

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

**JW MARRIOTT GRANDE LAKES
ORLANDO, FLORIDA**

JANUARY 6, 2023

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, 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, Ed Neppi, Chief Financial Officer, Marisa Grimes, Chief Diversity and Inclusion Officer, Craig Morris, Chief Executive, Community Tennis, Stacey Allaster, Chief Executive, Professional Tennis, Rachel Booth, Senior Counsel, Managing Director Tennis Integrity, and Nellie Nevarez, Administrative Director, Office of the President.

1. Welcome & Opening Remarks. Hainline called the meeting to order at 9:00 a.m. (EST) on Friday, January 6, 2023. A roll call was taken and a quorum certified.

Hainline welcomed the Board to the 2023-2024 Leadership Meeting. Hainline summarized his tenure with the USTA as both volunteer and staff member. He spoke to the experiences that informed his perspective and vision for the Board. Hainline provided an overview of the USTA's evolution from a volunteer-led organization to one where the Board sets vision and strategy and empowers staff to execute the vision and operate the business.

Hainline reflected on the challenges that the Association faced in the prior term regarding Section funding and Association governance. He opined on the root cause of these challenges and noted the importance of better conveying to the Association's constituents: (i) the USTA's role as a National Governing Body within the United States Olympic and Paralympic movement, and (ii) its obligations as a federation within the International Tennis Federation, and (iii) its place among the seven organizing bodies of tennis. He highlighted the importance of ensuring clear delineation and understanding of the roles of all USTA volunteers and staff, including the President/Chair of the Board, Board members, Section Leadership, Council Chairs/Vice Chairs, Committee Chairs/Vice Chairs and Council and Committee members.

Hainline emphasized that collaboration will be integral to developing a long-term strategy to achieve USTA's objectives and that in the shorter-term, a two-year plan is needed to address critical issues such as pickleball, coaching, UTR/WTN, Serve Tennis and international governance. He spoke briefly to the challenges and opportunities of each.

Hainline then described his approach to developing a long-term strategy focused on making tennis: look like America; be available at every public park; be available at all after-school programs; and be available for Americans with disabilities. He also informed the Board of his selection of Presidential Appointees who will be drawn upon for their specific expertise in matters of importance to the USTA. He further announced the creation of a Governance Task Force, noting the charge will be forthcoming.

Hainline stressed the importance of tennis to serve as a moral and ethical voice, and to highlight the importance of Safe Sport, sportsmanship, the American Development Model, safety, wellness, the health benefits of tennis, and for tennis to be the model sport. He concluded by discussing the need for a strategic budget process, and for transparent communication with Section Leadership and volunteers. Discussion ensued with respect to Board, Section, staff, and volunteer roles, and the continued confusion throughout the organization as to allocation of responsibilities and leadership.

Action: Provide the entire Board a document with talking points for the two-year and long-term strategies described in this Section, so every member can speak to the same points (Sherr/Hirsch).

(The meeting recessed at 10:34 a.m. and reconvened at 10:45 a.m.)
(Dan Faber, Chief Executive, USTA Foundation, joined the meeting.)

2. CEO Update.

a. 2023 Goals and Objectives. Sherr noted that tennis is the healthiest it has been in years, and that the growth in the sport should be celebrated. He briefly referred to the building blocks for a long-term strategy as articulated by Hainline. Sherr then presented the 2023 Organizational Priorities for each of Professional Tennis, Community Tennis, and the Association.

- Professional Tennis. Sherr described plans to build on the momentum of the 2022 US Open by growing programming and events during Fan Week, expanding broadcast and digital, and by improving the player and fan experience. He advised that Stacey Allaster and Danny Zausner will present a vision and growth plan for the US Open at the Annual Meeting and that a 2030 US Open strategy is underway. Sherr also reiterated the need for alignment amongst the Grand Slam tournaments and preparedness for disruptors to the sport. Sherr fielded questions from the Board.

Action: Present an initial vision and growth plan for the US Open at the Annual Meeting (Allaster and Zausner).

