



## BONDING DISCUSSION FOR UTAH OLYMPIC LEGACY FOUNDATION PROJECTS SUMMIT COUNTY - CONDUIT DEBT CONSIDERATION

### I. UOLF ADVANCE PROJECT PLANNING

- A. UOLF desires to construct capital infrastructure projects that supports UOLF's mission and adheres to Summit County Approved Master Plan and Development Agreement
- B. UOLF Board adopted a Reimbursement Resolution last year to enable reimbursement from tax exempt bond proceeds
- C. UOLF Board briefed and Supportive of Bonding Plans

### II. PLANNED PROJECTS

- A. Athlete / Work-force Affordable Housing Building #1 at Utah Olympic Park (UOP)
  - (i) Four story building, 72 unit 146 bed, 53,729 square feet
  - (ii) Approximately 2/3 will be for year round long-term housing needs and 1/3 for shorter term housing needs
  - (iii) Located on land already owned by UOLF within the Utah Olympic Park
  - (iv) Funds needed on, or about June 15
  - (v) Estimated Project Cost \$13.2M
- B. UOP Zip Tour Line
  - (i) Already under construction and planned to be operational this spring / summer
  - (ii) Estimated Cost of \$2.5M
- C. Kearns Athlete Training & Event Center (KATEC) Improvement Project
  - (i) Under Construction - Anticipated to be completed October 2018
  - (ii) Funds needed on or before June 15
  - (iii) Total Project Cost is \$12.5 M of which UOLF is contributing \$1,000,000

### III. PROPOSED SECURITY FOR THE BONDS

- A. Lease Revenue Bonds (aka Certificates of Participation – COPs)
  - (i) Facilities being constructed will be used as the primary security
  - (ii) Facilities will be cross-collateralized
- B. Debt Service Reserve Fund (DSRF)
  - (i) Required but anticipate the ability to restrict a portion of the Endowment Funds so that we don't have to take this out of bond proceeds
  - (ii) "Lesser of three test" applies and in this instance likely to equal one year's debt service payment
- C. May need to further secure with a 'Negative' Pledge related to the Endowment Fund to obtain the lowest interest rates
  - (i) Pledge would be something to the effect that;
    - UOLF not utilize the Endowment as Security for other debt
    - UOLF would not let Endowment funds drop below a to be determined amount

#### IV. CONDUIT PROCESS SUMMARY

- A. UOLF is requesting that Summit County serve as the Conduit Issuer as the majority of the projects financed will be in Summit County
  
- B. Under federal tax law non-profit 501c-3 organizations can only avail itself of issuing tax exempt debt through a conduit structure
  - (i) basic IRS Code states that only the interest on bonds “*issued by, or on behalf of*” a state or local governmental unit will be tax-exempt
  - (ii) Generally speaking these tax-exempt bonds are issued by a state or local government issuer which then loans the bond proceeds to the 501(c)(3) organization
  - (iii) Summit County, as the conduit issuer, has No legal liability to make the payments on the debt
    - a. The issue does count against the County Bank Qualification Designation for its bond issuance in 2018
    - b. The County will not have any ongoing Continuing Disclosure obligations for this issue
  
- C. Since not all facilities being financed are in Summit County, Summit County and Salt Lake County will enter into an Inter-local Cooperative Agreement to facilitate borrowing under one bond issue
  - (i) Saves issuance costs
  - (ii) Facilitates more cost effective transaction
  - (iii) Salt Lake County’s debt review committee has been briefed and Council poised to Act on February 27<sup>th</sup> to adopt the Inter-local Agreement

