

# USGA Media Conference

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USA

## Mike Whan

### Presentation

MIKE WHAN: Every time Stu introduces me as the first external CEO, I wonder, what is he thinking. But then when I walked into the room today, three things struck me. Podium, ooh, do I have to stand still while I talk? That's problematic. Water: Why would they give me water?

I'm starting to understand sort of the external thing a little bit better.

On behalf of all of us at the USGA, just thank you for making this trip and making this journey to be part of it. Two years ago, like a lot of you, I watched this from my couch. A year ago, I gave an amazing speech to virtually nobody in La Costa. I really think I nailed it. Nobody was there, but it was really quite fun.

But I really do appreciate all of you making the trip.

Now, if you didn't make the trip and you're watching this on your computer and you're chuckling because you have your weather app open going, thank God I didn't go to Napa, just remember that only the 300 or 400 people in this room will be able to say that in February of 2023 they were able to ski Napa. (Laughter.)

Yeah, if you're wondering whose great idea it was to come to Napa, I said, let's go to Napa, for my obvious other vice is located here, and let's make it easy for Stu and his family to come be part of this. We didn't realize they would have to put on chains to make the drive over to Napa, but it's all, I guess, part of the process.

I do want to make sure you all know when you came in, there's a couple of things on your seat. There won't be a quiz, and we're not going to be talking about them in a lot of detail in this meeting, but there's two things you have.

The first is our annual report. For those of you who worked most of your life in a Fortune 500 world, you'll probably go, that's not an annual report. I didn't get past the third grade, so for me, that's the annual report. Try to keep it really simple.

I think at the end of the day sometimes - I believe this from my own golfing experience - I had incredible reverence for



the USGA but I always felt it was kind of secretive and I wasn't sure what was going on in there, so we tried to make it real simple when we lay out what we did last year, how we do it, how we reinvest our funds, and then as Stu and I were talking one time, you wouldn't play a USGA championship without support, without information, without a quality caddie, so our USGA strategy is in a yardage book.

Now, if it's the first time you're hearing unify, showcase, govern and advance, shame on you. Come on, I've been screaming that for 18 months. And if you're sick of it, you're going to hate the next 15 minutes because unify, showcase, govern, advance is not just embossed in leather on your cover, it's embossed in my brain, which is highly caffeinated, so we're going to talk about it a little bit more.

You can kind of look through that at your own leisure. If you want to take out our strategy and put in your scorecard while you play, that wouldn't bother us a bit, but just know that unify, showcase, govern and advance is really what holds us together.

I thought about what should I talk about when the group got together, and I thought, I could spend half an hour talking about the state of the game, but I'm going to try to do state of the game in one slide, which isn't really my strength, for those of you who know me pretty well.

Here's the simple math: Over 41 million people are playing the game right now in America, and that's 36 percent more than were playing the game just eight years ago.

I say this sometimes, and I've said this in front of retailers, I've said this in front of manufacturers, I've said this in front of people who run golf courses, and they kind of go, yeah, yeah -- I'm like, it's not yeah, yeah. Like if five or six years ago, we could be having a beer and I would have said to you, what's utopia in the next five or six years, like what's the best it could be, they might have the guts to say real growth and people playing the game.

But I'm not sure five or six years ago you would have believed it, but you said it. If I would have said, think bigger than that. Well, explosive growth would be -- okay, explosive growth. Take it farther than that. Wouldn't it be cool if manufacturers couldn't get enough materials from their suppliers, and retailers couldn't get enough product



from the manufacturers, and golf courses were so full that your waiting lists were almost getting silly, and looking around the room, I'm on some of those so I know they're silly.

The idea that your biggest challenge right now at a golf course is really how are we going to keep employees there because the hours are so much longer than they were just three years ago because the tee sheets don't stop at 3:00, they stop at 7:00 p.m. and 8:00 p.m. I think all of us would have said five or six years ago, well, that is utopia. Never going to happen, but really cool.

If you'd have gone one step farther, if you'd have been a little bit out there, and I'd have said now think even farther. Then okay, then let's take all of that growth and let's have it be driven by juniors, females and people of color. All of that's happened in the last three years, really the last seven or eight years, but in the last really 28 months, we've seen explosive growth in golf, generally driven by juniors, women and people of color.

