

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

**JW MARRIOTT GRANDE LAKES / USTA NATIONAL CAMPUS
ORLANDO, FLORIDA**

APRIL 10 and 11, 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 (joined portions via teleconference), Jeffrey M. Baill, Violet Clark, Maggie Chan Jones (joined portions via teleconference), William McGugin, Emily S. Schaefer, Bobby Sharma, Liezel H. Huber, Vania King, Megan Moulton-Levy, Directors at Large (joined portions), 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, 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 3:30 p.m. (EST) on Wednesday, April 10, 2024. A roll call was taken and a quorum certified.

a. **Chairman's Update.** Hainline welcomed the Board to the Annual Meeting and spoke of the excitement in concurrently hosting BJK Cup at the National Campus. He provided an overview on activities and meetings at the Australian Open and Indian Wells.

Hainline described the court refurbishment event in Delray Beach in honor of Coco Gauff. He also described the announcement in Miami, made with Second Gentleman Doug Emhoff and James Blake, naming the USTA as the first National Governing Body ("NGB") and first racquet sport to join the President's Council on Sports, Fitness and Nutrition. Hainline highlighted the opportunity this presents to advance the USTA's health and fitness messaging. He then spoke to the new purpose-driven mission and values that will be introduced during the Annual Meeting.

2. CEO Report. Sherr previewed the topics to be addressed during the Board meeting including succession planning, the operationalization of the Community Tennis strategy and strategies to tell the tennis story. He further advised that the NTC renovation discussion planned for this meeting has been postponed due to a need for additional information to create an accurate financial picture.

Sherr updated the Board on the CFO search, noting three strong candidates are moving forward.

Sherr reiterated the positivity of the Gauff event in Delray, and positive media about the USTA on the Today show and in Forbes magazine.

(Maggie Chan Jones, Director at Large, and Ed Nepl, Chief Financial Officer, joined the meeting via teleconference.)

3. Financial Update.

a. Portfolio Review. Nepl presented the Investment Portfolio as of December 31, 2023, noting the objective to generate an 8% nominal total return net of fees, the strong market and the ending balance of \$246.6 million dollars. He described the Series D Investment portfolio as targeted at 70% fixed income/cash and 30% specialty credit, and explained the goal to repay the \$150 million balloon payment due in 2033.

b. Financial Update. Nepl highlighted the strong financial results in 2023, due in part to the sale of White Plains building, investment portfolio appreciation, interest income, and other factors. He explained the Innovation Fund has begun deploying grants and funds and that the FITCH rating agency has reaffirmed the USTA's A- rating.

Nepl summarized the balance sheet as very strong, and characterized the USTA's revenue and expense projections, cash flow and financial ratios as "healthy".

c. Treasurer's Report. Nepl presented proposed revisions to the 2024 budget, noting an additional \$2.6 million in additional funding for social play and facilities pilots, \$9.5 million for the funding of Section innovation grants, and increases for US Open staffing costs necessary to manage higher attendance. Discussion ensued. Sherr and Nepl fielded questions about costs for NTC renovations and funding for Senior International Competition.

ACTION: Review the Senior International Competition budget for 2025 and prepare a communication strategy. Sherr, Cradit.

(Nepl departed the meeting.)

(Stacey Allaster, Chief Executive, Pro Tennis, joined the meeting.)

4. Premier Tour Update. Hainline summarized the work performed by the Boston Consulting Group, the impetus to evaluate the potential for a Premier Tour and the importance of pursuing the Premier Tour for the benefit of the sport of tennis. He stressed Sherr's leadership role amongst the Grand Slam CEOs.

Sherr provided an overview of the Grand Slam approach and vision for the Premier Tour structure, calendar, next steps, long-term sustainability and financial projections. Allaster described the plan as a "complete tennis ecosystem vision." She opined on the possibility of disruptors. Sherr and Allaster fielded questions from the Board and discussion ensued.

(Lewis, Chan Jones, Moulton-Levy, and Allaster departed the meeting.)

(The meeting adjourned at 5:05 p.m. on Wednesday, April 10 and reconvened at 9:00 a.m. on Thursday, April 11.)

5. Matters Arising/Action Items. Hirsch referred to the Action Items chart previously distributed and advised that it would be distributed on a monthly basis in order to allow the Board to better track progress. She advised all items are progressing.

