



## US Sailing Board of Directors Meeting Minutes October 11, 2018

### Call to order: 8:00am

In attendance: Board: President Bruce Burton, CEO Jack Geirhart, Treas. Steve Freitas, Managing Olympic Director Malcolm Page, VP Cory Sertl, Jim Walsh, Ron White, Sec. Martine Zurinkas, Rich Jepsen, Dave Perry, Tarasa Davis, Russ Lucas

Regrets: Sally Barkow, Gary Gilbert, Clerc Cooper

Guests: John Schoendorf, John Sangmeister, Jeff Johnson, Charlie Arms, John Pearce, Katie Ouellette, Patrick Meade, Peter Glass, Mike Waters, Jim Muldoon

### 1. Announcements

### 2. Consent Calendar: *Motion #1 to approve, unanimously approved.*

Minutes from September 17, 2018 meeting – approved

### 3. President's Report

Bruce Burton

Full summary of the report: <https://www.ussailing.org/about/our-people/board-of-directors/presidents-report/>

Report stands as submitted; OSC Update with business update and face to face meeting Nov. 29<sup>th</sup> in FL; Greg Fisher joined the team and is off in running to develop the business plan. Inside focus the last 3 years now we shift to an outside focus – members, leadership, volunteers, clubs and business partners.

### 4. CEO Report

Jack Geirhart

Full Association Report at this link: <https://www.ussailing.org/about/our-people/board-of-directors/association-reports/>

Report stands as submitted; Q3 report from all the departments was shared and overview given. Included in this report are all the key divisions within US Sailing – Finance, Adult, Youth, Development, Education, Olympics, Operations, Member Engagement, Technology, Marketing, Race Administration, Offshore, This report gave an overview of activity for Q3 and into Q4.

### 4. Vice Presidents Report & World Sailing Update

Cory Sertl

Annual meeting to be held in the US with significant US Delegation attending including staff. Overview of objectives and items for the delegation to focus on. Council meeting was called to review the financial summary including not realized sponsors, no new sponsorships named; other topics discussed include: Customer service at WS Office and Equipment selections for 2024.

### 5. Treasurer's Report

Steve Freitas

Reviewed the financials overview; BOD Statements, September 30<sup>th</sup> summary was reviewed. Balance Sheet, Dashboard and key areas to highlight.

### 7. Olympic Report

Malcolm Page

Review from Malcolm on overall performance of the team in 2018 and setting sights for Tokyo 2020. Reviewing the facility in TI, Center of Excellence goals, Athlete performance goals, OSC team, ODP team it was reviewed from a high level. Overall structure of the Olympic program discussed with the on boarding of Greg Fisher.

### 8. Strategic Plan Update & Budget Process

Jack Geirhart

Review the process; division of work product for 2019, Launch plan to the broader sailing community; reporting on pathway success – metrics. Important part of the staff process to map out the different responsibilities and integrate the budget process. Filter being applied to the business of US Sailing and scaling back or eliminating certain components that don't

**Schedule & Call in details:** <http://www.ussailing.org/about-us/board-of-directors/schedule-agenda>

**Meeting Minutes:** <http://www.ussailing.org/about-us/board-of-directors/meeting-minutes/>



align with the Strategic Plan. Reviewed the budget and goals for 2019 aligning with the strategic plan to ensure continuity. Time line presented with Budget Committee Meeting on 12/7, to the Board on 12/10(ish) for approval on 12/17.

9. Marketing and Communication Peter Glass  
Reviewed the business marketing strategy; sponsor agreements; reviewed goals for next 3 months to help communicate the brand and business of US Sailing; Showcased some new highlight reels with an effort to focus on US Sailing. Pitch review with large sponsors and refining that pitch package to match our business. Commercial sponsorship; Content and distribution were discussed;
  10. Initiatives & Projects discussed: ALL
    - \* Need for a Risk Management Task Force OR Committee – review adding this committee in Q12019.
    - \* Offshore – Ron gave a quick update on some topics of interest
    - \* Governance/Documents/Bylaws/Regulations – MZ to get with Bylaws chair to confirm process.
    - \* Volunteer Connect reviewed: Assignment roles, timeline, objectives outlined.
  11. Old Business - None
  12. New Business  
BAR20181009 Para Sailing Championship *Motion to approve, unanimously approved.*  
BAR20181002 Revised WS Submissions *Motion to approve, unanimously approved.*  
BAR20181008 Move Investments *Motion to approve, unanimously approved.*
  13. Motion to Adjourn, 3:30 pm
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## *Board Action Request Form*

**Request No.** \_\_\_\_\_20181008     **Date Submitted:** 10/7/18

**Submitted By:** Sarah Everhart-Skeels, Chair of Para Sailing Committee; Charlie Rosenfield, Chair of US Para Sailing Championship Committee; Betsy Alison, Director of Adult Programs

**Subject:** Bringing US Para Sailing Championship Committee under the Para Sailing Committee

**Action Requested** (word this in resolution form):

Move to approve consolidation of Para Committees by bringing the US Para Sailing Championship Committee under the Para Sailing Committee as a subcommittee. This requires Regulation 4.02 to be altered to make the US Para Championship Committee a Sub-Committee under the Para Sailing Committee Regulation 4.04 F.

