

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

**JW MARRIOTT MIAMI TURNBERRY RESORT & SPA
AVENTURA, FLORIDA**

JANUARY 9, 2025

PRESENT: Brian Vahaly, Chairman of the Board, J. Christopher Lewis, First Vice President (joined via teleconference), Maggie Chan Jones, Vice President, Megan Moulton-Levy, Vice President, William McGugin, Secretary-Treasurer, Catherine (CiCi) Bellis, Laura F. Canfield, Chris Capossela, Violet Clark (joined via teleconference), Amanda Fink-Moore, Kathleen Francis, Jon Rydberg, Hon. Derek J. White, Perren Wong, Directors at Large, and Dr. Brian Hainline, Immediate Past President.

ALSO PRESENT: Lew Sherr, Chief Executive Officer and Executive Director, Andrea S. Hirsch, Chief Operating Officer and General Counsel, Kevin Flaherty, Chief Financial Officer, Rachel Booth, Senior Counsel, Managing Director Tennis Integrity, and Nellie Nevarez, Senior Director, Office of the President.

1. **Chairman's Welcome and Vision.** Vahaly called the meeting to order at 9:06 a.m. (EST) on Thursday, January 9, 2025 and welcomed the new Board. A roll call was taken and a quorum certified. Vahaly outlined the agenda for the upcoming meeting, and opportunities and challenges for the new term. He summarized plans for volunteer governance, increased collaboration between National and Sections, and support for facilities and advocacy through innovative approaches and new staff talent.

2. **CEO's Update.**

a. **USTA 2025 Strategic Priorities.** Sherr referenced his previously distributed memo outlining the USTA's 2025 strategic objectives. He provided an overview of initiatives to operationalize support for the strategic pillars of players, courts and coaching, as well as the need for a digital data strategy and US Open priorities. Sherr also highlighted significant growth in participation as outlined in the most recent PAC study.

b. **Organization Structure / Staffing Updates.** Sherr presented plans for a National staff restructure designed to promote accountability, initiate growth, and to simplify reporting lines, noting new senior-level positions are being finalized for posting. He advised the strategic budgeting process is expected to be fully implemented in 2025, and will improve allocation of resources to drive impactful results.

Sherr fielded questions about the staff re-structure, alignment with the Sections on the 2025 priorities, and the differentiation between facilities and court optimization.

3. CFO Update / Treasurer's Report.

a. Portfolio. Kevin Flaherty provided an update on the asset allocation, objectives and performance of the two USTA investment portfolios. He explained that as of September 30, the USTA long-term investment portfolio totaled \$278 million. Flaherty further noted that the near term performance has been strong on an absolute basis with the portfolio returning +18% but has lagged on a relative basis, underperforming the custom benchmark by 3.9% due to private investment underperformance. Flaherty explained long-term performance has slightly exceeded the benchmark with lower volatility. The Series D Note portfolio, which is invested in a custom fixed income portfolio and three specialty finance funds to fund a \$150 million bullet payment in 2033, totaled \$109 million and has performed as expected with a 5.9% annualized return since inception.

Flaherty presented a snapshot of the balance sheet from September 30, 2024, cautioning it represents a high point in cash and that significant cash outlays are forthcoming.

Flaherty fielded questions on self-financing, funding and debt possibilities for the NTC construction.

b. 2025 Dashboard / Key Metrics. Sherr reviewed a draft management dashboard previously distributed, which is designed to inform the Board and senior management on performance against key business objectives throughout the year. The dashboard includes metrics related to player participation, key player initiatives (e.g. Red Ball), facilities improvements, coaching, Safe Play, digital engagement, US Open performance and Player Development among others.

Discussion ensued and the Board provided input on ways to simplify and reduce the number of metrics presented to the Board, which metrics to consider core, reporting cadence, the potential to include Section data collection, and suggestions to add data sources and frequency of measurement.

ACTION: Simplify the core metrics, include data sources and include frequency of measurement. Sherr, Hirsch, Flaherty.

(The meeting recessed at 10:34 a.m. and reconvened at 10:55 a.m.)

