USA Rugby Congress meeting
Saturday February 11, 2017

Introduction – Dan Payne – Thank you for remaining in contact and continuing to send inspirational messages.

Will Chang – Chairman's remarks

I would like to keep things interactive regarding our State of the Union, I want to make communication more interactive. I want to be able to answer any questions you may have in addition to being transparent. Social Media chatter has raised many questions; let’s have the facts. The board serves at the pleasure of congress, Congress nominates and approves the Board Members, if you are not happy let us know. Last year was a year of transition. Nigel Melville decided to leave and USAR did a global search. 165 applications were received for the CEO opening.

We are lucky to have Dan. Bob Latham handed over chairman of the board to me. We completed the strategic plan, and will present our findings today. Many of you have been involved in the process. We are happy to answer any questions you may have.

USAR launched the Rugby Channel (TRC). We have 7-8k paid subscribers. TRC board is having a meeting next door. We created this company out of nothing. We had an independent sophisticated investor in the Harlequins. They invested $1M at $14M valuation. This is important because the social media criticism suggests that USAR gave away our assets to a spin-off company, which is not true.

From here on out, you will get a report on RIM and TRC. We will give you a report on the status of the business. To put it at a high level, when we came up with the idea of starting RIM and spinning off the commercial interest in 2014, USAR’s net worth was -$3M. I said to Nigel and Bob, we need to do something because we cannot sustain the organization with a negative net worth. USAR's equity is around $20-30M market value today. We were bankrupt in 2014, now financially a very viable organization. The fact remains that we have turned a bankrupt organization to financially viable organization.

Chad Keck is giving his time for free, helping start this company (RIM), and has raised $7.M, and didn’t get paid a dime. He has never made a dime and never will from running RIM. The fact of the matter is the company is worth $20-30M.

A few other things that happened last year. It was the first time rugby was in the Olympics since 1924, we went into Rio as defending gold medal winners. It is significant that we were one of ten countries who qualified both Men and Women’s teams. Also, we started organizing for the 2018 Rugby World Cup 7s. Rosie Spaulding, has been hired as the General manager, and she will come to present to you today. We are laying foundations for a potential bid to host the 15s RWC in 2027. Hosting the World Cup 7s in 2018 is going to be a game changer for us.

We set up a site committee, chaired by Brian McLenahan. We are looking for a permanent facility for
USAR. I would like to see if we can find a permanent home for USAR. We welcome any help and any referrals to your region. We are looking for free land and help from local jurisdictions. We would like to move the National Office, have all our Championships there, National Teams based there, etc. Chula Vista is a site we are looking at.

To address an issue raised by social bloggers; the sanctioning agreement for PRO. The genesis of how this happened, before I came on the Board to USAR, I tried to start a professional rugby league. I worked with Nigel and Chad Keck (not on the Board at the time) and Rugby Canada. The losses were projected at $5-8M and we could not get it going because we didn’t have any investors willing to start the league with those kinds of projected losses. A few years later Doug Schoeninger came to USAR asking for the rights to start a professional league. I told him about the losses but, in Doug, we had a guy who was willing to invest in professional rugby and take a financial hit to do so. Unfortunately, USA Rugby is in a legal dispute with Doug now, and as such, we have been advised not to respond but I am open to answer questions about how this all happened. I am open to opening the floor. Once this is exhausted I want to discuss USA Rugby not hitting our budget. Rob King will report on the budget.

Marni Vath – What is the monetization plan moving forward for USAR? WC - can be answered by RIM and TRC later

Phaidra Knight – Where does the money get filtered down to the women’s team for RWC? At What point will the women start seeing the net worth? We have a really big 6 month drive.

WC – We invited Pete Steinberg to the Board meeting. The Board is going to address the funding. We will be having budget discussions on this. The Board, CEO and I are sensitive on this issue, we are discussing it.

Jeremiah Johnson – Let’s return to the agenda. We have categories of questions we would like to discuss, 1. Financial Issues, 2. Board Accountability, 3. Strategic Plan, 4. High Performance, 5. RIM / TRC 6. RWC 7s 7. Gender Equity

Section 1: Financial Issues –

Rob King - Copies are being passed out for you of the 2016 income statement and plans for 2017 budget. ‘16 income statements essentially tells you where our revenues are across the major components of the business. What is our increase or decrease in net assets. We will give you balance sheet so that you will see what our cash flows are. You will get this today. This is the core business of USAR not RIM or TRC. What happened in 2016 is we missed our budget by $800k. Those results are unsatisfactory and unacceptable. For the last three years the core business had an increase in performance in actuals vs budget. Where did those misses happen... Misses in revenue in sponsorship line, BLK went into receivership in 4th quarter and didn’t make payments to USAR. USAR overspent on our high performance budget. Rugby Development came in under budget in 2016.

