

Minutes
USOPF
Board of Directors Meeting
New York City, New York
December 6, 2018

A meeting of the Board of Directors (the "Board") of the United States Olympic and Paralympic Foundation ("USOPF") occurred on December 6, 2018 commencing at 9:00 a.m. local time, following notice duly given pursuant to the USOPF Bylaws. Pursuant to the list below, the following members of the Board were present in person or by telephone. The present and telephonic members did constitute a quorum of the Board under the USOPF Bylaws Section 3.10 (a).

Present for the meeting, in person and telephonically were the following Board Members, listed alphabetically: Dwight Anderson, Nancy Armstrong, Tim Armstrong, John Babcock, Michael Carter, Kevin Clifford, Robert Cohen, Gayla Compton, Kevin Compton, Gordon Crawford, Joan Criswell, Brian Deevy, Daniel Dickinson, Scott Freidheim, Joanie Hall, Sarah Hirshland, Katherine Kendrick, Jonathon Ledecy, Alicia Miñana de Lovelace, John Macfarlane, Robert Merrilees, Joy Mistele, Thomas Mistele, Corinne Nevinny, Vadim Nikitine, Erica Penn, Kevin Penn, Edward Plummer, Brad Powell, Tracey Powell, Gary Rieschel, Johnathon Robertson, Susan Schnabel, Lisa Shlovsky, Steven Strandberg, Benjamin Sutton, Stuart Weitzman, Kevin White, Geoff Yang, and Lisa Zelson.

Newly elected Board member, Philip Corboy, whose term begins January 1, 2019 was in attendance and guest Bob Hall was in attendance.

Present for the meeting from the USOC were: Jon Denney, Morane Kerek, Alan Ashley, Rick Adams, Blanton Jones, Christine Walshe, Charlie Huebner, Gene Derkack, Jason Rizzi, Christine Palmer, Alexandra Triumph and Megan Berg.

The minutes were recorded by Megan Berg, Secretary.

1. Call to Order and Introductory Remarks

The meeting of the Board was called to order by Gordon Crawford, Board Chair. Gordy welcomed attendees and thanked them for participation. He noted that both Larry Probst and Susanne Lyons were currently in Lausanne, Switzerland and welcomed Sarah Hirshland to her first USOPF Board meeting.

Gordon called for a vote to approve Board Meeting minutes held April 12, 2018 and the Annual Meeting minutes held July 23, 2018. The motions were made and seconded and the minutes were approved **unanimously**.

2. Board Committee Reports

a. Executive Committee

Gordy reported that the committee has held two meetings since the Annual Meeting, one on November 9, 2018 and a joint meeting with the Finance Committee on November 26, 2018. In the meetings, they reviewed the USOC's process to clarify its mission statement and allowed the Executive Committee to make recommendations and reviewed the proposed 2019 budget.

Gordy also took time to recognize Board members, Bill Hybl, Vadim Nikitine, Kristen Ehrgood, and Larry Probst who will term off the Board on December 31, 2018. He noted the specific contributions of each Board member, thanked them for their service and noted that each will remain engaged with the USOPF as Trustees at the end of their terms.

Gordy also welcomed Flip Corboy, in attendance, and James Benson to the Board with their terms beginning on January 1, 2019.

3. **USOC Update**

Gordy introduced Sarah Hirshland, USOC CEO, who updated the Board on the following matters:

a. USOC Mission and Guiding Principles

Sarah is working with her executive team, Board of Directors, and other constituents to define and articulate a Mission Statement and Guiding Principles that will stand the test of time and define the purpose of the USOC. Sarah shared the current working language and there was a discussion about proposed changes and edits. Sarah also shared that any changes will not be finalized until the Borders Commission issues its report.

b. Borders Commission

The Borders Commission, led by Lisa Borders, is charged with looking at the relationship between the USOC, NGBs and athletes and expected to issue its final report with any structural change recommendations in June 2019. The work of the Commission and its potential recommendations may affect the USOCs work on the Mission Statement and Guiding Principles.

c. Congressional Inquiries

Sarah reported that she is actively engaged with Congressional staff and the Senate expects to finalize its report in early 2019. There was a discussion regarding the impact of the November mid-term election results.

d. Ropes and Grey Investigations

Sarah has not had direct communication with the investigators, but Ropes and Grey have publicly said that the report will be issued by year-end. The report will be released publicly and Sarah is comfortable with the USOCs plan to react to the release, even with specific findings unknown.

e. USA Gymnastics

Sarah shared that USAG continues to be a moving target as the USOC determines the impact that the USAG bankruptcy filing will have on the USOC's Section 8 procedures. The USOC is ensuring that the elite athletes have continuity in training and planning for Tokyo. The USOC continues to monitor USAG's staffing and Sarah noted that the USAG Board Chair stepped down last week and has been replaced, and the Chief Operating Officer has resigned. Sarah also noted that USAG membership has increased.