(Gregory Solomon, Consultant, joined the meeting.)

c. Strategic Budgeting Process Review. Sherr introduced Gregory Solomon, a consultant advising the USTA on a new, optimized approach to strategic budgeting and spending alignment.

Solomon spoke to the robust learning process that informed his engagement including document review, staff interviews, and meetings. He presented a summary of five key outcomes: spend mapping, return measurement, metrics and increased return, strategic budgeting process, and increased performance. Focusing on increased performance, Solomon examined key recommendations and proposed enhancements within the USTA value chain, specifically strategy development, strategic budgeting, and product and services development.

Solomon was queried on, and the Board discussed, key performance indicators, the meaning of “reduced risk” and “asset development costs,” product development, and identifying the “white space” of non-USTA members. Solomon emphasized the critical importance of gauging the go-to-market assessment in the context of product development. The discussion addressed the importance

of feasibility studies, the cost and impact of TennisLink and Serve Tennis, and building in opportunities for trial and error. Solomon answered questions about the effectiveness of feasibility studies and importance of keeping studies simple. Solomon fielded questions on data monetization strategies and how the USTA can provide greater value to the broader tennis community.

Solomon highlighted the ambitious participation goal of 35 X 35, emphasizing the importance of "control" and "influence" in shaping effective strategies. He presented an illustrative chart depicting areas within and outside of the USTA's control and influence, spurring Board discussion about the popularity of tennis and the USTA's role in shaping it. Solomon used a sample supply and demand view of participation to demonstrate the need for innovative thinking to drive demand. Discussion ensued on player motivation, building innovation muscle, the USTA's stance on necessary but non-innovative products, and using innovation to craft a compelling value proposition.

Solomon also provided a series of recommendations related to Player Development, facilities and digital.

Vahaly thanked Solomon for his candor and thought leadership.

ACTION: Develop recommendations for an incremental \$10,000,000 spend on key areas that could significantly drive growth or improvement. Sherr, Flaherty.

(Solomon departed the meeting.)

(The meeting recessed at 12:03 p.m. and reconvened at 1:00 p.m.)

(David Sanderson, Stuart Campbell, and CJ Bernstein; Bain & Company ("Bain"), joined the meeting.)

4. Pickleball Recommendation. Following discussions at the December 2024 Board meeting, staff, with Bain's support, presented an updated recommendation on USTA's role within the racquet ecosystem, which is tentatively defined as "Tennis-First." The Tennis-First stance prioritizes tennis and ensures it receives the USTA's unwavering focus, leadership, and resources.

Sherr discussed other Federations' and the International Tennis Federation's ("ITF") approach to racquet sports. He emphasized that a Tennis-First stance prioritizes players over facilities. He also stressed the importance of collaborating with the Sections on a consistent strategy. He further noted that there must be uniformity in application of Tennis-First throughout the USTA National, Section and Districts, without which a National stance has little meaning.

Bain presented the "35 by 35" objective as the basis that informed its work. They discussed potential pathways for the USTA to approach other racquet sports, and led a discussion on the recommended Tennis-First stance. Discussion ensued as to the boundaries of the stance, hybrid programming, governance considerations and implication for the USTA's current neutral position on pickleball. Hirsch addressed related questions about the USTA constitution, bylaws, and regulations. Bain and staff offered details of the proposed stance and how it would lead to greater inclusion of other racquet sport players.

Robust discussion ensued on the phrase Tennis-First, applicability to coaching certification and facilities, implications for entities that do/do not receive USTA funding, and the importance of Section input. The Board reached consensus to socialize the Tennis-First stance with the Sections, and

requested staff perform additional refinement, research and communication planning prior to the March Board meeting.

Vahaly thanked Bain for their work.

ACTION: Develop a proposal as to how to engage and gain alignment with the Sections on a Tennis-First approach. Loehrke.

(Lewis, Sanderson, Campbell, and Bernstein, departed the meeting.)

(The meeting recessed at 2:20 p.m. and reconvened at 2:35 p.m.)

(Craig Morris, Chief Executive, Community Tennis, Megan Rose, Managing Director, Head of Business Development and Operations, joined the meeting.)

5. Coaching Update. Morris presented an overview of the USTA Coaching value proposition, summarizing the benefits and services included in the USTA offering as well as existing and in-development coach education programs. He also advised that Gregory Solomon was undertaking a four-week feasibility study to pressure test and refine the Coaching approach.

