

RESOLUTION ADDRESSING OLYMPIC FINANCING

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: L. Alma Mansell

A JOINT RESOLUTION OF THE LEGISLATURE AUTHORIZING TIME LIMITED DEFERRAL OF \$58,000,000 OWED TO THE STATE BY THE SALT LAKE OLYMPIC ORGANIZING COMMITTEE FOR THE PURCHASE AND SALE OF THE UTAH WINTER SPORTS PARK; AND AUTHORIZING THE GOVERNOR TO DEFER, UNDER CERTAIN CIRCUMSTANCES, UP TO \$20,000,000 OWED BY THE SALT LAKE OLYMPIC ORGANIZING COMMITTEE TO THE UTAH ATHLETIC FOUNDATION.

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

WHEREAS, as used in this resolution:

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

(2) "eurodollar rate" means:

(a) with regard to deferral of the organizing committee's payment of \$58,000,000 to the state, the eurodollar rate published in the Wall Street Journal on January 10, 2002; and

(b) with regard to potential deferral of up to \$20,000,000 of the organizing committee's payment to the Utah Athletic Foundation, the eurodollar rate published in the Wall Street Journal on March 7, 2002;

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

(4) "LLC" means "SLOC, LLC", a Delaware limited liability company, formed by the organizing committee on December 19, 1997 in accordance with requirements of the lending institution;

(5) "NBC television revenue" means NBC television royalties that have been irrevocably assigned by the organizing committee to the LLC in the approximate amount of \$228,900,000, to be paid to the LLC on February 24, 2002, and March 6, 2002;

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

(7) "Olympic special revenue fund" means the fund established pursuant to Subsection 59-12-103(4);

(8) "organizing committee" means the Salt Lake Olympic Organizing Committee for the Olympic Winter Games of 2002;

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

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

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

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

WHEREAS, on August 1, 1994 the Utah Sports Authority entered into an agreement with the organizing committee regarding the purchase and sale of the Utah Winter Sports Park and providing for certain contractual obligations relating to the Oquirrh Park speed skating oval, in which the organizing committee agreed to pay up to \$99,000,000, in accordance with the terms and requirements of that agreement;

WHEREAS, the organizing committee obtained a revolving line of credit from the lending institution;

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

WHEREAS, on July 14, 1999 the Utah Winter Sports Park purchase agreement closing documents were executed, and title to the Utah Winter Sports Park was transferred from the Utah

Sports Authority to the organizing committee subject to certain restrictive covenants and reversionary interests cited in the purchase agreement, closing documents, and joint resolutions of the Legislature;

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

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

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

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

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

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

(1) secures:

(a) the unpaid purchase price of the Utah Winter Sports Park;

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

(c) the amount owed by the organizing committee to the University of Utah for use of the Rice-Eccles Stadium;

(2) is first in priority with respect to the Utah Winter Sports Park, and with respect to \$42,000,000 of organizing committee revenues relating to housing at the University of Utah and use of the Rice-Eccles Stadium; and

(3) is second in priority only to the lending institution with respect to all other organizing committee revenues and assets, and immediately becomes a first priority security interest in all organizing committee revenue upon satisfaction of the terms and conditions of the credit agreement, and release by the lending institution in accordance with the terms of that agreement;

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

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

WHEREAS, the line of credit extended by the lending institution to the organizing committee expires on June 30, 2000, unless it is renewed;

WHEREAS, the lending institution has placed restrictions on the line of credit extended to the organizing committee including a requirement that, in order to renew its line of credit, the organizing committee obtain legislative approval to defer payment of \$58,000,000 owed to state and local governments, from January 10, 2002 to March 7, 2002;

WHEREAS, the lending institution has also conditioned renewal of the organizing committee's line of credit upon agreement of the International Olympic Committee and the United States Olympic Committee to grant certain concessions and defer certain payments owed to them by the organizing committee;

WHEREAS, the International Olympic Committee and the United States Olympic Committee have granted the required concessions and agreed to the required deferrals, conditioned upon the state's agreement to defer the \$58,000,000 payment;

WHEREAS, the organizing committee is requesting the state to defer \$58,000,000 of the \$99,000,000 purchase price of the Utah Winter Sports Park from January 10, 2002 to no later than March 7, 2002 in order to address the requirements of the lending institution;

WHEREAS, the organizing committee proposes that if needs regarding the timing of post-Olympic cash flow are projected and documented in accordance with the specific requirements of this resolution, up to \$20,000,000 of the \$40,000,000 owed by the organizing committee to the Utah Athletic Foundation be deferred from March 7, 2002, for a period not to exceed one year;

WHEREAS, NBC is obligated to pay the NBC television revenue to the LLC;

WHEREAS, the LLC will first use the NBC television revenue to repay the line of credit extended to the organizing committee by the lending institution, pursuant to the credit agreement; and

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

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

(1) the organizing committee and the LLC execute all agreements and documents necessary to:

(a) obligate the LLC to pay \$58,000,000 of NBC television revenue, plus interest as described in Subsection (1)(b), directly to the Olympic Special Revenue Fund after the LLC has repaid the lending institution in accordance with the credit agreement, but in no case later than March 7, 2002;

(b) obligate the LLC and the organizing committee to pay interest on the \$58,000,000 at a rate of 7% per annum, or the eurodollar rate plus 1%, whichever is greater, for the period from January 10, 2002 to March 7, 2002;

(c) obligate the LLC to pay \$40,000,000 directly to the Utah Athletic Foundation immediately after the LLC has paid its \$58,000,000 obligation to the state, but in no case may that payment be made later than March 7, 2002, unless the specific conditions and exceptions subsequently defined in this resolution, relating to potential deferral of up to \$20,000,000 of the \$40,000,000 payment, have been met;

(d) provide that, other than monies owed to the lending institution pursuant to the credit agreement, the LLC cannot disburse or otherwise dispose of, obligate, pledge, or encumber NBC television revenue until after the LLC has made the payments to the Olympic Special Revenue Fund and the Utah Athletic Foundation, in accordance with the specific provisions of Subsections (1)(a),

(b), and (c); and

(e) provide that the obligations, provisions, and conditions described and required pursuant to Subsections (1)(a), (b), (c), and (d) may not be subsequently altered by the organizing committee, the LLC, or the lending institution without the approval of the Legislature through a joint resolution of the Legislature;

(2) the lending institution provides written consent, and takes any other action necessary to authorize, permit, or agree to the obligations, provisions, and conditions described in Subsections (1)(a), (b), (c), (d), and (e);

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

(4) by no later than June 15, 2000, the organizing committee provides the State Olympic Officer and the attorney general's office with documentation that the organizing committee, the lending institution, the LLC, and the Utah Sports Authority have complied with all of the requirements and provisions described in Subsections (1), (2), and (3); and

(5) by no later than June 30, 2000, the State Olympic Officer and the attorney general's office notify the President of the Senate and the Speaker of the House that all the requirements and provisions described in Subsections (1), (2), (3), and (4) have been complied with, and provide the President and the Speaker with any requested documentation.

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

BE IT FURTHER RESOLVED that, if the organizing committee meets the following criteria and provides the described documentation and evidence regarding its revenue projections and potential concerns regarding the timing of cash flow, as specified in this resolution, the governor may at a future date agree to a deferral of up to \$20,000,000 of the \$40,000,000 owed to the Utah

Athletic Foundation for a period not to exceed one year from the agreed date of payment, if:

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

(a) analysis and supporting documentation evidencing that the organizing committee's revenues, revenue projections, expenses, cash flow, and contingency funds demonstrate, to the satisfaction of the governor and the State Olympic Officer, that the timing of the organizing committee's cash flow will require deferral of some portion of the \$40,000,000 owed to the Utah Athletic Foundation, which portion may not exceed \$20,000,000;

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

(c) the specified dates for the delayed payments in accordance with Subsection (4) and with other specific requirements and limitations of this resolution;

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

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

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

(b) with regard to any deferred amount of principal, interest is paid to the Utah Athletic Foundation monthly, at the rate of no less than 7% per annum, or the eurodollar rate plus 1%, whichever is greater; and

(c) any other consideration agreed to by the organizing committee and the Utah Athletic Foundation is paid, so long as the Utah Athletic Foundation remains in a position substantially

equivalent to its position prior to any deferral of monies owed to the Utah Athletic Foundation;

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

(6) any portion not deferred is paid, in accordance with the terms of this resolution, from NBC television revenue and any other revenue or asset held by the LLC.

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

BE IT FURTHER RESOLVED that, nothing in this resolution, or in any agreement or document executed pursuant to this resolution, shall be interpreted to affect, modify, or alter the organizing committee's debt, and its agreement to fully pay those obligations to the state and to the Utah Athletic Foundation from any and all organizing committee revenue, on the dates provided by the purchase and sales agreements for the Utah Winter Sports Park, except as expressly modified by this resolution, upon compliance with the terms and conditions of deferral described in this resolution, or by previous joint resolutions of the Legislature.

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

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

BE IT FURTHER RESOLVED that, if Senate Bill 211, "Olympic Financing Amendments" (2000 General Session) does not pass, this Senate Joint Resolution 11 (2000 General Session) does not take effect and there is no Legislative approval of any deferral or potential deferral described in this resolution.