

BOARD MEETING MINUTES
RAY QUINNEY & NEBEKER, SALT LAKE CITY
WEDNESDAY, OCTOBER 25, 2016
9:00 A.M.



WELCOME & CALL TO ORDER

The October 25, 2016 Utah Olympic Legacy Foundation (UOLF) Board meeting was called to order at 9:06 a.m. by Luke Bodensteiner, Chair. Additional Board Members present were Spencer F. Eccles, Brett Hopkins, Representative Eric Hutchings, John Larson, Vicki Varela, and David Winder. Courtland Nelson attended as a Board nominee. Natalie Gochmour, Catherine Raney Norman, Grant Thomas, Bob Wheaton, and Mike Cooper were unable to attend. UOLF staff present included Colin Hilton, Karla Knox, Marc Norman, Lisa Bennion Rasmussen, Jason Dyer, Jennifer Lippman, Melanie Welch, Stuart Ashe, Scott Peterson, Jennifer Clarke, and Lisa Valiant. The independent auditors from Tanner LLC, Doug Hansen and Kathryn Fargam, were also in attendance.

Approval of Minutes. *Minutes from the April 27, 2016 Board Meeting were reviewed. Spencer F. Eccles motioned for approval with Dave Winder seconding; minutes were unanimously approved.*

AUDIT & FINANCE COMMITTEE & PRESENTATION OF AUDIT REPORT

John Larson introduced Tanner LLC to present the FY16 Audit Report and noted that the Audit Committee had reviewed the report in detail. Doug noted a favorable report with no difficulties encountered in performing the audit, no adjustments proposed, nor any disagreements over accounting issues. He continued that the financial statements would be issued with an unmodified opinion. Kathryn Fargam reviewed the required communications letter. Segregation of duties was reviewed as an expected challenge given the small accounting staff. Colin reviewed that a performance audit would be upcoming to ensure transparency. Spence Eccles and Vicki Varela commended staff.

Spence motioned for approval of the FY16 audit and Dave Winder seconded the motion. The FY16 Financial Audit was unanimously approved.

Karla reviewed investment portfolio performance for the fiscal and calendar years and noted that thus far in the calendar year UOLF is not eating into investment capital. She reported that all asset classes were within target range with no need to rebalance. The UOLF Investment Policy will be reviewed by Mike Cooper for proposed changes.

ANNUAL MEETING ITEMS

Board Membership. Luke reviewed the need to renew John Larson as a Board Member.

Vicki Varela motioned to retain John Larson as a UOLF Board Member. Brett Hopkins seconded the motion and the vote was unanimous.

As previously discussed with the Board, Courtland Nelson The Nominating Committee convened to meet with Courtland Nelson and Becky Kearns and both were recommended for Board Membership.

John Larson motioned to nominate Courtland Nelson and Becky Kearns as UOLF Board Members for submission to Governor Herbert. Dave Winder seconded the motion and the vote was unanimous.

Staff. Luke informed the Board that the Compensation Committee met to review Colin's performance. Colin reviewed that UOLF hit \$3.8M net operating loss for the third consecutive year. With another record public activity year, public activity growth is reaching capacity unless new activities are added. Land development and fundraising will need to kick in. Sustained growth is stretching staff thin.

Other. The draft 2017 meeting schedule and updated Board perks (due to the addition of Soldier Hollow) were reviewed. The Code of Ethics document was also reviewed for completion by each Board member.

FY17 PROGRESS

Marc Norman reviewed FY17 summer highlights at each venue. The Oval hosted USA Curling's Arena National

Championships, the Tour of Utah, and collaborated with KOPFC on youth summer programs.

Marc highlighted the record-breaking summer at the Park with July being the first-ever \$1M gross revenue month July and August coming in at \$975k. Park Public Program revenue exceeded budget by \$353k and prior year totals by \$736k. Record revenue also equated to extreme guest volume that reached or exceeded capacity. Karla highlighted that this is perhaps the largest positive variance to budget ever coming out of summer.

Karla reviewed possible FSLA impacts, looking to be as fair as possible with staff while minimizing the financial implications to UOLF.

Sold out Slip 'n Soar events and successful Psicobloc and Red Bull 400 events rounded out the summer. The summer bobsled redesign was also successful and work on Project Jump has begun which will expand training opportunities at the Park.