(Phil Girardi, Section President, Dana Andrews, Section Delegate, and Laura Bowen, Section Executive Director, USTA Florida Section, joined the meeting.)

(Liz McSorley, Managing Director, Strategy & Innovation, joined the meeting.)

6. USTA Florida Section Presentation. Hainline welcomed the Florida Leadership team.

The Florida Section Leadership discussed and fielded questions relating to their successful public park support and facility management initiative. Andrews advised that through the program, Florida directly manages public tennis parks. Andrews and Bowen spoke to the lessons learned from negotiating with municipalities, pickleball tactics, staffing, advocacy and other issues related to operationalizing public courts. They reiterated the process of learning through “good fails” and the need to occasionally hit the reset button. Girardi fielded questions on the potential integration and management of public park facilities by NJTLs, and Bowen describe next steps including hosting Section events.

Girardi described challenges and opportunities with respect to coach recruitment, training and retention, a core pillar of Florida’s strategic plan. He advised on the need for a greater number of community coaches, including for camps and high schools. Girardi noted USTA Florida operated 500 community coach trainings in 2023 in association with the United States Professional Tennis Association (“USPTA”).

Bowen spoke to the success of Florida’s entry-level program, “Love to Learn, Love to Play” which seeks to progress individuals from red ball to full court, regular ball play. Discussion ensued.

(Girardi, Andrews, and Bowen, departed the meeting.)

(Brett Schwartz, Section President and Chief Executive Officer, Ted Reese, Section Executive Vice President, and Matt Olson, Section Executive Director, USTA Southern Section, joined the meeting.)

7. USTA Southern Section Presentation. Hainline welcomed the USTA Southern Section Leadership.

Schwartz highlighted the philosophy behind and highlights of the Southern Section’s innovation fund for mission-based initiatives, designed to unleash the full potential of tennis and to scale successful endeavors across the Section. Olsen and Schwartz described recent workplace efforts and staffing adjustments that complement the Community Tennis Strategic Plan. They also described and fielded questions on the Southern Section Funding Task Force, the need for affordable and accessible coaching education, and use of data analytics.

Schwartz referenced a desire to invest more in court construction and noted that Southern has offered suggestions to the USTA Facility grant department to improve the process.

Olsen highlighted the success and benefits of participation in the USTA's Shared Services program.

(McSorley, Schwartz, Reese, and Olson, departed the meeting.)

(Adam Molda, Section First Vice President, and Lindsey Keeler, Section Executive Director, USTA New England Section, joined the meeting.)

8. USTA New England Section Presentation. Hainline welcomed the New England Section Leadership.

Keeler described the New England Section's strategic plan which compliments the Community Tennis strategy, noting New England has had 1600% growth in the past year. She discussed and answered questions relating to seasonality issues that affect court availability in New England as well as aging infrastructure. Molda spoke to the challenges of growing the ranks of tennis professionals and offered suggestions for career pathways and inducements and proposed resources and support for existing and aspiring facility owners. He opined on the need for modern tools and data to help local providers such as high school coaches.

Keeler advised on pilot programs that use pickleball to drive tennis engagement, fielded questions on use of the Catalyst Growth Fund and strategies to grow programming for underserved communities, parks programs, and wheelchair programs. She opined on the need to expand NJTLs. Keeler also described New England's experience in joining the Shared Services program, and recommended the creation of an on-boarding manual.

(Chan Jones rejoined the meeting via teleconference.)

(Molda and Keeler departed the meeting.)

(Dave Haggerty, President, International Tennis Federation, joined the meeting.)

9. ITF International Landscape. Hainline welcomed David Haggerty, President of the International Tennis Federation ("ITF") to the meeting. He spoke to the interconnectedness of the USTA, the ITF and the Olympic movement.

Haggerty extolled the USTA as one of the strongest federations of the ITF. He then presented the ITF's 2024 strategy framework and program objectives, touching on work streams, ITF investments, program development, Davis Cup, BJK Cup, and more. Haggerty emphasized the importance of digital initiatives in growing the game, and presented digital objectives to sustain player participation and to engage fans.

Haggerty provided an overview of the governance structure of the Olympic and Paralympic movements and the ITF's role within, as well as Olympic funding mechanisms. He spoke briefly about the role of the ITF as one of the "T7"- the seven governing bodies of tennis - as well as the ITF's involvement in the Premier Tour. Haggerty explained the structure of the ITF and its member nations. He cited to programs and innovations such as the ITF Coaching Academy, the ITF Media

Commission, Safeguarding and to the expansion of nations signing on to the World Tennis Number (“WTN”).