When did we find out about this? The board approved $250Kish of above budget spending, but asked spending to find resources to rebuild overage. Mid year, our management found about $200k in savings. We reported to you in August that we had a $250k risk and Jim Snyder showed he could see another $100k overage that may come. 60 days later, the audit committee was updated that we had a budget miss of $400k. The board created a sub committee to look at
2016 and what it means for USAR in 2017. In December, the budget committee was informed of an $800K budget miss. Community rugby stopped spending, but High Performance overages were already spent. The Audit committee had serious conversations with the CFO and CEO. We asked for:

1. Formal accounting of what happened and consequences, as well as discipline in organization to hold people accountable.
2. What are the specific steps to ensure this will never happen again.
3. We wanted written documentation that these consequences were included in the budget managers’ files. In the week of Christmas we asked for details.

One month ago, the Audit Committee made a series of recommendations to board. {Sentence redacted} We will be putting a new CFO in USAR. 2016 is a bad year in that we didn’t achieve our budget, but we do have adequate cash to run company.

In 2017 we have a $1M curveball that we have to deal with due to the following.

1. Funding from WR is denominated in pounds – value is down.
2. We are no longer in an Olympic Cycle so USOC reduces funding, which factors into the $1M funding reduction.
3. Sponsorship funding is under at projections.

We do have increasing numbers from registration, and we don’t have a dues increase in this budget. We planned for a modest increase for 2017-2018. High Performance spending is being taken down because we are not cutting community rugby. 100% of the reduction in HP spending will be associated with support of HP. We are working with Alex Magleby to reconstitute on spending in the next year.

In 2016 we spent $300K on community rugby. In 2017 we will spend 10% more. We are asking management to deliver a $100k increase in our budget. Management’s work is not done. We are looking to ensure costs are potentially better than they are now. USAR has transferred event costs to the commercial side of the company (RIM). Revenue is not included, but neither is cost. We don’t monetize the value of RIM and TRC above and beyond the licensing fees, for at least few more years until dividends can be paid.

MV – What are the audit committee, CEO and the board doing to ensure that the new CFO doesn’t have the same errors in the future.

RK - Congress elects the Board, the Board hires executive staff and they will hire CFO. The Board will be monitoring progress. The Board has a private meeting with our Auditor, Waugh and Goodwin. We want to have a direct line of sight to auditor to ensure someone independent of management is sharing financials with us. Waugh and Goodwin have shared that we are in the top tier of NGBs. We have the thrusts outlined for controls with new CFO.

Ken Pape – Why is the budget for Men $1.5 M in HP, and Women is $300K? Why were we told two years ago that the costs were skewed?

RK - 0 Funding comes from Grants from World Rugby for the Women’s game; all money is for Men’s 15. A large source that comes into our business is mandated to go to specific teams. World Rugby doesn’t provide direct funding to Women’s programs.
Donations from Trust were $800K to USAR; 80% is restricted (means person who gives money says where it has to go).

Mark Lamborne – Money that comes in for National Teams is designated to specific buckets. Is the business doing what it should be doing on behalf of where our priorities are? Why didn’t we look to alternative sources for funding Women’s programs? In a $10M business, are we actually growing the sport in the US? We are cutting back on pathway and all other resources? What are the other ways we are looking for funding? The existing company isn’t working so what are the alternatives.

RK - We would like to get Congress a breakdown of where the funding and spending is for HP. What each team gets.

Alex Magleby – Where we get our money: (For 7s) Two types of grants: USOC, direct athlete support is $300k per team (player expenses), the other grant goes to the team. In 2017, $400K went to Women and $500K to Men. The USOC determines where our money goes. This is the only revenue Women’s sevens has. Men have multiple sources of funding. On the 15s side, 90% of WR money is earmarked for Men’s 15s. They give us a grant, which for the last 5 years had not increased, until 2016. Women’s 15s don’t have a direct revenue source.

MV – Why can’t the $700K be given to women since it is its world cup.

AM – We can do that but would have to cut Men’s test matches.

PK – If this is a genuine interest why can’t we do this?

AM – If we cancel matches, we can negatively affect the grants we receive from World Rugby.

RK – Our decisions reflect our values, what do you guys need to get us there? Can we take this to practical application?

KP Why didn’t we plan 2 years ago for additional funding for the Women’s 15s?

AM – Show me the audit after last world cup.

JJ – We want to change order of our questioning, WC wants to move up RIM because Pete has to leave early.

Killian Kerwin – Follow up Financial questions: Who is the interim CFO, and what steps are you taking to replace him.

