

US SAILING Board of Directors Meeting
March 18, 2010
Warwick, RI

Present: Dick Allsopp, Walt Chamberlain, John Craig, Susan Epstein, Vice President Tom Hubbell, President Gary Jobson, Leslie Keller, Dawn Riley, Bill Stump, Jim Tichenor and non-voting Ex Officio members, Secretary Fred Hagedorn and Executive Director Charlie Leighton.

Guests included Clark Chapin – Bylaw Committee Chair, Charlie Cook -- ISAF Council Member, and Jim Walsh – Chairman of the House of Delegates; and many observers.

- 1) The meeting was called to order by President Jobson at 7:02 pm ET.
- 2) Secretary Hagedorn called the Roll and announced that a quorum was present.
- 3) Consent Calendar
The approval of the Consent Calendar was **MOVED**, Seconded and APPROVED. The following is therefore approved:
 - a) Minutes from February 5, 2010
 - b) Timmy Larr as a Member of the Review Board
 - c) The following as members of the Sportsmanship Committee: Steve Aspery, Dean Cady, Marlieke Eaton, Greg Fisher, Rich Jeffries, Natalie King, J.D. Reddaway, John Siegel
- 4) President's Report – President Jobson shared that he receives about 100 emails every day, and responds to nearly all of them. As Jobson looks out at sailing around the world, it is clear that something good is happening in the USA given that over 9 World Champions in 2009 are US Sailors! Not to mention the impressive results of US sailors at the 2010 Rolex Miami OCR. Last month the Board had a retreat where we looked at the sport as a whole and we will do that some more this weekend with the BOD-HOD Joint Think-Tank. Jobson then thanked Jim Tichenor for his hosting us in Houston and especially thanked the Houston Yacht Club for opening their doors to us for the weekend.
- 5) Executive Directors Report – Executive Director Leighton noted that the Staff Presentations in the morning will provide more detail, however, it is good to be able to report that the association is ahead of budget, 13% ahead of net member revenue, that we are committed to grow the number of members by 4% as of December 31, that we have already raised \$20,000 of the \$150,000 we hope to raise in the Annual Appeal, that we have already raised \$150,000 of the \$275,000 new commitments to the Olympic Medalist program in 2010, and that we continue to make improvements in our IT infrastructure. We will be testing the concept of having US SAILING provide a seminar at the Strictly Sail in California in April. Finally, Leighton challenged the Board to think about taking a fresh look at our Mission and Vision for the association.
- 6) Treasurer's Report – Treasurer Keller shared that she would be providing her report at the joint-Board of Directors and House of Delegates Session on Friday morning.

- 7) Olympic Report – Chairman Brenner is in New Orleans with the US SAILING Team Alphagraphics. His report will be made at the Saturday afternoon meeting.
- 8) ISAF Update – Council Member Charley Cook presented an overview of the ISAF structure and operating processes that he and ISAF Delection Chair and Council Member Cory Sertl had developed. Questions and discussion centered around how US SAILING can increase its positive presence at the ISAF, how can we ensure the strength of the Rolex Miami OCR, and celebrated our past contributions and that the ISAF has recognized the efforts of our athletes with the appointment of Ben Barger as Athlete Commission Chair and Mark Reynolds as a member of the Athletes Commission.
- 9) ORC Club – the ORC has sent a proposal to US SAILING to be considered. This topic will be deferred for any preliminary discussion until Director Stan Honey, our handicap racing leader on the Board of Directors, is back from his participation on Groupma3.
- 10) Investment Committee Report – The Investment Oversight Committee sent the Board of Directors a written report, see Attachment A.
- 11) Bylaw Committee – Chairman Clark Chapin reviewed that the Bylaw Committee has sent three (3) initiated Bylaws for the House of Delegates to review at its Saturday Meeting. Chapin also noted that the committee had provided data and comments on the two issues that the Board had referred to it: approval of minutes from a meeting of the membership; and how other NGB's approach the issues of Nominating, Governance and Ethics.

A **MOTION** was Made, Seconded and APPROVED to initiate a Bylaw Change to provide that the Board of Directors may approve the minutes of a meeting of the membership when the next meeting of the membership will follow by more than a 'quarterly time interval. (see Appendix B) This was then delivered to the Bylaw Committee for drafting and referral to the House of Delegates.

A **MOTION** was Made, Seconded and APPROVED to initiate a Bylaw Change to separate the function of nominating from the function of governance and ethics and thereby result in a nominating committee and a governance committee. (see Appendix C). This was then delivered to the Bylaw Committee for drafting and referral to the House of Delegates.

- 12) Yacht Club Leadership Seminar – President Jobson and Director Epstein discussed the seminar which is scheduled to be held April 2 and 3, 2011 at the Fairmont Hotel in Chicago, IL. The plan is for each club to send a member of their Flag Officers, their General Manager (if they have one) and a third person. Ted Turner will be the Keynote speaker. Topics are being discussed and will be explored further during the Think Tank on Friday.
- 13) Race Administration Certification Processes – Directors Stump, John Craig and Jim Tichenor shared that the Judges, Race Management and Umpires committees are

looking at how they test for certifications. The Judges committee is looking at developing a Club Judge Program.