Morris highlighted the significance of building relationships with coaches, teachers, and parents, and of creating an inclusive space for everyone. He opined that the quality of the USTA offerings would set the initiative apart from other certifying organizations. Discussion ensued regarding the importance of keeping the Section Executive Directors engaged and informed about the Coaching plans.

Morris fielded inquiries regarding the projected launch date, communication strategies and the significance of involving parents and volunteers to increase the number of coaches. He stressed that the coaching goal is to promote the growth of the game, and not to compete with other certifying entities. The Board discussed the meaning of the term "coach" within the industry and to parents in particular.

Rose presented an update on recruitment plans, the timeline for finalizing go-to-market research, and diversity recruitment strategies. She described communication plans and the need for distinct messaging tailored to different audiences. Rose fielded questions about adaptive and wheelchair offerings and projected enrollment by membership type for 2025.

Morris fielded questions on Section relationships with other coaching entities, and the status of the USTA accreditation program. Discussion ensued concerning the use of RCX to introduce opportunities to parents, a process to grandfather-in existing tennis professionals and past players, the coaching website, and the marketing spend for the launch. Sherr explained the incremental coaching spend.

ACTION: Conduct feasibility study of USTA Coaching business plan. Morris.

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

(Lewis rejoined the meeting.)

6. Related Party Transaction. Hirsch explained that pursuant to New York not-for-profit law, a corporation cannot enter into any arrangement in which a "related party" (i.e., directors, officers,

“key people,” and their relatives) has a financial interest unless certain criteria are met and procedures are followed before the time such transaction occurs. She advised that the Board is being asked to consider whether the USTA may engage Jon Rydberg as a National Coach for Player Development. Hirsch referred the Board to materials previously provided which contained the details of the proposed engagement and advised that the compensation is comparable to Rydberg’s level of experience, and his status as former player and high performance coach.

Upon motion duly made by White, and seconded, the Board approved Rydberg’s engagement as a National Coach for Player Development.

(The meeting recessed at 3:45 p.m. and reconvened at 3:55 p.m.)

7. USTA Consent Agenda.

a. Explanation of Consent Agenda Format. Hirsch briefly explained the process of using a consent agenda.

b. Approval of the USTA Consent Agenda. The USTA Consent Agenda was presented and no objections were made. The USTA Consent Agenda included i) the Minutes of the Meeting of the Board of Directors of the United States Tennis Association, General Session, December 6, 2024 (Bellis, Capossela, Fink-Moore, Rydberg, White, and Wong Abstain;) ii) the 2025-2026 Board Committee appointments, and iii) the 2025-2026 Task Forces appointments.

Upon motion duly made by Francis, and seconded, the Board approved the USTA Consent Agenda as presented, attached hereto as Exhibit A.

The meeting concluded at 3:25 p.m. (EST) on Thursday, January 9, 2025.

Respectfully submitted,



William McGugin
Secretary-Treasurer



USTA BOARD OF DIRECTORS MEETING

CONSENT AGENDA

JANUARY 2025

LOCATION: AVENTURA, FLORIDA

Questions/Corrections to be sent to all of the following:

Brian Vahaly, Chairman brian.vahaly@usta.com

Bill McGugin, Secretary-Treasurer bill@reitig.com

Andrea Hirsch, COO and General Counsel hirsch@usta.com

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- 1) Consent Agenda Explanation: The consent agenda is a tool used to streamline meeting procedures by collecting routine, non-controversial items into a group whereby all are passed with a single motion and vote. The Board is **INFORMED** of the process for using consent agendas.
 - 2) Previous Meeting Minutes: The Board is asked to **APPROVE** the Minutes of the Meeting of the Board of Directors of the United States Tennis Association, General Session December 6, 2024 as set forth at **TAB 1**. (Bellis, Capossela, Fink-Moore, Rydberg, White, and Wong Abstain)
 - 3) Appointment of 2025-2026 Board Committees: Board Committees have varying levels of decision-making authority and in certain instances may act on behalf of the Board. As such, only Board members can be "members" of a Board Committee. In order to accomplish Committee work, non-Board members with specific skills, experience or knowledge may be invited to serve on a Board Committee in the role of Advisor. Committee Advisors do not vote on Committee decisions. The Board is asked to **APPROVE** the 2025-2026 Board Committees as set forth at **TAB 2**.
 - 4) Appointment of 2025-2026 Task Forces: Task forces are temporary groups assembled by the Chairman to address specific issues. These groups are typically tasked with providing recommendations to the Board on particular topics that align with the USTA's mission, strategic goals, and program activities. The Board is **INFORMED** of the 2025-2026 Task Force Appointments set forth at **TAB 3**.

