

CEO Update  
June 2018

Summer has finally arrived, although yesterday for the start of the Newport to Bermuda Race it was cloudy and 65 degrees. We are in full event mode with many people out of the office, on the road and supporting various events. Youth Champs is around the corner, JO's are in full swing and the Youth Worlds in Corpus Christi start in less than a month.

From a performance standpoint we are on track. Donna has provided a detailed variance report. Negative variances in revenue are mainly timing related, and overall program revenues are up from last year. The new organizational structure is proving successful in helping proactively drive program revenue. Revenue also helped by successful fund raising; we do have aggressive goals for the year and will continue to work hard in this area. Expenses are under budget, some timing related and others based on conservative spending. We have some project expenses planned that is dependent upon fundraising, and we will be closely monitoring that spending to insure we have the funds to invest. For May, membership numbers are once again above the figures from a year ago, albeit slightly. Kudos to the entire team for working hard to retain and bring new members in across all areas.

From a personnel standpoint we have been understaffed this spring. Nathan and Eric have done a fantastic job managing a busy season in Offshore, not only dealing with being down a set of hands in the office but having to fill gaps in the measurers pool due to attrition and resignation of measurers. They will now work on recruiting and training measurers and filling the empty headcount. The organizational member services position has been empty as well, but we have a new person starting in early July. We continue to interview candidates for Olympic/Team communications and have brought in contractors to handle critical projects.

After a four-month search, we just confirmed the hiring of our new Chief Marketing Officer. Peter Glass was previously the marketing and content director at US Ski and Snowboard and vice president of marketing at a digital marketing and communications company. He brings a strong track record in digital content development, communications and marketing that drove brand awareness and revenue. We believe Peter will be a very good fit for US Sailing and the opportunities we are pursuing and look forward to him starting in July.

On a different note, we are sad that Jim Campbell will be leaving US Sailing and the Olympic department at the end of the month to resume his business career. Jim has made a significant contribution to our Olympic Strategy and development over the past 2 ½ years. Passionate about Olympic sailing, he first joined as part of the Olympic Review Team in early 2016 that was tasked with analyzing the performance and projection against other countries. Then in 2017 Jim joined the team as the CBO to initiate many of these findings and give every opportunity for US Olympic Sailing to establish itself once again as a top nation. Over the last year, Jim has played an important role in helping US Sailing and the Olympic program achieve some new milestones including our first \$1 million gift, additional funding from the USOC, our

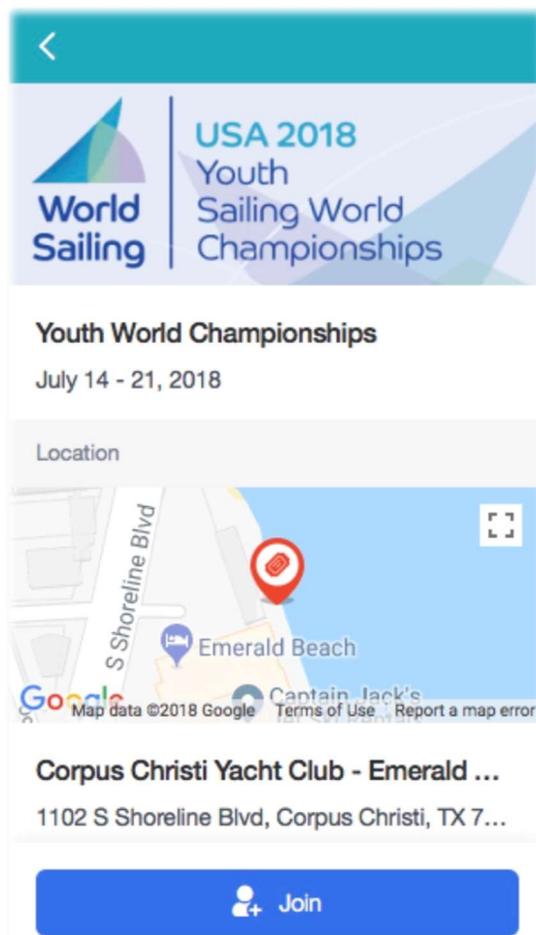
new training center in San Francisco and connections with new donors. We thank Jim for all his contributions and wish him well on his next leg.

The USOC continues to focus on Congressional hearings and SafeSport issues. They have implemented a seven-pillar program to improve the safety of athletes and review the governance and oversight of NGB's. We are already seeing new reporting requirements and are spending additional time and resources to manage the new environment. The good news is our team here has done a very good job bringing US Sailing up to speed policy-wise, and we are well positioned to contribute to, and implement the upcoming changes. One change we have made is to name Lee Parks as our SafeSport Czar. Lee will be responsible for helping the different parts of US Sailing implement SafeSport practices, oversee communications and any governance changes that may be needed and be the point person for our engagement with the Center for SafeSport and the USOC. I will update the board during our next call on the efforts of the USOC and how they may be affecting us.

Negotiations continue with World Sailing regarding the World Cup Series Miami. We are looking for its support as we streamline the cost of the event and look to build revenue. It is an important event for us to host, but at a certain point the costs outweigh the benefits. I believe we are close.

With regards to sponsorship, we continue to work to bring on new partners, but the results have not met expectations. We are looking forward to our new CMO putting a new set of eyes on the opportunities. West Marine is under new ownership, and Martha and I will be having a second meeting with the CEO and his senior management team to discuss energizing our partnership. We recently met with the new CEO of Gill as we look to the future of our apparel partnerships and how to best align the association and team needs and deliver value to our partners. Our partnership with Zim shifted to focus on the JO's this year, and our major symposiums and conferences next year. We expect to revisit opportunities in the fall with them as they work through recent acquisitions. In the short term we are working together to keep the 29er's from the Youth Worlds in the U.S. and developing an initiative to build fleets in various areas around the country.

After nine months of review, Mike Waters and the IT department are close to a decision on a new CRM/database platform. We expect to finalize a decision in July and begin the planning and implementation in the early fall. We expect this to be a multiphase approach, deploying a proven cloud-based membership platform that we will customize to our needs. This move will provide us flexibility, modern functionality and rapid development capabilities. We expect it to change the way we engage with our members. To that end, below is a screen shot of our new mobile app we are offering events. We have the ability to customize this app for each event and provide valuable functionality to organizers for a fraction of the cost they would pay on their own. Current events: College Nationals, Opti Nationals, Youth Worlds, Laser Nationals/Singlehanded Champs and Buzzards Bay Regatta.



Finally, Malcolm has taken up residence in the San Francisco Bay area to oversee the establishment of US Sailing West and the new training facilities for the Sailing Team. Over the next several months, working with FAST and the Treasure Island Sailing Center, Malcolm will be setting up the new base donated by Team Oracle. We would like to thank the entire group in San Francisco – the St Francis Sailing Foundation and Yacht Club, AmericaOne, FAST and TISC for their partnership and support of US Sailing and the team. They are truly fantastic partners.

Thank you to our Board and all our dedicated volunteers for all you do for the sport. A big thanks to the US Sailing staff who have been working together, selflessly supporting one another to fill the gaps as we have been light handed. We continue to make progress on transforming our organization to meet the needs of the sport in the 21<sup>st</sup> century and better align the different constituencies. Thank you for all your hard work. I hope everyone is able to get out on the water and enjoy the summer breezes. And as always, for those making their way to RI, please stop by the office.

Cheers,  
Jack and the US Sailing Staff.