Something that today we almost rolls off our tongue like yeah, of course, I read my NGF. Yeah, you read your NGF but if you'd been reading as long as I have, it's never read like that.

What's kind of really cool about the industry right now is there's three big buckets of players. There's 15 and a half million people that only play the game off course, TopGolf, Drive Shack, driving ranges, putt-putt. That's what they consider their game of golf. And lucky for us, they do.

There's also 13.2 million people that only play their golf on a golf course. Then there's this incredible group in the middle of 12 and a half million that actually play both. But what's really been different in the last five or six years is this little non-course bucket has slowly started trickling into the other funnel, and what's really cool about that funnel is we've typically been accused of, and rightly so, of being generally older, generally whiter, generally maler.

But what's coming into that funnel now is more female than it's ever been, it's more people of color than it's ever been, and I think this one catches people off guard a little bit. It's actually higher income than you think. No shot to my friends at TopGolf, but you spend a couple hours at TopGolf, you understand you have to have a little higher income to hang out a TopGolf a couple days. I have three kids who clearly understand dad's credit card number, so I'm aware of that.

There's probably a million things we could say about the state of the game, but what you really ought to understand about the state of this game is people are playing this

game in all different ways, in all different places. That's all leading to more people -- I like to use the term "live the game." People that vacation around it; they choose their TV around it; they choose how they dress around it. That's what's really so special about the game right now. It's an exciting time.

Stu talked about 18 months. By the way, Stu, when you were talking, I was thinking, almost to this day, I'm going to go look tonight, I'm going to pull it up on a computer, but it was late February when you sent me an offer letter to come to the USGA. Nugent, you're in here, right? The first person I called was Nugent. I'm like, could you see me as the USGA CEO? He said no. No, I'm just kidding.

But it's amazing because what Jim said to me was not only are you going to love that job, but Stu Francis will become your best friend. It is amazing that we've known each other for 24 months and I would consider you one of my best friends in the world, so thanks for what you've done for me.

(Applause.)

Poor Barkin and Paul Brown; you guys have to go through six years of executive committee, and for reward you have to sit in the Mike Whan spit zone, right there. You guys are right up front. You guys probably thought they built this -- I've never seen anybody at the USGA use it. Oh, we're going to use it.

So like most of you, I'm proud of what I do. I'm proud of who I do it for. I'm proud of what I do, so I travel a lot with the letters on. I travel a lot with USGA right on my chest or on my sleeve. It's definitely on my backpack. Like most of you, you can't really get through a flight before somebody goes, USGA, and then they've got to tell you about the things they hate about the game, things they hate about me, and then the things -- their best score. You kind of go through the same thing.

But what's almost inevitable in those conversations, and it's kind of sad for somebody who's spent his life in the golf space, is they'll kind of go, USGA, and we'll have some conversations, love the Open, your greens are too fast, whatever they want to say to me, and then they'll say, what is it exactly that the USGA does again in the game? I realize I've had this conversation with my wife, because we'll leave some of these dinner parties, and she goes, was that person with PGA, AJGA, R&A, LPGA, and do they all fall under somebody? Nope, we're all individual, just a bunch of letters swimming around in the same bowl.

So it's easy for people not to understand what it is the USGA does and how that compares with the different aspects of the game.

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Now, you all in the audience here are pretty educated, but I'm going to do it to you anyway whether you like it or not. We'll talk a little bit about what the USGA's role is.

But I get the same three questions every time I'm traveling, the who, what and how. Who, because we've made some changes in my 18 months, I'll be the first to admit that. Who's in leadership position at the USGA, what do they do, how do you break up the business. What it is that the USGA does; what is your role within the game at the USGA. Then one that I found amazing because it's not something that I probably asked when I was younger, but I get asked all the time, even from some of you in the room, which is how do you guys reinvest the revenues that you generate at the USGA? How do you invest back in the game?

I'm going to take you through those three questions and try in a couple of slides. First one is really kind of who is the USGA in terms of our executive leadership team.

I'll start with John Bodenhamer, who you should know, and if you don't know, you should get to know him because when it comes to how we invest our money, he has the largest purse. So find him if you're looking for something.

I'm just kidding you, John, if you're on. John is our chief championships officer. If it's inside the ropes of a USGA championship, it's probably John. Our Olympic team, he works with our world teams, our U.S. national teams, which you're going to hear a lot more about today, World Rankings, player relations, that all fits under John Bodenhamer and his significant team to run all these national championships.

