

USA Rugby Congress Meeting Minutes – July 29, 2017 – As compiled from notes of several participating Congress members as well as National Office personnel.

Will Chang - Welcome

Dan Payne - CEO Update

Welcome

Alan Sharpley - fighting cancer, can't be here, thankful for 40 years of service to rugby community, reach out if you can.

Ad Hoc - Massachusetts - First HS Varsity Athletic Competition

Acknowledge Jeff Sperling & Bill Good for their hard work.

Invited Jeff Sperling and Bill Good to re-cap and update Congress

Jeff Sperling – We will have a HS Administrator to begin with. Athletic directors, coaches, principals on board. Held State Championships this year. Bill's (Good) hard work with MIRA and SBO for schools not quite ready to commit to Varsity.

As we continue to grow we expect more schools to jump on board.

Boston Globe had first ever scholastic team for rugby.

Excited to get started again in late August, thank you to Dan Payne for his continued support.

Financials

I (Dan Payne) will take the heat on the late send to Congress.

Successful first 2 Quarters for USAR.

First 6 months we've seen revenue above projections.

National Office has had to deliver everything, from a large programs perspective - meaning all national championships, referee certification, still occurred.

We're not able to do everything i. e., youth rugby grants. Those took a cut.

3 Positions not yet filled. Will start filling in Q3 and Q4 now that we have the cushion

IT Upgrade

Hired new CIO, Aaron.

New database project to combine all four systems

Balance across all platforms.

Tracking all including non-playing members

We don't have data pre-dating 2005. And then prior to 2011 data is in a form that is going to be hard to manipulate.

Invited Eric Geib to go into the Club specific website.

Eric Geib- due to go to testing this month with timeline TBD

Pulls out all rosters, players, Facebook feeds, Twitter feeds, all content becoming an ad for the teams.

Too much on general feed on website

Launch before fall season.

Two new Committees

Performance Game Board

Women's Committee

PGB - delineation between HP and community Rugby

Women's - formed as many issues have come to light. Have 1 more member we are waiting to accept. Within 8 years, girls and women's rugby will comprise 45% of our membership. A lot of initiatives coming out of world rugby as well.

Chris Reed - CDO

NE guy, NH based. Higher Ed, non-profit background

Started with trust 3 yrs ago.

Began NH Main Youth organization.

In CO as of 8/21

Golden Eagles, there will be initiatives for each major category of membership for fundraising

RWC

Everybody see presentation on ticket sales.

Opportunity for all of us to put on a presentation that no one has ever done before. Prev attendance record in Dubai was 30-40k. As of yesterday, we have 15-16k 3-day ticket packages sold in first 10 days of ticket sales.

I (Dan Payne) want to see America put 100k new rugby fans thru AT&T Park for 3 days. It would be something we can use to show the rest of the world that we can deliver on these events.

Great for the Bay Area as well.

Despite the adversity, the most impactful conversation happened in Austin, presenting budget and after we had to cut grants and find a way to balance the books. Mark [Carney-Lambourne](#) looked at me (Dan Payne) and said, I thought you were an advocate for youth rugby. And at that point, we had no other option. Had to bite my lip and walk away. It was the comment that had the most impact on me, because growing the bottom segment of the pyramid is critically important. And that is what RWC is going to be focused on in the bay area, reaching out to youth and HS rugby and have a long lasting legacy impact in San Fran and the Bay Area market.

Mayor et al have been very supportive. Met with him last week.

Giants Enterprises has been strong partner

NBC - everyone knows about that contract. Now that NBC has made such a long term investment in rugby, they want to invest more time in making the game grow to protect their investment. Lot of opportunity within their networks in the Bay Area to promote.

Sports Business Journal

Cover page article. A lot of data and info and inquiries since that was launched has been immense.

HP

ARC Championships

Men 7th

Women 6th

Americans One Qualification

Historic win vs Canada - haven't lost to Canada in 8 matches no, since 2013. The overall record in 2013 was 10-38 vs Canada. Now it's 18-38-2.

Next goal is to do that on the women's side. The women in a short time can be competing for medals in 7s and 15s as well.

Closing

Many emails and support at different times.
Trying to drive the game forward as much as possible.
This year has had some learning.
Thank you.

Jeremiah Johnson (Congress Representative Director) - Before we move onto the next agenda item, we need finance option added into the agenda. We spent a lot of time talking about this last night. The suggestion from Rob King was to add it in after RAIL discussion. Perfect.

Roll Call

Rick Humm Y
Shannon Nielsen - Y
Geno Mazza - Y
Pieter Hugo - Y
John Barkmeier- Y
Bill Fredrickson (alternate to KJ Abel) - Y
Ron Watson-Y
Dave Yeoman - Y
Adrian Gannon - Y
Gary Lobaugh- Y
Jerry Gallion- Y
Martin Gardner - Y
Ken Pape- Y
Jeff Sperling- Y
Meredith McAlister - Y
Frank Lentz- Y
Kevin Brown –
Justin Whitton - Y
Marni Vath- Y
Shayne Roberson- Y
Steve Lewis- Y
Mark Lambourne – Y
Gray Zischke - Y
Rosalind Chou- Y
Bill Sexton- Y
Brad Kilpatrick - Y
Paul Minicleir - Y
Ed Matteo- Y
Dennis Oliver-Y
Bill Good - Y
Tom Goslau - Y
Paul Pettit - Y
Mark Carney - Y
Jenn Heinrich - Y

Kilian Kerwin - Y
All IA's represented by Kevin Swiryn - Y
Mike Crafton (alternate) - Y

Introduction of all Non-Congress Members in the room

Board

Jeremiah Johnson

Todd Clever AR

Will Chang

Rob King

Tim Jones

Phaidra Knight

Rich Cortez

Chris Reed

Eric Geib

Melissa Keyserling

Barbara O'Brien

Proposed ByLaw Changes

Safe Sport

Background discussion was had.

Motion was made to adopt by Rick Humm

Jerry Gallion - 2nd

Open for Discussion

Call to Question

Voice vote taken

Opposed - none

Motion passed

USRPA

As presented, not ready for ByLaw amendment

Jerry Gallion and Rick Humm - recommendation for next step

Rick Humm - table it until we can receive proposal from CEO that comes out of collective bargaining

Jerry Gallion - That's appropriate, from bylaw perspective a 3rd party cannot make recommendations for bylaw changes. Needs to come from CEO, Board or Congress.

Dan Payne - not sure how that came to Congress because there is a lot the players association needs to come up with from collective bargaining prior to applying for official sanction or attachment to this group.

Jerry Gallion – Dan, you should speak to a labor attorney about appointing a particular union through a bylaw change. That is a completely different approach than working with a collective bargaining group.

RAIL Document (prepared by Congress for Board and National Office responses)

Jeremiah Johnson - do we want to go through the actual Rail document or the Congress comments to Rail document (word version)?

Jerry Gallion - the Congress comments was the document produced and presented to the board out of Austin so I would suggest using that so that we aren't moving back and forth between the two.

Document presented - Follow-up was done by USA Rugby Board and National Office - Final with Responses.

Jeremiah Johnson - Starting at the top. Are there any questions?

1. No general questions.
2. Moved to financial questions – follow ups will come during the finance presentation
3. RIM questions – follow ups will come as part of discussion regarding RIM/TRC presentation
4. RWC questions – follow ups will come as part of that presentation
5. HP Audit
 - a. Dan Payne - we will see some of this later with Rosalind Chou's presentation.
 - b. On the men's and women's HP side, there will be a larger audit done by professional services firm that is 3-4 days from being signed. Broader consulting firm that will come in and do a 3rd party independent audit. This will drill into our processes compared to others and exhaust this. We couldn't say surely we could pay for it, but we know after Q1 and Q2 we can safely say we can afford to do it. And they are letting us split payments into 2017 - 2018
 - c. Completed 4-6 weeks from start date but won't be passed on until the performance game board has an opportunity to review it. Likely have those Q4 2017. Hoping sooner.
6. Strategy 2020 Plan – follow ups questions will come as part of that presentation
7. Jeremiah Johnson - Rob King Statement:
 - . Rob King - additional comments
 - i. Board has historically addressed management through Board process, Congress process and Audit Committee process.
 - ii. Added another process recently - created Exec Committee which I chair with Dean Barrett and Congress Representative Director, Jeremiah Johnson
 - iii. That Committee created a template review of SOP which Board reviewed. Where you have a standardized Report that is produced on a quarterly basis. We have identified our Board Meeting dates, Audit dates, Exec Committee dates - 3rd Fri of every month. Closing done on each month by 15th of the month.
 - iv. Formal review process and ongoing conversations that all Board Members have with CEO on a regular basis. Matches up historically with what I've done in my publicly and privately traded companies.