▪ Community Tennis. Sherr explained the need to develop and execute on a multi-year strategic plan in collaboration with the Sections, which will include a recommendation for the use of thirty million in proceeds from the sale of ATP 1000 Sanction for Western and Southern Open. Sherr described the other Community priorities for 2023 as the acceleration of the digital endeavors, creation of a vision and communication plan for the Player Development Center of Excellence, and strategies to navigate pickleball, UTR and the WTN. Discussion ensued.

Action: Develop and execute on a multi-year strategic plan in collaboration with the Sections (Morris).

▪ Association-Wide. Sherr highlighted the priorities as being the promotion of the tennis growth story and wellness benefits, increased integration of DEI initiatives across the organization, and driving greater employee satisfaction. With respect to employee satisfaction, Sherr noted the seismic shift in workplace thinking since the pandemic and advised that a Chief People Officer is joining the Association in February.

Sherr explained the need to develop an approach to new business ventures and to manage a strategic budget process. He also fielded questions on the need for metrics and methods to analyze growth and improvement of the Community initiatives as well as the possibility for pilot programs. Discussion ensued as to the audience and scope of the Player Development Center of Excellence.

Action: Hire PR firm and develop a plan to better tell the benefits of tennis story (Sherr). Develop approach to analyzing new business ventures (Sherr/Nepl).

(Grimes departed the meeting.)

(Jeff Waters, Managing Director, Section Support and Services, and Staciellen Stevenson Mischel, Deputy General Counsel, joined the meeting.)

3. Review of Councils and Committees/Charters.

a. Approval of Board Committee Members. Hirsch advised that there are four Board Committees: Audit, Budget, Investment, and Compensation. She explained that Board Committees have the authority to act on behalf of the Board and that therefore only Board members can be members of these Committees. She advised, however, that non-Board members may serve as advisors to provide subject matter expertise and a broader perspective. Hirsch noted that pursuant to New York State Not for Profit Law, the entire Board must approve the recommendations of Board Committee Members made by the President and Chair. She then referred the Board to the slate for each Committee, which had been previously provided. Hirsch clarified that while the Investment and Compensation Committees do not require elite athlete representation, the Audit and Budget Committees require 20% Elite Athlete representation. She advised that the recommended appointments of Elite Athletes to the Audit and Budget Committees are subject to the vote and approval of the USTA Athlete Advisory Council's meeting, scheduled for the following day.

Upon motion duly made by Huber, and seconded, the Board unanimously approved the 2023-2024 Audit Committee hereto as Exhibit A-1.

Upon motion duly made by Baill, and seconded, the Board unanimously approved the 2023-2024 Budget Committee hereto as Exhibit A-2.

Upon motion duly made by Francis, and seconded, the Board unanimously approved the 2023-2024 Investment Committee hereto as Exhibit A-3.

Upon motion duly made by Bail, and seconded, the Board unanimously approved the 2023-2024 Compensation Committee hereto as Exhibit A-4.

b. Review of Councils and Committees/Charters. Hirsch presented the Council and Committee structure and draft Committee Charges, as previously provided to the Board. She advised that the Board is being asked to align around the Committee and Council charges, which will then be presented to Section leadership.

The Board discussed the proposed charges and made recommendations for certain revisions. The Board reached consensus to present the charges to the Leadership group.

(Waters and Mischel departed the meeting.)

4. Financial Update. Neppl advised that there is little to update the Board relating to financial updates, given the most recent report at the December meeting. He noted that the new Board members received a full financial briefing during the New Board Orientation.

Neppl then provided an office update, informing the Board that the Westchester and Manhattan office leases are executed. He explained that the spaces are fully built out and require only cosmetic updates. Neppl informed the Board that due to new accounting rules taking effect in 2023, the lease liability will appear on the balance sheet.

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

5. Approval of Investment Policies. Neppl referred to two proposed investment policies previously distributed to the Board, which are intended to guide the operation of the Investment Committee.

