

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

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

AUGUST 31 & SEPTEMBER 3, 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, Rachel Booth, Senior Counsel, Managing Director Tennis Integrity, and Nellie Nevarez, Administrative Director, Office of the President (joined August 31).

1. Welcome & Opening Remarks. Hainline called the meeting to order at 8:35 a.m. (EST) on Thursday, August 31, 2023. A roll call was taken and a quorum certified.

Hainline spoke to the success of Fan Week, onsite activations, and Opening Night, including the tribute to the 50th anniversary of equal prize money and the special appearance by Michelle Obama. Hainline distinguished the US Open from the other Grand Slams based on its high energy, its early adoption of equal prize money, and the USTA's commitment to promote and develop tennis as a public good through its programming and through the USTA Foundation. He described the upcoming mental health panel discussion with United States Surgeon General Dr. Vivek Murthy, Naomi Osaka and Michael Phelps.

Hainline recapped the Grand Slam combined Chairman and CEO meeting held the previous day, where conversations focused on planning, challenges and opportunities for a premier tour. He fielded questions as to the role, if any, of the International Tennis Federation ("ITF") within a premier tour and the implications for developmental-level events.

Sherr fielded questions about the ATP statement on guaranteed compensation, which will provide a "floor" for player compensation. Discussion ensued as to whether the USTA would consider bidding to host the ATP finals.

2. **CEO Report.** Sherr reported that the 2023 US Open to date has surpassed aggressive projections notwithstanding the lack of a “tennis story” such as Serena Williams’ retirement in 2022.

Sherr described the programming and publicity surrounding Fan Week as a driver for increased attendance, and noted new attendance records of 41,000 at Arthur Ashe Kids’ Day and 73,000 on Opening Day. He noted the goal to increase overall attendance to 1,000,000 fans in the near future. Sherr fielded questions on crowd control and security. Sherr offered that USTA is seeking ways to open more restaurants and reduce lines, explaining that as attendance increases, maintaining a positive fan experience is paramount.

Sherr presented a US Open Financial update through August 29th, noting that with the exception of broadcast, all revenue streams are outperforming 2022 and exceeding projections. He reviewed the gross income for Fan Week and the US Open including tickets, merchandise, hospitality, sponsorship and food and beverage. Sherr and Nepl fielded questions with respect to the increase in projections juxtaposed against the low increase in expenses, and the availability of merchandise for the duration of the US Open.

3. **Matters Arising/Action Items.** Hirsch explained all Action Items are complete or in progress, and that Marisa Grimes, Managing Director of DEI, will present the current draft of revised USTA values and purpose-driven mission at the upcoming Leadership Meeting.

4. **Approval of Minutes.**

Upon motion duly made by Baill, and seconded, the Board unanimously approved the June 22, 23, and 24, 2023 Minutes of the USTA Board of Directors Meeting.

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

5. **Financial Update.** Nepl highlighted the impressive roster of volunteers who serve on the USTA’s Investment Committee, and noted that the tenure of its members provides much needed stability and continuity.

Kim summarized the growth and performance of the main Portfolio and Series D Portfolio through June 30, 2023, explaining the investment program follows institutional best practices and is well diversified. Kim then reviewed the Portfolio growth trajectory since 2000, which currently consists of \$209.9 million in assets, primarily the result of discipline and rebalancing. He spoke about contributions and withdrawals and the average annual compound return, noting a return on cash of 5.25%. Kim reviewed 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 returns. Kim presented a liquidity analysis of the total USTA portfolio and a risk vs. return chart, noting USTA success during down markets. He reiterated the benefit of the USTA brand in leveraging private investment networks.

Neppl described the Series D Portfolio objective to defense against a \$150 million bullet payment due in 2033. He explained the positive impact of the Series D Portfolio on the USTA's Fitch rating.

Neppl fielded questions about the use of the Series D Portfolio in the event of an emergency. Kim pointed out that USTA remained flexible and nimble during COVID, noting the reserves were never utilized; rather assets were moved to cash in case the market dropped.

Kim complimented the strong leadership and support received by Cambridge Associates from USTA staff, the Investment Committee and the Board.

(Kim departed the meeting.)

(Staciellen Stevenson Mischel, Deputy General Counsel, joined the meeting.)