Regulation 4.02 CHAMPIONSHIPS DIVISION

B. Individual championship committees - responsible for scheduling and running the designated championship under the championship conditions. Activities may include selecting boats, schedules, vendors, and venues and deciding how the event should be run and publicized. The individual championship committees are:

Adult Fleet and Team Racing Championships

U.S. Championship of Champions Committee

International Women's Keelboat Championship Committee

**U.S. Para Sailing Championship Committee**

U.S. Adult Sailing Championship Committee

U.S. Multihull Championship Committee

U.S. Offshore Championship Committee

U.S. Singlehanded Championship Committee

U.S. Team Racing Championship Committee

4.04 INSHORE / SMALLER BOAT SAILING DISCIPLINES DIVISION. The Inshore / Smaller Boat Sailing Disciplines Division shall oversee, coordinate and promote such activities of US Sailing as concern racing and sailing, but not Olympic or Paralympic racing:

F. Para Sailing Committee – promote and support an avenue to voice the opinions of sailors with disabilities and of adaptive sailing programs in the United States, to provide a forum and opportunity for disabled sailors to exchange information and assist one another in solving mutual challenges, and to promote and encourage the growth of opportunities in sailing for sailors with disabilities.

**Member Impacts:** Describe below the impacts (i.e. Will it be seen as a member benefit or not? Explain)  
Any perceived positive effects:

Yes, this action serves to consolidate the committees and volunteers who serve Para Sailing under one umbrella committee: the Para Sailing Committee. Currently, some of the same people who sit on the Para Sailing Championship Committee also sit on the Para Sailing Committee. The Para Sailing Committee works with adaptive programs nationwide to increase participation in sailing by folks with disabilities. This also includes encouraging the hosting and creation of development events which



## Action Request Form

Request No. BAR20181002 Date Submitted: 10-2-2018

Submitted By: Rob Overton, Chairman of Racing Rules Committee

Subject: Revised Submissions for 2018 WS Meetings

**Action Requested** (word this in resolution form):

So be it resolved, for the Board of US Sailing to approve the following Revised Submissions for 2018 World Sailing Meeting – Submission 138-18 Racing Rules of Sailing, Submission 141-18 Racing Rules of Sailing, Submission 199-18 Racing Rules of Sailing Case 132, Submission 202-18 New Case.

Four changes were made to US Submissions:

- The proposed new rule 18.5 and a new definition *Clear*;
- The proposal to change the definition *Party*;
- The proposal to delete Case 132; and
- The proposed new Case.

**Member Impacts:** Describe below the impacts (i.e. Will it be seen as a member benefit or not? Explain)  
Our submissions are designed to provide clear, as simple as possible, rules that help to promote the sport of racing sail boats.

*All rules-related Submissions for 2018 were reviewed by the Working Party of the World Sailing Racing Rules Committee at a meeting held the first week of September in London, UK. In an unprecedented move, the Working Party asked Dick Rose to accept some changes to the US Submissions. He asked each of us, as chairmen of the US RRC and Appeals Committee respectively, to agree to the changes to our respective Submissions. We did so, and as a result the official Submission Package that will be published by World Sailing contains the edited Submissions, not the ones originally approved by the Board. We think it would be appropriate for the Board to consider the modified Submissions and approve them.*

Will this proposal bring in new members? Improved racing rules helps the sport and, therefore, US Sailing to grow.

**Mission Impacts:** Describe below how and why this creates value.

Positive impact (be specific): US Sailing Racing Rules Committee continues to be a leader in World Sailing committee work.

**Financial Impacts:** Describe below any expected financial impacts on US Sailing. Include figures.  
No impact.

**Summary:**

Please see attached submission document for further information.

**I certify that this proposal has been checked. Governing Documents affected:**

Bylaws	<input checked="" type="checkbox"/> Committee Terms of Reference
Championship Conditions	Ted Stephens Act
Regulations	

**Submitted by:** Respectfully,

Rob Overton, Chairman, Racing Rules Committee  
Dave Perry, Chairman, Appeals Committee

**Submission 138-18 -- Racing Rules of Sailing**

Definition Mark-Room, Rules 18.2(d) and 18.1

A submission from US Sailing

Purpose

To fix a problem caused by an unintended consequence of rule 18.2(d) and to clearly establish when rule 18 no longer applies.

