

MINUTES
USATT Board of Directors Meeting
(Charlotte, N.C., July 9, 2006)

Board Members Present: Sheri Pittman (SP), Jiing Wang (JW), Tong Lee (TL), Tim Boggan (TB), Robert Blackwell (RB), George Brathwaite (GB), Barney D. Reed (BR), Lily Yip (LY), Dell Sweeris (DS), Joseph Wells (JW), Khoa Nguyen (KN), Whitney Ping (WP).

Board Members Absent: Ashu Jain (excused because of extenuating circumstances).

Also Present: USATT Executive Director Doru Gheorghe; USATT General Counsel Dennis Taylor; and Guests: Brian Pace, John McFadden, Jim Bergman, Gene Dibble, Dick Damrow, Larry Kesler, Barry Dattel, and collegiate activists Mike McFarland, David Delvecchio, and Willy Leparulo.

The Meeting opened with those in attendance introducing themselves. Sheri reviewed the items on the Agenda, and then she got right into her President's Report. She began by welcoming our new Board member, Community Based Programs' Representative Joseph Wells, who presented the USATT with an Apr. 9, 2006 Award as a sponsor of the ACUI Collegiate Table Tennis Championships. Sheri then acknowledged the services of, and thanked, those Board members—Jiing Wang, Tong Lee, George Brathwaite, and Barney D. Reed—whose terms will expire before the next meeting.

Here are some of our President's Representations/Activities since the last Board Meeting (these include her usual presence at major tournaments such as the NATT Team Championships, the U.S. Closed, the World Championships, and the U.S. Open Team Championships). Sheri noted that at the World Championships the ITTF Board of Directors did not pass an exemption for national citizenship at the cadet level; all national team members at every age must be citizens. Both the Canadian TTA President and Executive Director met with their U.S. counterparts in Reno during the USOTC's. Work is underway to formally register the North American Table Tennis Union (NATTU) entity and to create a NATTU website. Sheri acknowledged the company Hongshanshu as the sponsor of the China Friendship Tour celebrating the 35th Anniversary of Ping-Pong Diplomacy, and our intent to have future U.S.-China collaborations. At the ITTF level, Sheri will be working on a strategy to increase the number of women in ITTF leadership roles, and to adapt the USOC's Code of Conduct to the ITTF.

Sheri, Doru, and Whitney went to the U.S. Olympic Assembly (with Whitney attending a special Athlete Meeting there). Keynote speaker Jim Scherr made a number of points—the main thrust of which was that, historically, the USOC was in its weakest international relations position ever. Since market research shows that only 5% of 18-34-year-olds relate to the Olympic Movement, the USOC has to find ways to make their sports freshly relevant. Another focus was on how to combat China's threat to dominate the 2008 Beijing Olympics. One can imagine how their 195 Elite Training Centers are being used to the max even now.

The USOC is committed to sports performance and leadership—so much so that it plans to create an Olympic University to further these goals. One continuing problem it faces has to do with Doping—in that science is slow to detect the many new performance-enhancing drugs readily available to athletes. A bigger problem exists in that foreigners aren't looking at the U.S. favorably—perhaps feeling that our leaders lack integrity and have too much of a go-it-alone mentality. In noting the blow we suffered when two of the sports we're best at, baseball and softball, were dropped by the IOC, the USOC needs to bring about globally-interdependent ways of elevating Americans to high decision-making positions within the various International Federations.

At the USOC Assembly meeting, Sheri spoke with USOC Ombudsman John Ruger. Regarding complaints made by Willy Leparulo, John said that he understood that Willy was disappointed not to be re-nominated for the position he once held on the Board, but that he was satisfied that our Bylaws were followed. On the matter of coming to a resolution on an ethics complaint involving a Board member, John indicated that he could be useful in helping the Board to resolve the matter. Sheri and John also discussed preparing a clarification for members regarding contacting the USOC. Members should go through USATT's ED except for certain situations, such as when there's a grievance by an athlete or an issue with the way a grievance is being handled. Dell pointed out that members would be well advised to follow a similar protocol with the ITTF, that members should generally go through USATT.

