

Minutes

Board of Directors Meeting December 14, 2011 Redwood City, CA 8:00 a.m. – 1:45 p.m.

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on December 14, 2011, commencing at 8:00 a.m. local time, pursuant to notice duly given pursuant to the USOC Bylaws. The Chair called the meeting to order at approximately 8:00 a.m. The following members of the Board were present in person at the meeting’s commencement: Larry Probst (Chair), Robbie Bach, Jim Benson, Scott Blackmun (CEO), Ursula Burns, Anita DeFrantz, John Hendricks, Nina Kemppel, Jair Lynch, Susanne Lyons, Mary McCagg, Mike Plant, Angela Ruggiero, and Dave Ogrea. Bob Bowlsby joined the meeting at approximately 9:00 a.m. Jim Easton was unable to attend the meeting. The above present members constitute a quorum of the Board under the USOC Bylaws Section 3.15.

Present for the commencement of the meeting from USOC management were: Malia Arrington, Alan Ashley, Lisa Baird, Rana Dershowitz, Walt Glover, Charlie Huebner, Janine Musholt, Patrick Sandusky, Michelle Stuart and Kirsten Volpi. Wayne Moss, Chair of the Multisport Organizations Council, was also present at the beginning of the meeting to present on behalf of the MSOC.

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.

2. Multisport Organizations Council Presentation

Chairman Probst introduced Wayne Moss and welcomed him to the Board meeting. Mr. Moss thanked the Board for the invitation to speak at the meeting and then updated the Board on the MSOC’s current efforts and goals for the upcoming year. Mr. Moss reminded the Board of the basic background of the MSOC and explained that the MSOC’s goals for the upcoming year are to: 1) increase support for Olympic Day; 2) support Olympic family collaboration; 3) create value for the USOC, MSOs and the Olympic family; and 4) strengthen MSOC governance. Mr. Moss provided the Board with insight into the MSOC’s thoughts and plans with regard to each of these four goals.

Mr. Moss also provided the Board with some background on his own organization, the Boys and Girls Clubs of America, and used the Boys and Girls Clubs of America as an example to explore possible ways the USOC and a typical member of the MSOC could partner.

Finally, Mr. Moss shared with the Board a document highlighting MSOC successes over the year.

3. YTD Financial Results

Walt Glover, Chief Financial Officer, provided the Board with a report on the USOC's 2011 year-to-date financial results. Mr. Glover reported that as of November 30, 2011, both revenue and expenses were favorable to budget. Mr. Glover then explained some of the variances, positive and negative, between the budget and the year-end forecast. Overall the organization expects to end the year favorable to budget with regard to revenue over expense. A discussion then occurred regarding the assessment of receivables and the way that reserves are calculated, as well as the backup plan in the event cash flow shifts unfavorably. The Board discussed whether the USOC should consider obtaining a line of credit.

4. CEO Report

At this point Mr. Bowsby joined the meeting.

A. Safe Sport

Mr. Blackmun began his report with a discussion around Safe Sport. Mr. Blackmun requested that Malia Arrington, Director of Ethics and Safe Sport, update the Board on the USOC's ongoing Safe Sport efforts. Ms. Arrington advised the Board of the work done to date and noted that a copy of a draft Safe Sport Handbook, containing policy guidelines and template policies, had been included in the Board materials. Ms. Arrington reported to the Board on the process that had been used to develop the draft Handbook, explaining how NGB feedback was being sought. A discussion ensued regarding the challenges of developing a Safe Sport Handbook and appropriate ways to address them. Following the discussion, the Board reiterated its desire that the USOC take a leadership role in this space, and indicated its support for the direction the USOC is going.

B. Development

Janine Musholt, Chief Development Officer, updated the Board regarding the USOC's year to date Development efforts. The USOC is forecasting to end the year below its revenue target, and will be achieving its results through different channels than had been expected. Mrs. Musholt noted that this year's results made clear the benefits of having a multichannel giving program. A discussion occurred regarding the engagement of the US Olympic Trustees and the major gifts program in general, which has been extremely strong. Mrs. Musholt expressed that as next year is an Olympic Games year, historic trends indicate it should be a very solid fundraising year.

Mrs. Musholt next turned to the USOC's annual giving program, advising the Board that she intends to use 2012 to test a number of new strategies, with a goal of

having a new program in place for the 2013-2016 quad. Following this discussion, Mrs. Musholt reported to the Board on the NGB Challenge Grant program, noting for the Board some very positive early results.

Mrs. Musholt then reported to the Board on the Development Division's efforts as the new USOC liaison group to the US Olympians and Paralympians. The Development Division is working to ensure that the Olympians and Paralympians become more engaged in the USOC's fundraising efforts.

