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Reorganization Task Force Initial Report

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Mon, Jan 13, 2020 at 11:04 PM

To: Board of Directors - USA Rugby <usar-bod@usarugby.org>, "usar-congress@usarugby.org" <usar-congress@usarugby.org>

To the Board of Directors and Congress of USA Rugby,

Attached is the initial report of the Reorganization Task Force. We look forward to working together through this process. As the letter from the Board stated, this report is from the initial Task Force members.

NO COMMUNICATION IS GOING TO BE UNIVERSALLY ACCEPTED. We have to recognize that a homogenized document that will make everyone happy is not possible. Please understand and communicate this to your contacts as a starting point. Time is of the essence and we need to get started.

EVERYONE IN THE CONSTITUENCY IS RESPONSIBLE FOR WHERE WE ARE. There is no convenient "blame" group. We are all responsible. Please help set the tone in the community by avoiding personalizing or polarizing around a "blame culture". It is counterproductive. Let's set the tone of getting stuck in and finding solutions.

THIS TASK FORCE HAS TO BE INDEPENDENT. The Task Force reports to the Board and Congress. An attempt to do this work in anything but an independent task force would not work. The purpose of the Task Force is to conduct the research in an unfortunately truncated timeline due to financial conditions. The final recommendations of the Task Force will be presented to the Board and Congress to ratify, modify or adopt.

FINANCIAL NUMBERS FROM THIS REPORT COME FROM FINANCIAL REPORTS AND COMMUNICATION FROM THE CFO. There are 3 reports this is drawn from. First is all the financial documents provided at the December 9 Board meeting. Second is an email from Eric dated January 10 to the Board which shows a revised budget for 2020. The third is a verbal report from Eric in answer to my question of "When do we run out of money?". He advised March 30 under the condition that several payables would be delayed.

Thank all of you for serving during difficult times. We are being presented with a unique opportunity to build a foundation for a sport we all love that can see this sport grow to the potential we all want. Remember, we all want the same outcome.

"A crisis creates the opportunity to dig deep into the reservoirs of your very being, to rise to levels of confidence, strength and resolve that otherwise we did not think we possessed" Jon Huntsman, Sr.

I look forward to the call with Congress on Tuesday.

Best Regards,

Jonathan Bobbett

Restructuring Task Force



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USAR Reorganization Plan – Grow the game through fiscal and structural sustainability

January 13, 2020

To: Board of Directors and Congress of USAR

From: Jonathan Bobbett on behalf of USAR Reorganization Task Force

THIS REPORT IS THE PRODUCT OF THE TASK FORCE AS POPULATED AT THE TIME OF THIS REPORT. THE TASK FORCE IS BEING FURTHER POPULATED AS OF THIS REPORT. THIS IS AN ONGOING PROJECT THAT WILL SEE MULTIPLE CHANGES THROUGHOUT THE PROCESS. NEITHER THE BOARD NOR CONGRESS HAS AUTHORED THIS REPORT. THE PURPOSE OF AN INDEPENDENT TASK FORCE IS TO SOLICIT INPUT FROM A BROAD RANGE OF STAKEHOLDERS AND GIVE THAT RECOMMENDATION TO THE BOARD AND CONGRESS WHO WILL VOTE TO ACCEPT, MODIFY, OR REJECT RECOMMENDATIONS.

INTRODUCTION

On December 9, 2019, the board of directors of USAR appointed a Reorganization Task Force to undertake the study and recommendation of the reorganization of rugby in the USA. The initial task force included executives of USAR and did not have enough representation of the community. After consultation with the community and to ensure the independence and credibility of the task force the original task force has been revised and is now comprised as follows;

Jonathan Bobbett – Independent
Fred Roedel– Financial
TBD – Youth (Awaiting appointment from Youth Advisory Group)
Amy Rusert and Paul Keeler – Collegiate
Kirk Tate - Club
Jim Brown – USAR Board
Phaidra Knight and Kevin Swiryn– National Teams
Corey MacDonald – Legal

There are three levels of representation to complete this task. All stakeholders are important. For the community there will be broad input into the process;

- Task Force members are expected to dedicate time to the reorganization plan and stay in touch with their respective community. They will work with the other members of the Task Force to reflect a reorganization plan that encompasses all constituencies.
- Advisory Groups within the community are expected, together with their respective task force members to interact with their community in the build out of the reorganization.