Proposal

Change Definition Mark-Room, rules 18.1 and 18.2(d) as follows:

***Mark-Room*** Room for a boat to leave a *mark* on the required side. Also,

- (a) room to sail to the *mark* when her *proper course* is to sail close to it, and
- (b) room to round **or pass** the *mark* as necessary to sail the course **without touching the mark**.

However, *[no further changes]*

**18.1 When Rule 18 Applies**

Rule 18 applies between boats when they are required to leave a *mark* on the same side and at least one of them is in the *zone*. However, it does not apply

- (a) between boats on opposite *tacks* on a beat to windward,
- (b) between boats on opposite *tacks* when the *proper course* at the *mark* for one but not both of them is to tack,
- (c) between a boat approaching a *mark* and one leaving it, or
- (d) if the *mark* is a continuing *obstruction*, in which case rule 19 applies.

**Rule 18 no longer applies between boats when the boat entitled to *mark-room* has been given that *mark-room*.**

**18.2 Giving Mark-Room**

- (d) Rules 18.2(b) and (c) cease to apply ~~if when~~ the boat entitled to *mark-room* ~~has been given that *mark-room*, or if she~~ passes head to wind or leaves the *zone*.

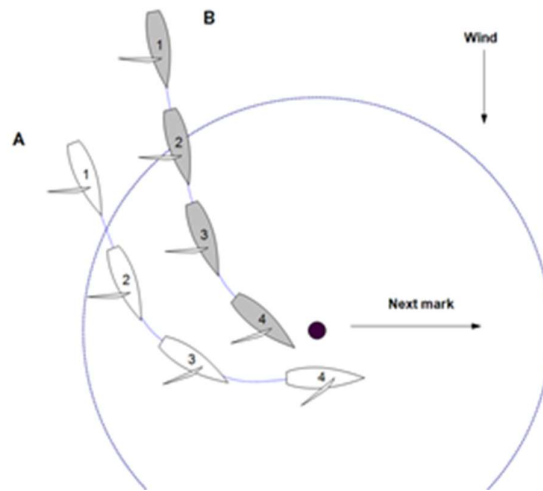
Current Position

As above.

## Reasons

From 1997-2008, rule 18.1 stated that rule 18 applied between boats until they had 'passed [the mark]'. In 2009, that statement was removed, so from 2009 to 2016 rule 18 did not contain wording that told readers when rule 18 ceased to apply, and sailors frequently asked, 'When does rule 18 turn off?' In 2017, in an attempt to answer that question, rule 18.2(d) was changed by adding the phrase 'has been given that *mark-room*.' As a result of that 2017 change, rules 18.2(b) and (c) now cease to apply 'when the boat entitled to *mark-room* has been given that *mark-room*.'

Unfortunately, rule 18.2(d), combined with the current definition *Mark-Room*, results in an unintended consequence that introduces an undesirable game change. Consider the diagram below. A is clear ahead of B when she enters the zone, so rule 18.2(b) applies and A is entitled to mark-room from B. At position 4, A has been given room to sail to the mark, room to round the mark as necessary to sail the course, and room to leave it on the required side. According to rule 18.2(d), she is no longer entitled to mark-room from B. At that point, 18.2(b) no longer applies, so B is entitled to mark-room under rule 18.2(a) because she is overlapped inside A. This result was not intended by the writers of rule 18, nor is it how the game has been played for many years.



The intent behind adding the words 'has been given that mark-room' to rule 18.2(d) was that once a boat has been given mark-room, rule 18 should no longer apply. It was not intended that the boat that was entitled to mark-room under rule 18.2(b) would suddenly be required by rule 18.2(a) to give mark-room to the other boat. This problem is solved by removing the new wording from 18.2(d) and adding a new sentence at the end of rule 18.1. The new sentence in rule 18.1 turns off all of rule 18 rather than just rules 18.2(b) and (c).

A problem with the words 'has been given mark-room', as shown in the discussion above, is the imprecision of the definition *Mark-Room* with respect to exactly when all the conditions of that definition have been met. A diagram similar to the diagram above was circulated to the World Sailing RRC with a simple question: At what point had the boat entitled to mark-room been given that mark-room? There was no consensus on the correct answer to that question.

One possible answer might be that a boat entitled to mark-room has been given that room when she has left the mark on the required side and it is astern of her – that is, the mark is behind a line abeam from the boat's aftermost point. However, this criterion does not work. Consider two boats, IW and OL, overlapped during the last part of a leeward-mark rounding, with IW entitled to mark-

room from OL. The wind is from the north, and the next leg is upwind. There is a current from just east of northeast. After IW has passed the mark close-hauled on port tack but is still in the zone, it becomes clear to her that she is still at risk of being swept into the mark by the current. Clearly in this situation the mark is still 'in play' and IW should still be protected by rule 18.