ITTF President Adham Sharara had forwarded a note to the Board regarding his disappointment at not being able to attend the meeting to address the USATT Board in person. However, he wished for the Board to know that the ITTF would be pleased to assist USATT with regard to marketing initiatives, the organization of a USATT-hosted ITTF Pro Tour, and raising the level of juniors.

The President of Brazil's national association continues to express interest in helping USATT improve its organization, membership development, and athlete performance.

Sheri met recently with Dr. Daniel Amen, whose book *Making A Good Brain Great* emphasizes the unparalleled benefits of playing table tennis. Dr. Amen expressed interest in supporting USATT's outreach efforts.

Among matters the Board members will have to address are the future of the U.S. Open (Location? Pro Tour/ Prize money?); possible USATT-ITTF joint ventures (marketing, for example); 2006-2008 USATT Elections (controversial USOC Bylaw suggestions/recommendations); and Pan-Am Brazilian connections.

The first of our guests to address the Board, Brian Pace, spoke about Martin-Kilpatrick (MK) club development initiatives and gave an overview of a meeting with table tennis companies. Several months ago Sheri spoke with M-K owner Bowie Martin about USATT's unfunded state association initiative and club development issues. Shortly before the U.S. Open, Bowie and Sheri decided to invite table tennis dealers at the U.S. Open to a meeting to discuss progress on these initiatives and other topics of mutual interest. At that meeting, Bowie and Brian explained to the dealers that M-K had hired two employees to work on club development in support of USATT's state associations initiative. Those two employees, Brian Pace and Mitch Seidenfeld, are conducting a survey, asking USATT clubs various questions with an emphasis on finding

out who plays table tennis, where they play, what needs they have—and how to get the right people to go to the right place. M-K has offered to share the survey results with USATT when it concludes its work. Profiles of successful club promoters might be something that we could provide in the magazine. The companies expressed appreciation to M-K for their work and agreed to meet again in December at the National's. One possibility that was discussed among the companies was working together in their and the USATT's best interests by pooling their resources.

Jiing pointed out that part of increasing USATT's membership pool involves offering inexpensive items to reach more players. Brian replied that Butterfly does have low-end (\$10) rackets, but said they couldn't get them into stores like K-Mart, Target, or Wal-Mart (though they hope to with Dick's). Joseph wondered how many other outlets Butterfly had tried, because chains were usually difficult to negotiate with. Robert said Butterfly had to offer possible outlets something. This meant that we all have to work on raising the *popularity* of the Sport—that was key. Otherwise, there's insufficient customer-demand for the product. Besides, Butterfly tables are so expensive to ship there's almost no profit margin with them. Bottom line to work on: our brands currently have no brand power.

In response to Barney and Mike McFarland's questions as to where we might develop places to play and with how many tables, Brian said that we might go to fitness clubs from, say, 6:00 to 10:00 p.m.—except that Bally's, for example, won't listen to such a proposal unless we can assure them of many players.

We all thanked Brian and Martin-Kilpatrick for his presentation.

John McFadden, accompanied by Jim Bergman, and speaking for himself and his partner Paul Herzan, presented a proposal for a new Regional Training Center, located on New York City's Upper East Side, called the Sports Club—"a \$60 million dollar, 150,000 square foot luxury sports and fitness complex." This elegant, eight floors Club sees a lot of downtime, and its use would provide many opportunities and connections for players and coaches. In fact, it would become a hub, working in partnership with other New York clubs, and so raise the profile of our Sport. Since the best available Club time for USATT Training was 10:00 a.m. to 2:00 p.m. and 8:00 p.m. to 11:00 p.m., juniors might have some difficulty in always being accommodated immediately after school, but there would be plenty of weekend availability and of course during the summer months and other vacation time there wouldn't be a problem

Robert, believing that New York City and Los Angeles was where Sport was at, agreed: he thought this Center would be great—would help the table tennis infrastructure. George vouched for the authenticity of the Club (Lily had been instrumental in having a Chinese Junior Team play there); he believed this Training Center project would be very beneficial. Dell wanted it made clear that the Club wouldn't serve as a Resident Training Center, and, no, it wouldn't. Jiing and Tim were concerned about where the players and coaches would stay. And at what cost and what accessibility? Well, John said, there were plenty of hotels in the city or even just outside it, with an easily accessible transit system.

