

USSA BOARD OF DIRECTORS' MEETING MINUTES

Salon I – The Ritz-Carlton, Bachelor Gulch – Beaver Creek, CO
Saturday, December 6, 2003, 9:00 a.m. - 10:30 a.m.

USSA BOARD OF DIRECTORS' ATTENDANCE

Chuck Ferries – Chair

FIS/USOC

FIS Ranking Representative: Bill Marolt

USOC Ranking Representative: Jim McCarthy

USSTF

Bill Bindley – Vice Chair

Dexter Paine - Secretary-Treasurer

David Pottruck

Hank Tauber

Thom Weisel

Vacancy

SPORT REPRESENTATIVES

Alpine Representative: Bob Dart – absent (excused for TD duties in Lake Louise)

Snowboard Representative: Gary Taylor – (excused for race duties)

Freestyle Representative: Andy Wise - teleconference

Cross Country Representative: Lee Todd – (excused for business in Japan)

Jumping/Nordic Combined Representative: Alan Johnson - teleconference

Disabled Representative: Jack Benedick

ATHLETES

Alpine Athlete: Chris Puckett

Snowboard Athlete: Rick Bower - absent

Freestyle Athlete: Craig Rodman - absent

Cross Country Athlete: Jon Engen - teleconference

Jumping/Nordic Combined Athlete: Greg Boester

Disabled Athlete: Willie Stewart - absent

EX-OFFICIO/NON VOTING

USOC Athletes' Advisory Council Representative: Nelson Carmichael - absent

NSAA President/Chair: Michael Berry - absent

SIA President/Chair: David Ingemie

HONORARY

Dr. Bud Little - absent

Dr. Leland Sosman

1. Chairman's Welcome: Chuck Ferries

Ferries called the USSA board of directors to order. He stated that he thought the meeting would be brief – that most reports had been addressed in the Foundation board meeting. Alex Natt asked the board members who were teleconferencing to identify themselves. Andy Wise, Alan Johnson and Jon Engen confirmed they were in attendance. Natt verified that a quorum was available for conducting the meeting.

2. USSA Agenda Approval: Chuck Ferries

Ferries asked for a motion to approve the agenda as submitted.

Motion #1: To approve the USSA Board of Directors' meeting agenda.

M/S/C Bill Bindley/David Pottruck – approved by acclamation

3. **USSA Meeting Minutes' Approval: Chuck Ferries**

Chuck Ferries then asked for a motion to approve the USSA meeting minutes.

Motion #2: To approve the USSA Board of Directors' meeting minutes from May 18, 2003.

M/S/C Jack Benedick/David Pottruck – approved by acclamation

4. **Chairman's Report: Chuck Ferries**

Ferries stated that his report would be very, very brief. He stated that he had had a fabulous couple of days. He said that he had been re-energized by spending time with Bill Marolt and visiting with the athletes, watching how they approached what they were doing - their professionalism, their focus. He stated that it looked that way in all disciplines. He stated that it was fabulous to watch Daron and Bode. He said that this was a professional group of people bottom up. He stated that everyone involved with USSA could be very proud.

Ferries stated that USSA was a complicated organization from the standpoint of having to have people to develop the entire sport. He also stated that USSA's foundation board was the best that USSA could possibly have. He stated that USSA had a professional staff to drive the vision and that everyone had dreamed of having this type of organization years ago rather than the divisive organization that had been the case in the past. The effects, he said, of what was accomplished six years ago by bringing this group together was that now the benefits were being seen.

Ferries stated that USSA staff had spoken to some members of the German federation and that they had no organization and that USSA was light years ahead of some other nations. He said, however, that everyone was waking up and that USSA would have to move forward figuring out how to take the organization to the next level over the next period of time. The opportunity for USSA was to continue to determine what USSA should look like in that timeframe and define what was needed to reach that – set the goals and move in that direction. He ended his chairman's report by saying that the professional staff and everyone affiliated with the organization were on schedule and did what they said they were going to do and that everyone was up to the challenges.

