

**UNITED STATES SKI AND SNOWBOARD ASSOCIATION
BOARD OF DIRECTORS' MEETING**

**September 27, 1997
9:00 a.m. - 1:30 p.m.**

**Olympia Park Hotel
Park City, UT**

MEETING MINUTES

Attendance

USSA Transition Board

Chairman: Jim McCarthy
FIS Ranking Representative: Hank Tauber
USOC Ranking Representative: Serge Lussi, absent

USSTF

Nick Badami
William Bindley
William T. Esrey, absent
Slim Sommerville
Stewart Turley
Thom Weisel

USSA

Alpine Representative: Bill Slattery
Snowboard Representative: Gary Taylor
Freestyle Representative: Irv Kagan, absent
Cross Country Representative: Ed Finnerty
Jumping/Nordic Combined Representative: Joe Lamb, absent
Disabled Representative: Lee Todd, absent

Athletes

Alpine Athlete: Kristi Terzian
Snowboard Athlete: Sondra Van Ert, absent
Freestyle Athlete: Liz McIntyre, absent
Cross Country Athlete: John Aalberg
Jumping/Nordic Combined Athlete: Greg Boester
Disabled Athlete: Nancy Gustafson

Ex-Officio/Non-Voting

USOC Athletes' Advisory Council Representative: Joe Walsh
NSAA President: Michael Berry
SIA President: David Ingemie

Honorary

Dr. Bud Little, absent
Dr. Leland Sosman

Staff

President & CEO: Bill Marolt
Executive Vice President: Bill Gorton
CFO: Mark Lampe

Vice President, Athletics: Alan Ashley

Legal Counsel

Todd Wakefield

(Opening video)

1.0 Chairman's Welcome: Jim McCarthy

- 1.1 McCarthy: That's a great way to begin our first fall annual meeting of the newly constituted board of the U. S. Ski and Snowboard Association. I'd like to welcome everyone who is here. I feel a little strange welcoming people who are sitting behind me; but the room is set up for a lot of audio-visual presentations and you'll have to bear with looking at the back of my head here.

Badami: I told you when you started that you have to watch your back.

McCarthy: It's fully exposed on this one, Nick. We are in the process of deciding whether or not we have a quorum. We are on the cusp of that and that will affect our ability to conduct business here. Counsel is busily checking this. Once we've completed that, we'll see if we can officially transact business or not. Whether we have a quorum or not, we are going to proceed with as much as we can do today in terms of reports, status, etc. We are currently two people short of a quorum. My suggestion is that we move forward with the report end of our agenda and if we get two more members, and there is the possibility, we can then move into the items that require board approval. We need 14 to achieve the two thirds requirement on 21 voting members. Everything that requires a vote I'll put on hold. We can work on the agenda that is in the book.

2.0 USSA Agenda Approval: Jim McCarthy

- 2.1 McCarthy: I would like to begin with the agenda. I would like to direct your attention to the meeting book that was passed out. The agenda appears on page 33. Again, Suzette is to be congratulated for the excellent job in putting all of this material together.
- 2.2 I'd like to make one addition to the agenda and that would be in item #19, under the last bullet point, I'd like to add a provision for a public comment period. This is an open meeting. It's not a public meeting. By that I mean that the meeting is open to the press and public to listen to what takes place and what action the board takes. We are not open to public comments except by board members on every issue that comes before the board; however, our bylaws require, and it's a good policy, to have a provision for a period of public comment during this meeting and that is what will be added to item #19 in the agenda. The system we will follow is that there will be a sign up sheet in the back. We will limit comments to two minutes per individual and ask that the comments be directed to topics that are on the agenda to this meeting.

Motion #1: To approve the agenda with the addition to Item #19 of a public comment period.

M/S/C Nick Badami/Slim Sommerville.

3.0 USSA May, 1997 Meeting Minutes' Approval: Jim McCarthy

- 3.1 **Motion #2:** To approve the minutes from May, 1997 as presented.

4.0 **Chairman's Report: Jim McCarthy**

4.1 McCarthy: This has been a very busy summer for the staff and volunteers for the various committees as we've worked to implement the new bylaws and get the five-year plan that the staff has put together started, and we had other interesting experiences this summer with our friends at the U. S. Olympic Committee. That really was a major focus of what I did this summer in regard to the organization.

4.2 On July 15th the USOC notified us by letter that we were to appear on the 19th of September for a compliance hearing in regard to the bylaws that we adopted last spring and the whole process that we'd gone through but they also decided to expand that compliance hearing to include re-certification of this entity, USSA, as the NGB for skiing and snowboarding. Their position was twofold. It was a new organization and, therefore, had to be certified or, in the alternative, the old organization had never been certified so we had to be certified. Regardless, we agreed to go through that process.

I don't think that anybody brought the book that was put together under their new simplified questionnaire but it was a full three inches' thick binder that regurgitated information that had been sent to the USOC in other forms previously. For a number of reasons, Bill and I decided that this was a significant issue and one that we wanted to get resolved in the hearing in which we wanted to prevail. So we went very well prepared. We probably had the entire senior staff with us. We also had Joe Walsh and Greg Boester representing the athletes. We appeared on the 19th. The hearing lasted just over two hours. We made a good presentation.

We have not yet heard the results officially. Unofficially, it seems to have been well received. The process is that the compliance and credentials committee of the USOC, which is fairly secretive, makes its report to the board of the USOC, which in turn, decides whether or not we are in compliance and should be certified as an NGB. We expect that decision to come during the next USOC Congress in late October, early November. We have every reason to believe that it will be favorable.

4.3 The rest involved an item of litigation that everybody is aware of. We've also had a number of conference calls this summer at the executive committee level dealing with selection criteria. The selection criteria appear in the meeting book. The selection criteria were approved by the executive committee during a series of three conference calls in August. Again, if we get to a quorum, that issue will come up at that stage. Right now, we'll put it on hold. Unless there are any questions, that basically completes my report.

4.4 Joe Walsh: It might help those of us with decrepit eyesight if we went around and introduced the people around the table so when people speak we might know who they are.

McCarthy: Good suggestion. Why don't we start with you?

Joe Walsh, USOC Athletes' Representative from USSA to the Athletes Council. I'll be leaving early to go to the Athletes Advisory Council meeting in Colorado Springs so don't take my departure as any statement other than responsibility to the organization.

Kristi Terzian, alpine athlete representative on the board.

Nancy Gustafson, disabled athlete rep.

Greg Boester, ski jumping/nordic combined rep and the chair of the Athletes Council.

John Aalberg, I represent the cross country discipline.

David Ingemie, with Snowsports Industries.

Michael Berry, with National Ski Areas Association.

Alan Ashley, vice president of athletics for USSA.

Todd Wakefield, general counsel.

Jim McCarthy, chairman.

Bill Marolt, president and CEO.

Bill Gorton, executive vice president of USSA.

Lee Sosman, parliamentarian.

Stew Turley, vice chairman.

Bill Bindley, treasurer.

Slim Sommerville, board member.

Nick Badami.

Thom Weisel.

Bill Slattery, alpine.

Gary Taylor, snowboard chairman.

Ed Finnerty, cross country chair.

McCarthy: I'd like to welcome Thom and thank him for coming, along with everybody else. We are now one short of a quorum. We'll try to get Hank Tauber, whose schedule today is complicated, to get to quorum, and while we wait for that, I'd like to turn the meeting over to Bill for the CEO report.

5.0 Chief Executive Officer's Report: Bill Marolt

- 5.1 Marolt: I'm going to give my report, but before we get into it, I'd like to echo what Jim has mentioned. I've been here for a little over a year and, in one of my recent staff meetings, I mentioned to our staff that I felt that we had really done a nice job in developing a good, cohesive management team that works well together. We are focused. We know the direction that we are going in, and we have addressed some complicated issues.

If you look back to about this time one year ago, we were in a difficult financial position and there was a good deal of confusion about what was going on. We addressed those issues and, ultimately, ended the year with a slight surplus. Mark Lampe will address that later on in the presentation. We had some exciting results from an athletic

standpoint. Clearly, we aren't where we want to be, but we need to recognize those individuals who did a great job during the winter.

As we look at all of the activities, events, foundation, marketing and sales, pr, we have made good progress. With that I would like to start to move forward and to give you an idea about what we are going to talk about today. I'm going to make a habit of starting each meeting with our vision and mission. I want to update you on where we are with our five-year plan with each department, our accomplishments since May, then talk a little about the road ahead.

- 5.2 We have developed a poster that depicts our vision and mission, which you have in the binders. We have redefined the eagle. I really like the eagle that we have on the back of our uniforms and one of the things that Bill Gorton has brought to our organization is that he liked the eagle, too, but felt that we needed to come up with a kick butt eagle so that's what we have is the eagle with our *vision* which is to make the United States of America the best in the world in skiing and snowboarding and our *mission* is to make the vision a reality by fielding and maintaining teams of world-class ski and snowboard athletes.

We will say this over and over. That's why we started today's presentation with a video about the athletes. That is why we are all here and that's what is critical.

- 5.3 In terms of an athletic report, a good part of this will be done by Alan Ashley but I want to make a few comments on what I have seen and are really important. Alan has done a number of trips on the road, we are calling them athletic road shows, and basically we are trying to open up a better line of communication with the staff and our athletes and the office here in Park City. We want to develop a good rapport and a team and family concept. He went out and met individually with each of the coaches and teams and it's a good effective start to our programs. In terms of camps, we've had two or three camps in each sport since our last meeting. The report that I get on the work ethic is very positive so we've had good reports and good luck on all the camps. Clearly, the camps are just the preparation and we won't know how we will be until mid-November.

The thing that excites me most and that I want to report is that, because of a number of things, we have been able to increase our funding to athletics. As all of you remember in our meeting in Beaver Creek last November, Peter Kellogg volunteered to raise \$1 million for development programs. He has done a marvelous job in taking that forward and in making that campaign a reality.

The combination of what Peter has done, savings and reallocations in the budget itself, and making budget revisions, have allowed me to announce today that we have increased funding to athletics by \$750,000. This will allow us to carry on our team activities and to kick off this very important development program, which has been a subject of much discussion through the years. This will be an aggressive program that has a good start now, and we will carry it out through 2002. Alan will have all the detail on this and you'll be excited about what you see and hear.

- 5.4 As you know, we have an events department that is headed up by Annette Royle. We have exciting things planned for the 1997/98 season, in addition to our World Cup events, (we are running our traditional alpine events in Park City and Mammoth and Vail), our nordic combined events are all on the calendar and we will have some terrific World Cup events. As you know, we have created a *Snowboard Grand Prix*. We started this with two events. This year, we are going to have three events and as we talk with the folks in snowboarding, they applaud our efforts and think that we have done a good job in terms of the *Grand Prix*.

You have a number of handouts in packets and I'll be referring back to these. This is a brochure that was developed for the *Snowboard Grand Prix*. It outlines the three events in Sugarloaf, Mammoth and Mt. Bachelor. From these three events, the 1998 Snowboard Olympic Team will be selected to go to Nagano. We are excited about this and think that it will be a great way to send our Olympic Team off.

The second thing that we have done is develop what is now called the *Gold Cup*. Originally, we wanted to create an event that would be put in place to promote the sport and we wanted to run it as an Olympic Trials. We put together a proposal and, ultimately, decided that Lake Placid would be the site to run the Olympic Trials; but as we got down the road we found that, because of sponsor conflicts, the USOC did not want it called the Olympic Trials so we are now going to call it the *Gold Cup*. Essentially, it will function as part of our Olympic process. We are running races in all disciplines with the exception of snowboard. The winners of the races will be automatically named to the team and they will take home a cash prize of \$10,000. We have terrific TV coverage on this event. We believe that it will be the start of something that we would like to do on an ongoing basis. This is really a terrific step forward in terms of what we want to do with the promotion of our sports.

Finally, we have new sites for our national championships. These are sites that we have developed over the last few years. We have the Sugarloaf Freestyle Nationals, Jackson Hole Alpine Nationals, and Sunday River, Maine, Snowboard Nationals, and Disabled Nationals will be at Mt. Bachelor. We have an exciting schedule of events and as we go down the road, that will get even better.

We will talk a lot about our planning efforts. We've already sent out the request for proposals for the 1998/99 season. We are putting those on the schedule and as we go down the road, we want to try to be 24 months out in our five-year planning cycle. That is a good step in the right direction.

- 5.5 Marketing & Sales. Todd Burnette and his staff have done a good job in developing new sponsors. I'm sure that you are all aware of our relationship with Jim Henson Productions. This is the company that has developed our *Animal* mascot that has been both controversial and very positive. We are excited about having *Animal* as our snowboard mascot.

We have developed a very good relationship with *Healthy Choice* and, if you look in your handouts there is a piece that they have done as the official nutritional supporter of the teams. *Healthy Choice* is a part of Con Agra, which is a huge food company located in Omaha. If you look at the size of what they are doing in terms of a relationship, all of the support materials that they will be running in newspapers around the country from week to week from now until the Olympic Games, this will be a great partnership. They deliver a terrific product. They will help us with food in Japan during the Olympics, which we are all really excited about.

Another of our contracts, General Mills, is working with us in promoting their frosted *Cheerios*; again, if you look at your handouts, this will appear on 50 million cereal boxes across the country. This is a promotional opportunity for our snowboard programs.

Finally, in addition to that, we have announced a relationship with Charles Schwab. They are particularly interested in supporting our women's team. They have done some neat things, particularly in developing an intern program and some of our athletes have worked in their offices around the country. We have a couple of videos we would like to show you to demonstrate what we have and also a radio vignette from the *Charles Schwab Olympic Journal* so let's take a few minutes to view and listen to these.

(Video presentations.)

As you can see, we have some exciting things that we've developed over the summer, but I should mention that, at the event in New York announcing *Healthy Choice*, we had nine of our athletes with us and when we go out and make a presentation and take our athletes, it's absolutely incredible what they do. These are absolutely first-class individuals. They are poised, confident, have a great sense of humor and timing. It's a pleasure to work with them. We are really stressing this theme of the athletes.

I want to talk about one final thing about new sponsors. Over the last year and a half, Mark Lampe has been working on a program to put together a co-branded credit card and we have just recently signed this agreement with People's Bank to develop a U. S. Ski Team VISA card. This will be a very exciting program that benefits us in a number of ways. The initial infusion of cash and the ongoing possibilities of additional revenue as this fully develops will be a significant help for us and Mark will provide greater detail in his presentation.

We've reached new agreements with existing sponsors VISA and Chevy Trucks in sponsoring the *Gold Cup* and at the present time, we are discussing with VISA an extension of their current agreement. Their agreement ends at the end of this year and we are negotiating a deal through 2002, which I believe we will accomplish.

We've just recently signed with Reusch, which is a glove company, for a four-year deal with them at twice the revenue of the current level. These are all significant corporate sponsors and add to our already good list with what we are doing in the sponsorship, marketing and sales area. Todd Burnette has done a really good job. He's a young guy who is well connected with corporate America, knows his way around advertising agencies, makes great presentations, thinks well on his feet and has done a good job.

- 5.6 Our membership and pr report. In terms of membership and competition services, Tom Kelly and his staff have done a good job at continuing to develop the athlete pipeline. As you remember, we presented that at our last meeting, where we had an ideal pipeline of how youngsters enter into each of our sports and in a seamless way move up through a stair step approach and as they move up we identify those outstanding athletes and basically fast track them onto the U. S. Team and into international competition.

