

Proposed Amendments to USTA Bylaws

Note: Words underlined are proposed to be added. ~~Deleted text is shown in strikethrough.~~ References are to the *2021 Yearbook* and the Bylaws as Passed during the 2021 Annual Meeting, unless otherwise noted.

**B1. Proposed by USTA Florida Sectional Association
Dana Andrews, Section President**

PASSED

Co-Sponsors: USTA Hawaii Pacific; USTA Intermountain; USTA Mid-Atlantic; USTA Midwest; USTA New England; USTA Northern; USTA Pacific Northwest; and USTA Southern.

Amend **Bylaw 4.** (p. 81) as follows:

4. *Governance and Funding of Sectional Associations.*

a. Governance. Each section shall be governed by a Sectional Association which shall be empowered by the Corporation to fulfill the constitutional purposes of the Corporation and to manage the sport of tennis in the section's geographical area in accordance with the Constitution, Bylaws, and USTA Regulations. The governing documents of each Sectional Association shall be subject to review and approval by the Board to ensure their consistency with the Constitution, Bylaws, and USTA Regulations. Failure of any Sectional Association to govern or to manage the sport of tennis in compliance with the Constitution, Bylaws, or USTA Regulations shall subject the Sectional Association to sanctions by the Board. Sanctions may be appealed to the membership at the next Annual Meeting or at a Special Meeting which must be called by the Board if requested in writing. The appeal shall be submitted to the Secretary-Treasurer within 30 days of actual notice of imposition of the sanction. The sanction shall be effective immediately or on the date specified by the Board in the sanction. Notice of appeal stays the sanction. On appeal the ruling of the membership shall be final.

b. Funding. The Corporation shall approve an annual budget which shall include the distribution of unrestricted funds to each Sectional Association (the Funding the Mission Grant "FMG"), paid in twelve equal monthly installments, on or before the 5th day of each month.

Beginning in 2022, the FMG shall equal the amount of all network support and grant/incentive funding (National Section Funding, Marketing, League, Net Generation/Player Development, Tennis Service Representative, and Diversity & Inclusion) received by each Sectional Association in 2019, with a 3.5% increase, plus the Section's pro rata allocation of 2019 funding of an additional \$5,550,000.

In 2023, each Sectional Association shall receive the prior year amount, plus a 3.5% increase, plus the Section's pro rata allocation of 2019 funding of an annual additional \$5,550,000.

From January 1, 2024 to December 31, 2026, each Sectional Association shall receive (i) the prior year amount plus an amount equal to the greater of (a) 3.5%; (b) the increase in the Consumer Price Index for All Urban Consumers (CPI-U) over the past 12 months; or (c) the percentage increase in USTA year-over-year revenue; plus (ii) the Section's pro rata allocation of 2019 funding of an annual additional \$5,550,000.

In 2027 and beyond, each Sectional Association shall receive the prior year amount plus the greater of (i) 3.5%; (ii) the increase in the Consumer Price Index for All Urban Consumers (CPI-U) over the past 12 months; or (iii) the percentage increase in USTA year-over-year revenue.

Effective Date: January 1, 2022

Rationale: From 2006 to 2019, USTA’s gross revenues grew from \$220M to \$458M, an increase of 108%. During that same time frame, total grants to the USTA Sections grew from \$38.5M to \$52.4M, an increase of 36%. If section funding had grown at the same pace as national revenues, section funding would have totaled more than \$80M in 2019.

Section funding has had a lower priority than the numerous and critical USTA infrastructure projects in recent years. While we recognize that a collaborative approach is required, Sections assert that they are in the best position to fulfill the organization’s shared mission through our local, grass-roots efforts – today and in the future. Given the unprecedented influx of 4.5 million new players to the game, sections are in an ideal position to promote tennis and support our providers through our various grow the game initiatives. However, the lack of commitment to funding the sections in 2022 and beyond limits our ability to fully serve this influx of players and our industry partners in a way that makes sense for our respective sections.

In order to accomplish our shared mission and support our industry partners at the local level, it’s important that:

1. Sectional Associations confirm that they will have an appropriate and reasonable level of funding in 2022 and that funding will keep pace with revenue and expenditures of the overall National operations in future years.
2. Funding to the Sectional Associations be unrestricted, allowing section boards of directors to determine how best to serve the mission, set strategic goals, and effectively apply the financial and human resources of each section to those goals.
3. USTA provide Sectional Associations with catch-up funding to address the decline in section funding as a percentage of USTA revenue during the past 15 years.
4. Any potential changes to this bylaw impacting section funding levels in the future follow the appropriate governance process and be voted on by the Sectional Associations.