Some members of the RRC suggested that the criterion for when rule 18 no longer applies should be that the boat entitled to mark-room has sailed to a position where no action by the boat required to give mark-room that is permitted by the rules will result in the boat entitled to mark-room touching the mark. The proposed addition to paragraph (b) in the definition *Mark-Room* extends the time during which mark-room must be given until the boat has rounded or passed the mark as necessary to sail the course without touching mark. This means that, in the OL-IW situation just described, OL must continue to give IW room to avoid touching the mark even if that room must be given after IW has rounded and passed the mark and made the course change necessary to sail to the next mark. Those added words give IW room to avoid being swept by the current into the mark, even if this must be done after IW has left the mark astern.

## **Submission 141-18 -- Racing Rules of Sailing**

### Definition Party

A submission from US Sailing

#### Purpose

To correct an omission in the definition *Party*.

#### Proposal

Change the definition *Party* as follows:

***Party*** A party to a hearing is

...

- (b) for a ~~request for~~ redress **hearing**: a boat requesting redress or for which redress is requested, **a boat for which a hearing is called to consider for redress under rule 60.3(b)**, a race committee acting under rule 60.2(b), a technical committee acting under rule 60.4(b);
- (c) for a ~~request for~~ redress **hearing** under rule 62.1(a): the body alleged to have made an improper action or omission;

...

#### Current Position

As above.

#### Reasons

Under the current definition *Party*, when the protest committee calls a hearing under rule 60.3(b) to consider redress, no boat is a party to that hearing. Adding 'a boat considered for redress under rule 60.3(b)' corrects that omission.

The change from 'request for redress' to 'redress hearing' in (b) and (c) is necessary because the hearing may have been initiated under rule 60.3(b) rather than by a request for redress. The term 'redress hearing' applies to both circumstances. The change is also consistent with the style in (a).



## **Submission 199-18 -- Racing Rules of Sailing**

### **Case 132**

A submission from US Sailing

#### **Purpose**

To revise Case 132, a case that has had significant unintended consequences involving rule 18.

#### **Proposal**

Revise Case 132 as follows:

### **CASE 132**

**Rule 18.1(a), Mark-Room: When Rule 18 Applies**

**Rule 42.3(c), Propulsion: Exceptions**

*Interpretation of the phrase 'on a beat to windward'.*

#### **Question 1**

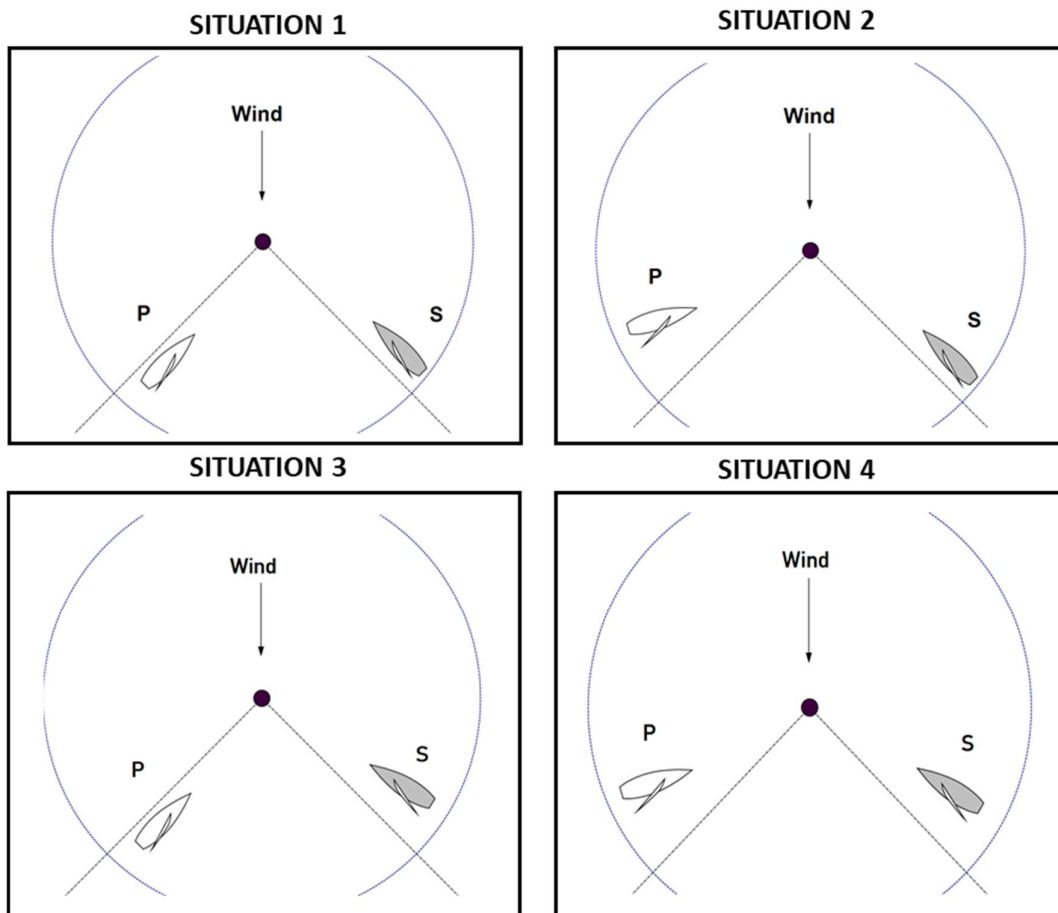
Rule 18.1(a) states that rule 18 does not apply between boats on opposite *tacks* on a beat to windward. For the purpose of rule 18.1(a), when are boats 'on a beat to windward'?