In terms of our alpine field staff, what we have done is to move the staff to organizations that are athletically oriented. It's been great to see what Walt Evans has done throughout the country, our national office and also in our divisional and regional offices. He has done a good job at energizing and pulling this organization together at the grass roots level. I am happy to report that we did an on-time delivery of our competition guides. These are in the mail and out to the members. As you will remember, one of our goals was to get these delivered well in advance of the season.

In terms of pr, as you know, another of our goals was to develop a new USSA image and we have worked hard with David Wiener Associates and, later in the program, you'll see some of the work that we have done there. Alan Taylor is a pr agent in New York and we retained him and he has been phenomenal in the things that he has helped us do and put together. If you look in your handouts, there is a copy of a four page spread that was done in *USA Today* on Tommy Moe, which appeared three weeks ago. This was a phenomenal piece and is a result of what we have done with Alan Taylor.

We have done some athlete media training, coordinated through the USOC. A woman by the name of Andrea Kirby, who works primarily with professional sports organizations but whose real love is working with NGBs, has come in and worked with all of our

athletes and we will continue and work with the kids so that when they work with the media, they can do a great job.

I should also mention that Tom has developed a web site and, again, there is a handout in your materials that describes our web site and its access. There is tremendous interest in that and we get a number of hits on that on a daily basis.

Finally, we have included in the handouts all of the schedule of TV that will be shown this year, which is Turner Sports, ESPN, and Outdoor Life. There will be a tremendous amount of skiing put on the networks, particularly cable, this year.

- 5.7 From the Foundation, Trisha Skalicky has done a terrific job in developing, on an ongoing basis, our Gold Pass program. This year we have 350 to sell. She has already sold 323 to date. I have a couple of them here today for you to see. This is part of what we have done with David Wiener. He has helped us design this. It's a nice presentation. Anybody who has one will be pleased with what they see.

We've also focused on the Inner Circle program this year. This is the \$25,000 level of contribution. Our board of trustees plays a major role in this and I marvel at their commitment and generosity and as a result, our major contributions are growing significantly.

In our direct mail, Trisha has done a good job in managing that. We are working to update our data base. We have not done a great job with that through the years. She has recently signed a contract with a company that will help us stay on top of that and, when we do mailings, they are updated, we have proper names, and we do a positive job.

Trisha has also developed, through the direct mail program, a sweep-stakes opportunity and this material is part of the handouts. There is a variety of prizes in this and all prizes have been donated. Ultimately, there is a great chance for us to bring in additional funds.

Special events primarily are ski and snowboard balls. We have 13 events around the country. The first is taking place this evening in Los Angeles. We will be running these through the fall. Indications are that they will be successful, well-attended events. We have a few videos that we want to show that promote our ski and snowboard balls. One of these was created by TCI in Colorado to promote the Colorado Ball and the other by KSL TV in Salt Lake to promote the Utah Ball.

McCarthy: Could I interrupt you quickly? We have been able to get Hank between meetings to stop in here. He has a busy life, but this is a particularly busy day for him. Hank Tauber spends a lot of his time representing us at the FIS level in Europe, South America and elsewhere. He puts in a tremendous amount of time and he was nice enough to make time in his corporate schedule today to come in and provide us with the 14th voting member of the board so we now officially have a quorum, which will carry forward even though Hank can't stay with us.

I'd like at this stage, while Hank is here, to do a couple of things. First I'd like to get approval of the agenda that we discussed earlier with the one change being the addition of a public comment section and then get approval for the meeting minutes from May. With these approved, I turn the meeting back to Bill with the understanding that, while Hank can't stay with us, under the bylaws and Roberts Rules of Order, we have a quorum and that lasts through the remainder of this meeting and we can now officially conduct business. Thanks, Hank.

(Video presentation)

- 5.8 Just a few last comments, as Jim mentioned, we have gone through the compliance review with the USOC. We did spend a good morning in Colorado Springs. The meeting went very well. Suzette did a terrific job in putting all of the material together. It was a session in which we easily answered all questions. We will have a positive result in the near future.
- 5.9 The board should be aware of some of the things that we have done internally in terms of our staff. We have created a retirement program, a 401 k that each staff member can contribute to benefiting themselves in the long run. We have improved our working conditions. We are remodeling and doing some upgrading in the offices. They were in dire need of repair and we will be able, over the next couple of months, to put our best foot forward. If you have a chance to stop by, part of the work is done on the executive side, and now we are working on the other parts of the office to get that cleaned up.
- 5.10 Finally, we talked a lot about goals and raising the bar, making this organization more focused on success, and I want to report that we have job descriptions in place. We have written goals as part of those job descriptions and we have done evaluations as a result of that and that begins with me and goes all the way down the organization through the athletes who have annual goals that they are shooting for this year and this will be done on an ongoing basis, with two evaluations yearly.
- 5.11 As we look at the road ahead and focus more specifically on this year and out on athletics, obviously, Nagano is a tremendous opportunity for us. As I look at our chances going in, we have the opportunity to win some medals. We will have to have some good luck going in but there is no question that we have athletes who have performed and done the job in the past and, based on what I am seeing on the preparation period, I'm very excited and optimistic about Nagano. As we look to Vail in 1999, and Salt Lake City in 2002, we continue to see a lot of opportunities there with our existing athletes and the athletes in our pipeline.

This winter we have tremendous opportunity with exposure with basically 20 hours with our *Gold Cup*, eight of the hours are replays, but it's an awesome thing that we have been able to put this together. With the World Cup and National Championships, we have additional coverage so we are well on our way to putting skiing back on the map.

- 5.12 As we have stressed our five-year plan is ongoing. We are working hard to be 24 months out. We are already looking at next year's budgets and plans and by the time of the November meeting, we will be prepared to present a budget for next year and have more specifics in terms of the athletic plans.

As we look at the road ahead, one of our goals was to develop a clear and consistent corporate image. What we have tried to do is develop a company and corporate look that tells the story of skiing and snowboarding: speed, excitement and pride -- pride in our teams and our athletes. So with David Wiener we have looked at our logo and this is our old logo and this is the new USSA logo. It represents what we have talked about. This is the logo that you will see from this point forward. As we go further down the line, we will develop specific logos for the U. S. Ski Team and also the U. S. Snowboard Team. This is a look that we spent a long time discussing, and the staff and everyone is excited about it. That's our new look and direction. With that, I'll close my report.

- 5.13 Somerville: I wanted to thank Michael Berry and the National Ski Areas Association for the extra 50 gold passes and for the first 300 gold passes. Michael really helps the team,

thanks to your group. It's the best fundraising program that I've ever associated with and we thank you.

Berry: It's easy to do Slim, I'll convey your thanks to the members.

McCarthy: And likewise, I hope that you convey the thanks of the entire board. We really do appreciate it. All the participants, the skiers and members, recognize what a contribution the ski areas make so thanks again. Any other questions or comments for Bill? It goes without saying that Bill looks a little more tired than he did last year but the program looks a whole lot better, everything from the logo to the offices to the spirit of the staff and professionalism that we are seeing at every level of the organization is due to Bill's leadership.

6.0 Athletics Report: Alan Ashley

6.1 Ashley: When I went out on the road shows this summer, I was able to meet with most of the teams. I'm still going to Portland on Wednesday to meet with the freestyle mogul team and then setting up time to meet with the disabled team. My goal in this was to try to communicate and, since my one year hiatus from the team, they've come up with some awesome audio-visual tools to come up with these presentations. There are four things that I want to go over today:

- (1) athletic department update
- (2) athletic department priorities
- (3) sport-focus issues and
- (4) development initiatives.

6.2 I want to review some of the things that we have been working on as a department in terms of overall general structure and organization and management as well as some very specific sport initiatives that we've worked on. We've clearly been working on putting the athletic programs in order. Two things are very important here. Preparation for the season has gone as planned. The key words here are 'as planned.' There have been no disruptions, the teams and coaches have been working on a consistent basis from this spring.

The coaches have set out specific preparation programs and they have implemented those programs. As Bill said, you can go out and train but we really won't know what the results are until we get into the competition season in another month. The feeling that I am getting from the programs and the teams right now is that they are following through on their objectives athletically as individuals and they are doing it in a framework that is positive and directed toward the second thing here, which is Nagano.

6.3 With regard to Nagano, we are in the process of finalizing our plans. We are going over on Thursday to have a team leaders' meeting at which time we'll lay down the final logistics of transportation and housing and make sure that the movement and organization for our athletes and our coaches is at the highest level possible. One of the things that we have done here that is very important is that we have secured housing that is in proximity of most of the sites which is really important in Nagano because the transportation system will be questionable. It may be perfect but you just never know.

What we have tried to do is to make sure that the athletes who are going to compete in a competition the next day are housed next to the site and not have to worry about whether they are going to make their ride in the morning but instead focus on what it will take to be as successful as possible during the competitions. We'll get that worked out and finalized over the next couple of weeks.

- 6.4 We have a focus for development now. What I am really trying to do is, first of all, manage by sports. We have very distinct sports in this company and, while I am setting the tone and overall direction for the sports, I expect that the professional management staff and the sport committees are going to take a huge leadership role in developing each sport distinctly. We are doing that within the framework of the long-range or the five-year plan.

We are trying to get things mapped out as far as possible. We are doing this in combination with the athlete pipeline, which is the fundamental tool that our organization in general is utilizing to develop programs. The priorities are clearly Nagano; part of that preparation is to get the selection finalized and to move that forward and then get the information out to the athletes as well as everything that we are going to do athletically in the field between now and the 7th of February and from the 7th of February to the 22nd of February in Japan.

- 6.5 These are fundamental issues that are in every sport and that are incredibly important to the long-term planning and success of the sports:

(1) **calendar planning:** let's get a stable calendar for the next five years; that is one of my major focuses for the staff and that I've asked the sport committees to work hard on; we know when the World Championships are; we know when the Olympics are, so let's build back from there so we can block periods of time when athletes are expected to perform and we can block periods of time when athletes are expected to train and create a very good system that people can count on from now until 2002.

(2) **development:** when we look at calendar planning that is part of development; the bottom line is, when you have a good solid integrated calendar that projects out into the future and you communicate that to parents, athletes, and coaches, you've made a huge step in terms of structuring your development.

(3) **selection systems:** it's important that we revisit how we go about conducting selection in each sport; what are our philosophies; do we really reward people who win; do we really have a system to fast track athletes so that someone who is skiing or riding well can make it to the top quickly; we want to put those in place in every sport.

(4) **competencies:** the most fundamental tool that we need to put in place for each sport; these relate directly to the athlete pipeline; they essentially spell out the details of what can help an athlete be successful and they communicate that to the coaches and the parents and provide a framework from which you can then go and compete at those events, which have been scheduled at the right time so that athletes can compete at the highest levels and work within the system; currently we have competencies published in alpine skiing; these start at a very young age and define physical, mental, technical, all the skills that make up the complete athlete and what you should be shooting for at each level and at each age group as you work up toward the top to become an Olympian and an Olympic champion; I can't stress enough how important it is that we all work together on this; that could be the single most important part of development that will drive sports in the future; each set of competencies for each sport looks different.

(5) **sport science:** when I came into this organization that was the single most fundamental thing in my mind; I have not been successful in implementing this in the last four months but I continue to be passionate about the fact that we need to use science in conjunction with good practices on the hill in terms of coaching and technique and we need to create the complete environment for the athlete; we need to have physiologists; we need to have conditioning coaches; we need to have psychologists; we need to have nutritionists; we need to basically create a management team that then supports athletes

and their goals; right now we are attempting that, but not at the level that we need so that's a big priority for me as director of the department.

(6) **communication:** we need to have every coach from every club at the highest level down to the ski councils understanding and working and pulling on the same rope; we've all talked about that but the bottom line is education that takes this direction into the field is an incredibly important part of what our future looks like for each of these sports.

These are general items that we can apply to every sport. They will be implemented differently in cross country than in freestyle or jumping from alpine or nordic combined from snowboard. They will be different but they are fundamental principles of success and if we can stabilize these things in the future we will have a great deal of success as we move forward.

6.6 Now I'm going to get into the work that was done this week. I'm focusing primarily on the sport committees that worked here this week. We didn't have jumping and nordic combined. They will have their meeting in October during the Flaming Leaves competition in Lake Placid, and we didn't have the disabled committee meet here.

In alpine we are working hard to stabilize the national team program and we worked on refinement of the alpine athlete pipeline. We are really starting to flesh out every detail of how that pipeline works all the way from the top down to the club and fundamental grass roots organizations that support the sport. That basically represents athlete development and every component of it.

We have a national athlete development program in alpine which has identified athletes and I'll speak to that later on. It has been successful in identifying athletes who have great potential technically and physically and moving them into a program where they have an opportunity to meet with their peers and train with their peers in projects. We are also now beginning to introduce the concept of athlete development system.

An athlete development system encompasses every aspect of alpine skiing throughout the country. It encompasses the regional programs, the divisions, the clubs, the academies and it is meshed with the concept of athlete development programs so that each participant in this sport can feel like they are a part of an overall system that makes sense. That is a very important concept. There have been times when an academy has said 'hey, I don't know how I fit into the system.' Our goal now is to say, 'let's make sure that we are all pulling on the rope together' and utilize the competencies as the basis to get that job done.

Full implementation of the athlete alpine competencies is the cornerstone. No matter if you are operating an academy program that has good resources, good focus and a complete program or a small club program that has a couple of key athletes who want to work hard, we'll all work on the same basis of proficiencies and we are all trying to work together to develop athletes in the same way.

We have also begun to broaden our selection systems' philosophy. We did quite a bit of work in the alpine staff and sport committee and discussed how you put in good selection systems from top to bottom. It can't be stressed enough that we must communicate clearly to parents, athletes, officials, and coaches how you get from point A to point B and make sure that it's the right way, not just chasing points. Let's make sure that it's doing what we intended doing in terms of supporting our elite athletes and our athlete programs.

In freestyle, they met earlier in the week and then took off to their FIS meetings in Canada. Continued world dominance is a huge issue for freestyle right now. For ten

years they have been at the top of the heap and it's now tough to keep there. One of the things that the staff and sport committee is working on is continued world dominance. It's time now for freestyle to get the pipeline in place. We have a basic pipeline but we need to flesh it out as we have done in alpine and are beginning to do in the other sports. Probably one of the most critical issues for freestyle right now is elite coach development. They have a real disparity between the coaches who are in the field and working with the clubs and coaches who can work with the athletes on a national team program.

In snowboarding, we are focusing on fielding the best athletes for the Olympics. We have a system in place now where we will use the *Grand Prix* to select our Olympic Team. That would combine athletes who are USSA and FIS members and ISF members and individuals who have no affiliation into a system where they can qualify for the Olympics and we can make sure that we field absolutely the strongest team in this first Olympic Games in Nagano.

Long-term development of the sport strategy, right now is in the air but we need to take a hard look at this one and position and plan it properly so we have a specific strategy that applies to snowboard. We need to be creative and innovative and work this one hard because we have a great opportunity and we plan to do that. We need to define the athlete pipeline and integrate the grass roots program into our overall USSA structure.

The cross country focus again was on the national team program and long-range calendar; a lot of work was done with that in the sport committee meeting. Competencies in cross country skiing is one of our markers and a fundamental tool that can be developed. This is important, not only for the development of athletes, but for rallying the community in cross country. Points list and selection systems again are things that were worked on in this meeting and are very important.