- Calls with larger groups of the community will be scheduled to allow a broad base of input.

Not all of the current task force members were seated for the this first outline of the Reorganization Plan but will be the core participants as the plan is filled out and revised into its final form. Under normal circumstances the draft Reorganization Plan would have been delayed to work with the newly seated members of the Task Force. Because of the gravity of the situation, it was determined that it would be best to initiate the outline of the Plan.

Many members of the rugby community have offered their services in the process of the reorganization. We are in need of volunteer work in the preparation and review of legal agreements. We thank those attorneys who have offered their time to support the task force.

The task force is charged to develop proposals for the Board and Congress to consider, which will establish a financially and operationally sustainable NGB for Rugby in the U.S. We will make these recommendations through the systematic evaluation of current practices, systems and governance structures currently in place as well as the collection of stakeholder input. Our charge develops after a history of financial challenges and at times failures which have spanned numerous personnel changes and administrative changes, but which have persisted. Our charge is to look at potential system and structure changes to improve USA Rugby for our current and future generations.

THIS IS THE INITIAL OUTLINE OF A REORGANIZATION OF USA RUGBY. THE PURPOSE OF THIS PLAN IS TO PUT A PROPOSAL TO THE COMMUNITY AS A STARTING POINT. IT IS NOT A FINAL PRODUCT. THIS OUTLINE SHOULD INITIATE REFLECTION AND CONSTRUCTION OF CHANGES IN THE STRUCTURE OF USA RUGBY TO BULD A STRUCTURAL AND FISCALLY SUSTAINABLE ORGANIZATION.

BACKGROUND

USAR finds itself in dire financial straits. The current crisis was brought on by the costs of our Men's 15 participation in the RWC in Japan and unrelated unforeseen legal expenses. The team participation in the RWC cost was \$700,000 more than budgeted. The alternating views are that this was an "overspend" or our team was "underfunded" as the USA team funding compared to other nations fell far below nations we were competing against. It is reported that England was funded with \$26 million, Japan with \$30 million and Argentina with \$7.2 million as a comparative. Our national team was funded at roughly \$2.5 million.

In addition to the costs of the RWC participation, litigation was brought against USAR by UWS and affiliates. The D&O insurance in place had specific exclusion of coverage regarding USA Sevens, LLC, the entity jointly owned by USAR and UWS and affiliates. While USAR was victorious in the Courts (currently being appealed by UWS) we still have outstanding costs of litigation at approximately \$350,000 to date. The litigation with Pro Rugby was covered by D&O insurance and that case has also

been dismissed by the courts and arbitration bodies. The combined impact is \$1,050,000 of unbudgeted and unfunded expenses.

A similar financial crisis occurred in 2011 and 2015. In each of the RWC cycles, funds designated for other expenses were diverted and used to cover the costs of participation in RWC. In the 2019 RWC cycle, funds designated for the community were temporarily used for cash flow purposes. Those monies have been repaid. Additionally, \$600,000 of the payments from USARP to USAR, designated for use by the national teams, were instead used by the national offices to cover expenses. Current cash flow was solved by drawing \$1.0 million from an existing line of credit with World Rugby. As of 10/31/19 USAR has lost \$600,000 with a projected loss of \$1.6 million in FY19. The balance sheet for USAR has a negative equity of \$4.1 million. Current cash flow estimates show USAR running out of cash by the end of March 2020 by delaying certain payables. USAR is currently balance sheet and cash flow insolvent.

Budgets for 2020 submitted to the board that maintain current levels of programming and support forecast a \$1.6 million loss in the national office. Since the Board meeting on December, emergency measures have been taken with a reduction in personnel. A new draft budget has been submitted showing a break-even scenario for 2020. This will be vetted and submitted in final form.