(This comment has been redacted, as it contains HR related issues)

Mark Carney – I want to touch on the community rugby line time...knowing all departments budgets have been cut by a significant amount. How is the spend the same?

DP – The Board decided yesterday that they want to keep community rugby funding the same as last year’s actuals. There is an excess in funding that now has to redistributed back to the individual departments. Jen Gray will be meeting with department heads to identify the need, and we will then reallocate those funds to get us back to last year’s actuals for the Community Rugby spend.
Paul Emerick – Question for AM on grant money from World Rugby. World Rugby wants to see 15s succeed. Are we aligned with WR to see it succeed?

AM – World Rugby is looking to increase funding but want us to increase focus in certain areas.

We are working with the USOC this month, although the grant is less, they believe in us, and this month they are coming up with additional money.

WC – Are we aligned with World Rugby? WR is not like Fifa - 1 country 1 vote. Until last year, US didn’t have a seat in WR voting. Thanks to Bob Latham, the US now has 1 seat as a Tier 2 nation. We got WR to change the rules about representation, which stated that the union must have a budget of 20M Pounds or more for us to get another seat. Having 2 seats gives us tier 1 status.

We are not aligned but we are doing things to align our interest and values.

AM – We don’t have a solution but need to develop one.

WC – Let’s have Chad and David discuss what we are doing to be able to reallocate funding to the women’s programs.

Break

JJ – Congress is privy to confidential information. Guidelines are if it is on the website you can share this. I created a google doc and some information is not meant to be shared. Let’s finish questions on financials and then on to RIM.

MV – All my questions have been answered

Shane Roberson – Can we get financials quarterly?

RK – I’m not opposed to that, but need to give it some thought. We will take this under advisement.

Martin Gardner – We are woefully underfunding Women’s fifteen going into world cup. Can the Board and National Office re-look at what the team needs and what we can do to redistribute some budget and do to bridge the gap.

JJ – AM needs to get with Women’s 15s Coach to find out what they need and get it back to board within 5-7 days. Pete presented to us a plan of what he would do with additional budget, and that needs to be finalized

KP - Can congress be informed regarding the HP Women’s budget?

RK – Yes we will update you if we change that budget we will let you know.

The Board wants to see a proposal of how to change Women’s 15s funding and then reconsider budgets, sponsors and fundraising.

1. We hear concern loud and clear
2. We want to address it and quickly
3. Give us the proposal and give us time to take it under consideration and get back to you promptly.

Brad Kilpatrick – We have to define what fair and equitable actually means; 35% of HP spending
is going to Women’s programs and 35% of membership are women. We need to define a metric.

JJ –Financial Issues closed – moving on to RIM and TRC

Section 2: RIM & TRC

Chad Keck – updates –

• David Sternberg will now be full-time CEO

• Closed transaction with Harlequins where they invested $2m ($1M into TRC and $1m into RIM). Raised $7.5M ($6.5m to RIM). Aggregate value of RIM is $28m (USAR owns 75% or $21M). TRC – aggregate value is $13.6M (RIM owns 92% or $12M).

David Sternberg –

1. Purpose and structure – purpose and origin, created by USA Rugby. The mission of RIM is to provide attractive financial returns to USAR. This happens through annual license fee $1.25M in 2017 and $1.8M in 2018. RIM has taken over the cost of producing home matches, which were in excess of $500K in 2017. RIM also provides a platform for initiatives.

RK – Independent auditor recommended that we should not include value of RIM on the balance sheet because they were not brought to us through acquisition. It would be included in Net Worth of the Organization.

DS – There is the opportunity to issue distributions back to USAR when company is generating positive cash flow, which is planned for 2018.

With the Harlequins deal closing, we have created a 3 person Board for TRC. Pam Kosanke, Chad Keck and David Ellis of Harlequins make up TRC Board.

CK – Addressed how cash moves around between RIM and TRC, and what are the capital flows and the operating flows. It started with USAR giving RIM rights and staff, strategic collaboration and governance.

Investors have given us capital: $6.5M, governance (2 board members) and strategic collaboration with the RFU and CSM. RIM gives TRC rights for media business and staff, TRC gives back to RIM fees that are paid back to USAR through licensing fee. The outflows (distributions) from excess capital go to RIM and to the investors. If RIM makes distributions 75% of them will go to USAR based on our majority equity. Inflows are going from sponsors and events to RIM, then RIM takes those revenues and pays costs for events, marketing, R&D and administrative costs. TRC has subscribers and advertisers, which provides income.

RIM Ownership:

USAR: 75.64%

RFU and CSM: 8.4 % each

Individual Investors: 4.2%
Harlequins Rugby USA: 3.36%

WC – None of the members of USA Rugby board are included in these investors.

KP – Can we get the list of individual investors?