Kim presented an overview of the Long-Term Portfolio Investment Policy Statement, describing the objective to generate an 8%+ nominal return (net of fees) over a long-time horizon of ten-plus years to support the USTA's spending needs. Kim explained the portfolio will act as a reserve and backstop in the unlikely event the US Open does not occur and will help fund major capital initiatives. He briefly described the implementation process for the investment program and targets/expected returns across the major asset classes. Neppl clarified that the long-term

Portfolio policy is intended to be a living document that will guide the USTA's overall investment program. He noted the material change to the policy since the last iteration reduces the amount in fixed income and increases the funds in growth. Kim fielded questions from the Board.

Upon motion duly made by Lewis, and seconded, the Board unanimously approved the USTA Long- Term Portfolio Investment Policy Statement hereto as Exhibit B.

Neppl presented a brief overview of the Series D Investment Policy Statement, explaining the objective of the Account is to pay off a \$150 million liability on June 30, 2033. Kim noted that to achieve this goal, the USTA will invest \$100 million from the sale of the ATP 1000 Sanction for Western and Southern Open in a portfolio designed to generate at least 5% nominal annualized returns (net of all fees). Kim explained the portfolio will invest in securities that limit the potential for loss of principal, and that any excess capital earned over the \$150 million target will be transferred to the long-term portfolio at the end of the 10-year period.

Upon motion duly made by Lewis, and seconded, the Board unanimously approved the USTA Series D Investment Policy Statement hereto as Exhibit C.

(Kim departed the meeting.)

(Meeting recessed at 12:00 p.m. and reconvened at 1:00 p.m.)

(Mischel rejoined the meeting. Kaitlin Quistgaard and Melissa Lopoo of Boardspan, joined the meeting.)

6. Role of the Board and Staff. Hainline introduced the presenters from Boardspan.

Quistgaard and Lopoo provided an overview of Boardspan and the topics for discussion. Lopoo spoke in detail to the essential traits of a high-performing Board, themed around alignment, expectations, collaboration and commitment, as well as the attributes, culture, roles and responsibilities of effective boards. Lopoo and Quistgaard emphasized the importance of confidentiality, fiduciary responsibilities including the duty of care, loyalty, and obedience, and for the Board to be informed and engaged on material matters and to recognize conflicts of interest. They fielded questions from the Board.

Quistgaard spoke to the need for well-defined responsibilities, healthy communications, appropriate support, and trust between the Board and staff. Discussion ensued as to the delineation between board and management responsibilities, the need for succession planning, and understanding and respecting board-staff communications protocols.

(Mischel, Lopoo, and Quistgaard, departed the meeting.)

7. Approval of Minutes.

Upon motion duly made by Vahaly, and seconded, the Board approved the December 2 & 3, 2022 Minutes of the USTA Board of Directors Meeting. Hainline, Clark, Chan Jones, McGugin and Sharma abstained.

8. Ukrainian Federation Relief Request. McNulty reported that the President of the Ukrainian Tennis Federation has asked the USTA for financial assistance for 2023. McNulty advised the International Tennis Federation is providing \$100,000 in restricted funds, which may only be used for players, coaches, wheelchair, travel, and administration. He clarified that the Ukrainian Federation has signaled they will accept any amount, with or without restrictions.

McNulty and Allaster provided an overview of 2022 fundraising in support of Ukrainian Relief, as well as costs incurred in supporting the Ukrainian team participation in BJK Cup, which collectively totaled over \$2.3 million. Discussion ensued as to the potential use of any such donation, potential restrictions, the number of underfunded federations throughout the world, and existing support channels such as International Tennis Federation grants and the Grand Slam Development Fund. Discussion continued as to fund-raising events such as Tennis Plays for Peace, and whether such events should focus on the USTA Foundation or USTA social justice initiatives moving forward.

Action: Convene a task force consisting of Allaster, Huber, King and McNulty to review and consider the request of the Ukrainian Federation and make a recommendation to the Board (Allaster).