6. Call Items. Mischel presented a summary of proposed bylaw changes to be voted on by the Voting Members at the 2023 USTA Semiannual Meeting, and Regulation changes to be voted on at the meeting of the Executive Council. She advised that three of the four proposed call items were somewhat controversial.

a. R.1 Amend Regulation 1.B: Mischel reviewed the proposed amendment to USTA regulation 1.B put forth by USTA Mid-Atlantic Foundation. She explained that the proposed amendment seeks to permit the sanctioning entity for Sectional Association or District Association tournaments the authority to appoint a person or persons to fulfill the role of the Tournament Committee, including who serves as the Referee. Mischel highlighted the Mid-Atlantic Foundation's rationale for proposing the amendments as being that it will permit grassroots events to proceed without a certified Referee, which has been a challenge in their geographic region.

Mischel offered the perspective of the Officials Committee, who expressed concern that the proposal will dilute the role and importance of Certified Officials, as well as their recommendation that a Task Force be established to vet both R1 and R2, and to hold these matters in abeyance until the 2024 Annual Meeting.

Discussion ensued regarding the need for a task force to understand potential unintended consequences arising from the amendment, and for greater education with respect to tournament requirements for referees. Mischel noted the Constitution and Rules Committee's concern that non-certified referees (and therefore potentially non-Safe Play compliant) may have access to participants. Discussion continued as to whether middle ground could be found quickly with respect to the level of tournaments that require a referee. Discussion continued as to the lack of officials nation-wide.

b. R.2 Part 1 Amend USTA Regulation IV.F and Part II Amend USTA Regulation IV.C: Mischel reviewed the proposed amendments which pertain to suspension points. She explained that with respect to USTA Regulation IV.F, the amendment seeks to expand the Suspension Point System to permit a Sectional Association or District Association to assess points and for a Sectional Association or District Association's grievance committee to assess points and to impose suspension points for failure to pay entry fees. She described the proposed amendment to Regulation IV.C as

permitting District Associations to enforce disciplinary matters within the Suspension Point system. Mischel explained the purpose behind the amendment is to permit reciprocity throughout the Sectional Associations, District Associations and National, regardless of where a suspended player earns the suspension points and how they are imposed. Mischel offered the concerns of the Constitution and Rules Committee with respect to due process and anticipated technical challenges that will need to be addressed in the current digital system to accommodate this change.

Discussion ensued regarding the history of the suspension point system, reciprocity between Sections and National, how points are recorded and enforced, and the crisis in sportsmanship. Discussion continued on the prudence of postponing the vote on suspension points and the potential need for a task force to study the subject.

ACTION: Hainline to convene a Task Force to review R1 and R2.

c. B1, Amend Bylaw 1: Mischel briefly described the proposed amendment to Bylaw 1, which will update the USTA's corporate address from White Plains to Purchase.

(Mischel departed the meeting.)

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

(Craig Morris, Chief Executive, Community Tennis, Liz McSorley, Managing Director, Strategy & Innovation, Tracy Davies, Managing Director, Play & Competition, Ted Loehrke, Managing Director, Section Partnerships, and Lauren Tracy, Director, Strategic Initiatives, joined the meeting.)

7. **Community Tennis Strategy Follow Up.** Morris advised that the Community Tennis Strategy was reviewed and socialized in separate meetings with each Section's leadership and that these meetings have helped to address and refine each Section's key priorities. He remarked on the overwhelming alignment, positive feedback and support for the Strategy, particularly around data collection. Morris further noted that the Sections universally broached challenges with coaching and facilities, and many expressed skepticism regarding the ability to meet the 35 million-player goal. Sherr reiterated the ability for each Section to prioritize elements of the Strategy based on their own needs.

