



USA Rugby Board Meeting
Friday, November 10, 2017
The Needham Group Offices
445 Park Avenue
New York, New York

Friday, 9 am, Roll Call:

Board members: Will Chang, Chad Keck, Rob King, Barbara O'Brien, Jeremiah Johnson, Phaidra Knight (via phone), Bob Kimmitt (via phone), Todd Clever (via phone).

Staff members: Dan Payne, David Sternberg, Alex Magleby, Tim Jones, Jerry Girkin, Melissa von Keyserling; Rosie Spaulding & Chris Reed joined via phone.

Regrets: Dean Barrett

Chairman's Welcome:

- Meeting minutes from July 28, 2017 USAR board meeting approved electronically
- Highlight the upcoming vote for the World Cup bid between France, Ireland and South Africa.

Reports:

RIM/TRC CEO, David Sternberg

- 2017 Consolidated financial overview presented, negative variance YTD. Key drivers include:
 - Sponsorship shortfalls, increased event expenses related to additional events, lower than expected subscriber growth, revenue/expense timing for RWC
- TRC discussion:
 - RIM to provide definitive recommendation for future of TRC by 1st Qtr 2018—February-- which will include a plan to address financing issues and potential worst case scenarios.
- Review of initial 2018 budget/forecast. Softness inherent in RWC event component.
 - Rob King requested a fully risked cash flow projection be presented to board, reflecting potential cash flow challenges which could affect core business.
- Discussion of how to mobilize more of USAR membership to become rugby channel subscribers
 - Testing/sampling an opt in vs. opt out membership renewal process which includes transparent communication
 - J. Johnson will solicit feedback from Congress leadership group regarding increasing USAR membership related TRC subscribers
 - Message the consistent year round content as well as content from other unions.
- RIM operating results discussed
 - Sponsorships: Back of kit deal has been sealed and set to be showcased at the men's test match
- Discussion of affording the correct value to USAR sanctioning ability (by virtue of our standing with World Rugby) and ensuring that RIM be the commercial partner of record for sanctioned events.
 - D. Sternberg & D. Payne asked to draft a detailed proposal which is aligned and proactive in future approaches; and which will provide for the proper establishment of a fee structure that doesn't pose an impediment to the growth of the game. D. Payne emphasized his priority toward growing awareness and participation of the game and

requested guidance from board on how model was intended to work between RIM & USAR in that regard during construct of both entities so as not to impede growth. DP will work with DS to devise several options for BOD for Feb meeting

High Performance, Alex Magleby

- Highlighted performance of teams and players, 8th best rugby country in the world.
 - Phaidra inducted into hall of fame
- Leadership models of team are continuing to mature; Age range of players is right for the next Olympic cycle
- Concerns discussed:
 - Continued Issues surrounding deployment of Adidas gear and fulfillment in prompt manner. David Sternberg acknowledged and stated he's working directly on this to try and improve
 - New management and focus of the Elite Athlete Training Center: profitability
 - Potential organization of athletes into bargaining units —currently all contracted, not employees of USAR. Athlete education is an important to combat financial myths.
 - Continued solicitation of WR for funding

RWC's 7's, Rosie Spaulding

- Highlights
 - First regional partnership signed & Launch of volunteer program (1,200 needed)
- Marketing focused on engaging fans by leverage team networks to build interest from other countries; Successful media buy—increase in impressions and click rates which Everett is working to convert to partnerships.
- Ticketing:
 - 17,000 3 day tickets sold – over 51,000 in total...43% of capacity
 - November 21st-release of the single day through a “give a ticket” campaign
 - Discussion on the potential of mobilizing interns/staff with iPads at events to sell tickets in December & January
 - Continued push of ticket sales through Facebook, Google, NBC commercial spots; targeting 60k total tickets sold by end of year/Dec 31, 2017
 - Overseas ticket sales to pick up, January-March of 2018.
- Merchandising to be available in time for holiday's and distributed through website
- Impact Beyond program
 - Legacy manager in place will be recruiting additional staff
 - Working on relationship with Playworks (as opposed to Tipping Point)
- Important to note that the advent of RIM has allowed USAR to take on the risk of the RWC event.
 - Cash status, from a programmatic & integrated standing should continue to be upper most in minds of board/staff.
 - Place a focus on this event (and others) to provide transparency and dedication to minimizing risk.
 - D. Sternberg agreed to present a fully-risked assessment around cash flow and financial statement for his board to review on December 13, 2017.