5. **Nomination Screening Committee Report: Chuck Ferries**

In the USSA nomination screening committee, Alex Natt stated that the foundation nominations for the USSA board, David Pottruck and Thom Weisel, were re-nominated. He also stated that the replacement for the resignation of Bill Esrey would be dealt with by the time of the next board meeting. He then asked the board for a motion to approve the nominations of David Pottruck and Thom Weisel.

Motion #3: To approve the nomination of David Pottruck and Thom Weisel to sit on the USSA board.

M/S/C Jack Benedick/Bill Bindley – approved by acclamation

6. **New Business: Chuck Ferries**

Membership Fees: Tom Kelly stated that the fees were listed in the USSA board materials behind the agenda (Addendum A) and that the fees had been developed between staff and management and discussed within sport committees, or the executive committees and the leadership of the various sport committees. He stated that good feedback had been received in the fall and that it was probably the most professional direction on running the fees through to date. He also stated that it was the first time that fees had been proposed in December rather than May, the month USSA went to the membership with the renewals. He said that he would be happy to answer questions. No questions so he requested a motion to approve the fees.

Motion #4: To approve the membership fees as presented.

M/S/C Dexter Paine/Jim McCarthy – approved by acclamation

Audit Committee Job Description: Alex Natt stated that the job description had been distributed by e-mail for review prior to the meetings (Addendum B). He stated that this was activating the previously approved audit working group of the last few years. In light of top-down governance of corporations in the U. S., USSA decided to be proactive in this regard and activate the committee upon approval of the procedure. He said that essentially what the committee would do was have oversight over all USSA-related entities and would meet independently with USSA's auditors and have input into the choice of those auditors. He then asked for a motion approve the job description.

Motion #5: To approve the Audit Committee Job Description as presented.

M/S/C Bill Bindley/Dexter Paine – motion carried

Ferries stated that Bill Schiebler and Bob Hoff were on a number of audit committees and that they would be happy to be involved in USSA's committee. Ferries stated that USSA needed continuity. Greg Boester was on the board and he wanted him to remain.

McCarthy stated that if someone were placed on the Audit Committee who was on the endowment board, that would put them on a governance committee and risk that person becoming an independent director of the USOC. He said that USSA had a tremendous talent pool from the foundation board and suggested that USSA might want to hold off until spring to see how this shook out strategically.

Natt agreed that, while both candidates were qualified, past histories should be reviewed and a more informed decision made at a later date. Natt also reminded the board that an athlete needed to be a member of this committee. He stated that Greg currently qualified but this would need to be kept in mind as USSA moved forward.

McCarthy again emphasized that there was a lot of talent in the room that could be very helpful to the Olympic Committee, which in turn could be helpful to USSA.

Ferries closed stating that this would be kept in mind and addressed at a later date.

7. **FIS Report: Bill Marolt**

Marolt stated that his agenda as far as the FIS was concerned fell into three areas: (1) anti-doping (2) cost containment and (3) TV and sponsorship. In anti-doping, the FIS he stated was one of the leaders in international federations in taking on this issue. He stated that the FIS had recently adopted the WADA code which would require the FIS to

make some minor adjustments in process. He stated that as we moved forward with the FIS and our own anti-doping efforts in the U. S. via USADA that the athletes competing at the FIS would be doing so on a level playing field. He said that the task would never be easy but the commitment had been made in manpower and resources. A question was asked of Marolt on the status of marijuana and he responded that it still required a two-year ban from competition.

Marolt reported that cost containment and TV sponsorship would be discussed as one. He stated that the board was familiar with this topic from years of discussion of how the FIS managed TV and how they managed the sale of corporate sponsorships. He stated that it was becoming more and more of an issue as the FIS and event organizers were having a tougher time to find the resources for putting on events and to fund teams. Over the last 12 to 18 months, he stated, some progress had been made. In the last Council meeting, he said that a plan had been presented to the Council from a London company which researched what they believed the property was worth, setting some values since the FIS would have to take on the business of centralizing TV rights.