The Sections encourage USTA to continue the efforts begun during the pandemic to reduce expenses and streamline operations at the national level. This will improve both efficiency and effectiveness by eliminating/reducing initiatives that do not directly connect to our mission, as well as those that duplicate efforts that are being done by the sections to grow the game at a grassroots level.

We are confident that such efforts will enable the USTA to provide the necessary Section funding, while maintaining the National Tennis Center, the National Campus and the other properties/operations, and that the sections will take the lead role in growing the game locally.

C&R Comment: If circumstances require an adjustment to the funding mechanism, the Board may be unable to act in the best interest of the Corporation and a meeting of the Corporation would be required to adopt a Bylaw amendment by at least 51% of the voting membership would be required.

C&R Note: C&R does not normally offer an opinion on the substance of Call Items. However, in this case, the Chair of Constitution and Rules, and the majority of the Committee’s Members, respectfully submit that it is not best practice for detailed financial commitments of this magnitude, and in particular the compounding interest provision, to be imposed on the Corporation via Bylaw amendments. C&R understands that in this case, outside counsel and financial advisors have advised against adopting this Call Item, in part because the compounding interest could harm the Corporation in the short term and the long term and the financial commitments may give rise to personal liability by Board Members. As noted in the C&R Comment, the Call Item could prevent the Board from acting in the best interest of the Corporation.

**B2. Proposed by USTA Florida Sectional Association
Dana Andrews, Section President**

PASSED

Co-Sponsors: USTA Hawaii Pacific; USTA Intermountain; USTA Mid-Atlantic; USTA Midwest; USTA New England; USTA Northern; USTA Pacific Northwest; and USTA Southern.

Amend **Bylaw 27.a.** (p. 84-85) as follows:

27. *Board of Directors.*

a. *Responsibilities.* The Corporation shall be managed by its Board, which shall establish the policies and objectives of the Corporation.

The Board shall direct, review, and approve budgets as well as establish capital programs and review Corporation performance against goals, objectives, and budgets.

The Board shall adopt an investment policy.

Members of the Board shall serve without compensation and be individual members of the Corporation.

The Board shall fund the Corporation and its Sectional Associations consistent with Bylaw 4.b.

b. *Composition.* [Unchanged]

c. *Nomination of representatives to ITF.* [Unchanged]

d. *Committees of the Board.* [Unchanged]

Effective Date: January 1, 2022

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Section funding has had a lower priority than the numerous and critical USTA infrastructure projects in recent years. While we recognize that a collaborative approach is required, Sections assert that they are in the best position to fulfill the organization’s shared mission through our local, grass-roots efforts – today and in the future. Given the unprecedented influx of 4.5 million new players to the game, sections are in an ideal position to promote tennis and support our providers through our various grow the game initiatives. However, the lack of commitment to funding the sections in 2022 and beyond limits our ability to fully serve this influx of players and our industry partners in a way that makes sense for our respective sections.

In order to accomplish our shared mission and support our industry partners at the local level, it’s important that:

1. Sectional Associations confirm that they will have an appropriate and reasonable level of funding in 2022 and that funding will keep pace with revenue and expenditures of the overall National operations in future years.
2. Funding to the Sectional Associations be unrestricted, allowing section boards of directors to determine how best to serve the mission, set strategic goals, and effectively apply the financial and human resources of each section to those goals.
3. USTA provide Sectional Associations with catch-up funding to address the decline in section funding as a percentage of USTA revenue during the past 15 years.
4. Any potential changes to this bylaw impacting section funding levels in the future follow the appropriate governance process and be voted on by the Sectional Associations.

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streamline operations at the national level. This will improve both efficiency and effectiveness by eliminating/reducing initiatives that do not directly connect to our mission, as well as those that duplicate efforts that are being done by the sections to grow the game at a grassroots level.

We are confident that such efforts will enable the USTA to provide the necessary Section funding, while maintaining the National Tennis Center, the National Campus and the other properties/operations, and that the sections will take the lead role in growing the game locally.