There were questions and a discussion regarding what success looks like for both the USOC and USAG, what the USOCs plans are in the event a replacement organization is necessary if USAG has its

membership revoked, and how the USOC is engaging with victims. The Section 8 process was outlined and there was a discussion about how the USOC is issuing grants to USAG in the current climate.

Board members also initiated discussions regarding the scope of the Ropes and Grey investigation, and financial support for the U.S. Center for Safe Sport.

4. NGB and Athlete Services

Rick Adams, Chief of Athlete and NGB Services, discussed his efforts in working with USAG and the U.S. Center for Safe Sport in 2018. He also discussed how the departments he oversees are addressing troubled NGBs beyond USAG and the services that can be offered to support the NGBs and athletes. His teams are considering an "Incubator Model" approach which would be in place in the event that a sport's USOC membership was either voluntarily or involuntarily terminated that would govern and manage the sport. The Incubator would be set up as a separate non-profit organization and would serve as a bridge between a prior NGB organization and a new organization. Rick shared that there was precedent for the USOC acting as an interim bridge management for a sport (e.g. U.S. Canoe and Kayak).

There were additional discussions regarding the history of U.S. Canoe and Kayak and management issues that arise in high performance within a large grass roots organization, NGB expectations of USOC's role and support, the USOC's Audit department and its role in measuring NGB compliance and Section 8 considerations for NGBs other than USAG.

5. Sport Performance

Alan Ashley, Chief of Sport Performance, updated the Board on High Performance matters, including the role of data and analytics in measuring US readiness against all athletes. Alan shared that two years ahead of Tokyo, he is very optimistic. As among other countries, Alan shared that Japan is very focused and performances are improving, China is catching up to other nations, Russia is still banned in track and field and Great Britain is falling back after heavy investments ahead of 2012.

Alan shared that Sport Performance priorities include: (1) mental health services and resources for athletes; (2) need based allocation structure for direct athlete support; and (3) a youth sport working group that identifies and aggregates support for issues that are common across sports including an education program that athletes younger than 12 should not specialize in a single sport and providing better coaching tools.

Rick Adams also reported on Paralympic Sport performance, including the PAC Strategic Planning process that identifies ways to leverage potentially transformative opportunities for Paralympics in the run up to LA 2028.

6. Fundraising and Finance Report

Jon Denney, USOPF President and USOC Chief Development Officer, thanked the Board for their efforts during 2018 and shared that new fundraising activity through November 30, 2018 is expected to exceed \$35 Million against a goal of \$24 million and noted that the total does not include the value of the Olympic memorabilia collection donated by Gordy Crawford in August. Jon reviewed new activity totals by gift bands: principal gifts, major gifts, Team USA Fund (gifts less than \$100,000) and planned giving.

Jon noted that 30 annual fund donors had been identified and researched for additional capacity and moved in to gift officer major gift portfolios. Additionally, the gift officer team has closed 50 gifts in 2018 and access to Tokyo hospitality was a motivating factor for many donors. Of the 50 gifts, 32 gifts were from previous donors of which 26 committed to a gift at a higher level than their prior commitments, 2 were incremental gifts to the donors' current commitments and 4 gifts renewed a gift commitment at the same level.

Jon reviewed cash accounting totals through October 31, 2018, with gift receipts totaling \$25.653 million, which includes the USOC grant for operating expenses. Jon noted that at the Annual Meeting in July 2018 he discussed USOPF's expense overage expectations. He revised the expected expense overage down to \$232,000 due to cutbacks in events and personnel changes. Jon also shared that the USOPF has granted \$11.442 million to the USOC (\$2.4 million over budget) in 2018 through October 31, 2018 consisting of \$4.792 million of donor restricted grants to the USOC and \$6.65 million in USOPF Board designated grant for sport, elite athletes and programs.

Jon next discussed the proposed revised quad new activity goals. He proposed revising the 2019 and 2020 goals in light of 2017 and 2018 results that indicate that Tokyo hospitality access will not be driving new gift commitments but recommends increasing the overall quad goal from \$120.9 million to \$125.1 million. He reviewed the pipeline, gift pyramid and strategy to meet the updated projections.

