

**MINUTES
OF THE MEETING OF
THE BOARD OF DIRECTORS OF
UNITED STATES TENNIS ASSOCIATION INCORPORATED**

**BILLIE JEAN KING NATIONAL TENNIS CENTER
FLUSHING, NEW YORK**

**HILTON NEW YORK TIMES SQUARE
NEW YORK, NEW YORK**

AUGUST 29 and SEPTEMBER 1 & 2, 2024

PRESENT: Brian Hainline, Chairman of the Board, Brian Vahaly, First Vice President, Laura F. Canfield, Vice President, Kathleen Francis, Vice President, J. Christopher Lewis, Secretary-Treasurer, Jeffrey M. Baill, Violet Clark (joined via teleconference for portions of the meeting), Maggie Chan Jones, William McGugin, Emily S. Schaefer, Bobby Sharma, Liezel H. Huber, Vania King, Megan Moulton-Levy, Directors at Large, and Michael J. McNulty, Immediate Past President.

ALSO PRESENT: Lew Sherr, Chief Executive Officer and Executive Director, Andrea S. Hirsch, Chief Operating Officer and General Counsel, Kevin Flaherty (joined September 1 & 2), Chief Financial Officer, Rachel Booth, Senior Counsel, Managing Director Tennis Integrity, Lisa Cradit, Managing Director, Head of Communications and Content, and Nellie Nevarez, Senior Director, Office of the President.

1. President's Welcome & Opening Remarks. Hainline called the meeting to order at 8:50 a.m. (EST) on Thursday, August 29, 2024. A roll call was taken and a quorum certified.

Hainline commended Sherr and the Senior Leadership team on the success of Fan Week. He emphasized the success and popularity of tennis at the Paris Olympics.

Hainline then recapped efforts to date relating to the Premier Tour, describing a purposeful strategy for working with the Tours, greater unity among the four Grand Slam nations, and potential additional approaches to collaboration.

Hainline summarized his meeting with a global pickleball "federation" purportedly seeking to operate grassroots pickleball programming under the umbrella of the International Tennis Federation ("ITF"). Hainline noted that the International Olympic Committee is not accepting new sports to the Olympics unless under the umbrella of an existing international federation.

Hainline remarked on the positive reception to the 2024 US Open theme, "The Power of Tennis" and the reach and economic impact of the US Open.

2. **CEO's Opening Remarks.** Sherr informed the Board that the 2024 US Open was poised for record-breaking attendance, with over 216,000 attendees during Fan Week and 48,000 for Arthur Ashe Kids' Day. He presented programmatic highlights such as access to player practices and ticketed evening events, as well as overachievement in revenue for food and beverage and merchandise sales. He reviewed financial projections for the upcoming US Open, noting tickets, suites, hospitality, food and beverage, and merchandise all were outperforming projections. Sherr fielded questions about grounds pass opportunities for finals weekend, the reliability of on-court technology systems such as line-calling, and player sentiment towards the US Open.

Sherr offered a high-level overview of the ESPN media agreement. He outlined revenue objectives and highlighted the significance of having a broadcast partner with extensive reach to enhance the US Open as a premium event, and expand its distribution. Sherr summarized key deal aspects, including a twelve-year term, an expanded commitment to showcasing Fan Week, maximized reach through ESPN and ABC channels, and the opportunity for USTA to assume the role of "Host Broadcaster" which will provide greater control over the broadcast's overall aesthetic and atmosphere. Sherr fielded questions regarding carriage disputes, investment costs associated with host broadcaster responsibilities, and commentator talent.

Sherr advised that the Player Development Advisory Council ("PDAC") work has begun under the leadership of Ben Navarro and supported by Deloitte. PDAC is scheduled to deliver recommendations in the 4th quarter. He spoke briefly to the court infrastructure necessary to support the 35x35 strategy and the need to bridge a resource gap through external sources and partnerships with governmental agencies, grant funding and private equity investments.

3. **Approval of Minutes.**

Upon motion duly made by Vahaly, and seconded, the Board unanimously approved the June 21 & 22, 2024 Minutes of the USTA Board of Directors Meeting.

Upon motion duly made by Vahaly, and seconded, the Board unanimously approved the July 23, 2024 Minutes of the USTA Board of Directors Teleconference.

4. **Action Chart.** Hirsch reported that the majority of the topics listed on the Action Chart are scheduled for discussion. Discussion ensued on zero based budgeting.

(Wilbur Kim, Cambridge Associates, joined the meeting.)