- a. Mark Lambourne - Rob King addressed both fiscal and executive issues. How did the license agreements and other contracts get produced previously? You have addressed fiscal and management issues, but what is the ability of an officer to execute an agreement on behalf of USA rugby.
- b. Rob King- We have a policies and procedures manual which has been created and reviewed with the independent auditor. That manual will be reviewed in Q4 of each year.
- c. Rob King - In addition, we have 5 areas where we feel the CEO, CFO, Board should have Executive Committee Review prior to authorization.
 - 1. Hiring and terminations - any direct reports of CEO and National Team coaches, any senior managers.
 - 2. Salary Negotiations and Inc
 - 3. Contracts
 - 4. Capital Expenditure
 - 5. Direct Expenses
- d. Board is still reviewing this language for ratification, but we feel this allows extra controls.
- e. In regards to anyone certifying or attesting, I have reviewed with auditor and other management about best practices. Management specifically the CEO and CFO, they should represent each Q to the audit committee that all of this is proper and in place. That letter would be delivered to the board, specifically me at each Q rather than what has been historically completed, which is each year. More frequent attestation to control procedures.
- f. Dan Payne has sent notice via letter to each management member with their expectations as to financial management and controls.
- g. Management attests and Board or Exec Committee - agrees or disagrees with testament from Management.
- h. Mark Lambourne - When was the Exec Committee formed?
- i. Rob King - Yesterday. We agreed at June meeting in NYC. At that time the Board was reviewing this. It didn't make sense to superimpose an Executive Committee meeting on top of the already planned Board meeting. Board Meetings will be 4 months a year. Exec Committee will meet in the 8 months in between to provide additional oversight and review in between.
- j. Rob King - Income Statement is an opinion, Cash is a fact. To superimpose on Dan Payne by himself, all of the financial responsibility was challenging in absences of a full time CFO. We've had great traction within the last 60 days from the CFO with these requests by Congress. I do think that the models in place, the Board and Management are aligned on who does what, how quickly and efficiently we do it.
- k. Rick Humm - What process should be in place to notify Congress about Board oversight of our finances? And what right does Congress have to oversight?
- l. Rob King - Management responsible for running. Board responsible for management. Engaged audit committee. Semi-Annual Congress meetings.

Publish minutes publicly to Congress. It's not going to be in huge detail but it will be Dan's or Tim Jones's summary of the status. My experience is that your management is wearing all the hats. They are not only handling this, but also preparing presentations, etc. Your financial staff at the NO is Tim Jones and 2 other people. We don't feel that is sufficient and would like to consider adding to that. We feel we need to bring in additional resources to help us in that regard. I've been in business for 37-38 years.

- m. Rick Humm - I happen to share your opinion and I feel we need to be honest about Congress's role in it. And your answer is Quarterly Reports.
 - n. Jeremiah Johnson - I think you can rely on the Congress Representative Director to give updates to Congress more frequently on the dealings.
 - o. Question - Is there a Congress rep on the audit committee?
 - p. Rob - IA on audit Committee has hit 10 year mark on service. Will need a new appointment soon. Marni Vath is also on audit committee.
8. Rob - one more comment on the executive committee on when it was formed. The executive committee was made up of Pete Secchia, Will Chang and myself. Pete is cycling off the Board and Will does not want to be on that. So, to clarify, we have had an Executive Committee for some time. But the process of adding those additional controls and re-populating the committee was just executed officially yesterday.

Finance Report

Rob King - Introduced Tim Jones

Brief Recap on 5 Topics

Document Timing - why did it come across in last 48 hours and not as promised in Austin?

Income Statement - 2016 reflects

Board Oversight and Approval - just discussed

Balance Sheet - doesn't show the market to market value of USA Rugby's interest in RIM/TRC

Asked Tim Jones to address Q2 results and Forecast for Year. From income and Cash perspective.

1. Timing - Tim Jones did not officially take on the position until May. We finished the 2016 financial statements in late April. Initiated the audit the 3rd week of May. Just received the draft letter from audit last week. Historically we haven't released the documents until they have been formally received from auditor. You have rough unaudited copies but we don't feel there is additional info in the letter. That all contributed to the delay in the release of that information. But we are back on track with closing of quarter on 15th, corresponding Board and Executive meetings quarterly and release of the information to you. We feel we are in good shape moving forward to live up to that expectation.
2. 2016 - What happened on the income statement? How did 800k become 1.6m? Cash was consistent however .We had to take a charge to earnings

on the BLK bankruptcy. We thought it would be on half the write-off but the reality after Tim and auditor got into it. We can't carry that into this year. 50% of Receivables write off from BLK and 100% from ING for College Championship that went south, about \$600k. Expecting a transfer from the Trust in Q4 and it didn't happen as expected because of turnover in CEO and leader of the trust. Trust was showing about 200k in surplus. This did not transfer over and get shown in financial report until Q1. Ended year with 400k+ on balance sheet and CEO has made sure that operations have exceeded goals. We have tapped into line of credit to get us through the summer financial period but that should be paid down during dues collections (beginning soon in August).

3. Balance Sheet - with establishment of RIM, etc. we have 2.8 million on our balance sheet. Prior to this establishment, we were lucky to have a couple hundred thousand. We are adequately capitalized and we have an adequate cash supply.
4. RIM - Mark to Market Valuation of RIM is not on our balance sheets. When you look at documents you don't see it. Based on GAAP principles, you only include that on your balance sheet if it's an acquired asset. Because it was created and not acquired, it is not reflected. If you bring in a 3rd party auditor to assess business, you could add it. Would cost 50K per year and you would not be any richer. In an organization with limited resources, we don't feel the need to have someone come in and do a mark to market valuation, when we have boards in place in each of these businesses to make sure the mark to market value is substantial. I hope why we are not reflecting the value on the balance sheet is clearer and that it is consistent with GAAP and independent auditor standards.
5. Did not send full year forecast because it wasn't reviewed yet. We had to have a Board meeting which was scheduled yesterday and it has been reviewed and approved, so you are receiving it now.
6. Dan Payne - speak in meantime - we have put in place a lot of fiscal controls to properly manage this and it has been the focus and we have set expectations as far as consequences up to terminations.
 - a. Men's 7s, Women's 5s, Admin - already over budget.
 - b. Dan Payne addressed the issues with that as 22k on 7s side that has fundraising money that has not been transferred over yet. On the 7s side if teams go in Monday the costs are covered, but to get the bodies right they went in early on fundraising.
 - c. Rob King - As much as we are imposing on the management team, we do recognize that this is a small business and we are not going to allow ourselves to be put in a position where we don't hold back some resources where we can't deliver what we've promised in resources and cash. There is about 700k of contingency we are holding back which we have not spent a dime on. Contingency represents about 10% of the overall budget and we have squeezed these budgets and Dan has the contingency to either drop to the bottom line or to choose to use the contingency. And we can

decide to drop into that if we choose. And historically, we have never had an available contingency of this size.