- 6.7 Finally, I want to get into the development initiative. We have done a lot of work in this area in alpine and in nordic combined. Those are two sports where there was a lot of focus and direction this summer. Aldo Radamus came on and started working that program. He has identified 112 athletes and invited them to specific projects throughout the summer. 78 have participated in these projects. These are identified athletes of different age groups who have great future potential and have been identified in competition and also through their physical fitness and through their overall athletic ability for that age.

One thing I can say is that no one is forced to participate. We are trying to create a system which essentially augments and complements how the club programs and home programs operate. It's identifying the right athletes, doing the right things with those athletes, giving them opportunities they may not be provided at home.

We've had this set up for both nordic combined and alpine where the athletes are funding a portion of their program and USSA is funding a portion of the program. There is a true commitment on the behalf of the athletes, not only in terms of their spirit and desire to be a part of the program, but they have to put their best foot forward financially as well. I'm not saying we should go and charge everyone tons of money to be involved in the program but it does make people think about do they really want to participate in this. I know what the requirements are and they are tough. It really is a very important part of the commitment.

Finally, long-term implementation of programming. What is incredibly important about development as we move forward and design and implement programs is that we are able to be consistent in the future. One of the problems that I've seen in my tenure with this organization is that we develop a program every few years and start another development program in two more and it repeats. We need to stick with this right now.

Once we design this, that is the way we will move forward and run this. There is no way we can tell if this will be successful until we spend some significant time on it.

There is some information specifically from Aldo that was passed out this morning, which defines what the goals and objectives are for this program and Aldo is in the audience if anyone has questions for him. Again, this is a very important step for us as an organization but, in light of the national development system, it's also a very important part of our overall strategy for how to develop the sport and get consistent results for the future.

Weisel: You have a spending plan for this extra \$1 million over the next two years?

Ashley: Yes. We have a five-year plan with alpine right now in terms of specifically how we are going to spend that money. We are still working on the other sports' plans. I have with me now a five-year plan for overall development of all sports just in terms of trying to see how we might utilize funding. I'll give you a copy of it.

Weisel: Can you go over this a bit in terms of how you are going to break down the funding by year or discipline against how much was being spent before and what will be done now?

Ashley: I'll give you some broad perspective on that right now. I don't have every detail worked out on that but, as an example, this year in development, Aldo's program basically started out with \$50,000. That was the initial amount. We finally ended up funding that for \$250,000 at the same time we also filled out our 'C' team program. This is in alpine at \$125,000/each. So that was the first step of it. Then we basically applied \$50,000 to the nordic combined program so that we could hire a development coach and have him work with seven athletes on specific national development projects. What we will do in the future is continue to broaden the scope of Aldo's program and move ahead from \$250,000 to \$340,000 next year to \$400,000 and probably peaking out in 2002 at \$530,000.

With the nordic combined program, tentatively, we've got it at \$50,000. We'll go to \$60,000 in the following years and leave it around \$60,000. This is all very much planning but it must be done within the framework of what we can do. With the other sports, jumping, freestyle and snowboarding implement a program in the range of \$170,000, increasing to \$250,000 by 2002. That's in general how I see this going. What it does is that this year we were at \$500,000 and by 2002 it puts us at \$1.1 million development budget which includes all of the sports.

One thing that I did not include, and I did this purposely, is we don't have a development program in disabled, either alpine or cross country. As a company, we have to determine how we will handle disabled development in the future. It's currently the purview of the DSUSA which is another affiliated organization with the Olympic movement. As we move into the future, we need to answer the question will we have a fully-integrated program in disabled as we do in other sports or not? If we do, we need to look to the development issue specifically. Right now that doesn't fall within our company's mission.

Are there any additional questions? We've walked through a lot of things and I've covered a lot of territory but I am very confident at this stage that we are focused on the right things as an organization and as an athletic department. My broad perspective in terms of what I'd like to get done as a director is to have a good athletic program for the future from top to bottom. I'm convinced that we are going to get that done.

Sommerville: Those 112 were they alpine and nordic combined?

Ashley: They were alpine; nordic combined has seven. The way the nordic combined program has worked is that seven athletes were identified. They've conducted four projects in Lake Placid, three in Park City to this point and then there is a group in residence in Steamboat and Lake Placid. The plan for the future will be to conduct one more camp then go to the World Junior selections and finally have one more winter project. Seven new athletes is a quite a group of young talent for nordic combined.

Marolt: The staff have done a terrific job with this this year. They have taken the time to design a calendar so that you have the opportunity for athletes to peak and, once they have the result, then they have an opportunity to do something else. They have designed the competition so there is a lot of head-to-head competition so that when someone is hot we can react immediately and move them forward.

In terms of these competencies, you know that I have been involved for a long time and we always tried to figure out a way to let the grass roots know what we are doing at the top and what we expect as an athlete moves up through the pipeline and this staff has done an incredible job putting this together. In alpine, if you are a parent and you want to know what your youngster has to do from the time they get in to the time they reach the national team, it's all in there. We've never done that. It will be good for athletes, parents, development coaches and club coaches as well. It had a lot of input and not just from the national staff so there is good buy in. Alan in the short period of time he's been here has done a lot with the help of our coaches, development staff and others.

Weisel: So you are defining development as the 'C' team and below so what is the age spread and where are you spending the money?

Radamus: The youngest in the program right now is 12 and the oldest is 17 or 18 for women and for men starting at 15 through 19.

Marolt: Women mature more quickly and can be identified at a younger age. Just looking at all the age groups, we have a good level of talent and we want to take the young group and move them quickly up the ladder as they learn to adjust and compete. Men it's not quite as clear but we've made significant progress. Aldo has done a terrific job and made a lot of progress this summer.

Turley: I agree that significant progress has been made but I'd like to just make a couple of comments. One is that the way in which we plan the funding for this is really critical. We are going to have to use all of the various resources available to us to continue the development program on a consistent basis year after year.

As a result of the crisis in funding, for those of you who were not at the trustees' meeting in March, the Peter Kellogg committee was formed spontaneously to respond to this development crisis. Within the trustee group, over 20 have stepped up and doubled their contribution to the ski team this year. This is what has enabled this pool of money to come in and create this. We have to budget properly and spread it in a way that makes it effective but it's not going to carry the program.

Another thing is that you cannot expect the trustees to continue at this double contribution rate each year. So, we have to be prepared for picking up the slack in the contributions or this drop off we have to expect. I'm going to ask all of the trustees to maintain their giving at that level but it's not reasonable to expect that they are going to, so we have to be able to budget and manage this process and create other sources of revenue to establish a continuing growing trend in development so we do have these funds in the future.

Ashley: The way I am approaching this is that I don't take development as a piece off to the side. Development is part of the overall budgeting plan of each sport. One of the things that I need to look at is that it fits well within the priority system. When we review what Mark provides for us as what we will achieve overall as a company for athletics in 1998/99 and 1999/00, it has to take in every aspect of revenue and expense and then I have to live with it.

The numbers I lined out are the numbers I would set as goals but the reality of it is, when the gross revenue shows on my plate for athletics and I go back and work with the staff on implementing programs, there may be changes to this. I respect what has happened through Peter's and the trustees efforts this year and recognize that those are part of the overall picture of what athletics will work with in the future. If we can keep it going, it's awesome; but if not, I'll accept and work with that. I just want all of you to know that I take this development effort seriously. I know that the legacy that will go on for this organization will be a result of how good a job we do bringing athletes and coaches and parents along as they develop.

McCarthy: Bill and I and some other people are in the process of discussing right now, and it came up in the nominating committee this morning, a means for augmenting the development funding between the end of this year and 2002 using some other funds available to the organization so that this isn't a one year one-time blip and is also not something that is solely funded by the trustees but also by other parts of the organization. I anticipate that by the time of the trustee meetings in Vail/Beaver Creek we should have a more definitive plan on what exactly we will do to provide that funding.

Ashley: One of the things that we see in nordic combined, particularly right now, is that a resident program works very well. By simply putting a coach in one place and the athletes going to live and work there and work with that coach daily, we've gotten great results. The athletes like it and the feedback when coaches and athletes work together is tremendous. As we move forward, we should all try to think about creating an environment similar to that as much as we can.

Freestyle is another example. A lot of freestyle athletes just moved to Park City. There hasn't been a requirement to move to Park City to be part of the program, it's just flat out the way to do it. They have come here. They train with their coach on a daily basis and spend a lot of time with their peers and that is a very interesting aspect of what we do and something that deserves further review as we try to create environments in which athletes succeed in the future.

Part of the problem of a residents program in the past has been that it's been laid out in a dictatorial manner. It can be an opportunity to have a more consistent environment day to day rather than just showing up at camps and then going home and not really knowing what you're doing. It's really good to be able to train with your peers on a daily basis and train with your coach on a daily basis.

7.0 Approval of Executive Committee Actions: Jim McCarthy

- 7.1 McCarthy: This summer we had three conference calls on or about August 22nd, August 29th and September 11th. The purpose of each of those calls was to consider Olympic selection criteria in the six disciplines. We had a full quorum of the executive committee at each meeting, including Greg Boester as the athlete representative and Joe Walsh, USOC representative.

To put this in context, passed out earlier to you was an excerpt from the board meeting we held last November 16th at Vail/Beaver Creek and it dealt specifically with this board's

policy with regard to selection criteria. We had an extensive discussion regarding what the board's policy would be regarding, specifically, Olympic selection criteria, but, in fact, any selection criteria. There are three points to the motion that was accepted with only one opposition at that meeting:

- (1) coaches discretion can range up to 25%
- (2) the policy of the organization is to set criteria that are tough enough to give us the best athletes who can win, and
- (3) quotas do not have to be filled.

To put this in context, the board at that November meeting had been presented proposed Olympic selection criteria and it had difficulty with the format and the substance of the criteria at that time. What we did was adopt this policy and referred the selection criteria to working groups in each discipline with the request that they bring this back to the executive committee. That was November of 1996.

In the ensuing months, it went back to the working groups and the USOC Games Preparation Committee. They, in turn, sent it back in late spring to this board for further refinement and amendment and that was the process that we went through this summer as the executive committee. In every instance, the selection criteria were unanimously approved by the executive committee during its three meetings.

What we are asking for today under our bylaws is ratification of that approval, that action, by this board. The selection criteria appear in your meeting book.

Motion #3: To ratify the action of the executive committee approving the selection criteria.

M/S/C Stew Turley/Bill Slattery

Terzian: I have a quick statement that I'd like to make. I'm the athlete representative for the alpine discipline and, as such, I do not support the selection criteria that has been put forth because I don't support the philosophy that it's based on. I know that, if a team were chosen today, there would not be one female technical athlete who would qualify from the line that has been drawn up. That is a shame. It's a sad statement of where we are today. We have a lot of talented young athletes who are coming up as well and I'm excited to see them perform.

What I fear is that, not only will our quotas not be filled, (and I don't support that we fill all of those quotas) but I'm afraid that this philosophy says that we will take only those athletes who have the potential to win medals and those who have potential to win in the future.

As an athlete on the U. S. Ski Team for the last ten years, I've seen many young wunderkind who were supposed to win those medals and are now in school. They spent many years racing for the U. S. Ski Team but they didn't reach the potential that they were supposed to reach.

Under this criteria we will leave many athletes behind who might have the ability and the luck to win medals. I do not support or respect any athlete who does not commit their life to skiing for the U. S. Ski Team. I did that for ten years and I had no respect or patience for athletes who did not. What we have done by asking athletes to pay their way, to pay for their travel, that is an excellent plan. Only those athletes who are truly committed will do that and we have a group of athletes who have done that and shown their commitment to the sport. I support that philosophy wholeheartedly.

But who are we to say that an athlete may or may not have the luck to win on a particular day. I don't want to leave an athlete behind who just might win at the Olympics or who just might medal just because they won't be around over the next four years. I believe that it is our duty to fill as many start positions as possible at the Olympics with athletes who are dedicated, hard working and committed. Some will win medals and some won't, but we have to give them the opportunity to compete in the Olympics.

Gustafson: I was looking through the selection criteria and the disabled criteria aren't even listed.

McCarthy: We haven't considered the disabled criteria and we are aware of that.

Gustafson: The other problem that I have is that a lot of these criteria are not under compliance of the USOC. I was faxed a copy of the guidelines of the USOC selection criteria and I read them last night and compared them to some of these and there are things missing. My opinion is that, if we are going to send Olympic Teams to the Olympic Games, the USOC exists for a reason, they set their guidelines for a reason, and we'd better be in compliance with those guidelines. They set those guidelines for a reason and we should be following them.

McCarthy: I don't want to interrupt but we did have that discussion during the course of our three conference calls this summer and Joe did fax those guidelines around to the executive committee for review. We were aware of them; however, they are guidelines not absolute, rigid requirements and, in the course of the staff conversations, it was the understanding brought to the executive committee that the selection criteria that we have is sufficiently close to the guidelines' provisions to comply with what the USOC staff believes is necessary for selection criteria.

Finnerty: I have a procedural question as to the impact of what this approval means. We spent many hours over the last couple of days in our committee having the sport committee really look at the selection criteria for the first time for many of them and although perhaps 98 to 99% was accepted and understood, there were questions, frankly, when you have new sets of eyes look at things that you haven't thought about before. We have some procedural corrections. We have some definitional, non-substantive changes, but is the criteria that you voted on in August and early September and appears in the book, is that now cast in concrete? If it is, we've talked to the athletic director about some of the issues and we have some procedural corrections to the cross country selection criteria.

Ashley: Basically, the criteria that were in the book have been changed slightly with input from the USOC. I've been working back and forth with USOC daily almost in terms of non-substantive changes, just cleaning it up and clearing things up in certain places; so those are taking place. As an example, Joe and I met with Steve Saye last Friday a week ago and added a line in there as clarification. It didn't change the philosophy of the selection criteria but it's a line of clarification that doesn't show up here. Those are ongoing types of discussion. From my standpoint, we want to make it clean and clear but we also want to make sure, (we are deadly late in the process right now), that the USOC has accepted what we have provided to them in terms of the selection criteria. They've run it through the committee and the committee has said that we are ready to go on this so that is a clear sign that we want to move forward on it.

McCarthy: In answer to your question, Ed, you are at the pleasure of the board, but changes that go to form and making sure that what we say substantively is said clearly, those type of revisions would still be allowed, would be acceptable, but if it goes to substance, particularly where the bar is set in terms of performance or the discretionary aspect of this, I don't think that those are areas that would still be open for discussion.

Finnerty: We did have some definitional and clarification type of matters that are consistent with what Alan said that need, when this is communicated to the community, to appear within the document. I want to make sure that can occur.

McCarthy: Again, I would ask that the board ratify this, but if the changes are acceptable to Alan and they are revisions in style and not in substance, that would be acceptable. Alan alluded to the fact that we are woefully late on getting this to the Olympic Committee. We were late last November when we started this process. That is not a reason to rush through and do something that is not a quality piece of work but, nonetheless, we are facing a deadline.

The Olympics will happen this February of 1998. We will have to have our selection criteria before then. We do have to give this issue closure. We've debated and discussed this beginning last November. It's gone through working groups in each discipline. It's gone through discipline committees. Alan has worked it through athlete representatives and chair people. It certainly is an area of continuing controversy and discussion; but, again, there is a need to give it closure and move on. This is something that Bill and his staff are committed to.