Finally, Mrs. Musholt updated the Board regarding the USOC's London Olympic Games program and noted the success that has been achieved in connection with Paralympic-focused fundraising, both by USOC staff and by the Paralympic Advisory Committee. Mrs. Musholt completed her report by noting for the Board that the USOC has successively had its three best fundraising years ever, but expressed her belief that there remains great room for further growth of the Development program.

C. Marketing

Lisa Baird, Chief Marketing Officer, updated the Board on several aspects of the USOC's marketing efforts. She noted that the USOC will end the year with marketing revenue exceeding budget, due particularly to domestic sponsor sales.

A discussion then occurred among the Board regarding the USOC's relationship with sponsor DeVry and the benefits it could provide to US athletes. Ms. Ruggiero noted that it will be important to effectively communicate the available opportunities to the US athlete population. The discussion then turned more generally to issues around career transitions for athletes and some of the programs the USOC is looking to develop to further help in this space.

Ms. Baird next reported to the Board on the USOC's marketing revenue projections for the 2009-2012 and the 2013-2016 quadrenniums. Ms. Baird noted for the Board certain revenue focused efforts of her sales team and highlighted percentage increases by deal. A discussion occurred regarding the USOC's revenue projections. As part of this discussion, Ms. Baird reported to the Board regarding certain ongoing negotiations with potential new sponsors for the 2013-2016 quad as well as strategies for investment in the USOC brand.

Ms. Baird then updated the Board on the USOC's digital media strategies, including the USOC's proposal to the NGB family regarding web hosting and provision of digital content. Ms. Baird explained how these proposed NGB agreements would interplay with the USOC's broader digital strategies for 2012, which she outlined for the Board.

Ms. Baird next updated the Board on some concepts being explored collaboratively with NBC, noting that the two organizations are working well together.

D. Sport Performance

Alan Ashley, Chief of Sport Performance, updated the Board regarding competition results from the Pan-Am Games and ParaPan-Am Games in Guadalajara. He noted that the athletes involved generally had a very positive experience and that the US's performance was consistent with past Pan-Am Games. Mr. Ashley noted that the USOC's primary focus in Guadalajara had been on qualifying teams for the London Olympic Games, and in this regard the US delegation achieved its objectives.

Mr. Ashley next spoke to the Board about the USOC's medal results in World Championships and other international competitions in 2011, making comparisons to our results in the year leading up to the Beijing Olympic Games and advising the Board of some of the learnings from these results and comparisons.

Mr. Ashley next turned to a discussion of the USOC's High Performance support of NGBs. He updated the Board discussions that have occurred with various NGBs regarding the USOC's guiding funding principles as previously adopted by the USOC Board. As a part of these discussions, the USOC has effectively engaged with the NGBs about the integration of all USOC resources and particularly how best and most effectively to use the OTCs.

Mr. Blackmun requested that Ms. Kempel and Ms. Ruggiero provide insight into the AAC's reaction to the changes the USOC has made. Both Ms. Kempel and Ms. Ruggiero noted that while there is generally an interest in receiving more direct funding, more discussion needs to occur around the non-monetary benefits that athletes receive. Ms. Kempel and Ms. Ruggiero noted that the AAC had also discussed whether to push for a change in the USOC's mission statement to shift the USOC's focus away from the most elite athletes in favor of a broader distribution of resources. Within the AAC, there was not a clear consensus on the topic. A discussion occurred among the Board regarding what this might mean for the USOC and the Olympic Movement in the United States more generally. It was noted that direct athlete support has risen consistently on a quad over quad basis since 2001.

The discussion then turned back to the Sport Performance Division's funding efforts. Mr. Ashley explained to the Board that it would be beneficial for the USOC to provide NGBs with multi-year funding commitments (contingent upon meeting performance metrics and the USOC achieving its revenue expectations). Mr. Ashley noted that this would allow for longer term planning by the NGBs and greater consistency of funding. Mr. Ogrea noted that the ideal from an NGB's perspective would be to move to quad based funding, but he recognized the impracticability of this under the current processes. Mr. Glover then spent some time explaining to the Board the USOC's multiyear budgeting efforts and the steps that go in to this process. It was noted that part of the challenge of adopting this sort of multi-year funding approach would relate to expectation management.

Mr. Ashley next updated the Board on his goals and projections for Team USA's performance at the London Olympic Games, as well as his expectations for other country's performances.

5. 2012 Operating Plan

Mr. Blackmun walked the Board through the USOC's proposed 2012 Operating Plan. He noted that the proposed plan would focus on five areas: Sport Performance, Revenue, Paralympic Organization, International Relations, and Organizational Development and explained that the proposed plan had been developed by staff with active involvement from a subgroup of Board members. A discussion occurred among the Board regarding the plan and metrics for certain items. Following the discussion, a motion was made to approve the Operating Plan. The motion was approved unanimously.