5. **Financial Update.**

a. **Investment Committee Presentation.** Kim summarized the growth and performance of the main Portfolio and Series D Portfolio through June 30, 2024, explaining the investment program follows institutional best practices and governance policies. Kim praised the passion and knowledge of the Investment Committee members. Kim reviewed the Portfolio growth trajectory since 2000 which currently consists of \$266 million in assets. He spoke about contributions and withdrawals and the average annual compound return over a fifteen-year period. Kim provided the long-term Portfolio

objective to support annual USTA programs and to act as a reserve fund in the unlikely event the US Open does not occur. He explained the growth mandate to generate at least 8% annualized net returns. Kim presented a liquidity analysis of the total USTA portfolio, describing the goal to maintain sufficient liquidity. He reiterated the benefit of the USTA brand in leveraging private investment networks. Kim fielded questions on valuations on private equities and spoke to long term plans with respect to risk.

Kim then reviewed the Series D Portfolio, a \$100 million investment program. Lewis reiterated the plan to grow the \$100 million in the Series D Portfolio to \$150 million before 2033 and to reallocate any excess funds. Kim advised that the goal is to earn at least 5% annualized returns over the next 10 years and that as of June 30, 2024, the Portfolio is valued at \$103 million. Performance factors and drivers were discussed. Hainline thanked Kim and the Investment Committee for their exceptional efforts.

(Kim departed the meeting.)

(The meeting recessed at 10:20 a.m. and reconvened at 10:30 a.m.)

6. Communications and Content Update. Cradit presented the activities and quantitative metrics of the strategic communications plan, including volume, reach, ad value, and sentiment by media channel. She emphasized plan alignment with the USTA's growth strategy and mission. Cradit outlined the strategy focus on an integrated and thematic-driven approach, greater volume of mission-based stories, and creating bigger moments that stand out. She explained that all storytelling content aligns with the pillars of the 35x35 tennis growth strategy and promotes tennis as a vehicle for improved health. Cradit noted that 2024 is being used as a baseline to measure quantitative results of volume across all organic media by theme.

Cradit showcased storytelling achievements from the initial seven months of the year. She emphasized the impressive reach across various media platforms, with 1.2 billion impressions and 12 million social media shares recorded (excluding the Foundation and the US Open). Cradit spoke to the importance of hyper-local player content in driving stories. She identified themes that resonate well at the local level, such as seniors, adaptive tennis, coaching, and court infrastructure.

Cradit fielded questions related to the significance of targeted themes, the value of "owned media," strategies for influencer engagement, and the need to assess both progress and return on investment (ROI). She also addressed whether the US Open can attract attention for community tennis, Section engagement and content contribution, comparisons to pickleball metrics, and KPIs and plans for 2025. She discussed opportunities in 2025 to broaden reach through paid social, and utilizing platforms like Pinterest and threads, and targeting micro groups to enhance engagement.

ACTON: Distribute a monthly report on community and mission based storytelling. Cradit.

(Jon Vegosen and Tim Russell, Intercollegiate Tennis Association, joined the meeting.)

7. ITA Discussion. Hainline welcomed the Intercollegiate Tennis Association ("ITA") leadership team. Vegosen noted the high level of cooperation between the ITA and USTA. He

highlighted the accomplishments of American collegiate players who have successfully transitioned to professional tennis. He additionally reviewed leadership changes within the ITA.

Russell elaborated on the shared achievements of the USTA and ITA, including the pathway from college to professional tennis and wildcard linkages. He referred to the use of the dedicated USTA Serve platform for Collegiate tennis, the Challenger accelerator program, and the advancement and growth of the World Tennis Number (WTN) for seeding and selection in collegiate events. Russell recounted the ITA Board's exploration into sports wagering and questions regarding whether pickleball could potentially contribute to enhancing tennis engagement.

Robust discussion ensued regarding the ongoing litigation against the NCAA and the potentially detrimental effects on collegiate tennis, the pending Congressional settlement, the availability of tennis scholarships and NCAA rules prohibiting prize money.

Russell offered that the ITA is excited about USTA entering the coaching space and noted the ITA's willingness to help. He provided ideas on unlocking collegiate facilities for USTA programming.

(Vegosen and Russell departed the meeting.)

(The meeting recessed at 12:07 p.m. on Thursday, August 29, and reconvened at 9:15 a.m. on Sunday, September 1.)

(Craig Morris, Chief Executive, Community Tennis, Megan Rose, Managing Director, Major Events, Kevin Flaherty, Chief Financial Officer, Liz McSorley, Managing Director, Strategy and Innovation, and Paul Maya, Chief Technology Officer, joined the meeting.)

8. Coaching. Hainline briefly highlighted the need to improve the quality of coaching and to attract more coaches to the sport. He noted the pre-read material contained a summary of progress to date as well as some high level takeaways from the Coaching Summit held at the beginning of the month. Hainline opined on the underwhelming standards for US coaches as juxtaposed against most other nations.