It's a philosophy that he is committed to and there are bylaws and after all our strategic planning and restructuring, this board and this organization are committed to holding the CEO accountable for the day-to-day operations of this organization. This falls within that purview. It's very important that we maintain that policy. Again, these selection criteria are due to the USOC Games Preparation Committee at the end of this month, if not sooner, and at the USOC Board for their meeting in late October, early November, so there is a clear time parameter. We also owe the athletes clear selection criteria. We owed it to them last year. We certainly owe it to them before the start of the competitive season this year.

Finnerty: I just want to make it clear for the record that what is in the three-ring binder is not necessarily the final product, given technical changes that have been submitted to the athletic director.

McCarthy: And are acceptable to the athletic director. Further discussion or comment?

Aalberg: This is the first time I've seen minutes from the meeting last year where you set the guidelines for the selection criteria. I want to get a technical clarification which in my mind affects the philosophy. We talk about quotas, do we not have maximum quotas?

McCarthy: Team quotas. We are reading the substance of the discussion that day.

Aalberg: So the United States does not have to fill the team size?

McCarthy: We've always had the problem with the Olympics in that the funding is provided by the USOC and the argument is always, take this person, they may not qualify, they may finish in the last position, but give them the Olympic experience. This is a statement that is not the policy of this organization.

Aalberg: Are we saying we won't be filling our start rights?

Ashley: All I can say is that quotas and start rights are linked because the bottom line is, if you don't fill your quotas, you are immediately talking about possibly not filling starts because of the way that each of the sports work. You can't completely separate the two. You can't make a statement like 'we are going to fill all start rights' because, ultimately, you might have to fill the quota in order to fill the start rights. If we don't fill the quota then

there is a possibility that we won't have an athlete who will be...let's take women's downhill, as an example, we may not have an athlete who is qualified to race in Nagano so, consequently, we may not fill our start right so I see the two as very much related to each other in the practical application of it.

McCarthy: The policy is that we won't necessarily fill all quotas. We are not mandated to fill all quotas and Alan is right, that clearly has an effect on start rights.

Walsh: Alan, I've been working on this on a daily basis since June and Alan and I have been in contact weekly at a minimum over that period of time and I'd like to compliment Alan and thank him for the extent to which he has continued to work with me and all of the people involved and all the input that's been given in order to try to make this a reasonable document.

I'd also like to say that over the last couple of days as I've sat in each of the sport committee meetings that have been here and listened to the conversation that it's clear to me that the USSA athletic staff is a cohesive unit and is working effectively to implement the philosophy that they believe is what they should be doing. They have a coherent philosophy and they are very strong in their support of that philosophy. That comes straight from the CEO and through the athletics director and it's clear that all the coaches share in that and participate in that. That is admirable and an essential part of running an effective organization but this organization and this board of directors is accountable to the members of USSA and among the members of USSA are the athletes who are potential competitors, potential team members at the Olympics, people who can represent the United States of America at the Winter Olympic Games in skiing and snowboarding.

Virtually every athlete, and there are exceptions, but virtually every athlete with whom I've had direct or indirect contact who has been on a U. S. Ski Team, who qualifies under the major international competition eligible athlete, in all of the disciplines, is opposed to the tightness and the strict hard line approach and philosophy that is driving the development of these selection procedures for the upcoming Olympics. These are athletes who have dedicated their last two, six, eight, 17 years of their lives to realizing success, and success for that particular athlete may not mean winning a medal at the Olympics. It may mean the opportunity to represent the United States at the Olympics. It's in the interests of this organization and the USOC and skiing, in general, that we ensure that representatives of the United States in skiing and snowboarding are unlikely to finish at the end of the field in any given event. That philosophy is supported by all of the athletes, that the representatives that we send should be respectable and respected within the field and within the organization, within the competition, that they all can feel good about their participation.

I've finished last in races and it's not a great feeling. I don't think anyone wants to go to the Olympics and finish last. It's not in the interests of anybody to send people who are going to finish poorly and not feel good about their results at the Olympics. However, as the most glaring conflict between the hardest line philosophy that is being driven by the athletics department and the staff, the freestyle criteria, and this goes across many if not all of the disciplines, but the freestyle criteria says that if someone is finishing consistently in the top ten in the world in World Cups but not consistently in the top five that that person is not entitled to a position, even if the start positions are available. Now, I don't think that anyone around this table could argue that Trace Worthington is not a successful athlete and yet that TV commentator in New York gave him a hard time for finishing 5th. I don't know anyone in this room who wouldn't feel good about finishing 5th in the Olympics.

It's completely arbitrary, no, not completely arbitrary, but completely capricious for us to set that bar for freestyle at a top five finish. In a quick review of the World Cup results from last year, people who finished in the top ten also happened to finish in the medals in other events. So, there is no consistency amongst the people who are winning medals as also always finishing in the top five. The philosophy that is at the top of each of these pages I back in some ways and the athletes whom I've spoken with agree with in some ways but they also are pretty strongly against this in other ways, especially in the way that it gets implemented further down the page.

One of the key words in the top of all of the pages in each of these criteria or procedures is opportunities. All athletes on the U. S. Ski Team and in the U. S. want is an opportunity, and the opportunity to represent the U. S. at the Winter Olympic Games is a pretty good level of success. We need to provide them the opportunity for that level of success. Being a respectable representative of the U. S. at the Winter Olympic Games is an enormous success. We have a responsibility as a board of directors to give the athletes the opportunity to earn that success.

The whole process that Jim outlines earlier, I wasn't at the board meeting in Vail last November when this selection criteria first came up but in talking with both athlete representatives who were, as well as other board members who were, it's clear that although this policy was adopted that there was nothing close to unanimity about the endorsement of that. That doesn't undermine the fact that it was adopted but it wasn't unanimous.

McCarthy: One correction on that. I do have the minutes from that meeting and there was one vote against the policy. I will provide you with a list of the people attending but the athlete representatives were there. We were more than a quorum. We were well represented. If you are going to recite this, then let's at least be accurate. There was one vote against this. The others voted in favor.

Walsh: I appreciate your correction. I was going not on the voting but on the opinions expressed to me.

McCarthy: That may be the problem, Joe. We have to go with what the board decided in November and not opinions that have surfaced subsequently. We can have discussion, but as far as policy goes, that policy is already approved by this organization at its meeting last November. The question before us now as a board is whether or not the selection criteria presented and approved by the executive committee, after discussion with the discipline committees, the athletes and staff, complies with that policy established last November. That is the motion before us.

Walsh: And as a representative of the athletes, I can say that the interpretation of the policy that was adopted last fall is not reflected in the selection procedures as the athlete representatives understood or expected the implementation of the policy. I'd like to make a recommendation to the maker of the motion that the criteria, procedures that have been approved by the executive committee, be adopted with a modification to them and that modification being that a minimum of 75% of the available start rights or team quota be filled through the objective criteria listed on these procedures and that may be, it will be, I'm sure, viewed by the staff as being lowering the bar, a phrase that I've heard throughout the week and the summer. If it is, I can't see it that way.

What I do see it as is a stepwise movement toward focusing the activities and procedures and qualification standards toward the standards that have been set up by the athletics department. I honestly believe that the way the athletics department and the staff there implemented and interpreted the philosophy is so stringent that it is detrimental, not just to the athletes who are attempting to qualify for this particular Olympics but to the

organization, to the sport and to the future athletes who will be looking to qualify and represent the U. S. at future Olympics and to perform in such a way that would be interpreted by all as being successful.

Turley: Joe, to respond to your request, it would be inappropriate to revise that motion which would materially change all of the work that was done through the executive committee and undermine the hours that were spent on this.

Walsh: I recognize that I am not the only person at all who put effort into developing these criteria and procedures. I also would like to recognize the fact that many athletes have put hours into it and it would materially reflect the work that they and I have done to make that revision and it would not undermine that at all.

McCarthy: I, for one, would want to go back and look at the specific impact on each one of the selection criteria. It's going to be tough to do this in this forum, at least for me. I don't know about the other members of the board but I'm not that quick a study to be able to understand the impact, Joe, of what you propose as a change. Stew as the maker of the motion has the right to not accept your amendment and that is what I think he has done. We are still in discussion and we can still have more discussion of the motion as made. Is there anyone else who wants to comment on this?

Ashley: One thing is that, within the framework of the way the criteria are written right now, if it were to be the decision of the board to implement it in that fashion I don't think it's outside of the framework of the selection in any way because the biggest concern in any of these is how would you, if you were to fill 75% of the start rights, how would you do it? If you did it objectively, then you would follow through with the objective selection which is outlined in each of the criteria so that given the circumstances, it needs to be worked through a little bit about what the implications are beyond that. I don't necessarily agree or disagree at this stage, like you say, it may be viewed as lowering the bar in certain instances; however, I also think that within a philosophical direction of the company if that is where we were to go that could be implemented within the framework of the selection criteria which have been proposed.

McCarthy: One other thing I would like to mention. Joe, you indicated that this was a staff decision, a tough line taken by the staff and that is why I deliberately went back and got the minutes from November. This is a board policy that we adopted last November, again, after rather lengthy discussion along much of the same lines as the discussion that we are having today. There may be a clear split in the philosophical way of approaching this but the board's policy was clearly articulated last November and in my judgment the selection criteria comply with that policy. However, the message has also gone very clearly to the staff and the coaches and Alan that they must use the utmost discretion when using the discretionary authority if, in fact, that is approved by the board today.

Weisel: If I could just respond, Kristi, to you and Joe. The athletes are one, but they are not the only, group that this organization is trying to serve. That is why the Olympic Committee has imposed 20% not a 50% or an 80% athlete representation; and, in a strange way, I think that these kind of hard-edged policies are really going to help the athletes longer term even though the current athletes might not agree with them. You have management and coaches, sponsors, viewing audience and the athletes. What this position is trying to accomplish is to raise to a higher level of consistent performance. If we are able to accomplish that, then clearly longer term, all of those groups are served. The sponsors are served. Athletes who aren't elite and don't care to be elite, but are still in the program, are served. Masters athletes are served.

There is a constituency here that are members that are outside just the elite athletes who could potentially be burned by this. I would implore you to take a look at the entire constituency. The success in Sarajevo, which was more or less under a similar kind of criteria under Bill Marolt was partially a result of this kind of philosophy so while I personally can respect where you and many athletes are coming from, we have to look at it higher up, if you will, for the good of the sport, trying something that might be different from what we've pursued over the last ten years in terms of philosophy in order to raise what this sport is all about and it badly needs change. It needs some catalyst to generate more interest in the sport and clearly we need to have more consistent performance. We've had great years and bad years over the last 20 years and so what Bill is trying to do is take a higher road in order to accomplish that. I would ask all of you to look at this not as a hard edge and some people possibly being left out and try to look at it from the viewpoint of the good of the sport.

Gustafson: My only question to that is, Alan, you are talking a lot about development and stuff. What happens to that athlete who is on the border and probably won't win a medal, they won't get to go and that Olympic experience would help the person when the next Olympics comes around? What about that whole developmental aspect?

Badami: That is why there is the 25% discretion.

Terzian: I would just like to reiterate that we aren't fighting here to fill every single start position. I don't want to see athletes starting representing the U. S. who aren't serious, dedicated athletes. But if this is the philosophy that we are going to have then the athletes that are on the U. S. Ski Team at this moment are dedicated, are committed, have been working toward the Olympics and to succeed.

What I fear is that there will be athletes left behind because they won't win a medal or they won't win a medal in Salt Lake City in 2002. It's going to be their last opportunity to go to the Olympics. They've worked hard and they may not win but, you know what, funny things happen in the Olympics. You just never know.

There is more opportunity for people to succeed at the Olympics because the level of competition is, quite frankly, lower than a World Cup race, in alpine anyway. The reason I didn't oppose what we said in Vail was because I'm not for filling quotas but I am for giving everyone the opportunity who is a dedicated and committed athlete.

Walsh: Thom, I thank you for your comments. I would like to make it clear that the athletes with whom I have had conversation include many of the more mature and retired athletes who are looking at the long-term interests of the sport. Contrary to the usage of Mr. Marolt, which came as a surprise to me, these athletes are not kids. They are people who are looking, not only at their own careers but also at the sport as a whole and while what I as an athlete, coach, program director, board director feel is one philosophy of promoting the sport, I respect your perspective that there are other ways of promoting the sport in the long term but what I am talking about is not solely giving a chance to someone who is third in the country now. That's important and it's important because the sustainability of success, of the sport and all of the disciplines of the sport, are contingent upon those people and more people having success and having more opportunities for success.

As far as coaches' discretion goes, that's great, but it's tough for coaches to guess who will be good four years from now. It's more worthwhile for the athletes who earn themselves a way onto the team now and they will feel better about that and are likely to be the ones who will be the leaders and winners next time because they earned their way on, they looked at it, they see what is going on and they will continue to pursue. The one

other comment that I'll make is that, I can't quite put it in complete context but, yeah, well, I will.

In our executive committee conversations, some conversation focused on the professionalism of the coaches and respecting that. I don't think that anyone wants to undermine that. Everybody wants to respect the professionalism of the coaches and the professionalism of the staff, who are all working hard to implement a successful program.

That is not going to make a hoot of difference to the athlete who gets left home when there is an available start right when that athlete could have been a respectable representative of the U. S. in the Olympics and when the Olympics are over and somebody says, 'you know, that was a mistake to leave that athlete home.' We are all going to second guess things. If somebody doesn't earn their way onto the team through a competition which is how this sport is measured we all accept that. It's tough to be the victim of someone else's somewhat arbitrary decision, though, and then have that come back and say guess that was a mistake.

McCarthy: I don't think we've found the perfect way to select athletes in this organization. We had an implicit or explicit policy previously of taking the best in America and filling all of the quota spots. I don't think Bill or the board purports to think that what we are proposing and what was adopted in Vail is necessarily is going to bring immediate success or guarantee success at any level but clearly what we were doing previously was not very successful in most of the disciplines. Other than freestyle, our record has been inconsistent at best.

The commitment of this board and, hopefully, the commitment of the athletes is to do the very best and provide them the opportunity for that. That is the philosophy that underlines the policy of the board and is certainly what has driven Bill and his staff and it's our best effort to do that. We've just about exhausted the discussion possibilities on selection criteria unless someone else has something to add that is new and has not been said before.

Turley: I'd like to add one more comment. This subject has been discussed for a year. Joe has worked very hard. As he mentioned he discussed this with people throughout the sport and throughout the summer and he has been on the phone at all of the executive committee meetings and has expressed his viewpoint and has written letters following those meetings expressing his viewpoint and so forth.

We have come up with these recommendations and many, many people have had input. Unfortunately, this is the kind of subject that you'll never have unanimity on because there are different points of view and different points of interest on this within the organization. However, it is a point for which, we, as a board, have the responsibility for making a decision. To me, it's decision time. I would hope it could be unanimous; however, if it can't be, we still have to make a decision because as Jim said earlier, the Olympics are going to occur whether we do this or not. It seems to me to be time for us to go ahead. It also doesn't mean that these criteria at a future date for future events won't be revisited but now is the time that we have to move forward with this and get this issue behind us.

McCarthy: I agree. Is there any further discussion? I don't want to cut it off. I agree with Joe. This is a significant topic and is at the core of what we do. All in favor of the motion to ratify the actions of the executive committee at its three meetings this summer.

11 yes; one opposition, Kristi Terzian.