Weisel stated that UCI was going to franchise the top 25 teams in the world in cycling, to build a formula 1 kind of program. He said that it was idiotic that TV rights were all in conflict with each other and that made funding from the FIS restricted and that conflicts in sponsorship existed. He stated that some sense needed to be made of all of this.

Marolt stated that the FIS World Championship model retained all rights to selling TV and sponsorships and then there was a formula for distributing money back to the organizer/national association. He said that he couldn't understand why this couldn't be done for the World Cup. He stated that he knew there were a lot of old relationships that created conflicts between the FIS and organizers and national associations.

Weisel referred to a *New York Times* article on global warming stating that a lot of the resorts would no longer have the snow in future so many of the historic places would no longer be available. He said that skiing was a dying sport in Europe in terms of interest. He said this created a huge change that should allow for some opportunities.

Marolt stated that there would be a meeting in February with Richard Bunn, formerly of EBU, who was consulting with the FIS. Marolt said he was encouraged because this person knew what to do and how to do it to move forward.

Weisel suggested that Bill visit with other nations before the meeting to discuss USSA's strategy and needs and their strategy and needs to work together to get a voting block.

Sosman stated that a few Congresses back there had been discussion with Gian-Franco about selling a patch on all uniforms for all sports to provide additional revenue to the FIS, which would then distribute back to the national associations.

Marolt stated that that would be part of the discussions. What sponsorship categories needed to be sold internationally and what could be sold through the national associations to maximize revenues. Of all nations, only 12 or so nations are involved.

McCarthy asked Weisel if cycling was a better business model internationally than skiing. Weisel responded that it was very different because of factory teams' sponsorship. The federations, he stated, were in a bind themselves. The teams controlled the athletes. Federations funded and controlled world championships and Olympics. Other than that, they didn't have a role to exist except where there was a hole. In women's cycling, he stated, there were no factory teams so the US association put together a US women's team so in cycling the federation had the team that competes in World Cup events. He said that there existed about 140 teams in the world, of which perhaps 50 had decent

budgets, top 25 had larger budgets, and the top 10 even larger ones. They faced the same challenges. Cycling in the US, he said, was on the ascendancy; in Europe, he said it was struggling. So the structure, he stated, was pretty much the same. He also said a difference was that the venues were not controlled by the international federation, that it was a much more fragmented marketplace in that regard with less control by the governing body. Looking at different models would serve you well, he stated.

8. **USOC Report: Jim McCarthy**

McCarthy stated that the USOC was becoming more active in regulating NGBs. He stated that taekwondo had just been decertified, which took seven years to do. He stated that a de-certification of track and field was being considered. He said that serious issues were being considered by the USOC. He said that it was appropriate because the USOC was judged by the least successful and worst functioning NGB. Weisel stated that track and field was undergoing a reorganization process.

McCarthy said that going forward a reorganized USOC would have a tremendous marketing and donor fundraising potential. While not a threat, he suggested, to biathlon, which didn't market and didn't have any donors, it would be a threat to organizations that did market and did have donors. He said that in eight or less years, the budget of the USOC would go from \$500 million a quad to potentially double that. He said that there were only so many donors and so many people who wanted to use sport for marketing and USSA should be aware of this on the horizon.

There was a question as to when the committees and board would be restructured, to which McCarthy replied that it would occur before Athens, under the Senate panel scenario or under the internal scenario, so that the new board would experience an Olympics. If anyone knew someone on the Senate panel and could request that they be reasonable in moving this forward, he solicited that support. In response to a query, he listed the members on the Senate independent panel. He said that the only difference between the two groups was the issue of who controlled the board. The IOC requirement he said required that the board be controlled by people from Olympic sport. The concern was a majority of outside directors. What the USOC was attempting was to neuter the internal directors to make them as close to independent as possible requiring that AAC or NGB directors resign all NGB or AAC affiliated positions if they were on the USOC board.

9. **Sport Committee Reports/Action Items:**

Alpine: Alan reported Bob Dart was the TD at Lake Louise and had asked Alan to discuss a few items. There would be no action items. He stated that the alpine membership fees had been discussed and input provided to staff. He said that a study was being undertaken on J IV's to see what the dropout rate was and the reasons for it. He said that alpine would be adopting the FIS equipment rules for the 04/05 season and that tools would be needed to control that. He stated that the alpine sport committee appreciated that the board agreed to meeting on Sunday.

