



**MINUTES
USATT BOARD OF DIRECTORS
CONFERENCE CALL - MEETING JANUARY 25, 2017**

The Board of Directors of USA Table Tennis held a special meeting on January 25, 2017 by teleconference at 7pm Eastern time.

The Meeting was called to order by board chairman, Peter Scudner at 7:05pm.

Roll call

The following board members attended by phone:

Peter Scudner, Anne Cribbs, Tara Profitt, Larry Hodges, Carlyne Savini, Deepak Somarapu, Ed Hogshead. Erica Wu was absent and excused.

Also attending: Carl Danner (foundation rep), Dennis Taylor (general counsel), Gordon Kaye (CEO), Bill Robers (attorney)

No conflicts were reported.

Mr. Scudner explained that this was a special meeting to address three open items from the December 2016 board meeting. In each case the board had directed the CEO to prepare documents to be presented to the board at a meeting in January. This agenda addressed those items; no other business was scheduled. There were no objections.

The next board meeting is scheduled for Monday, February 13, 2017 at 7:00pm ET at which time the board will select a new chairman and conduct other business.

SafeSport Policy Discussion

CEO Gordon Kaye presented the plan to implement the previously approved USATT Safe Sport Policy regarding background checks for coaches, leadership and others in contact with youth. He explained the plan to communicate the policy, to set a deadline for background checks of June 30, 2017, to provide a special membership category for non-members who will be required to complete checks due to their duties, the impact of non-compliance on insurance coverage and membership, the requirements imposed by the USOC and the insurance carrier for USATT, and the importance of doing the right thing to protect our members, especially the youth. Discussion followed. Mr. Hodges expressed concern on having too broad a rule for clubs to implement. Ms. Profitt expressed support on behalf of athletes and reiterated the implementation among all NGB members of the USOC. Ms. Savini and Mr. Hogshead expressed support. Mr. Danner recommended monitoring the implementation and adjusting as needed. Mr. Somarapu asked for clarification and encouraged a phased in implementation with earlier deadlines. Mr. Kaye proposed final language that would be similar to that used by USA Fencing.

Motion: Ed Hogshead, Second Anne Cribbs

"Accept the recommendation and direct the CEO to implement the Safe Sport background check policy with final language to be distributed in one week from this meeting."

The motion passed: Aye - 6, No - 0, Abstain - 1 (Hodges)

NewCo and Licensing Discussion (Bill Robers, our outside attorney, joined the call at this time)

Mr. Scudner recapped the discussion at the December 2016 board meeting that authorized the drafting of documents to create a C-Corp subsidiary of USATT (referred to as NewCo) to handle event management

and broadcast production of certain US and International table tennis events. Mr. Kaye explained how this entity will reduce some financial risk to USATT and will move certain commercial activities to the New Company while keeping USATT focused on membership activities, athletes and high performance duties. Mr. Robers explained how this structure was used by other NGB and sporting groups. Mr. Robers reviewed the separation of duties between USATT and NewCo, the Bylaws, Articles of Incorporation, structure of the board of directors, ownership, and how NewCo would relate to USATT and to the implementation of licensing agreements.

Discussion followed with questions from the board to clarify certain terms and conditions. Mr. Robers suggested using the term "in general form" to allow for adjustments to the final language without subsequent review if they were not material. Mr. Taylor concurred and indicated that he could review the final draft with Mr. Kaye and Mr. Robers.

Motion: Ed Hogshead, Second Larry Hodges

**"Approve in general form the documents presented establishing the C-Corp subsidiary of USATT referred to as NewCo pending review of the final version by General Counsel Dennis Taylor."
The motion passed unanimously.**

Discussion then moved on to the proposed licensing agreement between Seamaster and USATT. Mr. Scudner and Mr. Kaye summarized the agreement negotiated with Seamaster owner Mr. Frank Ji with the knowledge of the ITTF. The general terms would permit Seamaster the rights to commercialize international table tennis events in the US including the US Nationals and the US Open, as well as future events to be named, in exchange for an annual licensing fee that starts at \$200,000 a year. The agreement can continue for up to 10 years with renewals and increases included. Discussion followed with questions about the relationship with Seamaster, the renewal terms, the fee, the cancellation terms, and quality control of tournaments. It was noted that Seamaster was the title sponsor of the Women's World Cup finals in 2016 and the upcoming ITTF Pro Tour in 2017. Mr. Kaye explained how the license required that Seamaster use NewCo to operate and commercialize these tournaments and that the details would be further determined by a Management Agreement. He explained that the licensing agreement provides for USATT to license events in exchange for a stable revenue fee, for Seamaster to have the right to commercialize the events for a potential profit and further it requires Seamaster to use NewCo to run the events. The license agreement has language that protects the quality of the events and provides protection for USATT regarding other types of sponsorships.

Motion: Larry Hodges, Second Carlyne Savini

"Approve in general form the documents presented establishing a licensing agreement between USATT and Seamaster for certain commercial rights to international table tennis events in the US for a period of up to 10 years pending review of the final version by General Counsel Dennis Taylor."

The motion passed unanimously.

(Mr. Robers left the call.)

Budget Discussion

Mr. Kaye presented an operating budget for USATT for the year 2017. This budget was created without including any revenue from the proposed licensing agreement, as that has not yet been concluded. The budget will be re-cast pending a successful completion of the licensing agreement with Seamaster. This operating budget shows a decrease in overall revenue and expenses from 2016 reflecting that 2017 is not an Olympic year. The proposal is for a break-even budget. Mr. Kaye reviewed each revenue and expense category with the board.

Discussion followed with Mr. Hodges expressing concern about the reduction in funding for the High Performance program. Mr. Kaye explained that he had received input from the High Performance Committee and that additional support could be provided if the corresponding revenues are found through fundraising efforts.

Motion: Carlyne Savini, Second Anne Cribbs
"Approve the budget for 2017 as presented."
The motion passed unanimously.

Meeting adjourned at 8:45pm EST.

Next board meeting is scheduled for Monday, February 13, 2017 at 7:00pm EST