I would like to thank Joe, the rest of the athletes and the staff. This is a hard decision and not one that is taken lightly. We've spent the appropriate amount of time on it to give it every consideration and, as Stew indicated, it is something that we are going to be revisiting again. Certainly it is something that Bill and his staff will revisit again to see how we can get this to a point where it is the very best possible solution to this difficult problem.

8.0 Sport Committee Action Items:

8.1 McCarthy: The next committee topic are the sport committee action items. These are matters that require board approval or review. They generally tend to do with rules, eligibility, selection, events, or any items from a sports committee which could result in liability for the association. I know that last one is a pretty big one. Beginning with alpine, Bill, I'm going to turn this over to you.

Slattery: Just a couple of quick comments. We do not have any critical issues that would fall in your description and the discussion that took place here on the Olympic selection criteria was probably our main discussion in our committee meetings. I would just like to thank Alan Ashley, who did an excellent job in summarizing the activities of our various working groups that took place this week, and also to Walt and his staff for doing an excellent job in preparation for our meetings. We had some awesome and productive meetings on long-term planning.

Just to give you a quick thumbnail sketch, our calendar has been developed and planned out for five years and all of the staff have development programs from very young ages all the way up for a number of years so we are ahead of our projections on our activity plan so I'm very pleased with the staff input, and certainly the volunteers who showed up here were a very integral part of the actions that took place. The structure for the alpine sports is in place and has been assembled in the diagram on page 47 in your documents through page 54, which lists our various participants on the various working groups and subcommittees. Unless there are any questions, that is the end of my comments.

Marolt: Are there any action items from cross country?

Finnerty: Not specifically, I want to reiterate my points from earlier that we do have some technical corrections to the criteria that have been submitted to Alan for the 1998 selection that he is aware of and is in accord with. In the attempt to look at planning in the future we did spend considerable time in our meetings in refining the use and development of a national points list and looking at a five-year calendar that was indicated as a goal and desire by Alan.

In addition, in the attempt to communicate with our constituencies in a more effective and efficient manner we have reviewed the drafts of the 1998 Olympic Team Selection criteria that have been put forward by staff and talked about that extensively and suggested some modifications. Also, we looked at the criteria for the selection of the 1999 World Championship team and again made some technical corrections and sent those back with staff for submission back to the athletic department. We would like to get those finalized and out to our people as soon as possible so people know a season ahead of time what they need to do to make the 1999 world team and we are moving toward that direction. Having reviewed those schedule and selection issues and criteria we did approve all of those on concept with more work to be done by staff.

McCarthy: Disabled, is there a report of any kind? You are meeting in the next two weeks I believe? My understanding in talking to Lee is that there would be a meeting in the east during another disabled event. That's the best I can do.

Freestyle met earlier this week and I don't know if we have a freestyle report. Most of the freestyle leadership and the staff people have gone to FIS meetings so it appears that we don't have a freestyle report. The same is true for jumping/nordic combined. They will be meeting two weeks hence in Lake Placid.

Snowboarding, Gary Taylor, do you have anything?

Taylor: Yes, in front of you, you have a record of motions from the May meeting that still need board approval. In the meeting last Thursday we did not have a quorum so it was mainly informational. We discussed a lot of items and the biggest challenge over the next few months is to build a stronger committee. The people who did show up are excellent and involved, very dedicated committee members, but there are still some committee spots that need to be filled.

As some of you may be aware, we've had two resignations in the last couple of months and those spots need to be filled. I'd like to thank the two new staff members I've been working with, Anita and Kelly have been very supportive and great to work with. With all of the committee issues that have been coming up and also with the membership, I feel very fortunate to be working with two great employees like that. I'm looking forward to the upcoming season and the debut of the Olympics and excited about the Grand Prix season ahead.

McCarthy: One of the concerns I have and, at this stage it's a concern, I'm not really alarmed, but I'm verging toward alarm, and this isn't just snowboarding but it is also my old discipline of cross country and I'm not sure about freestyle and jumping/nordic combined but the restructuring that we have gone through is a real opportunity for the disciplines to move up a notch administratively and from a governance standpoint and take a more active and meaningful role in what is going on within their disciplines.

The staff is prepared and has demonstrated their willingness to work with the discipline committees; but one thing that we are lacking right now is organization and, I don't want to say commitment, but organization at the discipline level in several of the disciplines. I would hope and expect that certainly prior to next May, ideally prior to our meetings next March, that the discipline committees will be organized and have seated their permanent members and be able to bring this board their permanent nominees to the board and if that does not happen by the meeting next spring, rather than continuing interim people in the discipline positions, we will have to look at the possibility of looking at leaving those positions vacant until they are filled in the appropriate manner. Counsel indicates that he believes that we need a motion to accept the action items from the snowboard committee.

Motion #4: To accept the action items from the Snowboard Committee.

M/S/C Bill Slattery/Bill Bindley

McCarthy: We also have a proposal, and Greg Boester brought this to us, to host a women's national ski jumping championship.

Boester: I just talked to Alan and, since the ski jumping/nordic combined community and the discipline committee are meeting two weeks from now in Lake Placid, I'll hold off and wait for the next meeting in Vail to propose this; we also need to get clarification from Steamboat as to whether they are willing to be the host.

McCarthy: Ok, so that one is tabled.

9.0 Financial Report: Mark Lampe

- 9.1 Lampe: I hope the room getting dark wasn't a premonition of the nature of my report. Actually, this is probably the easiest report that I've had to give before the board. Our health continues to improve as we dig our way out from the disaster of a few years ago. Briefly, what I'll review in my presentation is the final 1996/7 numbers. I'll update you from the forecast in March and we also have our audited financial numbers to pass out to the board members. Then I will highlight the 1997/8 budget revision that was discussed with the executive committee earlier this summer for the privilege of the entire board. As Bill mentioned earlier, I'll give you more detail on the U. S. Ski Team VISA card. Then, finally, I'd like to take a moment and go through our improving financial position and try and clarify some issues that have been a source of ongoing confusion the last few years.

This slide recaps our final 1996/7 results. If you recall in March, I presented the first two columns which are the budget for the last fiscal year and the March forecast of where I thought we would finish up. The final column is new and it reflects our actual results for the year. There was a slight improvement, if you look at the very bottom, in that our surplus in March was estimated at \$95,000 and our actual surplus is \$121,000. That is the second year in a row that we have had a six figure surplus as we slowly build our fund balance back to a healthier position.

We did have a few items that went up and down on us as you are used to seeing each year. Probably the most notable was the USOC dropped unexpectedly and it related to whether they would approve certain of our peak grant receipts as being within the desired objective of the grant. We are still working on that process but as part of this closing of the financial books I decided to reserve against that and, if we are successful in regaining those grants, then that will be a positive variance for fiscal year 1998.

- 9.2 The audited financial statements are now being passed out and I'll be happy to field your questions on this.
- 9.3 Badami: I just have one question on the 1996/7 actual. Is the pool suppliers money in that budget, and, could you give me an idea of how many dollars that is?

Lampe: Our equipment pool generates, and it ends up in our marketing dollars because it is a type of licensing arrangement, with those hard goods companies, approximately \$400,000 a year for us.

Badami: The reason I mention that is that David Ingemie is here representing SIA and he has been a big part over the years of our getting any of that. We made mention of the NSAA before but the board ought to know that we have a great deal to be thankful for from SIA. Thank you very much, David.

- 9.4 Lampe: I'll move forward into the 1997/8 budget revision. The first column is our original column which was presented and approved by the board in March as our opening budget for the 1997/8 year. Shortly after that, as a follow up to the board's concern that we really needed to start devoting more money for development for its long-term impact to our success in 2002 and beyond, Peter Kellogg undertook, under his own initiative, a development campaign to raise \$1 million to help our development funding.

At that point, with discussion among Bill Marolt, the management team and Peter, we decided that we would take \$500,000 as the initial budget commitment from Peter's campaign and design programs that would spend up to that level and fill in key areas in our athletic development. Then we would wait and see the success of the campaign before determining how much additional funding would be available for additional

programs. In April, before we started the year, the coaches designed some very significant development programs which Alan covered earlier.

We also found that we were overly optimistic about the USOC grants when we received our final award letter for the 1997/8 season and had to make an adjustment in that line item so we decided that we would absorb this known shortfall if we were going to make a budget revision.

On the first line of the expenses the athletics program was actually increased by \$750,000, which is more than the \$500,000 slotted from Mr. Kellogg's development campaign. What we did in athletics was to utilize an additional \$250,000 from savings in the events area. In our original events budget we included some events that we wanted to hold but as we reevaluated the likelihood of covering all those events and whether we could successfully develop the financial return on those events that we laid for ourselves (you recall in March our objective now on an event is break even or we just don't do it and our desired return is significantly higher than that), we eliminated a few events and, through very careful negotiations and bartering of inventory, Annette was successful in bringing the event contracts in at lower than estimated in the original budget. We took those savings and moved that into the athletic budget to fill key holes in the program.

- 9.5 This next slide highlights the status of the development campaign. The development campaign's original goal was \$1 million. We've estimated that that would net us \$800,000 after fulfillment and what we are seeing at this point is, in most of these contributions, the donors are opting for no additional significant fulfillment or passing on it entirely so we may find that our net will be significantly higher than our normal donation and that could greatly benefit us. Committed to date, in three or four months of arm twisting, Mr. Kellogg has \$840,000 committed over and above the normal commitment of these donors. We have received \$383,000 from those commitments and would expect that we would see the rest of that shortly hereafter as we start to reach the end of this calendar year.

We've budgeted to spend \$500,000 at this point. If the actual donations exceed \$500,000, Bill and the rest of the management team will evaluate where we are, which program could be effectively funded, and revisit with the executive committee as to whether we will spend that on an existing development project for the current season or if it would be more effectively used on a development project in the subsequent season. That just depends on timing of when the total donation starts to firm up and when we could most effectively use those funds.

- 9.6 The next slide shows the sources and uses of the budget increase to athletics. In the Kellogg development campaign it was applied in three major areas, all development related; the alpine 'C' teams, both men and women, had some significant gaps in their training programs as most of you are well aware. Over the last few seasons those have had to be absorbed by the athletes themselves or they just didn't participate. This filled in and rounded out the 'C' team program very effectively for this coming season including their participation in key training camps that will have long-lasting development benefits for these athletes.

The second line is the alpine development program that Aldo Radamus laid out, taking athletes below the level of the 'C' team and pulling top athletes throughout the regions and giving them national camp and competition projects, some funding to support a coaching staff and also to provide stipends for their travel to these competitions. Some of you who have been here longer than I probably see this as something similar to what has been done in the past. I'm quite impressed. It's a fantastic program that I haven't seen in the years that I've been here and it should have great long-lasting benefit for our athletic success.

Then in nordic combined, Tom Steitz laid out a development program for the 2002 Games. In his estimation, there were five or six young athletes who had not been getting this kind of exposure yet and he designed a development program that provides a coach and a number of training and competition programs for these young athletes geared toward keeping the depth of our team and talent potential available for 2002.

The rest of the increase in funding went into the elite programs. We had some key holes when we laid out a \$4 million athletic budget. There were some significant gaps in some of our non-alpine programs in their elite-level activities. We knew that was there and we were willing to grin and bear it and do the best we could but as savings gave us the opportunity to add more funding, we were able to cover some very crucial gaps in snowboard, freestyle, and nordic combined, with probably the largest emphasis in snowboarding.

We needed to provide additional funding into the snowboard elite program so that we had a larger pool of athletes funded and training throughout the summer and competing up to and through the Olympic Games so we have the best possible representation for the U. S. in Nagano.

We also needed to fill in a gap in safety, sports science and conditioning and some similar administrative areas. You've seen every year when we have tight areas, this is the area that tends to go first but is also an area the Bill feels very strongly about. Successful athletes have to be in extremely good condition and so we devoted some additional funding back to keep that program that has been so successfully designed over the last few years, running, and so we don't chop it off and lose everything that we have developed to date. To subsidize that, Alan has been working to design a Cadillac of sports science programs in conjunction with IHC and that is probably one of his strongest initiatives over the next few weeks to get that finalized and in place for the rest of this season and for a number of seasons to come.

- 9.7 At this point I'd like to move on to, in your packets, there is the U. S. Ski Team VISA handout. We had hoped to actually get this into the slide program and my fed ex arrived this morning so we weren't able to accomplish that. What we have in this handout is three pages that right now are essentially blue line copies of what the bank is about to go to print with of the U. S. Ski Team VISA card. Those of you who have been around this organization for a number of years have known that we have had two previous attempts at a U. S. Ski Team VISA card. Both of those were affinity programs. Neither one was very successful.

About a year and a half ago we terminated the program we were currently in because we knew the way it was designed, it was not going to get any better. At best it was netting us \$30,000 of revenue a year so it was hardly worth the effort that it was generating. We took a hard look at what makes these programs successful and what was missing in our program and one of the key things that makes a program like this work is the bank.

The bank has to be behind it and that means they have to commit a significant amount of marketing dollars to the card. They are not going to do that unless they can make a lot of money and so we had to design a program that would appeal to them that was beyond merely an affinity with the U. S. Ski Team.

Our prior cards appealed only to the consumers who loved the U. S. Ski Team and knew that a donation would be made to the Team. Most cards today, other than alumni associations, have evolved into co-branded cards where the user gets a number of different benefits, reward points, discounts, etc. and we began to design a program that

would appeal to not just Team aficionados but to the general skier and it became a general lifestyle card. This got the financial institutions excited.

We sent out RFPs to a dozen of the major credit card issuing banks back in December and then proceeded to negotiate with four banks that were very interested in this program. It was an exciting situation to be in a bidding war. People were after us because, obviously, as you know, skiers are an attractive demographic for financial institutions; so what you have here is some of the artwork that they are starting to put together for various brochures, direct mailings, and also the rewards program.

The financial institution that we selected was People's Bank out of Connecticut. One of the things I really liked is that they had done extensive marketing studies as to what will and won't work not only in our population but also in the general population of skiers as well as using extensive data from VISA USA's co-branded research department. Very important in today's credit card market is no annual fee. This card will have no annual fee and will remain that way. It has a very competitive interest rate (5.9% interest) to start and I'm sure many of you receive several of these a week in your mailboxes where they start at this rate and to go 15.9 or 16.9 or in some cases as high as 21%. This institution was among the lowest in the go to rate.

Earning reward points is what we felt would help this card appeal to a number of skiers other than just those with a strong affinity to the U. S. Ski Team. We also added in a unique feature which is ways to earn more than 1 point for every dollar spent and we also spent a significant amount of time getting to what we refer to as spoke partners where you earn five times your regular points when you make a purchase there.

We put those in key categories such as airline, resort travel, rental cars, ski catalogs, and skiing and sporting retailers to start with. We've also found there are probably some other very strong categories that we hope to add in a year or so such as restaurants, which test marketing indicated would be well received by consumers. We also have typical airline and rental car discounts that most cards offer these days.

Reward points can be cashed in for a variety of rewards. Your third handout has a draft of the rewards currently available. You can see the different points levels and the types of products you can receive ranging from ski team merchandise, ski equipment, lift tickets, ski vacations. We found from VISA that aspirational awards are very important even though it is rare that they ever get cashed in. It has that sex appeal that makes people want to get the card. You'll see in our 250,000 point category, which means someone spent \$250,000 on their credit card, which those using it for business might reach that, but it will take a while.