EXHIBIT A – TAB 1

**MINUTES
OF THE MEETING OF
THE BOARD OF DIRECTORS OF
UNITED STATES TENNIS ASSOCIATION INCORPORATED
DECEMBER 6 and 7, 2024
(Previously Distributed)**

EXHIBIT A – TAB 2

2025-2026 Board Committees

Budget Committee Members

Chair	Bill McGugin
Member	Chris Lewis
Member	Maggie Chan Jones
Member	Chris Capossela
Member/Elite Athlete	Megan Moulton-Levy
Section Representatives (Advisors)	Jim Marolt - Pres (N)
	Mark Lorfald - Pres (PNW)
	David Champoux - Del (NE)
	Pam Sloan - Del (NorCal)
	Laura Bowen - ED (FL)
	Summer Verhoeven - ED (NorCal)
Special Advisor	Jim Jackson

Compensation Committee Members

Chair	Brian Vahaly
Member	Chris Lewis
Member	Maggie Chan Jones
Member	Megan Moulton-Levy
Member	Bill McGugin

Investment Committee Members

Chair	Perren Wong
Secretary/Treasurer	Bill McGugin
Member/Elite Athlete	Cici Bellis
Member	Kathy Francis
Member	Derek White
Advisors	Cambridge and Associates Patrick Galbraith Diana Hoadley Rachel Holt Cinta Kemp Barbara McKenna Michael Powers

Audit Committee Members

Chair	Laura Canfield
Member/Elite Athlete	Amanda Fink-Moore
Member/Elite Athlete	Jon Rydberg
Member	Derek White
Advisor	Robert Rubel

USTA Ventures

Chair	Bill McGugin
Members	Cici Bellis Chris Capossela Vi Clark Maggie Chan Jones Kathy Francis Chris Lewis Megan Moulton-Levy
Advisors	Mark Ein Bobby Sharma Jon Bassett Rachel Holt Jeremy Philips Roger Krakoff

2025-2026 Task Forces & Other Committees**President's Suite Task Force**

Chair Joy Albi

To provide strategic recommendations of attendees to improve the President Suite mission-impact, improve the utilization of seating, and provide recommendations to improve the guest experience.

CTDW Task Force

Chair Emily Schaefer

To maximize agenda and speaker impact, and lead the recruitment of attendees to the redesigned CTDW event for 2026

Board Representatives to Section Presidents & Delegates

Maggie Chan Jones

Derek White

Project 2027 Task Force

Chair Chris Lewis

Members

Amanda Fink-Moore
Bill McGugin
Derek White
Perren Wong

Additional members to be appointed
by Volunteer Management Council

To provide recommendations for any adjustments to the 2019-2026 Strategic Priorities

Coaching Pillar Advisors

Members

Laura Canfield
Amanda Fink-Moore
Megan Moulton-Levy
Jon Rydberg

Section Liaisons

Ryan Knarr - Pres (MS)
Becky Cantellano - ED (N)

Retention Pillar Advisors

Members

Chris Capossela
Vi Clark
Kathy Francis
Maggie Chan Jones

Section Liaisons

Jeff Stassen - Pres (Midwest)
Lindsey Keeler - ED (NE)

Facilities Pillar Advisors

Members

Chris Lewis
Derek White
Perren Wong

Section Liaisons

Adam Molda - Pres (NE)
Matthew Warren - ED (PNW)

Player Engagement Advisors

Members

Cici Bellis
Amanda Fink-Moore
Megan Moulton-Levy
Jon Rydberg

Vania King (Presidential Appt)