Cross Country: Ashley stated that Lee Todd was currently in Japan and no action items needed to be addressed.

Disabled: Jack Benedick stated that there were no action items for disabled. He stated that the IPC was screwing up the alpine FIS World Cup circuit and he said that he was not sure if we would win that battle. He said that disabled wanted to stay under FIS auspices and let the IPC run the Paralympic Games and stay out of World Cups and World Championships. He said that this would be the sixth season of a successful alpine

World Cup and over the summer, he said, he'd received a letter that said the FIS subcommittee was no longer valid and that he'd been trying to find out the why since.

Freestyle: Andy Wise said that the FIS had approved inverted aerials for moguls. He said that it was just a matter of time, possibly next year, that USSA events could be adding inverts also. The freestyle sport committee had appointed a working group to come up with a process for USSA competitors to qualify for the inverted jumps similar to the current aerial program. He said that what needed to be considered from USSA was the insurance requirement. He thought there might be added costs. At the FIS World Cup in Ruka the past weekend he reported a third place in aerials. Due to the weather the men were down to doubles, which hurt USSA men but helped USSA women, allowing Kate Reed to get a third place finish.

Jumping/Nordic Combined: Alan Johnson stated that from ski jumping/nordic combined there was not a lot to report. If anyone read the minutes from the FIS meetings, it was surprising to a number of people the stance that had been taken by the staff of the FIS to control ski flying to one event rather than the two or three staged annually. He said that impacted nordic combined which had scheduled a ski flying and cross country and nordic combined event, which apparently has gone by the wayside. The FIS also agreed to establish an official women's continental cup circuit to begin next year and to officially add a women's class at the junior world championships in 04/05.

Jon Engen reported that the guys in Europe had been in two World Cups and started in the 20th position and moved into 6th and 13th. He said that USSA had the world record for the sprint at Soldier Hollow. Everything at this point, he said, was very promising.

Snowboard: Ferries stated for Gary Taylor that there were no action items from snowboard. He thanked everyone for doing a great job.

10. Judicial/Legal Committee Report: Alex Natt

Natt reported that there were no judicial committee actions from the summer but the legal report was that the corporation was currently the defendant in two personal injury lawsuits coming from two eastern alpine ski races - one in New Jersey where a 17 year old broke her leg. Potential damages for that case were not expected to be substantial and would be covered by USSA's insurance. A new one served on Friday concerned a minor from Whitetail, PA, which was a more serious accident - a head injury resulting in a coma for a few days. The complaint was just served so there was very little to report at this time. For 2003, he reported USSA increased its coverage. He said that might mollify Andy Wise's expressed concerns regarding insurance and inverted aerials to some degree. USSA vs. Lloyds had been settled to the satisfaction of the company and was subject to a confidentiality agreement. He thanked Gordon Strachan for his involvement.

11. Athletes' Council Report: Greg Boester

Boester stated that there were no action items to report, which was a sign that the athlete constituency endorsed the actions of the ski team, the staff, and the policies that had been put in place over the last several years. He stated that seven years ago there were lots of complaints from athletes ranging from staff to trying to secede from national governing bodies. He stated that now the concerns were over closer ties to the organization and the people who support it, which said a lot about how far the organization had come. The majority of inquiries and e-mails that he received now as the head of the athlete committee came from athletes and development parents and tended to center around education and educational opportunities and the choices that kids are

supposed to make – continue to ski or pursue education. The perception was that USSA did not do much to support education along with the athletic pursuit of the athletes. The reality was that simply was not the case, he said, more grants and more opportunities were being provided whether on-line opportunities or grants and that the more information put out would help to keep the pipeline fed. As athletes reached 17 and 18 they were faced with tough choices - continuing their skiing careers vs. educational opportunities. The more that they realized both were supported by USSA, the better. He said that Gary Black would write a piece on the success to date to get that message out.