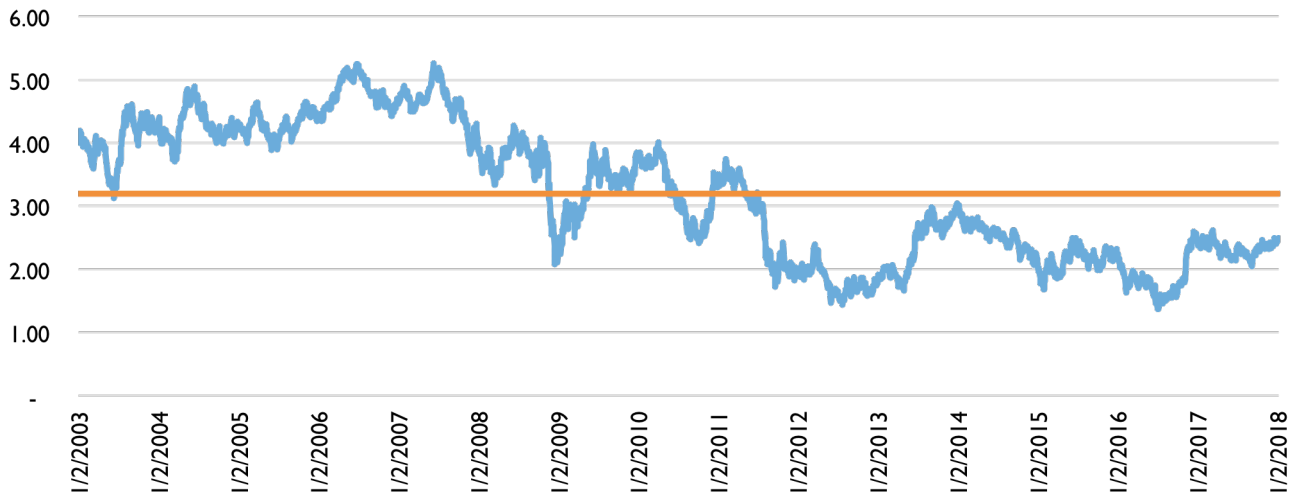
#### V. TIMING PROCESS / NEXT STEPS

- A. Salt Lake and Summit Counties to adopt Inter-local Agreement
- B. Summit County to adopt Authorizing Resolution
- C. Independent Housing Cash Flow Study to be completed
- D. Finalize preferred method of sale
- E. Documents finalized
- F. Anticipated Closing on, or before, April 15<sup>th</sup>

#### VI. REMAINING QUESTIONS / DISCUSSION

## CURRENT MARKET CONDITIONS

📊 **THE 10-YEAR TREASURY** 01/16/2018 index closed at 2.54%, which is below the 15-year average of 3.19%.



📊 **THE 25-REVENUE BOND INDEX** represents the average yield on 25 selected revenue bonds with 30-year maturities. The 01/11/2018 index closed at 4.03%, which is below the 15-year average of 4.77%.



## Key Statistics

4-story, 72 units, 146 beds  
53,729 square feet  
88 long term housing beds  
58 short term housing beds  
Serving affordable housing  
interests of both athletes and  
workforce at Utah Olympic Park

\$13.2M Project Cost  
UOP Owned & Operated  
Targeted Spring Construction  
Start, Summer 2019 Opening



## Maintaining & Enhancing Utah's Olympic Legacy Venues

Since 2002, the Utah Olympic Legacy Foundation has expended over \$180M to manage and maintain its existing Olympic facilities to world-class standards. Operating budgets continue to be supported wholly by user fees and investment portfolio earnings. With venues of the Utah Olympic Park, Utah Olympic Oval, and the Soldier Hollow Nordic Center nearing 20-25 year lifespans of critical infrastructure components, major efforts are underway to help fund a nearly \$40M projected shortfall in capital improvements funding over the next ten year period. The State of Utah is currently being asked to support this funding gap in order to ensure that the Legacy venues are well maintained and improved to current day standards. This is very important to Utah's positioning efforts to bring back an Olympic & Paralympic Games to Utah!

In addition to maintaining the existing infrastructure, the Legacy Foundation seeks to "enhance" the Legacy venues with additional infrastructure features that helps move the current "Official Olympic Training Sites" designation to "Official Olympic Training Centers." The move from "Sites" to "Centers" reflects the desire locally to broaden the athlete services to more than just "fields of play." Of strong interest, UOLF desires to add elements such as athlete & workforce housing, and sports medicine/sports performance services.

The first element desired is a housing project that will address the rising challenges of having affordable housing options for both winter sport athletes and Utah Olympic Park's workforce. The proposed facility would be used for locally based athletes & workforce, as well as visiting athletes from other parts of the country/world. With the rising costs of housing in Park City/Summit County, this project is critical to our vision and interests.

## Unit Types

### Short Term



### Long Term



## Sample Floor



LEVEL 1 - PRESENTATION

## UTAH OLYMPIC PARK ATHLETE HOUSING

2026 OLYMPIC PARKWAY  
SUMMIT COUNTY, UTAH 84078

## POSITIVE IMPACTS

- Will showcase actions to fulfill affordable housing needs for key constituents in our community; winter Olympic sport athletes and workforce for a vibrant Olympic legacy venue
- Strengthens Utah's Olympic Legacy story by enhancing and adding to Utah's already busy and well utilized Olympic venues
- Efforts would deepen U.S. Olympic Committee & Sport Governing Body relationships in Utah.
- Reduces transportation trips by basing athletes and workforce directly onsite
- Fulfills recommendations from the 2012 & 2018 Olympic Exploratory Report and very much improves Utah's positioning interests to bring back an Olympic Winter Games to Utah!