9. Pickleball Statement of Guidance. Canfield provided background on the original Statement of Guidance distributed to Parks and Recreation entities in 2022, which recognized the challenges of multi-use courts, offered solutions and resources, and was very well received. She referred to materials previously provided to the Board as a second edition of that guidance, which offers updated statistics, blended line photos, a focus on shared space, and an introduction to red ball on pickleball courts. Canfield reported on surveying the Sections and receiving input and alignment on the second edition, which will be distributed to all member clubs, not just Parks.

Morris informed the Board of progress being made to pilot pickleball ratings and programming in Serve Tennis. Discussion ensued as to the need for an aggressive marketing campaign for red ball and the position of the Sections on pickleball.

Action: Distribute the updated USTA Statement of Guidance: Facilities Approach to Tennis and Pickleball and create red ball marketing campaign (Morris).

10. Williams' Sisters Tribute. Allaster summarized the efforts underway to pay tribute to the Williams family in the context of growing the game to support the USTA Strategic Priority to recruit and retain new diverse participants. Allaster briefly explained the idea to build on the NJTL legacy and overlay the excellence program (not the excellence team) with two additional pillars: (i) readiness for college, and (ii) readiness for the industry, i.e. building a talent pipeline on and off the court. Allaster noted that a 10-year business plan was in development.

She reminded the Board that at the December 2022 meeting, consensus was reached to support a physical tribute to Serena and Venus Williams at the USTA National Tennis Center and asked for formal approval to proceed with creation of a permanent structure/sculpture of the Williams sisters, which requires a budget of \$1.5 million dollars. Staff fielded questions from the Board regarding the program and statue.

Upon motion duly made by Schaefer, and seconded, the Board unanimously approved an allocation of \$1.5 million dollars for the creation of a permanent Williams sisters tribute at the Billie Jean King National Tennis Center.

Action: Complete 10-year business plan for Williams sisters program (Allaster).

The meeting concluded at 2:50 p.m. (EST) on Friday, January 6, 2023.

Respectfully submitted,



J. Christopher Lewis
Secretary-Treasurer

EXHIBIT A-1**2023-2024 Board Committees**

Audit Committee Members	
Chair	Jeff Baill
Vice Chair	Violet Clark
Member	Maggie Chan Jones
Member	Emily Schaefer
Member/Elite Athlete	Liezel Huber
Advisor	Robert Rubel

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EXHIBIT A-2**2023-2024 Board Committees**

Budget Committee Members	
Chair	Chris Lewis
Vice Chair/Elite Athlete	Vania King
Member	Laura Canfield
Member	Kathy Francis
Member/Elite Athlete	Megan Moulton-Levy
Member	Brian Vahaly
Section Representatives	David Champoux
	Paul Farah
	Jason Mathes
	Pamela Sloan
	Matthew Warren
	Perren Wong
	Ben Zisilis

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EXHIBIT A-3**2023-2024 Board Committees**

Investment Committee Members	
Chair	Bill McGugin
Vice Chair	Bobby Sharma
Secretary/Treasurer	Chris Lewis
Advisors	Cambridge and Associates
	Patrick Galbraith
	Diana Hoadley
	Rachel Holt
	Cinta Kemp
	Barbara McKenna
	Michael Powers

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2023-2024 Board Committees

Compensation Committee Members	
Chair	Brian Hainline
Member	Brian Vahaly
Member	Laura Canfield
Member	Kathy Francis
Member	Chris Lewis

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UNITED STATES TENNIS ASSOCIATION
INVESTMENT POLICY STATEMENT

March 1, 2001

[Revised August 3, 2005]

[Second Revision June 18, 2008]

[Third Revision August 24, 2011]

[Fourth Revision August 17, 2016]

[Fifth Revision August 29, 2018]

[Sixth Revision June 18, 2019]

[Seventh Revision August 21, 2020]

[Eighth Revision November 17, 2022]

Introduction

The purpose of this policy statement is to summarize the objectives, investment practices, limitations and special considerations for managing the USTA's Investment Portfolio (the "Portfolio"). The statement is intended to assist the Investment Committee (the "Committee") in effectively formulating a strategy for the Portfolio, and in managing and evaluating the performance of the Portfolio. It is anticipated that this statement will be effective until modified and approved by the Board of Directors as conditions warrant by the Committee. Both the Committee and investment advisors are expected to propose revisions in the guidelines any time the existing guidelines would impede meeting the Portfolio's investment objectives.