14)USOC Hearing Panel Matter – President Jobson reported that progress is being made. As a part of our learning three prescriptions were approved at the February 5, 2010 meeting of the Board. President Jobson named a small group to discuss how to best role these out to the sailors: Directors Chamberlain, Stump, and Tichenor, Competition Division Chair Walsh, Secretary Hagedorn and President Jobson.

15)Old Business – None

16)New Business –

- a) President Jobson asked those assembled to consider what should happen about the 2011 Spring Meeting. This will be discussed further at the March 20, 2010 meeting of the Board of Directors.
- b) Team of the Year. President Jobson shared that Connie Bischoff has suggested that an award for the “Team of the Year” should be created by US SAILING. President Jobson named a Working Party of Director John Dane, Staff Director Lee Parks, Steve Wrigley and Director Dawn Riley, to review and comment upon the proposal.
- c) Director Chamberlain asked if it might be possible to bring back the printed directory. Many agreed that it is important to be able to access this type of data, and the Board agreed in consensus that this issue should be referred to the Staff for evaluation.

17)The meeting was adjourned at 9:12 pm ET.

Respectfully submitted,

Frederick H. Hagedorn
Secretary

Appendix A

US SAILING
Investments Oversight Committee
March 1, 2010

To: US Sailing Board of Directors
From: Investments Oversight Committee
Mason R. Chrisman
George R. Hinman, Jr.
A. L. Loomis, III
Subject: Annual Report

This is the first report from your newly appointed committee. We have gathered information from the US Sailing administrative staff in Newport, from the United States Olympic Foundation staff in Colorado Springs and from the USOF fund consulting manager Prime Buchholz.

Background:

As you all know, US Sailing created a board mandated endowed fund following the receipt of funds resulting from the surplus generated during the 1994 Olympic Games in Los Angeles. Each U.S. Olympic sport's NGB was granted money according to a formula, and allowed to use it for the benefit of their respective sport. We elected to use for annual operating purposes only the residual portion of the growth of our fund after adjustment for inflation. We also elected to combine our fund with that of the USOF because of their expertise in managing a large endowment. The USOF offered us this service at no cost to us, and has sent us quarterly reports of the performance of the total fund from that time to this. Our funds, while comingled with the USOF's funds and those of other NGBs who also use the USOF management services, are carefully accounted for separately on our behalf.

Fund Management Specifics:

The USOF uses the services of an independent investment consultant, Prime Buchholz, who provide investment planning, investment program implementation, and risk/performance monitoring services. These services are done for a fee, not for any kind of commission or performance bonus. Prime Buchholz is headquartered in Portsmouth, NH and enjoys an excellent reputation.

The USOF, in consultation with Prime Buchholz, has adopted an asset allocation policy which is evaluated and modified as conditions change, which they constantly do. At this point in time assets are allocated for investment as follows:

<u>Category:</u>	<u>Allocation %</u>
Domestic Equity	28.0%
International Equity	17.3
Hedge/Absolute Return	18.8
Private Equity	0.6
Fixed Income	17.0
Real Assets	13.1
Cash	5.2

These asset classes are further allocated between fund managers, who are the ones making the detailed investment decisions. They have selected 5 domestic equity fund managers, 3 international equity fund managers, 2 fixed income fund managers, and a real estate fund manager. The performance of each fund manager is constantly evaluated by Prime Buchholz and additions and/or changes are made as necessary. All along the way the USOF staff monitor and consult with Prime Buchholz regarding fund manager performance, allocation, and tolerance for risk. Prime Buchholz's in-house Research Department performs its own research, using rigorous processes for analyzing, evaluating, and monitoring manager performance to ensure that clients benefit from appropriate investment opportunities and best-of-breed managers.

As of the end of 2009 the USOF fund total assets were \$229,538,419 in market value, of which \$3,270,371 belongs to US SAILING. These funds appreciated 27.4% during the 2009 year, and have appreciated by an average of 4.2% annually since 1997. We all know that the year of 2008 was a disaster for most investments programs due to the severe conditions in the world financial system during that time. If not for that, the average annual appreciation would be much higher.

It is the opinion of your Investments Oversight Committee that our funds are being managed by the USOF with competence and integrity. The USOF, with the help of their consultant is providing US SAILING with professionalism at the highest level at no extra cost to us other than what is already being incurred in consulting fees by the USOF. It is our opinion that we are fortunate to have such a valuable benefit from our association with the US Olympic Committee. Should we have to reproduce these same fund management services we would have to hire staff and consultant services, effectively duplicating some of the administrative overhead of the USOF, and for a fund just 1.4% of the size of the USOF. Having said that, a return of 4.2% over the past 13 years is disappointing and we will be studying this carefully. As time goes by this committee will begin to get a better feeling for the process, the allocation of assets and the selection of managers. When that time comes we will put forth our opinions and suggestions for improvements. In the current environment, however, we think the extensive diversification presently being pursued by the consultants may help to mitigate risk.