Haggerty fielded questions on the adoption rate of WTN, and participation by other large Federations and on the ITF’s role and relationship with the Association of Tennis Professionals (“ATP”) and Women’s Tennis Association (“WTA”).

(Chan Jones, Haggerty, and Booth departed the meeting.)

(The meeting recessed at 11:35 a.m. and reconvened at 1:00 p.m.)

(Lewis rejoined via teleconference, and Henry Lescaille, Chief People and Culture Officer, joined the meeting.)

10. Succession Planning. Lescaille explained the importance of succession planning in order to identify both future staffing needs and the individuals with the skills and potential to perform key roles. He described the methodologies used to undertake the succession planning exercise, presented the National senior staff succession plan and spoke to next steps for staff development. Discussion ensued.

(Lescaille departed the meeting.)

(Craig Morris, Chief Executive, Community Tennis, Tracy Davies, Managing Director, Play and Competition, Lauren Tracy, Senior Director, Strategic and Business Operations, Matt Barnhart, Senior Director, Play and Competition, Ted Loehrke, Managing Director, Section Partnerships, and Renee Marques, Senior Director, Finance, joined the meeting.)

(Moulton-Levy, Booth, and McSorley rejoined the meeting. Neppel rejoined via teleconference.)

11. Community Tennis Strategy Implementation. Morris provided a brief overview on progress made since the Board’s approval of the Community Tennis Strategy, emphasizing the ambitious goal of having 35 million players by 2035. He stressed the importance of pilot programs, learning from failures, and utilizing data to achieve USTA goals.

a. **Adult Social Play.** Davies presented the 2024 objectives for social play experiences, which aim to engage and retain more adult players nationwide, while seeking a deeper understanding of customer needs and solutions to support providers. She outlined three key initiatives designed to accomplish these objectives as Adult Red Ball Pilots, Cardio Tennis, and Tennis on Campus. Davies then described the turnkey solutions developed for providers to test and measure the effectiveness of modified equipment to attract and retain adults. She introduced a provider-focused 2024 action plan and roadmap, aiming to reach 20,000 players through 416 providers, including targets for Section collaboration, as well as incentives, timelines, and deliverables.

Davies acknowledged challenges with sourcing the equipment required for the pilots. She noted USTA would absorb equipment manufacturing costs through 2025, explaining manufacturers have expressed an interest in participating if the pilots are successful. Davies spoke to the work being performed with the ITF on ball pressures, racquet grips and length. She further advised that Michigan

State will assume responsibility for data collection, analysis, and focus groups throughout the year on the red ball initiative.

Davies and Morris fielded questions about versions of red ball and the potential for rule modifications based on pilot feedback. Discussion ensued as to the skill required to progress from red ball, the need for a “narrative” to transfer from red ball to tennis, standards for equipment, and the name “red ball.”

Davies spoke to plans for Tennis on Campus and Cardio Tennis, which include providing a menu of options for provider and chapter engagement. She highlighted the 50% growth seen by Cardio Tennis in 2024, and described Cardio trials coming up for Tennis Month in May. She apprised the Board on the grants and incentives available to the 400 existing chapters of Tennis on Campus. The Board discussed integrating red ball into Cardio Tennis.

Davies described the integrated approach to the pilots utilizing cross-functional teams from National and the Sections, and the variety of facilities involved from private clubs to Park and Rec.

b. Facilities. McSorley gave an overview of progress on the Facilities strategy. She noted that data gathering has revealed there are 247,000 courts nationwide, noting more information is needed to determine their condition. McSorley introduced an approach to retaining and increasing the number of courts needed to meet consumer demand, outlining various packages being tested for schools and parks, including lighting, bubbles, lockboxes, coach grants, marketing toolkits, and more.

Morris opined on the challenges of incentivizing court retention and operation in the context of scale and scalability. He drew a distinction between initiatives that can be scaled nationally and the approach taken by USTA Florida and USTA PNW, which have stepped in as facility operators.

Discussion ensued on USTA Hawaii’s strategy to work with home builders and USTA SoCal’s approach to public-private partnerships. McSorley described the successful program offered by the Lawn Tennis Association (“LTA”) who offer a package and playbook to sustain park courts and generate revenue in exchange for data, which can serve as a model for USTA pilots.

