

MINUTES OF THE MEETING OF THE USCF EXECUTIVE BOARD

HELD ON MAY 24-25, 2003 IN CROSSVILLE, TENNESSEE

The Executive Board of the US Chess Federation met on May 24-25, 2003 at the Holiday Inn Express in Crossville, Tennessee. The following Board members were present:

- Dr. John McCrary, President
- Steve Shutt, Vice President
- Frank Camaratta, Vice President for Finance
- Bob Smith, Secretary
- Dr. Joseph Wagner, Member-at-Large

Executive Director Frank Niro also participated in the meeting.

Members-at-Large Dr. Frank Brady and GM Arnold Denker were unable to attend for reasons of health.

A number of guests also observed the Board meeting.

SPECIAL NOTE: The Governor of Tennessee (himself a fairly knowledgeable chess player) met privately with USCF officers and staff at 2:00 p.m. CDT on May 23, 2003. Although some Board members and the Executive Director had not yet arrived in Crossville, the USCF President and Vice President were able to participate in this meeting. Immediately following this private conference, the Governor presented the USCF with a Tennessee flag that had flown over the State Capitol.

After arrival of all Board members and the Executive Director, both a breakfast meeting and a special supper occurred on May 24 during which government officials met with USCF officers and staff. U.S. Congressman Lincoln Davis and his wife drove in for the special supper with the USCF, during which they visited for about three hours with the USCF President, Executive Director, and other Board members.

Present and former members of the Tennessee Legislature and of the Crossville local government also participated in these two meals.

Members of the Crossville and larger Tennessee chess communities spent much time with the Board and staff. All USCF officers and staff were very appreciative of the outstanding hospitality shown to them.

MOTIONS ACTED UPON DURING THE MAY 24-25, 2003 EXECUTIVE BOARD MEETING

The following motions arose from Closed session discussion, although they were voted in Open Session:

EB 03-17 (Board): The Executive Board confirms the recommendation of the Ethics Committee in the appeal brought before it. The Board directs that the letter that was verbally reviewed with the Board during the hearing be sent to the defendant and plaintiffs. PASSED 4-0 with Dr. Wagner recused, and Brady and Denker absent.

EB 03-18 (Camaratta): The Executive Board commends Hikaru Nakamura on his historic achievement of becoming America's youngest Grandmaster at the age of 15 years, one month, and 27 days, beating R. Fischer's record by four months. PASSED 5-0 Denker and Brady absent.

EB 03-19 (Board): The Executive Board grants the following awards:

- Distinguished Service: M. Lee Hyder
- Outstanding Career Achievement: John Donaldson and Thad Rogers
- Meritorious Service: Mike Nolan and Harry Sabine
- Special Service: Lynne Chapman and Ken Sloan [Note that Kelly Jacobs was also given this award by a separate motion later in the meeting.]
- Committee of the Year: The Women's Chess Committee
- Special Task Force Award: The Rulebook Revision Task Force
- Chess City of the Year: Nashville, Tennessee
- Koltanowski Gold Medal: Dr. Martin (Dick) Katahn and Tennessee Tech
- Scholastic Service: Ralph Bowman
- Organizer of the Year: Phil Simpkins
- Frank J. Marshall Ambassador Award: GM Sam Palatnik and GM Yasser Seirawan
- Grandmaster of the Year: GM Maurice Ashley and GM Susan Polgar
- Honorary Chessmates: Baiba Mednis
- Chess Club of the Year: Rochester Chess Club
- College of the Year: Stanford

PASSED 5-0 Denker and Brady absent.

The following motions arose from discussion in Open Session:

EB 03-20 (Smith): The Minutes of the March 2003 Board meeting are approved. The Minutes are amended to include a motion omitted from the November 2002 Minutes. PASSED 5-0 Denker and Brady absent. (Note: The motion that was passed at the November 2002 Board meeting, but incorrectly omitted from the Minutes of that

meeting although it was documented in the Meeting tape, is given at the end of these motions.)

EB 03 -21 (Camaratta): The Executive Board approves adoption of the Title/Norms system submitted by the Ratings Committee and previously approved by the Delegates [DM 02-43; ADM 02-48; F. Camaratta (AL)]. The details of the implementation will be worked out by the staff. The Executive Director will provide the Executive Board with an approximate implementation date during the next Executive Board conference call. PASSED 5-0 Brady and Denker absent.

