This recommendation is repeated.**
2. USA Volleyball must ensure that all wires and checks are supported by documentation maintained in the accounting files.  
**Status => Based on the expense sample selected during the audit, Volleyball's wires and checks are supported with documentation maintained in its accounting files. This recommendation is not repeated.**
3. USA Volleyball should establish and document a record retention policy.  
**Status => Volleyball has a documented record retention policy. This recommendation was implemented and is not repeated.**

**This audit identified the following opportunities for improvement in the areas of grant reporting and governance**

1. Volleyball must obtain written approval to reallocate \$5,261 of double-counted grant funding or return the funding to the USOC.

2. Volleyball must obtain written approval to reallocate unspent matching grant funding totaling \$8,947 to another project or return the funding to the USOC.
3. Volleyball must ensure final grant reports accurately reflect the amount of funding received from the USOC for a project and the sum of grant funding reported equals the total funding awarded, including VIK.
4. Volleyball should amend the Conflict of Interest Policy to include a requirement for Board members, employees and other pertinent volunteers to annually certify compliance and disclose actual and apparent conflict of interests.
5. Volleyball's Board should designate a member to review the Chief Executive Officer's expenses.

### **Timeline Summary**

Meet with USOC Wed 1/21 prepare response to USOC and discuss any recommended changes.

Final report issued Friday 1/23

Volleyball will have 30 days to submit written responses to each of the final audit report recommendations.

The final audit report will be distributed to USOC and Volleyball officials. Additionally, the report and Volleyball's response will be presented to the USOC Audit Committee at its next meeting.