Christine Walshe, Vice-President of Principal and Major Gifts, thanked the Board for their assistance and leadership. She noted that the USOPF has no natural affinity base and the Gift Team's success is largely due to referrals. Christine shared that the Team Captain program is full for Tokyo and Principal gift focus will shift to Sport Ambassador gifts. She shared that two additional Sport Ambassadors have made gift commitments since the Annual Meeting. She shared the Table of Gifts broken out over all giving levels that will be necessary to meet the new activity goal of \$33.5 million in 2019 and \$30.8 million in 2020. She shared that the Tier 2 and Tier 3 regions are beginning to show positive responses to giving levels at \$100,000. Additionally, Tokyo hospitality assets are expected to be limited and based on the current structure of the Trustee program it is not expected to be scalable, but both the Champions program and personalized programs will be scalable.

Christine addressed questions regarding giving motivated by Beijing and expectations of future interest in the Paris and Los Angeles Games.

Jon Denney reviewed the cash revenue budget for 2019 and 2020. Jon also reviewed the 2019 and 2020 proposed expense budgets, which include incremental requests for supporting Tokyo Hospitality expenses and incremental investments in the Team USA Annual Fund program for acquisition of new donors. Further, Jon reviewed the impact on the USOPF's efficiency ratio if the additional expense dollars are approved. Jon noted that the USOPF will not be rated by Charity Navigator until 2021.

There was a discussion regarding breaking out hospitality expenses in to a separate line item and the affect on the package costs if staff expenses are added to the donor price. There was a lengthy discussion on ways to improve the USOPFs cost to raise a dollar.

Dwight Anderson, Chair of the Finance Committee, reviewed the following requested Board Actions:

- a. Approval of the 2019 new activity goal of \$33.5 million and endorsement of revising the quad goal to \$125.1 million, which is endorsed by the Finance Committee. The Board **unanimously** approved the item.
- b. Approval of the 2019 revenue budget of \$37.8 million and expense budget of \$13.2 million, including incremental investment of \$1.3 million in new donor acquisition for the Team USA Fund. The Board **unanimously** approved this item, with a caveat that they do not approve releasing the incremental investment for spending until approved by the Finance Committee pending additional information on return on investment expectations.
- c. Approval of changing the target fundraising efficiency goal from \$0.30 to \$0.32 by 2020. This item was **approved** by the Board.

7. USOPF Operations Report

Jon Denney reviewed the following operational matters of the USOPF:

- a. Staffing changes within the Major Gift Team;
- b. Updated communications plan with Board including adding all Board members to the USOC's Sport Scene email distribution list and a monthly newsletter from Jon to Board members;
- c. Update on new Working Groups, including the Paralympic Working Group and a pilot group to work with the NGB Services department.
- d. The USOPF 2019 Operations Plan, which Jon will share with the Board at the February Board meeting, including metrics to measure against for the Board's ability to evaluate the USOPF performance; and
- e. USOPF strategic plan, which will be addressed more fully at the February Board meeting.

8. Nominating and Governance Committee

John Macfarlane, Chair of the Nominating and Governance Committee, requested that Megan Berg, USOPF Secretary and USOC Sr. Associate General Counsel, Development, review the proposed Bylaws amendments. Megan reviewed each of the proposed edits and John requested a motion and vote. All proposed amendments were **unanimously** approved.

John next thanked the Board for participating in the Annual Survey and thanked Susanne Lyons for assisting in the content of the survey. John shared the four main themes that staff will address from the results include (1) Financial transparency; (2) Increased communications; (3) Increased individual and group engagement opportunities; and (4) More opportunities for Board members to offer feedback in a group or individually.

9. Games Hospitality – Plans for Tokyo 2020

Blanton Jones, Vice-President of Strategic Partnerships, reviewed the Tokyo programs, including the giving levels, package costs, deposit and cancellation policy and proposed accommodations for Tokyo 2020. There was a discussion regarding the distance between the proposed hotels and USA House.

10. Other Business

Bob Hall shared that he serves on Biathlon Board of Directors and encouraged Board members to attend the 2019 IBU World Cup in Utah on February 16-17, 2019.

There being no further business, the meeting was adjourned at 11:54 a.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 and Paralympic Foundation.

Approved by the USOPF Board this 7 day of February 2019.



Megan S. Berg
Secretary