CK & DS – The list of individual investors is confidential right now. We can have a call and can ask permission. All have some prior relationship with USAR. There are 5 people involved.

CK - The following are the other points to discuss on RIM and TRC:

2. Financial Summary
3. Sponsorship sales
4. International events
5. The Rugby Channel
6. Rugby World Cup 2018 – being set up as separate entity.
7. Priorities for 2017

Purpose and structure defined; Employees named- Dave Steinberg, Melissa Brennan, Kellie Cavalier,

TRC has 4 contractors responsible for product management, programming and production, streaming operations and marketing/customer acquisition. The GM of TRC is due to convert to full-time status in Q1 2017. If USAR looks to obtain more outside investors (i.e. sell more equity), it will look at selling equity from TRC not RIM (if possible).

Financial summary finish of 2016 and proposed 2017; Sponsorship revenue to increase; Full year 2017 net loss projected. (2016 and 2017 showed/will show net losses)

1. Questions re: Admin costs to USA Rugby? Who are sponsors? (Later revealed)

DS - 2017 events will be flat-Revenue will meet expenses; More profitable due to efficiency gains. RIM Setup will provide for future dividends for USA Rugby to do more—do things that Congress directs.

Sponsorships are sold as a Package—entire bundling of mens and womens teams (7s and 15s); No cherry picking

MG – If we add more Women’s events can we add more revenue?

DS – Yes, if we can break even or better, although this has been difficult on Women’s events.

ML – Is there a chance we can get some sponsorship for Women’s World Cup. If we bring in $100K sponsorship request from Board, can it go to Melissa Brennan or trust? What is the flow?

CK – There are only two ways for money to go back to USA Rugby from RIM. Distributions are required and RIM is not in a financial position to be doing that yet.

● Point of clarification. There is a third option. A RIM Board-ordered distribution. USAR has majority control of the RIM Board (JJ)

ML – What resources does USAR have to get the money in for these needs?

CK – USAR will need to take out a loan?

WC – There is another option. One of the principles of starting RIM is that it will always be controlled by
USA Rugby, RIM has a 5 person board, and USAR will always have 3 people on the Board.

USAR can choose to sell additional equity that it has in RIM, which will allow USAR to use that equity and monetize it. This would be “An in a case of an emergency” option. I think it is a terrible mistake to sell equity in order to monetize it, because once the distributions do come, it will be the gift that keeps on giving.

Jerry Gallion – Our hands are tied until we can help RIM get to the place of distribution.

RK – We have assigned the right to sell sponsorships to RIM. We can take another hard look at budgets to see if we can reallocate funds. We can go to the trust, and debt is another option.

ML – The trust would be a viable option

AM – We need to net $800K.

CK – The sponsorships that Melissa Brennan sells are corporate sponsorship that require activation. If there are sponsors out there that don’t want activation, this would go through the USAR Trust.

KP – Can we share this (referring to slides provided).

JJ – We will share it again

KP- Did we hit the marks we were looking for

DS – We budgeted 6,300 subscribers to TRC and we hit over 7,000. P&L was lower because we had a delay in ability to run advertising and we were hit with a higher cost for international matches.

RK – Members of USA Rugby should NOT want this information going out to the public because we don’t want to give our competitors our plan. We also don’t want our customers to have the plan because we will lose negotiating leverage. (made in reference to the details within the slide presentation)

DS – The five year plan: Net Income is projected to be a loss of $1.39M, 2018 gross revenue is set to be cash positive. There will be three ARC matches in the USA next year, and we are hoping for a return from the All Blacks and other greater monetization events. Broadcasting is looking for continued strong subscriber growth. Expenses are stable and plan to be down in 2018 due to World Cup year. The goal is to build toward the second seat with WR.

{Section redacted regarding RIM financial planning}

SR – Are you expecting a bump in subscribers in 2020 due to the Olympics? DS - Net income, we expect about $8M. We are looking at a valuation well north of $100M and our 75% will be substantial.

MC – Is there a potential that we would get dividends out of RIM while TRC is still bringing in losses.

CK – I expect so, we know from our shareholders they want to see profitability and distributions. TRC will be self-funded eventually.

PK – In the last meeting you discussed more than 1 Women’s match, why is there only one now?

DS – We are funding other women’s events we aren’t running, USA Sevens and CanAm matches.

The sponsorship sales team is focused on acquiring servicing and retaining corporate sponsors for USA
Rugby teams, events and initiatives. Once Grand Prix follows through with requirements we will be an agency for advertising.

