



MINUTES – MEETING OF THE USA CRICKET BOARD OF DIRECTORS

Zoom Conference Call - May 10, 2021

Attendance

USA Cricket Board Directors

Paraag Marathe, Chair, Independent Director (PM), Suraj Viswanathan, Secretary, Individual Director (SV), Catherine Carlson, Independent Director (CC), Nadia Gruny, Player Director (NG), Rohan Sajdeh, Independent Director (RS), Sushil Nadkarni, League Director (SN), Ajith Bhaskar, Club Director (AB)

Did not attend: Avi Gaje (AG), Individual Director

USA Cricket

Iain Higgins, CEO (IH)

Josh Dascombe, Senior Finance Manager (JD), for item 4 only.

1. Previous Board minutes

The minutes of the meeting of March 23rd were unanimously approved.

The minutes of the meeting of March 31st were approved, although VP and SS abstained on the basis that they had not attended the meeting.

2. Redacting previous Board minutes

IH summarized the legal advice previously shared with the Board about the extent to which it is appropriate to redact content in minutes that is legally privileged before publication so as to avoid any risk of waiving legal privilege in respect of the specific legal advice considered by the Board and related materials.

The Board unanimously agreed to follow the legal advice that it would be safer and consistent with best corporate practice to avoid any risk of waiving legal privilege by redacting the relevant materials before publication.

PM requested IH to work with the lawyers to ensure that only the bare minimum was redacted since he was keen that there was as much transparency from the Board meetings as possible.

3. Annual General Meeting

IH reminded the Board that the AGM was scheduled to take place at 5.30pm PT on Sunday May 16th. He took the Board through a draft agenda for the meeting, with directors noting that:

- it would be a good opportunity for the community to hear directly from the Independent Directors;
- USAC would publish the Annual Report ahead of the meeting and present it during the meeting;
- the meeting would be recorded through Zoom and broadcast via the USAC YouTube page, and that the recording would remain live on the YouTube page for people to revisit at any point afterwards;
- the final agenda will be published in advance and questions from the membership will be invited in advance, which we would try to answer during the AGM itself; and
- IH would give further consideration to whether there should be a more detailed focus on fewer issues rather than shorter updates from directors on a range of committee matters.

4. Revised Operational Budget for 2021

JD joined the meeting for this item.

IH reminded the Board that at its last two meetings it had considered analysis of the various budget options and models that took into account the significant adverse litigation impact on the security of revenue in 2021, as well as the additional unbudgeted expenditure to be incurred on legal fees and the reduced revenue opportunities.

IH explained that he had incorporated the Board's direction into a revised operational budget, which incorporated reduced activity levels, lower expenditure levels across the board, and the rescheduling of key activities (e.g. the staging of the Men's National Championships) into Q4 to assist with cashflow and protect against the risk of the lawsuit continuing throughout 2021.

IH presented the revised operational budget and accompanying activities. The Board noted in particular that:

- in respect of revenue that was previously considered to be uncertain because of the lawsuit, the position had improved since the last meeting:
 - we had received Q1 funding from the ICC and Q2 funding was imminent;
 - we had received the first portion of the non-contracted discretionary grant from ACE equating to \$200k, as well as the first quarter payment of the minimum guarantee owed by ACE; and

- ACE had agreed to support the costs of a ten-day training camp in the Bay Area for the Men's U19 group ahead of their planned ICC Men's U19 Cricket World Cup Regional Qualifier event.
- the revised budget forecasted that USAC was likely to spend \$491,000 of the opening working capital to support its 2021 activities, and that there would be a remaining closing working capital of \$368,000 at the end of 2021.
- even with a scaled back budget for 2021, the trend over the past three years was positive as it: (1) saw a re-allocation of a greater percentage of the total expenditure on the strategic objectives identified in the Foundational Plan; (ii) saw increases to the spending on the women's, youth and developmental programs, and decreased spending on the men's programs and administration (once legal fees and insurance costs were excluded); and (iii) enabled the delivery of more activities than in any previous year with a lower total expenditure and reduced administrative costs.
- Due to the rescheduling of the Men's National Championships, the monthly cash-flow projections were such that it allowed USAC to course-correct later in the year in the event that ICC/ACE revenue doesn't materialize because of the lawsuit.

The Board noted that although the revised budget forecasted a loss in 2021, this would be reduced in 2022 through increased contracted revenue from ACE, particularly related to the contracting arrangements for players, coaches and other support staff. This will also be supported by targeted revenue growth in connection with the new programs launched in 2021, particularly through the commercial, fundraising and membership revenue streams. It would the target to have a balanced budget in future years.

After discussion, the Board resolved to approve the revised budget. SS explained that did not support the revised budget because he wanted the players to be paid more.

VP requested that all national training camps be organized by USAC rather than ACE. IH explained that there were not enough resources across the cricketing ecosystem for there to be such a divide of working responsibilities and that it was necessary to have more of a partnership approach, which was what was envisaged at the outset. He confirmed that ACE do not have any influence on the selection of players to national camps or who are selected for national teams from those camps, and that the latest draft of the Long Form Agreement makes clear that selection is a USAC responsibility.

In response to a request from SS, PM confirmed that staff salary details had previously been shared with the Board and that the revised budget envisaged staff continuing to operate at the discounted salary rates that were set back in August 2020.

5. USAC/ACE Long Form Agreement

IH explained the work that had been done on developing the Long Form Agreement, including the challenges associated with negotiating an agreement of this complexity and especially given there was a binding Term Sheet already in place. He explained that there was a very long, detailed contract, which continued to evolve and was now very close to being finalized and would be available for the directors to review in due course.

He referred the Board to the detailed document which he had previously circulated which set out all of the improvements which he had been able to secure in the latest version of the Long Form Agreement. He invited the directors to review the detailed document and provide feedback.

IH took the Board through a detailed presentation of the Long Form Agreement which he planned to present to the Annual General Meeting on Sunday, and provided clarification to the directors in respect of all aspects of the contracting arrangements. In particular, he highlighted to the Board:

- the fundamental rights that have been granted to ACE;
- the key obligations on ACE;
- the detailed direct and indirect funding support that will be provided by ACE;
- USA Cricket's exclusive responsibilities and all 'reserved rights';
- ACE's obligations in respect of the delivery of Major League Cricket and Minor League Cricket;
- ACE's obligations in respect of the delivery of Cricketing Infrastructure obligations;
- the allocation (as between ACE/USAC/joint) of responsibilities across all of the strategic focus areas set out in the USAC Foundational Plan;
- agreed principles in respect of ACE's operation of private Academies; and
- the way in which the partnership model will work, and how we can ensure accountability and alignment.

VP acknowledged the efforts that had gone into developing the contractual arrangements and wanted to ensure that the Long Form Agreement should address the following:

- it should ensure that the revenue sharing arrangements are clearly set out and understood;
- ACE's obligation in terms of building venues and providing facilities and the consequences of failure to do so should be clearly set out;

- the responsibilities of ACE and USAC should clearly set out who is responsible for various governance and cricketing matters and ACE should not be allowed to unduly influence in areas that they are not responsible for.
- there should be a non-compete obligation on ACE to ensure that it does not carry out any activity that competes with anything that USAC is organizing itself.

NG suggested that the Long Form Agreement should also be flexible enough to allow USAC to stage shorter form international cricket (i.e. T10 cricket) in the event that it becomes an international format without having to seek ACE approval, as well as a national tournament in that format to aid selection, e.g. for a future Olympics.