National teams operating in a “Base” mode in 2020 would see a loss of \$1.2 million using last year’s fundraising receipts as a base. National team budgets operating in a “Competitive” mode would see losses of \$5.3 million.

The Audit and Risk Committee is finalizing FY19 results and 2020 budgets to mitigate as much of the loss as possible in the forward budget.

The history is important as it shows a pattern of USAR operating on a narrow edge of solvency to maintain a national office and operate national teams and points to the need for fiscal and structural change.

What are the causes of this dire financial condition?

First, current membership dues for the national office operation are short of the programming and support expenses of the national office. Declining membership has also eroded income. Congress and the Board have not been able to reconcile dues funding to cover current expenses or agree on reduction in national office services and costs to operate under currently available funds. Because of this shortfall, monies destined for national teams (\$600,000) were diverted to cover national office costs in 2019, to the detriment of our national teams. Current fiscal assumptions are that membership dues operate the national office and services while funding for national teams comes from World Rugby, USOPC, USARP, and Philanthropy. Support of our national teams has declined as well. Over the past 4 years, national team budgets have been reduced or eliminated (Collegiate All Americans) to the tune of \$1,000,000. Continued cross cannibalization of funding is not sustainable. The Reorganization Plan will require an agreement on the services and costs of the national office together with the membership dues to create sustainability.

Second, commercial income was dealt a severe blow by the misguided preoccupation of RIM on the Rugby Channel, which squandered the \$7.2m investment into RIM. 2018 was a “workout” year spent reorganizing RIM into USARP and integrating the commercial operations into the national office. 2019 was spent rebuilding major sponsorships with EY and UL. USARP has come through the restructure and has paid the \$1,000,000 to the national office pursuant to the agreed terms. That money was meant for the national teams at \$250,000 each. As previously mentioned, \$600,000 of those funds were diverted to the national office. USARP will end the year with about \$400,000 in cash reserves. Budgets for 2020 forecast income of \$800,000 which will be designated to the national teams. Income into the commercial arm comes from sponsorships, media, events and merchandise. The market size of rugby in the USA is not robust enough to generate large enough revenue to fund the national teams purely from commercial ventures as is the model in other mature rugby markets. USARP is in need of capital to be able to fund the growth of events. However, capitalization would require a valuation. A valuation of the current USARP would be optimistically \$8,000,000 (8 times EBITDA). A capital raise of \$5,000,000 would mean that USA Rugby would no longer be the majority owner of the commercial assets of USARP under USARP. This would not be an acceptable structure. Under the current capital structure, forecasts for USARP contribution would be \$800,000, \$1,000,000, and \$1,200,000 over the next 3 years. This cannot provide enough funding to sustain all 4 national teams.

Third, USAR has not had an aggressive philanthropic effort. The Golden Eagles have been effective as an independent body in raising support for the men’s 7’s team and now are undertaking to support the women’s 7’s team as well. They are forecasted to contribute \$1.5 million to the 7’s program in 2020. USRF have been significant contributors to the youth and amateur game. Much of the support of philanthropy is sent directly to the recipients and does not flow through USAR. Men’s and women’s 15’s are essentially unsupported by reliable philanthropy. Trust in the operation and structure of USAR and Congress are at all-time lows with donors and members alike. Donors will not give to fund financial losses. The delta between funding of national teams from USOC, WR and other income can only be met by philanthropy at this stage of rugby in the USA until commercial revenues can support the teams.

There is a large constituency of members who subscribe to the theory that boards of non-profits exist to “Give it or Get it” relative to funding. This Board was not recruited or selected for this purpose and so cannot be measured by this definition. While debate can occur regarding the model, the fact is the board of directors of any non-profit organization must take the funding of the organization as part of its remit. Budgets have been prepared for the national teams on a “Base” vs “Competitive” mark. Even at a “Base” funding, there is a deficit of \$2,600,000 needed from philanthropy or other sources to field our national teams. There is no existing structure or plans that can fulfill that requirement.