Sheri and the Board thanked John for his presentation and said we'd of course carefully consider his proposal.

Tong Lee gave a verbal Treasurer's Report. He noted that the Apr. 21, 2006 Audit by Waugh & Goodwin "disclosed no conditions that we believe to be material weaknesses." The auditors did suggest that USATT return signature stamps that had been utilized to sign checks. Tong noted that the two signature stamps had been returned (one to him, one to Sheri). The auditors also recommended that we no longer "record promotional items and tournament apparel as inventory when purchased." Such items are generally of no use after an event has expired. Tong noted that our accountant will make this adjustment, effective immediately.

Tong made some general observations about USATT's finances during his tenure. After early cash-flow problems, the USATT continually had a cash surplus at year-end—in 2002 (\$130,000); in 2003 (\$123,000); in 2004 (\$112,000), and in 2005 (\$12,000—this, despite an unusual legal expense of \$57,000 and a loss of \$30,000 for the U.S. Open). As of Dec. 31, 2005, the USATT's total Current Assets (not including Property and Equipment) were roughly \$508,000. Total Liabilities were roughly \$226,000.

Jiing wanted to know our current status. Tong said that through Apr. 30, 2006 we had \$431,000 cash on hand, and had a net income for the year of \$82,000 (because we hadn't been spending money as budgeted, but he also noted we weren't getting expected money from fund-raiser Morris Jackson either). Jiing asked Tong for his prediction for the full year. That's hard to predict, said Tong. But we'll have another cash surplus—perhaps \$50,000 to \$100,000.

Larry Kesler asked for a detailed Financial Report, and, as that's public info, Doru will send same to him.

Our last guest presenters were Gene Dibble and Dick Damrow representing the Vision Consulting Group, a division of Vision Entertainment, LLC. Gene had done work for Killerspin, and it was Robert who'd introduced Gene to the Sport that he said he was now so excited about. A couple of months ago, Gene approached Sheri about presenting USATT with a marketing proposal. Gene and Dick gave a PowerPoint presentation that stressed Funding and Growth opportunities for USATT. Helped by experience gained working for Fortune 500 companies, Vision would provide connections that would offer us insights and opportunities to "ignite our Sport." For, as it was now, we weren't getting media attention; Table Tennis had low public awareness and little participation.

Yet our Sport had one big built-in advantage. For people of all ages it could be played vigorously, and so had a great aerobic benefit. The hope was that "major consumer products companies" were looking for an energetic, up-and-coming sport to link their brands to. Also, many companies wanted a Chinese connection—and Table Tennis has that.

But for Vision to take advantage of that possible link with the 2008 Beijing Olympics they had to act quickly and consequently needed a quick commitment to work for us. They wanted to have a Five-Year agreement, with an automatic Five-Year option. They'd work in Phases—to assess goals, analyze opportunities, develop web site strategies, prepare presentations, and talk convincingly with major brand corporations. They'd hope to re-position the Sport as being "cool."

Vision made tentative projections as to USATT Revenue and Membership growth, based on an increase of, say, 25,000 members. Compensation arrangements would be finalized during an initial six-month period. (Documented direct expense

reimbursement was not to exceed \$30,000 for six months.) Vision would want a monthly fee, but if incremental revenues weren't there, there'd be no fee.