#### **Answer 1 – Option 1**

For the purpose of rule 18.1(a), which is only needed in multi-boat situations when one boat is in the zone, two boats on opposite tacks are considered to be 'on a beat to windward' when their proper course is close-hauled or above, or when one or both of them have overstood the close hauled layline to the mark and are consequently sailing below close-hauled.

Consider the following four situations, each involving boats on opposite tacks in the zone of a mark to be left to port. The mark could be a windward mark, a finishing mark at the port end of a finishing line, a windward gate mark, or a limit mark that is not a rounding mark.

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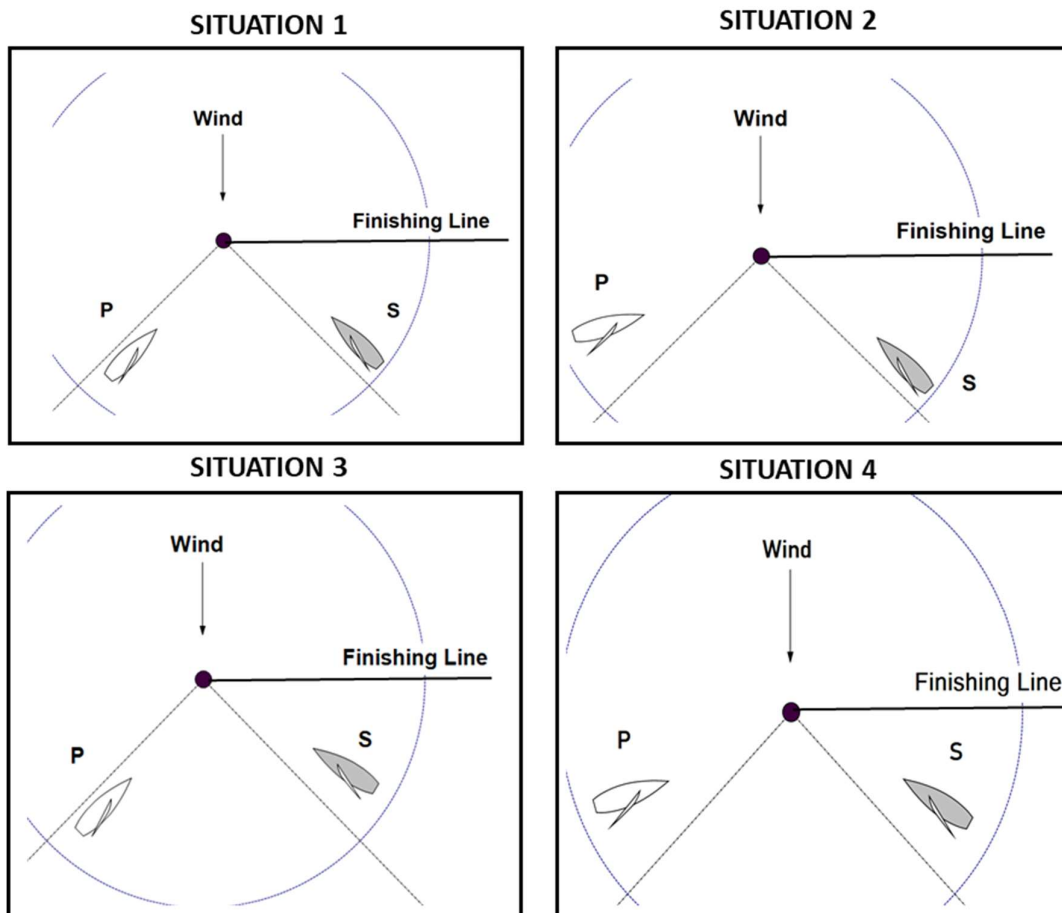
In each of these situations, the boats shown are ‘on opposite tacks on a beat to windward’ and, therefore, rule 18 does not apply between them.

### Answer 1 – Option 2

Two or more boats are referred to as ‘on a beat to windward’, when they are on a leg, or part of a leg, of the course that is upwind. A leg of the course is a ‘beat to windward’ if it is aligned so that, as boats sail to the mark that ends the leg, they must spend most of their time sailing close-hauled and, usually, spend some time on each tack.