USOC AAC: Written report submitted by Nelson Carmichael (Addendum C).

12. Old Business: Chuck Ferries

McCarthy asked if event insurance was still unavailable. Weather cancellation insurance, he was told, was available but was prohibitively expensive. Ferries asked if anyone had any old or new business to discuss. No old or new business.

13. Meeting Dates: Chuck Ferries

Ferries stated that the USSA board was scheduled for its next meeting May 23, 2004. He asked as many people as possible to attend that meeting. He said the board members were great and that he appreciated their involvement and help.

A comment was made by Dexter Paine that one of the things that had been emphasized to the new board members coming to the USSA board from foundation was that they had to commit to attend the Park City meeting. “We believe that is really an important time to see the volunteers, see how the organization really works, and interact with the athlete representatives”; he said, “so from the foundation we will be very strict about the need to be there and participate in those meetings.”

Ferries asked Bill to comment on the upcoming FIS Congress. Marolt stated that the meetings were scheduled for the end of May, early June in Miami. He said that if some of the board members had the opportunity to come for a few days and meet some of the people they’ve heard talked about, it would be worthwhile to get to know people from other countries, meet the FIS staff. He said that in the end it was still about personal relationships. Ferries asked if it would make sense to recommend a program together. Marolt agreed that it made sense and that USSA would get that out in the coming week. Ferries recommended a specific group of people to meet and talk.

14. Closing Comments & Adjournment: Chuck Ferries

There being no further business, Chuck Ferries thanked the board members and ‘let’s have a great race.’ Meeting adjourned at 10:30 a.m.

After the adjournment of the meeting, David Pottruck asked that in light of his desire to pursue possible appointment to the new USOC Board as an independent director, his nomination to the USSA Board be rescinded. Mr. Pottruck wished to retain his status as a Trustee of the Foundation. Chairman Ferries acceded to this request and Mr. Pottruck’s seat will be filled at a later date.

Addendum A

2004-05 MEMBERSHIP FEES

The following membership fee structure was recommended for approval for the 2004-05 season; USSA staff developed the fees with input and review from sport committee leadership.

| ALPINE | CATEGORY | FY 03/04 | FY 04/05 |
|--------|-------------|----------|--------------|
| | Youth | \$30 | \$45 |
| | Student | \$60 | \$70 |
| | Competitor | \$115 | \$125 |
| | Master | \$90 | \$90 |
| | Official | \$40 | \$50 |
| | Coach | \$100 | \$125 |
| | Cert. Coach | \$130 | N/A |

| CROSS COUNTRY | CATEGORY | FY 03/04 | FY 04/05 |
|---------------|------------|----------|-------------|
| | Nordic Kid | N/A | N/A |
| | Youth | \$20 | \$25 |
| | Competitor | \$85 | \$100 |
| | Official | \$40 | \$50 |
| | Coach | \$100 | \$100 |

| FREESTYLE | CATEGORY | FY 03/04 | FY 04/05 |
|-----------|------------|----------|--------------|
| | Youth | \$30 | \$30 |
| | Rookie | \$40 | \$40 |
| | Competitor | \$90 | \$100 |
| | Official | \$40 | \$50 |
| | Coach | \$100 | \$100 |

| JUMP/COMBINED | CATEGORY | FY 03/04 | FY 04/05 |
|---------------|------------|----------|--------------|
| | Nordic Kid | N/A | N/A |
| | Youth | \$20 | \$25 |
| | Competitor | \$85 | \$100 |
| | Official | \$40 | \$50 |
| | Coach | \$100 | \$100 |

| SNOWBOARD | CATEGORY | FY 03/04 | FY 04/05 |
|-----------|---------------|----------|--------------|
| | Regional Comp | \$40 | \$50 |
| | National Comp | \$90 | \$100 |
| | Official | \$40 | \$50 |
| | Coach | \$100 | \$100 |

Addendum B

USSA AUDIT COMMITTEE

Responsibilities

I. Purpose

The Audit Committee's primary duties and responsibilities are to:

Review and appraise the audit efforts of the organization's (USSA, USSTF, and affiliated entities) independent accountants.