EB 03-22 (Board): The Executive Board gives the highest commendation to GM Sam Palatnik for his efforts with children and with members of our Armed Services overseas. The US Chess Federation offers full support of his efforts. PASSED 5-0 Brady and Denker absent.

EB 03-23 (Board): The Executive Board asks the Scholastic Council to create a list of scholastic title names to replace the current letter grades of C, D, E, etc. PASSED 5-0 Denker and Brady absent.

EB 03-24(Board): The Board moves to present Kelly Jacobs with a Special Services Award for 2003. PASSED 5-0 , Denker and Brady absent.

EB 03-25 (Camaratta): The Executive Board approves the budget presented by the Executive Director for the fiscal year ending May 31, 2004; with corrections as discussed. PASSED 5-0 Denker and Brady absent. (Note: The following motion was passed at the November 2002 Board meeting and documented on those meeting tapes, but inadvertently omitted from the Minutes of that meeting as noted in EB 03-20 above):

EB 03-26 (Niro and Camaratta): " Whereas, the U.S. Chess Federation sponsors and maintains a profit sharing plan known as The United States of America Chess Federation Profit Sharing Plan and Trust and whereas, in order to maintain the tax qualified status of the Plan, the Plan must be amended to bring it into compliance with various statutory changes enacted and regulatory changes issued since 1994, commonly referred to as the GUST changes, and whereas, the Trustees wish to simplify the administration of the profit sharing plan by eliminating all distribution options other than the single lump sum distribution and/or a direct rollover to an IRA or another qualified employer retirement plan and thereby also eliminate spousal consent requirements with respect to lifetime distribution to the participants; now therefore it hereby is resolved that The United States Chess Federation Profit Sharing Plan and Trust be amended to bring it into compliance with the GUST requirements. Further resolved that the Profit Sharing Plan be amended to eliminate all distribution

options other than a single lump sum distribution and/or a direct rollover to an IRA or other qualified employer retirement plan. Further resolved that the Federation's officers be and hereby are authorized and directed to sign such documents and to take such actions as shall be reasonably required incidental to convenient, appropriate or desirable actions to carry out and give effect to the foregoing resolution. PASSED 6-0, Brady absent.

SUMMARY OF TOPICS DISCUSSED BY THE BOARD:

1. CLOSED SESSION: The Executive Board Meeting commenced in Closed Session on May 24, 2003. The Closed Session included a hearing of an appeal of a decision of the Ethics Committee. The appeal was conducted in accordance with procedures given in the USCF Code of Ethics. Awards were also discussed in Closed Session.

2. MOVING OPTIONS: The President, upon advice of the Board members present, agreed to call a conference call on June 9, 2003 to review the status of options for moving the USCF headquarters.

3. FINANCIAL REVIEW: The Executive Director discussed the unaudited financial performance of the USCF through the first eleven months of fiscal year 03. Operations shows a small gain on the year, a result that is ahead of budget. Revenues from memberships, book-and--equipment sales, and other categories have been generally better than a year ago. The bottom line is well ahead of a year ago. The President pointed out that the USCF's Life Management fund has not transferred a substantial net amount due to USCF Operations, although this substantial amount shows as revenue for Operations on the financials. The failure to receive this large net due amount from the LMA has added another burden to Management, which also had the burden of funding an Olympiad this fiscal year.

4. BUDGET PLANNING: The Executive Director presented a proposed budget for the fiscal year ending in 2004 to the Board. It was a conservative budget which generally targets revenue assumptions at the level of this year's actual performance in revenues. Personnel expenses are targeted at a lower figure than this year's performance in this area. The planning budget will be discussed further at the Board Meeting preceding the Delegates' Meeting in August, and will be presented to the Delegates after further discussion and revisions resulting from that Board Meeting and from input received from the Finance Workshop. The Board accepted the Executive Director's proposed budget with some changes noted.

5. SCHOLASTIC MATTERS: Vice President Steve Shutt and Scholastic Director Tom Brownscombe reviewed scholastic issues with the Board. Mr. Shutt noted the strong scholastic chess program in Miami at the this time, with over 7000 participants.