The lack of reconciliation of funding and services of the national office, together with the limited income from commercializing national assets, and the lack of philanthropy to fund national teams would mean that there is no possibility of “righting the ship”. The current structure of rugby in the USA is not working as a centralized operating NGB. Having World Rugby step in once again to provide a “band-aid” solution is not a sustainable solution. As of January 2020, USA Rugby is forecasting 2020 at

a loss of \$1.2 million and with our national teams operating in “Base” mode. Expecting our national teams to compete on an international level unfunded to competitive levels is unrealistic. If our teams were operating in a “Competitive” mode, the loss would be \$5.3 million. Both of these losses assume no repayment to WR or Chase Bank for existing debt and do not include the cost of debt service.

Based on this initial evaluation USA Rugby, in its current state is insolvent and unable to continue operations even under a survival mode. Membership has lost faith in the collective governing body. Donors cannot be expected to donate to cover past losses. Attempting to land a World Cup bid and operate in the domestic and international theater of the sport is not sustainable under the current structure. Under the current fiscal conditions and structure, it is not possible to “Grow the Game”.

Major foundational restructuring of USA Rugby is required to create a sustainable future. As has occurred in the past, there will be an attempt to make this a personnel issue. It is not constructive. There is not one individual existing in the entire community of USA Rugby that could run this organization under the existing structure. The primary problem at hand is a structural and fiscal problem. Structural changes are needed so that rugby can exist within its capabilities fiscally and allow the game to grow.

Reorganization Options

In the current insolvent condition, USAR could consider reorganization through bankruptcy (Chapter 11) or in more dire conditions’ dissolution (Chapter 7). The other option is a “workout” of restructuring through a similar process to Chapter 11 bankruptcy, albeit outside of the court process.

Reorganization via a bankruptcy process is costly and USAR is not able to fund the process. It is likely that a court process would descend to a dissolution bankruptcy. The entanglement of a bankruptcy process would have long lasting damage to rugby in the USA and should be avoided at all costs. This option has been initially explored with counsel and it is recommended not to pursue that path. All other options need to be exhausted.

After consultation, a “workout” process is recommended with agreements from stakeholders to restructure and reorganize USAR into a fiscally and structurally sustainable model. It is critical that all constituencies of USA Rugby recognize the need for restructuring and the short time available to enact a plan.

Considerations for Reorganization

USAR does not operate in a vacuum. The operation and governance of USAR is subject to guidelines and requirements of World Rugby, USOPC/IOC, Olympic and Amateur Sports Act (Ted Stevens Act), IRS non-profit guidelines, Delaware and Colorado state law. Any reorganization must meet or exceed the legal requirements of these organizations.

The USAR is not the first rugby governing body to face these challenges. Study of the reorganization of Scotland, Japan, South Africa and other governing bodies will be referenced for input.

While other governing bodies can provide insight into their reorganization, it is imperative that the reorganization take into consideration the manner of operation of other sports in the United States. The operation of the community (Youth, Collegiate, Club) of other sports should be a major point of reference in the final organization of rugby in the USA. Many foreign models have significant broadcast and sponsorship revenues that flow down to the community level, a financial model that cannot currently be replicated in the United States.

Time is of the essence. Under current cash flow forecasts and maintaining current operating assumptions, USAR is only able to exist by delaying payables, with the survival mode ending by March 30, 2020. The Audit and Risk Committee is working to find all options to extend cash flow. USAR will have to secure additional funding to make it through a reorganization. The amount of funding is dependent on the structure and costs of the reorganized structure. In an ideal situation, there would be a longer runway of time to undergo this process. Unfortunately, the timeline is restricted by financial reality.

The reorganization work must be accomplished in a cost-effective manner. USAR cannot fund an outside group to undertake a reorganization study. Reorganization must be the result of the mostly volunteer group on the task force, together with the extended stakeholders. Volunteerism must be used extensively in the process of reorganization.

Reorganization Objectives

The broad remit is to reorganize into a rugby structure in the USA that is fiscally sustainable and structurally addresses the growth of the game. This would be accomplished by decentralizing functions of the national office and focusing on empowering the community and our national teams. Membership fees would be charged by the community to its constituency and a separate membership fee would be charged for the national office.

