

USA Gymnastics Board of Directors Meeting
Minutes of the Regular Session
July 12, 2018
Indianapolis, Indiana

Board Members present:

Lois Bingham (Independent Director)
Kittia Carpenter (National Membership Director, Women's Artistic Gymnastics)
Kathryn Carson (Independent Director)
Karen Golz (Independent Director), Chair
Ivana Hong (Athlete Director, Women's Artistic Gymnastics)
Stefanie Korepin (National Membership Director, Combined Gymnastics), Treasurer
Brent Lang (Independent Director)
Steven Legendre (Athlete Director, Men's Artistic Gymnastics)
Dylan Maurer (Athlete Director, Acrobatic Gymnastics)
David Rudd (Independent Director), Vice Chair and Secretary
Staci Slaughter (Independent Director)
Justin Spring (National Membership Director, Men's Artistic Gymnastics)
Julie Springwater (Independent Director), telephonically
Kimberly Till (Independent Director)
Kevin White (Advisory Council Director)

Others present:

Robbie Bach, USOC designated liaison
Kerry Perry, USA Gymnastics President and CEO
Christopher Tebo, USA Gymnastics Chief Legal Officer
Mark McCreary, USA Gymnastics Chief Administrative Officer

1. Welcome/Discussion of the agenda

The chair called the meeting to order at 7:58 am, EST and declared that a quorum was present.

The Chair welcomed the new Board members, and noted that she had heard from a number of the prior interim Board members, thanking them for their service as they worked hard for the athletes and clubs. Many of the prior Interim Board members have expressed a willingness to help in the future.

The Chair informed the Board that Tom James is no longer engaged as counsel to USA Gymnastics and that contact Christopher Tebo, inhouse counsel will be fulfilling the role that Tom James performed. The Chair noted with appreciation Tom's long and faithful service to USAG.

The Chair reviewed several housekeeping issues including Conflict of Interest, Code of Ethical Conduct, and Confidentiality policies to be addressed.

The Chair also noted significant upcoming USAG events include:

U.S. Classic in Columbus, Ohio, July 27-28, 2018

<http://www.usagymclassic.com/>

National Congress in Providence, Rhode Island, August 8-11, 2018

<http://www.usagymcongress.com/>

U.S. Gymnastics Championships, August 16-19, 2018

<http://www.usgymchampionships.com/>

The Chair encouraged the Board members to attend events when possible to make their presence known and to interact with USAG's membership. The Chair noted that this is particularly important as we have many board members who are not known to the gymnastics' community and the membership. The Board needs to be visible to the membership. Each Board member is permitted two complimentary tickets to the events and those independent members who are able to pay for their tickets, to please do so.

The Chair indicated she would seek to set dates for the remainder of the Board meetings shortly. Chair is currently considering eight or nine meetings a year; likely three in person and the others telephonically.

In addition, as committed at the May 22 Interim Board meeting, the Chair hopes in late August to send the inventory of skillsets for each board member to complete and update. This builds on the work of Boardspan.

The Chair shared with the Board a "parking lot" of ideas, issues, and things that likely need to be undertaken. This was created by the Interim Board to be passed along to the new Board for their consideration.

The Chair informed Board members that next week the USOC would be hosting a meeting of the NGB board chairs in Denver and that she would be attending. Robbie Bach mentioned this is the first time the board chairs have been together, and it is being hosted by Susanne Lyons.

The Chair noted that the Board will be receiving ethics training today as this was an outstanding requirement from the USOC from its January 2018 letter to the USOC. The staff will all receive no later than end of July. New board members must take safe sport training as well.

In order to make additional time in the agenda to adequately address some questions that have arisen regarding safe sport, we are adjusting the agenda somewhat. Board orientation will be

done telephonically for new members at a later date. We are having two safe sport modules to address emerging issues.

We have guests joining the meeting which include Bryan Molen from AON will be here regarding GL coverage and the Plews law firm (coverage counsel) will be here to speak to the extent of their work analyzing USAG's historical coverage and amounts available to settle potential claims.