ACTION: Morris to provide a high-level summary of Section feedback.

a. **Youth Team Product Update.** Davies reviewed plans for pilots of a new youth team product in conjunction with select NJTL chapters and USTA Sections. She spoke to the redball activations at the US Open and on Arthur Ashe Kids Day. Davies explained the ongoing research through Michigan State and RCX sports, which will help support and drive synergies with schools and programs like Boys and Girls Clubs. Davies fielded questions on redball court size and integration with the American Development Model.

b. **Coaching Update.** McSorley updated the Board on the process underway to engage a research vendor to perform player and coach segmentation work, slated to begin on September 18th. She described a review of best practices in coaching from other Tennis Federations, National

Governing Bodies, and actual coaches. McSorley offered potential operating models to facilitate USTA's imperative to increase the quantity, quality and diversity of coaches and to support retention. Discussion ensued as to the expectations for coaching by Sections, volunteers, and by the certifying organizations, PTR and USPTA. Discussion continued on the opportunity for Sections to take a leadership role in coaching recruitment, and the need to help coaches with the resources and education necessary to grow the game. Morris spoke to coaching incentives such as compensation and insurance.

c. Advocacy Update. Tracy provided a brief overview of USTA's advocacy work, and described a new public policy scanning tool that can be used to support advocacy efforts at the local level.

d. Section Growth Catalyst Fund. Loehrke reviewed the application process for the Section Growth Catalyst Fund, which will open on September 1st. He explained that successful applications must align with defined key investment priorities, while also meeting core criteria of scalability, measurability, and potential impact. He noted the application review panel includes representatives from Section Leadership, Community Tennis, Section Partnerships, and Finance. Loehrke and Neppel fielded questions on logistics, allocations, National funding for universal projects such as data capture, reporting mechanisms, project evaluation and whether grant funds may be used for staff costs. Loehrke reiterated that he and his staff will provide support to Sections through the application and reporting processes.

(McSorley, Davies, Loehrke, and Tracy, departed the meeting.)

Sherr reminded the Board that in the past, USTA has allocated relief funds following natural disasters. He then advised that staff recommends allocating \$250,000 for use in Maui following the devastating wild fires. Hirsch fielded questions as to timing and deployment of funds.

Upon motion duly made by Vahaly, and seconded, the Board unanimously approved an allocation of \$250,000 for relief funds for Maui.

8. Center of Excellence Update. Hainline reviewed the Board discussions in 2022 regarding the development of a Center of Excellence at the National Campus to support emerging and current high performance athletes. He explained that following that discussion, a small task force of staff and volunteers spent several months analyzing fundamentals that comprise other Centers of Excellence, culminating in a Center of Excellence Summit held in July. He noted that the Summit findings informed the actions outlined in the reading materials presented in advance of this meeting.

Morris reflected on the Summit discussions and remarked on the synergies with the Community Tennis strategy. Morris advised that the staff vision is to become a hub of expertise to enable emerging and current high performance players to learn from top-tier coaches, access cutting-edge training methodologies, and engage in an environment that offers comprehensive athlete support, including sports science/athletic medicine, research and coaching education. He suggested that the information honed locally at the National Campus could be disseminated nationally.

Morris fielded questions as to who the Center of Excellence is intended to serve, the need for additional indoor courts, and opportunities for sponsorship or funding.

(Morris, Neppi, Vahaly, and Clark, departed the meeting.)

(Olga Harvey, Section President, Walter Wong, Section Delegate, and Jenny Schnitzer, Section Executive Director, USTA Eastern Section, joined the meeting.)

9. USTA Eastern Section Presentation. Harvey reflected on the long-standing, close collaboration between the Eastern Section and National.

Schnitzer spoke to the benefits to Eastern of being the first Section to leverage National's "shared services" program, touting the man-hours and money saved by ceding responsibility for payroll and financial reporting to the USTA Finance staff. She expressed her desire to explore additional shared services programs between Eastern and National and noted that she has advocated for the program to other Sections.

Schnitzer reviewed the Section's participation in Arthur Ashe Kids' Day and Net Gen programming. She explained that 900 local facilities participated in Arthur Ashe Kids' Day and that over 300 new participants have registered through Serve Tennis as a result. She thanked National for its assistance in procuring its new office space and re-location. Schnitzer echoed Harvey's comment on the strength of the relationship between Eastern and National. Wong noted that the Section is dependent on National for approximately 78% of its budget, and spoke to the need for Sections to grow their own revenue streams. He explained that availability of courts, particularly indoor courts, is an issue in the Northeast, and that the Section is exploring options such as partnering with universities and building a mega-facility. He suggested that Sections need to discuss collectively what is working for individual Sections and align around common needs that National can help with.