A quick alternative would be for us to select several banks and purchase Certificates of Deposits in sizes up to the limit of that which the FDIC will insure. Over time the financial benefit from this alternative approach has proven to be much less than having a competent manager invest the funds of an endowment, even taking into account a financial meltdown like the one we experienced in 2008. Also, for a fund the size of ours there is no way we could effectively allocate our assets over as wide a spectrum of categories as the USOF fund. This wide spectrum provides additional protection from losses in individual category.

This concludes our report. We will continue to receive the quarterly reports from the USOF and monitor the return on our assets, and report to the Board as appropriate.

Appendix B

Resolved, that the Board of Directors initiate a Bylaw change to allow the Board to approve the minutes of meetings of the membership in most cases, as outlined below.

Bylaw 214 -- Meetings is changed to add a new Section 4:

"Section 4. Minutes. The Board of Directors may approve minutes of any meeting of the membership when the next meeting of the membership will follow by more than a 'quarterly time interval.'"

Bylaw 301 -- General Authority and Responsibility is changed to add a new paragraph (10) to Section 2:

"(10) Approve the minutes of the annual or special meetings of the membership."

The above removes a conflict between Robert's Rules and the current practice. Also, is consistent with the former Bylaws. This change does not affect the ability of any member to request a further change to the minutes after they are approved. See RONR (10th ed.), p. 457 l. 20-32 and p. 458 l. 10-17.

Appendix C

Resolved, that the Board of Directors initiate a Bylaw change to split the Nominating and Governance Committee into a Nominating Committee and a Governance Committee, as outlined below.

Proposed Bylaw Change to be initiated, March 18, 2010

Subpart C -- Committees

Bylaw 521 – General

Section 1. Standing Committees. US SAILING shall have the following standing committees:

- (1) Appeals Committee
- (2) Audit Committee
- (3) Bylaws Committee
- (4) Nominating ~~and Governance~~ Committee
- (5) Review Board
- (6) Governance Committee
- (7) Such other committees of a permanent nature as are created by the Board of Directors and described in the Regulations.

The above is renumbered

Bylaw 525 – Nominating ~~and Governance~~ Committee

Section 1. Composition. The committee shall be composed of the most recent past president available as chair and eleven other members selected by councils as follows: three members from the Sailor Athlete Council; one member each from the Council of Sailing Associations, One Design Class Council, National Offshore Council, Community Sailing Council, Coach and Instructor Council, Cruising Council, Multihull Council, US Windsurfing Council. The Board of Directors shall annually select a Director who shall not be under consideration for nomination, to serve as a non-voting member. The President, with the approval of the Board of Directors, shall appoint a non-voting legal advisor as a consultant for this committee.

Section 2. Terms. With the exception of the chair, terms of the members of the committee shall be three years or until their successors are appointed. Such terms shall be staggered on a schedule as described in the regulations.

Section 3. Duties. The committee shall:

- (1) No later than 90 days before the annual meeting, nominate individuals for open seats on the Board of Directors as contemplated by Bylaw 304. The list of nominations by the Nominating and Governance Committee and

those from the House of Delegates shall be posted on US SAILING's web site no later than 90 days before the annual meeting.

- (2) Develop rules to be published in the regulations governing details of the election process for positions on the Board of Directors and governing campaigning by nominees for these positions.
- ~~(3) Evaluate the performance of the Board of Directors, using procedures and criteria submitted to and approved by the Board.~~
- (4) Recommend to the House of Delegates additional delegate positions as necessary to achieve reasonable representation of sailing interests.
- ~~(5) As appropriate, submit to the Review Board the name of any individual serving on the Board, in the House, or on a committee for a determination as to whether the individual should be removed for misconduct.~~
- ~~(6) The committee shall also perform the ethics oversight of US SAILING.~~

Bylaw 526 – Review Board

Section 1. Composition. The committee shall be composed of a chairman and such additional members as the Board may determine in the Regulations (but not less than five total members).

Section 2. Duties. The committee shall perform the duties described in Regulation 15 regarding grievances and disciplinary proceedings.

Bylaw 527 – Governance Committee

Section 1. Composition. The committee shall be composed of the most recent past president available as chair and eleven other members selected by councils as follows: three members from the Sailor Athlete Council; one member each from the Council of Sailing Associations, One Design Class Council, National Offshore Council, Community Sailing Council, Coach and Instructor Council, Cruising Council, Multihull Council, US Windsurfing Council. No member of the Governance Committee shall also be a member of the Nominating Committee with the exception of the Chair.

Section 2. Terms. With the exception of the chair, terms of the members of the committee shall be three years or until their successors are appointed. Such terms shall be staggered on a schedule as described in the regulations.

Section 3. Duties. The committee shall:

- (1) evaluate the performance of the Board of Directors, using procedures and criteria submitted to and approved by the Board.
- (2) perform the ethics oversight of US SAILING.
- (3) as appropriate, submit to the Review Board the name of any individual serving on the Board, in the House, or on a committee for a determination as to whether the individual should be removed for misconduct.