RIM has never had an agency agreement with PRO. Currently we have Emirates, we just signed Adidas as kit sponsor. KT Tape, Thorne, Adidas have VIK portion. We have prospects and are working to close them in this partner year. [6 companies that are currently in sponsorship negotiations with RIM were disclosed]

MC – What is CSM doing for their VIK

DS - We have the use of their North American sponsorship sales, 50% of two full time sponsorship sales team who are actively working for us to bring new leads to RIM.

Ron Watson – Where do any of these sponsorships filter down to the community?

DS – They all have their own activation plans, AIG Rookie Rugby for example. These programs are looking to activate at events.

Tom Goslau – What are we doing to drive these sponsors to provide more member benefits to the members?

DS – We have at least 7 events planned for 2017, and are looking to add 5 more events to add to the budget.

USA v Ireland at Red Bull Stadium – June 10

DP – Next congress meeting will likely be July 1st San Diego Women’s match. To be tabled to discuss later.

DS – We will have over 400 hours of live rugby on the Rugby Channel. On demand archives of USA Rugby, RWC. Current cost is $4.99/month. In August we are proposing an increase to $8.99 per month. We are up to 7600 paid subscribers + 10,729 free users = 17,814 customers. TRC exceeded our year end budget but we are looking to improve the percentage. TRC is showing all USA Rugby home Mens and Women’s national team matches and all HSBC Women’s tournament.

Priorities for 2017

- Close warm prospects for sponsors
- Renew high value partners (AIG thru 2021, Emirates)
- Deliver profitable tier 1 home matches and break even on tier 2, wnt, college events
- Continue strong subscriber growth at TRC while lowering churn and customer acquisition costs
- Acquire top tier live events and develop original non-event programs for TRC
- Explore additional strategic investments at TRC, perhaps with a media partner
- Become for efficient and data driven

Rosie Spalding – Rugby World Cup, joined USA Rugby on Jan 2nd. My background is the planning and execution of major sporting events. My vision is to produce a successful event, raise participation and awareness. Major objectives are to engage with existing fans and generating new fans, maximizing sponsorship, ticketing and merchandise revenue, and celebrating the core values of rugby.

Hyatt will be the hotel partner – Regency and Grand in SF. VBM signed as merch licensee. DHL
confirmed as partner, SF Travel, Broadcast partner in US to be selected early march with final bids late February.

The 2018 RWC is about building branding of USAR, not expecting to make money but to break even and put us in a competitive situation for the 15s RWC.

MC – On the financial side, what are our assets that we own, what is governed by WR?

WC – Agreement with USAR and WR. USAR has hired RIM to help market the event. RIM has formed another LLC 2018 Rugby World Cup and RIM will be funding that entity.

DS – WR host union agreement spells out that we partner with WR on any money raised sponsorship, merchandising and revenue pool. As a fee, we have to guarantee the first $625k to WR in order to run the event. Ticketing we keep 100%, hospitality etc.

MC – Is the $625k a direct expense?

DS – Yes.

ML – What is the magnitude of the budget (profit/loss)?

WC – If there is a burden, it will be borne by RIM.

MV – Are we prepared break even or even take a loss.

DS – The 5 year plan includes a break even, but not a loss. RIM can handle it obviously since the capital is there. The minority shareholders and USA Rugby gets it. If we lost as much as $1M it would delay the timing of producing a profit through RIM by possibly a year. The goal is not to make a big loss but the contingency is there. USAR does not have that luxury, RIM does due to recent capital contributions. Without RIM, we would not be in a financial position to host any such event in the US.

Lunch Break (work through)

ML - Sponsorship with AIG - Is sponsorship dependent on the fact that they are the carrier for USA Rugby?

CK - I don’t believe so. I have to go back and check. Last year it was not AIG. This year it was because AIG stepped up when we had an issue with premiums.

JG - Can we have a copy of your goals? Or more importantly can we provide leads on sponsorship?

DS - Yes, by all means. Feel free to contact us with any.

KP - I didn't see anything on RIM being a player agency?

WC - That was never sanctioned by RIM, by USAR instead. We can possibly use RIM as an agent in future, but it wasn’t a business that RIM was in.

CK - There was a provision for that, but never implemented. No plans to do so moving forward either. The proposal for that was rejected in June of last year.
MG - How does money from sponsorship move from RIM to USAR?

CK - It does not right now. The value USAR sees right now is the licensing fees. Similar to other PRO sports. RIM is a sports marketing company. The money stays in RIM until dividends can be paid.

KS - I don’t see a players association on here.