Accounting would be separated into clearly transparent operations of the national office and the individual national teams. Income would be clearly delineated and maintained in separate accounts and there would be no comingling of funds. Fiscal discipline must be built into the Bylaws governing the sport.

Modeling of the community game would follow the structure of other sports in the USA where income and expenses are managed at the participation level of the community. Following the existing models of baseball, football, soccer, lacrosse, etc. to provide a strong grassroots foundation to rugby.

There is a need for a national office and appropriate dues from members will fund the functions of a National Governing Body (NGB) in a sustainable manner.

Reorganization Process

Our process in the evaluation and restructuring is as important as the outcome that will be suggested for ratification. Reorganization must be led by an objective and independent task force which is able to make recommendations based off of stakeholder input, research and successful modeling.

The task force is only successful if we receive honest and candid input from the stakeholders. In order to do that and following the model of other rugby unions who have been down this path before us, we will strive to keep input received confidential as to authorship so as to promote candor.

The focus of the process must be on structural changes and not be derailed by personnel considerations. The remit of the task force is not to evaluate current personnel performance. The structure that is contemplated will undertake the evaluation of personnel who can best lead and manage USAR. It is anticipated that many of the current members of Congress and the Board will find ways to continue to serve rugby in the USA through community organizations, board representation under the new model, and on several critical committees.

Reorganization Stakeholders

Stakeholders must be consulted and form the backbone of the input into the final reorganization. Stakeholders have been identified as;

- Youth Community
- Collegiate Community
- Club Community
- National Men's 15's
- National Men's 7's
- National Women's 15's
- National Women's 7's
- Professional Leagues (MLR/WPL)
- Sponsors and Commercial Partners
- USOPC
- World Rugby
- USAR Employees
- Referees
- USARP Shareholders
- Congress
- Board
- USAR Executives
- International Athletes
- Players Association
- Donors and Philanthropy Groups

Contact with each of the above groups is already underway with calls and in person meetings being scheduled over the next two weeks for input. In some instances, the initial calls will be of a larger group within the stakeholders, who will be asked to designate representatives for ongoing contact through the reorganization process.

Questions from the task force to the stakeholders are being communicated and stakeholders will be asked to submit questions in advance of the future calls to make sure answers can be substantive.

Input from stakeholders will be collated and modifications to the plan will be made as required. Nothing about the reorganization is in stone as of today. We are eager to hear from the constituents of our sport and adjust the model moving forward.

The list of stakeholders may expand after engagement in the process.

Reorganized Board of Directors

Under the reorganized structure, it is proposed that there be a consolidation of Congress and the expansion of the Board of Directors of USA Rugby to create a representative and effective board. A Board which would become the representation of the game with members directly appointed by constituency, where appropriate. The board would be comprised of the following members;

- Youth Representative
- Collegiate Representative
- Club Representative
- Men's National Teams Representative
- Women's National Teams Representative
- International Athlete – Male
- International Athlete – Female
- Independent Representative
- Independent Representative
- Referee Representative
- Players Association Representative

An Independent Representative would be elected by the board as the Chair of the board to eliminate any concerns of bias toward any constituency.

Representatives would be presented by the constituency to serve terms on the board. The length of the terms will be established through the input during reorganization. The nominating committee would provide background vetting of the appointees to comply with governance regulations. In the case of independent representatives, they would apply to the nominating committee for vetting, and multiple candidates would be presented for the board to elect.

One of our goals in restructuring the board is to ensure it is diverse and thus reflective of the community. Representatives, in the first instance of the seating of the board, would be required to seat alternating male and female representatives so the board would have equal representation. The Diversity and Inclusion Committee will be charged with provided further future board requirements to ensure a diverse and inclusive board.

Board Observers who would attend board meetings would be;

- MLR Representative
- WPL Representative
- CEO USAR
- COO/CFO USAR
- USARP Chair
- World Rugby
- USAR Representative to World Rugby

The Executive Committee would be formed. Composition of the Executive Committee will be remitted upon further consult with the stakeholders.

As previously stated, the merging of the duties of Congress and the Board would see Congress roles continue but represented by the individual communities they are involved in. Board representation would be directly connected and appointed by the stakeholders of rugby. The new board of directors would assume the role of oversight of the community, national office and national teams.

