

Minutes

Board of Directors Meeting Redwood City, CA December 3, 2013

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on December 3, 2013 commencing at 8:00 a.m. local time, following notice duly given pursuant to the USOC Bylaws. The following members of the Board were present in person for the meeting: Larry Probst (Chair), Robbie Bach, Jim Benson, Scott Blackmun (CEO), Bob Bowsby, John Hendricks, Nina Kemppel, Susanne Lyons, Mary McCagg, Dave Ogreaan and Whitney Ping. Ursula Burns, Anita DeFrantz and Angela Ruggiero participated by telephone, with Ms. Burns participating for the entirety, Ms. Ruggiero joining at approximately 8:30 a.m. local time, and Ms. DeFrantz joining at approximately 9:30 a.m. local time. The above present members constitute a quorum of the Board under the USOC Bylaws Section 3.16. Jim Easton and Bill Marolt were unable to attend the meeting.

Present for the meeting from USOC management were: Malia Arrington, Alan Ashley, Lisa Baird, Jon Denny, Rana Dershowitz, Walt Glover, Teresa Hedgpeth, Charlie Huebner, Benita Fitzgerald Mosley, Patrick Sandusky, Michelle Stuart and Chris Sullivan. Pam Sawyer joined the meeting for a portion of the morning as well.

The minutes were recorded by Rana Dershowitz, Secretary.

1. Call to Order and Welcome

The Chair called the meeting to order at 7:50 a.m. and welcomed the Board.

2. Financial Report

Walt Glover, Chief Financial Officer, reported to the Board on the USOC’s financial results. Mr. Glover advised the Board that the USOC forecasts that it will end the year favorable to budget with regard to revenue and expenses. He explained to the Board the elements that will result in favorability on revenue as well as those areas of expense that appear under budget. Mr. Glover spoke to the Board briefly about the effects of the uncertainty with regard to funding being requested from the federal government to support Paralympic programming. Mr. Glover next indicated that the USOC is projected to end the year on target vis a vis cash.

3. Sport Performance Update

Alan Ashley, Chief of Sport Performance, reported to the Board on sport outcomes from the beginning of the 2013-2014 winter season; providing the Board with perspective on results as compared to expectations. Mr. Ashley advised the Board of his current projections for the remainder of the season, including the Olympic and Paralympic Games in Sochi. Mr. Ashley then reported to the Board on the selection

process for the Games and expected delegation size. A discussion occurred regarding certain logistical aspects of the USOC's plans for the Games.

4. Marketing Report

Lisa Baird, Chief Marketing Officer, presented the Board with an update on the USOC's sponsorship and licensing results to date, noting particularly the increases seen to date in digital media/marketing activation and domestic sponsorship. Mrs. Baird explained her strategies to diversify revenue streams within the marketing space.

Mrs. Baird next updated the Board regarding her marketing revenue targets and expectations going forward. She advised the Board on digital results and a discussion ensued regarding the current NGB digital agreements and the financial structure currently in place. Staff committed to provide the Board with financial projections more fully quantifying the financial risk contained in the current digital strategy. The Board made clear that they continue to support the strategy, just want to better understand the expense structure going forward.

Mrs. Baird provided the Board with highlights of the USOC's 2013 marketing programs. Her report included specific details from the Road to Sochi campaign, the Raise Your Hands program, the Games themselves, including NBC's advertising results for the telecast and general interest around the event, and finally the Team USA Digital Network, including social media.

Mrs. Baird next showed the Board a preview of the USOC's tablet app that will be launching in January 2014. Mrs. Baird also updated the Board on efforts the USOC is taking to support athlete crowd funding efforts. Mr. Blackmun explained that the USOC is providing athletes with some short term support but is also starting to look at the longer term questions to determine whether there are additional resources the USOC might be able to provide to better enable athletes to raise their own support.

Finally, Mrs. Baird reported that USA house is currently in construction within the Olympic Park in Sochi. A discussion ensued regarding the size of the house, plans during the Games and expected levels of demand.

5. Olympic Training Center Operations

Scott Blackmun updated the Board regarding operations and issues at the Olympic Training Centers.

6. Safe Sport Update

Malia Arrington, Director of Ethics and Safe Sport, provided the Board with a proposal of how to effectuate the recommendations of the Safe Sport Working Group. Since the October Board meeting, additional work has been done to flesh out the Working Group proposals and certain areas identified for further development in the designation of an entity designed to handle administration of complaints on behalf of the NGB community. Ms. Arrington explained the solutions being proposed.

A discussion ensued regarding the proposal, its challenges and benefits. The discussion turned to questions around some of the unintended consequences that could arise from the proposal as well as the funding challenges it presents. Following the discussion, the Board expressed its view that the USOC should look to focus the scope of the entity. Staff will come back in April with a further proposal.