However, when a port- and a starboard-tack boat are approaching a mark that ends a beat to windward and are in the zone around that mark, one or both of them may sail below close-hauled. This can occur for various reasons – for example, one or both of them may have overstood the mark, or the starboard-tack boat may have borne off to discourage the port-tack boat from tacking to leeward of her.

Consider the following four situations, each involving boats on opposite tacks in the zone of a mark to be left to port. Although the diagrams show a finishing mark at the port end of a finishing line, they apply equally well to a windward mark, or a windward gate mark, or a limit mark that is not a rounding mark.



In each of these situations, the boats shown are ‘on opposite tacks on a beat to windward’ and, therefore, rule 18 does not apply between them.

There are times during a race, for example when a major wind shift occurs, that a leg that began as on offwind leg becomes ‘a beat to windward’. In such a case, only that part of the leg sailed in the new wind becomes ‘a beat to windward’, and only boats in the new wind are ‘on a beat to windward’. As another example, suppose the direction of the course to the next mark for a fleet of boats is north, and the fleet starts to sail the leg to that mark in a north wind. When the fleet is, say, halfway up the leg, the wind shifts 30 degrees to the west. Now, on the approach to the mark that ends the leg, boats to the west can reach on port tack well below a close-hauled course, while boats to the east must continue to sail close-hauled and spend time on both port and starboard tack. If a boat sailing close-hauled on starboard tack meets a boat reaching on port in the zone (as in Situation 2), those two boats are on a beat to windward for the purpose of rule 18.1(a).

### Question 2

Rule 42.3(c) states that a single pull on any sail when surfing or planing is possible is permitted except on a beat to windward. For the purpose of rule 42.3(c), when is a boat ‘on a beat to windward’?

### Answer 2

Rule 42 addresses each boat in a race individually. For the purpose of rule 42.3(c), a boat is ‘on a beat to windward’ provided that, in the absence of all other boats, the course she would sail to sail the course and finish as soon as possible is close-hauled or above.

## Current Case 132.

### Reason

The current version of Case 132 states that a boat is on a beat to windward when the course she would sail to finish as soon as possible in the absence of all other boats is a close-hauled course or above. That interpretation causes a problem with rule 18.1(a) at an upwind finish. Consider Situation 2 in the diagrams above with boats S and P on opposite tacks approaching a finishing mark for an upwind finish. P has overstood the mark and, to finish as soon as possible, she will sail below close-hauled to the mark. Therefore, under current Case 132's interpretation, P is not on a beat to windward. The result is that rule 18.1(a) does not 'switch off' rule 18 when the mark is the finishing mark at the port end of the finishing line. Rule 18.1(b) does not switch off rule 18 at such a finishing mark because neither boat has to tack at that mark. Therefore, P is entitled to mark-room under rule 18.2(b). This is not the 'game' that competitors have been sailing under for the past several decades.

The problem described here has been publicized widely during the last year, and a question asking whether rule 18 applies between P and S in Situation 2 has been received by the Q&A Panel. It is important to revise Case 132 as proposed as soon as possible so that it will no longer be the case that Case 132 implies that P is entitled to mark-room in Situation 2.

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## **Submission 202-18 -- Racing Rules of Sailing**

### **New Case**

A submission from US Sailing

### **Purpose**

To provide a clear example of how the changes made in rule 21 in 2017 apply in a simple luffing incident that often occurs as boats on starboard tack approach the committee boat at the starboard end of the starting line.

### **Proposal**

## **CASE XXX**

### **Definitions, Room**

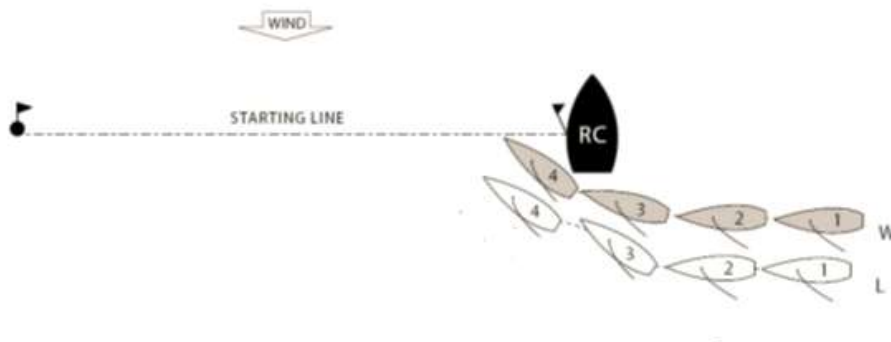
### **Rule 11, On the Same Tack, Overlapped**

### **Rule 16.1, Changing Course**

### **Part 2, Section C Preamble**

### **Rule 21, Exoneration**

*When boats are approaching a starting mark to start and a leeward boat luffs, the windward boat is exonerated under rule 21(a) if she breaks rule 11 while sailing within the room to which she is entitled under rule 16.1.*



### **Facts**

Two boats, L and W, were approaching the race committee signal boat, overlapped on starboard tack, ten seconds before the starting signal. As W was passing astern of the committee boat, L luffed. W luffed slightly but was unable to respond further to L's luff without hitting the committee boat. L bore away to avoid contact. L protested.