Clarity of the role of the Executives of the NGB vs the Board of Directors needs to be detailed and

Reorganized Committee Structure

Under the reorganization, voluntary committees would play a key role in the management of the sport. Initial input has identified the following Committees;

- Audit and Risk Committee
- Nominating Committee
- Diversity and Inclusion Committee
- Grievances and Discipline Committee
- Referees and Rules Committee
- Player Welfare Committee (Medical and Risk)
- Performance Pathways Committee
- Reorganization Transition Committee
- Information Systems Committee

There are undoubtedly other Committees that will be identified with further stakeholder input.

These committees would be appointed by the board and would report directly to the board. The committees would report at board meetings and initiatives and changes would be adopted from their recommendations upon ratification by the board.

Reorganized National Office

The national office would be downsized and provide the following services;

- Training and Education
- Coaching and Referee Certification
- Membership
- Information Resources
- Governance and Compliance
- Liaison with World Rugby
- Liaison with USOPC
- Marketing

The national office would have a separate bank account to ensure fiscal accountability and prevent comingling. This would be a term of the bylaws.

Reorganized Community

Youth, College and Club rugby would have more autonomy in their respective areas of operations. The guiding principle would be the decentralization of national office functions and the role of the national office be to support and empower the community game.

Each sector of the community will govern more independently and be modeled after youth, collegiate and club sports in America.

The community of youth, college and club would have greater freedom and manage their communities in the manner best suited to their constituency.

This portion of this report is purposely not fully built out, as we feel we need to spend considerable time with the stakeholders to address;

- National Championships
- Insurance Options
- Association
- Representation of the community on the board
- Composition of Committees in support of community
- Financial structure of community and national fees
- Data Management

The community would need to operate under agreements with the national office to maintain the integrity of the game and coordinate the interaction with the national and professional teams. While empowering the local community, we need to maintain a total community of the game including national teams and the national office.

The formation of a working group of Community representation and the National Office to evolve and modify the interaction and services structure will be required.

National Teams

Several options are being explored for national teams. Compliance to World Rugby, USOPC, and IRS guidelines all point to the wisdom of leaving the national teams under the NGB and not separating them out into stand-alone entities. Philanthropy will play a major role in the success of the national teams and the existing non-profit status is important to maintain.

In order to maintain the non-profit designation of the national teams, it is important to keep them as part of USAR and not attempt to separate them by corporate structure.

Donors and members have been hesitant to support the national teams under the current organization because of past comingling of funds and the current fiscal condition of USAR. National teams will have separate bank accounts and revenue for the team from the various sources, by bylaw, will be contained in the separate bank accounts and not be usable by other teams or entities of USAR. Terms of the bylaws will clearly define the treatment of funding and accounting to provide the highest confidence of the community in the integrity and transparency of the national teams.

An advisory board will be created around each of the national teams that will be recruited and seated with philanthropic contribution being preeminent in the selection and seating of the advisory board. They will maintain oversight of the financial structure and independence of the national team funds and establish donor confidence in the national team financial structure. National teams will have more direct interaction with donors and philanthropic groups which will accelerate and grow the philanthropy community. Many donors are motivated by support of the Olympic dream while others are understanding of the need to grow the game in pathways.

National teams have strict guidelines from World Rugby and the USOPC that will form the governing backbone of the teams and compliance with those bodies will be required in the final structure.

National Teams would be divided into the following units;

- Men's 15's
- Men's 7's
- Women's 15's and 7's (would be divided into same units as men in the future as they evolve)

Common resources of pathway, marketing, commercial, bookkeeping, data systems and other resources that can be shared in common would service all national teams under the national team's control.

Commercial rights of events, sponsorship, broadcast/media, and merchandise would be operated by USARP. Operation of the LA 7's, Rugby Weekend, Summer Series, etc. would be operated by USARP with 100% of the revenue going to national teams.

Reorganized Financial Structure

Financial independence of each of the entities and responsibility to be funded before operating will be key foundations of the reorganization. No one entity will be allowed to bring down other organizations. Individual organizations will bear the responsibility to fund themselves and operate within their own financial means.

