

Minutes
USA Triathlon Board of Directors
Board Meeting
Grand Hyatt DFW, Dallas, Texas
November 3, 2012

Board Members:

Brian Harrington - via conference call
Dave Kuendig
John Lines
Vince O'Brien - via conference call
Victor Plata
Barry Siff
Steven Sexton
Kevin Smeltzer
Kevin Sullivan
Bob Wendling, President
Jack Weiss

Absent: Chuck Baker

Staff:

Rob Urbach, CEO
Amy Drown
Sharon Carns

8:00 am Meeting Convenes / Roll Call – Bob Wendling Central America

- President's Opening Remarks

- Approval of Minutes

Motion to table approval of the minutes of 10.1.12 (Sullivan/seconded)

Motion approved by voice vote

Motion to table approval of the minutes of 10.10.12 (Sullivan/seconded)

Motion approved by voice vote

Motion to table approval of the minutes of 10.15.12 and 10.16.12 (Sullivan/Seconded)

Motion approved by voice vote

- Treasurer's Report (Jack Weiss)

(See Attachment)

Investment review - USAT is doing fine, the stock market is doing well, the advice of financial advisor indicates that the National Election will not likely impact portfolio, but events in Europe might..

- CEO Report (Rob Urbach)

Slide presentation of the current status of USAT.

Discussed recent athlete deaths in triathlons and the benefits of sanctioning; membership increase; initiatives to retain members - membership is at an all-time high; event growth; club growth; USAT goals; Elite Triathlon Academy update; Century Club; ROI calculator for membership; Splash and Dash youth series; sanctioning portal; San Diego event; sponsorship (61% growth from 2009); Medical panel report; Burlington AG Nationals; website; social media; paratriathlon; real-time verification of 1-day licences; culture; fundraising (Foundation); Race Calendar; Results Database; Super Sprint Series.

9:00 am Board Membership and Voting – Bob Wendling

- Impact of AB1233, Membership, and Historical Votes

Motion to go into executive session (Smeltzer/seconded)

10:26pm Board came out of executive session

- Colorado Incorporation

Resolution presented regarding incorporating USAT in Colorado.

Call for orders of the day (Plata) - the resolution is new business and out of order.

President found the Call for Orders of the Day timely and postponed the consideration of the motion until the following day.

- 2012 ITU Nominations and Elections

Motion to go into executive Session (Weiss/Seconded)

Motion to go into executive session approved by voice vote

Board came out of executive session at 11:20 am

Committee Reports and Discussion Items

- Age Group Drug Testing – Barry Siff

A USAT age-group athlete tested positive for performance enhancing drugs out-of-competition.

Discussion regarding age-group testing.

- Super Sprint/F1 Triathlons – Barry Siff

Discussion of Super Sprint triathlons

- Social Media Policy Introduction (Attachment) – John Lines

Presented a draft social networking and blogging on the internet policy. **Action Item:** draft policy will be forwarded to Judge Jones for review (Sullivan)

- Board Access to USAT Records (Attachment) – Kevin Sullivan

Discussion regarding the access to records recommendation by the Nominating and Governance

Committee. The proposal was amended to revise the following sentence beginning, “In the case a director wishes to examine sensitive material” to include “an appropriate non-disclosure agreement,” and strike “prepared by outside counsel.” Revised version of the paragraph is as follows:

2. In the case a director wishes to examine sensitive material, for example documentation related to an ongoing election, the requesting director shall sign an appropriate non-disclosure agreement

Motion to accept the recommendation of the N&G committee regarding Board access to USAT records as amended (Lines/Seconded)

Motion accepted by unanimous voice vote.

12:02 pm National Budget (Rob Urbach)

Presentation with an overview of the budget.

- IT
- National Events
- Sport Development
- National Office
- Event Services

There was a break in budget presentation to allow for Regional Chairs to make presentations.

12:50 Regional Council Chairs Present Budget. Regional Chairs gave brief presentations regarding the programs from their regions.

- Florida
- Mid Atlantic
- Mideast
- Midwest
- Northeast
- Pacific Northwest
- Rocky Mountain
- South Midwest
- Southeast
- Southwest

Continuation of budget presentation (Urbach)

Motion to adjourn until tomorrow morning (Weiss/Seconded)

Motion approved by voice vote.

Sunday, November 4, 2012

Board Members:

Brian Harrington

Dave Kuendig

Brian Harrington - via conference call

John Lines

Vince O'Brien - via conference call

Victor Plata

Barry Siff

Steven Sexton

Kevin Smeltzer

Kevin Sullivan
Bob Wendling, President
Jack Weiss

Absent: Chuck Baker

8:00am Call to order

Motion to go into executive session (Siff/Seconded)

Motion approved by voice vote.

Kuendig and Sexton voted against the motion.

8:49am Board came out of executive session

• State of Incorporation (Jack Weiss)

Resolution was presented (Attached)

Motion to accept the Resolution regarding Reincorporation of USAT into the State of Colorado (Weiss/Seconded).