Governance/Structure

The Board of Directors of the USTA has delegated to the Investment Committee the responsibility for supervising the investment of the Portfolio in accordance with the guidelines listed below. The Investment Committee shall consist of the Secretary/Treasurer (chair), and such other USTA Board Members, USTA volunteers, and USTA staff as determined by the USTA President. The Committee will select investment managers and evaluate their performance versus relevant performance benchmarks (including a custom benchmark based on index returns for the portfolio's long-term policy asset allocation). The Committee will consult with outside investment advisors as deemed necessary and will report to the Board of Directors at regular intervals on investment performance and investment policy issues. The outside investment advisors may provide advice on areas including but not limited to investment policy, asset allocation, manager selection, and performance measurement. The advisors will have primary responsibility for oversight of the investment managers concerning their compliance with our investment policy.

Objectives

Financial Objective

The overall financial objective of the Portfolio is to provide a level of support (as determined by the Portfolio's spending policy summarized below) for designated beneficiaries that is consistent with the Portfolio's purchasing power being maintained over time.

Investment Objective

The primary investment objective of the Portfolio is to attain an annualized nominal total return of at least 8% over the long term (rolling five-year periods), net of manager fees. It is recognized that the nominal return objective may be difficult to attain in every five-year period but should be attainable over a series of five-year periods.

Other Considerations

Liquidity

The Portfolio's investment policies should assume that during normal operating years, annual spending will target 5% or less of the trailing twelve-quarter average market value of the Portfolio. Separate from the 5% annual spend rate, the Portfolio will allow for additional annual spending of up to 2% to fund innovative projects as defined by the USTA. This spending percentage may

change subject to the capital and operational needs of the USTA. Because the Portfolio's typical spending patterns are expected to be less than the long-term nominal rate of investment return, the purchasing power of the Portfolio should increase over the long-term

Time Horizon and Tolerance for Volatility

The Portfolio has a long-term time horizon (perpetual) for investment purposes. The importance of this is that it allows the USTA to take a more patient view towards asset allocation and investing since shorter term objectives are achieved through long-term capital appreciation. Interim fluctuations should be viewed with appropriate perspective.

Investment Management Structure

External investment managers will manage the Portfolio. In the interest of diversification, the equity portion of the Portfolio will be placed with managers who have distinct and different investment philosophies. The investment manager has discretion to manage the assets in the account to best achieve the investment objectives and requirements, within the guidelines set forth in this policy statement and any supplemental account guidelines provided to the manager.

Portfolio Composition and Guidelines

To achieve its investment objective, the Portfolio shall be divided into two parts: an "Equity Portfolio" and a "Fixed Income Portfolio." It should be noted that the division of the Portfolio by asset class need not necessarily be related to the division of assets among outside investment managers. The purpose of dividing the Portfolios in this manner is to ensure that the overall asset allocation between these two major asset classes remains under the regular scrutiny of the Committee and is not allowed to become the residual of separate manager decisions. Over the long run, the portfolio's asset allocation will be the most important determinant of the Portfolio's investment performance.

Equity Portfolio

The purpose of the Equity Portfolio (stocks, alternative equity investments, and fixed income reserves held by equity managers) is to provide a total return that will simultaneously provide for growth sufficient to support periodic spending requirements, while at the same time preserving the purchasing power of the Portfolio's assets. It is recognized that the Equity Portfolio entails the assumption of greater market variability and risk.

Securities held in the portfolio need not represent a cross section of the economy. The investment manager will have discretion to choose the degree of concentration (or lack thereof) in any industry group. In general, no more than 10% of investment assets will be invested with any single active equity manager. Investment Committee approval would be required to exceed this limit.