7. Martin Gardner - Do we have institutional controls embedded in the organization so that if you as individuals are gone, the organization still has these in place?
 - . Hit by the bus scenario. This RAIL document has helped with that. It was this group saying how do we make sure this never happens again? And it is our responsibility to put processes in place to cover the hit by the bus scenario to insure it never happens again. Rob King – USA is only 35 people. We can't allow all of us to get on the same plane. Think we have taken appropriate steps at board, management and committee level to create the processes that will guide the business. We have the right people with the right competencies to move us forward. Management engagement will become second nature to run the business.
8. Justin Whitton - we have all been dealing with a tidal wave of discontent. Can you address the issues, the emails, and the social media, everything we are receiving from our membership that screams louder than anyone here? Do we think there is a way we can communicate this info, a memo a letter. Something to quell the fear mongering that we are healthy and that we are doing our job and we are going to move forward. Could we not do something a little better on communicating this information?
 - Will Chang - I've heard from the board that we should be more proactive. Dan and I come from the same school where we need to do what we are going to do. And to be responding to the social media and media and it could take all of our time. The Board however, disagrees. We have heard what you have said, we have heard what the Board has said. We are looking to hire a media director of communications. And I take that as a personal criticism. And it is something we will improve, especially something we are hoping to do with this new hire.
 - Dan Payne – whatever is released on social media becomes fact. We can no longer just do our work.
 - Mark Lambourne - We are a small business and social media is a challenge for small business. We need to get ahead of the mob mentality by being proactive. We are addressing questions asked in February. That is not o.k. Have to quell mob mentality by being more proactive. When there is a problem we can't wait to address it. Issues were deeper than realized. People don't understand that we have to move forward. The explanation we received today would go a long way.
 - Kevin Brown - in the absence of communication, people invent their own. And they believe the worst possible things. Having a media information director is imperative and it is something we've been looking for years.

- . Rick Humm - tax returns - someone spoke about 400k that was found.
- Marni Vath - carry forward negative equity on our balance sheet - 2006 or so roughly, we have been carrying that forward every year since (it is not accumulated and added to each year as some on social media have claimed). That is not an every year loss that was actually an every year gain to make up for a large loss way back 10 years ago. People are compounding and shouldn't be.
- Rick Humm - speaking to that 10 years of losses we've never copped to. Has a very simple response and why we've never said anything is exhausting.
- Rob King - responding to every blogger is not something we can do, it's not something we want to do. We need to report on our story. What is our story? We can report that and bloggers may take that and spin it. If the blogosphere spins that information negatively then we have to be able to ignore that. Lies travel around the world faster overnight than the truth can wake up in the morning. So our position is we need to have some sort of forum to choose the points we need to report on.
- Justin Whitton - Understood but there has been no response. And it has escalated to a formal grievance now that we have to deal with. This is not some 18 year old kid. This is a formal grievance and any simple response to these accusations would have saved all of us a headache and a lot of work leading up to this meeting. Would go a long way to get a formal note from our board.
- Ken Pape - I disagree with that statement. I think no matter what we would have said, there would have been some sort of twist put on it to meet personal agendas.
- Kevin Brown - Remember what the purpose of this body was. Provide a communication to our membership. I think a clear line of information that we can get out to our membership and use to engage our public so that we can deal with those issues.
- Mark Lambourne - I do think we have possibly taken some steps to put in an informal leadership to help address that issue.
- Adrian Gannon - we have a responsibility as Congress to get proper information out to the public. So clearly someone from Congress got that info and sent it out to the stratosphere.
- Dan Payne - We speak very frankly that we know that once something comes to Congress it's going everywhere. And unfortunately, we know it's going everywhere.
- Adrian Gannon - we are asking for you (Board and National Office) to trust us and tell us
- Dan Payne - if you go into anything looking for bad, you are going to find it. We need to do a much better job getting the facts out there. And the narrative is up to us to tell. We need to get that out. There will always be complaints and some are justifiable.

- Rob King - financial guts of the business have been circulated. It's not supposed to be circulated at all. Police yourselves and your members and hold yourselves to a high set of standards. It only takes a couple people in an organization to compromise.
- The information being provided to this body has competitive implications and the way in which it is being used has potential to hurt our competition in the market. This information should be shared by the right people in the right context. And it needs to be protected by these people.

▪
Tim Jones (new CFO)

Good morning.

Busy organization and leanly staffed one.

In that 73 page document:

1. Page 54 - shows our income statement for 6 months as of June 30th.
 - a. On expense side, we've spent less than we've budgeted.
 - b. We've had some variables that have contributed to that. We've had some staffing that has been vacant and we are expecting to have those salaries added back in.
 - c. Some attention paid to our travel costs. Across the board, a much tighter control on the travel costs. We do expect those to gradually approach the budgeted amounts
 - d. Spoke with Dave Hodges and Alex Magleby - though we are under budget to date, we expect them to come more in line as we end the year.
 - e. At end of the day, we are showing an overage of 1.7m expense, we had budgeted for 1m. So that is 700k over what we were forecasting.
 - f. So what does that mean for cash? Less than \$500K as of June 30. We have had to tap into our lines of credit, Chase 650k and Vecta 200k. Those come in handy this time of year - June and July are very lean in terms of income coming in and lots of expenditures going out. We will see that change as membership starts up in August and we will get these lines of credit paid off and move ahead.

Balance Sheet on p. 57

1. We are not allowed to show our investment in RIM, etc. due to reasons Rob mentioned earlier regarding GAAP accounting principles.
2. We have put in controls so we don't expect to be hit with invoices after an event has passed. We have put into this forecast a larger contingency of 700k. Take a look at P&L forecast. Have half a million on hand now. We expect to have closer to over 700k on hand by the end of the year. That could increase if we do not decide to use the contingency.

3. Rob King - we plan to continue to run the business tightly, so that we can continue to put cash on that balance sheet.
4. Dan Payne - I didn't get too deep in financial accountability and fiscal discipline. We aren't looking to spend that contingency. We may look in Q4 to use some of that for development.
5. Marni Vath - for the record, ever since I've been on the audit committee there has been a big push to get rid of our debt. There was a huge push to do this. We are now worse off than we've ever been. We really need to consider a 3 year plan of using some of that to get us out of the hole.
6. Rob King - keep in mind that this does not reflect the mark to market value of the assets that USA rugby owns. We are in much better shape from a balance sheet perspective. If you look at where we are. To deliver a 569k profit. You have to miss your budget and overspend your contingency. I don't think that would happen, but it's too premature to confirm that now.
7. To challenge how we go forward, how does the corporation feel about this opportunity to go and expand our brand? Because we've built up a reserve, we can look to use it possibly for individual items of development. Most of that is covered by the tournament (for 7s competitions), it's the extra day we utilize to get there early and train and acclimate. I've (Dan Payne and Alex Magleby) had to have discussions with these guys to not go as far ahead as what he (Mike Friday) wants, but sometimes we have to say no. Those are not fun conversations. And our men are arriving on Monday, when every other country is arriving on Saturday. But that has allowed us to be able to even consider doing tournaments like China. We are hoping to build the contingency budget to be able to make those decisions in the future.
8. Todd Clever - To piggyback on what Dan said, everyone was not happy with 2016 and overspend. Dan brought in Dave Hodges and they have said we are going to tighten this up and you are going to go on less than you've had before. There wasn't a respectful relationship with the CEO and with other management before. They have tightened things and I think hiring that one manager saved a ton. Before we brought in an interim manager, so having the one person to run that regularly, that is helpful. We are still paid the same per diem since 2002. We aren't eating steak dinners and such. Not flying first class, not getting paid more than \$100 per day. I'm learning a lot from being on the board. We all have the same goal, find the formula to grow American rugby.
9. Rob King - core USA Rugby business was what we planned to share with you today. You wanted more on RIM, etc. but we will have more discussion later with Chad for a broader discussion on that.

10. Mark Lambourne - to avoid the dissemination of information to the masses, two things we'd like to request. 1. Footnotes 2. Dan, one of the challenges you have. If you are walking into a situation and making cuts, what does it look like? You can take a spreadsheet and cut a number anywhere you like. But where that translates to real life, its impacting your ability to do some things. It would be nice to see how that translates.
11. Sponsorship income has evaporated and that comes into the RIM discussion? Yes
12. World Ruby - detail how we get that money and what teams it is required to be spent on (later discussion).
13. Slide later that details out the HP budget. We get 300k pounds for winning the Americas One in a grant from World Rugby. World Rugby makes 90% of their revenue from the World Cup. So they take that money and put it back into countries that are going to grow the World Cup. They now get from the NBC deal what they pay us in TV rights from NBC, so we aren't costing them anything and they see where we can turn them a profit. USAR receives a grant of 1-1.25m that can only be spent on men's 15s. Most of the sponsorship comes from a desire to support men's 7s and men's 15s. So, a portion of that money that goes to men's programs comes from these grants and has to go straight to that. On the HP side of things, they don't understand that 7s is a vehicle for us to build awareness. They have asked why 7s is not seen as a distraction to 15s. And we reply to them that 7s is seen as a vehicle for growing the game
8. Stressing how important an independent audit from a 3rd party would help USAR.
9. Dan Payne - yes, it will help show us where our gaps are. And where we can fill in so that when we stand up in February we aren't left with holes we haven't filled.
10. Mark Lambourne – Tim (Jones), once you get your feet under you, one thing that was requested from you and was in the RAIL document is that we want to track the money that comes in from HP and where it goes and money that comes in from membership and where that goes.
11. Dan Payne - \$425k is going to women's budget that is commercial revenue from the men's teams. We need to do a better job of telling that. It is important to recognize that there is very little crossover from HP and membership financially. That is a 2 hour conversation in and of itself.
12. Jerry Gallion - that is a hot button with membership though. Something that they want to see, is where does that membership dues money go?