Friendly amendment to add the language as an additional WHEREAS (Lines)

“Whereas Articles of Merger will be filed in CA reflecting that the CA board will be the surviving Board”

Amendment accepted by unanimous consent.

Motion to accept the resolution approved by voice vote

Steve Sexton voted against the motion.

Motion to increase the elite license fee to equal the age-group license fee (Weiss/Seconded)

Motion accepted by unanimous voice vote.

Continuation of budget presentation from the previous day (Urbach)

- High Performance
- Marketing & Communications
- Other

Final Budget Consideration

- Budget Approval

Motion to accept budget as presented with the addition of \$20,000 to the regions subject to justification and approval, \$6000 to the IR Committee for travel, and \$22,000 to the high performance budget for incremental direct athlete support, and High performance budget internal allocation subject to AAC approval. (Sexton/Seconded)

Motion approved by voice vote

Departing Board Member, Dave Kuendig, was recognized for his service to the Board.

Motion to go into executive session (Lines/Seconded) 11:51am

Motion approved by voice vote.

Board came out of executive session 12:00

Motion to adjourn (Weiss/Seconded)

Approved by voice vote.

Social Networking and Blogging on the Internet

As part of USA Triathlon's comprehensive approach to information security, these provisions have been created to address issues that may arise from the creation, participation or use of blogs, Facebook, Twitter, YouTube or other social networking opportunities on the internet. These personal web pages, online diaries and other means of communicating online are open to anyone to read and will exist in cyberspace indefinitely. We respect your right to view and use social networking sites, such as Facebook, Twitter, YouTube, personal web sites, and "Blogs" on your own personal time. At the same time, we all must recognize that given our positions with USA Triathlon, the things we post on-line may have an impact upon and reflect negatively upon USA Triathlon.

Directors and volunteers are representative of USA Triathlon even when not conducting official business. Conduct in public and on the internet can impact the opinion of Colleagues, members, potential members, other NGB's, regulatory bodies, the USOC, potential donors among others.

Blogging/Social Networking Guidelines

- You should not use USA Triathlon equipment or materials to create, update, maintain or in any other way support a blog or other social networking sites.
- If you choose to blog or use the internet for social networking on your own time, you should make it clear to your readers that the views you express are yours alone and that they do not reflect the views of USA Triathlon. To help reduce the potential for confusion, we would appreciate it if you put the following notice – or something similar – in a reasonably prominent place on your site. "The views expressed on this website/weblog are mine alone and do not reflect the views of USA Triathlon."
- DO NOT disclose any information that is confidential or proprietary to USA Triathlon.
- Written permission from USA Triathlon is required before you may use USA Triathlon logos, trademarks or reproduce any Company material on your site, otherwise such use is STRICTLY PROHIBITED.
- You must be respectful in all communications. Obscenities and profanity should not be used. You MAY NOT use ethnic, racial, gender, political or religious slurs in your blog or social networking site, nor may you post obscene images or sexually explicit material.
- You must not relate stories or information regarding members or other Colleagues learned from your position at USA Triathlon.

- Social network, personal websites, or other means of communication must not be used to harass others.

Violations of these policies may result in an ethics violation.

USAT Treasurer's Report for BOD Meeting Nov 3, 2012

Federation's Financial Status:

--Membership is up overall

-Youth Annual: -38.71% **

**Actual purchases 2011 v 2012 -38.71% (45,709 youth v 28,013 youth)

-Youth Annual: Aug 2012 versus Sept 2012: 33,007 v 28,013

-Youth One Day: 23,123

-2012 Youth 1 Day + Annuals: 51,133 v 45,709 for 2011(Sept 30)

---Actual Youth participation 2012 v 2011): +10.03%

-Adult: +6.83 %

-Overall Membership: -6.96%

-Sanctions: +2.04%

-Youth Sanctions: 7.6%

--Membership in \$\$

--Youth Annuals: 2012 v Budget: + 35.96% (227.2K v 167.1K)

--Adult Annuals: 2012 v Budget: +10.4 % (3,334.5K v 3,020.9K)

--Elites Annuals: 2012 v Budget: -38.8%

--Youth 1 Day: \$231,230 Non-Budget item

--Adult 1 Day: 2012 v Budget: 8.4%

--Youth Sanctioned Events:

--2011 v 2012: 7.6% (871 v 937)



MEMORANDUM

To: Bob Wendling, President, USA Triathlon Board of Directors
From: Nominating and Governance Committee
Date: August 12, 2012
Re: Board of Directors Rights to USAT Documents

Issue

Does a member of the Board of Directors have the right to request and review internal USA Triathlon documentation?

Conclusion

Pursuant to California Corporations Code Section 6334, every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation of which such person is a director.

Background

USAT Triathlon is a California corporation granted not for profit status under Section 501(c)(3) of the Internal Revenue Code.

Discussion

On July 2, 2012, the Board of Directors moved to have the Nominating and Governance (N&G) Committee investigate the rights of board members to access USAT documents. The N&G Committee met and reviewed the applicable California statute.