Eastern Section Leadership addressed questions regarding the difficulties associated with advocacy and court availability in New York City. Schnitzer opined that the opportunity to impact New York City children is through public schools. The Eastern delegation spoke to its concerns over the loss of real estate to Pickleball, the costs of building and running a facility, and difficulties in fundraising.

Harvey described the impact of Eastern's DEI efforts, explaining 70% of the Board is diverse, and that DEI is embedded in all aspects of Eastern's work and programs.

Schnitzer fielded questions on National's role in coaching, expressing a desire to see National offer virtual coaching lessons at every level.

(Harvey, Wong, and Schnitzer, departed the meeting.)

(The meeting adjourned at 12:00 p.m. on Thursday, August 31 and reconvened at 10:30 a.m. on Sunday, September 3.)

(Colin Atkinson, Section President, Paul Farah, Section Delegate, and Chad Docktor, Section Executive Director, USTA Midwest Section, joined the meeting.)
(Huber joined via teleconference.)

10. USTA Midwest Section Presentation. Atkinson highlighted similarities between the Section and National, in terms of how each operates. Docktor explained that the Section oversees thirteen Districts, each with distinct budgets, bylaws, strategic plans, staff, and collectively over 100 Board members. As a result, the Midwest Section functions as a facilitator that provides guidance but does not actually deliver tennis. Docktor explained that the Districts are focused on the USTA core products of leagues and tournaments and therefore are not growing participation through new programming. Docktor and Atkinson reported they had formed a “business efficiency task force” to find ways to be more strategic with dollars and man-hours, and find new delivery models.

Farah questioned whether the current Section Funding distribution model should be reviewed, opining that that the member-based funding is an antiquated model.

Atkinson thanked the Board for reformatting the Board-Section meetings, suggesting the change allows for more productive dialogue.

(Atkinson, Farah, and Docktor, departed the meeting.)
(Alex Lee, Section Board of Director First Vice President and Mary Buschmann, Section Executive Director, Missouri Valley Section, joined the meeting.)

11. USTA Missouri Valley Section Presentation. Buschmann expressed frustration relating to the outcome of the Preview Meeting of the Executive Council. The Board thanked Buschmann for her candor and discussed the concerns she raised, explaining the need for greater due diligence on the proposed amendments to regulations. Hainline explained that he will appoint a task force who will review the proposed regulations on an expedited basis.

Buschmann requested guidance from National in soliciting sponsorships. She stated that strong demand for programming exists in Missouri Valley but is stymied by a lack of facilities and infrastructure, particularly in their northern regions. Buschmann and Lee spoke to the excellent working relationship with National’s Tennis Venue Services department and Missouri Valley’s participation in piloting the USTA’s new Flex-league app. Buschmann reviewed the need to capture player data for play occurring in Parks and Rec spaces.

(Lee and Buschmann, departed the meeting.)
(Matthew Boughton, Section President, Susan Kringlie, Section Delegate, and Becky Cantellano, Section Executive Director, joined the meeting.)

12. USTA Northern Section Presentation. Cantellano introduced Boughton and Kringlie, reviewing their impressive tennis and volunteer resumes.

Cantellano spoke to positive changes Northern has made to their volunteer recruitment, development and appointments, as well as to committee structure and governance. Discussion ensued as to the positive effects on the volunteer model in Northern and the charge of the National Governance Task Force to seek opportunities to modernize and provide meaningful engagement to volunteers.

Cantellano and Boughton advised of challenges with the Zendesk Customer Relationship Management ("CRM") system and the tournament modules in Serve Tennis, while also noting the communication tools in Serve Tennis are excellent. Cantellano suggested National connect all of the Sections under one CRM.

Cantellano described Northern's efforts and desire to collaborate with Pickleball on space sharing in malls and other untraditional facilities.

Cantellano offered that USPTA provides very little programming in the Northern Section, subsequently coaching education falls to the Northern. Broughton noted USPTA recently offered sixteen Pickleball trainings and no tennis education.

The meeting concluded at 12:00 p.m. (EST) on Sunday, September 3, 2023.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J. Lewis", with a stylized flourish extending from the end.

J. Christopher Lewis
Secretary-Treasurer