Sherr provided an overview of the corporate structure of the new coaching entity. He emphasized the importance of an independent board and staff talent like Megan Rose and Craig Morris as efforts move forward. Hirsch fielded questions about the corporate structure and advised that the Board will be asked to approve the documentation needed to establish the entity and file for tax exempt status.

Morris presented results from the Coaching Summit, which facilitated focused discussion with industry stakeholders on topics including play-based education, parent and volunteer recruitment, and the identification of regionalized training centers among other subjects. Morris then elaborated on six areas of consensus that emerged from the summit: a play-based philosophy, a human-centric approach, opportunities beyond teaching professionals, the significance of facility owners and operators, inclusion of alternative racquet sports, and a gradual rollout to ensure success.

Rose presented recruitment opportunities for 2025 target segments, explaining the value proposition and potential recruiting strategies for each of high school/college players, parents/volunteers, teachers and teaching professionals. She discussed pilot plans, opportunities for scaling programs, and incentives to promote participation. Based on segmentation work, the focus for 2025 will be on

parents, volunteers, and young professionals, emphasizing diversity in gender, ethnicity, and disability. Rose explained that this pyramid approach will guide their recruitment efforts.

Robust discussion ensued regarding the need to make coaching education meaningful to the industry, harnessing “fun” as a motivator for play, lessons learned from other youth sports and the PGA, identifying recruitment strategies outside of sport like Teach America, recruitment strategies for distinct audiences, ambassador/influencer programs, membership tiers, and utilizing platforms and apps for effective communication. Morris outlined plans for collaborating with retailers on equipment distribution. He discussed integrating Player Development and Diversity and Inclusion, to contribute coaching content and activities. Rose elaborated on recruitment strategies specifically targeting women.

Discussion ensued on staffing, budgets and the development of a marketing strategy for the new entity as well as a timeline for implementation. Morris emphasized the need for a progressive rollout to ensure successful execution. Morris additionally addressed questions regarding the “north star” of the coaching strategy, emphasizing the importance of a compelling mission and vision, and a timeline for full implementation.

Hainline then shared a proposed mission and vision statement for Board and staff consideration. Discussion ensued. Staff advised that further work will be done on both statements and refined versions of each will be shared with the Board.

ACTION: Develop Business Plan and Budget along with vision and mission statement for the new entity and staffing structure for 2025. Morris.

(Morris, Rose, and Maya, departed the meeting.)

(The meeting recessed at 10:20 a.m. and reconvened at 10:30 a.m.)

(Ted Loehrke, Managing Director, Section Partnership, joined the meeting.)

9. **Advocacy.** Loehrke offered an overview of ongoing advocacy initiatives, highlighting the role of Section programs and pilot projects. He noted the decentralized, informal, and reactive nature of Section advocacy. He additionally detailed the resources provided by National to the Sections, such as guidance from the Advocacy Committee, the USTA National Advocacy Handbook, digital tools like Quorum and Kinetica, and Tennis Venue Services, among others.

Loehrke summarized the diverse approaches to advocacy employed by the Sections, ranging from “ambassadors” with limited training to a structured system of volunteers with varying levels of expertise and responsibility. He highlighted that at least three Sections have obtained approval for grant funded projects that directly or indirectly promote local advocacy. These strategies collectively contribute to the potential for a more cohesive advocacy strategy across Sections and the National organization. Loehrke also reviewed advocacy pilots initiated in the fourth quarter of 2023. He addressed questions regarding demographics and the recruitment of ambassadors and emphasized the plan to align Section efforts with National resources, thereby fostering a more integrated approach.

Discussion ensued as to the potential use of technology for monitoring advocacy efforts, use and availability of Quorum, and plans to distill the advocacy handbook into specialized tools for specific

scenarios. Additionally, Loehrke presented a case study that underscored the local community dynamics between pickleball and tennis advocates, in relation to a USTA grant for court repairs and blended lines.

Discussion continued on scalability of advocacy resources and Tennis Venue Services, leveraging of marketing and storytelling strategies, and use of third party resources, data and technology systems and lobbyists to mobilize a robust network of advocates.

Loehrke outlined next steps for continued support for Section advocacy efforts, with a focus on sharing best practices, expansion and evolution of advocacy pilots, targeting a single program by Q1 2025 and finalizing and communicating an integrated National/Sectional advocacy strategy, including specific volunteer/staff roles, resources, action plans and timelines.

He emphasized the need for continued backing for Section advocacy efforts with a focus on sharing best practices, and expansion of advocacy pilots, with a goal to target a single program by the first quarter of 2025. Additional plans include finalizing and disseminating an integrated National/Sectional advocacy strategy that outlines specific volunteer/staff roles, resources, action plans, and timelines.