7. Team USA Media Summit

Patrick Sandusky, Chief Communication and Public Affairs Officer, updated the Board on the media summit. He explained to the Board the scale of the summit, and the outcome of coverage to date. He advised the Board on the strategy behind the summit with Mr. Blackmun noting its cost and return on investment. Mr. Ogrea commented upon how much the athletes look forward to the summit.

8. USOC Archives

Mr. Sandusky advised the Board of the background of the archives, noting that the archive position is now being funded by the US Olympic Endowment. He then introduced Ms. Teresa Hedgpeth. Ms. Hedgpeth reported to the Board on the current state of the archives and explained her roll. She then showed the Board some highlights of its content and shared the USOC's plans for the archives moving forward. The Board requested that staff do some exploration of revenue sources associated with the archive materials.

At this time the Board took a 5 minute break and Ms. Hedgpeth left the meeting.

9. Development Report

Jon Denney, Chief Development Officer, presented the Board with his proposed staffing and resource plan. He explained that success will depend on: 1) volunteer engagement; 2) identifying compelling gift objectives; and 3) adequate staffing and support.

Mr. Denney presented the Board with the current financial status of the USOC's development efforts, noting results in direct marketing, major gifts, special restricted gifts, alumni and the capital campaign, and then reminded the Board of the fundraising revenue goals for the next two quads, gross and net. Mr. Denney then shared with the Board his strategy for reaching the 2017-2020 quadrennial target. A discussion ensued

regarding the way the results would be calculated, including how NGB specific gifts, endowments and planned giving will all be accounted for.

Mr. Denney next presented the Board with his proposed organizational plan, including principle gift development, major gifts, annual giving, business affairs and development operations. Finally, Mr. Denney advised on his plans for Olympian and Paralympian relations and noted that NGB fundraising will remain as currently staffed.

Mr. Denney then summarized the overall proposal for the Board, and shared with the Board the expenses associated with the plan and the expected return on investment. He also explained to the Board the metrics he intends to use to assess success. Mr. Blackmun noted for the Board that the plan is already built into the budget so no independent budgetary approval is needed, but offered the Board the opportunity to push back on structure. The Board expressed its support for the plan.

10. 2014 Budget

Mr. Glover presented the Board with the proposed 2014 budget. He explained that it had been presented to the Audit Committee already. Ms. Burns noted that the Committee had engaged in a full discussion around the budget, with the Committee particularly focused on assessing the principles embedded in the budget. Ms. Burns explained that if the Board is not supportive of the budget, it must re-assess the programs themselves, rather than look at the budget in isolation.

Mr. Glover walked the Board through the differences between the quad budget presented in 2012 and the current proposal, particularly noting that certain federal funding has been removed, and highlighting certain specific additions and reductions needed to operate effectively. The discussion turned back to how development revenue is reflected in the quad budget as well as how development expenses are accounted for. The Board discussed the interplay with the new Foundation and how best to show its expenses from a budgetary perspective.

Next Mr. Glover shared USOC cash flow projections with the Board, noting the USOC forecasts to end the quad with sufficient cash to ensure no need for a line of credit. He noted that as endowments grow there is going to need to be an assessment of total cash versus operating cash. A discussion ensued regarding the USOC's quadrennial cash flow reserves. The Board expressed its desire to ensure that the USOC continues to grow its sport funding on an ongoing basis, even if that potentially means maintaining a smaller reserve, though only if particular needs are identified. It was agreed that any such incremental sport funding would be considered if the projected revenue is actually obtained and the expense requested is shown to be beneficial.

Following Mr. Glover's presentation on the quad changes, Mr. Glover requested approval of the 2014 annual budget and the revised quadrennial budget. A motion was made and seconded to approve both. The motion was unanimously approved.

At this time the Board broke for lunch. During lunch, the Board heard from Heather Petri, four-time Olympian in the sport of Water Polo.

11. Bid Update

Mr. Blackmun provided the Board with an update on efforts around evaluating whether and with which city to bid for an Olympic and Paralympic Games, advising the Board of his recommended timeline for next steps of the evaluation process. Chris Sullivan, Chief Bid and Protocol Officer, reported to the Board on the work that has been done to date in the bid evaluation process. Mr. Sandusky also provided his perspective to the Board. Mr. Probst shared with the Board feedback he has received at the international level. The Board engaged in a discussion regarding the evaluation process.

12. International Relations Update

Anita DeFrantz noted for the Board that the IOC Executive Board will be having a several days long retreat. Topics of discussion will likely include proposals that had come out during the Presidential election race, as well as operations of the IOC, sports on the Olympic program, IOC member age limits and the Youth Olympic Games. Mr. Probst updated the Board on the efforts made by President Bach to date as well as the European Olympic Committee assembly. He advised the Board that ANOC is meeting next week, and will then be meeting with the IOC and reminded the Board that the next IOC session will be in Sochi before the opening of the Olympic Games.

