

1 **RESOLUTION ADDRESSING OLYMPIC**

2 **FINANCING**

3 2000 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: L. Alma Mansell**

6 A JOINT RESOLUTION OF THE LEGISLATURE AUTHORIZING TIME LIMITED
7 DEFERRAL OF CERTAIN MONIES OWED FOR THE PURCHASE AND SALE OF THE
8 UTAH WINTER SPORTS PARK; AND ADDRESSING FINANCIAL ISSUES RELATING TO
9 THE SALT LAKE OLYMPIC ORGANIZING COMMITTEE FOR THE OLYMPIC WINTER
10 GAMES OF 2002, AND TO THE PURCHASE AND SALE OF THE UTAH WINTER SPORTS
11 PARK.

12 *Be it resolved by the Legislature of the state of Utah:*

13 WHEREAS, as used in this resolution:

14 (1) "credit agreement" means the credit agreement between the organizing committee and
15 the lending institution, as defined in S.J.R. 14 (1998 General Session);

16 (2) "lending institution" means the institution or institutions that have provided and that
17 provide or will provide the organizing committee with one or more revolving or other lines of
18 credit;

19 (3) "LLC" means "SLOC, LLC, a Delaware Limited Liability Company", formed by the
20 organizing committee pursuant to the credit agreement;

21 (4) "NBC television revenue" means NBC television revenues assigned by the organizing
22 committee to the LLC in the approximate amount of \$228,900,000, to be paid to the LLC on
23 February 24, 2002, and March 6, 2002;

24 (5) "Olympics" means the Olympic Winter Games of 2002;

25 (6) "Olympic special revenue fund" means the fund established pursuant to Section
26 59-12-103(4);

27 (7) "organizing committee" means the Salt Lake Olympic Organizing Committee for the

28 Olympic Winter Games of 2002;

29 (8) "organizing committee revenues" means all revenues that have been or may be received
30 by the organizing committee or any of its wholly owned subsidiaries, including revenues received
31 from any contract into which the committee has entered or may enter, and proceeds payable under
32 insurance contracts;

33 (9) "State Olympic Officer" means the individual appointed pursuant to Section
34 63A-10-103;

35 (10) "Utah Athletic Foundation" means the private nonprofit entity created in accordance
36 with S.J.R. 17 (1994 General Session); and

37 (11) "Utah Sports Authority" means the agency created pursuant to Title 63A, Chapter 7;

38 WHEREAS, the organizing committee has pledged to the state that expenses of the
39 Olympics will not exceed organizing committee revenues;

40 WHEREAS, the organizing committee is requesting the state to defer \$58,000,000 of the
41 \$99,000,000 purchase price of the Utah Winter Sports Park from January 10, 2002 to March 7,
42 2002, in order to address concerns and requirements of the lending institution;

43 WHEREAS, the organizing committee has proposed that if future, additional cash flow
44 concerns that meet the requirements and conditions subsequently described in this resolution
45 occur, and are documented in accordance with the specific requirements of this resolution, up to
46 \$20,000,000 of the \$99,000,000 purchase price for the Utah Winter Sports Park which is owed to
47 the Utah Athletic Foundation, be deferred from March 7, 2002, for a period not to exceed one year;

48 WHEREAS, the state has a security interest in all organizing committee revenues;

49 WHEREAS, the security interest held by the state in organizing committee revenues:

50 (1) is second in priority only to the lending institution;

51 (2) secures:

52 (a) the \$100,000,000 purchase price of the Utah Winter Sports Park; and

53 (b) an amount equal to the bond obligations owed with respect to the State Building
54 Ownership Authority bond, in accordance with its terms, and as described in S.J.R. 14 (1998
55 General Session); and

56 (3) immediately becomes a first priority security interest in all organizing committee
57 revenue upon satisfaction of the terms and conditions of the existing credit agreement or
58 agreements with the lending institution, and release by the lending institution in accordance with

59 the terms of that agreement or agreements;

60 WHEREAS, the Utah Sports Authority is an agency of the state and therefore, as
61 previously established by joint resolutions of the Legislature, any security interest or right to
62 payment from the organizing committee held by the Utah Sports Authority is held by the state in
63 organizing committee revenues;

64 WHEREAS, S.J.R. 17 (1994 General Session) governs the sale of the Utah Winter Sports
65 Park and payment of the purchase price of up to \$99,000,000, depending on the actual total funds
66 expended or incurred by the Utah Sports Authority, through the closing date referred to in the
67 purchase agreement and thereafter extended by the parties to July 14, 1999, except to the extent
68 that a specific requirement of S.J.R. 17 is expressly superseded by a subsequent joint resolution
69 of the Legislature;

70 WHEREAS, on August 1, 1994 the Utah Sports Authority entered into an agreement to sell
71 the Utah Winter Sports Park to the organizing committee for a purchase price of up to \$99,000,000
72 which was affirmed by S.J.R. 5 (1996 General Session);