CK - There isn’t one as a part of the current structure. They could be an advocacy group, but that would be union based. If that happened, likeness and rights would be assigned by the Union but then negotiating rights given to RIM

Section 3: High Performance

Alex Magleby – There are five categories of focus –

1. Coaching Development
2. National Team Development
3. Daily Training Environments
4. Competitions
5. Talent Identification.
   ● We wanted to see one team medal in RIO, unfortunately it didn’t happen.
   ● We want to make sure we are prepared for women’s world cup and get the team in better training environment.
   ● We want to move up in world rugby ranking.
   ● The grant from WR was increased but doesn’t make up for exchange rate change.
   ● We are trying to build a funnel with better alignment between sevens and fifteens. It has been quite successful this year, Nia and Alev were on dream team in Sydney and are participating with 15s.
   ● We are doing a better job connecting age grade teams. The change terminology at the National Teams is being filtered down to the Age Grade levels, with the consistency of coaching being a big goal.
   ● There has been much discussion about PRO - more than 100 US eligible athletes were in a daily training environment. What comes next, how do we continue it? How do we do it for the Women?
   ● Managing data is important to us, we need to capture current data and house historical data, which is a work in progress. Eagle files is an online resource for coaches. When an athlete or coach registers with USA Rugby, they will get a letter regarding the pathway. Our currency is information not money, we need to get the information to our amateur level teams.
   ● Eagle Eye is scout network and has big plans for 2017. We will be scouting for our current needs and what we need in the future. We are working with Hudl, which is a video dissemination platform. All national team athletes currently receive feedback with it, and the next step is to build out a code center, where we will charge clubs a fee to get coded video from trained National Office personnel. Bridge athletic is being reevaluated.
   ● We spent a lot of time last year chasing grants.

The amount of matches has increased and national teams are playing more rugby to make us a more competitive team. We are more efficient than we ever have been at what we do, but can we afford it?
What are our priorities and how do we resource that?

- Women's sevens lessons: We can’t have coaching turnover. We only had 5 players come back from World Cup.
- Men's sevens lessons: Conversion kicks need to be more accurate and planning for better scoring position.
- Women’s 15, quadrennial strategy, how important is this team and what are we going to do to support them?
- Men's national team, focus is on how we train and the speed at which we play.

Culture and environment are something we are working very hard on. We also need to find a way to work with talent transfer/crossover athletes. Our current priorities are staff, having top quality coaches who are part of a long term cycle. We have been trying to build a CARE program: Career Advancement Rugby Enhancement, since August.

In December the USOC told us that we got 2 slots to go to world youth games. We will start planning around this now

Steve Lewis – What is USA Rugby’s strategy for professional level Rugby?

{Redacted}

SL – Do you see a domestic completion as integral?

AM – Yes, we need a centrally contracted group to increase the quality of the daily training environments

SL – What is USA Rugby’s philosophy on community rugby and elite rugby regarding finance?

AM – High Performance committee will be recreated to help USA Rugby determine where this goes.

SL – When was the last time there was a comprehensive HP audit?

AM – WR and USOC audit HP every year. We are reporting what is relative to the strategic plan. DP will be looking at all HP rugby in the US with committee being recreated, and will likely have some findings at July meeting.

MV – Where is the accountability in the HP department regarding overspending?

AM – Coaches haven’t ever been accountable for revenue and so we need to improve the processes regarding budget management.

DP – Financial accountability is going to be applied to HP with strong budget manager. There is messaging about accountability. Issues were discussed in the Board meeting and the message to HP is this year is about winning on the books. A much more robust system need to be put in place. We are working on it to determine what is being spent and by who, and that each person in each bucket understands they are responsible for those budgets.

SL -Has anyone been fired?

{Redacted}
Jenn Heinrich – Lack of funding for Age grades have been a big problem. How can we fill those voids?

AM – A Pay to play model has been adopted and presented to donors who can sponsor players and then passed along to the next in line if necessary.

JH – How is that being promoted?

AM – Word of mouth

GM – Are GU championships in September still realistic?

AM – Yes, the idea is to apply the RCT model for the collegiate and club ranks. We are using that to identify athletes and develop athletes at the age grade level.

Adrian Gannon – Does WR pay for sevens teams to go to their tournament?

AM – It depends on the amount of days and if they need an additional player; that is at our cost.

AG – Can you communicate more regarding the GU championships?

AM – Yes after we determine the goal

PK – Can we get the assurance that national side coaches will require US residency and when will that take effect?

AM – Yes, that is a big focus for WR and USAR.

Pam Kosanke – This is something that is important to our HP audit and was discussed at length in our Board meeting. Is absolutely a big piece of priorities.

RK – We may not be able to deliver on this right now due to existing contracts.

KP – What are the games leading up to world cup;

AM - 2 CanAm, and a potential match with Japan

Gary Lobaugh – When can we expect to see tangible coaching assets available to the membership?

AM – We plan to have Eagles files up this quarter. The Learning Management System still has an unknown launch date. Eagle Eye will be in place when we have a functioning HP committee.

