

Congress Statement to the Membership Regarding Congress Meeting, February 11th, 2017

Dear USA Rugby Members,

As your representatives to USA Rugby, we want to provide you with an opportunity to learn more about this past weekend's Congress meeting so that you will be better informed about the discussions and decisions that were made in support of the game. The USA Rugby Congress is a representative body of the membership that meet bi-annually. It is comprised of elected representatives for Youth & High School, College and Club rugby, and ten International Athletes.

The role of the Congress includes serving as a liaison between the Board/ National Office and the rugby community, receiving and reviewing reports from the departments within the National Office and actions taken by the Board, approval of any dues increases, the election and potential removal of Directors to the Board, approval of Bylaw changes and approval of any non-ordinary course transactions of the organization.

Typically, USA Rugby will provide to Congress a meeting agenda for approval that focuses on issues impacting the membership along with status discussions from the various departments within the National Office.

An agenda was provided to Congress and amended prior to the Saturday meeting. Congress members scheduled an unofficial pre-meeting and decided that the critical items must include:

1. Board Accountability
2. Financial Issues
3. RIM – The Rugby Channel
4. High Performance
5. 2018 RWC 7s
6. Strategic Plan
7. Gender Equality

The amount of critical issues constrained our ability to get all of the specific answers we desired, and limited additional questions and answers to only those topics on the agenda.

However, there were many positives during this meeting, which included the creation of a pathway for more transparent discussions about the operations of the National Office and a consistent line of communication to answer questions by the membership on an ongoing basis. In addition, it led to the group decision to begin publishing Congress meeting minutes, even if redacted, for public consumption. We'll work with the National Office on storing the minutes in an easily accessible space on the website. The revised agenda was presented to the Board. Will Chang, Chairman, began the meeting by calling for a completely open and honest discussion of the issues, and in turn fielded all questions over the course of the day, which was refreshing.

Board Member Rob King then led a discussion on the organization's current financial issues, followed by a healthy question and answer session that focused on financial accountability and controls going forward. King assured the group that personnel and process changes will be

made to protect the organization from internal and external contingencies, departmental overspending and to improve financial disclosures to the membership.

Furthermore, King explained that the Audit Committee will have a role in providing much more rigorous oversight and the National Office will be required to provide more regular and detailed financial status updates to Congress on a quarterly basis.

A dues increase vote and discussion was never proposed because the Board believed that increased costs to the membership for the failings of the organization's financial practices was unacceptable at this point. This year's National Office budgets (aside from High Performance) will be fixed to last year's actuals. The High Performance budget will be reduced across all segments compared to 2016 actuals.

Congress members also questioned and noted concern about the disparity in the Women's National 15s side budget to the Board during a Rugby World Cup year. The Board responded by pledging to increase funding to the program by more than \$100,000 in preparation for this year's Rugby World Cup (RWC) in Ireland.

Chad Keck and David Sternberg, Chairman and CEO of RIM, respectively, provided a detailed discussion on RIM and The Rugby Channel. David Sternberg will now be the full-time CEO of RIM. The presentation focused on the purpose and structure of RIM, a financial summary including a five year plan and priorities for 2017. USA Rugby now owns over 75% of RIM, with other investors including the RFU, CSM, the Harlequins and other individual investors (five) owning the remaining shares. No current or former USA Rugby Board members own any shares in RIM or The Rugby Channel. Will Chang expressed the Board's desire that if possible, USA Rugby would not seek additional investors or increase existing investor's shares in RIM.

David Sternberg outlined that RIM is currently negotiating or discussing sponsorship deals with over 10 new companies in addition to existing partners.

Newly appointed General Manager for the Rugby World Cup 7s, Rosie Spaulding, provided a strategy and status update. Rosie also highlighted the Board's insistence in negotiating a single venue that would feature both women's and men's competitions, unlike past RWC's, where the competitions were hosted in separate stadiums.

Alex Magleby presented an informative High Performance update including funding of the National Teams. Magleby also highlighted how crossover is occurring between 7s and 15s, and the sharing of Men's and Women's side resources. Also discussed were HP pathways and educational and mentorship programs through National Team Coaches.

A discussion on professional rugby ensued, which unfortunately left many questions unanswered due to ongoing negotiations that prevented Board members and the National Office from commenting, at the advice of legal counsel.

Congress then focused on gender equality and the need to prioritize the equal treatment, funding and experiences for all members, especially that of our National Team players.

USA Rugby CEO Dan Payne addressed the strategic plan and outlined how he will work with National Office Staff to finalize priorities and identify actionable items prior to its rollout. Will Chang informed Congress that a companion business plan to the 2020 Strategic Plan is under development. Dates were unavailable for the release of either document at this time.

A member benefit and insurance analysis was presented by a Congress working group led by International Athlete Kevin Swiryn, which detailed the need for an increased value proposition from the National Office to the membership. It also included a comprehensive analysis of our current insurance policies, the potential for significant savings by changing the policy structure and by requiring all members to be primarily insured outside of USA Rugby. The plan is now under review by the Board and the National Office.

The final agenda item was Board accountability. Will Chang, addressed misinformation being shared on social media. Chang explained how conjecture negatively impacted the Board and the National Office Staff.

Congress requested that the Board and National Office both communicate better when detailing finances, HP, the Strategic Plan and through the “State of the Union” address from the CEO to curb the spread of misinformation.

Will Chang requested a vote of confidence/no confidence in the Board before the end of the Congress meeting. Congress met in executive session and emerged with a strong vote in support of the Board of Directors. That ended the Congress meeting.

If you have any further or specific questions, please contact your regional Congress Representative. Due to confidentiality obligations, certain information presented at the meeting cannot be disclosed, but every member of Congress is available to discuss the topics addressed above as well as any others you feel are important. Contact information for Congress Members can be found here:

<https://www.usarugby.org/about-usa-rugby/congress/>