We have things in there like a seven day ski vacation to selected resorts that helped us get this program off the ground or a five day helicopter skiing vacation or we'll let them pick an official World Championship jacket from us if they'd like. Those are the kinds of rewards that we think are very exciting.

Also on the bottom of that page you'll see the participating merchants that we have. Aspen Ski Tours is listed there. They provide resort travel to 24 of the major resorts in the U. S. as well as four resorts in Europe. Associated Travel will provide airline discounts to our card holders. Avis rental cars is the rental car for this program and Choice Hotels which includes six different chains and 1,700 hotels across the country will provide 10% off their lodging as well as bonus points to card holders. Retailers include Gart Sports, Newport Ski Company, Peak Ski and Sport, Peter Glen, Rocky Mtn Ski and Lifestyle, and Wheel and Sprocket; so for our first year, we are excited that we have put together a very exciting program.

The bank has done their first tabling effort in Tampa last week and 3% of the traffic that went through that show applied for the card. They were ecstatic. It may not mean much to you or me but 3% is a very high return; anything over 1% and they would have been happy so it looks very good.

What does this mean for us? The significant marketing commitment, the more cards out there, the more money the U. S. Ski Team will make from this program. The commitment they have made is well over \$2 million dollars to be spent on a direct mail campaign and also going to over 30 consumer ski shows as well as setting up tabling at 12 major resorts for a five month period where they will have someone there every day pushing that card. They've made a significant commitment to get cards in the marketplace for us.

The organization will receive a 1% royalty on all purchases made on this card and any purchase made at a spoke partner will receive a 6% royalty. The part I really liked this summer was the \$2 million non-refundable advance. It has strengthened our financial position. As most of you recall, we struggle through every summer and this year I didn't have to call Nick and ask him to guarantee payroll. I love not having to make that call.

This advance is over the life of the contract. We won't have to give it back, but we won't recognize this into income until royalties exceed this, which means that we will absorb \$150,000 into income this year unless the royalties kick in at a much faster pace than pro rata over a seven-year contract. We expect that it will but I can't forecast what that will be yet. According to the bank's projections we should exceed the royalty in 18 months. At that time we would start receiving additional cash.

Their projections include 60,000 card holders in the first year. I wasn't convinced of that but all four banks had very similar projections in that range. My projections were at 20,000 card holders, which I thought was realistic and, in their minds, that would be unsuccessful. Now that I have seen the marketing campaign that the bank has laid out, I'm pretty optimistic that they will make my number look very low. They expect 250,000 card holders by year five. As a start to our 60,000 card holders, I have applications here for all of you.

Another interesting aspect is that we will be marketing these applications ourselves and we do receive an incentive for every card holder we sign up. The bank will pay us a finder's fee for each of these. The USSTF staff is taking these to all ski balls so you will see this again when you go to the balls, but it could mean a lot of additional revenue to us for each of these that we sign up. Any of you in your corporations who can help us do this, I'd love to hear from you and how we might distribute this through employee ranks or any other ideas you have. We also have a corporate card as part of this program that they will allow us to tri-brand, with the Ski Team and the company on the card and we hope to pursue that within the ski industry as well as any other company to let them use this card in that manner.

We also eventually want to do something with our clubs to help them do fund raisers and TK and I have been brainstorming on that with the financial institution as to letting our clubs go out and solicit applications and share the incentive with those clubs and help those clubs raise money off of those programs for their purpose and ours.

Weisel: Is People's Bank the official bank of the U. S. Ski Team?

Lampe: Technically, in the contract it does not actually say that they are the official bank, but they are the official card.. They also, as part of their commitment, are committed to sponsoring an event at a minimum \$100,000 per year level. Right now, I'm trying to talk them into a significantly higher commitment as part of this so there are additional revenue-making possibilities. Their sponsorships are designed to promote the card and

not the bank. Thus, if we find a financial institution interested in becoming the official bank, we could carefully design a sponsorship where they could co-exist.

- 9.8 Moving on to our improving financial position, I wanted to address today one of the words that has flown around here for a while called the *debt*. We've talked about it at every meeting and it seems to leave some lingering confusion. Our debt, if you will recall, I've tried to make clear that we don't have a huge debt outstanding to a bank. What we did after fiscal 1995, we didn't have the luxury of going to a bank and borrowing the \$2 million that we had just lost, we had to borrow it from our own resources.

The line of credit is the borrowing that we have from a bank and, as you can see, in 1994/5 it wasn't very large. Where we really created our debt between 1994 and 1995 was in accounts payable. In 1994 our accounts receivable actually exceeded our accounts payable and they generally run close to each other, almost being equal to each other. At the end of 1995, our accounts payable blew up because we didn't have the money to pay anyone. It was the good graces of our vendors and, in particular, the ski resorts that helped us there and carried the load and that's where our debt was. That is where the struggle was on how we were going to pay people. At that point in time we were probably running at least 120 days out on making our payments on payables and I know that used to irritate some of you at these meetings that that was not a good image for our team and we wholeheartedly agreed but we didn't have much choice at the time.

You can see in 1996, it started to improve and we worked more into our line of credit almost out of force because after a year a number of vendors just weren't willing to help carry us. The resorts were still helping carry us but they were starting to shorten up the time line because they are businesses as well and they need their cash flow.

By 1997, we moved everything into our line of credit, which was significantly increased in the summer from the U. S. Skiing Foundation providing additional funds for us to borrow against. The key to that was that our accounts payable and receivable got back in line and we were now a 30 day customer. We were paying everybody within 30 days and have been current since April, all summer long, and hope to maintain that throughout this year and not get into the kind of situation that we've been in in the past.

The last line is the fund balance or retained earnings as some of you in the corporate world may recognize it. We had a \$3 million fund balance, which was the combination of all of our entities, before we had the loss in 1995. We actually didn't go negative, our fund balance was still \$750,000 after that year but it was very difficult for us to stay afloat because our cash flow was in such arrears.

Our fund balance is now \$985,000 and will continue to improve as our surpluses are forecasted at \$250,000 for the next two years and then \$750,000 for the two years after that. So, we are well on the way to reestablishing those reserves and that fund balance. The fund balance today is \$956,000 which is not atypical for the summer months, when we run a deficit and then it swings back around in October, November and December. In fact, that is the smallest deficit that we have ever had at the end of August. It's about \$30,000, and normally, we have a several hundred thousand dollar deficit at the end of each summer so we are running pretty well right now.

- 9.9 I also want to highlight what our cash position looks like. In 1995, there was \$560,000 in cash and cd's that were available for use and we had \$1.2 million in investments that were restricted unless the board took an action to loan us some of that money. That has been done every year where the board of one of the supporting foundations will loan us the money from its investments to get us through our cash flow needs. You can see on this slide how our financial health is improving.

Today, you can see the impact of two things, the \$2 million advance on the credit card bumped up available cash by \$1 million as well as our investments by \$1 million. We have reserved \$1 million of that advance to cover liabilities for purchasing rewards. We will invest those funds until such time as those rewards are cashed in or that we find that that amount won't get used. You can see that, financially, we are in a significantly better position than we ever have been in the three and a half years in which I've had the opportunity to address you.

Unless there are any questions, that would conclude my presentation.

McCarthy: It's been obvious to us for a long time that Mark's abilities extend beyond the accounting and bookkeeping role. Certainly his work with the credit card arrangement is outstanding and it's going to make another significant positive development for this organization as we move to 2002. Thanks for your efforts, Mark. I really appreciate them and I'm sure that I speak for everybody.

Finnerty: Mark's and Alan's reports have highlighted some very exciting developments particularly the Peter Kellogg initiative, which is reaping benefits already, and as Mark alluded to the revised budget that was able to put some small money back into the athletic department. I just want to state, and this is being master of the obvious, that as in Bill's plan as we raise the bar in the terminology across the board for all the disciplines and as 2002 is the same date for all the disciplines, that I hope and I know that both Bill and Alan are committed to this, that we see real initiatives in development programs for all the disciplines and that money that has been cut from all disciplines over the years in the athletic department comes back across the board. Obviously, all of the programs are buying into the long-range plan, raising the bar means the same across the board and, hopefully, as we go forward, we'll be able to see concrete programs for all the disciplines on the slides and so on both for development and the elite teams.

McCarthy: The five-year plan does reflect what may be a minimum increase on an annual basis for all of the programs. As you know, the competency program is already making its way into cross country and I'm sure into the other disciplines so we are moving in that direction and will do so more quickly.

10.0 U. S. Ski Team Foundation Report: Stew Turley

- 10.1 Turley: All the good parts of my report have already been given. All the good things I was going to take credit for, we can forget about. Seriously speaking, I would like to touch on a couple of things and I won't take long.

The gold pass program is certainly, if not the most important program that we have, one of the most important programs and, Mike, I'd like to reiterate my thanks from the standpoint of the foundation that Slim mentioned for your support of that and I'd like to also mention that, while we have sold 323 of those passes, we have some left and everyone in this room should make a personal objective to try to get the balance of those sold out as soon as we possibly can.

- 10.2 In direct marketing, I feel encouraged, maybe more than I have in the past, by the substantial foundation that we are putting together for the future. We aren't seeing a lot of results yet, but this is a building process and I am encouraged.

- 10.3 Major gifts and development, we've spent a lot of time on that and I don't need to repeat a lot. One of our objectives now, of course, is that we have the commitment, the pledges for this money, and we'll be starting our effort immediately, (I think we have a couple of letters planned within the next ten days), to go out and encourage those who have made

their commitments to implement those commitments and to show us the money. I know as we move over the next few weeks we'll be realizing the cash income from that.

I mentioned earlier, and I'm really overwhelmed by the response of the trustees, and I hope you are, too. In fact, over half of them doubled their contribution. Three or four tripled their commitments. It's because these people see the potential of this organization and they understand the quality of the kids and the quality of the programs that are being put together here now. We want to be able to continue to build the quality that I see coming into this organization.

- 10.4 I'm also encouraged by a couple of new events this year and we've got some big events coming up and the early response on those looks good so the results, again, are positive. We just need to make sure that we keep them moving in that direction. If anyone has any suggestions that they would like to provide to either Trisha or me or Bill relative to ways in which the foundation can further enhance its programs to enhance the support of the ski team, let us know. Just because you may not be directly involved with the foundation on a daily basis, don't believe that we wouldn't appreciate hearing from you on any suggestions.

Sommerville: What we are doing is somewhat exemplified by what the board of trustees like any business or group has to do and that is review how you are doing things and how you need to do them tomorrow. The trustees started a new category called emeritus and people who didn't attend meetings and weren't very involved with this whole program we put in the emeritus category so that they are still part of our group and we, hopefully, can get them to continue to give.

We've got eight new members of the trustees attending in November for the first time and a lot of the vitality and ability to raise funds for this is the excitement of these new people who have been brought onto the board. The guys who have been there working hard all along feel better that what they are doing is recognized and new blood is coming in to bring new ideas and a fresh vitality so it's very exciting and we have some phenomenal people coming aboard. We are going to have our national championships in Jackson Hole and the guy who owns it is now a trustee and there are a lot of great people like that.

McCarthy: Thanks, Slim, any further comments? Again, I'd like to thank all of the trustees but particularly Stew, Thom, Bill and Nick for their continuing contributions of not only money but time, expertise, contacts, support, the entire package. It really is an exceptionally unique part of this sport and this governing body to have the kind of three-sided representation that we have here with the discipline or sport committees, the trustees and the athletes. That is not only the balance of the board but also the strength of the organization. Thanks again for your time, talents and, of course, for your money.

11.0 U. S. Skiing Foundation Report: Dick Goetzman

- 11.1 Goetzman: The U. S. Skiing Foundation had its annual meeting in Park City in May and authorized us as a grant-giving committee to review requests. Last night the committee met and we gave out the highest amount of grants that we have ever given, about \$69,000. I met with Alan Ashley yesterday afternoon after I had all of the \$102,000 of requests in. Alan and I reviewed them to ascertain which were his greatest needs. That is how we got it down to the \$69,000.

The state of the foundation at the current moment is it has net assets of about \$1.55 million. Of that, about \$1.325 million is in net quick, i.e. we can convert it into cash in a very short period of time, about \$235,000 is in notes receivable from the U. S. Ski Team

and we financed the purchase of the computer here several years ago for USSA. These notes are now being amortized.

If we needed money, we could dig up a fairly significant amount of money. From the net quick, we have guaranteed \$500,000 of USSA's debt at the bank. I was told by Lyle earlier in the month and reaffirmed by Mark that we are out of that at the current moment, mostly because of the additional money that came in from People's. If anybody has any questions, I'll try to answer them.

McCarthy: Just as background for any new board members, this is money from the 1984 Los Angeles Olympics that has been set aside basically as an endowment. Dick and I will be working with the staff on some innovative ways to deal with this money and we will have more to report to you by the time of the November meetings in Vail/Beaver Creek.

12.0 USOC Report: Serge Lussi

- 12.1 McCarthy: Serge is not here today. He has been busy attending USOC meetings. I did talk to him after our compliance hearing and I will see him again. I plan to be at their Congress at the end of October. It's an area that is under continuing review in terms of our representation as we've reviewed the FIS situation, both the numbers and the quality. We do not have a report beyond that. The USOC like any large bureaucracy holds an incredible number of meetings with lots of people attending all of them. We will be taking a look, myself, Bill and the staff, at not only our representation but our entire strategy with the USOC, and I would anticipate that perhaps by November, but certainly by March of next year, we will have more to report to you with regard to the USOC.

13.0 FIS Report: Bill Marolt

- 13.1 Marolt: Just to follow up a little bit on what Jim just said, I want to develop a specific strategy to deal with all of our entities, USOC, FIS and to that end I have tasked Suzette to be the point person when we deal with the FIS or when we deal with the USOC. As you know, Suzette sets up all of the meetings that we have so she has a full-time job just dealing with our organization and the organizations of which we are a part.
- 13.2 I have developed basically a strategy for each of the committees. We've essentially laid out job descriptions for the committee members, general responsibilities, specific responsibilities of what we want each of the committee members to do, developed a reporting relationship and as we become more and more attuned as an organization and we have specific things that we want to accomplish from the sports and disciplines, we will be able to carry those forward to the FIS in a structured and orderly way so that we can manage our opportunities.
- 13.3 Currently, we are working very hard with the FIS snowboard community in the area of commercial markings. Bill Slattery is chair of that committee. Howard Peterson is a member of the snowboard committee and we have been working on a strategy to take our position on commercial markings to the FIS as well as some other ideas in snowboard.

All of the other committees right now are moving forward in a status quo situation and as we need to, we will develop critical issues and take those forward. Our ability to move to the forefront as an NGB and as a member of an international federation is going to depend on what time and focus we give it so that we ultimately accomplish our objectives and those objectives are athlete-based.

13.4 Weisel: It seems to me that the overall sport, not just here but in Europe, is in disrepair. You have declining skier visits, lack of interest, is there any initiative that the FIS is trying to apply, if you will, change or format, more races, anything to get things shifting different from what we are doing right now?

Marolt: Thom, there is always a lot of discussion in the FIS about changes and new things. I'm not sure that there really is right now. The FIS and particularly the alpine countries are fairly comfortable with what is going on. They feel they have great support over there. They have the TV ratings and all those sort of things so it's hard to push our initiatives but, as you suggest, what we need to do is get a reasonable and good number of events; we have to look at different kinds of events to start to promote and this is one of the reasons I am so excited about this *Gold Cup*. You have to realize that when we put that event in place, we put it in the middle of the World Cup season, which is a big decision, because we are basically pulling our kids out of the World Cup.