Susan Pickens is our chief financial officer. At the USGA we expand the term "financial" to include our foundation, our facilities, our IT department, and our GHIN app. So when you're opening that GHIN app, think of Susan and her team that are making that work for you every day.

Our chief commercial officer is Jon Podany. Jon essentially, if it makes money at the USGA, it probably reports to Jon. TV, digital, our merchandising business, our incredible corporate partners and hospital, that all falls under Jon.

Chris Fraser is our chief legal and HR officer. Hopefully the title tells you what Chris does, but if it involves our staff and our teammates, it involves our contracts, it involves our buildout at Pinehurst together with Susan, that's all under Chris Fraser.

Thomas Pagel, our chief governance officer. I'm not sure

that was his title when I got there, but I called him the chief governance officer in so many speeches, I realized we just changed his business card because I can't remember what it was, but I remember thinking I don't know what that means, but I know what chief governance officer is, so if it comes to the governance of the game, it comes to Thomas Pagel, how we handle equipment testing, how we handle rules changes, amateur status, even NILs, et cetera, course ratings, world handicapping system that Stu already spoke of.

Then lastly, Emily Palmer is our chief member services officer, so when you think about Emily, think about the USGA's connection back in the marketplace, whether that connection is with 58 allied golf associations, whether that connection is with our agronomy department and working with individual courses and superintendents, whether that connection is through the Davis grant research program and working with universities to find the future for the game, or whether that's working with almost 10,000 volunteers a year that come together to make the USGA what it is.

So that's kind of the core six. I decided a long time ago that if I do more than six performance reviews, I get bored, so the seventh person kind of gets gypped, so we have six people. If we ever have a seventh you'll realize that I missed a day of Coke Zero.

So let's talk a little bit about the role of the USGA, and this is what I told you: If you don't like unify, showcase, govern and advance, I've got bad news for you; you're going to get a lot more of it. When I got to the USGA, one of the things I found interesting was when I would be sitting next to another USGA person, and they would get asked, tell me what it is the USGA does, I never heard the same thing twice, and it never seemed easy. It always seemed a little clunky and kind of hard to explain.

Because I'm not that smart, I needed to come up with something that I could come to, and it took me about 30 days of just realizing all the different ways in which the USGA really impacts this business. So we changed our letters U, S, G and A of United States Golf Association to unify, showcase, govern and advance. As I take you through these four, I'm not just going to take you through what they stand for but a little bit about how we do reinvest our revenue back in the game.

If you start with unify, as Stu talked about, whether we're talking about world handicapping system in 130 countries, I guess I'm a little dated in my 123, course ratings, working with all of you to make sure we can deliver course ratings at a local level, GHIN app and all of the technology that comes in building and maintaining an app, that all falls

under unify.

I would say this to all of us, because I think all of us love this game and either live it or are a part of it in some way. We take this part of golf incredibly for granted. I think we all can just sort of forget the fact that you can't as a hockey player fly to Thailand, go to a rink, meet a 72 year old woman, a 12 year old boy and a 36 year old former hockey player and go, let's have a game. You can't do that in almost any sport in the world, but golf does that. It does unify the world. It does unify people.

There's a reason why for somebody like me who's not very likable, all my friends seem to come out of the golf space, because I'm unified with this game, and I'm able to play with somebody, whether they're as talented as Stu or as talented as Fred -- I'm just kidding you. (Laughter.)

We can actually play the game together no matter where you came from, no matter what your background, no matter what you think of your skill level. This game brings us together.

Now, here's where I'll start giving you a little bit of math. \$19 million. That's how much we invested back in unifying the game in 2022. So you might go, \$19 million? How do you spend \$19 million on unify? Well, does anybody here own an app? Has anybody here kept an app? Has anybody tried to put 3 million golfers and over 89 million scores through an app and make sure that we can do that so we can cross any country border, any state border, any region, trying to figure out over the last few years how we can enter that score on your watch, trying to figure out how we can make sure that that scoring app can give you GPS location to play, trying to figure out long-term how that app can work, whether you're playing a par-3 golf course or playing seven holes, 16 holes or 18 holes. That's an investment we're making together with the R&A. We're pretty serious about reinvesting in unifying the game.