2. Introductions of all board members, USOC Liaison, USAG Staff

Board members were introduced, and brief discussion was held regarding communication plans: across the stakeholders, how are we perceived, change the dialogue.

David, Kimberly, Staci agreed to help shape the message and communications plans.

3. Ethics Training

Chris Tebo shared the proposed revisions to the Code of Ethical Conduct and led the Board in ethics training. Development of a Club tool kit which would address hiring, COEC, SafeSport, etc. How do you measure ethical conduct – metrics, is there a direct correlation in the number of safe sport complaints, cases come down, cases go up...measure the progress, trainings, outputs, etc.

Discussion ensued regarding communication and communication plans including developing a succinct one sentence mission statement.

Kittia Carpenter commented that we have raised the awareness of safe sport in clubs, competitions and with coaches and owners. She further commented that we need to inform the parents that spotting is common in gymnastics to be sure the athletes do not land and injure themselves. Registering their athletes independently the parents are able to read through the policies and are beginning to establish more trust and transparency.

Lois Bingham questioned what benchmarks USAG is expecting to utilize to know how we are doing – incident reports too low/high? Lois recommended taking a look at some outside organizations that publish benchmarks – compliance space, platform tools, research around compliance, what are the indicators?

There was discussion about how to assess the current culture and whether we are progressing with changing it. Where is it now, and how do we evolve?

It was discussed that a good place to start is with the new Programs Council to see their beliefs of our culture in the base of the organization and similarly with a working group of club owners – how do they change the culture.

Environmental changes will help lead to culture change – such as all proactive policies, Code of Ethical Conduct, roles of club owners. There are differences between culture and compliance-- these start at the top but measure at the bottom – individual member level.

It was suggested that a random survey be considered as a means of getting a baseline on the feeling of the clubs.

Kevin White noted as a club owner, we all want to protect the children. Everything is so new; the communication is out there but there is no A.B.C. of how to facilitate this – there is a lot of change. We are not being communicated with and are running scared about safe sport – going to take time, but we need to ramp up the communication. It is of great concern with coaches and clubs.

Lois Bingham suggested think we think of it as a phased in approach, over a number of months. We need tools that can help people understand what we mean and how to best work with the new policies and expectations.

Robbie Bach noted that everything we are doing is pretty new and we will get some of it wrong. The US Center for Safe Sport doesn't have it figured out yet, how is USAG supposed to?

In some ways, the culture of the elite and those that are not is the challenge. For membership, how do we effectively communicate to the various portals – web, email, etc. We need to educate at all levels as we are a grassroots organization.

Kittia Carpenter made several suggestions for consideration to the staff that would be helpful in delivering the message:

- a] Do a survey to state and regional chairs
- b] National congress presentations – how to coach under the new policy
- c] Explain the why and implement it – how to speak with motivation
- d] Reporting in clubs – many banned, some that are questionable with more awareness on how to treat people and be fair

4. Break

5. Presentation, discussion and Q+A on USAG GL insurance coverage

Bryan Molen of AON joined the meeting to discuss the status of the general liability coverage. Mr. Molen discussed General Liability and Excess insurance and the challenges in obtaining coverage in the sport movements; only three carriers will insure in the U.S. Everything else is handled via London with coverage options for molestation and brain injury. Ultimately increased claims with unclear monetary impacts has led to the market hardening.

Bryan Molen advised that this is being considered as many NGB's are facing many of the same challenges as USAG, but it is in the early stages.

6, 7, 8. Safe Sport matters

Julie Springwater, chair of the Safe Sport Committee commented that the committee is working very hard but it is trying to put something together while trying to work revisions on the safe sport policy at the same time. It is very challenging. The SSC has met weekly for a thorough review of the proposed SS policy. We understood that the work was to be done by the end of July in order to discuss at National Congress but this seems unlikely. There was a proposal made in the SSC to amend the bylaws but the majority of the SSC voted it didn't feel it could support the bylaw changes at this time.