Vision strategy would be to segment the market into Youth, Young Adult, and Senior sectors, for the same message can't be used for different groups. Celebrities are very helpful, but if Vision could get Tom Hanks to represent a brand, what brand would that be and for what age audience? Moreover, those in Marketing today have to think globally—in what parts of the world would this or that celebrity be most helpful? The USATT has to rely on Vision's understanding of the market, has to believe it will focus aggressively, like a swat team, on realistic targets.

Vision wanted the Board to empower its President and Executive Director to negotiate with Gene, keeping in mind a target date of Aug. 1, 2006. Pre-determined goals have to be reached, especially to take advantage of a global Chinese connection—and this takes time. But—and this was a vision alright—“if we ignite the U. S., we ignite the world!”

We thanked our presenters Gene and Dick who then left the Meeting. Since we were going to discuss the Vision proposal, Robert, mindful that his company, Killerspin, engages in many of the same marketing tactics with the same companies that would be sought after as collaborators, said he felt that, on seeing this presentation, he has a conflict of interest. He then left the room for the remainder of the discussion on this topic and said that he should not be copied on any Board e-mails on this matter.

Sheri and Tim asked if we had other Marketing alternatives. There wasn't anything so detailed, though Dennis Davis/Ed Wang had a Phase I project (cost: \$10,000) to “Identify and Plan Market Penetration Strategies” for the USATT.

Dell wondered, if we accepted, would that affect our NATT relationship? Tong didn't think we should sign a Five-Year contract. How about a One-Year contract? If we give away our Marketing property and it doesn't work out, we could get paralyzed. Though George liked this opportunity, others likened it to buying a new car. Whitney and Khoa were wary of Vision's optimistic projection of 6,500 new members the first year. At any event, Doru didn't think that, even if the Board looked carefully at the proposal, discussed it further, and authorized it, a signed contract could be ready by Aug. 1. He wasn't going to rush into something that could so affect the USATT for 10 years. The Board approved empowering Sheri and Doru to work with Gene on fine-tuning the proposal. Sheri said that she would take the lead on this since Doru would soon be departing for his annual leave.

Due to the expected early departures of some of the Board members, the order of the Agenda was changed to allow for more Board participation on the subject of USOC-initiated governance reforms. The Board had discussed this matter at the two previous meetings and through Board e-mails. A Motion was put forward: “Move to replace USATT's current Bylaws with the USOC Model Bylaws incorporating the following amendments.” George was the Motioner; Tim, the Seconder. Robert requested that the Motion be withdrawn in order to allow for a Board discussion not within the context of a Motion. The Motion was withdrawn. Sheri presented the amendments and Board members were asked to indicate which items were “hot-button issues.” Doru would

follow up with the USOC to give us feedback on what amount of discretion/latitude USATT has in amending the proposed Bylaws.

Background: the USOC had asked USATT to adopt a USOC-generated set of Bylaws that would radically change the composition of our Board. Here are the changes as presented to the Board by Sheri:

	Now	USOC Model
Board size	13	Recommended size: 7-11
President	Separate election; Membership empowered	No separate election; Elected among Board members
Officers	Executive VP, Secretary, Treasurer	No other officers
General Board	4 Vice Presidents	No general "VPs"
Independents	None	20% recommended
Others	USATT Foundation	1 Coach Rep + 1 Official Rep
Affiliated Org.	Yes	Yes
State Asso. Reps	No provision	2-3
Athletes—20%	1 4-year; 2 2-year terms	2 for Board size up to 10

Since, according to this new Model, there'd be four new seats—1 coach, 1 official, and 2 independents, making current incumbents largely ineligible to run in 2006, Sheri had suggested, in an e-mail to the Board prior to this meeting, the option of a transition period that would expand the Board up to 2 membership-elected positions this year for a two-year term. That would give current incumbents the opportunity to run in 2006. Thus, the transition, with its several seat-specific elections/appointments, would look like this:

