

**USA Cycling Meeting of the Board of Directors
August 9, 2019 – Colorado Springs, CO**

8:00 a.m. mtn

Nancy Cowan, presiding Secretary called the meeting to order followed by a formal roll call.

BA Anderson	<input checked="" type="checkbox"/> Present -- by phone
Matt Barger	<input checked="" type="checkbox"/> Present
Erica Clevenger	<input checked="" type="checkbox"/> Present
Rob DeMartini	<input checked="" type="checkbox"/> Present
Stephen Ettinger	<input checked="" type="checkbox"/> Present
Beth Hernandez	<input checked="" type="checkbox"/> Present
Gina Kavesh	<input checked="" type="checkbox"/> Present
Kristin Klein	<input checked="" type="checkbox"/> Present
Andy Lakatosh	<input checked="" type="checkbox"/> Present -- by phone
Nancy Leon	<input checked="" type="checkbox"/> Present
Alex Nieroth	<input checked="" type="checkbox"/> Present
Rafi Ortiz	<input checked="" type="checkbox"/> Present -- by phone
Michael Patterson	<input checked="" type="checkbox"/> Present -- by phone
Sean Petty	<input checked="" type="checkbox"/> Present
Bob Saffell	<input checked="" type="checkbox"/> Present
Bob Stapleton	<input checked="" type="checkbox"/> Present -- by phone
Alison Tetrick	<input checked="" type="checkbox"/> Present
Arielle Verhaaren	<input checked="" type="checkbox"/> Present
Julia Violich	<input checked="" type="checkbox"/> Present
Brook Watts	<input checked="" type="checkbox"/> Present
Robin Thurston (Advisory)	

Board Vice Chairman Alex Nieroth motioned for the approval of the April 24, 2019 board meeting (call) minutes. Motion was seconded by Board Member Gina Kavesh. All in favor, no one opposed, meeting minutes approved.

Chairman, Bob Stapleton reminded Board members of their role as advisors, and their fiduciary responsibility and duty. Bob commented that USA Cycling is essentially operating two businesses (1) Team USA (i.e. Elite Athletics/Olympics, athlete development, supported by the USOC and Foundation and stated that side of the business is doing quite well; and (2) The toll booth that we run for the amateur/grassroots highway is in a decline, and this side of the business requires our full attention. We need to do things differently than we've ever done before. Bob stated this is a big reason why we brought Rob DeMartini on board, and we're lucky to have his passion, energy & enthusiasm. We're optimistic going forward and about our future. Rob will need the board's full support and engagement.

CEO Rob DeMartini discussed the framework for today's meeting and what we want to accomplish. Rob updated the board on how he has spent the past 5 months – traveling, meeting with and speaking with people that are passionate and have very strong views about what we are doing right and what we are doing wrong as an organization. Rob indicated his optimism for growth. The day's agenda will include an update on financials, prep for Tokyo, grassroots racing, marketing & membership progress, and how do we become more interesting to enthusiast cyclists? Rob's ask of each board member - we will rely on your judgment to help us with

strategic decisions, to call out soft spots that we are not seeing, and your collective experience to help us make good decisions.

Shane Garman, Legal Counsel, talked about the existing By-Laws regarding the issue of term limits/term extensions, and indicated that the governance committee has recommended that terms for both Bob Stapleton & Matt Barger should be extended. Rob DeMartini motioned for approval of the term extension for Bob Stapleton, seconded by Nancy Leon, all in favor, no one opposed, Bob Stapleton approved for one more 2 year term. Rob DeMartini motioned for approval of the term extension for Matt Barger, seconded by Alex Nieroth, all in favor, no one opposed, Matt Barger approved for one more 2 year term. Shane clarified that the board vote is to approve the extension for Bob Stapleton and the Nominating & Governance Committee will still need to put Bob forward. Further clarification - Matt Barger's extension is provisional until the Foundation agrees to the term extension when they hold their board meeting later this year.

Alex Nieroth discussed board succession and indicated the Nominating Committee will take the lead identifying new members potentially coming to the board and would make recommendations to the entire board of those candidates that fit the criteria. If anyone has suggestions, please send them to Alex or Michael Patterson (committee Chair), and feel free to provide your input. Alex indicated that Board composition would likely be impacted by new USOC changes.

Shane updated the board and gave an overview on recent reports issued– the NGB Task Force, Borders Commission report and Senate Committee report on the USOC and new legislation (Olympic & Amateur Athletes Act).

Todd Sowl, CFO gave a financial update. Our annual financial audit by an independent auditor was held and they issued a clean opinion on our financial statements. They reported there are no concerns or issues. Regarding our YTD numbers and our forecast he stated that we are doing better than we were a year ago, but are behind budget. We had some success growing revenue but not nearly as good as we were budgeting. The main drivers are membership and sanctioning revenue trending down and those trends are continuing to plague us. Year to date sponsorship is down, however in the forecast we will crawl back before end due to some sponsorships currently in negotiations. Regarding our forecast going forward, we are missing the mark on revenue but expenses are less than budget. Unfortunately the basic, Gold, Silver Ride membership is not as successful as we expected. The race space is in decline. We need to grow in the enthusiast space. Also, our insurance premiums increased due to claims & settlements. Chuck's team is working on improving safety at events to help minimize those premium increases going forward. Matt Barger, Finance Committee Chair, reminded the Board that Rob was not part of , nor did he have any input, in the 2019 budget as that was put together and approved before his hiring. Todd continued with the assessment that road racing is in decline. Rob commented he believes it's due to safety. Rob reiterated that we will still focus on "race" members but we believe more people are riding before racing, and we need to work on the funnel that starts with riders that turn into racers. Todd gave a brief update on the organization's investment income.