At this point the Board took a 10 minute break. Ms. Baird left the Board meeting during this break.

6. Budget

A. 2012 Budget

Mr. Glover reported to the Board that he had walked the Audit Committee through the proposed the 2012 budget during their meeting the previous day. Ursula Burns, Chair of the Audit Committee, noted that staff is proposing headcount growth primarily to drive incremental revenue and advised the Board that the Audit Committee had engaged in a robust discussion regarding this issue, with particular attention on whether this level of growth could effectively be managed, what it would cost and the reasons behind it. Ultimately, following the discussion, the Audit Committee had determined that it found the staff's proposal acceptable pending full Board approval.

Mr. Glover then advised the Board that the USOC remains on target with regard to budgeting objectives. He noted that revenue is up substantially from the original 2009 budget for the quadrennium. Expenses are up as well, but by significantly less than the USOC's revenue growth. Mr. Glover explained that much of the expense increases come from the reinstatement of programs that were cut in 2009 with the understanding that they would be added back if incremental revenue was generated.

Mr. Glover next presented the Board with information regarding the USOC's historic headcount and the requests being made for 2012. A discussion occurred among the Board. As part of this discussion, Mr. Blackmun noted that, with the increases, the USOC remains below benchmarked averages in headcount for the industry in the area of revenue generation, and further explained that it is the USOC's belief and expectation that the positions will result in a net positive effect to the bottom line. The discussion then turned to the digital media related positions being requested. The general sense of the Board was that it will be important for people to understand that any increases in

headcount authorized are predicated upon the fact that they will generate incremental net revenue for the USOC and therefore the result of these increases should ultimately drive increased funding to NGBs and athletes.

Mr. Glover then explained to the Board how the proposed 2012 budget would affect the 2009-2012 quadrennial budget projections. A discussion occurred as to the policy reasons that the USOC does not currently have a line of credit in place. Mr. Blackmun committed that the USOC would look into some options for the Board's consideration.

A motion was made to approve the 2012 budget. The motion passed unanimously.

B. 2013-2016 Preliminary Budgetary Outlook

Mr. Glover next provided the Board with a view into USOC's preliminary projections and expectations for the 2013-2106 quadrennium, including certain USOC financial goals for the quad. A discussion occurred regarding expectations around Paralympic federal funding as well as appropriate parameters regarding funding decisions for the quad. Mr. Glover noted that at the September 2012 Board meeting he will present the Board with a full quadrennial budget for the Board's review.

C. Budgeting Resolution

Mr. Glover directed the Board to a draft resolution contained in the Board materials relating to the CEO's spending authority and the USOC's budgeting process. He and Mr. Blackmun explained to the Board the USOC's reasons for requesting the resolution. A discussion ensued regarding the proposed resolution and the CEO's current authority. The Board confirmed that it wants the USOC able to commit to single season, but multi-year, funding for winter NGBs (where their seasons cross two budgeting years) and understands that the USOC will need to undertake multi-year contractual commitments. Following discussion regarding the most efficient and effective way to provide the CEO with the assurances and guidance required, the Board unanimously voted to confirm that as part of standard practice and within the existing budgetary processes, the CEO is authorized to undertake multi-year commitments (winter NGB funding, contractual or otherwise) of up to 10% or less of the total USOC average annual expense budget without specific prior Board approval.

Mr. Glover left the meeting at this point.

7. International Relations Report

Mr. Probst updated the Board on the USOC's leadership presence at the Pan-Am Games and advised the Board regarding interactions that had occurred with PASO. Mr. Probst then further updated the Board on international relations efforts that he and Mr. Blackmun had undertaken, and reported on potential upcoming changes in the leadership of ANOC.

Mr. Blackmun next updated the Board regarding the USOC's negotiations with the IOC regarding revenue sharing. A robust discussion ensued regarding the goals, purposes, strategies and potential outcomes of the negotiations.

At this point, 12:20, the Board broke for lunch.

8. Athlete Appearance

At 12:35, Mr. Ashley introduced Jamie Koven, Olympic rower and Mike Teti, Olympic rowing coach. Coach Teti and Mr. Koven gave the Board insight into their respective histories and experiences in the Olympic Movement, as well as their planning, training and goals for London. They discussed the US's rowing prospects for the London Olympic Games as well as some of the challenges facing the US rowers.

At 1:15 the Board went into executive session with all USOC staff other than Rana Dershowitz departing the meeting.