Showcase is pretty easy. Hopefully if you watch a little bit of TV throughout the year, you watch what we do from a showcase perspective. 15 national championships. But what's cooler than the number 15 is 700 qualifiers, and thank you for so many of you in the room that run many of those for us.

43,000 people in America last year tried to get into -- actually not just America, 43,000 people around the world tried to get into a United States Golf Association championship in 2022. What I'm really most proud of when we talk about these championships, and I've been saying it since the day I walked in here, is you can take a lot of shots at a lot of companies, and actually the way -- Stu even talked about the diversity of our executive committee,

very proud of. I'm also proud of the fact that our championships are for men and women; they're for boys and girls and seniors; they're for professionals and amateurs; and they're now for players with disabilities.

We try to make sure that we provide a championship no matter where you are in your golf journey, no matter what your background, you have something to look forward to.

I have one last thing to look forward to: The Senior Amateur. I'm not likely, but I'm allowed to look forward to it.

Most importantly, there's 10,000 people a year that make these championships a reality, so just know that while we've got a small staff and a bunch of great leaders that have led before us, the real pavement moment happens when these volunteers come together and take our brand and make it a reality in every city, in every state, in every golf course around the world.

So we've got to invest in these championships. You can't just have a U.S. Open, a U.S. Senior Women's Open, a U.S. Girls' Amateur. You've got to invest in those to make sure those feel like gold standard moments, that those are something to aspire to; when you close your trunk in the parking lot and start walking to the golf course, the nervousness isn't like it was last week and not like it'll be next week.

We're going to invest in it. As Stu talked about, we really believe our course lineup in the next 20 years is as good as it's ever been in our history.

I found it really strange when I first got to the USGA that the first thing they would tell me when I would get to the championship is which app to download. I'm over 55, so downloading apps is already hard enough. But giving me multiple apps, we're going down a road that's not going to end well.

So going this year, we've got one app. Doesn't matter what championship you're going to, doesn't matter where you are in the world, you can go to the USGA app, you can watch our championships, you can get live scoring, you can watch live shot tracking all under one app.

When we get to the U.S. Open this year at LACC, there will be six different ways to watch it. You can watch it the way you've always watched it. You can watch it on your watch. You can watch it on your app. You can watch it on your computer. You can watch featured groups. You can watch it in terms of live shot tracking.

But there's going to be a lot of different ways to -- and one of them, it's currently called all access coverage, but think





NFL RedZone coming to golf. We're going to show you USGA Green Zone, where we're going to have a bunch of screens going and probably a different kind of person commentating, and if you have that kind of ADHD - yes, I'm looking at the mirror - that might be for you. We're going to jump around quite a bit.

This came out of a meeting yesterday, and I wrote it down, so somewhere Jon Podany is very nervous. Whenever I write something down, it's usually a problem. U.S. Open this year. Thank you, NBC, but when we're at the U.S. Open, and Saturday at 1:00 p.m. -- sorry, I still do the East Coast and I know I'm on the West Coast but you guys hate us already so I'm going to keep doing it. Saturday at 1:00 p.m. eastern we'll come on air on NBC. Now, we'll have plenty at Golf Channel and USA Network before that, but at 1:00, we'll come on NBC, and we'll go off NBC at 11:00 p.m. 1:00 to 11:00 on Saturday, 1:00 to 10:00 on Saturday.

You can fall asleep, wake up, fall asleep, wake up, fall asleep seven or eight times on Sunday, and we're going to be there for you.

By the way, that is Father's Day Sunday. For the fathers in here, if you don't take advantage of that, the one day where you can make a serious indent in your memory foam couch, do it, because we've got you covered.

U.S. Women's Open, Pebble Beach, 3:00 to 9:00 NBC, both Saturday and Sunday. I can tell you as the former LPGA commissioner, that's the most NBC network hours on a championship in the history of the LPGA. That is an amazing combination. It'll be great. It will be great to be in primetime on the East Coast, both on the men's and women's U.S. Open.

If you're at one of those two and it's really late and the last group is coming down and you're really tired, don't pick your nose, don't drink anything because you are still on NBC, and all your friends are still watching. Probably talking to me.