13. Can you talk to RWC 7's and how World Rugby sees that moving forward? Dan Payne - can we table that? We have that coming later.
14. Ken Pape - no money goes into HP from membership dues.
15. Dan Payne - in this coming year's budget, none will. It was unclear in the past. If there ever is a crossover, it is very small 95/5%. It was not that way from last year and such coming into this. Everything ultimately comes back to rugby development and it's up to us to give you the vehicle for you to report that to membership.
16. Martin Gardner - we were woefully underfunded in our age grade eagles. I have more phone calls and emails on that subject than any other. They see us not spending in that. Dan Payne - the question is, where does that fall? Membership or HP?
17. Martin Gardner - I think that falls to membership.
18. Dan Payne - I agree with that, because I see what we are forcing our men's and women's HP to deal with now. But we need to look to 10 years from now and building the bottom half of that pyramid. It pains me. That was the first thing that went last October. It was amazing to me that Youth and Age Grade went first. We have to change our mindset to not have the youth be the first thing that goes.
19. Dan Payne - We deal with Adidas and kits and everything. And Dave Hodges is delivering a level of stewardship over the program that is phenomenal compared to where it was. It's probably better than it's ever been. It is also helping with HP overspend and such. He's been stellar. Good hire.
20. Question on the finances - does the forecast reflect the membership dues increase that is proposed?
21. No, it's not. It might allow us to do more in Q4 of 2018, but it's not built into that.

RIM

Chad Keck

A lot of info floating around and a lot of inaccuracies. Taking a holistic approach, we are looking at telling our story.

Previously, we (USAR as a whole) were living hand to mouth and we looked at that culture and said, how do we change this?

Paradigm approach - we needed a shakeup. Membership did not feel the value proposition they were seeing was on track. And the National Office felt that they were resource constrained. We knew we had to find more money. We had 4 sources - grants, membership dues, charitable contributions, and commercial. We thought we could earn disproportionate returns based on soccer united marketing

precedent. There was no precedent for it in the context of USA Rugby. Tested the hypothesis. Found that we could raise capital. Will and Nigel went to England, talked to people in the states. Received ratification. Willing to invest and bring in money from five entities. We looked at the commercial side of it and looked at producing higher returns to break out of this cycle. So we looked at a for-profit subsidiary that would purchase certain rights/assets of USA Rugby under a license agreement. We got people who were interested in helping us and that was the RFU. The secondary money came from CSM, they thought there was additional money in sponsorships available and we are willing to invest to help grow these sponsorship opportunities. Able to bring in some sponsorships, etc. And finally, the Harlequins said we really want to be involved. And we said, we don't need a lot more capital in RIM, but we would like to have some capital coming into TRC. So they split their 2 million into TRC and RIM.

So we got 7 million+ in total capital

USAR owns 75% of RIM. RIM owns 92% of TRC.

USAR would get .75 of every \$1 that RIM makes as a profit.

Will Chang - something I want to clarify - there is a misnomer that we as USAR sold off our assets. We actually utilized the licensing rights in a 10 year deal. 5 years at a fixed rate. We can negotiate the license fee after five years.

Chad Keck - RWC 7's will dissolve after the end of the tournament. It's a separate LLC and RIM backstops that LLC. RIM had the capital to backstop.

Mark Lambourne - what you mean is underwrite correct? Meaning you would absorb all of the losses?

Chad Keck - we estimated that RWC will likely lose 1m dollars. And that 1m dollars is coming from RIM. There was no 1m dollars anywhere else so to make this possible to World Rugby and all of our other sponsors, we had to have a balance sheet available to show this. And all of our sponsors and board members said, we are okay with that. Because they believe there is something to get back from 7s. With ticket sales, etc. things are looking more attractive, but as it stood, we were looking at possibly losing a couple million dollars. And we were okay with that.

Will Chang- when USAR had the opportunity to respond to the RFP by World Rugby for the bid, had it not been for the creation of RIM and the investors' money available in RIM, we would not have had the opportunity to put in a bid to host the RWC, much less win the bid. We will do a separate presentation after RIM about what RWC will mean for the United States. It's not just about the tournament, but there is a ton that will resonate for a long, long time. For example, the sponsorship opportunities. The domino effect that would have.

Chad Keck - Thank you, there was a time on uncertainty.

Chad Keck - the P&L outlook right now is break even. We are assuming 7.5m from revenue in ticket sales. Based on the way ticket sales have opened up, they have projected we may be closer to 8.6m in ticket sales. We have not put that in the forecast but if that does happen, there is potential for 1.1m in tickets profit alone, not to mention the additional revenues that go along with more ticket sales.

Dan Payne - to put this into perspective, this is a 10m dollar tournament. This is a tournament whose budget is the size of our union. Can we turn a profit? If you

had asked me that months ago, I may have said differently, but today I can safely say I believe we will be more than neutral. The exposure on top of that is already coming to fruition. In the mayor's office, on TV 12 times already. Whether it's a neutral or not, the exposure is going to be huge.

Will Chang - We are utilizing this as a stepping stone. For example, someone wants to sponsor World Rugby, they have to sponsor USAR too. The amount is more than they are paying right now, so the magnitude of negotiations is much larger. So, never have we negotiated \$3m sponsorship deals. But now we are negotiating \$3m sponsorship deals now.

Adrian Gannon - World Rugby is not an amateur organization that just gave us this tournament. It's not like we just called them up but they had to have some sort of faith that we were going to get it done.

Will Chang - Bob Latham - my predecessor, is the USA rep to World Rugby Exec Committee. It is a 9 person Exec Committee, Bob, can you comment on what this means to World Rugby?

Bob Latham - Sure. There were a dozen countries around the World that bid on this. It was a competitive process and we were fully vetted. They want us to grow this market. It was a test of us as a union. Without RIM, we would have never been able to take the risk and bid on it. If we are successful with this, it gives us the opportunity to bid on bigger and better things, such as the 2027 World Cup which would bring in multiples more in cash. It's a fantastic opportunity and they are monitoring us at every step. We were prepared to lose money just to market this opportunity and prove what we can do. But just with the ticket sales and the management (Rosie Spaulding) of the event, it is looking to be very positive. This event has typically not been a money maker. Moscow was a disaster. So they are also looking to this to be a model to other events and use this for future outlooks. They are very much a partner with us. They aren't looking to make money off of this, they are looking to not lose money. It will be a terrific event and should set us up well for future things we can bid on with World Rugby.

Chad Keck - I think we can take some time to review RWC further. But I want to emphasize that RIMs business is beyond just RWC. And it's clearly those core businesses that will generate cash flow and contribute money back to USAR.

Sponsorship - Events - Media

Sponsorship and Events was carried on at USAR well before RIM was formed. The licensing gave RIM the authority to carry on these businesses. So, RIM took on those salaries from USAR and USAR was guaranteed a licensing fee. The digital piece in TRC was new, it did not exist. It was created in the hopes that there was a future in digital media. We are pursuing our businesses in a positive way, it's not without its challenges. Closing these deals is taking longer than we had hoped, so the forecast is probably going to be longer than what we projected to our board and USAR board and management. The events side is trying to progress, we had a handshake deal to have RSA come play us, somewhere, Houston, etc. We made a fair offer and had a handshake and subsequently, they went to Wales to play for a much higher offer which we weren't able to meet. It wouldn't have been profitable to us. So the projections are up, but not as far up as we thought they would be due to the loss of the RSA game.