13. Committee Reports

A. Paralympic Advisory Committee

Jim Benson, Chair of the Paralympic Advisory Committee, updated the Board regarding the activities of the PAC. Charlie Huebner reported to the Board on the status of the USOC's request for VA funding. Mr. Benson reported that he, Mr. Huebner and Julie O'Neil attended the IPC Assembly, at which there were elections of the President and Vice Presidents. Sir Philip Craven was reelected as President. Ann Cody ran for Vice President but was unsuccessful, though she will stay on the governing board.

At this time USOC staff other than Secretary Rana Dershowitz, were asked to depart the meeting.

B. Nominating and Governance Committee

John Hendricks, Chair of the Nominating and Governance Committee, reported to the Board on the activities of the Committee, advising that the Committee is close to having final selections for the USOC's Ethics Committee. Mr. Hendricks sought feedback from the Board on the finalists being considered. Mr. Hendricks next raised for the Board the fact that with Mr. Probst's election to the IOC, there is an existing independent seat available on the Board. Mr. Hendricks expressed his thinking regarding beneficial experience to be looked for in a new Board member. The Board provided

guidance for use by the Nominating and Governance Committee that with all of the work being done to enhance the USOC's fundraising efforts, obtaining a Board member who could speak effectively to the USOC's fundraising goals, strategies and experiences would be beneficial. Mr. Hendricks reminded the Board that in addition to the seat from Mr. Probst, there will be an additional independent seat available at the end of 2014, along with one NGB seat and one AAC seat. A discussion ensued regarding timing for the vetting and nomination of the new Board members.

C. Ethics Committee

Mary McCagg, Chair of the Ethics Committee, provided the Board with a brief update on the Ethics Committee's activities, noting that monthly calls are held among the Chair, the Ethics Officer and the Director of Ethics but that no new issues have required full Committee attention. She reminded the Board to complete its annual conflict of interest disclosures.

D. Compensation Committee

Susanne Lyons, Chair of the Compensation Committee, reported to the Board regarding the activities of the Compensation Committee at its December 2, 2013 meeting. The Compensation Committee reviewed the USOC's performance against its 2013 Performance Screen. She advised the Board of the recommended payout of the at-risk compensation pool and requested Board approval of the recommendation. Following discussion, the Board unanimously approved the Committee's recommendation. Next the Compensation Committee had discussed the proposed 2014 Performance Screen. Ms. Lyons shared the proposed screen with the Board and the Board discussed it. No concerns were raised by the Board. Ms. Lyons reported that the Committee had also discussed the recommended average merit increase recommendations, which was also supported by the Board. Finally, Ms. Lyons reported that the Committee had discussed the CEO's performance. At this time, Scott Blackmun was asked to depart the Board meeting so that the Board could discuss his performance and the Compensation Committee recommendations on his incentive compensation for 2013 and merit increase for 2014. The Board unanimously approved Mr. Blackmun's merit increase and incentive compensation.

E. Audit Committee Report

Ursula Burns, Chair of the Audit Committee, reported to the Board on the activities of the Audit Committee at its December 2, 2013 meeting. Ms. Burns reported that the Committee had received and reviewed the financial reports and budget. She reported that the Committee had discussed the work that internal audit has been doing, praising Ms. Kerek for the new perspective she is bringing to the role. The Committee reviewed and approved the 2014 Audit plan, noting certain changes that will need to occur if the requested Paralympic related federal funding does not happen. The Committee spent time assessing organizational risk generally, noting that risk outside of financial risk will be better evaluated by the full Board rather than the Audit Committee. Ms. Burns noted that the Committee had also undertaken a high level review of the USA

Judo and US Shooting audits. Additionally, the Committee had undertaken a self-assessment, reviewed its annual calendar, and spoken briefly about the FCPA noting the USOC's benchmarked assessment regarding the FCPA risk showed risk to be low. Committee member Whitney Ping commented on the discussion the Committee had regarding the optics around direct athlete support, noting the Committee's desire that the USOC continue its efforts to clearly show all of the benefits provided by the USOC to athletes. Ms. Burns moved that the Board approve the 2014 Budget as presented. The motion passed unanimously.

14. Administrative Items

A. Background checks

Ms. Dershowitz updated the Board on the status of the Board and committee background checks.

B. USOC Bylaws

A discussion ensued regarding certain clarifications to the USOC Bylaws currently posted for public comment as well as an additional clarification being proposed. At the Board's direction, Ms. Dershowitz confirmed that the further clarifications would be publicly posted for a 60 day public comment period so that they could be formally considered by the Board at the April Board meeting.

C. Board dates

Ms. Dershowitz reminded the Board of the 2014 Board meeting dates and locations.

14. Adjournment

There being no further business, the meeting was adjourned at approximately 2:00 p.m. PT.

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

December 23, 2013
Date