Let's talk about what we invest. In last year alone, we spent \$223 million back into our championships. Now, that sounds like a big number, I get it. But if you've ever been to a U.S. Open, we spend quite a bit of money on the U.S. Open. That includes all purses, our TV production, what we build out, our insurance in terms of what we build, in terms of shuttles and parking, and last year was a big one. I think we rented about 80 different church parking lots in Boston to pull off The Country Club.

But it's a significant development back into the core part of the business. If you're going to be about a national

showcase, you'd better be about reinvesting annually into that national showcase.

Now, I know you know we govern the game, and what I would say is maybe governing the game isn't always the most glamorous or celebrated, but it is the most important, and it is quite frankly our responsibility. I've said this a lot in my last 18 months because it's true: Governing is hard.

As my wife would say, why do you wake up, check Twitter, have 400 people tell you you're an idiot, and then go to work? I say, I don't know, if for some reason people haven't called me an idiot by 9:00 a.m., I don't feel like it's a full day, because at the end of the day governing the game together with the R&A to make sure we're all playing by the same rules and under the same assumptions, without that, this game isn't the same for your kids as it was for you when you were a kid.

We've got to stay connected. We've got to keep the game unified, and we've got to make sure we're playing under the same set of rules and the same parameters.

Yes, we govern the game, and we do that without bias. One of the things I say that's really interesting to me, as a guy who's worked in a lot of places in the golf industry, I've worked for manufacturers who have shareholders to report to. I've worked for associations who have members to report to. When you get to the USGA -- and you don't realize it, but when I was at the LPGA, I worked for members. My job, at least 90 percent of it, was to make sure those 600 or 700 members had playing opportunities this week and next week. With that extra 10 percent of the time I thought about 20 years from now.

But I had to spend 90 percent of my time thinking about right now and those members.

What's really cool about the USGA, and it's a very different mindset, is I have to spend 90 percent of my time at the USGA thinking about what this game is going to look like in 20, 50 and 70 years, and we have to do that because the other stakeholders of the game aren't given the freedom to have that same kind of long-term thought. So we've got to make sure that your kids' kids enter a game that was even better than you entered when you were a kid.

We spent, I think, \$15 million last year in governing the game. Again, you might go, how do you spend \$15 million? Well, come spend a day with us in New Jersey. Let us take you through the equipment standard testing. Let us tell you what it takes to invest in serious agronomic upgrades like the GS3 that we'll talk about in a minute.

But we really invest back, where we modernize the rules

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every four years. These are investments we're making in the game.

Without these investments, somebody else would have to make these investments. These don't go away. These just become our responsibility.

I'm going to finish with advance the game. This is a slide that I didn't show anybody on my team, especially my EC because I'm not sure they would love my first bullet point. But I've got to tell you, as a non-USGA person two years ago, I used to think of the USGA as world-class check writers. I don't mean that in a negative way.

My point is when it came to a major initiative in the game, the USGA was probably writing the biggest check or one of the biggest checks, and that's true. First Tee, Drive, Chip & Putt, Girls Golf, research, AJGA initiatives. We like to get behind those in a big way, and we typically like to get behind those things with our checkbook.

We're also very comfortable; quite frankly we're proud of what we invest in preserving the history of the game. If you've ever been to Golf House and our museum in New Jersey, it's spectacular. Longest standing sports museum in the U.S., and we want to make sure that even though it costs a lot to retain that kind of historic place -- and it's the same reason when we knew that the World Golf Hall of Fame was losing its place in Florida at the end of this year, we went to that board and said, why don't you let us build the World Golf Hall of Fame's next stop in our Golf House Pinehurst because we want to really make sure that the best names and legacies of this game don't go homeless in '24. We'll build the home to make sure you can see it.

I expect all of you will be at Pinehurst for the 2024 U.S. Open, and in that week, we'll invite you into the World Golf Hall of Fame.

Starting now, and it maybe started a year ago, but for all of you I can promise starting now, we're going to take one giant step in how we think about lead, and that is as Stu talked about, I believe in something called BBLs: Big, bold, leadership initiatives. Either go big, go bold, or get out of the way, and we're going to make some big, bold initiatives in the game. Why? Because they're desperately important if we want to make sure the game feels better in 25, 50, 75 years.