USAR CEO, Dan Payne

- Membership value proposition is adding discount programs. ValPak, Chipotle, Adidas discount, ticket pre-sale and growing membership perks and the release of educational videos focused on safe play.
- Staffing update:

- Gary Gold, Head Coach for Men's 15s; Emilie Bydwell, General Manager for Women's HP; Jerry Girkin, Controller; Scott Novak, Men's 7s Ops Manager
- Continued focus on "survive 17" financially; Initial October numbers support on track to manage to plan
- Update to the history and citation process, Robert Paylor
 - USAR was and continues to be focused on process and procedure evaluation; ensuring that all due diligence is observed; DP requested open peer review by World Rugby regarding process, review, etc., which is in ongoing—results pending. Ed Todd has Timeline constructed for all communication from 2nd week of May thru current. Medical review discussion, insurance support, outreach to HC of Cal from USAR, information and fundraising support all initiated 2nd week of May.
 - Ad Hoc Committee, Medical review/mechanism of injury and referred Citing request have been completed. 3 added safety/technique videos around set piece and contact areas have been produced by USAR including a 4th overall messaging video on safety of play and player's responsibility.
 - Board response discussion to solicitous emails. C. Keck agreed to contact Cal HC via phone to acknowledge receipt of his email and update on status of review.
- Discussion concerning the upcoming vote at World Rugby for the World Cup bid, 2019.
 - Three countries in contention—France, Ireland & South Africa
 - Discussion of virtues of each bid. Dan forwarded WR report and recommendation via email to board members.
 - More information is needed; Board conference call scheduled for Tuesday, November 14th at 2pm MST to solicit further information from Bob Latham and Dan after they arrive in London.

Audit Committee & Finance Update/ 2018 Budget presentation, Tim Jones, Rob King, Dan Payne

- 2018 Budget presentation, Dan Payne
 - Revenue forecast for 2018 is conservative and therefore highly assured
 - Expenses—reflect tie to strategic initiatives and fund back to prior 2017 levels for community development
 - Concerns
 - RIM license fee decrease in 2019
 - Pending legal fees (2018)
 - No contingency built in for RWC support from USAR
- 2018 Budget feedback from Audit committee, Rob King
 - No general contingency built into budget for 2018 (ideally 400k, plus 100k net income)
 - Net income does not reflect of building back of reserves
 - No clear direction as to how income is linked to spending, suggest providing a business model linked to budget
 - Dan to recast and bring back to board (conference call, 1-2pm MST/3-4pm Eastern) on Friday December 22
- 2017 budget/forecast vs. actual reviewed:
 - Balance sheet—combined; good cash position; no debt on LOC
 - P&L—Net loss worse than expected but not indicative of business as a whole; timing issues which will be resolved in Q4; 2017 budget is still intact and 200k contingency still embedded

Women's Rugby, Alex Magleby

- Emilie Bydwell hired as GM to head the women's pillar

- Challenge to find test matches; will look to World Rugby to assist

Executive Council Update, Jeremiah Johnson

- 90 day status report reflects positive interactions between Management and EC.

BOD Nominating Committee appointments & aligning with Congress meetings, Bob Kimmitt

- Reviewed proposed changes to the nomination committee-make up and process.
 - Increase congress member representation, require by-law changes; will report back on current vs. proposed make up/process
 - Goal remains to be democratic, transparent and efficient

New Congress management team, Jeremiah Johnson

- New management team structure established within congress.
 - Chair (Lambourne,) Vice Chair (Whitton,) Secretary (Lentz,) Financial Advisor (Robertson,) Communications Director (K. Brown.)
- Goals of Leadership group discussed
- Current Congress by-law responsibilities defined
 - Approve dues increases
 - Elect Ratify board members; remove directors
 - By-law changes
 - Approve structural changes
 - Receive and review periodic reports on the activities of corp. and actions taken by the board; report back to constituents
 - Quarterly is standard/customary for US entities and will include prescribed reports
- Board proposed the inclusion of leadership (Chair & Vice Chair, potential for other members as needed) at a select meeting for a prescribed time period to interact on pertinent topics to both board and congress management team.

USA Rugby Trust, Chris Reed

- Reviewed results of Trust including 2017 giving, staffing, events
 - As of Q3, pledges are ahead, donor head-count lagging
 - Discussed restricted giving-90% of current Trust revenue;
 - Concerns: Diversify donor base and hosting events with current staffing
- Event Focus for 2018-Hong Kong, RWC 7's, Boston

Other Business, Will Chang

- Calendaring:
 - Next BOD meeting, Friday, February 2, in Los Angeles
 - Congress, Saturday February 10 in Dallas to include invite for Exec. Council (Will, Chad, Rob, Jeremiah, possibly David Sternberg)
 - Summer BOD and Congress should be concurrent as new director vote expected; Tentatively scheduled for June 8 & 9;
 - M. Keyserling will coordinate with leadership and provide calendar invites for all.
- Any questions on the 990 should be directed to T. Jones

Executive Session

Board Dismissed, 5:45pm