Elite Athletics – Jeff Pierce, Director of Road & Track, updated the board on Olympic qualifications and start spots; an update on where we are at right now with current ranks and recent athlete achievements, as well as the path to Tokyo going forward and medal capabilities.

Jamie Staff, BMX and Sprint Track Director, updated the board on BMX racing and BMX Freestyle qualifications, recent achievements and Olympic medal opportunities. Also an update on the status of the new BMX Freestyle Park under construction in California.

Chuck, Chief of Racing & Event Operations. Updated the board on National Championships, successful Collegiate road in Augusta, GA; Marathon MTB in Texas this year with a few venue issues; Junior Track numbers down; Amateur Road successful Hagerstown; US Pro & ParaRoad - indicating 2 more years in Knoxville, looking hard at combining Amateur Road with Pro. MTB Nationals huge success (played video), held in WinterPark, a new record with 2400 starts. Freestyle BMX Nationals in Cary, NC in October this year. New venue for Collegiate MTB Big Bear. Looking towards the future, we're taking 2-3 events that we can take to next level, MTB Nats, CycloX Nats and Pro Road. Trexlertown for track, working on that too. For 2020 – currently working on calendars/venues. Event sanctioning update, new permitting structure & tools, the plan to increase racer days; these are multi-year projects. Chuck walked the board through event numbers, we've been picking up some great events, including some Gran Fondos. We're going back to Race Directors and working out deals with them, our sales force out in the field, new permitting structure. Bike Reg – we're moving people over to our registration system. And working on new Marketing tools – i.e. online waivers providing us info to collect, POS purchase path, checklist for participants before an event, some other upcoming initiatives like a post event survey, discussion re chip timing, and improved ranking system. Chuck indicated his department has one open position.

Rob DeMartini, CEO updated the board on basic operations, the company strategic plan, stating he's been working with the Marketing team, currently in the process of seeking a marketing leader with ongoing candidate interviews; we need more resources in the communications department (currently 2 people) that are tasked to execute the message “the new USAC”, our 100 year anniversary, and Tokyo/Team USA. Update on *This Week in American Cycling* program; Sponsorship has two deals in the works (about to sign thru Tokyo Olympics); we need more resources in the sponsorship department. If we solve the enthusiast issue and grow membership then sponsorship will be easier to sell. Sellable assets – access to athletes and telling their stories. Discussion amongst group regarding the differences in events i.e. Dirty Kanza vs. typical road race, and the idea of having fun and mingling with athletes afterwards at races. We need to increase our brand loyalty, Team USA. Currently working on industry relationships – with People for Bikes we have agreed to staff a person, using donor funds from the Foundation. NICA – we're in talks working on a deal, close to finalizing. We don't want to replace these advocacy groups and do their work, we just want to support them.

Rob refreshed the board on our OGSP – (Objectives, Goals, Strategies and Plan) and our mission: Safe, Fun, (the word Fair changed to Equitable) and Measured. The Plan includes a new Membership Value Proposition to be rolled out, we are moving away from benefit driven to mission driven (includes racing license/maybe a certificate), investing in the sport, giving back to athletes, advocacy & safety. A portion would go to one of these groups. The strategic change from years past – creating much more of an emotional connection, and a badge or sense of belonging. More transparency – we will tell members where the money actually goes. There will be testing in the next few months on this new value proposition. Short discussion around Clubs.

Rob gave an overview of the estimated budget – explaining investments in CRM, Marketing, Technology, Programming & People. For 2019 - Phase 1 & 2 Bike Reg, 1 day license online purchases working, technical membership sales, permitting system will be completed. These initiatives are already budgeted and you will see results by our next board meeting. Therefore, the incremental ask for the remainder of 2019 is for the new initiatives – the new membership launch, CRM implementation (marketing automation) POS launch and event search phase 1 launch. Kim Gerra (IT Director) indicated we are in talks with Salesforce and Marketo. Board members inquired about the possibility of a non traditional way to get a sponsor for this.

After Rob and Kim laid out & explained their plan in significant detail, the company put forward an incremental request of \$750,000 for the deliverables the remainder of 2019. Rob stated that once the company shows what we can deliver, we hope to gain their confidence. Next steps – test membership proposition, and by next board meeting we will share those results before we launch. Alex Neiroth motioned for approval of the incremental spend for 2019 in the budget, Gina Kavesh seconded, all in favor, 1 abstained, no objections, approved. After the vote was held, Advisory board member Robin Thurston indicated the board would like clear KPI's for event searches, POS, etc. by the next board meeting.

Moved into Exec Session

No other business. Alex Nieroth motioned to Adjourn, seconded by Gina Kavesh, all in favor, no one opposed, so adjourned.