73 WHEREAS, on July 14, 1999 the Utah Winter Sports Park purchase agreement closing
74 documents were executed and title to the Utah Winter Sports Park was transferred from the Utah
75 Sports Authority to the organizing committee, subject to certain restrictive covenants and
76 reversionary interests cited in the purchase agreement, closing documents, and joint resolutions
77 of the Legislature;

78 WHEREAS, according to joint resolutions of the Legislature, the Utah Winter Sports Park
79 purchase agreement, and subsequent final sales agreements:

80 (1) \$1,000,000 was paid, a portion of which was value in kind, to the Utah Sports
81 Authority at the July 14, 1999 closing date;

82 (2) \$58,000,000 of the purchase price is to be paid by the organizing committee into the
83 Olympic Special Revenue Fund on January 10, 2002 for repayment to state and local governments
84 as provided in the purchase agreement, joint resolutions of the Legislature, and in statute; and

85 (3) \$40,000,000 is to be paid by the organizing committee to the Utah Athletic Foundation
86 on or before March 7, 2002;

87 WHEREAS, the organizing committee required and received a revolving line of credit
88 from the lending institution to pay for costs incurred in preparing for and hosting the Olympics;

89 WHEREAS, S.J.R. 11 (1997 General Session) required the Utah Sports Authority to

90 execute agreements and take actions, consistent with S.J.R. 11 (1997 General Session), as was
91 required by the lending institution, in order to evidence subordination and subrogation of the state's
92 security interest to the security interest of the lending institution;

93 WHEREAS, subsequent to the passage of S.J.R. 11 (1997 General Session), the lending
94 institution has since placed restrictions on the line of credit extended to the organizing committee
95 including a requirement that, in order to retain its line of credit, the organizing committee obtain
96 legislative approval to defer payment of \$58,000,000 owed to state and local governments, from
97 January 10, 2002 to March 7, 2002;

98 WHEREAS, NBC television revenue will be first used to repay the credit or line of credit
99 extended to the organizing committee by the lending institution;

100 WHEREAS, according to current contractual obligations and estimates, NBC television
101 revenue will exceed the amount owed by the organizing committee to the lending institution, to
102 the extent that all obligations owed to the state relating to the purchase and sale of the Utah Winter
103 Sports Park could be paid from the NBC television revenues:

104 NOW, THEREFORE, BE IT RESOLVED that, the Legislature authorizes deferral of the
105 organizing committee's payment to the state of \$58,000,000 from January 10, 2002 to no later than
106 March 7, 2002, only if all of the following conditions are met:

107 (1) the organizing committee and the lending institution execute all necessary agreements
108 providing that \$58,000,000 of NBC television revenues be paid directly from the LLC to the
109 Olympic Special Revenue Fund, immediately upon satisfaction of the terms and conditions of the
110 credit agreement, and providing that the \$58,000,000 be paid no later than March 7, 2002;

111 (2) the organizing committee and the lending institution execute all necessary agreements
112 establishing that, immediately after the \$58,000,000 payment described in Subsection (1), the next
113 \$40,000,000 of NBC television revenue be paid by the LLC directly to the Utah Athletic
114 Foundation no later than March 7, 2002, unless the specific conditions and exceptions
115 subsequently defined in this resolution, relating to potential deferral of up to \$20,000,000 of those
116 funds, have been met;

117 (3) the organizing committee and the lending institution execute all necessary agreements
118 providing that, other than monies owed to the lending institution, there will be no disbursement
119 of or agreements incurring obligations, pledges, or requiring payments that affect NBC television
120 revenues held by the LLC until after the amount of \$58,000,000 has been paid to the Olympic

121 Special Revenue Account, and an amount up to \$40,000,000 has been paid to the Utah Athletic
122 Foundation in accordance with the specific requirements and provisions of this resolution; and

123 (4) the organizing committee documents and certifies that the state's security position is
124 in no way affected or altered by the deferrals contemplated by this resolution, and that the
125 organizing committee and the Utah Sports Authority have executed or provided for the execution
126 of any and all documentation necessary to maintain the state's security interest and its priority
127 position as a secured creditor, as previously described in this resolution and in previous joint
128 resolutions of the Legislature;

129 (5) the organizing committee and the Utah Sports Authority execute all necessary
130 agreements providing for interest to be paid to the state on the \$58,000,000 at a rate of no less than
131 7% per annum, to be deposited monthly into the Olympic Special Revenue Fund, beginning
132 January 10, 2002;

133 (6) by no later than March 31, 2000, the organizing committee provides the State Olympic
134 Officer and the attorney general's office with documentation that the organizing committee, the
135 lending institution, and the Utah Sports Authority have complied with the requirements and
136 provisions described in Subsections (1), (2), (3), (4), and (5); and

137 (7) by no later than April 7, 2000, the State Olympic officer and the attorney general's
138 office notify the President of the Senate and the Speaker of the House that the requirements and
139 provisions described in Subsections (1), (2), (3), (4), and (5) have been complied with, and
140 provide the President and the Speaker with any requested documentation.