He suggested that tournaments with low entry fees, supported by USCF, be organized there to encourage more young players in that program to join USCF and thereby enhance their enjoyment of chess. Executive Director Frank Niro noted that a Miami Chess-in-the Schools Board is being created. He will participate in the creation of this Board, as will representatives of the World Chess Hall of Fame and Sidney Samole Chess Museum in Miami. Discussion also occurred regarding the desirability of titles for rating classes and norms for scholastic players. It was noted that a 1200-rated player is quite strong at younger age levels, but the rating class "D" for that player does not have a good connotation. Motion EB 03-23, given above, resulted from this discussion. The President raised the possibility of regional championships sponsored by the USCF. However, Vice President Shutt noted that this idea has been previously discussed but not favored in meetings with scholastic organizers and parents. It was then agreed that working with local programs such as the one in Miami would be the preferable approach for USCF at this time. Issues regarding eligibility of college players for chess events were also raised during this part of the agenda. It was noted that the College Chess Committee has addressed these issues with recommendations in its Annual Report just received. However, it was observed that a special committee is also looking at this question, and that there will be discussion on this matter at the workshops preceding the U.S. Open. Dr. Brady, who is College Chess Liaison for the Board, was contacted by telephone. He suggested waiting until this further input has been received by the time of the August Board meeting before finalizing any Board decisions.

6. INVITATIONAL EVENT REQUIREMENTS: The Board discussed input received from various sources regarding motion # EB 03-14 which was passed at the March Board meeting. That motion authorized the President to revise the requirements for Invitational Events, subject to the parameters specified in the motion. Such revision had not yet been finalized as of the May 24-25 meeting, because of the complexity of the Regulations and the desire to solicit further input. After discussion at the May meeting, the Board reached a consensus that EB 03-14 should remain in place, with the understanding that residency issues concerning very young players will be discussed by the USCF Scholastic Council at its meeting the last weekend in May.

7. SUSAN POLGAR NATIONAL INVITATIONAL FOR GIRLS: The Board was informed that GM Susan Polgar is planning to create a Susan Polgar National Invitational for Girls, which will be similar in concept to the Denker Tournament of High School Champions. The Board received this information with much appreciation for the work of GM Polgar and the other persons working with her. It was the consensus of the Board that the USCF will certainly support this endeavor.

8. NORM/TITLE SYSTEM: Vice President For Finance Frank Camaratta distributed to the Board a plan for implementation of DM 02-43 , passed at the 2002

Delegates' Meeting, regarding a Norm/Title system. Motion # EB 03-21 was passed as a result of this discussion. As noted above, EB 03-23 is also relevant to the general discussion of norms. During the discussion on this item, it was noted that the 2003 Ratings Committee report indicates that the new rating system has successfully corrected the problem of deflation of ratings, based on actual monitoring of data. However, the Ratings Committee is concerned that an inflationary trend will now result from the failure to implement in a timely manner the removal of the bonus-point feature that was temporarily needed to restore the ratings system to its pre-deflation level.

9. VISIT BY GM SAM PALATNIK: The Board was honored to be addressed by GM Sam Palatnik of Tennessee. He described the work he is doing, through the program organized and funded by Lennox Lewis, with very young players from non-affluent backgrounds. The program has had strong competitive success, with its participants progressing from beginner to national championship level in a very brief period of working with GM Palatnik. Also, GM Palatnik discussed his plan to go to Iraq to work with U.S. troops, as well as with children in Iraq, in an effort to help morale and show support, as well as to help bridge positive relationships between U.S. personnel and the local population. The Board passed motion # 03-22 as a result of his very impressive presentation. Earlier in the meeting, GM Palatnik had also been voted the Frank J. Marshall Ambassador award for these outstanding and very meaningful activities. Vice President for Finance Camaratta offered to provide chess sets for the trip to Iraq. Special note is also made of the very generous financial support given by Chick Hill of the Davidson Hotel Company in Memphis, Tennessee, for GM Palatnik's trip to Iraq.

10. ADJOURNMENT: The Meeting was adjourned without objection at approximately noon on May 25, 2003.

*Respectfully submitted,
Bob Smith, Secretary*