Not only are we going to promote what we want here, but we want to send a message to the FIS that we have to do some new things. We have to figure out a way to create events to find ways to stimulate the grass roots level. The *Gold Cup* is an initial step in doing that. Then we have to grow those things.

One of the real opportunities that we have to change things at the FIS is with snowboard. We have to look at how the snowboard sport has evolved and developed and make sure we manage and run it in our structure but we don't automatically put an alpine World Cup model on it because that is not where we need to go and, ultimately, that is not really where we need to be in alpine. We have to have a new look in alpine as well.

Badami: The problem in alpine is the FIS feels they did a gigantic thing because they helped provide the support to get snowboarding into Nagano. That cost \$2.5 million to add snowboard as an Olympic sport. The Europeans are now willing to sit back and take credit for that and say, 'look at what we did' and rest on their laurels and we can't let that happen. We have to have our programs and they gradually come aboard. They are not going to be active but reactive. We have to face that that is what we are dealing with.

Marolt: Thom, that's why the next four years are really critical. You've heard all the reports today of the new corporate sponsors that we've found and this co-branded card, these are things with which we are just starting to scratch the surface. As we continue to develop our marketing program and figure out a way to get more TV time, right now what we are thinking about is not going to TV with the traditional rights fee or that sort of an approach, we are thinking about going out and doing time buys and getting into the event business and creating our own events, which is essentially what the *Gold Cup* is. Then we can deliver TV to our corporate sponsors.

I'm really excited about the Charles Schwab thing. That is a medium that we haven't explored. With radio, we can identify pockets around the country Boston, New York, Minneapolis, Chicago, Denver, Salt Lake, and San Francisco, the ski markets around the country and we can start pounding away with radio so we have a whole promotional and commercial side to these marketing programs.

Ultimately, what we have to figure out is how to get kids into the bottom level. That's why I'm so excited about the competencies and other things that we are doing because finally we have a message to deliver to the parent when they want to bring their kids into the program at the grass roots level. This organization has a lot of moving parts but we are starting to mesh them together and move forward with specifics. I did appreciate what Joe said about our staff. We are together and we know what we are trying to get done. We are dedicated to doing that. That is ultimately the only way you are going to move an

institution forward is with specific and well thought out and managed objectives. That's where we are.

McCarthy: Also, Thom, probably the biggest thing this organization can do, and probably the most difficult thing, is to be successful athletically. We achieve that on a consistent basis, it will do nothing but grow all of these sports. A serious part of our responsibility is to try and provide that platform for the athletes so they can achieve their goals.

13.5 Weisel: It's important with 2002, you're going to be able to cut really good deals with Olympic and other sponsors. The reason I ask about People's is our organization next week is merging with Nation's Bank. They spent \$100 million in Atlanta on the Olympics. They are interested in talking to you and they know they have to cover more than just through the USOC if they are to get the athletes. I know that the \$40 million that they gave the Olympic Committee, they just got the rings and then they had to go and cut deals with NGBs. That is specifically why I asked that question about People's. I've already talked to the head of their sports marketing activity so we should have a discussion about that.

Marolt: All of our discussions with all of our sponsors, it's easy to get to 2002 but I won't sign anything that doesn't get us past 2003, 2004, 2006. Fortunately, we are now starting to get into a position where we can negotiate. In the past, a lot of what we signed, we signed because we had to survive. That's just the way it was. We are just now slowly inching our way out.

Terzian: The contracts that we have with *Healthy Choice* and Charles Schwab, how many years do they run?

Marolt: The *Healthy Choice* is just for this year and it's one of those blips that you get on the screen during an Olympics. Judging on the way they've rolled this out and the relationship that we are starting to develop with them, we believe that we can extend this at least through 2002. If you look at the materials from *Healthy Choice*, they have made a significant effort to make this partnership work. The roll out of that event in Central Park was spectacular.

(Comment not captured on tape.)

Marolt: It's clear that we have the opportunity to get events. We will do those but we have to do it so that it works within our structure, too. The more events you add, like Mark was saying, at the end of the day we have to make sure that the event delivers something to the bottom line, which is back to programs.

McCarthy: Anything else?

14.0 **Legal Report: Todd Wakefield**

14.1 McCarthy: Todd will walk us through the next report, the legal report, which is primarily bylaw amendments and these are a series of three amendments to bring us further into compliance with the requirements of our friends in Colorado Springs at the USOC. They are for the most part boilerplate amendments. They are in your book and with that, I'll turn this over to Todd.

Wakefield: These bylaw amendments are in everyone's binder and they were also mailed out 30 days ago so that we could take action on these proposals today. Rather than regurgitating what has already been stated in the materials that were sent to you and are reproduced in the binder, the best approach to this would be to field any

questions anyone might have about these bylaw amendments. They are not terribly exciting amendments. They are principally designed to cement our compliance position with the USOC and they go no further than that. Are there any concerns over any of the proposals?

Gustafson: Where it says we remain free from outside restraints, does that mean restrained from the USOC either?

Wakefield: That's a good question. The question was the language that we have added that talks about USSA, (the addition appears on page 83 in the binder) remaining autonomous in governance. It's verbatim out of the Amateur Sports Act and it needs to be there for compliance purposes:

A. at all times be autonomous in the governance of its sport in that it shall independently determine and control all matters central to such governance, shall not delegate such determination and control, and shall remain free from outside restraint;

The question that was posed was does that mean that we remain free from the restraint of the USOC. The answer to that probably has to be no. We are always subject to the USOC's guiding hand and that is precisely why we are adding this language.

What it means is that in our day-to-day governance of the sports under our jurisdiction we can't delegate that or put ourselves into positions where we are being controlled by other entities. We have to remain free on a day-to-day basis to govern the sport as this organization under its board of directors sees fit.

Gustafson: The other question is, if I suddenly become interested in curling, I can't sit on their board, too?

Wakefield: No, that's not what that means.

I. be a member of no more than one international sports federation which governs a sport included on the program of the Olympic or Pan American Games;

What that particular provision means is that USSA cannot be a member of another international sports federation so USSA...

Gustafson: No, not that one.

J. ensure that none of its officers are also officers of any other amateur sports organization which is recognized as a National Governing Body; and

That is what that means; again, this is verbatim out of the Amateur Sports Act so it does require that our board members not sit on boards of other NGBs. Why Congress saw fit to write that into the Amateur Sports Act, I don't know, but it's there and we need to comply with that. Any other questions or issues?

McCarthy: I would appreciate a motion to accept the amendments as presented.

Motion #5: To accept the bylaw amendments as presented.

M/S/C Thom Weisel/Bill Slattery

(Carried unanimously.)

14.2 There are a couple more matters in the legal report. Typically I like to break this down into three parts:

- (1) Competition side litigation
- (2) Administrative side litigation
- (3) Non litigation legal initiatives that are ongoing.

I'm pleased to report that on the competition side litigation, there is no new litigation to report. There are no significant developments in the litigation that was reported to you in the spring meeting. If you have questions about those matters you may want to refer back to pages 145 and 146 of your notebook. I don't want to go over that again.

On the administrative side, we have one new litigation matter. The Professional Snowboard Association and some industry representatives, manufacturers from the snowboard community filed suit against USSA at the end of July. The lawsuit has principally to do with how USSA governs the sport of snowboarding. We won't get into specifics in the open session on that. If anyone has specific questions about that, I'll be happy to address them.

What I can report to you is that we filed a motion to dismiss that lawsuit which was filed in the eastern district of Virginia in federal court. We sought dismissal or transfer of the case based on a number of substantive and procedural grounds. Yesterday the federal district court in Virginia awarded us an early ruling to transfer the case back out here to Utah so we don't have to deal with this litigation in Virginia. Other than that, the litigation remains pending and for that reason, we won't go into any more detail.

With respect to administrative side litigation that was reported on in May, there are no new developments. UPS has that great promotional slogan *moving at the speed of business* and most of this is *moving at the speed of litigation*, which is close to geologic or slower. The report that was delivered and is reproduced in the minutes (pages 145-6) is still accurate with respect to those matters.

With respect to non-litigation activities, like Stew, the only good stuff that I had has already been taken. The USOC compliance effort has gone well. We expect to be re-certified at the next USOC board meeting in November and that's about it. Any questions on legal matters? That concludes the legal report.

15.0 **USSA Insurance Report: Bill Gorton**

15.1 McCarthy: As a matter of explanation here, insurance has been an area of concern to me for some time both adequacy and administration. This is an area that traditionally had been handled, and very well handled, by a volunteer subcommittee, chaired now by Tom Winters but it seemed to me appropriate that it be brought within the context of the staff so that this board could look at Bill Marolt and ask him if our insurance coverage was adequate and be sure that the answer we got we could hold someone accountable. Given that background, this summer I asked the two Bills, Mr. Marolt and Mr. Gorton, to take over the day-to-day operation of the insurance risk advisory what-have-you organization, bringing it within the purview of the staff. Bill has done that and is prepared to give a report on his efforts to date.

Gorton: Basically, as Jim articulated, we are taking a more direct role in the management of our insurance profile for our company and that effort is being led by the staff and it has fallen to me to make a very brief report on where we are at this juncture.

- 15.2 First, I'm going to start with a primer on where we are in terms of coverage. I'd like to be able to report that one of the objectives in our review was to reduce the cost. That certainly is an objective, but the reality in the insurance industry today and the nature of our sport, we are more likely to be able to control the rate of increase of our cost.

We will take a look very quickly at what we have so far. I want to make a point here that, in conducting our review, we have focused internally. We haven't really gone out to the market place yet. We needed to understand where we were on an insurance profile before we go into the market place but that is a continuing moving target and we have a lot more to do and we will review those results to date and, finally, we will take a quick look at where we plan to go.

Starting off with our insurance coverage, we have basic, normal insurance coverage, four general types:

- (1) accident coverage
- (2) secondary participant accident coverage
- (3) health and dental
- (4) liability and property.

- 15.3 We have three major insurance companies. K & K hold the lions share of our insurance profile through their company TIG. It is basic participant accident, liability, property and auto. Then C N A handles our professional liability and Blue Cross/Blue Shield handles health and dental for the staff. Basically, there are some smaller companies involved but that is basically our major profile for our insurance coverage.

- 15.4 The single largest component to the cost of our insurance profile is secondary accident and catastrophic coverage (\$371,681). That is basically a secondary policy that we offer all members that kicks in after the primary coverage has been covered and it provides \$25,000 of coverage. Catastrophic goes beyond that up to \$1 million.

General excess and professional liability is \$134,000. Health, property, disability and workers' compensation is another \$368,000 approximately and so \$874,042 is the cost this year of our premiums for our total insurance packet, not an inconsequential amount. It represents about 35% of our SG&A. It is something that we have to control as best we can, not only from a risk profile but from a management profile.

- 15.5 Turning now to what we have done so far and looking at our profile, the first thing we focused on is where we are exposed. What is our risk. We are in the process of better understanding exactly where we are exposed but, obviously, the primary emphasis and focus so far has been on our accident and liability.

Looking at coverage adequacy was another factor that we reviewed. I feel very comfortable that we have good policies in place and that our coverage is adequate and, in some cases, more than adequate.

One thing that we really struggled through is we say a lot about insurance and the various things that are out there in the public domain and to our members, comp guides, waivers, and there was a distinct variety in what we said about a basic accident policy. So one of the things that we tried to do and we are still in the process of trying to capture (I don't think they are all back on the reservation yet) is to get a simple, straightforward statement about what we offer that is understandable to parents, to those who are signing up as members and anyone who wants to be a member of the organization.

Then we also looked very hard at just what we do in terms of quality control of our program. Specifically, how we review applications particularly for events and particularly

for high risk events. We've established some more stringent procedures internally so that we get more staff visibility on what we are doing on the slopes and with various events.

One of the things that has become obvious from the start is that, while we offer secondary participatory accident, our insurer is frequently funding primary coverage. This is done because we haven't been enforcing it but, more importantly, K & K has no instructions from us and we aren't sure exactly who has primary coverage and if they walk up and hand the K & K card, K & K doesn't know either or hasn't in the past. So that is one area we are looking at in terms of being able to reduce our premiums to some extent. How prevalent this is, remains to be seen. That is one of the data gathering aspects that we have failed to capture and we will do a lot better job on that as we go forward.

Once again we have attempted to correct all ambiguities in language. I feel confident we have most of these now, particularly with regard to secondary and primary accident coverage. We have already established some procedures and policies to better review all of the data we have on insurance, particularly that of what is actually happening in terms of risk and events.

- 15.6 One of the things that we found that is particularly interesting is Bill Gorton, dedicated recreational skier, for \$80 can become a licensed, professional coach. That is misleading at best. Frankly, we've looked at that and we need to change that whole perspective about who is licensed to do what in terms of being certified; so we have automatically established that first entry, if you will, as a member and not a licensed coach. That reduces our liability and exposure in that regard. One becomes licensed only in terms of being certified as you go through the training as an official or a coach.

Looking ahead, we are going to more closely monitor our pay out data so we understand whether we are paying primary or secondary insurance. We want to make sure that the primary insurance company pays first and we will do better on our risk analysis. There is a lot of data within the insurance companies that we have contracted with, within our own organization, within IHC, within the sports science community and we need to get a better handle so we can better understand our risk and exposure and also to control our costs with our primary insurers.

Event exposure, there are some events that are quite significant in risk such as *Big Air*. That particular type of event, and there may be more in the future, we want to ensure that the exposure and increased risk of injury is covered. There are a number of ways to do that, depending on our assessment of the risk, it could fall within the umbrella of our secondary accident or, in some cases as we did last year, a special policy for that particular event. We will treat each event that is determined to be riskier than others on a case-by-case basis.

With regard to events, there is always the possibility of the loss of revenue due to cancellation, postponement, and clearly we are exposed there with some very high-priced events. Once again, we can address that exposure a number of ways to include the possibility of events-specific policy to cover our very high-priced event if you will. Also, of course, we put contractual statements in as we negotiate our contracts between the organizers and ourselves.

Finally, and most important, our major policy runs from April to April. We will go into the market place with a much better understanding of our requirements, our exposure and the basic data that we've compiled and enter the market place and be more aggressive at putting out RFPs to get the most competitive rates that we can for the future.

As I said, right now, I would like to be able to tell you that we will be able to reduce costs, but I can't make that statement. We will try, but the nature of the industry and our sport is such that maybe the best we can do is control the rate of increase.

16.0 Nomination Screening Committee Report: Jim McCarthy

16.1 McCarthy: That committee met this morning. Stew Turley, Nick Badami, Greg Boester, as the athlete representative and myself, missing was Irv Kagan who was unfortunately not able to be with us today. We considered a number of positions, starting with the board. What I will do is give you the overall report and you can express your pleasure if you want to approve it all or piecemeal.

16.2 At the board level the nominating committee is recommending me for the initial chairman, term ending in the fall of 2000; Stew as the chairman-elect; and Bill Bindley as the treasurer.

16.3 We also interviewed Bill Slattery, who is the alpine representative on this board based on the action of the alpine committee and that would be for a one-year term.