141 BE IT FURTHER RESOLVED that if the foregoing conditions are not met, there is no
142 legislative approval for deferral of the \$58,000,000 payment for the Utah Winter Sports Park.

143 BE IT FURTHER RESOLVED that, if the organizing committee meets the following
144 criteria and provides the described documentation and evidence regarding its revenue projections
145 and potential cash flow concerns, as specified in this resolution, the governor may at a future date
146 agree to a deferral of up to \$20,000,000 of the \$40,000,000 owed to the Utah Athletic Foundation
147 for a period not to exceed one year from the agreed date of payment, if:

148 (1) by no later than December 31, 2001, the organizing committee provides the governor
149 and the State Olympic Officer with:

150 (a) analysis and supporting documentation evidencing that the organizing committee's
151 revenues, revenue projections, expenses, cash flow, and contingency funds demonstrate, to the

152 satisfaction of the governor and the State Olympic Officer, that the organizing committee's cash
153 flow will require deferral of some portion of the \$40,000,000 owed to the Utah Athletic
154 Foundation, which portion may not exceed \$20,000,000; and

155 (b) the specific amount of the requested deferral; and

156 (c) the specified dates for the delayed payments in accordance with Subsection (3) and
157 with other specific requirements and limitations of this resolution;

158 (2) by no later than January 10, 2002, the State Olympic Officer reviews the organizing
159 committee's proposal for deferral and provides to the governor his written determination regarding
160 whether the specific terms and conditions of this resolution have been complied with, and whether
161 the deferral, not to exceed \$20,000,000, is in the best interest of the taxpayers and citizens of this
162 state;

163 (3) by no later than January 20, 2002, the governor shall review the information provided
164 to him by the State Olympic Officer, pursuant to Subsection (2), and, based on that information
165 and any other information that he has requested or that has been provided to him, the governor
166 shall, in writing, determine whether the specific terms and conditions of this resolution have been
167 complied with and whether the deferral, not to exceed \$20,000,000 is in the best interest of the
168 taxpayers and the citizens of this state;

169 (4) (a) any deferred amount of principal is paid in no more than four equal, quarterly
170 payments;

171 (b) with regard to any deferred amount of principal, interest is paid to the Utah Athletic
172 Foundation monthly, at the rate of no less than 7% per annum; and

173 (c) any other consideration agreed to by the organizing committee and the Utah Athletic
174 Foundation is paid, so long as the Utah Athletic Foundation remains in a position substantially
175 equivalent to its position prior to any deferral of monies owed to the Utah Athletic Foundation;

176 (5) the deferral does not affect the state's security interest or position, or the organizing
177 committee's obligations to the state or the Utah Athletic Foundation; and

178 (6) any portion not deferred is paid, in accordance with the terms of this resolution, from
179 NBC television revenues held by the LLC.

180 BE IT FURTHER RESOLVED that, without the specific written approval of the governor,
181 in accordance with the terms of this resolution, there shall be no deferral of any portion of the
182 \$40,000,000 owed by the organizing committee to the Utah Athletic Foundation; and that no other

183 person may approve that deferral on behalf of the governor.

184 BE IT FURTHER RESOLVED that, regardless of whether NBC television revenues held
185 or maintained by the LLC are or will be sufficient to fully meet the organizing committee's
186 obligations to pay \$58,000,000 to the state and \$40,000,000 to the Utah Athletic Foundation in
187 relation to the purchase and sale of the Utah Winter Sports Park, nothing in this resolution, or in
188 any agreement or document executed pursuant to this resolution, shall be interpreted to affect,
189 modify, or alter the organizing committee's debt, and its agreement to fully pay those obligations
190 to the state and to the Utah Athletic Foundation from any and all organizing committee revenue,
191 on the dates provided by the purchase and sales agreements for the Utah Winter Sports Park,
192 except as expressly modified by this resolution, upon compliance with the terms and conditions
193 of deferral described in this resolution, or by previous joint resolutions of the Legislature.

194 BE IT FURTHER RESOLVED that the Legislature hereby reaffirms S.J.R. 17 (1994
195 General Session), S.J.R. 5 (1996 General Session), S.J.R. 11 (1997 General Session), and S.J.R.
196 14 (1998 General Session), except as expressly modified by this resolution.

197 BE IT FURTHER RESOLVED that nothing in this resolution modifies or affects the state's
198 security interest or its position as a secured creditor with regard to organizing committee revenues.

Legislative Review Note
as of 2-7-00 12:42 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel