

**Senator L. Alma Mansell** proposes to substitute the following bill:

**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

26 institution;

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

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

31 (7) "Olympic special revenue fund" means the fund established pursuant to Subsection  
32 59-12-103(4);

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

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

39 (10) "State Olympic Officer" means the individual appointed pursuant to Section  
40 63A-10-103;

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

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

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

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

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55 that a specific requirement of S.J.R. 17 is expressly superseded by a subsequent joint resolution  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

57 WHEREAS, on July 14, 1999 the Utah Winter Sports Park purchase agreement closing  
58 documents were executed, and title to the Utah Winter Sports Park was transferred from the Utah  
59 Sports Authority to the organizing committee subject to certain restrictive covenants and  
60 reversionary interests cited in the purchase agreement, closing documents, and joint resolutions  
61 of the Legislature;

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

64 (1) \$1,000,000 was paid, a portion of which was value in kind, to the Utah Sports  
65 Authority at the July 14, 1999 closing date;

66 (2) \$58,000,000 of the purchase price is to be paid by the organizing committee into the  
67 Olympic Special Revenue Fund on January 10, 2002 for repayment to state and local governments  
68 as provided in the purchase agreement, joint resolutions of the Legislature, and in statute; and

69 (3) \$40,000,000 is to be paid by the organizing committee to the Utah Athletic Foundation  
70 on or before March 7, 2002;

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

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

75 (1) secures:

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

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

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

82 (2) is first in priority with respect to the Utah Winter Sports Park, and with respect to  
83 \$42,000,000 of organizing committee revenues relating to housing at the University of Utah and  
84 use of the Rice-Eccles Stadium; and

85 (3) is second in priority only to the lending institution with respect to all other organizing  
86 committee revenues and assets, and immediately becomes a first priority security interest in all  
87 organizing committee revenue upon satisfaction of the terms and conditions of the credit

88 agreement, and release by the lending institution in accordance with the terms of that agreement;

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

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

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

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

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

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

110 WHEREAS, the organizing committee is requesting the state to defer \$58,000,000 of the  
111 \$99,000,000 purchase price of the Utah Winter Sports Park from January 10, 2002 to no later than  
112 March 7, 2002 in order to address the requirements of the lending institution;

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

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

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

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

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

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

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

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

137 (c) obligate the LLC to pay \$40,000,000 directly to the Utah Athletic Foundation  
138 immediately after the LLC has paid its \$58,000,000 obligation to the state, but in no case may that  
139 payment be made later than March 7, 2002, unless the specific conditions and exceptions  
140 subsequently defined in this resolution, relating to potential deferral of up to \$20,000,000 of the  
141 \$40,000,000 payment, have been met;

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

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

150 joint resolution of the Legislature;

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

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

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

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

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

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

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

178 (a) analysis and supporting documentation evidencing that the organizing committee's  
179 revenues, revenue projections, expenses, cash flow, and contingency funds demonstrate, to the  
180 satisfaction of the governor and the State Olympic Officer, that the timing of the organizing

181 committee's cash flow will require deferral of some portion of the \$40,000,000 owed to the Utah  
182 Athletic Foundation, which portion may not exceed \$20,000,000;

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

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

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

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

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

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

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

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

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

208 BE IT FURTHER RESOLVED that, without the specific written approval of the governor,  
209 in accordance with the terms of this resolution, there shall be no deferral of any portion of the  
210 \$40,000,000 owed by the organizing committee to the Utah Athletic Foundation; and that no other  
211 person may approve that deferral on behalf of the governor.

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

219 BE IT FURTHER RESOLVED that the Legislature hereby reaffirms S.J.R. 17 (1994  
220 General Session), S.J.R. 5 (1996 General Session), S.J.R. 11 (1997 General Session), and S.J.R.  
221 14 (1998 General Session), except as expressly modified by this resolution.

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

225 BE IT FURTHER RESOLVED that if Senate Bill 211, "Olympic Financing Amendments"  
226 (2000 General Session) does not pass, this Senate Joint Resolution 11 (2000 General Session) does  
227 not take effect and there is no Legislative approval of any deferral or potential deferral described  
228 in this resolution.