The SSC has referenced this point back to the board "parking lot" which includes a – holistic review of the bylaws. Safe sport committee is the newest committee – just as they got put in place, the board resigned so it was hard to get much traction. All the committees need greater clarity, expectations, criteria to be a member of the committee.

It was noted that we need to provide more onboarding for committee members – how do you qualify people to work on a committee. The Chair mentioned that this was on the parking lot.

Karen agreed to forward to all board members the letter sent to USAG from the USOC dated January 25, 2018.

Chris Tebo was asked to explain the Safe Sport Department. Chris explained that the department includes – Mark Busby, former prosecutor, highly skilled to evaluate cases. There is an open role for education and training, a non-case specific individual looking at safe sport policy from a communication basis. USAG is currently looking for someone who may have a legal background with training and education as well. Capable person based in Indy who will be a key person working with the SS committee.

There will be four regional directors of safe sport. These individuals will – manage the field side of the safe sport function including proactive policies, providing training and helping to – create a new paradigm. The goal is to have these ... four hired by the end of 2018. In the regionalized structure, these individuals will provide communication and engagement with clubs, parents, etc.

It was noted that there is a fair amount of confusion with membership as to what is at the US Center for Safe Sport and its definition and how we, as the NGB, are not involved if they have exclusive jurisdiction.

Chris Tebo led the board through a brief explanation of bylaws 10.5 detailing allegations, interim measures, suspension, restrictions, including how they are lifted and how individuals are to be informed.

Some level of training is also needed for the SS committee:

- Definition of the process

- Education of the process
- Trust of the process

As a new committee, there needs to be greater clarity on the expectations of the committee and the roles and responsibilities.

USAG has purchased a new software program called Maxient, which should be going live shortly. This is the same software used by the US Center for Safe Sport.

Dylan Maurer inquired that if someone is being investigated for a non-sexual misconduct matter which is not sent to the center, what is the process and norm? Chris responded it really depends since each case is different.

There were questions about the potential for false allegations.

When first reported, for example, a bullying case, it is evaluated by intake and administration, there is an initial review to assess if there appears to be substance to the case. If the answer is yes, it moves forward. Some people feel that appropriate spotting is being reported.

The Board would like to see the flowchart on the process of a report to safe sport, both at the “center” and at USAG. What is the process? If someone thinks the bylaws have not been followed, they should file a report to the ethics and grievance committee.

USAG expects to post on line the process handbook, executive summary and provide FAQs on the website.

- Executive summary
- Flowchart
- How do I end up on the suspension list?
- If you find yourself on a list-what happens
- Presentations at Congress – dialogue
- At congress – safe sport seminar

There were suggestions to provide information on the following topics to membership:

- On intake of an allegation: Sexual misconduct vs. nonsexual misconduct
- Investigation times may vary based on what type of factors
- An FAQ with the ten most common questions

There is a need to continue to explain the difference between the US Center for SafeSport and USA Gymnastics’ safe sport function.

9. President's Report

Membership numbers are up this year.

Kerry presented the end-of-year membership numbers for 2017-2018 by discipline:

Women's Program = 155,925
Men's Program = 19,681
Rhythmic Program = 5,880
Acrobatic Program = 2,875
Trampoline and Tumbling Program = 9,932
Gymnastics for All = 2,572
Member Clubs = 3,555
Instructors = 9,290
TOTAL MEMBERSHIP = 209,710

USAG is working toward the vision to becoming the standard-bearer for change in the NGB community by transforming its culture to a highly engaged organization where our commitment to athlete safety and well-being is paramount as demonstrated through new policies, education, structure and compliance. Respect is restored by achieving excellence in all aspects of the operations and through the success of our athlete's competitiveness on the national and international stage.

Robbie reminded us that we still need to be mindful of the power of competitive sport.