9. Committee Reports

A. Audit Committee Report

Ursula Burns, Chair of the Audit Committee, reported to the Board on the activities of the Committee. The Committee had met the day prior to the Board meeting. It received financial reports from the CFO, about which a full and thorough discussion had occurred. The Committee also received an internal audit report and noted that the audits generally show positive movement. Ms. Burns noted that the USOC's audit process is very strong. The Committee reviewed the US Olympic Foundation's investment policy and received a litigation report from the General Counsel.

B. Compensation Committee Report

Bob Bowsby, Chair of the Compensation Committee, reported to the Board on the activities of the Committee. The Committee had met the day prior to the Board meeting. It reviewed the USOC's achievements against the 2011 Performance Screen and voted on the percentage capture for the USOC staff performance incentive plan. Next the Committee discussed a performance screen for 2012 and determined merit increases (average and appropriate ranges) for the organization. Finally the Committee

discussed the CEO's performance and incentive compensation. Mr. Bowlsby noted that determinations on these last matters will be completed after further discussions.

C. Ethics Committee Report

Mary McCagg, Chair of the Ethics Committee, reported to the Board on the activities of the Committee. The Committee had met the week prior to the Board meeting and Ms. McCagg noted that she, Ethics Officer Rana Dershowitz and Director of Ethics Malia Arrington had been having a standing monthly call as well. Ms. McCagg reported to the Board that at its last meeting, the Committee had discussed the USOC's gift policy, with particular focus on how best to handle gifts above the USOC's gift limits provided by important USOC constituents. Ms. McCagg advised the Board of the Ethics Committee's thinking and the Board then engaged in a further discussion of the matter. Following the discussion, the Board confirmed that all gift policy limitations should be respected and that all gifts above the limits should be properly handled. With regard to gifts involving travel, the Board's general view was that if the USOC believes the trip is in the USOC's interest, the organization should pay for it. If it does not benefit the USOC, then the trip should be declined. Ms. McCagg next advised the Board that the Committee had discussed the USOC's Conflict of Interest policy and annual disclosure process. She noted that the current Committee has been wonderful to work with and she is very appreciative of all of their efforts.

D. Nominating and Governance Committee Report

John Hendricks, Chair of the Nominating and Governance Committee, reported to the Board on the activities of the Committee. The Committee had met telephonically several times over the last two months with a focus on determining two new Ethics Committee members to replace termed out Ethics Committee members Lisa Fernandez and Leslie Caldwell. The Committee reviewed a number of great candidates and ultimately voted, subject to input from the USOC Board, to name Bill Ide and Tara Cunningham to the Committee. Both come highly recommended and impressed the Committee with their experience. Ms. Cunningham meets the "athlete" definition contained in the Act and the USOC Bylaws and will be able to provide an important athlete perspective for the Committee. Following discussion, including several Board members expressing positive personal experiences with one or the other of the candidates, the Board voted to support the Committee's nominations.

E. Paralympic Advisory Committee Report

Jim Benson, Chair of the Paralympic Advisory Committee, reported to the Board on the activities of the Committee. Mr. Benson noted that the PAC had not met since the last USOC Board meeting, but that active and successful fundraising efforts for the Paralympic Champions Fund had been ongoing. Mr. Benson then raised with the Board his preliminary thoughts regarding the functions of the PAC. Finally Mr. Benson reported to the Board on the international relations efforts of several different members of the PAC.

10. Administrative items

A. Women and Sport Conference

Anita DeFrantz updated the Board on preparations for the IOC's quadrennial Women and Sport Conference being held in February 2012 in Los Angeles. She noted that preparations are going very well. It appears that there will be extremely good attendance, but the challenge will be to contain costs or find additional sources of support. In addition to the operational preparations going very well, Ms. DeFrantz noted that visa applications for foreign participants in the conference appear to be moving forward smoothly.

B. IOC Athletes Forum

Angela Ruggiero provided the Board with a short debrief on the IOC Athletes Forum, noting that it had gone extremely well. The Forum was widely recognized as one of the best to date with some great recommendations being moved forward by the athletes. Ms. Ruggiero reported that the IOC was pleased with the USOC's hosting, hospitality and logistical operations.

C. Conflict of Interest Policy

Ms. Dershowitz advised the Board that a copy of the USOC's Conflict of Interest Policy had been provided in the Board materials. She explained that this policy was referenced in the USOC Code of Conduct previously approved by the Board and had been in place for many years. Ms. Dershowitz explained that she was seeking Board approval to have the Conflict of Interest Policy formally adopted into the USOC Board Policy Manual. A motion was made and unanimously approved to do so.

D. Litigation Report

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

11. Adjournment

There being no further business, the meeting was adjourned at approximately 1:45 p.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 Committee.



Rana Dershowitz,
Secretary

Dated: January 13, 2012