We went to CSM and now have on our board the VP of CSM in London and they are much more active in helping us close these deals. We are hoping these sponsorships will lead us to getting these events. For us to be able to sell, to expect the core disciplines of rugby and we want to be able to say don't you want your brand associated with this type of organization? We can't provide as many eyeballs as some other sports, but that is our goal.

We are trying to set our events calendar further in advance, we can't be sure we can have an event unless we lock it down a year to 18 months in advance. So, we're trying to get England in 2020, and we are looking at that now. We are in a position now, where we can start to lock down these events further ahead.

TRC - we've invested and have roughly 10k paying subscribers
300 live events.

Programming strategy which we think is going to add value.

The environment has changed somewhat both more competition for environment and for subscribers. We put in a bid for some, but were outbid by NBC, so we're not going to have 6 Nations.

So we have to look at what we're going to be. We're not going to become a platform for international play, but we have domestic opportunity available.

College Match of the Week - 8 or 10 matches in fall or spring. Good reception from colleges. Hoping to have everything tied down where we can produce this economically. Cameras and staff on site and announcers and producers in LA. Used Army- Navy as a prototype for that and we were happy with the production and it was well received.

The National Championships - go to those in the spring and then move down to grassroots and produce those economically. We can't send 3 cameras down in the field, but we can possibly get some grassroots training done and get a decent quality production on the channel for everyone to see. Can create teams in the field to franchise and produce content. Relatively good quality. It won't be 5 camera quality production but it will be good quality. And once it's on our channel it's there forever.

Chad Keck - At a point where we need capital again

We are looking at options for TRC: (1) Get 3 additional sponsors with additional capital to invest and continue to operate as we are today, (2) Stop the losses and phase TRC into some other media entity or (3) Monetize our investment today, but we lose any potential for additional revenues down the line. We've had 2 proposals to do so. The second proposal is an 8 year proposal for guaranteed revenues that on a value basis, looks pretty attractive. Our Board is under authority to decide where we want to go. If we believe one of these 2 proposals looks like it is how we want to proceed, then we will look in 60 days to present our recommendations to RIM, then to USAR Board. Which of those 3 options we will recommend, I can't say. But we have to consider these scenarios.

Mark Lambourne - So you're saying dissolution, is not what's happening though.

Chad Keck - yes, we are not looking to shut it down. We could shut it down at any time, but that is not what we are looking at right now. We are looking at getting monetary benefits.

1. Is a lifetime valuation of how many subscribers we can convert to lifetime subscribers?

Mark Lambourne - so the model of TRC was thought up as far as Soccer and Sky and such. Can you get 60 days or are you out of cash?

Chad Keck - we have cash until the end of next year. Our forecast reads that we have time until the end of 2018.

Mark Lambourne - you say you have 1m in TRC. \$167,000 in cash, so how are we budgeted thru 2018? So if we need to keep our 2m reserve in RIM, how do we have enough cash to get through to 2018? Where is that today in TRC?

Chad Keck - the cash that is on the balance sheet. The business generating revenues and RIM investing the same amount at the same rate it has been into TRC.

Rob King - RIM is taking a hit on the costs spent on RWC and TRC right now, but then it becomes positive. Base case scenario has us positive through the end of 2018. But we aren't waiting to make the decisions until sometime next year. The Board has set a 60 day window to make a decision on what to do with its asset in TRC. More than likely by the end of the year, the Board will have made its decision on what to do.

Chad Keck - that assumes our sponsorship, our events and our TRC businesses grow going into next year. So we have cash coming both ways.

Rob King - If we have the option to over deliver we would like to put ourselves in a position to have as much cash as possible over these businesses as possible so there is cash visible across USAR. RIM investors that sit with us on the board have had a chance to digest this and believe that 60 days is an adequate amount of time to explore the alternatives, but to be sure we are maximizing this business for everyone here.

Mike Crafton - On the sponsorships, we had a miss of almost 1.5m to date. I believe you said we have multiple millions available.

Chad Keck - the recap of our forecast for sponsorship revenue is that it will be up from last year but short of the forecast that we have.

Mike Crafton - On TRC - you stated those 3 options, but one thing I would suggest - this delves into dues discussion - I would ask the Board to consider. We have 10k subscribers. We have 100k membership. I'm not a subscriber, I would consider making it free for a portion of time as some businesses do. And I would make it free for a period of time and then charge 8.99 a year or whatever the number is if you don't choose to opt out. I would think our valuation of TRC/RIM would go up significantly as well if we had all 100K members as subscribers.

Chad Keck - we do have a promotion plan with USA Rugby membership that will offer a substantial discount for TRC when you renew your membership.

We have the most subscribers in rugby. NBC doesn't have as many, no one else does. So if we take this bounty deal, and try to get people to convert we would go beyond paid subscribers.

Marni Vath - Why aren't you a subscriber?

Mike Crafton - I don't see a significant enough value proposition for the content. I can get it for free on a delay and it's pretty easy to avoid rugby news.

Chad Keck - I'm watching what Todd's doing on the field and listening and watching on my iPhone for 4.99 a month and that's worth it.

Rob King - TRC and the board has integrated that type of merchandising and incorporated it into your membership.

Lucy Zugschwert - from the person that runs the registration base - It is in the process, but has not been finalized yet.

(Unidentified Congress member) - I don't want to be that kind of business. I don't want to see our members treated that way.

Chad Keck - we don't want to be that. But if you elect to take the discount, you elect to have the responsibility to cancel at the end of that period.

(Unidentified Congress member) - I'm very upset that Sternberg is not here. I think you guys did an excellent job explaining how RIM is set up as a business model and I am satisfied with that. But that has nothing to do with operation and execution. Are you as a board member satisfied with the operation and execution of RIM and TRC?

Chad Keck - No. I don't like a model where we set a goal and we don't meet that expectation. But we have asked for involvement of additional people to help push the sponsorship side of things and I feel we will be able to close deals moving ahead. On the events side of things, I'm not happy we lost Scotland and I'm not happy we lost RSA. There was a thought process as to why to use San Antonio. It didn't work out economically, but the thought process that went into choosing it was not flawed in my opinion. And with respect to David Sternberg. We thought that Rob King and I could answer the questions on this. If there are questions we can't answer, we'll get the response on it, but we felt confident we could answer everything. And didn't think we needed David.

Will Chang - Dan and I discussed this and I just think we need to see some points on the board. We need to see a win.

Chad Keck - I think that the existence of a rugby channel where there was not one is a big win. And we're going to monetize that. People are going to pay us for that investment.

Will Chang - We are making points and we need to communicate that. We have heard you and we need to get that out there. We will be putting those points up on the board when we have our communications director.

(Unidentified Congress member) - I don't want to take anything away from TRC, but right now there is money on the ground. When they see NBC has taken our content, and we have the CRCs being broadcast all weekend long every June and that is being done in USAR.

Will Chang - That is absolutely not true. Before RIM, very little rugby content was found. The sole reason NBC is interested in putting rugby content is because we created TRC. Had we not built TRC, NBC would not have bid for 6 Nations and much of the rugby content they are bidding. Yes, we bid against NBC for 6 Nations and we lost. But the only reason they considered it was because we created TRC and have the membership we have. I was in a meeting last week and a presentation was done by NBC's John Miller to our sponsors and the reason they are so bullish over it is because we were in the fore front of broadcasting it. NBC

and CBS are now putting rugby content out there for you is because we were out there creating TRC.

Chad Keck - Anything else?

Mark Lambourne - it would be great if someone would shine a light. We are showing \$0 revenue in TRC and I know we have subscribers and my \$4 is in there.

Dan Payne - Are you looking for an answer to that right now?

Mark Lambourne - No. We agree with the start of it and raising \$7.5m, but you are facing a challenge, you lost an event you have some other stuff. With all businesses you have to adapt and monetize. And you've got to do something with TRC. We have a huge event in RWC and I'm your biggest advocate and I'm sitting here going – what are we doing?

