Grow the game through fiscal and structural sustainability

March 2, 2020
USAR has a responsibility to cultivate an American culture of rugby, which supports players throughout the various pathways of the sport, including youth/high school, college, club, professional or national team tracks.
Alternative to Bankruptcy – Restructuring Workout

• The task force recommendation is to avoid a legal Chapter 7 or 11 bankruptcy and instead engage in a stakeholder-directed restructuring of the operational and fiscal management of the sport in the United States.

• The benefits of this approach include:
  • **Stakeholder-directed out-of-court process** vs. years of costly litigation out of the control of our membership and left to the courts and creditors.
  • **Ability to preserve & continue to progress with our national teams to include achievement of our athlete’s Olympic goals** vs. the strong possibility that USOPC would be forced to manage the teams upon the occasion of bankruptcy.
  • **A comprehensive restructure will lead to World Rugby investment in the whole of our U.S. game** vs. insolvency and collapse of the Union.
  • **The ability to be more flexible with commercial contracts to benefit the entire USA Rugby community through decentralization** vs. the complete loss of capabilities to contract commercial deals at the grassroots level.
• Build a rugby structure in the USA that is fiscally and structurally sustainable.
• Adopting a diverse and inclusive culture across the sport.
• Form representative community councils directly elected by their constituents.
• Create a representative and effective Board of Directors with clear roles and responsibilities.
• Prevention of comingling funds through the segregation of National Office and HP Team accounts.
• Installation of disciplined and transparent financial management standards through Bylaw changes.
• Lean National Office with clear services and role.
• Restore trust in national structure and capabilities to maximize sponsorship, membership and philanthropy.
• Create a joint strategy with World Rugby to fund the growth of the game in the USA.
Congress Migration to National Councils

- Congress reps and Community Committees combine and devolve into National Councils.
- Council membership rules shall allow any qualified community member to join.
- Council leadership
  - 7-9 elected members (TBD)
  - Elect National Board representative / council chair (from within Council)
  - Set guidelines for respective community
  - Council members must be elected from constituency
Community Council Responsibilities

National Council of Youth & High School
- Model after successful American sports structures
- Supported by National Office services
- Manage receivership of grant funding for community initiatives from National Office
- Flow of communications

National Council of Club
- Council communities required to have USAR membership
- Locally managed costs and revenue
  - Membership dues
  - Community philanthropy
  - Public grants
  - Community rugby events
  - Regional corporate sponsorships

National Council of Collegiate
- Manage commercial assets
- Manage championships
- Eligibility
- Competition
- Discipline
- Engage national team pathways

National Council of International Athletes

3/11/20 USAR Reorganization Plan 7
A Lean National Office
Support & Empower the Community

- Training & Education
- Finance & Administration
- Coaching & Referee Certification
- Membership Services and Systems
- Annual Community Meeting
- Governance & Compliance
- World Rugby Liaison
- USOPC Liaison
- Marketing and Communications Support
- Insurance
- Membership dues to be inline with other comparable National Governing Bodies
• Reporting will be provided monthly for the prior month to Audit and Risk.

• Budgets will be submitted by 9/30 of each year to A&R for to allow for adequate planning and organization and approval for subsequent term.

• Semi-annual budget reviews with adjustments will be required by the board.

• Assumptions on shared costs will be transparent and agreed by the sharing parties.

• NO will be required to operate on 80% of annual revenue and may not “spend to budget” regardless of income.

• Separated bank accounts for National Office functions and HP Operations
USOPC, as the governing body for Olympic national teams, is aware and concerned of the dire financial conditions and historical structural instability of USAR.

They have a history of being fiercely protective of Olympic athletes and intervening upon evidence of insolvency, mismanagement or any violation of the Ted Stevens Act.

USOPC has opined that our dues, governance and operating structure is antiquated and insufficient to support a modern NGB.

Would strongly prefer that USAR as the NGB find and manage their own solutions, however willing to provide assistance (e.g. insurance, bylaws, help, etc.)

If financial insolvency is imminent, they reserve their rights to take over Olympic teams, as they have historically done with other failing NGBs. We have been advised that a cautionary letter is imminent.

Time is of the essence on this process due to the rapidly approaching 2020 Summer Olympics.

USOPC has reviewed in person a draft of the V2 reorganization plan and believes the proposed structure represents a stable platform based on their insight into numerous other NGBs.
World Rugby has a historical record of supporting USAR and providing loan/funding in 2018 and 2019. The continued and worsening financial and governance problems have eroded the confidence in the current USAR governing structure.

World Rugby has reviewed the V2 reorganization plan and discussed this in detail with the Reorganisation Task Force and USAR Board.

Upon adoption of the new governance and operating structure USA Rugby would be better positioned to have a sustainable long term funding strategy for the first time.

Demonstration of real fiscal and structural change is required to realize this opportunity.
The Proposal to World Rugby:

- Immediately provide funding to overcome the current deficit and fund a transition period for USAR to restructure.
- Long term funding and support of pathway and national teams to including the potential to host a World Cup in the USA in 2027/29/31. This proposal if approved could be the most robust and comprehensive funding package ever contemplated.
- Provide grants to support the community growth of rugby in areas such as:
  - Referee and coach training
  - Membership growth
  - IT infrastructure funding
  - Youth programming initiatives
Timeline for Restructure

1/13/20
• Task Force Report V1 submitted to Congress and Board

1/22/20
• Congress and Board Call to review Task Force Report V1

1/7-2/20/20
• Stakeholder input and review of Task Force Report V1

2/3/20
• Financial information released
• Financial Proforma of National Office released
• Announcement of revised timeline

2/28/20
• Task Force Report V2
• Draft of Structural & Financial Bylaw Changes
• Financial Proforma of National Office update
• USAR Board Meeting

3/11/20
USAR Reorganization Plan
3/7-15/20
• Congress and Board call to review 2/28/20 work product

3/11/20

3/15/20
• Working Groups report proposed council internal policies and procedures to Congress members and the Board

3/28/20
• Final Task Force Report
• Final Draft of Bylaw and Community Agreement
• Final Financial Proforma (3 Yr forecast)

4/1/20
• Congress vote to ratify financial stability and restructuring bylaw changes
• Upon a positive vote, Congress migrates to council membership

4/15/20
• Council membership starts its nomination process for its internal leadership group

5/1/20
• Council leadership is seated
Timeline for Restructure (cont.)

5/15/20
- Council leadership to vote its national board representative

6/1/20
- Decision to be made on future insurance coverage based on current work in progress

7/31/20
- Board Meeting with current board members

8/1/20
- Selected insurance in place; new USAR membership opens and new Board is seated

8/14-15/20
- First annual USAR meeting of community councils and board

9/1/20
- New Membership Structure commences