Kevin Brown – How do we transfer knowledge down to the college level?

Jen Gray – We will address that in community rugby piece

Meredith McAlister – Can we set up a discounted program with Hudl to help give access to community rugby matches?

AM – That is a program we are working on right now.

Section 4: Gender Equity

KP - What is the boards strategy toward gender equality

WC - This is important to the Board, Pete Steinberg came to present. We are addressing gender
equality. We have asked DP regarding how he is going to restructure HP to include gender equality issues. This is a six week plan so we are addressing in the next 10 days regarding what we can do to help the Women's World Cup.

**KP** – What has been identified regarding GE issues at Board level

**WC** – We have talked and haven’t really come up with a value statement, we need to work on what are our values. The Board will vote on this to make it an official policy.

Pam K – This is something that is always on and is a major focus of the board and organization of a whole.

**KP** – What about the sanctioned events and can we make this inclusion to each

**WC** - For RWC 7S, 2018, World Rugby wanted to have Men’s and Women’s separate tournaments, like in Moscow. We said no. WR wanted to do Women’s Th and Fri and Men’s Sat and Sun. We said no. Over much resistance from WR, we have produced the schedule to be men, women, men, women for the RWC 7s all at the same venue. So while we have not produced a value statement, we are putting it in practice. RWC will also follow this model for equal accommodations, transportation, practice facilities, etc. to ensure the Women’s teams attending the RWC 7s are treated the same as the Men.

Rosalind Chou - Was the CRC was separate though? The Men had access to locker rooms and food and the Women did not.

DP - That is a tricky one. Because it is run as a “for profit” event. I think it has improved over the years. The metric should not be the percentage of membership; it should be equal regardless.

**ML** - What is USAR role with Title IX?

**JG** - The Safe Sport program is an athlete safeguarding program developed by USOC. To recognize signs of hazing, bullying, sexual harassment, etc. It is a requirement for coaches through online training. It is also being incorporated to referee training, etc.

**PK** - Would it be advantageous to partner with a women’s sports foundation? When you are at the table negotiating these international venues, can we start including the Women?

**DP** - There was talk for the June test matches, but the opposition was not keen.

All - Thank you for RWC 2018 having women in the stadium.

**WC** - It was a $400k decision that was made, it cost us (RIM) this much in support from WR for the event in order to ensure we got our way, but we see it as a vital investment to our rugby culture.

Phaidra K – Please keep considering Women’s matches to be played in conjunction with Men’s matches.

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**Section 5: 2017 Priorities for USAR / Strategic Plan**

Dan Payne asked Mark Carney and Kevin Swiryn, representing a Congress Subcommittee to present on their findings of a member benefit and insurance analysis that was completed by the group.

This presentation compared 6 other NGBs to USA Rugby and looked at what members get for their dues,
what the dues structures at each NGB are, what their organizational chart looks like, and whether USAR can take note of, and implement any seemingly successful practices from other NGBs.

Key Points:

- Is there room for a dues increase compared to other NBGs? Yes, it looks like there is. But there needs to be a cost/benefits analysis.
- Should USAR consider adding different tiers of membership? I.e. If your Club wants to compete for a national championship vs. social rugby? Because NC’s cost USAR additional money, a higher dues structure for that tier could be considered.
- How can the resources be tied into a value add to our membership?
- Governance Structure - is NO set up for success? Comparative analysis. Other NGB’s have less departments. Can we trim the fat?

Kevin Swiryn and his group performed a complete insurance analysis of these other NGBs, as well as a complete analysis of all loss runs from USAR over the past 4-5 years. An analysis was done of the existing insurance plans offered to the membership as part of their dues and whether there was room to amend them for the game as it is evolving in the US. This analysis showed that by changing the policy limits and the management of the policies themselves, significant savings could be seen by USAR.

The Board and National Office took these presentations under advisement, and informed Congress that they will respond in time once the information has been digested.

Jen Gray -

- NDS - last year 400 attended and 350 paid, this year 600 attended and 430 paid. Good growth.
- Rookie Rugby
  - 40-60 leagues added
  - 16 girls leagues added
- Diversity and inclusion are championed in the office. We are up for a diversity award for work with Bingham Cup
- NCAA
  - D1A, D1 Elite Women, NSCRO, NIRA, Universities
- Advantage system
  - Referee development system that the Ref Department has implemented at USAR
  - Allows you to tag your own videos, and allows others to review and comment
  - Minimal cost to our referee societies
- 7s/15s merge
  - Not working
  - They need to work together but have different setups and need diff attentions
- 60/40/20
  - Vegas - college 7s - clubs
  - Residency at OTC
  - Circuit
  - Visibility
- USARugby.com LMS rollout
  - Coming in Q2/Q3
- Infrastructure
DP - Strategic Plan 2020