B3. Proposed by USTA Southern Sectional Association

PASSED

Randy Jackson, Section President, and Bonnie Vandegrift, Section Delegate

Co-Sponsors: USTA Florida; USTA Hawaii Pacific; USTA Intermountain; USTA Mid-Atlantic; USTA Midwest; USTA New England; USTA Northern; and USTA Pacific Northwest.

Amend **Bylaw 27.b.** (p. 84-85) as follows:

27. *Board of Directors.*

a. *Responsibilities.* [Unchanged]

b. *Composition.* The voting members of the Board shall be the five officers, the Immediate Past President, and nine at-large members.

At least 33.3 percent of the voting members of the Board (“Board Athlete Representatives”) shall be Elite Athletes or 10-Year-Plus Elite Athletes, provided that (i) at least 20 percent of the Board shall be comprised of 10-Year Elite Athletes, and (ii) at least half of such Board Athlete Representatives must have qualified as an Elite Athlete or 10-Year-Plus Elite Athlete, as applicable, through participation in a Delegation Event. The USOPC AAC Representative shall serve as a voting member of the Board and shall be counted as a Board Athlete Representative. In the event that the USOPC AAC Alternate Representative is not elected as a voting member of the Board, such individual shall serve as an *ex officio* non-voting member of the Board. An *ex officio* non-voting Member of the Board does not count towards the total composition of the Board. Excluding the Board Athlete Representatives, no more than two of the at-large members may be domiciled in the same section when they take office. Board Athlete Representatives may be nominated for officer positions. A President who does not complete the term of office shall not, however, be a member of the Board as Immediate Past President unless confirmed by a majority of the other members of the Board. The Immediate Past President shall serve only two years beyond the elected term as President. A minimum of 50 percent of the Sectional Associations shall have a member on the Board. The domicile of a Board Athlete Representative shall not be considered when determining whether the 50 percent requirement is met.

For the term beginning on January 1, 2023, at least ~~45~~ 40 percent of the voting members of the Board must have served as members of a Sectional Association board of directors for two years or more.

c. *Nomination of representatives to ITF.* [Unchanged]

d. *Committees of the Board.* [Unchanged]

Effective Date: Immediately

Rationale: At the 2021 USTA Annual meeting the USTA Bylaws were amended to conform to the United States Olympic and Paralympic Committee (USOPC) Bylaws requiring that 33.3 percent (up from 20%) of the voting members of the USTA Board of Directors shall be Elite Athletes. As a result, 2 additional Board Member positions once available to Sectional volunteers have been eliminated. The success of the USTA is based upon the efforts, experience and expertise of volunteers who serve at the local, district, section and national levels. Those who have served in Sectional leadership positions have a unique and invaluable perspective regarding the needs of the organization and growing the game. In the opinion of the Proposer and Co-Sponsors, no other group is more qualified to lead the organization than those who have served in sectional leadership positions. For this reason, and the new directive relating to Elite Athletes, the USTA would be best served by at least 40% of the USTA Board of Directors having served as Sectional Association board members for two years or more.

**B4. Proposed by USTA Florida Sectional Association
Dana Andrews, Section President**

PASSED

Co-Sponsors: USTA Hawaii Pacific; USTA Intermountain; USTA Mid-Atlantic; USTA Midwest; USTA New England; USTA Northern; USTA Pacific Northwest; and USTA Southern.

Amend **Bylaw 32.a.** (p. 85) as follows:

32. *Secretary-Treasurer.*

- a. *Financial management, budgeting, and controls.* The Secretary-Treasurer shall be the Chair of the Budget Committee and monitor the financial management and controls of the Corporation and its budgeting process, including the development of its annual budgets; however, the operational responsibilities shall be carried out by the Chief Executive Officer, chief financial officer, and other staff members designated by the Chief Executive Officer. A nationally recognized firm of independent certified public accountants shall audit the Corporation's financial statements at least annually. The Corporation's audited financial statements and auditor's report shall be distributed to the Board and Executive Council within 30 days of receipt by the Secretary-Treasurer, Chief Executive Officer or Chief Financial Officer. A proposed and detailed two-year budget for the succeeding calendar years shall be distributed to the Board and the Executive Council by August 15 of each odd-numbered year. Annually, the final budget approved by the Budget Committee and the Board, shall be distributed to the Executive Council by January 2 of the year in which it becomes effective. A status report, comparing actual operating results to the approved budget, shall be distributed to the Board and Executive Council within 60 days of the end of each calendar quarter. The Secretary-Treasurer shall be a member of the Investment Committee.
- b. *Membership records, certification of voting strength, and meetings.* [Unchanged]
- c. *Other duties.* [Unchanged]