We have not received any other discipline committee nominees to the permanent positions. I think we will have one in freestyle but I don't want to announce it and have to backtrack so the other five representatives would remain in place on an interim basis; but, as I said earlier, I am personally disappointed that the committees have not acted more expeditiously in getting their acts together. I would hope that by the latest, spring of 1998, that that will be rectified and we will have permanent representatives to the board. If we don't, the policy suggested this morning by the nominating committee would be that those seats would go unfilled until the committee provides us with a nominee who is screened and recommended to the board.

16.4 The good news is that we have a brand new set of bylaws. The bad news is they have a lot of new provisions. We can't, based on the advice of legal counsel, who bears full responsibility for this, we cannot vote on officers without a natural quorum present so we will have to do that either by mail or in November. Does that also apply to board members such as Mr. Slattery? We'll postpone that part.

16.5 This board also nominates the individuals who will be on the board of trustees of the U. S. Skiing Foundation, the board that is presently chaired by Dick Goetzman. There are three positions available on that board this year. The nominating committee is recommending that we continue the three individuals who currently occupy them in place as interim or transition representatives until our meeting in November. Those three individuals are Dick Goetzman, Nic Cohen and John Lindstrom, all of whose terms expire this year.

(Comment not captured on tape.)

It's this board's responsibility to put them on so we don't want to get into the legalities of their representation now. We will deal with the three that we have and we'll address the entire issue again in November.

16.6 The Athletes' Council as everyone knows is an independent entity and they have selected, and quite wisely, Greg Boester to be their representative. That is not something that the board has to act on.

- 16.7 We do have a number of other committees that we do have to populate. We are in the process of doing that. Unfortunately, we have not fully done some of these and we are going to have to keep working on these as we move toward November.

Potentially, the most significant one is the standing judicial committee. That is a five-person committee including one athlete. The fifth person revolves and is a nominee from each discipline, who will sit in on the committee hearings when they are dealing with discipline specific matters. We have two nominees currently to that committee and I would like to present their names to the board. We also have the athletes' choice.

They have selected Joe Walsh as their representative on the judicial committee. The two others are Ed Finnerty, currently chairing the cross country committee, a lawyer in Lake Placid, and a man renowned for his judgment and wisdom, as is Mark Stiegemeier, who is the former president of PNSA and is currently a resident of the Salt Lake City area, a business person whose judgment and wisdom are well known to those people who have dealt with him as I have and will be a good representative on this committee. That gives us three people plus a couple of the disciplines have named people. Freestyle has named Glen Eddy as their representative to the revolving seat. Tom Winters for alpine and snowboarding, Bill Slattery. Lee Todd for cross country and jumping/nordic combined will come to us with disabled when they have their meetings. We have one position to fill there. We have a couple of names we've talked to and we are still searching for the appropriate person for that last position.

We have a couple of non-standing committees that we need to implement here. One is eligibility. This is an issue that is decided by the NGB. We've had an eligibility committee for a long time. It didn't make it in as a standing committee but it is a committee we will need, particularly in an Olympic year, particularly with snowboarding or any other place where there is a question of amateur/professional, etc.

The recommendations for that committee would be Howard Peterson, Kristi Terzian, and Whitey Willauer. It would be a three person committee and it's an experienced committee, well qualified to work in that area.

Finally, we have a working group that we would like to formalize and that is the divisions presidents and discipline committee chairmen working group. After a lot of discussion and input this morning, we felt the best way to handle this, and our recommendation to this board is that that working group be set up for a period of two years specifically set up to assist the staff, the disciplines and the divisions in defining what the divisions or geographic roles will be under the new structure and to work with them to keep them involved, maintain their enthusiasm, and their participation. We are trying to avoid a proliferation of committees that go on forever. We've put a two-year time limit on that. At that point, it can be reviewed by the board to determine whether or not it should remain as a formal committee or working group of the board and Bob Dart has been asked to chair that.

Stew, Nick and Greg, can you think of anything else?

- 16.8 Badami: I have something that has really nothing to do with the committees. I completely agree with what you propose and I would make that in the form of a motion if need be. I would want to qualify one thing that we are all concerned about. When we put this whole organization together we tried to answer the concerns of each of the disciplines of not enough representation on this board. My concern is twofold.

One the turnout this week is way below what I think it should be and secondly, the fact that they haven't eagerly appointed someone to this board. For years and years, all we heard was that there wasn't enough representation. There wasn't enough input. Now is

a golden opportunity and, quite honestly, I don't think that a lot of the people out there recognize that each one of these discipline committees are "mini NGBs" and they ought to get involved in it and get the sport to where they want it to be. We were all concerned about that this morning and it needs to be said and publicized that these people now have an opportunity to bring their sport to the next level and they should take advantage of that.

Ashley: In light of what Nick said, I was remiss in delivering the names for freestyle to the nominating committee. I am one of the culprits. Freestyle met earlier in the week because they had conflicts with this meeting and their international meeting in Canada. They did go ahead and nominate a chair and propose someone for the board. For the record, freestyle is on track.

McCarthy: That is good news and it's also good news that it is Irv Kagan, who is a good representative for freestyle and a good board member. We can act on that and Bill Slattery as discipline committee representatives but that leaves us with the other four to get their act together. I more than agree with what Nick said.

Terzian: I have a question, and maybe I'm not understanding the structure, but does each committee have a nominating committee or do those people get nominated at the discipline level, e.g. alpine?

McCarthy: They are nominated at the discipline committee level and recommended to the screening committee, the nominating committee of this board, and we, in turn, interview them and either recommend them or not to the board to be seated.

(Comment not captured on tape.)

McCarthy: The question is whether the staff agrees with Nick's position regarding the importance of the involvement of the discipline committees in the operation of the organization.

Marolt: The quick answer is yes. The staff realizes full well that the foundation of this organization is the volunteer. The foundation is particularly the parent who influences their kids to get involved. Because of the nature of the organization, it is absolutely critical that the staff and volunteers have a good working relationship and a good partnership. We will work to that end.

McCarthy: I don't think I'm telling tales out of school to say that this was a concern Bill had when he came here -- what the role of the discipline committees would be and how the interaction would work with the staff. At least from my judgment what was demonstrated during the process of reviewing the selection criteria was an abundance of willingness on the part of staff to involve discipline representatives, both athletes and committee representatives, in the process.

The line we always walk here and we continue to walk is that we will hold Bill Marolt responsible for this organization. To do that, it's a very subtle interaction between the discipline committees and the staff and we are still working through that, but I see no resistance from the staff level to working with the discipline committees. In fact, they are enthusiastically embracing the idea because they were never going to have enough money to staff it all.

Gustafson: I was just wondering if the parents are made aware of what positions are available and when they are available if they want to get involved at the committee level. Do they have that opportunity? Do they know?

McCarthy: My guess is that, at this stage, probably not. I would guess that that is something that we would have to work on through *Ski Racing*. Last spring, we really didn't have committee structures. The committees all have structures now. They are all a little different but we can publicize that availability and my disappointment with the current turnout and the amount of enthusiasm is tempered somewhat by the fact that the fall meetings have always been relatively small meetings and we are really just starting this process. It's a little too early to pass judgment on its success but we do have to make sure that the people understand what is going on and what opportunities are available to them.

Gustafson: I didn't know that disabled representatives were needed. I knew that we needed someone to take my place so I found some people who were interested but as far as the other positions on the committee and stuff, I think there are a lot of interested people out there and they are just not aware of where and when these positions are available and what the positions are. If we did a better job of getting that news out there, we'd find more interest out there for committees and such.

McCarthy: I'm sure Tom working through with *Ski Racing* and other publications will make a concerted effort to get that out now that we have fleshed out the structure a little bit more, we have more of a story to tell. Anything else? Nick has made a motion to accept the report of the nominating committee as submitted.

Motion #6: To accept the report of the nominating committee as submitted with the officers not being voted on until a quorum is reached in November.

M/S/C Nick Badami/Thom Weisel

17.0 **Athletes' Council Report: Greg Boester**

- 17.1 Boester: In the interest of time I will be brief. First of all I want to bring up the issue that from an athlete's perspective, we appreciate the amount of effort and change that has gone into this organization over the last several years. Jim, Bill and the staff's efforts in partnership with the trustees and others who donate financially as well as their time, efforts and commitment to this organization, don't often hear enough from the athletes that it's very appreciated and very much recognized. We wanted to make a public statement that we are aware of those efforts and we appreciate them.

Before you is a laundry list of the issues that we discussed amongst our committee, that I am now chairing. Cami Thompson was the previous chair and did a fantastic job that set the ball going to get our own house in order in terms of organization, a set of bylaws, in terms of issues that we need to address so that we can take this opportunity that we have and then combine it with the responsibility that we have that goes along with it as an increased pro rata representation on the board. You now see six athletes on a board of 21 whereas it used to be a lot less and not distributed among all disciplines as it is now.

- 17.2 The first issue we dealt with was athlete eligibility. We had elected as an athlete group Joe Walsh, who is a disabled athlete to represent us at the USOC Athletes' Advisory Council. That initially met some resistance given the fact that disabled skiing is not on the actual Olympic docket. Therefore they don't recognize it as an operation gold type of discipline. There has been somewhat of a change at the AAC level at the USOC and they are willing to defer to us (the NGBs) to define what we consider to be an eligible athlete.

Over the past several months we have worked amongst ourselves and defined what we consider to be an eligible athlete not only to sit on this board but representing us in the discipline committees and at the AAC at the USOC level. In a nutshell it basically says that we recognize sports such as disabled on par with sports such as alpine, cross country, jumping/nordic combined and the like. We are confident that, as we do that, the representation that we receive from those athletes will be sufficient and satisfactory and to the standard of the organization. We will move to have the board adopt this statement of eligibility and then we will take that forth to the USOC level. We lobbied for that implementation as well.

- 17.3 We addressed term limits. We addressed the nomination to the judicial committee and athletes' council bylaws which are now on paper but require some further review, some further revisions which we expect to complete by spring and have something to present to the board in terms of internal organization for our group.
- 17.4 The USOC is increasing their stance on drug testing and in a nutshell what they want to do is, if an athlete tests positive on the first time, they would like to have that athlete immediately banned from competing. That is about the extent of the information that we know right now. We support an increased stance on drug testing and harsher penalties and increased process and due procedure but we withhold further judgment until we get more information.
- 17.5 The executive committee representation will remain the same with myself being the voting representative and Joe Walsh, non-voting representative on behalf of the athletes, excepting the case where there is a discipline-specific issue that pops up where another discipline's representative could lend better insight than Joe.
- 17.6 Last is that we have adopted that *Ski Racing* and we will work with Tom Kelly to set up a web site page to make sure that the information discussed at these meetings as well as within the Athletes' Council is disseminated to the athlete population in an expeditious manner. I don't know if I can make the motion to accept this.

Motion #7: To adopt the definition of athlete eligibility as submitted by the Athletes' Council.

M/S/C Kristi Terzian/Nancy Gustafson

McCarthy: The only issue here, and I don't think it's impacted in any way by your definition, is funding. My understanding is that the USOC funds cannot be used to fund disabled athletic activities but the definition you have does not touch on that. Nick, have you read it?

Badami: Yes, and I don't have any concerns.

McCarthy: It's reflective of the way this organization has defined elite athlete. Any further discussion or comment? I'd like to thank Greg, again, for his participation over the last several months. He thinks as fast as he talks and he did a great job at the compliance hearing. We are very lucky to have Greg and all of the athletes. We have something to be really be proud of in working with them, even though we don't always agree.

18.0 Old Business

- 18.1 USSA Meeting Dates. Suzette has been working on this for quite some time. The problem we run into is twofold. There are only so many days in the year, a lot of other

organizations have already taken these. The FIS bounces things around as you can tell by the absence of some of the board members, etc. It's very hard to find a single date in the spring or fall where everyone can attend.

What we are trying to do is an overlay of the USOC meetings, FIS meetings, committee meetings, activities, etc., put them together and come up with a calendar that will go out two to four years so that people can make some adjustments to their schedules and we can assure ourselves of having a quorum.

It is a larger job to do than it is to say. It will get done. I trust it will get done by November. We do have a problem that everyone should be aware of in next spring's meeting, it will be much earlier because the FIS has decided to move their meetings into May into the time frame that we normally occupy. Any board meeting that we would hold in May will now probably be held in April. The exact dates will be forthcoming.

Sosman: The FIS bulletin which just arrived has gone back to the June date for Prague. I asked Henry about that. We should find out next week on the definite FIS date.

McCarthy: You see our problem already in setting the calendar. The other issue we have and it should be under continuing consideration here is having enough meetings to get the business done and not having so many that we are just doing it over and over again.

Badami: Will we have another board meeting in conjunction with the Beaver Creek meeting?

McCarthy: Yes, we are scheduled to have another board meeting November 14 through 16 at Beaver Creek. One other meeting date I would like to mention, it's not a required meeting, but I would certainly encourage all board members who have an opportunity and can make the time to be there to be at Lake Placid for the *Gold Cup* event in late December and early January. Trisha does have room packages available in Lake Placid so if anyone needs lodging, that is available. It will be a great opportunity for the board members to be there and see a number of our disciplines at one place at one time. Anybody who can make it, I certainly hope will.

19.0 New Business

19.1 McCarthy: Under new business we have a variety of resolutions, none of which I am familiar with, Todd, are you?

Wakefield: Under the tab in your binder called miscellaneous the first resolution that you will see is the USSA board resolution. It is intended to address some problems that we encountered earlier this year when we were trying to transact business, trying to dispose of some real estate and enter into other contracts and particularly financial and title institutions were difficult to deal with because we did not have a board resolution like this clarifying for those institutions that Bill Marolt, Bill Gorton and Mark Lampe actually have the authority to do the things they were trying to get done. That's all that goes to. The text authorizes the CEO, the executive vice president and the CFO to do this. Are there any questions?

Badami: I thought the bylaws covered it, but if you need another resolution, go ahead.

Wakefield: It was a problem this year. It's a very standard form. You'll see the identical form for USST, Inc. on the following page and we also have one done for the USSTF that will be addressed at the November meeting in Vail.

Motion # 8: To accept the two corporate resolutions.

M/S/C Nick Badami/Bill Slattery

McCarthy: My apologies for not being prepared on this. The Enterprises one is not filled out so we will just skip that. The USST, Inc. which is another of our corporations we need to nominate and accept the proposed slate of officers. McCarthy, president; Turley, vice president, Bindley, secretary-treasurer.

Motion # 9: To accept the USST, Inc. board slate as proposed.

M/S/C Nick Badami/Bill Slattery

We did talk about a period for public comment. Is there anyone interested in this?

Slattery: The required quorum for the sports committees in the bylaws is two-thirds and it is causing some difficulty in conducting business. You may want to take a look at that.

McCarthy: That is something that we may have to take up as an amendment as we go along here.

Crane: On the topic of meeting scheduling, I'd like to convey a message from a large group of working volunteers that as the issue of meeting schedules gets developed, the need for some of those groups both to plan at least 18 months in advance and to actually organize the work for summer and fall does exist and they tend to need to meet in spring and I was asked to convey that message.

McCarthy: Anyone else? If not, we are to that blessed time where we can entertain a motion to adjourn, but before we do, I want to once again thank all the board members, and particularly Stew Turley, who will make the motion to adjourn.

20.0 Adjournment

20.1 **Motion # 10:** To adjourn.

M/S/C Stew Turley/Nick Badami

Kelly: Not to disrupt your adjournment, please feel free, but we will leave you today with some snowboard video, first a clip from our introduction of the snowboard team mascot, *Animal*, at a press conference in New York, followed by some action video, and thank you all for attending.