The protest committee disqualified W under rule 11, claiming that she should not have sailed between L and the committee boat and that she was 'barging.' W appealed.

## Decision

The race committee signal boat was both a mark and an obstruction for L and W (see the definitions Mark and Obstruction). However, because the committee boat was surrounded by navigable water and L and W were approaching it to start, the rules in Section C of Part 2 (specifically rules 18 and 19) did not apply. Accordingly, L was under no obligation to give W room to pass the committee boat.

At positions 1 and 2, L was able to sail her course with no need to take avoiding action, and could change course in both directions without immediate contact. Therefore W was keeping clear as required by rule 11 (see the definition Keep Clear).

When L luffed at position 3, she was required by rule 16.1 to give W room to keep clear. This obligation applies even when boats are passing the committee boat and are about to start. 'Room' is the space W needed to keep clear of L while also complying with her obligations under the rules of Part 2, which includes rule 14, and rule 31. See Case 114.

When L luffed, W luffed as far as she could without risk of touching the committee boat which would have broken rule 31. By bearing away, L gave W room to keep clear in compliance with rule 16.1.

At position 3, L was unable to sail her course with no need to take avoiding action; therefore W broke rule 11. However, as W was sailing within the room to which she was entitled under rule 16.1, she is exonerated under rule 21(a).

W's appeal is upheld, the decision of the protest committee is reversed, and W is reinstated in her finishing place.

Note: The term 'barging' is not used in *The Racing Rules of Sailing*. The term is commonly used to refer to the situation where a leeward boat (L) is holding her course and a windward boat (W) sails between the committee boat and L and either hits L or forces L to bear off to avoid contact. In such a case W breaks rule 11 and is not exonerated because L is holding her course and, therefore, rule 16.1 does not apply.

USA 2018/117

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## Current Position

None. The case is new.

## Reasons

Two changes were made in rule 21 in 2017. The words 'under a rule of Section C' were deleted and the rule was moved from Section C to Section D. The effect of these changes is that now, when either rule 15 or rule 16.1 applies, the keep-clear boat will be exonerated if, while sailing within the room to which she is entitled under either of those rules, she breaks a rule of Section A, rule 15 or 16.1 or she is compelled to break rule 31. This case illustrates how these changes in rule 21 apply to a simple luffing situation, which frequently occurs as boats on starboard tack approach the starting line. The interpretations and applications of the rules are consistent with those in MR Call B11.

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This case also describes what “barging” is. That term is commonly used when describing a windward and a leeward boat passing a race committee boat, a situation that is commonly misunderstood.

ultimately lead to participation in the US Para Sailing Championship. We propose that the US Para Sailing Championship be a Sub-Committee under the Para Sailing Committee

Any perceived negative effects: NO

Will this proposal bring in new members?

☐ Yes, \_\_\_\_\_ Estimated Number

☒ No

☐ Unknown

**Mission Impacts:** Describe below how and why this creates value.

Positive impact (be specific):

This action will increase the efficiency of the organization through consolidation and streamlining of committees. It also serves all five Strategies of the organization, especially Strategy IV: Make volunteering with US Sailing easy, rewarding and mutually beneficial

No impact (be specific):

**Financial Impacts:** Describe below any expected financial impacts on US Sailing. Include figures.

Positive effects: No financial impact.

Negative effects: None

**Summary:**

**This document does affect Regulations 4.02 and 4.04. Precedent would be like the Safety at Sea Sub-Committee being housed under the Offshore Committee.**

**I certify that this proposal has been checked. Governing Documents affected:**

☐ Bylaws

☒ Committee Terms of Reference

☐ Championship Conditions

☐ Ted Stephens Act

☒ Regulations

Submitted by Betsy Alison; Sarah Skeels: Charlie Rosenfield





## Action Request Form

Request No. BAR20181008

Date Submitted: 10/8/18

Submitted By: Donna Kane and Paul Ragheb - Investment Committee Chair

Subject: Move Investments from Windhaven to US Olympic Endowment Fund

**Action Requested** (word this in resolution form)

A resolution to change investment management from Windhaven Investment Management to the USOE Fund.

**Member Impacts:** Describe below the impacts (i.e. Will it be seen as a member benefit or not? Explain)

Any perceived positive effects: No Member impact.

Any perceived negative effects: No negative effects

Will this proposal bring in new members?

