



# MINUTES – MEETING OF THE USA CRICKET BOARD OF DIRECTORS

*Zoom Conference – March 23, 2021*

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## Attendance

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### USA Cricket Board Directors

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

Apologies - Avi Gaje (AG), Individual Director

### USA Cricket

Iain Higgins, CEO (IH)

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## 1. Minutes of previous meetings

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The Board unanimously resolved to approve the minutes of the March 4<sup>th</sup> Board meeting.

The Board unanimously resolved to approve the minutes of the March 7<sup>th</sup> Board meeting, subject to the following clarification being included:

- VP had not been able to review the minutes because they had only been circulated that day and he had been in another meeting.

The Board agreed that, as a matter of practice, all critical decisions should be addressed by way of a formal Board resolution and recorded in the minutes as such.

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## 2. Consequences of the lawsuit on the 2021 operational budget

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IH explained that the Finance & Commercial Affairs Committee ('**F&CA**') had reviewed the 2021 operational budget and expressed its concern about the adverse consequences of the lawsuit on the proposed operational activities and financial situation of USAC. To take into account the direct and indirect consequences of the lawsuit, it had requested management to make cuts to the planned expenditure of between \$300-500k and to reduce planned operational activity to a more manageable level.

IH referred the Board to the detailed paper and presentation on this matter, which contained in more detail the adverse financial, reputational and operational consequences of the lawsuit; and an amended budget and set of activities which had been put together following the F&CA steer.

In particular, the Board was advised that the lawsuit had introduced: (i) uncertainty in respect of the amount of non-contracted revenue that would otherwise be receivable from ACE during 2021; (ii) uncertainty in respect of distributions due from ICC during 2021; (iii) an unbudgeted expense line to cover the legal fees and expenses associated with the lawsuit; (iv) a reputational barrier to seeking further long term strategic support and funding from the ICC; and (v) a potential challenge to USAC's ability to recover in full the 2021 membership fees owed from Leagues.

RS explained that in light of the risk that the key sources of revenue (i.e. ACE and ICC) could no longer be considered to be fully secured, and given the additional expenditure caused by the lawsuit, the Board should be concerned that approval of the revised budget and reduced set of activities could put USAC in an unsustainable position, even with the significant opening working capital that was available.

PM supported this view and explained that he was unwilling to approve a budget and set of related activities in circumstances where there was a risk that the organization might not ultimately have the funds to support it all.

After long discussion, the Board unanimously resolved that it was unable to approve the revised budgeting principles proposed by the F&CA for 2021 on the basis that they did not fully address and protect against the risks. Instead, it requested IH to address the adverse consequences of the lawsuit on the proposed operational budget by:

- seeking further clarity and explanation on the extent to which the ACE and ICC revenues might be at further risk during 2021 if the lawsuit is not withdrawn; and
- presenting some alternative budget models to the Board at its next meeting that incorporate more significant cuts to the proposed expenditure and key activities, and which are in line with the secured levels of revenue within the business.

IH explained that the originally proposed budget for 2021 already anticipated less expenditure than that which was spent in 2019 and yet, because of the realignment of expenditure, there was a significant increase in the planned activities. As such, any further cuts beyond the principles proposed by the F&CA would have a drastic impact on the ability of USAC to be able to meet the objectives that it had set for itself during 2021, as the presentation demonstrated.

IH explained that, whilst he would consider a revised budget that utilized only fully secured revenue (and various portions of the opening working capital), it was unlikely that this would enable USAC to develop a set of programs and activities that would allow it to comply with the

obligations it owed to the ICC (e.g. to participate in ICC events), and therefore further compounded the risk of ICC funding being delayed/withheld.

Since they had brought the lawsuit, VP and SS were asked to provide their views on the ongoing budget discussion. VP said that he understood that there may be some implications of the lawsuit, but he was not concerned about the ICC withdrawing its cricketing or financial support for USAC in the future, and he thought that USAC should continue to deliver all the events and activities already planned for as long as possible by using the available opening working capital.

RS did not agree that this was a responsible way of dealing with the situation and he felt that it would undermine any prospect of USAC establishing itself as a financially sustainable entity moving forward.

### Delivery of Men's U19 National Championships

IH explained that there were budgeted costs of \$183,000 for this event, of which a portion had already been incurred, and that much of the preparation for this event had been completed.

Given the concerns above, the Board considered whether or not USAC should continue with the event, noting that the total costs represented a large portion of USAC's secured revenue.

IH agreed to provide VP a copy of the budget for the event.

Various views were presented about the risks of spending this amount of money on this event whilst the lawsuit was ongoing, weighed up against the damaging reputational consequences of not going ahead. After further discussion, the Board resolved unanimously to proceed with the Men's U19 National Championships on the basis that it was an important strategic priority, there was available cash in the bank and we had already committed to deliver the event, but that no other significant expenditure should be committed until the revised budgets and analysis are brought back to the Board.

### An alternative path to having the lawsuit withdrawn

SV explained how damaging he thought the lawsuit was reputationally for the Board and that the real loser in these circumstances was the sport itself. He relayed concerns from ACE that the lawsuit could cause potential problems for its next round of fundraising and that it was disappointed that there were certain directors on the Board who they felt were failing to sufficiently respect and provide support to ACE's investment in growing the sport in the USA. It was also concerned at the leak of the confidential Binding Term Sheet.

IH agreed that it was imperative for USAC that the lawsuit be withdrawn, and, to that end, he was continuing to explore alternative solutions. He outlined a potential solution to the Board which he thought would show leadership, protect the reputation of all directors, preserve the

integrity of the election, allow the lawsuit to be withdrawn, and which would therefore relieve all of the financial uncertainty and allow USAC to focus on cricketing activities over the summer.

Because of the complexity involved in structuring the potential solution, the Board was asked whether they would support further exploration in principle. VP did not want to provide a view until he had spoken to his lawyer, and he agreed to update IH the following day by 12.00noon.

PM explained that he was concerned about wasting more time trying to find a solution that involved more concessions and compromise. That had been the purpose of the mediation, which provided a pathway forward which was acceptable to the majority of the Board, but which VP and SS were unwilling to agree. As such, he did not trust the intentions of VP and SS and he was therefore not fully ready to support any type of compromise because of the time that had been already been wasted pursuing that previously without success.

AB agreed with PM, and added that he didn't want any new solution to run the risk of opening up other potential legal challenges.

In order to help problem-solve for other potential solutions, RS asked VP/SS to clarify what their motive was in respect of bringing the lawsuit. VP agreed to consider this request.

#### Player and staffing costs

IH confirmed that staffing and player costs in the revised budget continue to be budgeted at discounted rates and that they will be considered again in the revised budget models.

#### Operation of Committees

The Board considered whether the committees were capable of operating effectively during the lawsuit. A suggestion was made that the work of committees should be put on hold pending improved relations between directors, but there were mixed views about whether that was appropriate or not and no agreement was reached. It was agreed that the matter would be revisited at the next meeting.

The Board agreed to reconvene on Friday, at 4.30pm Pacific Time.