

**MINUTES OF THE
OLYMPIC COORDINATION COMMITTEE**

Monday, October 15, 2001 - 1:00 p.m. - Room 403 State Capitol

Members Present:

Sen. Beverly Evans, Senate Chair
Rep. David Ure, House Chair
Sen. Ron Allen
Sen. Karen Hale
Sen. John L. Valentine
Rep. David N. Cox
Rep. Neil A. Hansen
Rep. Neal B. Hendrickson
Rep. Joseph G. Murray
Rep. A. Lamont Tyler

Members Absent:

Sen. L. Alma Mansell
Rep. Duane Bourdeaux

Staff Present:

Mr. Brian Allred, Research Analyst
Mr. Keith Woodwell, Associate General Counsel
Ms. Joy L. Miller, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or contact the Office of Legislative Research and General Counsel.

1. Committee Business

Chair Evans called the meeting to order at 1:10 p.m.

MOTION: Rep. Hendrickson moved to approve the minutes of the May 24, 2001 meeting. The motion passed unanimously with Rep. Murray and Rep. Ure absent for the vote.

2. Salt Lake Olympic Organizing Committee (SLOC) Budget and Risk Analysis

Mr. Fraser Bullock, executive vice president, chief operation officer, SLOC, indicated there is a great deal of activity taking place at the Olympic venues. He said they are planning on a balanced budget. However, revenues and expenses are very close. He stated they will have to carefully manage every aspect of the budget.

Mr. Brett Hopkins, chief financial officer, SLOC, distributed a handout "SLOC Finance Report." He said they are optimistic that all financial obligations will be met. It is anticipated that they will have 4,000 contracts in place necessary to host the games. The core SLOC budget is \$1,313,000,000. There is still a \$46 million gap in balancing the budget. Mr. Hopkins outlined the legacy items within the core budget. The core budget is broken into three components: value-in-kind, reserve, and cash. He noted that 83 percent of the budget has been committed and 42 percent has been spent. The majority of cash revenue is committed through a contract. There is about \$38 million of revenue that is not yet committed, the majority of which lies with ticket sales. Mr. Hopkins indicated there is still a long way to go in terms of collecting all of the cash anticipated being received for the games. He said they have been appropriated \$132 million in federal support and assume they will be receiving an additional \$21 million. Mr. Hopkins reviewed the SLOC financial risks. He pointed out that the SLOC has a reserve to cover financial risk and has created revenue and expense risk categories. Each category is managed directly by a member of senior management and their respective team. Financial risks are updated monthly and reviewed regularly with the Finance Committee. The total expected risk is \$60 million. Any allocation from the central reserve must be approved by the Finance Committee.

3. Salt Lake Olympic Organizing Committee (SLOC) Dissolution Plan

Mr. Gordon Crabtree, managing director of Finance, SLOC, distributed a handout "SLOC Transition & Dissolution Update." He stated that dissolution includes three periods and areas of focus: 1) asset protection/disposal/liquidation, 2) business affairs wind-up, and 3) legal dissolution. SLOC currently holds over \$300 million in assets. Asset control procedures are coordinated by seven SLOC departments. He stated the current liquidation revenue budget is \$13.5 million. Mr. Crabtree reviewed the steps they will follow in the business wind-up process which include: 1) contract closeout, 2) closedown of SLOC Department Operations, 3) resolution of claims and disputes, 4) transitioning the Utah Olympic Park and the Utah Olympic Oval to the Utah Athletic Foundation, and 5) final financial closing of the accounts and the books. He explained that the balance owed to the state of \$58 million will be paid on March 7, 2002. Final accounting will include a preliminary SLOC financial results report in May 2002. Final financial results will be released after all claims and obligations are paid. A final distribution of assets will be made after final financial results are known.

MOTION: Rep. Ure moved to request that SLOC prepare a report on how SLOC will structure and fund dissolution through the year 2004. The report will be presented to the committee at the next meeting. The motion passed unanimously.

Mr. Bob Garff, chairman, Board of Trustees, SLOC, said the board has been working diligently on the Olympics. He pointed out that they have a finance committee and an audit committee that review the SLOC budgets. He asked Mr. Bullock to respond to issues of what would happen if the games are cancelled or there is no snowfall.

Mr. Bullock said everything they are doing is focused on making sure they have an extra cushion to protect against the unknowns. SLOC has \$1 billion in cash expenditures. If the games don't go forward, they don't receive the revenues. He explained that if the games are cancelled, they would receive a \$150 million insurance payment, however, that does not even begin to meet the financial obligations. He noted they are focusing on every contingency to prepare for either too much or too little snow. Snowmaking equipment is in place and ready to use.