Discussion ensued around creating and leveraging CTAs to run programming within parks. Discussion continued on the need to streamline the facility-funding application and to expedite processing times.

c. Advocacy. Loehrke provided an update on Facilities advocacy and outlined a framework for National content to support Section relationships. He highlighted the work of the Advocacy Committee in developing the Advocacy Handbook and the progress of three pilots that leverage local ambassadors. Loehrke advised six hundred courts have been impacted or saved to date through advocacy efforts. He fielded questions on the role and responsibilities of the Sections in advocacy efforts and on advocate recruitment.

(Belinda Berman, Associate General Counsel, joined the meeting.)

d. Coaching. McSorley presented an update on the USTA’s plans to become actively involved in coaching delivery. Morris provided an update on the ongoing discussions with USPTA

and the Professional Tennis Registry (“PTR”) regarding the potential unification of coaching under a single entity. McSorley provided an update on the coaching landscape and recruitment challenges. She explained that while USTA has 80,000 coaches in its database, segmentation research suggests an untapped market of individuals that do not identify as coaches but whom still facilitate play. McSorley summarized the progress to date on the design of the new Coaching offering, including the target audience groups, the education pathway, digital experience and membership. McSorley presented in greater detail the services, benefits and educational programming under consideration. She described the program as player-led and competency-based, and allows each coach to create their own self-directed pathway. McSorley was queried on in-person and online learning opportunities.

Discussion ensued on the need for the consumer market and facilities to demand quality coaches, and for coach compensation to reflect that value. McSorley described the use of a badging system to promote consumer and marketplace recognition.

Sherr emphasized the significance of collaboration between Sections and National in recruiting and delivering coaching benefits effectively. Further discussion centered around enabling facilities to host coaching training sessions for specific target audiences.

The Board discussed integration with the ITF Coaching Academy, coach programming at other NGBs, and the proposed launch date of April 2025. Further discussion explored connecting coaches with USTA programs, on developing education through the lens of growing the game, and increasing the value proposition of a coaching certification to consumers and facility owners.

McSorley presented an overview of budget scenarios spanning a five-year period, taking into account potential partnerships with USPTA and PTR. She addressed pertinent considerations for each scenario and provided a brief overview of coaching membership tiers.

ACTION: Convene a Board Steering Committee to receive progress updates; Potentially convene a Coaching Summit. Hainline.

(Morris, Davies, McSorley, Tracy, Barnhart, Loehrke, Marques, Neppl, and Berman, departed the meeting.)

(Lisa Cradit, Managing Director, Head of Communication and Content, joined the meeting.)

12. Communications and Content Strategy. Hirsch introduced Cradit. Cradit reviewed her observations from her first ninety days on the job and how that has helped to shape a vision for USTA communications, content and storytelling. She presented the observations and guiding principles that will underpin the Communications program as:

- **Proactive.** Shift in mindset from finding a story then publishing it to first defining themes that act as a filter for identifying the right stories and identifying the channels that matter most and fitting stories to them, not the other way around.
- **Balanced.** Shift focus of storytelling from what today is predominately professional competitive play to an equal balance on community and mission.

- **Effective.** Make the stories we tell work harder for us. In other words, work effectively across all media platforms – earned, owned, shared – paid down the line and look for big moments that break through.
- **Measured.** Move beyond publishing content as the goal to developing content that drives impact.
- **Targeted.** Informed by data we can move away from storytelling to everyone to micro audience targeting those responsible for the greatest growth potential to the sport.

Credit explained that through the aforementioned observations, USTA will ensure that content and narratives tie together to tell a bigger story with broader reach. This objective will be accomplished by utilizing an integrated, theme-based storytelling approach that effectively communicates USTA's mission and objectives for both the Community and Professional Tennis divisions. Credit further explained that data-driven planning and measurement models would help USTA understand the impact of its messages on various audiences.

Credit provided an overview of an integrated communications and content plan for the US Open and Fan Week, designed to create awareness through continuous compelling content, with a heavy focus on Fan Week and the Finals Weekend Festival as key drivers. She then discussed her approach to crises management and outlined a process for determining when and how to engage with the public on these matters. Looking beyond 2024, Credit also identified areas of focus for the organization, including refining values, targeting growth audiences, and improving recognition.

The meeting concluded at 4:00 p.m. (EST) on Thursday, April 11, 2024.

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