USAG created an Athlete Task Force to help shape our future by providing support with the organization's strategic and operating decisions. Five core athletes representing each sport and includes a survivor of abuse.

USAG has made the reporting of abuse easier through online reporting, a dedicated toll-free number, an online portal and a dedicated email address.

USAG created an Athlete Assistance Fund through the National Gymnastics Foundation to provide survivors with financial resources for counseling and related services.

USAG has engaged in athlete outreach and involvement in the organization; HPTC selection process, visits, meetings, events.

USAG has begun to implement additional structure, policy and procedures and organizational alignment with culture and goals

- Revised the Board from 21 to 15
- Amended the Bylaws to reflect commitment to athlete safety
- Restructured the organization by expanding the Safe Sport department
- Reorganization of functions/lines of reporting; reduction in overall manpower

Revising safe sport policies to align to federal law and the US Center for Safe Sport. As noted earlier, the review and approval process is underway with the SS working group and SS Committee.

Education

- Incorporating expert/innovative ideas

- Online membership application – allows USAG to more effectively communicate

- All staff, board, and professional members required to be Safe Sport compliant

There were questions about the role of the regional managers with the expectation that they will educate, train, and support the clubs – managers will be able to collect data points for violations indicating trends. A question was raised as to why the regional managers need five years of investigative experience if their role is principally education and outreach.

USAG wants the managers to be conduits back and forth with communication of the safe sport policy and how they can improve.

It was noted there has been distrust and USAG needs to rebuild trust between USAG and its membership clubs.

Through the crisis that has occurred, we need to reintroduce ourselves as a newly focused organization. We need help from the board. Sponsorships, brand, etc. strong people on each

USAG has implemented the recommendations of the Deborah Daniels report and we are at 82% implemented or in the process of implementation. We believe it is important to share what we have done and that we are serious about implementing the recommendations from the Daniels report.

10. Break (due to timing, the break was not held)

11. Update on overall insurance coverage for claims

George Plews and Greg Gotwald of the Plews' law firm joined the meeting.

The board members were asked to hold questions specifically on Nassar, or mediation for the executive session along with details of the litigation. Any information provided by counsel is privileged and confidential.

Plews reported that there are five key general liability insurers including TIG, CHUBB, Great American, Combined Specialty, National Casualty during the period in question. Plews reported that the USOC may be viewed to be a partial promoter of the event and that USAG may have coverage under the USOC policies. This is not certain at this time and requires further analysis and research.

The next planned mediation is scheduled to occur August 17th in NYC.

It was moved, seconded and all voted in favor to move into Executive Session at 4:10 PM

It was moved, seconded and all voted in favor to exit Executive Session at 4:38 pm.

12. Financial matters

The financial statements through June 30, 2018 had been submitted in the board's pre-read materials. John Hewett, CFO joined the meeting and covered certain financial highlights including:

- renewed GK sponsorship of \$1.5M of in-kind and cash; with 210K in cash in 2018,
- working to streamline legal expenses
- Challenges exist for the 2018 budget due to lack of sponsorships, increased legal and defense costs and rising costs of insurance for general liability and other.

Lois Bingham asked when the finance function will be in a position to better forecast cash flow. John expects improvements in projecting cash flows as some of the legal matters and related costs of lawyers settle down a bit.

Membership renewal season is underway and registrations are coming in. At this time, we are not seeing a decline in membership renewals.

As far as completing the 2016 and 2017 audits, there are weekly calls with the auditors. Most of the routine audit work has been completed with no issues. USAG has put forth strong technical analyses and supporting memorandums to the auditors on some of the non-routine matters and the related disclosures. We will continue to work toward getting these completed as quickly as possible. We have had strong support from the Plews' firm in their legal letters to the auditors.

13. Legal matters (Executive Session)—deferred to subsequent meeting

14. Any other business/adjournment

It was moved, seconded and voted in favor to adjourn the meeting at approximately 5:50 pm.

Submitted, August 23, 2018

David Rudd, Secretary