4. Utah Olympic Public Safety Command Update

Mr. Dave Tubbs, state Olympic public safety officer, indicated that they are currently working on finalizing their budget. Mr. Tubbs said they have formally requested an increase in military personnel and additional funding to handle some of the areas that they had not previously considered as needing additional security. They would like to place military personnel around the perimeter of the airport and have them handle the protection of infrastructure sites. He said there are many athletes that have opted to stay in the Heber area close to their venues. It would be appropriate to provide some form of security for them as well. Mr. Tubbs said they have over 50 percent of law enforcement officers in the state committed for the three weeks of the Olympics. The Utah Olympic Public Safety Command will be taking care of overtime pay for the officers and making sure that all the agencies who contributed officers receive pay for their accrued overtime. Mr. Tubbs pointed that there are approximately 2,400 officers committed, 1,900 of which are from Utah and 500 are volunteers.

5. Department of Community and Economic Development (DCED) Report on Use of Appropriations for Olympic Related Promotion and Development

Mr. David Winder, executive director, Department of Community and Economic Development, distributed a handout "Department of Community and Economic Development Olympic Special Revenue Appropriations." The report refers to the money appropriated to the department coming from the excess sales tax collected for the \$59 million building of the venues.

Mr. Dean Reeder, Travel Development, said they received two distributions of \$500,000 each for FY 2000 and FY 2001. He noted that \$500,000 was expended in FY 2000 for magazine ad campaigns. The money used for these campaigns was doubled or matched with the leveraged amount received from many companies. In FY 2001 the \$500,000 appropriation, along with base appropriations from the General Fund, purchased in the Los Angeles market a presentation in the NBC programming of the Sydney summer games.

Mr. Bob Fuehr, Business Development, said the Division of Business Development has received \$900,000 during the last two fiscal years. He reviewed how the funds were spent during 2000 and 2001. He noted that \$102,370 was spent in FY 2000 and \$797,630 was spent in FY 2001. Mr. Fuehr pointed out that the Devereaux Mansion is the hosting center. The cost for leasing the mansion was \$427,146 and an additional \$80,000 for maintenance.

Some members of the committee expressed concern with the high cost of leasing the mansion when it is owned by the state.

Mr. Winder explained that in 1982 the Triad II Corporation said it would spend \$1 million to restore and maintain the mansion and manage the ice rink. Triad was given a 25-year lease with a 25-year renewal option. He stated the ice rink did not prove to be commercially feasible. Mr. Winder said the Devereaux mansion was marketed for rental during the Olympics. The first 25-year lease will expire in 2007. It is expected that when the Olympics are over, DFCM will begin negotiating with Triad to bring the mansion back into public use as soon as possible.

6. Report on Olympic Local Match Program

Mr. Leo Memmott, state Olympic officer, distributed a handout "State Olympic Office." He indicated that during the 2001 General Session the Legislature appropriated money to be used in a matching program with local governments to assist them in decorations, banners, and flags for the Olympics. The money will be allocated to cities and towns based on population. Venue communities qualify for an additional \$5,000. The program is intended to supplement and enhance already existing community programs. The funds are to be used for "look of the games" and not for community celebrations. The state contribution must be matched dollar for dollar with local funds.

Mr. Memmott discussed the SLOC budgets. He stated he receives a copy of the SLOC financial statements every month and a printout of ticket sales and accounts receivable every two weeks. Most of

his time is spent reviewing the SLOC's financial operations. Mr. Memmott indicated that every six months he submits their review of the budget to the Governor's office. The Governor has to sign a statement as to whether or not he agrees with the budget.

6. Other Committee Business

The next meeting of the committee was scheduled for November 20 at 1:00 p.m.

Mr. Howard Peterson, executive director, Soldier Hollow Legacy Foundation, discussed the youth program that was opened at the site last year. He said most of their energy is focused on preparing for April 1 when as a concessionaire under the state park system they operate Soldier Hollow.

MOTION: Rep. Hendrickson moved to request staff to prepare a list of available options for the Soldier Hollow Legacy funding. Staff should also prepare any legislation needed to accommodate these options. The motion passed unanimously.

MOTION: Rep. Hendrickson moved to adjourn the meeting. The motion passed unanimously. Chair Evans adjourned the meeting at 2:50 p.m.