So let me tell you what that means to us at the USGA. We're going to start with five significant advancement initiatives. First is 15-30-45. In the next 15 years, we're going to spend \$30 million to make sure that we can work with golf courses and help them reduce water needs by 45 percent if they need it or want it. I'm not sure we're going

to figure out how to do that across the country because I'm not really sure Florida needs a 45 percent water initiative or New Jersey or maybe Maine. But if you're here, you're interested in that initiative. If you're in Phoenix, Vegas, San Diego, I promise you, in Texas, you're interested in this initiative.

We're going to work now -- so we've always been great at doing incredible research at universities to figure out what we can do in a two-foot-by-two-foot plot of land. Now it's making sure we take that plot of land, research and white paper and get it into the marketplace. We've got to be bold enough that we find a million-dollar idea that can fundamentally change a golf course or two in Tucson, and they don't have a million dollars but they can pay us back over the next five years. We've got to be bold enough to be up front with them and get that into the marketplace because research white papers are phenomenal but they only work if they actually get in the ground, so we've got to make sure the 15-30-45 doesn't stay on paper but gets in the ground.

I think you probably heard us talk about GS3, but this is the little guy (casually tossing GS3 into the air) -- somewhere, Matt, you're really nervous because that thing is 5 grand. So now if you want to test the smoothness, firmness and speed -- where are you, Chips? Smoothness, firmness and speed? All you do is roll that across your green. And then open up your app, your Deacon app on your phone no matter where you are, and it'll tell you how your greens are rating. You'll see us rolling this at LACC and every championship we have this year.

If you don't have a GS3, shame on you. But we're making them.

So one, 15-30-45. Let's stop talking about sustainability and let's start putting our money and our effort where our mouth is.

Second, U.S. national development teams. Team Stars and Stripes is coming to you. Here's the deal on Team Stars and Stripes. 12 years as the LPGA commissioner. It blew me away, by the end of my first season, I realized that every woman on that Tour, every one, came out of a country program except the Americans. It was a mindblowing moment.

I remember Lydia Ko telling me how she got part of Team New Zealand when she was 11, and they teach you how to eat, how to sleep, mental coaches, how to get your parents out of your face, how to get into a D-1 school, all the things you need to start realizing your competitive opportunity.

Most importantly, a lot of these players that came out of

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country programs are getting funding help if they need it to get into championships and tournaments and get to America if that's what they need to get the right coaches.

Almost the only really developed country in the world that takes golf seriously that doesn't have this is America. By the way, since joining the Olympics, we've had a chance to spend a lot of time with a bunch of other sports entities. We're also the only sport in America with an Olympic path that doesn't have a designed and developed national development path to the Olympics. So for 0 for 2. We're terrible in the world and we're not so great here among our other sports.

That's going to change starting yesterday when we announced Team Stars and Stripes. We're going to be committed to pull together the industry. This is not something we can do on our own, but I can promise you, this is one we'll lead and ask them to get behind us on is we're going to make sure if you're 11 to 17, and Heather will probably tell you later it's a wider audience, but once I got locked in 11 to 17 I can't stop myself. 11 to 17, if you need our help, if you need direction or quite frankly if you have the talent to make it to that kind of level, then we're going to get a hold of you and we're going to help you find coaches, we're going to help you find nutritionists, we're going to bring you into some of our anchor sites, so if you're out there, Merion, Oakmont, Pebble, Oakland Hills, Pinehurst, we're coming. We're going to bring some of the best 14 year olds in the U.S., some of the best 15, 16 year olds, 12 years olds. We'll do a week-long camp where we'll bring in Tour players and Tour caddies and D-1 coaches and other great nutritionists.

We deserve to make sure that the American youth pipeline is at a minimum at least treated the same way they would be treated if they were growing up in Canada or Mexico. Both are here, and both have incredible country development programs, but they have incredible programs in Sweden, Spain, Korea, Japan, Australia. If you think about a player that plays professional golf or plays at a high level college golf, she or he probably came out of a country program unless she's got red, white and blue on, and in that case she didn't have that option. She's going to have that option, he's going to have that option pretty soon.

Most importantly, we're going to build about a \$30 or \$40 million grant program to make sure that if you're financially not viable to kind of raise that kind of kid, then we're going to help you financially raise that kind of kid. Tiger Woods said to me one time, what do you think happened to all the other Tiger Woodses that followed me, because we obviously had this wave of Tiger Woodses.