ACTION: Explore whether a CRM for advocacy tracking is possible. Loehrke, McSorley, Cradit.

(Loehrke departed the meeting.)

10. Pickleball. Hainline shared outcomes from recent meetings with pickleball organizations. He noted that notwithstanding the Board's previous stance on pickleball, the evolving landscape has prompted staff to reassess this position with an aim to align our efforts with the best interests of the tennis ecosystem.

Sherr explained that pickleball is not unified, with 9-10 entities using various rating systems. He advised that most industry stakeholders have shifted their orientation from tennis to "racquet sports" including facilities, manufacturers, retailers, and coaching entities. Robust discussion ensued regarding the importance of shared surfaces, federation governance, alignment between red ball and pickleball, the fractured state of pickleball, and lessons learned from other countries and Federations, such as the ITF, LTA, TA, FFT, and Tennis Canada all of whom are taking proactive measures to more firmly embrace (and control) other racquet sports under the banner of tennis.

ACTION: Staff to review and provide a recommendation with options regarding whether and if so, to what extent the USTA should become aligned with, and potentially work with, pickleball, padel and the broader racquet sports ecosystem. Sherr, McSorley.

(Pam Sloan, Section President, Jason Scalese, Section Delegate, and Summer Verhoeven, Section Executive Director, USTA Northern California Section, joined the meeting.)

11. USTA Northern California Section Presentation. Sloan spoke to the synergy between the NorCal and National community strategy and pillars. She highlighted the achievements of Executive Director Summer Verhoeven over her short tenure. She referenced changes to the NorCal governance

which has allowed a strengthened focus on the mission. Sloan expressed a desire for strengthened relationships and sharing of resources with high schools, colleges, and Park and Recreation agencies.

Sloan cited a strong demand for programming that is currently hindered by a lack of facilities and court availability, and explained the process by which private entities monopolize court time. She fielded questions on competing for Park and Rec programming time, and barriers to use of high school and college courts. She expressed a desire for National support to address these challenges. She further requested enhanced and more frequent communication with the USTA Board.

(Sloan, Scalese, and Verhoeven, departed the meeting.)

(The meeting recessed at 12:00 p.m. on Sunday, September 1, and reconvened at 8:00 a.m. on Monday, September 2.)

(Mark Lerfald, Section President, Allen Clendaniel, Section Delegate, and Mathew Warren, Section Executive Director, USTA Pacific Northwest Section, joined the meeting.)

12. USTA Pacific Northwest Section Presentation. Warren addressed funding challenges that hinder growth and highlighted opportunities for investments, partnerships, fundraising, and sponsorships. He emphasized the interconnected factors crucial for success, including business acumen, political awareness, analyzing value propositions, and a willingness to embrace risk. Clendaniel described challenges faced by coaches and facility managers in identifying their own value propositions.

Discussion explored various topics, including converting partnerships into revenue streams, the time required for investments and partnerships to yield results, identifying philanthropic and fundraising opportunities, and promoting collaboration and idea exchange among the Sections. Warren highlighted the value of data and analytics in informing resource allocation decisions and expanding program offerings.

Hainline thanked the Pacific Northwest Section Leadership for their time.

(Lerfald, Clendaniel, and Warren, departed the meeting.)

(Kevin Collins, Section President, Frank Kelly, Section Delegate, and Fred Viancos, Section Executive Director, USTA Texas Section, joined the meeting.)

13. USTA Texas Section Presentation. Hainline welcomed the Texas Section.

Collins opined that Texas faces challenges akin to those faced at National, particularly facility-related challenges. He emphasized the necessity for innovative approaches to address facility infrastructure improvements and in exploration of additional revenue sources. Collins elaborated on the Texas strategic plan, emphasizing their investment approach to address facility infrastructure needs, including their office building. He explained their aim to secure funding for CTAs in the Section and to offer grant programs.

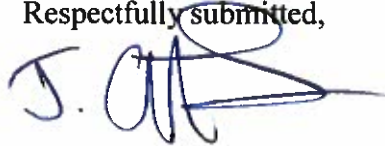
Collins described gaps of youth players in Texas who are not registered in Serve Tennis, and explained the differences with respect to staffing, budgets and court costs across the state.

Discussion ensued with respect to collegiate partnerships, inroads with NJTLs, and programs in place to welcome new players.

Hainline thanked the Texas Section Leadership for joining the Board meeting.

The meeting concluded at 8:46 a.m. (EST) on Monday, September 2, 2024.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J. Christopher Lewis', with a stylized flourish extending to the right.

J. Christopher Lewis
Secretary-Treasurer