The upcoming ISU Short Track World Cup, FIL Luge World Cup, and USANA FIS Nordic Junior World Championships will provide a full FY17 sport event season.

MARKETING, SPONSORSHIP, & DEVELOPMENT

Lisa Bennion Rasmussen discussed sponsorships and partnerships with USANA for Nordic Junior World Championships, All Resort Group as the first official corporate sponsor, and PistenBully. The USOC Media Summit and other opportunities are upcoming ahead of and during PyeongChang 2018. Lisa introduced Melanie Welch to the Board and highlighted her promotion to Marketing & Sales Director. With it's unique program, Anti-Gala was a success in July with over 300 attendees. A cultivation event held at the Cottonwood Club was well received by the attendees and potential donors.

PROJECTS & INITIATIVES

Colin itemized upcoming capital project funding needs over the next three years at all three UOLF venues including existing repairs and maintenance (Cap X), enhancements to yield positive cash flows and fulfill mission-driven needs (Cap E), and future Olympic-driven projects (Cap O). An estimated \$12.9M is needed over the next three years for critical Cap X projects to maintain UOLF venues as an Olympic Training Site at a 2002 Games standard. In contrast, after operating budget subsidies, an average of only \$400k remains annually from UOLF investment earnings that can be allocated toward Cap X spending. Approximately \$18M is desired for Cap E projects that will provide housing for training athletes, expand and upgrade training areas, and enhance public services and activities to generate needed revenue in support of UOLF missions. Cap O projects over \$25M will only be undertaken if funded by a future Organizing Committee.

With a desire not to utilize investment portfolio principal, Colin proposed that the Board authorize the Audit & Finance Committee to review and present funding options at the January Board Meeting, including exploration of low-cost financing if allowable.

Athlete & Workforce Housing was reviewed as an example of a key enhancement project that supports our Core Missions and strategically helps position Utah for a future Games. Spence inquired on the demographic for housing tenants to which Colin detailed approximately $\frac{3}{4}$ would be athletes of all levels and approximately $\frac{1}{4}$ UOP workforce. Luke added that the U.S. Ski & Snowboard Association (USSA) does not currently subsidize athlete housing for its athletes, so U.S. athletes would benefit greatly from housing. Approximately half of the athlete portion of the housing is proposed to be short-term use for visiting athletes. Due to the significant need for athlete housing, the goal is to at least break even, but it is hopeful that an annual return will assist toward lowering the UOLF net operating loss.

Colin reviewed that after a public RFQ process, Utah Development and Construction (UDC) was selected. UDC principals include Brett Okland, Spencer P. Eccles, and Chris Conabee.

Eric Hutchings added that the State recognizes and supports the need for low-income transitional housing, however, he cautioned to clearly specify requirements for UOP workforce housing tenants. Discussion





continued of precedents set with prior funding from the State and Salt Lake County demonstrating the importance of, and support to, UOLF venues.

Courtland cautioned to consider the implications of financing or self-financing large capital projects with the potential for the state and other donors to perceive financing as a good long-term solution for UOLF needs. Spence suggested outsourcing areas where UOLF doesn't have expertise in operating athlete housing. Future operating and maintenance costs also need to be modeled in a detailed pro forma.

Brett commended the Board's transparent and productive discussion in consideration of reducing the "seed corn" investment principal in UOLF's quest to break even. John Larson expressed the importance of Cap E projects and balancing the bottom line. Spence Eccles commented that use of principal is acceptable if being used to generate significant revenue toward the bottom line.

Even with record revenue, the Park is getting close to capacity with its current asset base. UOLF cannot eliminate the burning of cash via the status quo.

Brett motioned for establishment of a working group consisting of the Audit & Finance Committee and additional Board members to: identify a specific mission of the working group, explore funding strategies for capital projects, and explore simple models for UOLF's bottom line. The working group will report to the Board at the January Board meeting. Courtland seconded the motion and the vote was unanimous.

Brett will structure the working group, which will roll up to the Audit & Finance Committee Chair, John Larson, then to the Board. Courtland Nelson, Spence Eccles, Dave Winder, and Eric Hutchings volunteered to assist. Others will be brought in as needed. Spence and Brett reiterated the need for transparency.

NEXT MEETING

The Board will reconvene on January 25, 2017 at 9:00a.m. at Ray Quinney & Nebeker in Salt Lake City.

Luke Bodensteiner, Board Chair

Date