



USA Cycling Meeting of the Board of Directors

Via Zoom video

August 18, 2020 - 9:00 a.m. mtn

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

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

Entire USA Cycling Leadership Team also joined.

Board Vice Chairman Alex Nieroth motioned for approval of the April 17, 2020 board meeting minutes. Motion was seconded by Board Member Julia Violich. All in favor, no one opposed, minutes approved.

Chairman, Bob Stapleton talked about fundamental shifts in consumer behavior, Covid impacts, and the fragile economics in cycling that have been exposed. USA Cycling needs to radically adapt and focus on economic sustainability. Concerns about getting back to racing in Europe. Accolades to Jim and his team, the USAC management team and Rob for his quick response and action during times of Covid and uncertainty.

CEO, Rob DeMartini gave an overview of the Agenda and what topics will be covered on today's call; including a brief recap of the organization's 2020 year to date progress; current membership numbers and

an update on the new board reconstruction. Membership in 2019, about 35,000 auto renewals, we launched new membership proposal early March, down 8,000 members YOY, but 3200 new members joined since Covid with 75% having never before been members. Mixed numbers are encouraging. IT is building better marketing capabilities that Dan will cover in his presentation. Chuck will update the board on Covid safety measures and protocol for Events and what's happening with permitting during Covid. Just before Covid hit, we were up in events, trending up 4% in events and 30% in rider days, primarily mountain biking. Chuck's team has re-worked the Nationals calendar. All Nationals have been cancelled so far, with the exception of CycloCross at this point, and the location moved. Jim will update on Tokyo readiness. Internal office – Rob gave a brief update on furloughs and layoffs; and new NGB tenants coming into our building. Our primary company focus is our membership plan and how we navigate through this Covid year. Plans to monetize Virtual Racing and Olympic Development Academy. 2021 Event Calendar in place, not announced yet, significant push to subsidize events next year. Todd will update everyone on our top down budget and planning approach for next year – concept of strategy, structure and staffing. IT has specific plans to exit CCN. USA Cycling has to break its dependency on events, we need additional revenue streams, i.e. virtual racing, subscription coaching. Our base plan next year is to chase 55,000 members (the 2019 #), and riders increase to 20,000. Events + 15%, about where we were trending in March. IT gets off legacy and CCN. Focus on Tokyo readiness. Create new non-event revenue stream \$3 million, and how to return to a degree of full strength as the business comes back.

Todd Sowl, CFO gave an update on the company financials. Key progress – renting out West side of our building and finalizing 3 year leases with two NGBs; Cares Act Loan forgivable loan; Dutch Government grant money; secured 2.5 million dollar line of credit; very successful with financial automation; and we have a return to work plan in place, our office is open with employee safety measures in place. Todd gave a snapshot view of 2nd Quarter YTD results, including explanation of variances, timing differences. Discussion around insurance premiums, negotiating credit or rebate, or extension of policy when it's time for renewal. Sponsorship down, some sponsors are not paying. Investments down but the market is rebounding, with a strong performance in July. Forecasting overview – expense side right on budget, explanation of revenue and balance sheet line items. Less losses this year because of major expense cuts. Long term we need to grow top line revenue. Discussion around membership value proposition and price increase pros and cons. Budget process, timeline and a new approach – developing a top down revenue budget, then building top down expense based on revenue, and departments will build out detail from those figures; staff to return gradually on “as needed” based on revenue. Month of November budget adjustments, then meet with Finance Committee, followed by full board in December for approval of 2021 Proposed Budget.

Dan Vaughan, Executive Director of IT gave an update on recent IT projects. Strengthening our infrastructure, getting off Legacy/CCN, improving user experience (streamlining membership purchase path), upgraded new content management systems, customer & consumer touch points, and CCN migration going well.

Foundation update from Steve McCauley. Good news – year over year, 40% increase in gifts. Giving Games Campaign successful. Explanation of target plan for next year.

Commercial Team update from CCO Bouker Pool – review of current membership numbers; communications plan for new audience reach; more approachable content focus; new tools launched i.e. Marketo, Salesforce, Drift and Google Optimize. Explanation of 2021 Membership planning, including price increase detail and focus on four core value propositions. Update on Sponsorship renewals, extensions and recent challenges. Discussion with group around advocacy and how we can amplify and content share; discussion around clubs and sharing assets, NICA, and discussion around sponsorship challenges.

Chuck Hodge, Chief of Racing and Events gave an update on Racing & Events. Prior to Covid the numbers were trending up as a result of recent strategies implemented. 2021 plans include increasing the number of sanctioned events, driving participation, working on plan to provide benefits for members at ride events and entice non-members to join, supporting event organizers through decreased costs, increase youth participation. Plan to provide subsidized insurance products to organizers as an incentive, discounts, targeted marketing and advertise events to existing and prospective members.

Elite Athletics update from VP Jim Miller – two points of focus: Road to Tokyo, Future of Athlete Development. Testing and Travel on hold right now with Covid. Dr. Roshon, Chief Medical Officer, has joined us, he's been effective and instrumental for us, especially during these trying times. Training as good as you can expect during Covid and athletes are doing well. Regarding development – working on Olympic Development Academy and Community/Academy Camps, more detail as those plans develop. BMX – new facility completed in Chula Vista. Discussion amongst board on ODA pay to play, opportunities for all including diversity and those not able to afford program. Donations, corporate sponsorships, scholarships possible pathways and USA Cycling sensitive to those concerns and has a plan. Discussion about youth memberships being free in the future.

Kelsey Erickson, Executive Director, gave an update on Diversity, Equity & Inclusion task force plans and committee formed with a well-rounded group of expertise. Working on programs and initiatives and plans for 2020/21. Launching demographics membership survey soon. Also launching a DEI fund. Creating mentor program with black and tribal universities, which will help to increase access to jobs in the sports industry; also establishing clubs within these universities/colleges. Revamping CEUs for coaching education, with incentives to mentor, volunteer and coach in under-represented communities to earn credits. Continuing with Round Tables to talk about diversity, all members invited, seven more will be scheduled. Update on Athlete Wellbeing program to include pro bono services to support mental, physical and emotional health for athletes, athletes have already reached out and we're working on a fundraiser for this program. Launched Bronze, Silver and Gold SafeSport Certification program to incentivize clubs to promote safety and protection, giving clubs recognition.

Executive Session to discuss confidential legal section and board reconstruction

Out of Executive Session.

Motion by board member Gina Kavesh for Approval of (1) proposed Board Restructure Plan; (2) Extend all Sport Committee positions by 1 year; (3) Extend AAC Representatives by 1 year; and (4) Extend all current Athlete Representatives on Board for 1 year, seconded by Bob Saffell. All in favor, no one opposed, all proposals above been approved. Next steps - Amended By-Laws require 30 days' notice

either by special meeting or email vote. Nominating & Governance Committee will need to figure out four At-Large directors to continue on board; Foundation will need to appoint it's three directors and we will work on a revised Sport Committee structure. December Board meeting will be under the new structure.

Back into Executive Session for group discussion

Out of Executive Session

No other business. Sean Petty motioned for an adjournment, seconded by Alex Nieroth, all in favor, no one opposed, meeting ended.