Rob King - The business and the cash flows right now extend us through the end of next year before we have to raise cash flow or make hard decisions. We are informed enough to know that things change rapidly and we cannot allow the business to become a drain in cash beyond the base case. And perhaps we aren't as animated as we could be about our sense of urgency in resolving this. But Chad as the chair of RIM and board members and investors have a very high sense of urgency about getting this resolved rapidly. The reason we have a 60 day window and not a 6 or 30 days window is one, we think cash flow projections we have are sound. Two, in discussion with investors and board members, don't do anything draconian until you've exhausted the strategic options that are available to us. I think after talking days ago with Chad and David Sternberg, they have a list of actions that could have been taken that would have had an impact immediately that would have taken the pressure off of him immensely, but it would have severely compromised our ability to maximize profitability long term. So they have been given 60 days to thoroughly exhaust all of our options.

Chad Keck - I will say this again, we will not exhaust the cash flow.

Unidentified (***) - Questions with regards to BLK and AIG. Were those before RIM?

Chad Keck - Yes, it was sliced out before RIM.

*** Really?

Chad Keck - Yes.

*** Ok.

Jeremiah Johnson - We need to take 5 mins with Dan Payne and myself before we move on. Can someone make a motion?

Rick Humm – I Motion to have Congress go into Executive Session with Dan and Jeremiah Johnson remaining. 5 minutes. Everyone else removed from room.

Motion was Seconded. Call and Pass.

Dan Payne: I'm going to appeal to everyone's core rugby values in this room. There has been a lot of info shared so far. The RAIL document and other pressure has driven us to be a stronger organization. A house divided cannot stand. I'm going to push this group. Leaks are killing us.

Bob Latham's Presentation. - World rugby wants us to succeed. Germany, Brazil, and US. 2024 likely in Paris.

Strategy Plan and 18 month Business Plan

Dan Payne:

Outlined next 18 months

Outlines where we are today.

We will announce some additional discount programs

Deloitte - We engaged them and they offered that we need to move from a transactional approach to an experiential approach.

Why are people members? Currently, because they have to be.

Change it to an experience, where it is something they want to be a part of.

That goes to our messaging.

At the end of this year we will have 130,000 members which is a benefit to everyone because we are growing the game.

Founders were happy at 25 years to get to 40,000 members. If in 12 years since then we are at 130,000 already, imagine where we can be in 10 years.

Something we will look to membership for non-stop and we will look for from this group. Feedback on the experience.

Secondly, something I will spend a lot of time working on is RWC 2018. To deliver and show to World Rugby that we can deliver a world class event. In Silicon Valley, rugby is buzzing. Rugby with 40-50,000 ticket holders in AT&T Park really resonates with business partners and that is a tipping point for them.

Personal Story, in the first 20 years of my life, I always made sure I was in a job that gave me goosebumps. But in the past 9 months, safe to say, I did not get goosebumps. But this RWC is something that gives me goosebumps.

Nine Regional Development Officers (RDO's) placed in the Bay Area for the 9 contiguous counties. So when this tournament moves on there will be a legacy impact to the Bay Area. The youth and the community will receive a lasting impact from this. That, in and of itself, is what gives us 30 minutes with the mayor and why the mayor is listening. The fact that the event could potentially impact at-risk youth, now we have his ear.

The plan is to grow the Youth and that is where the RDO program will come into that Strategy 2020 plan down the line.

Membership driven organization, we need to remember that. Service and Accountability to our membership, 65% of our revenue comes from our membership, we need to remember that as #1.

Regional Markets we will be focusing on. That doesn't mean we will be neglecting the rest of the country but it identifies those markets

NorCal

SoCal

Houston and Austin

Mid Atlantic

Chicago

Boston

Cleveland

We need to challenge the South

Will put test matches in those areas. These are measures of regions, not GUs. A region can tell where they stand and where they need to expand i.e. youth, college, club, and stadiums. How do you boost attendance?

Dan Payne - does this factor into your event planning? Yes.

Question - RDO for RWC is a great idea. Perhaps we can use that for a ticket tax or something wherever you go to have that % go to youth development or something similar?

Dan Payne - That's a great idea. Done, philosophically, but we'll discuss it.

Question - You identified San Diego as a growing market, but what is the growth strategy in regards to hosting the event offered? San Diego as an example. Alex and HP had one component. Dan said SD has grown so much in regards to youth. Now we have the data, I would expect that to grow from there. It was a virtual sellout (men's match against Canada in July), and yes, we want to put more people in the stands, but 5k was about what we expected for that area. We had a formulated process.

Kurt Weaver - We should be looking at how we can market to our own regions. So, how do we make our own legacy program when an event is happening down the road?

Adrian Gannon - we need to apply this across the board. The Chicago matches could have had a lasting impact on the youth rugby there. So we need to apply it. So, I get what Kurt is saying but this will give them a template to work from to help establish this down the line.

Dan Payne- Strategic Objectives:

I will obviously have more input on this after a year on fiscal sustainability, but growth is also our lifeblood. You get a meeting with USOC and 95% of them are jealous about our growth trajectory because they are mature sports and they don't have the possible growth that we have. I show them our pyramid and the availability for growth and they don't even know how we compete on an international stage. And I talk with them about the RWC and NBC and they are jealous of that. It's a lot of things they have been trying to get and cant.

IT program - track data and track membership - Eric Geib is doing a full hour on recruit, retain and transition. This goes into our ability to track players and to find out why they fall off the radar. And keep them engaged. Right now, when someone is done playing, we just lose them. We've got to keep them involved, someone's got to keep reaching out to them.

Up to July 2017, we wanted financial restraint and establishing controls. We have done that. Tim Jones has done a substantial job at that in his short time and our staff has done a tremendous job as well. We knew we weren't dealing with a lot to begin with. We were in a survival mode and now that we can see some light at the end of the tunnel, we can deal with growth. And if we can deal with the social media now and morale at NO can improve, we need to deliver. When you're attached nonstop from the outside it has a tremendous impact on staff.

Course of Action for July thru December:

Licensing Fee with RIM allows us to know what our revenue is within 5% roughly. So that allows us to put some items into place that we can see into fruition. That allows us some predictability. Used to be, it was unknown and now we can really start to plan and it's because we have predictability in our cash flows.

We are going to expand our subscribers and we have to continue to match events to the environments. So we'd rather have 5k in a 5k stadium than 5k in a 20k stadium.

Strong value proposition across all areas of membership.

Focus on our future is going to be Youth and HS. Doesn't mean we will ignore college or club. Or women. We need to continue to focus on those as well.

Deliver additional value to members - multiple

- Discounts to our members
- Webpage and social media upgrade - Data is Gold and Data benefits our membership
- Coaching tutorials and skill development tutorials - you can tailor your content to what you want to see.

There is a 12-15% click thru rate on the newsletter. But now we can go back thru and see what we can do. We have to change the way we communicate to Congress.

On the discount program, I was on a call last week. Someone said why don't we just call Hertz. And we said, we have a relationship with Hertz. And that person who works closely with us, did not know that. And that means we did not get the message out clearly.

16 National Championship events - Dick Smith, founding member, sent me info on 25th anniversary. In 2000 they administered 4 national championship events. We now oversee and admin 16. And that's not youth. And that was a major draw from the survey, right Erik?

Erik Geib - yes, noted stats from Senior Club survey.

Daily Training Environment is what matters most with High Performance. The pressure you carry out in your daily training environment. And we've seen that now with our Men's 7's. We were 10, 12, even 14th globally. And now they are residents down in Chula Vista and now it's the same for the women and it's exciting because we know we have a possibility to win any tournament we are in.

The team that went most over budget last year was the women's 15s.

Question - Dollar or %?

Both. The reasoning and the biggest opportunity there is a full time coach to manage and properly run that. Because the opportunity there is immense. And that is something we will look toward to in 2018 is a full time women's coach.

(Unidentified Congress member) – Can we figure out how to expand our Youth programs?

Dan Payne - part of what the COLA increase would go to, is to go to that. I think its \$50k going toward retired men's and women's players and get them certified to coach and ref to come back and support what's underneath.

Martin Gardner - It's what we looked at in previous years - what could we do for championships to not lose money on them.

Dan Payne - that's a great thing to continue to look at. And we want to try and get the women's and men's events tied together so it gets more interest. . It also lets you continue alcohol sales until halftime of the 2nd event and if you look at it from a commercial standpoint, it gets people to stay and once they stay, they see the product. A great example is Vegas. On Friday, the women play and then the men play. And they start arriving at the stadium early and they see the women play. They arrive back early on Saturday to watch the women play again. So we know we just need to continue to get them in front of rugby enthusiasts.