The Equity Portfolio should normally represent approximately 80% of total Portfolio assets at market value. Although the actual percentage of equities and equity reserves will vary with market conditions, levels in excess of 90% or below 60% should be closely monitored by the Committee. The Committee may change any of these ratios at their discretion, but it is anticipated that such changes will be infrequent.

Fixed Income Portfolio

The purpose of the Fixed Income Portfolio (bonds and cash equivalents) is to provide a deflation hedge, to reduce the overall volatility of the Portfolio and to produce current income (to be added to dividend income from the Equity Portfolio) in support of spending needs.

Money market instruments as well as bonds may be used in the Fixed Income Portfolio, but equities and convertibles are to be excluded. Fixed Income Portfolio managers are expected to employ active management techniques, but changes in average maturity should be moderate and incremental. Managers should maintain a minimum average maturity consistent with the Fixed Income Portfolio's deflation hedge objective. This minimum average maturity, or some equivalent measure, should be communicated to the Committee.

The Fixed Income Portfolio should normally represent approximately 20% of total Portfolio assets at market value. Although the actual percentage will fluctuate with market conditions, the Committee should closely monitor levels in excess of 40% or below 10%.

Additional Guidelines

The Committee shall allocate additions to principal. As a general rule, new cash will be used to rebalance the Portfolio in the direction of the 80/20 equity/fixed income ratio, and assets will be reallocated as necessary on an annual basis to achieve the 80/20 target.

The following types of assets or transactions are authorized only to the extent that they are approved by the Investment Committee: Commodities, derivatives, put and call options, letter stock and unregistered securities, selling short and margin purchases.

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best-realized price. Notwithstanding the above, commissions may be designated for payment of services rendered to the USTA in connection with investment management.

All assets selected for inclusion in the portfolio must have a readily ascertainable market value with the exception of alternative investments.

Long-Term Asset Allocation Targets

The USTA-approved long-term asset allocation targets and tactical ranges for the Portfolio are as follows:

Asset Class	Policy Target	Tactical Ranges
Global Equity	40%	30% – 50%
Marketable Alternatives	20%	10% – 30%
Private Equity / Venture Capital	25%	15% – 35%
Fixed Income	15%	5% – 25%

The asset classes are defined on the following page.

USTA Portfolio Asset Class Definitions

Asset Class

Includes:

Global Equity

Common stock of corporations domiciled countries across the globe.

Marketable Alternatives

Composed of two sub asset classes: Absolute Return and Long/Short Equity.

Absolute Return: hedge funds targeting consistent, uncorrelated returns and relatively lower volatility than equity investments.

Long/Short Equity: hedge funds of primarily marketable, equity securities, both domestic and foreign.

Private Equity/Venture Capital

Venture Capital, Growth Equity, Buyout, Specialty Finance, and Distressed Debt partnerships.

Fixed Income

Fixed income obligations domiciled in countries across the globe.

The Portfolio shall be adequately diversified within each asset class to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total Portfolio.

The long-term nature of the Portfolio allows for a modest bias towards equity and equity-like asset classes, including material allocations to large cap, small cap, core international plus emerging markets, and private equity.

The Portfolio's allocation to nontraditional asset classes stems from their return potential and diversifying power. Alternative assets, by their very nature, tend to be less efficiently priced than traditional marketable securities, providing an opportunity to exploit market inefficiencies through active management. The Portfolio's long-term time horizon is well suited to exploiting illiquid, less efficient markets, such as private investments and hedge funds.

The Portfolio will seek to manage the non-market risks associated with alternative investments through diversification of strategy (i.e., long/short equity, absolute return, etc.), market exposure, and manager.

Asset Allocation Rebalancing

The Portfolio will be reviewed quarterly and rebalanced periodically to investment policy targets.

Performance Measurement

The Portfolio will be monitored at three levels: the individual manager, the sub portfolio, and the total portfolio.

Individual Manager: Individual indices will be established for each manager when they are hired. Results will be monitored against absolute and relative return objectives.

Sub Portfolio: The Equity Portfolio is to outperform the MSCI All Country World Index (net of fees). The Fixed Income Portfolio is to outperform the Barclays Capital Aggregate Bond Index (net of fees).