I said, hey, Tiger, do you remember when you went into

the World Golf Hall of Fame, you told a speech about how you and your mom and dad had a family meeting when I think you said you were 13, and his dad said, we can't afford this pace, what it's costing to raise a Tiger Woods for junior golf. Tiger said it was an interesting moment because he was either going to be a world-class soccer player at that moment or he was going to continue in golf, and his dad decided to second mortgage the house, and as a result of that second mortgage, they continued the path, and Tiger said when he won his first Tour event, which I think he said was Vegas, when he won his first fewer event in Vegas, the first thing he did is paid off both mortgages of his dad's house, which was the proudest moment of his life.

Well, as I said to Tiger, I'm pretty sure there's been a lot of kitchen table meetings since yours. They probably just didn't end the way yours did with a second mortgage, and it shouldn't take a second mortgage. We're wealthy enough as a sport and as a country to help out.

So if you're sitting out there going, I like what he says. I don't know how he's going to raise \$30 million, you go back to your room, you take your tie off and you see that reflection in the mirror, I'm coming for you. We're going to do this together.

We're going to raise a bunch of money. We're going to put a bunch of money ourselves, but by gosh, we're going to make America's pipeline stronger than ever before.

When it comes to -- my first thing I think I did together with the USGA is I went to a Walker Cup in Seminole, and the combination of Seminole and the Walker Cup was unbelievable, and then a few months later Curtis Cup at Merion. I remember saying to Stu walking down the fairway, these are the greatest amateur team events in the world, and I'm scared to death that a CEO like me is going to screw these up long-term, and he looked at me going, you're not going to screw these up.

I said no, but hear me out. When things get tough, tough recession, we go through some really bad times in the marketplace, something goes wrong and we've really got to spend money somewhere else, you're going to look to a guy like me and say, find me \$30 million next year because we don't have it, because we can only spend what we can generate.

When I started thinking about how am I going to save \$30 million, I can probably save a couple right now by playing the Walker Cup and the Curtis Cup every third year, maybe every fourth year, maybe every fifth year and then we'll be fine on our economics. A board that would hate it would probably approve it because we'd be in one of those

 . . . when all is said, we're done.®

moments.

As my dad used to say, when things are good, figure out all the things that won't be good when things aren't good and fix them now. So things are pretty good, and we're going to make sure that the Walker Cup and the Curtis Cup can never be affected by economic times.

We went to Charlie Pagnam, our head of our foundation and fundraising, and said, how much do we need, and he said you need somewhere between \$20 and \$25 million. So I went back to the EC and said, if we can raise \$10 million in the marketplace, will you match it with 10? We'll put \$20 million in endowment and those two Cups will never be touched. I think they kind of gave us the look like yeah, go raise 10, we'll see how that goes. But they agreed. Motion passed, by the way, Fred.

So that was about nine months ago. Right now we -- Charlie decided he was going to find 20 people in America that would give half a million dollars apiece and raise \$10 million and call them the "Keepers of the Cup." We have 11. We've done that in nine months. We haven't advertised it, we haven't put a commercial out. We're going to find 20 Keepers of the Cup, and the Curtis Cup and the Walker Cup are never going to be touched again.

The reason why that matters, the reason why you could care is if we can do that, if the golf community can do that, then longer term we can raise \$100 million and put in a \$100 million of our own money and make sure amateur championships are endowed forever.

That might be easy for a 57 year old to think, that's probably the next guy's problem, but I would tell you that I believe if you can raise \$10 million in a year, we can raise \$100 million in five years, and amateur golf will be amateur golf, and whatever happens, wars, recessions, everything else. So that's coming in terms of our big, bold leadership initiatives.

Expect to hear a lot more from the USGA about inviting diversity into the game. I don't just mean playing. We have really good diversity happening in the participation side of the game. We've got to be better on the working side of the game.

Whether it's our Pathways internship program, a lot of you out there are benefactors of the Boatwright internship program, a few hundred interns a year that the USGA pays for to make sure they're in the marketplace all over the U.S. and Puerto Rico, we're going to keep paying for them, you're just going to get a little bit more diverse in who you bring us as candidates over the years to come.