Chad Keck - to add on, we need to get content up for referees and for youth and this is a perfect platform for that.

(Unidentified Congress member) - You keep saying Coaching and Youth and growth and HP and new 15s coach at some point. What sort of role does that coach have in development of youth and coaching and as part of that Strat Plan?

Dan Payne - I'm glad you asked that. We are considering candidates for the men's 15s and we will have to post the women's role in Q4. Coaching the men's team will probably be 30-35% of this coach's job and for the rest of the time it's going to be the development side of it. They are going to be here and they are going to have to go around and shake hands and kiss babies. They will be working a lot which is going to require them to be here. Our head men's coach is the biggest investment we put on anybody. That person needs to be here. Live here. We need them to be a part of our community and working.

(Unidentified Congress member) - We are also already doing that with our age grade coaches and getting them out into the community, etc.

Dan Payne - Yes, and that will be an expectation up front.

Mark Lambourne - Do you have the resources at your disposal to offer the right package and the right systems or do you need external investment in that area?

Dan Payne - The answer would be, we will always take external investment. But we deliver with what we have here now. I've seen some of these coaches come in and they become more of a manger and they have bellhops and all these other assistants and they are just used to a different role. . It is a culture change when we bring a coach in. They have to be more involved. But to do what we need to do, it's almost like we have to talk someone out of a job. Because of what they have to deliver. So a lot of these guys may not have been head coaches, but athletes and assistant coaches and they are really excited to cut into it and get out there. So, we've got the salary cut we are using and then we are using the balance of the budget to get this person out and around the country.

Mark Lambourne - I didn't mean to imply you would be settling, but...

Dan Payne - If we get the coach, it does us no good if that coach is sitting in an office in Denver. It doesn't work if they are not in front of the players. We are hoping to have it done and then you have to worry about things like visas, etc. We don't have to rush it because we don't have to qualify. We can look at it as a longer term approach.

Justin Whitton - This isn't on our agenda but it's something I raised years ago. We are now talking 5 years out and 10 years out. We talked about having a

National Office home base and we don't do anything in Boulder. And it's hard to talk about raising revenue for land purchases. This would all kind of feed into all of the issues we are seeing? We could create economies of scale, TRC content, etc.

Dan Payne - We've been putting RFP's out for 6 months for that very purpose. We have jobs, we can bring revenue, we can bring multiple events, etc. These are all reasons we are working on this now. Austin, Dallas, Orlando, Phoenix, Sacramento, Glendale - at least 10 different proposals that are driving up the offers.

(Unidentified Congress member) - One of the things you could use towards requesting a dues increase - suggesting that all of it would go towards the world class facility.

Dan Payne - Will (Chang), do you want to speak to that?

Will Chang - sure, I have been very vocal about this. And it has been one of the main goals for my tenure here. I don't know if it will be done before I am done.

Dan Payne, Brian McClanahan and I have an RFP out so if any of you want us to look at your region, let us know, we will send you our RFP and we will be looking at proposals by the end of the year. We are hoping we can look at getting into negotiations by the next year. I'm looking for land free of charge, sponsorships, a small stadium, naming rights on the stadium with a commercial entity. We are looking at funding this through non-membership entities. Personally, dues increase is a sensitive issue so thank you for your offer. But we are going to try to get this done without putting the burden on membership. And Chris (Reed), before you speak up, I know where you are going with it. And we are thinking about a big fundraiser and we find that it is very hard to fundraise for a general fund, it is much easier when you have a specific task to fundraise for. So, yes, Chris, we will be looking to the Trust as a fundraising platform for this endeavor.

RWC 7's 2018 Presentation

Will Chang - this is our project, this is our membership's project, this is all of us and I would like everyone to feel like they can be a part of that.

Dan Payne - Reviewing slide presentation.

Not on there (slides), we can announce, just signed with AEG - all merchandising for the tournament.

Legacy - Impact Beyond -3 key components

NorCal Youth

Play Rugby USA

7 grants to local community organizations. (at-risk youth).

** We just launched a requisition to hire somebody for boots on the ground. Someone to lead this effort, boots on the ground for our legacy program and possibly some interns in and around that area. If you know anyone that is organized and interested in working in this capacity. So, thank you for that Dan.

Dan Payne - Tickets sold to 36 different countries and already a rep in all 50 states.

4 Major Campaigns

1 Year Out

Give a Ticket

7 Month Countdown (7s theme - around Holidays)

Connecting Rugby to Other Sports

Everything covered live by NBC, very strong partnership. Every time we did an interview or PR appearance which NBC helped promote, you would see ticket sales spike immediately following the push.

Rick Humm - you see advertising on TV at Giants games.

Dan Payne - opposing team hit a HR while I was being interviewed during the Giants and I said "oh, they hit a HR against US." And the Giants fans loved it.

USA Rugby logo in with the branding capacity on NBC.

Last Slide – Paul (Kessler), why don't you walk through this?

Paul Kessler - I think for me, being on the host committee, the first couple calls we had, one of the first things we started talking about how we make awareness across not just NORCAL but the entire US. We need a regional approach and when we try to get regional awareness, expect something that is going to come from us where we need you guys to help us with branding. And obviously if you have any access to sponsors, we have some nice packages available. Even back east, we have that ready for you. Regardless, I'm going to ask each region to help with awareness of this campaign.

Dan Payne - I'm going to say this a 1,000 times because I know the impact this can have. And we really need to energize this group.

(Unidentified Congress member) - Is there any 7s tournament we could incorporate where teams could come in and play in association with this.

Dan Payne - unfortunately there is not enough volume for training pitches for the number of teams that are coming in to have room for something like that.

Paul Kessler - Rugby NorCal, we have several events going on throughout NorCal and we are using those for awareness throughout the year.

Jenn Heinrich - Most of us have live SRO's so whatever that media package is available, we can send that out. Make it easy so that we can all push it out there. You see how social media impacts our industry.

Rob King - push family packages for attractions near there and weeklong packages.

Will Chang - we have several partners for tours, one domestic and one international. There is one that is buying them and packaging it with wine or golf tours or what not. I really want you all to feel like it's your event. So I'm looking for feedback on that.

Bob Latham - World Championship for an Olympic event on US soil. Really rare event so the USOC is massively appreciative of this. And it's important to note that its one where we invite the rest of the world.

Will Chang - our women won the bronze in Moscow and Phaidra Knight is going to be our very own announcer here and she is going to be plugging it as often as possible. Men haven't medaled in this event before, women have and I want to make sure many constituents know about it.

Jenn Heinrich - I'm excited you are hiring a communications director. But you need to make it easy for us to help get the word out. Put it on platforms and make it easy to share.

Dan Payne - Every week there is a new social media promo that USAR puts out. So maybe we need to make it a point to put it out to you to share.

Rick Humm - To Mark's (Lambourne) concern with anyone who bought tickets in early days, you may not have gotten great seats but if you call the Giants ticket office they were very helpful.

Will Chang - If you go to the ticket office there is a number you can call. You can only buy 8 tickets online right now, but if your club wants to buy a block of tickets, we can help you with that, just call the number.

Jerry Gallion - there are a number of bodies that have AGMs in August, if we can amp up the media and offer it to share, we can get it in front of a lot of people.

Will Chang - sounds good. Dan, if we can send Congress a bunch of social media links they can share and get out. That's a good take away.

Dan Payne - initial model for these RDO's is just through the World Cup, if there is additional funding to support it, then maybe we can hold it into transitional periods. The cost is on USAR currently, but we might be able to get additional traction and support privately for those.

Sponsorship packages - Projections for sales and sponsorship were kind of being lowballed. In terms of a big sponsorship, what are we forecasting?

Chad Keck - the forecast we carried for a long time was 2m in losses.

(Unidentified Congress member) - I heard about the sales side of it, but I'm interested in forecasting numbers for the commercial side of it, including sponsorship.

Chad Keck - There are a few now, but there are some warm leads throughout multiple categories that are close to being closed and 40-50k tickets sold has kind of upped that.

(Unidentified Congress member) - So, that's my question, is our sponsorship money going to increase in forecast as a result of that?

Dan Payne - those 9 RDO's is funded outside of that.

Nominations

Marni Vath presented.

The Congress Representative Director nomination was considered first.

Marni Vath - We had one person step up (Jeremiah Johnson)

Kilian Kerwin – Motioned to ratify Jeremiah Johnson as the Congress Representative Director to the Board

Adrian Gannon – Seconded the motion.

Call to Question

In favor – (voice vote was taken as Jeremiah Johnson was the only nominee)

Opposed – 2 recorded (Steve Lewis, Ken Pape)

Abstain - 0

Jeremiah Johnson to serve for 2 more years.

Review of Process

Nominations Committee is very restricted by By-laws.

Chair of the committee is Marni Vath – elected by Congress

2015 - 4 members elected to 2 years terms

Tom Wacker - first ever elected international IRB CEO. Joined our first ever board of directors. Then, Audit committee chair. Tom retired and Rob King took over the Nominations committee. Rob King has international investment banking and other business background. Full 100% participation in calls to committee.

Frank Merrill - rugby guy, true and true. Member of first BOD. Been on committee since 2006, former Chair. Vet.

Francois Viljean - investment manager with Wells Fargo.

Brian McClanahan - IA, in Colorado

Marni Vath - elected last year for a 2 year term. - Not just a rugby mom, played rugby in college, played women's (UCLA) - ranked 8th in country. Played in ITT's. Neck injury ended career. Became SCRFU President, SCRFU treasurer. Coached collegiate rugby to Natl Championship. Coached Olympic team, captain from last year. Rugby mom - two sons both play. Accountant, works for a multi-billion dollar family in California.

The committee gathered last fall, performed due diligence on what board needs, what we need to fill.

Search forms were sent in February.

Nominations closed in March

April/May/June interviews.

June 12 nomination (45 days prior to the meeting)

Not at liberty to give a list of all that were interviewed, we do not collect permission to distribute their private info, there are big enough egos involved that I don't think we can get them to come back next year.

50 nominated this year. 8 had been prior vetted. 3 declined nomination on outset. 25% were women, largest female pool. All votes on candidates were unanimous. Two finalists.

Jerry Gallion - one of our biggest responsibilities in bylaws is to identify and elect good directors. Jerry Gallion then read through the responsibilities of the board members directly from the bylaws.

Congress asked the Board if Congress could go into Executive Session in order to have a conversation about the process and candidates presented (Chad Keck and Barbara O'Brien). Executive Session lasted about 1.5 hours.

Full Congress (with Board and National Office) resumed and the voting took place on the two nominees.

Count on Vote:

Chad Keck: 34-Yes, 7-No, 2-Abstentions

Barbara O'Brien: 30-Yes, 7-No, 6-Abstentions
Rick Humm - Congratulations to the candidates.

Jeremiah Johnson - we are going to have to amend the agenda - triage what we have left

Review and Revision of Director Nominating Process (for future)

Rick Humm – Motioned to proceed with a group to look into changes to the nominations process under the bylaws

Kevin Brown – seconded the motion.

Does the Board have any insight?

Will Chang - We were not a part of the discussion until now, but we would happy to review any proposal the Congress sets forth.

Rick Humm – it would be helpful to appoint a board rep to join as a part of the group

Marni Vath - Melissa von Keyserling should be at least an observer.

Jerry Gallion – can we engage with outside personnel to help our review?

Marni Vath - limited by budget.

Call to Question

All those in favor say Aye (voice vote was taken)

Opposed - none.

The Motion Passed.

Member Benefit Option

Ron Watson presented.

Wrestling and Weight Lifting are examples where there is a value add to Membership - 671 sponsors for all of the Olympic sports in general, but very few have value added to their memberships.

Valpak - largest coupon code company in America. Never been approached by a National Sports organization.

Proposal - 2 Steps:

1. Valpak - offer this to all members, neighbors, friends, family, etc. Regional geographic area that will give you discounts up to 50-75% off. Covers children up to seniors. 13,000 different companies you will be able to utilize.
2. Savings.com - 7,000 companies nationwide on this site. Paid every time you put your code in, they get 6%. They have agreed to donate 50% of their commission - so 3% to USA Rugby. App for your phone. Work with USA Rugby to design a program to put on your website, etc. Everyone you know can use it.

Rick Humm - How is this different than the mailer you throw out once a month? We need to be careful in how this is rolled out.

Ron Watson - I agree. They are still finalizing how they are going to get this set-up online. Looking at having a search engine where you can go online and search it.

Dan Payne - This is high level, there will be some of these that get parceled out as non-compete for some sponsorship.

Ken Pape - I think it's great, thank you.

Needs to be gone over by the management and everyone else to be sure it fits within the overall plan

(Unidentified Congress member) - Is there any possibility of getting this set-up by the time we are ready to sign up for our next CIPP cycle?

Ron Watson - I want it done by the time we register. If we'd had the meeting 3 weeks ago, we could have had it set up by now. But no, we'll have to get it vetted and get it up and running soon.

RDO Value

Kurt Weaver presented.

Rugby development officers (RDOs). Brainchild of youth and HS committee.

Even if they never play again they are fans for life. Average cost is 50K per year

Now over a year old, so we can hopefully get some data off of this.

Primary source of funding to get people on the ground working. Got a lot of positions seated and moving. Getting National Office positions on the ground working for ages 5-12 was key.

Realize they are also doing whatever they could for those SBO's.

Track the info similarly to a salesman. Need to get this much accomplished and if they don't then we have to fire them and move on to someone else.

2 of the 3 RDOs worked out and we reviewed the program when Dan Payne came on and we realized that we need to make a few changes.

NorCal - Nate

Numbers on slide show success he (Nate) has had.

Northeast - same thing

Lot of kids, lot of opportunities.

Get opportunities to play and then the number of kids follow.

Map of Atlanta - instead of teams spread across the city, now it is in leagues.

Philadelphia - Nick - 30 league opportunities. Pee wee leagues in small communities.

Play a cross city league.

Offering opportunity for entry and a couple nights a week for a few weeks and that's it.

6 kids and a pizza is one of the slogans they use, all you need to play rugby.

San Diego as a model. Hannah Lockwood. Start leagues instead of teams.

Unintended consequence - 9 year old kid with 71,000 Instagram followers - dad is a professional surfer. 1 post read 33,000 times. All positive comments.

Accessibility when these localized leagues are available.

\$5 stays with USA Rugby, they get the same member benefits of club members.

COLA - Dues Increase Discussion and Presentation

Dan Payne presented.

Last time there was a COLA dues increase was 2005

Mike Crafton - I believe last time (2013) was to cover insurance only.

Dan Payne - Growth, we've been growing our membership.

If we'd looked at \$5, every 3 years, that would have given us 2.5m over the last 12 years.

Review of proposal.

\$195,000 would go back into Youth and Rookie Rugby. Fund 3 of the RDO's.

\$75,000 - NCAA initiative at women's level impact for young women's players.

\$50,000 would go back into men's and women's programs - development of retired players to train as coaches and referees.

- Why are you going to increase referees dues so much?
 - We required background checks in previous year(s) and did not add a cost increase.
 - Referees increase is an issue. Referee societies are aware of this and most will pay this on behalf of the referees.
 - Does anyone have a society that pays for this?
 - No response in the affirmative.
- College players are getting the same bump as men's and women's club. There is a benefit of the youth and HS players coming into their programs down the road. So they don't see one right away, but will see one down the line.
- Unidentified Congress member - 12 Years of not having a dues increase. It should be more.
- We need to deliver on these things.

Ken Pape - so its \$5 on a dues increase now? When would the next one be?

Move to Motion to Accept

Ayes – Voice vote took place with overwhelming majority affirming the dues increase.

Nay - 2 votes (Meredith McAlister and Ken Pape)

Clarification - applied new membership cycle on Tuesday? Dan Payne - Yes.

Unidentified Congress Member - COLA should have applied to Rookie Rugby also

Women's Rugby Audit 2017 - Rosalind Chou

Introduction

Reading thru presentation - see PowerPoint attachment for details

Introduction of Women's 15s National Team (current) and 1987 Women's Team members that played first USAR International Match against Canada

1987 Women's team was honored and Caps were officially awarded to those that had not previously received Caps. Former Women's National Team captain spoke as did Dan Payne.

Congress Adjourned