

Executive Board Motions from the September 18, 2005 Conference Call

EB 06-017 (Bill Goichberg) The contract between USCF and ChessCafe shall be modified as follows

1. ChessCafe relinquishes the rights to sell at all national tournaments after 12/31/05.
2. USCF accepts \$86,500.00 from ChessCafe to settle all obligations between ChessCafe and USCF through March 31, 2005. The \$86,500.00 shall be paid as follows: \$43,250.00 upon the signing of the revised agreement and \$43,250.00 within one year thereafter.
3. ChessCafe immediately pays commission fees to USCF for April, May, June, and July 2005 at 13.5%.
4. From August 1, 2005, the commission rates will be 12.0% on the first \$2,000,000.00 and 15.0% on sales above \$2,000,000.00.
5. ChessCafe may bid for the sales rights at tournaments run by USCF, or sell its products at tournaments not run by USCF. For tournaments run by USCF, the commission rate to be paid to USCF is to be negotiated. For tournaments not run by USCF, the commission rate to be paid to USCF will be 5%. All sales at tournaments are considered to be part of the overall sales referred to in #4.
6. Guarantee for all years of the contract after the first is reduced to \$150,000.00.
7. ChessCafe exercise the option to extend the contract through March 31, 2012.
8. Contract subject to Tennessee Law.
9. ChessCafe will pay the legal fees incurred by the USCF connected with the revision of this agreement, provided that ChessCafe's obligation shall be limited to \$1,000.00 in such fees.
10. Hanon Russell will personally guarantee the \$150,000.00 minimum annual payment for the duration of the contract. He will also provide a representation that his personal net worth is between \$1.5 million and \$2 million, and is willing to show Bill Goichberg or Bill Hall his personal financial statement (but not transmit a copy) on the condition that the USCF representative viewing the statement not reveal details to anyone, and only report to the Board their conclusion regarding his net worth.
11. Upon a Board vote in favor of this motion, ChessCafe shall send checks to Harry Sabine to hold on behalf of the USCF for the April through July 2005 payments and the first half of the \$86,500.00 due. Harry Sabine will be authorized to release these funds to USCF upon the signing of the revised contract.
12. The Chesscafe sponsorship of the Grand Prix will for the present time not be extended for 2006. Future talks between USCF and ChessCafe are envisioned with the objective of continuing this sponsorship.

FAILED: 2-2-1 In favor: Goichberg, Shahade Against: Schultz, Channing
Abstentions: Marinello

EB 06-018 (Joel Channing) The contract between USCF and ChessCafe shall be modified as follows

1. ChessCafe relinquishes the rights to sell at all national tournaments after 12/31/05.
2. USCF accepts \$86,500.00 from ChessCafe to settle all obligations between ChessCafe and USCF through March 31, 2005. The \$86,500.00 shall be paid as follows: \$43,250.00 upon the signing of the revised agreement and \$43,250.00 within one year thereafter.
3. ChessCafe immediately pays commission fees to USCF for April, May, June, and July 2005 at 13.5%.
4. From August 1, 2005, the commission rates will be 12.0% on the first \$2,000,000.00 and 15.0% on sales above \$2,000,000.00.
5. ChessCafe may bid for the sales rights at tournaments run by USCF, or sell its products at tournaments not run by USCF. For tournaments run by USCF, the commission rate to be paid to USCF is to be negotiated. For tournaments not run by USCF, the commission rate to be paid to USCF will be 5%. All sales at tournaments are considered to be part of the overall sales referred to in #4.
6. Guarantee for all years of the contract after the first is reduced to \$150,000.00.
7. The contract will be modified so the option date is May 31, 2008 and the decision will require the approval of both parties.
8. Contract subject to Tennessee Law.
9. ChessCafe will pay the legal fees incurred by the USCF connected with the revision of this agreement, provided that ChessCafe's obligation shall be limited to \$1,000.00 in such fees.
10. Hanon Russell will personally guarantee the \$150,000.00 minimum annual payment for the duration of the contract. He will also provide a representation that his personal net worth is between \$1.5 million and \$2 million, and is willing to show Bill Goichberg or Bill Hall his personal financial statement (but not transmit a copy) on the condition that the USCF representative viewing the statement not reveal details to anyone, and only report to the Board their conclusion regarding his net worth.
11. Upon a Board vote in favor of this motion, ChessCafe shall send checks to Harry Sabine to hold on behalf of the USCF for the April through July 2005 payments and the first half of the \$86,500.00 due. Harry Sabine will be authorized to release these funds to USCF upon the signing of the revised contract.
12. The ChessCafe sponsorship of the Grand Prix will for the present time not be extended for 2006. Future talks between USCF and ChessCafe are envisioned with the objective of continuing this sponsorship.
13. USCF reserves the right to not agree to the revised contract if we find the audit to be unsatisfactory.

PASSED: 4-1 In favor: Goichberg, Channing, Shahade, Marinello Against: Schultz