● USOC data:
  ○ Every mature sport loses 35-40% of membership
  ○ Our current average age of our entry is 18
  ○ 400k+ members in USA Lacrosse, and 300k+ are under 18
  ○ We have a HUGE opportunity for growth in Youth

The #1 priority for 2017 is financial responsibility and controls/fiscal management

● We will complete business plan aligned with strategy - this will be a joint BOD/NO effort

The second major focus is growth and development

  ● Prioritize Y&HS and collegiate to feed a stable club and professional game
  ● Accelerate local development of coaches, refs, admins, etc.
  ● 25% growth from 2016-2020 (150K registered members by 2020)
  ● Add value to member experience

The third focus is on our Leadership

  ● Continue to leverage our current strength – our people assets to help us grow

We need to finalize the Recruit, retain and transition study, which should be completed by Q2 and then act on the findings

  ● We need to lower the average age of entry level rugby players (currently about 18 yrs old)

HP is a major focus this year

  ● We need to create and deploy systems, programming and competitions to improve national team performance (wins and funding)
  ● The Audit should be done by May/June

National Office staff including myself will be responsible for delivering the strategic plan

MG - Timeline & Accountability for implementation?

DP - All are in process to be implemented now and throughout 2017

KK - Who is responsible for delivery?

DP - The National Office - all departments as overseen by CEO

PE - Will it be published?

DP - Yes, see www.rugbystrategy.us

DY - Erik’s Recruit and Retain Study - what are we waiting for?

JG - It is completed, we got feedback from NDS attendees, and should have a useful document for action items and implementation by end of Q2

ML - What was the delay?

JG - It was an Issue at the University of Illinois who helped us compile the data for the study. The issue was with the data and the specifics of questions asked. Then World Rugby wanted to add Youth, so we
had to redo the study, which was subsequently sent a 2nd time to World Rugby and finally approved.

MG - Who funded it?

JG - World Rugby paid for it, not USAR

DP - Sustainability is a concern but an opportunity. Capital growth and sustainability through RIM allows us to accept some risk. 2020 is the timeline for distributions with extremely positive cash flow forecast. How do we bridge the gap from 2017 - 2020?

- Grow participation - We need to provide greater benefit to membership and give more love to the members from USAR.

WC - Sidenote - Just announced - after a bit of work, we got the budget for Women’s RWC increased from $382k to $500k. The Trust has to make the $100k fundraising goal; we already have $47k raised and $20k was just committed by (Redacted, as we don’t have permission to publish this name) in the form of a matching donation on anything raised above the $47k we already have!

Section 6: Board Accountability

JG - The BOD must provide better communication to Congress.

WC - The Board will provide “bullet point” correspondence to Congress on:

a. Finances

b. High Performance

c. Strategic Plan

RK - This information will be provided on a quarterly basis, but would be provided in a rolling delayed manner, so that management could provide review of the information before distribution.

JG - Will the BOD provide a “State of the Union” to be communicated on a regular basis as well these Congress meetings?

WC - Yes, we will include that in monthly distribution as well.

JG - Can the CEO provide more department transparency including results and key initiatives.

DP - I will include this in my monthly reports that are sent to Congress.

JG - Does the Board have what they need to do their jobs? Do you want more members or a different skillset added to the BOD?

WC - I feel like the number of BOD members is optimal and provides for efficiency of working. I should also note that additional committees with augmented skill have been formed to deal with unique or more in depth and ongoing operational responsibilities—ie: Audit Committee. However, do we always have what we need, no. Sometimes we have to go outside the Board to find answers/solutions to issues that present themselves.

As a note, Dan Payne and Dean Barrett have additionally been tasked with assuming new seats on the
USAR Trust Board to provide greater/further integration

SL - Going back to the “PRO Sanctioning Agreement”, what happened, and how was this agreement greenlit?

WC - The entire Board saw the agreement and were given the opportunity to comment on it. Nigel was the primary negotiator of it.

SL - Why did USAR not enforce it’s own contract?

WC - Unfortunately, on the advice of counsel I cannot answer more in depth or detailed questions.

WC - The social media “noise” has been demoralizing and distracting to the BOD and USAR staff. Congress has the right to remove the BOD if they feel they are being ineffective. So as to officially address concerns, and yet not give legitimacy to social media concerns, I want to call for a vote of confidence in this current USAR BOD.

Jeremiah Johnson (Congress rep to Board) asked BOD and USAR/RIM staff to leave the room.

In executive session, the Congress voted a majority in favor of the motion: “We as Congress vote to support the BOD.” There were two abstentions and one vote against the motion.

Role call –

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