Total Portfolio: The Portfolio will be tracked relative to a composite index of the MSCI ACWI Index (65%), the HFRI Fund-of-Funds Composite Index (20%), Barclays Aggregate Bond Index (15%). The use of an asset weighted benchmark (dynamic benchmark) in replace of the composite index benchmark may be employed at the discretion of the investment committee.

Review

All objectives and policies are in effect until modified by the Committee, who will review these at least annually for their continued pertinence.

If at any time a manager believes that any policy guideline inhibits his investment performance, it is his responsibility to clearly communicate this view to the Committee.

The manager accounts will be monitored on a continual basis for consistency in investment philosophy, return relative to objectives, and investment risk as measured by asset concentrations, exposure to extreme economic conditions, and market volatility. The Committee on at least a quarterly basis will review individual account performance, but results will be evaluated over running three- to five-year periods. However, the Committee will regularly review each manager in order to confirm that the factors underlying the performance expectations remain in place.

Each investment manager will report the following information quarterly: total return net of all commissions and fees, additions and withdrawals from the account, current holdings at cost and market value, and purchases and sales for the quarter. Regular communication concerning investment strategy and outlook is expected. Additionally, managers are required to inform the Committee of any change in firm ownership, organizational structure, professional personnel, account structure (e.g., number, asset size and account minimum), or fundamental investment philosophy.

UNITED STATES TENNIS ASSOCIATION
INVESTMENT POLICY STATEMENT

December 7, 2022

Investment Objectives

The objective of the Account is to pay off a \$150 million liability for the Association on June 30, 2033. To achieve this goal, the Association will invest \$100 million from the sale of the ATP 1000 Sanction for Western and Southern Open in a portfolio designed to generate at least 5% nominal annualized returns (net of all fees). The portfolio will invest in securities that limit the potential for loss of principal. Any excess capital earned over the \$150 million target will be transferred to the long-term portfolio at the end of the 10-year period.

Liquidity & Spending

The portfolio will have a 10-year time horizon, with the expectation of being fully liquidated at the conclusion of the tenth year. No other spending needs are expected or assumed during the investment period.

Asset Class	Policy Target (%)	Policy Range (%)*
Fixed Income	70	50 – 100
Specialty Credit	30	0 – 50
Cash	0	0 – 30

Asset Allocation

** Policy ranges provide portfolio flexibility to prevent forced rebalancing. Allocations are expected to remain close to target.*

Performance Measurement

Cambridge will report to the USTA Investment Committee on a quarterly basis to provide an update on portfolio returns measured against the 5% annualized return target.

Asset Class Definitions

Fixed Income The principal purpose of Fixed Income is to generate a stable yield through high-quality bonds that can be held to maturity, implemented through a separately managed account with Breckenridge. Eligible investments include U.S. treasury obligations, government agencies and government sponsored enterprise securities, municipal bonds & notes, commercial mortgage-backed securities, corporate bonds, U.S. dollar denominated bonds of foreign issuers, and cash equivalent investments. Excluded investments include Private Placements (excluding rule 144a offerings), non-U.S. denominated securities, derivative securities, and short sales. The portfolio will be invested only in bonds (or notes) that are rated BBB-/Baa3 (A2/P2) or higher by one of the Nationally Recognized Statistical Rating Organizations ("NRSRO") at time of purchase. The portfolio's average quality rating will be a minimum of A-. The portfolio's effective maturity for any bond will be 10 years.

Specialty Credit Specialty Credit is designed to provide incremental return over public fixed income alternatives, but with a less liquid profile. The breadth of strategies across geographies and biases within strategies can include, but not limited to, direct lending, mezzanine, capital solutions, specialty lending, and distressed situations. For the USTA program, we will primarily target less risky bond-like strategies that have a high likelihood of generating stable, positive returns with low risk of capital impairment. Specialty Credit investments have fund lives less than 10 years and therefore aligns with the duration of this program.

Cash Money Market Funds and/or a Federally Insured Cash Account will be used to fund capital calls for specialty credit managers.