Then kind of maybe a little bit of foreshadowing, myself, Seth, Jay, Mollie and some of the other stakeholders of the game are in the middle of some pretty exciting strategic alliance discussions with the HBCUs here in America because we need to eliminate both the excuse and the reality of I'd like to have a more diverse workforce, but I just really can't find a more diverse pool of talent. We're going to find a more diverse pool of talent and eliminate that as an obstacle going forward.

Lastly, preserving history. As I talked about, whether it's our museum, whether it's our World Golf Hall of Fame, and even if I was being honest with you, even all the stuff you don't see in terms of how we treat champions of our amateurs, and I don't mean on the 18th green, I mean what happens three months later or six months later or even a year later, we want to make sure when we play at Pebble Beach and we bring together all the women who have won the U.S. Open and have a full day where they come in, sort of on us, that's treating champions in a special way, and that investment in preserving history will be important for us kind of going forward.

So all of that was about \$31 million of investment last year. So if you kind of take those together, you've now answered the question of how do we reinvest our money.

Great news for all of you: This is my last slide. How do we reinvest our money? I'm going to give you kind of a USGA 101, and the reason I'm going to give you that is that's about as far as I've gotten so far on the exam.

USGA 101: We make about \$270 million a year in total revenue. About \$250 of that comes from our business. What do I mean by our business? Our championships, our ticketing, our TV, our merchandising, incredible corporate partners. That all generates about \$250 million, plus or minus 10 every year.

\$20 million is what we generate between our USGA membership program and individual donations. By the way, individual donations is larger than our membership program. People giving to the game through us or people giving to the game through membership.

Then we typically spend that money back in the game exactly how I just explained it to you. If 2022 was a typical year and the revenue was 270, I would expect that both unify and govern to be about \$16 million apiece. I would expect championships to be about \$210, and then we typically fill in the gap in terms of what we have left, we can spend back in advancing the game.

So here's a quick look at 2022. So in 2022, and Stu was right, we had an incredible insurance business last year.





We had insurance paid from our 2020 challenges was paid in 2022. You accountants in the room will go, you should have accounted for that in 2020. Closed those books, so they show up in 2022.

Rather than make about 270, we made a little more than 300 million. About the same in terms of donations and membership program, but an extra about \$20 million of insurance that came in in 2022.

How do we reinvest that money? \$19 million of it went to unify, the \$223 we talked about in showcase, \$15 and \$31 in govern and advance. Now, certainly Barkin is fast enough to go, hey, that doesn't add up to \$304. That's right. So we're a 130-year-old company. We have a bank account. Sometimes that bank account does really well in the market, when Tom raises interest rates, and sometimes -- no, I'm just -- sometimes it doesn't do as well. Last year, if I was being honest with you, we've known throughout the year that we were going to kind of take a pretty good hit in the marketplace, and we did, so we tried to not spend every dollar of revenue back into the game so we could offset some of that loss.

It'll be a big loss for us, but that's why you have years where you put money away, so you can have the rainy day fund and not change your strategy simply because you're not doing well in the marketplace.

At the end of the day, I hope this kind of ends the mystery of what does the USGA do in terms of revenue and how do you spend it back in the game, and I know all of you in the room go, he's got \$31 million to spend on advance, so please don't track me down later. A lot of that is earmarked -- I'm just kidding you.

But no, we really believe that in the next few years, you're going to see significant increases in the championship reinvestment and advancing the game, two things I think we're going to just keep taking to another level as we can and as we will.

I think they told me to talk to you guys about 12 minutes, so I think I snuck right under the wire there. But I appreciate you listening to me. I'm frothing, so I can tell I'm excited.

I just want to say that on behalf of 300 staff members that aren't on this stage, a bunch of allied golf partners that are all around the U.S. and Puerto Rico, we just appreciate what you all do for the game, and more importantly, we appreciate the fact that you do it with us.

We're not cocky enough to believe that we would impact the game sitting in New Jersey or in Pinehurst. We impact

the game with partners who have the same passion and belief that we do to make it happen, and that goes right down to if you run a golf course, if you run a pro shop, if you run a retail outlet, you're in this game with us. We consider you a teammate and always will.

Now, the real reason you came today, which clearly wasn't here for me, is you wanted to hear from Chris Fraser about how the vote went. So I'm going to give you Chris Fraser, our chief legal and HR officer, to tell you about how the vote went.

Thank you.

(Applause.)

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