

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

**TELECONFERENCE**

**AUGUST 10, 2022**

**PRESENT:** Michael J. McNulty, Chairman of the Board, Brian Hainline, First Vice President, Laura F. Canfield, Vice President, Brian Vahaly, Secretary-Treasurer, Jeffrey M. Baill, Kathleen Francis, J. Christopher Lewis, Emily S. Schaefer, Kurt Zumwalt, Liezel H. Huber, Vania King, and Megan Moulton-Levy, Directors at Large, and Patrick J. Galbraith, Immediate Past President.

**ABSENT:** Violet Clark, Vice President, and Alan Ostfield, Director at Large.

**ALSO PRESENT:** Lew Sherr, Chief Executive Officer and Executive Director, Andrea S. Hirsch, Chief Operating Officer and General Counsel, Ed Neppel, Chief Financial Officer, Stacey Allaster, Chief Executive, Pro Tennis and US Open Tournament Director, Rachel Booth, Senior Counsel, Managing Director Tennis Integrity, and Craig Isaacs, General Counsel, USTA-NTC & Senior Counsel, Pro Tennis.

1. **Welcome & Opening Remarks.** McNulty called the meeting to order at 4:30 p.m. (EST) on Wednesday, August 10, 2022. A roll call was taken and a quorum certified.
2. **Approval of Sale of Cincinnati Tennis LLC.** Hirsch referred to documentation previously provided to the Board, which included a summary of the material terms of the proposed sale of the equity in Cincinnati Tennis LLC (CTL), the owner of the ATP 100 tournament and licensee of the WTA Premier event comprising the Western & Southern Open. She further advised that the Equity Purchase Agreement contains terms and conditions that are consistent with deals of this nature and size.

Allaster noted that the ATP, whose approval is needed to transfer the ATP 1000 tournament sanction, seems favorably inclined to grant approval and that the USTA is asking that the transfer be approved at the ATP Board meeting scheduled to be held during the US Open. Allaster advised that the ATP has a matching right to acquire the men's tournament but should ATP choose not to match, the sanction transfer will be approved. Discussion ensued regarding the amount of the potential transfer fee and the percentage of the purchase price to be allocated to the men's tournament.

Neppl responded to questions regarding potential uses of the net proceeds of the sale, fees related to the sale, plans for debt repayment, and other required approvals. Neppl advised that use of the net proceeds will be discussed in greater detail at the October Board meeting, Isaacs fielded questions regarding the purchaser's commitment to the USTA mission and community based activities.

McNulty and the Board expressed gratitude to the USTA and CTL staff for their hard work in bringing this sale to fruition.

**Upon motion duly made by Lewis, and seconded, the Board adopted the Resolutions attached hereto as Exhibit A.**

3. **Approval of Extension and Modification of the Revolving Credit Facility.** McNulty referred to materials previously distributed to the Board. Neppl summarized the history of USTA's Revolving Credit Facility. He explained that the Board is being asked to consider and approve an amendment to the Credit Facility which will extend the term of the Credit Facility for an additional two years and reduce the amount of potential borrowing available under the Credit Facility from \$150 million to \$75 million. Neppl advised that the USTA reserved the right to terminate the amendment after six-months with no fee, which was structured in this manner in anticipation of the CTL equity sale. Neppl noted USTA is at present in a good cash position. He fielded questions regarding the Credit Facility and further advised that he will meet with Fitch Ratings during Fan Week. The Board thanked staff in connection with the negotiation of the amended Credit Facility.

**Upon motion duly made by Baill, and seconded, the Board adopted the Resolutions attached hereto as Exhibit B.**

4. **Congressional Medal for Billie Jean King.** McNulty referred to materials previously provided to the Board, including a letter from Billie Jean King (BJK), asking for USTA's support and advocacy in her quest to be the first female athlete bestowed with the Congressional Medal of Honor. Sherr advised that the campaign will underscore the importance of King as well as gender equality and pay equity. He noted the timing will dovetail with the 50<sup>th</sup> anniversary of equal prize money at the US Open. Allaster advised that the USTA is planning to engage external consultants to assist in navigating the approval process, which requires bipartisan support of Congress.

Allaster responded to questions regarding WTA support and participation, and the projected budget. She advised that as the NGB, the USTA is in the best position to advocate for the medal. The Board discussed whether the decision to offer equal prize money appeared in the relevant Board minutes. Hirsch suggested the Board consider this an opportunity to reaffirm their commitment to equal prize money.

**By consensus, the Board authorized staff to take all action necessary and advisable to advocate that the Congressional Medal of Honor be awarded to Billie Jean King.**

5. **Plans for a Serena/Venus Legacy.** McNulty referred to a memo previously provided to the Board regarding plans for a legacy for Serena and Venus Williams upon their retirement from the sport of tennis. Allaster summarized the ideation process and conversations with the respective

teams of the Williams sisters. She described the challenges and opportunities relating to the creation of a living legacy while also memorializing what the Williams mean to the sport. She referenced the possibility of creating transformational programs for female athletes of color. Allaster briefly discussed ways to memorialize the Williams sisters as individuals as well as the entire Williams family. The approach will be to bring several concepts to the Williams teams for their approval.