Effective Date: Immediately

Rationale: Historically, financial transparency has been limited to a small amount of reporting of select summary results and financial information. However, and unlike other public or quasi-public organizations, actual budgets and financial statements have not been provided to anyone other than, perhaps, the Board. This makes it extremely challenging for the Executive Council, which represents the membership, to assess or gauge the success of the USTA's business operations. This has become particularly apparent due to the pandemic which caused a substantial decrease in gross revenues and operating income, exacerbated by the credit facilities and related debt-service used to make improvements to the National Tennis Center and the National Campus. The Sections believe that it would be appropriate to provide the information referenced above to ensure transparency of the national organization to the leaders who represent the membership. It should be noted that each of these leaders are already subject to confidentiality and non-disclosure agreements prepared by the Corporate General Counsel for similar purposes.

B5. Proposed by USTA Southern Sectional Association

FAILED

Randy Jackson, Section President, and Bonnie Vandegrift, Section Delegate

Co-Sponsors: USTA Florida; USTA Hawaii Pacific; USTA Intermountain; USTA Mid-Atlantic; USTA Midwest; USTA New England; USTA Northern; and USTA Pacific Northwest.

Amend **Bylaw 35.a.** (p. 86-87) as follows:

35. *Nominating Committee.* Only candidates nominated as provided in this Bylaw shall be eligible for election.

a. *Composition.* The Nominating Committee shall be comprised of:

Five Elite Athletes or 10-Year-Plus Elite Athletes (each, a “Nominating Committee Athlete Representative”), provided at least three such members are 10-Year Elite Athletes; and

Ten at-large members. (No more than two of the at-large members may be domiciled in the same section when they take office. At least 50 percent of the Sectional Associations shall have a member on the Nominating Committee.)

For the term beginning on January 1, 2023, at least 45 40 percent of the members of the Nominating Committee must have served as members of a Sectional Association board of directors for two years or more.

Nominating Committee members shall take office on January 1 of odd-numbered years and shall serve two-year terms. Five members of each Nominating Committee shall be nominated to serve for a second consecutive term. Up to four members who serve a second consecutive term may be at-large members, and up to three members may be Nominating Committee Athlete Representatives. If not enough Nominating Committee Athlete Representatives or at-large members are willing to serve a second consecutive term, the number nominated for a second consecutive term shall be equal to the number willing to serve, but in no event shall more than five members be nominated to serve for a consecutive term. The Chairperson of the Nominating Committee shall have been a member of the immediately preceding Nominating Committee, shall be elected by the immediately preceding Nominating Committee, and shall vote on all matters that come before the Committee.

b. *Vacancies in Nominating Committee.* [Unchanged]

c. *Nominations.* [Unchanged]

d. *Nominating Committee members may not be nominated as officer or director.* [Unchanged]

e. *Two-term waiting period before return to Nominating Committee.* [Unchanged]

f. *Nominating report deadline.* [Unchanged]

g. *Vacancies in Nominating Committee’s slate.* [Unchanged]

h. *Nominations by petition.* [Unchanged]

i. *President Elect.* [Unchanged]

Effective Date: Immediately

Rationale: At the 2021 USTA Annual meeting the USTA Bylaws were amended to conform to the United States Olympic and Paralympic Committee (USOPC) Bylaws requiring that 33.3 percent (up from 20%) of the voting members of the USTA Nominating Committee shall be Elite Athletes. As a result, 2 additional Nominating Committee positions once available to Sectional volunteers have been eliminated. The success of the USTA is based upon the efforts, experience and expertise of volunteers who serve at the local, district, section and national levels. Those who have served in Sectional leadership positions have a unique and invaluable perspective regarding the needs of the organization and growing the game. In the opinion of the Proposer and Co-Sponsors, no other group is more qualified to lead the organization than those who have served in sectional leadership positions. For this reason, and the new directive relating to Elite Athletes, the USTA would be best served by at least 40% of the USTA Nominating Committee having served as Sectional Association board members for two years or more.