	Now	2006 Election	2008 Election
Board size	13	15	10
President	Separate election; Membership Empowered	1 Status quo, term expires in 2008	New President elected (Choose through direct membership election? Board election? Or allow Membership to decide via Referendum question on 2006 ballot?)
Officers	Exec. VP, Sec., Treasurer	1—Secretary Status quo, term expires in 2008	No other officers
General Board	4 VPs	2 status quo, terms expire in 2008 Elect 2 2-yr. term	
Independents	None	Elect 2 2-yr. term	2 total
Others	USATT Foundation	3 Foundation, Coach + Official	1 Coach Rep 1 Official Rep

Affiliated Org.	1	1	1
State Reps	No provision	None	2
Athletes, 20%	1 4-yr.; 2 2-yr. terms	1 term thru 2008 status quo 2-2yr. terms	2

Regarding this Election year, 2006, here's the status of the Board:

Term Status	Board Member
Term expires in 2008	Sheri Pittman Tim Boggan Robert Blackwell Lily Yip
Term expires in 2006	Jiing Wang Tong Lee Barney Reed, Sr. George Brathwaite
Athlete, term expires end of 2008	Ashu Jain
Athlete, term expires end of 2006	Whitney Ping Khoa Nguyen
Elected to 2-year term in 2006	Joseph Wells
Serving at will of Foundation	Dell Sweeris

Some Bylaw thoughts by Board members:

Barney didn't like Sheri's suggested transition involving the extended Board size. He said she was "leading the Board." He didn't think there should be a transition, didn't think we should carry over anybody's elected term of office. There wasn't going to be any transition for the USOC, so if that was good enough for the USOC, it ought to be good enough for us. Tim was asked if he wanted to continue being the Secretary (a.k.a. Independent Director), and he replied, Yes.

Jiing thought that if the Nominating and Governance Committee, after soliciting nominations for office, was going to have the power to "select two (2) individuals...to stand for election [as President (to be known as Chair of the Board)]," the Board ought to have the power to approve the selection, or not. Jiing also thought that a person ought not to be both President and Chair of a Committee. Robert felt that since the Nominating Committee makes the selection for President, the President should not be nominating the Chair of that Committee, for it appears that there *could be* collusion.

There was some controversy over whether the USOC's proposed language that bans non-citizens from voting should be left unchallenged. Robert, for one, thought that non-citizens should be able to vote in our elections.

Tong, aware of the future absence of a Treasurer, advocated that an Independent Director's duty would be "to provide oversight of the financial affairs of USATT," and wanted to extend this quote as follows: "and to ensure management's conformance to the Financial Policies and Procedure Manual."

A question was raised as to the Foundation money: Is it USATT money? Dell replied that the Foundation *could* use some of it, but that its mission is to provide support to USATT. The Foundation is a separate entity—the point being that if the Association were sued, the Foundation protects the money from being taken.

All in all, there were a number of Bylaw changes to be considered, some merely cosmetic, others re-detailing the responsibilities of various Officers/Representatives and the composition of Committees. Board members were queried as to their present leanings on the new Bylaw issues, including those Sheri had specified:

"President: to be membership elected; elected by the Board; or, in 2006 election, allow the membership to decide via referendum question?

In 2006: conform to USOC composition guidelines (add 2 Independents, Coach + Official), or not?

In 2006: expand the Board temporarily to allow for incumbents the opportunity to run again in order to have continuous service through 2008?

Keep Foundation Rep through 2008...or make other modification to allow past 2008?"

Dennis, our General Counsel, will incorporate the suggested Bylaw changes into a redline version that the Board might study and thus come to a conclusion with regard to how the anticipated 2006 election would be handled. Sheri requested that we all agree to work through e-mails in order to come to a conclusion about these changes over a roughly three-week period.