Allaster responded to questions regarding plans to honor Serena Williams' retirement at the Open. She explained that the USTA is preparing a video tribute and working with ESPN, but cautioned that ultimately it will be Williams' decision as to whether she will participate in a ceremony.

Discussion turned to eligibility for the Court of Champions at the USTA Billie Jean King National Tennis Center. Hirsch summarized the eligibility criteria and noted inclusion is by media vote. She then referred to the Tributes Policy previously adopted by the Board and noted that the USTA could consider other ways to honor players who have contributed.

6. **Budget Committee Recap.** McNulty reflected on the July budget meetings held in Orlando, Florida, and the benefit of having expanded Section representation. He thanked Brian Vahaly and the USTA Finance staff for their contributions and presentations. Vahaly gave a brief overview of the challenges, improvements, and highlights of the meeting. Vahaly noted the positive reception by the Sections of Craig Morris' presentation, which demonstrated how the National budget can complement Section budgets. He further recognized the financial stability achieved by the National Campus over the past year.

7. **USTA Intermountain Section Report.** Zumwalt advised the USTA Intermountain Report was included in materials previously distributed to the Board.

8. **USTA Committees.** The Board briefly discussed inquiries they are receiving about the impending dissolution of certain committees. The Board then discussed the need for clear communications regarding these changes.

The meeting concluded at 5:41 p.m. (EST) on Wednesday, August 10, 2022.

Respectfully submitted,



Brian Vahaly  
Secretary-Treasurer


**EXHIBIT A**

**UNITED STATES TENNIS ASSOCIATION INCORPORATED**

Secretary's Certificate

I, Brian Vahaly, Secretary-Treasurer of United States Tennis Association Incorporated, a New York not-for-profit corporation (the "Corporation"), do hereby certify that set forth in Annex 1 hereto is a true and correct copy of the resolutions duly adopted by the Board of Directors of the Corporation on August 10, 2022 with respect to the transactions contemplated by the Equity Purchase Agreement, by and among the Corporation, Beemok Sports M, LLC, a Delaware limited liability company, and Major Tom Capital LLC, a Delaware limited liability company, and such resolutions have not been amended or revoked and are in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have executed this certificate as of August 11, 2022.

  
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Brian Vahaly

Annex 1**Resolutions Adopted by the Board of Directors**

**WHEREAS**, the Board of Directors (the “Board”) of United States Tennis Association Incorporated, a New York not-for-profit corporation (the “Corporation”) deems it advisable and in the best interest of the Corporation for the Corporation to enter into, and consummate the transactions contemplated by, that certain Equity Purchase Agreement (the “Purchase Agreement”), by and among the Corporation, Beemok Sports M, LLC, a Delaware limited liability company (“Purchaser”), and Major Tom Capital LLC, a Delaware limited liability company, pursuant to which the Corporation has agreed to sell to Purchaser 100% of its membership interests in Cincinnati Tennis, LLC, a Delaware limited liability company (the “Company”), on the terms and conditions contained in the Purchase Agreement (such sale, the “Transaction”);

**WHEREAS**, in connection with the Transaction, the Board deems it advisable and in the best interest of the Corporation for the Corporation to enter into that certain letter agreement (the “Side Letter”), by and between the Corporation and Purchaser, pursuant to which Purchaser grants the Corporation certain benefits and makes certain community-related commitments, in each case, following the closing of the Transaction; and

**WHEREAS**, the Board acknowledges that the Corporation may need to execute, deliver and perform other agreements, instruments, certificates and documents, in connection with the Purchase Agreement and the Side Letter and the transactions contemplated therein, including, but not limited to, (i) the ancillary agreements contemplated by the Purchase Agreement, including any such agreements as may be necessary or appropriate for purposes of exercising any “drag-along” rights or implementing any “tag-along” rights in connection with the Transaction (collectively, the “Ancillary Agreements”); (ii) agreements, instruments, certificates and documents with ATP Tour, Inc. and WTA Tour, Inc. (collectively, the “Tennis Approval Documents”); and (iii) any amendments or modifications to the Purchase Agreement, the Side Letter, the Ancillary Agreements, the Tennis Approval Documents and such other agreements, instruments, certificates and documents as may be necessary or advisable in connection with the Transaction from time to time (collectively, the “Other Transaction Documents”).

I. Approval of Transaction.

**NOW THEREFORE, BE IT RESOLVED**, that the Purchase Agreement and the Side Letter (collectively, the “Transaction Documents”), in each case, in substantially the form presented to the Board, and the consummation of the transactions contemplated thereby, be, and hereby are, ratified, authorized, approved and adopted in all respects.

**FURTHER RESOLVED**, that the Board hereby consents to and approves the execution and delivery by the Corporation of the Transaction Documents, and the performance by the Corporation of its obligations thereunder and the consummation of the transactions contemplated thereby, including if so determined by the Authorized Officers (as defined below), the exercise of drag-along rights in respect of the sale to Purchaser of the remaining interests in the Company.