Provide an open avenue of communication among the independent accountants and the USSA Board of Directors.

Serve as an independent and objective party to review and monitor the organization's financial reports and internal control processes.

II. Composition

The Audit Committee shall consist of three (3) members, each of whom shall be either a member of the Board of Directors of USSA or the Board of Trustees of the United States Ski Team Foundation. At least one (1) member of the Committee shall be an athlete member of the USSA Board. The members of the Committee should have a working familiarity with basic finance and accounting practices and at least one member shall have accounting or related financial management expertise.

III. Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee should:

1. Review the organization's annual financial statements and any certification, report, opinion, or review rendered by the independent accountants.
2. Review the selection of independent accountants and recommend for approval thereof by the Board.
3. Review and discuss with the independent accountants any significant relationships the accountants have with the organization to determine the accountants' independence.
4. Review the performance of the independent accountants and approve the discharge when circumstances warrant.
5. Review with management and the independent accountants if any significant difficulties or disagreements were encountered during the course of the audit.
6. Consider the independent accountants' judgments about the quality and integrity of the organization's accounting principles as applied in its financial reporting and its internal control processes.
7. Review with management and the independent accountants any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
8. Meet with the organization's independent accountants outside the presence of the organization's staff, to review the organization's financial statements prior to the release of the annual audit.

Addendum C

USOC - ATHLETES ADVISORY COUNCIL REPORT

GOVERNANCE: While there are many, many subjects involving the AAC. The governance issue has been by far the most important and time consuming. The AAC as a group has had a very strong voice in the restructuring process of the USOC. Through the work of the AAC leadership, the AAC membership's input, and many others within the USOC, it looks like the USOC may be close to a complete reorganization within the next few months that maintains the athlete's twenty percent voice. Congress currently has its own legislation regarding the USOC, including a Senate bill which has been passed and another in the works within the House. The feeling among the AAC is that if the USOC's own task force plan is carried out, there may not be a need for further congressional intervention, as the USOC Task Force's plan was approved by the current board at the most recent meeting.

BUDGET: For the 2004 quad, there is an expected \$500 million budget, including an \$8 million surplus. The projected budget for the 2008 quad is \$600 million, and the new contract involving US television rights was way beyond expectations. Hopefully, with steps such as a much reduced board and less meeting expenses, more of this money can be directed toward athletes.

OP GOLD FUNDING: The USOC would like to set standards for the top event in each sport, each year earmarked for Operation Gold funding, and pay out accordingly. The trouble is, there is not a top level event in every sport, every year (FIS World Championships for instance). USOC is proposing that NGB's apply for Performance Pool funding to fill in the missing funds during those years where sports do not have a top level event. It's unclear how this may work out in the future, and further input is needed.

EAHI: The Elite Athlete Health Insurance program is suffering from increased premiums which have more than doubled. The staff is working on ways to keep this program affordable for athletes, but is struggling with solutions.

DOPING: More mainstream news is picking up on doping abuse, including tainted supplements, steroid precursors, ephedra and the relatively new steroid THG. These stories include the BALCO case which involves many pro sports athletes as well as Olympians. This case may open the door to more regulation in the supplement industry. In an effort to separate the real drug cheaters, there have been some improvements made to the banned substances lists related to cold and allergy medicines, as well as caffeine. Athletes are urged to contact USADA with questions.

AAC CONDUCT: A member of the AAC (and also the BOD, ExCom, and International Relations) was investigated for alleged misconduct in the areas of personal abuse, attendance, potential business conflicts, and media misrepresentation. Through months of meetings, conference calls, letters, due cause, etc., he did resign from all of these positions except his membership on the International Relations Committee of the USOC. While this process was extremely negative, it was believed necessary and showed the AAC has the means to police its membership when needed.

NYC 2012: New York has a very ambitious plan in their bid for the 2012 Summer Games. We were given presentations and a small tour during our September AAC meeting in NYC, and if the plans worked out as outlined by the bid committee, these would be outstanding Games.

Nelson Carmichael

Ussa03/ussabodminutes12 03 legal reviewed