Bylaw terms need to be incorporated that ensure that there will be no comingling of funds and that by structure budgets in the national office must incorporate reserves for unforeseen financial expenses.

Reporting will be provided monthly for the prior month. Budgets will be submitted well in advance of the upcoming year to allow for adequate planning and organization to match revenue. Transparency into the finances of the entities will be required.

Financial reporting would be separated into 6 profit and loss centers;

- National Office
- USARP
- Men's 15 National Team
- Men's 7 National Team
- Women's 15 National Team
- Women's 7 National Team

The preeminent financial question is "What will the national office cost and what are the dues?" It is too early in this process to put numbers to this. Financial modeling is underway for the national office expenses based on proposed services. As the process of definition of the reorganization occurs the financial model will emerge. The first model of the financial structure is due January 31.

Discussion regarding allocating of a portion of member dues to support the national teams should also be considered and discussed.

Governing Agreements

Foundational agreements must be rewritten to reflect and allow the proposed reorganization.

The Bylaws are the most important document to be revised. Absent the agreement of congress and the board on the bylaw changes, the organization would not be able to go ahead with the reorganization. Putting resources into the reorganization without first determining the ratification of the bylaws would not be a good use of time.

The Community Agreements (Youth, Collegiate, Club) represent the revised structure of the community game being empowered by the National Office services and having more control of their own revenue.

Proposed Timeline for Restructure- Subject to modification

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| 1/13/20 | Task Force Report V1 submitted to Congress and Board |
| 1/7-24/20 | Stakeholder input and review of Task Force Report V1 |
| 1/15/20 | Congress and Board Call to review Task Force Report V1 |
| 1/31/20 | Financial Proforma of Reorganization V1 Released
Draft of Bylaw Changes
Draft of Community Agreements (Youth, Collegiate, Club) with USAR |
| 2/15/20 | Congress and Board Call
Comments on Bylaw and Community Agreements due
Comments on Financial Proforma of Reorganization V1 |
| 2/22/20 | Final Draft of Bylaw and Community Agreement
Final Financial Proforma |
| 2/27/20 | Congress ratification of proposed new Bylaws |
| 2/28/20 | Board ratification of proposed new Bylaws
Financial 3 Year budget forecasts |
| 2/28/20 | Final proposed Community Agreements submitted |
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| 3/2/20 | Task Force in-person Meeting
Reorganization Transition Committee Seated |
| 3/31/20 | Final Task Force Report |

	Reorganization Transition Committee commences
4/31/20	Board Representatives and nominees due
5/30/20	New Board Selected
6/30/20	Board Meeting with current board members
8/1/20	New Membership Structure commences

Disclaimer

The reorganization task force is comprised of a small group of interested and qualified people appointed by the board of USAR. These are independent people with a passion for rugby, expertise in evaluation of business process and systems, as well as the requisite understanding of legal and fiduciary governance issues and responsibilities. The members of this task force are not purported to be experts in every aspect of rugby, or to hold the solutions themselves to all of the challenges currently facing or expected to face USA Rugby in the foreseeable future. The task force has not been implemented in order to assign blame on individuals, conduct personnel investigations, recommend specific personnel changes, or otherwise step outside of the scope of our charge.

Projected Outcome

We propose to submit a report at the end of this process directly to the board of USA Rugby, Congress and the overall membership. Pursuant to the current bylaws, the board of USA Rugby and the Congress may then vote on the recommendations for implementation.

This is the first report, and thus the first step in a process that we are committed to ensuring remains transparent, systematic and unfiltered.

THIS REPORT IS ONLY A BEGINNING AND NEEDS REVIEW AND REVISION BY ALL THE CONSTITUENCIES OF THE RUGBY COMMUNITY. IF YOU HAVE OBJECTIONS OR IDEAS ABOUT OPTIONS, PLEASE WORK THROUGH THE STAKEHOLDER CALLS AND YOUR REPRESENTATION TO MAKE SURE THOSE ARE RECORDED AND REPRESENTED.