☐ Yes, \_\_\_\_\_ Estimated Number

☒ No

☐ Unknown

**Mission Impacts:** Describe below how and why this creates value.

Positive impact (be specific):

No impact (be specific):

**Financial Impacts:** Describe below any expected financial impacts on US Sailing. Include figures.

Recommendation from Investment Committee: Change investment management from Windhaven Investment Management to the USOE Fund.

U.S. Sailing currently utilizes Windhaven Investment Management. Windhaven uses exchange-traded funds (ETFs) exclusively to manage portfolios; Windhaven has been managing U.S. Sailing's investments since 1/22/2013. Prior to 2013, U.S. Sailing utilized the investment program from the U.S. Olympic Endowment (USOE). Windhaven manages three strategies: Diversified Conservative, Diversified Growth, and Diversified Aggressive. U.S. Sailing is invested in Diversified Conservative and Diversified Growth. Windhaven fees are 0.95% on the first \$500k, 0.90% on next \$500k, and 0.80% on next \$4mm.

As of 3/31/2018 U.S. Sailing investments with Windhaven:

#5752	Diversified Conservative	\$125,309
#4842	Diversified Growth	\$319,556
#9481	Diversified Growth	\$1,509,201

Windhaven was founded by Stephen Cucchiaro as "Windward Investment Management". Windward/Windhaven was sold to Charles Schwab in November of 2010. Mr. Cucchiaro left Windhaven in June of 2014, approximately six months after U.S. Sailing joined the firm. Mr. Cucchiaro opened 3Edge Asset Management in January of 2016 and currently manages approximately \$783mm across 813 accounts (\$964k avg). 3Edge also uses ETFs exclusively in their investment management. Fees at 3Edge are 0.80% on the first \$1mm, and 0.70% on the next \$4mm of assets under management per year.

Windhaven's performance has been disappointing for virtually every time period including underperforming for one-year, three-year, five-year, and since inception. When compared to a hypothetical blend of the S&P500 (SPX) and the Barclay's Aggregate Bond (AGG) Index, the Windhaven "Growth" performance for the past 10 years would underperform 10% SPX/90% AGG, while their "Conservative" strategy underperforms any blend of SPX & AGG.



In addition to considering 3Edge, we also reviewed Boston Private Wealth LLC. Boston Private's leadership, notably lead by long-time sailor Clay Deutsche, showed enthusiasm towards establishing a relationship with U.S. Sailing. However, upon review, there were several factors that challenged that path: the performance of their Dividend Growth Strategy has lagged it's benchmark on a net of fee basis eight of the past ten years, their investment management fees were the highest of those considered, and most notably CEO Clay Deutsche may be leaving the organization in the near future.

While considering new investment managers, we considered various strategies including passive indexing, active managers, as well as ETF managers. Currently, the U.S. Olympic Endowment is approximately \$280,000,000 and is directed by the U.S. Olympic Endowment Finance Committee in conjunction with their consultant, Prime Buchholz. The USOE Fund seems to offer a compelling solution to U.S. Sailing. It offers a blend of major asset classes: Equities, Bonds, Hedge Funds, Private Equity, Venture Capital, Real Assets, and Cash. It utilizes both active management and passive/index management for various strategies. The fees for the fund are currently approximately 99 basis points; however, the USOE directly pays the fees for those managers that present a direct bill (rather than deduct). The payment from the USOE reduces the NGB's actual fees to approximately 67 basis points. When comparing the performance of the USOE fund to Windhaven, the USOE performance is significantly higher. Please note, that the performance below is using the actual fee, so the NGB's performance would actually be *higher* than these returns. It is also important to note, that the USOE fees could increase or decrease based upon any significant change in asset allocation since different asset managers charge different fees.

As of 3/31/2018	YTD	1yr	3yr	5yr	10yr
Windhaven Div Conservative	-0.86%	4.70%	1.70%	2.00%	2.50%
Windhaven Div Growth	-0.48%	8.90%	3.40%	4.00%	3.80%
USOE	0.10%	10.30%	5.50%	6.90%	5.50%

*Annualized performance*

Negative effects:

The only negative for NGBs utilizing the USOE fund is if their investment goals or risks are different than that of the fund. To address this, the best course of action is to identify if there is a difference and isolate any necessary funds to address those needs. In the case of U.S. Sailing, if there are short term cash needs those funds should be kept separate from the USOE fund.

### Summary

Based upon the comparison of Windhaven vs. other alternatives, the investment committee recommendation would be to shift the investments from Windhaven to the USOE as soon as practical.

**I certify that this proposal has been checked. Governing Documents affected:**

- |  |   |
|--|---|
| <input type="checkbox"/> Bylaws                  | <input type="checkbox"/> Committee Terms of Reference |
| <input type="checkbox"/> Championship Conditions | <input type="checkbox"/> Ted Stephens Act             |
| <input type="checkbox"/> Regulations             |   |

**Submitted by Donna Kane**