While the law is clear with respect to a director's right to examine documentation of the corporation, at times the application of the law may require the exercise of prudence. Therefore, this committee would make the following recommendations



to the Board for their consideration on handling such director requests for documentation:

1. In the case a director wishes to examine USA Triathlon documents, a formal request is made in writing and delivered to the Executive Director with all members of the Board carbon copied. The request shall include the purpose and intended use for which the documents are being requested, as well as a requested time for delivery.
2. In the case a director wishes to examine sensitive material, for example documentation related to an ongoing election, the requesting director shall sign ~~a non-disclosure agreement prepared by outside counsel~~
*an appropriate

Respectfully submitted,
Elizabeth Farnan
Chair
Nominating and Governance Committee

Subject: Reincorporation of USAT into the State of Colorado**Background**

In 2007-08, the Board and members approved reincorporating USA Triathlon from a California to a Colorado corporation. Due to a number of contracts that needed approval to be assigned, the decision was made to complete the reincorporation late in the quadrennium.

At this time, the Colorado corporation, USA Triathlon of Colorado, is fully formed and functional, and confirmation of tax-exempt status is pending and will be effective as of October 15th. This represents one final Board resolution to confirm moving forward with the reincorporation and setting an effective date for USAT to begin operating through the Colorado corporation.

Process

The process for reincorporating into a Colorado nonprofit corporation involves, generally, three steps: (i) forming the Colorado corporation, (ii) effecting the transfer of operations to the Colorado corporation, and (iii) dissolving the California corporation. The Colorado corporation has been formed and is available to begin operations. So, with that in mind, here are the steps necessary to complete the process:

- 1) The Board confirms the reincorporation and sets an effective date by which certain assets and operations of USAT are transferred to the California corporation. It is important to note that the California corporation should not yet transfer "all or substantially all" of the assets of the California corporation, which is discussed below). Rather, the California corporation should transfer enough assets for the Colorado corporation to function properly.
- 2) The Board of the California corporation should also approve the dissolution of the California corporation, so that process can move forward. By way of background, dissolution of a corporation involves paying all creditors, finishing up any open issues, transferring assets and other items into the Colorado corporation, and making the appropriate filings with the authorities in California.
- 3) The staff can begin the process of completing payment to creditors and assigning over any assets and other items to the Colorado corporation. In addition, public notice must be given to alert creditors to the winding up and dissolution of the California corporation.
- 4) Under California law, the members must approve the winding up and dissolution of the California corporation. We are determining whether the past votes by the membership are sufficient for this purpose, but assuming not, then a vote would have to be taken focusing solely on the dissolution of the California corporation.
- 5) Filings are then made with the California Secretary of State indicating that the California corporation intends to dissolve and all necessary steps have been taken. Once sufficient time has passed, then all remaining assets of the California corporation are transferred to the Colorado corporation, the California corporation ceases to exist and any last tax and other filings are made.

Financial Impact: \$1,000.00 or maybe none

Relevant & Affected By-Laws and Procedures:

USAT By-Laws, Article XX, Amendment to the By-Laws

USAT Board Vote taken and approved June 30, 2007 and subsequent approval by the membership Oct 2007

USAT Board meeting Minutes Oct 3, 2011

WHEREAS, the membership of USA Triathlon, a California nonprofit corporation (referred to herein as "USAT" or the "California Corporation") has authorized the reincorporation of USAT from a California nonprofit corporation into a Colorado nonprofit corporation which has been established for the purpose of the reincorporation ("USAT of Colorado");

WHEREAS, the Board of Directors of the California Corporation has also authorized the reincorporation of the California Corporation into USAT of Colorado; and

WHEREAS, in order to effect the reincorporation of the California Corporation into USAT of Colorado, the California Corporation desires to transfer certain assets, contracts and anything else deemed necessary to operate into USAT of Colorado so that USAT of Colorado can begin operating as the national governing body for the sport of triathlon on or about November 15, 2012, with the understanding that the President and CEO of USAT, working with legal counsel, will thereafter begin the process of dissolving the California Corporation, all on the terms and conditions set forth in this resolution;

NOW THEREFORE, BE IT RESOLVED, that:

- (1) The Board of Directors of the California Corporation hereby directs the President and CEO of the California Corporation to transfer to USAT of Colorado sufficient assets of the California Corporation, and to assign any contracts and other items, necessary for USAT of Colorado to serve as the national governing body of triathlon effective November 15, 2012; provided, however, that the assets transferred by the California Corporation shall not constitute "substantially all" of the assets of the California Corporation, and the California Corporation shall complete the transfer of any remaining assets once the dissolution of the California Corporation is complete; and
- (2) As required by the California Nonprofit Corporation Law, the Board of Directors of the California Corporation hereby approves the dissolution of the California Corporation and, if necessary, hereby refers the matter to the membership of the California Corporation for their approval of the dissolution; and
- (3) The Board of Directors hereby directs the President and CEO to work with legal counsel to begin the process of dissolution of the California Corporation and to take those steps necessary to effect the same.

Submitted By:

Jack Weiss, Treasurer, USA Triathlon Board of Directors

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