Doru gave his Executive Director's Report on the following topics:

U.S. Open. A comparison of entries for the last 4 U.S. Opens shows 733 entries for the 2003 Ft. Lauderdale Open (includes, though there was no Pro Tour, maybe 75 foreign players); shows 566 entries for the 2004 Chicago Open (plus an additional 160 entries who played in the Pro Tour events); shows 591 entries for the 2005 Ft. Lauderdale Open (77 of whom played in Pro Tour events, along with an additional 45 entries); shows 500 entries for the Charlotte 2006 Open (and, again, maybe 75 players not based in the U.S.). Main reasons for the reduced turnout in Charlotte was low prize money and the expensive-to-fly-to location. Doru recommends that prize money be increased.

Pan-Am Selection Procedure. USOC approved changes in the Pan Am selection procedure brought about because of time conflict with the World Junior Championships and U.S. Trials for junior boys and men. Also, two more changes required: (1) winners of the Pan-Am Games singles events automatically qualify for the Olympic Games; and (2) the Games will have teams and singles event—the top 3 countries from Americas, per ITTF world ranking as of Jan., 2007, qualify directly to Games; others have to play in qualifying tournament.

Regional and National Training Centers. Good feedback from parents regarding the two Regional Training Centers. Once a National Center is opened, Doru has recommendations (regarding players) he'd like to see acted upon.

Clubs/State Associations. Doru wants to create incentives and rewards for clubs. "Club of the Year," for example. He also wants to move forward in creating a network of State Associations.

USATT-NATT League. NATT requested pre-payment of \$5,000 for League Marketing materials. Tong says, No—it's not in the Budget. Robert says it would set a bad precedent. NATT will receive payment for the marketing materials from USATT from cash generated by the League in accordance with the USATT-NATT contract.

James Therriault/John Pahl Complaints Regarding NATT Scheduling. Tournament promoters who need time to raise funds for their local tournaments, some of which may be regularly scheduled about the same time each year, suddenly find Richard Lee's NATT tournaments being booked far in advance and thus said to be encroaching on theirs. Robert emphasized that the Board needs to set a policy encouraging varied competition. Also, George emphasized again that big-money tournaments ought to be allowed to run simultaneously in areas distant from one another, and that in fact any big prize money tournament ought to be encouraged, as they were decades ago regardless of star rating. Board members and guests agreed that we needed to encourage more tournaments, get more people seriously playing. Sheri urged Doru to convey this message to National Tournament Director Al Barth and the Regional Directors as well. Doru said that he would have staff circulate a survey to tournament directors requesting specific feedback on this issue. Khoa was selected to serve as a Board liaison on this matter.

Hard Bat Rubbers. An argument was brought to the USATT that it may or may not be able to resolve. One point of view: Why ban certain short pip hardbat rubbers if they're approved by the ITTF? Other point of view: Hardbat events fall outside the realm of ITTF/USATT modern-day table tennis—they should be the province of Classic Table Tennis (though a generic Hardbat event could be held too). However, there might be a possible reconsideration of Hardbat Committee approved rubbers.

Robert Trudell's Videotapes. Complaints about, as one Board member said, the "crudeness" of Trudell's videotaping—it was upsetting people. Doru asks the Board if action might not be taken to stop such filming. General Counsel is working with Doru to resolve this problem.

USOC's Executive Director's Conference. In preparation for the Beijing Olympic Games, Cultural Savvy Company introduced E.D.s to Chinese culture and way of doing business. Robert Fasulo, USOC Chief of International Relations, emphasized the need for better public relations and international relations if the U.S. hoped to acquire the 2016 Games. The Olympic spirit isn't as strong as it used to be, so the USOC wants to start an Olympic Ambassador Program—use athletes, particularly medalists, to market the Games. Communities that commit to \$200,000 during a 2-year time period may host Olympic Trials or Exhibitions in connection with Olympic Games.

Barney asked for an Executive Session, which was agreed on.

There then followed an Adjournment, after which those on the Board not intent on leaving for home enjoyed a good fellowship dinner together. Bravo!

Respectfully submitted (July 25, 2006)
By Tim Boggan, Secretary