**FURTHER RESOLVED**, that the Corporation's negotiation, execution and delivery of, and its performance of its obligations under, the Other Transaction Documents, each in such form and substance as is approved by an Authorized Officer executing the same, the execution thereof by such Authorized Officer to be conclusive evidence of such approval on behalf of the Corporation, and the transactions contemplated by such Other Transaction Documents, be, and hereby are, ratified, authorized, approved and adopted in all respects.

II. General.

**FURTHER RESOLVED**, that Lew Sherr, as Chief Executive Officer & Executive Director of the Corporation, Andrea Hirsch, as Chief Operating Officer & General Counsel of the Corporation, and any other officer of the Corporation designated by the Board, or any one of them (each an "Authorized Officer", and collectively, the "Authorized Officers") be, and hereby are, authorized, empowered and directed, in the name and on behalf of the Corporation, to execute, deliver and perform the Corporation's obligations under the Transaction Documents or the Other Transaction Documents to which the Corporation is a party, in each case, with such changes thereto as such Authorized Officers executing the Transaction Documents or the Other Transaction Documents, as applicable, shall deem necessary or appropriate, and otherwise carry out the purposes of the foregoing resolutions, his or her determination and the approval of the Board to be conclusively evidenced by his or her execution and delivery thereof.

**FURTHER RESOLVED**, that all actions previously taken by any Authorized Officer, director, authorized signatory, agent or attorney of the Corporation relating to the foregoing resolutions and the transactions contemplated thereby are hereby adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Corporation.

**FURTHER RESOLVED**, that Authorized Officers of the Corporation be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Corporation, to take or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered such other agreements, instruments, certificates or other documents in connection therewith, together with such modified or revised terms or changes thereto, as such Authorized Officer shall deem necessary or appropriate, and the approval of the Board to be conclusively evidenced by his or her execution and delivery thereof, and to pay all fees and expenses as they shall deem necessary or appropriate in order to carry out fully the purpose and intent of any of the foregoing resolutions.

**FURTHER RESOLVED**, that each Authorized Officer of the Corporation be, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation, to certify and furnish such copies of these resolutions and such statements as to the incumbency of the Authorized Officers of the Corporation as may be requested, and any person receiving such certified copy is and shall be authorized to rely upon the contents thereof.

## EXHIBIT B

DATE: August 2, 2022

TO: USTA Board of Directors

FROM: Ed Neppi, Chief Financial Officer

CC: Lew Sherr, CEO/ED; Andrea Hirsch, COO/GC; Staciellen Mischel, AGC/DCLO

SUBJECT: Revolving Credit Facility – Second Amendment

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The following is a summary of material business terms regarding the \$75,000,000 (\$75M) Revolving Credit Facility ("Facility") from JP Morgan Chance Bank ("Initial Lender") to the United States Tennis Association Incorporated ("USTA" and "Borrower"):

- **Revolving Credit Facility:** A revolving credit facility of up to \$75,000,000. The Facility can be upsized to \$100,000,000 upon approval by the Initial Lender and/or any other lender which agrees to provide such additional commitments under the Facility in accordance with the terms and conditions thereof.
- **Closing Date:** August 18, 2022.
- **Maturity Date:** Approximately the two-year anniversary of the Closing Date (i.e., July 18, 2024, two years later than the initial stated maturity of July 18, 2022).
- **Interest:** Term SOFR + .275% + 0.10% credit spread adjustment, 0% floor or Base Rate plus 1.75%, 0% floor (vs. existing Facility pricing of LIBOR + 3.25%, 1.0% floor or Base Rate plus 2.25%, 2.0% floor).
- **Upfront Fee:** 0.325% of the Facility (\$243,750)
- **Undrawn Commitment Fee:** 1.10% per annum of any undrawn balance, payable quarterly in arrears (vs. 1.35% per annum in existing Facility).
- **Early Termination Fee:** If the Facility is terminated, the undrawn commitment fee rate will apply to the committed amount from the date of termination until the six month anniversary from closing. After the first six months, there is no fee associated with terminating the Facility.
- **Purpose:** The Borrower will use the proceeds of the loans to finance general corporate and working capital needs (including, without limitation, the payment of operating expenses).
- **Collateral:** Same as existing Facility – i.e., (i) all sponsorship revenues received by the Borrower in consideration of advertising or sponsorship rights for the U.S. Open and (ii) any distributions made to the Borrower under the revenues waterfall of the NTC Notes transaction (amounts in clauses (i) and (ii), collectively, the "Pledged Revenues") will be deposited in a segregated account (the "Revenues Account") under which the Lender has a first priority lien. Pledged Revenues deposited in the Revenues Account will be used to pay fees and debt service on the Facility each month and then, if no event of default has occurred, will be released to the Borrower.

- **Financial Covenant:** Pro Forma Debt Service Coverage Ratio. Same as existing Facility – i.e., pro forma projected Pledged Revenues to scheduled debt service shall be at least 1.25 to 1.00.
- **Governing Law:** New York.
- **Documentation:** The documentation for the Facility includes, among other things, opinion letters, a loan agreement, a security agreement and other loan documents, which contain representations, warranties, covenants, terms and conditions customary for loan facilities of this type, which are generally consistent with the existing Facility other than as specified herein.