

**MINUTES OF A MEETING  
OF THE BOARD OF DIRECTORS  
UTAH ATHLETIC FOUNDATION**

January 31, 2007

Pursuant to Notice, the Board of Trustees of the Utah Athletic Foundation (the "Foundation") was held on Wednesday, January 31, 2007, at the Salt Lake Chamber of Commerce. The meeting was held pursuant to a notice, a copy of which is attached hereto. The following Directors were present:

Doral Vance, David Ure, Al Mansell, Mel Brown, Spencer Eccles, Gordon Strachan, Jeff Robbins, Lane Beattie, Luke Bodensteiner, and Dave Winder. (Attendance by phone: Chris Sullivan, Fraser Bullock, John Bennion and Nikki Stone). Also in attendance were, Colin Hilton, Steve Thorley, Marc Norman, Stephanie Wimberly, Michelle Herrera, Bulent Bulut and Jennifer Nichols, employees of the UAF. Christine Arthur of Mayer Hoffman McCann and Dick Coe of the United States Ski and Snowboard Association. Mike Gorrell of the Salt Lake Tribune was in attendance for the media.

**Call to Order**

The meeting was called to order at 3:09 p.m. (MST) by Chairman Gordon Strachan. Mr. Strachan noted that a quorum was present.

**Approval of Minutes**

Minutes of the meeting of October 25, 2006 were received and reviewed by the Board. Upon motion duly made by Dave Winder and seconded by Spencer Eccles, the minutes of the October 25, 2006 meeting were unanimously approved and placed on file.

**Audit Committee Report**

Mr. Strachan then turned the time over to Dave Winder for an audit committee report. Mr. Winder informed the board that there was an audit committee meeting last week and mentioned that the minutes from the previous audit committee meeting were included in the board handouts. Mr. Winder then turned the time over to Christine B. Arthur, CPA of Mayer Hoffman McCann P.C. Mrs. Arthur began by giving the board an overview of the performance audit her company had just completed on the Utah Athletic Foundation.

She thanked Colin and his management team for their cooperation during the audit. Mrs. Arthur talked about the mission of the UAF and that the objective of the performance audit was to conduct a review of the UAF operations in key functional areas to determine if the UAF is meeting the stated mission. Areas of the audit include

governance and oversight, finance and administrative operations, and facilities operations, programs and maintenance. To do this Mayer Hoffman McCann reviewed documentation, interviewed key employees and toured the facilities. They also tested underlying records to gather information to support conclusions and then developed a list of recommendations in each of the functional areas.

Mrs. Arthur told the board that their conclusions were that the UAF facilities are currently being maintained at a world-class level. That the organization is supporting athletes at all levels and abilities and that the UAF has accomplished this within an approved budget to permit on-going operations. Mrs. Arthur discussed that a 39 page report has been compiled and reviewed by the audit committee. Her team will issue a final report very shortly.

It was discussed that the UAF would proactively meet with the legislative leadership to review the report and provide an update on actions stemming from UAF Resolution SJR001. It was also decided that a copy would be sent to David Ure and Beverly Evans because of their involvement over the years with the UAF. Members of the UAF Board and Colin Hilton would also report to the Governor's office on its completion.

### **Fiscal Year '07 Progress Report**

Mr. Strachan then turned the time over to Colin Hilton for a FY07 Progress Report update. Mr. Hilton began by updating the board on facility highlights. Mr. Hilton thanked Jeff Robbins and Al Mansell for the Sport Commissions help supporting and sponsoring the World Cup events at the Olympic Park and the World Championship speed skating event at the Olympic Oval.

Mr. Hilton gave an overview of the recently completed UOP World Cups that included three track records broken during the FIL Luge World Cup and the three records broken during the FIBT Bobsled and Skeleton World Cup. The track was maintained at world class standards and was highly regarded by the athletes, coaches, and technical delegates. Mr. Hilton shared some testimonials with the board about how well the event was run.

Mr. Hilton then updated the board on the activities at the Park and reported on how well the new snow zone was doing. He also reported that the new shuttle van times had helped the Park to double the numbers of shuttle bus riders from last year.

Mr. Hilton then gave an overview of the events at the Utah Olympic Oval. Public skate numbers have increased dramatically as well as the number of facility users. Mr. Hilton discussed the 2007 World Single Distances Championships March 8-11, 2007 and mentioned that it is an Olympic sized event in a non-Olympic year. The Netherlands and Japan are covering the event live and this event will be broadcast to over 50 million viewers world-wide.

Mr. Hilton gave a progress report on the FY '07 operating budget stating that the facility operating revenues are right on track with the budget and that expenses are below

budget. He then discussed the capital projects saying that the Federal EDI grant for the Park Public Services expansion has been delayed and that the current estimate to finish the project is \$125,000 over the original budget estimate. Mr. Hilton then talked about the shuttle vans for the Utah Olympic and told the board that the original idea was to purchase one large bus, but that the Park was going to purchase two smaller “mini” buses instead. In two years, the Park hopes to get the local transit bus system coming up to the Park.

Mr. Hilton discussed the performance of the endowment for the calendar year Jan. 1, 2006 and for the fiscal year to date from May 1, 2006 through Dec. 31, 2006 and said that there was a balance of \$85,927,000 as of December 31, 2006.

### **Investment Committee Report**

Mr. Strachan turned the time over to John Bennion to give an update on the last investment committee meeting that was held January 19, 2007. The focus of the meeting was on the recent poor performance of the hedge funds from Goldman Sachs. Since the investment began in 2003 Goldman Sachs is still in excess of the benchmark set for them. This is consistent with the volatility of hedge funds. The investment committee is watching it closely.

Mr. Bennion suggested that at the next board meeting there would likely be a proposal from the investment committee on rebalancing the asset classes.

### **Major Item Updates**

Mr. Hilton updated the board on the status of the UAF legislation update SJR001 which allows for up to 10% of UOP land to be sold and lifts the 30% fixed income mandate. It would also clean up board membership language.

Mr. Hilton then turned the time over to Mr. Dick Coe from USSA to give presentation on the new USSA training center. The training center would include a wet and dry physical therapy area, gymnasium, cardio center and a aerial training center that will be sunk into the ground and will be 45 ft. high. There is nothing like it in the world.

### **Strategy Update**

Mr. Hilton then went over the current strategic priorities that included the following:

- 1) Financial strategy – keep pursuing the financial model of:
  - Given: 5% return on \$80 million = \$4 million/yr
  - The Goal is: \$4 million = \$2.5 Net Op loss + \$1.5 Cap X  
(last year \$5.4 million = \$3.9 net op loss + \$1.5 Cap x)
  - a) Reduce expenses – refine operating models at Oval/Park
  - b) Increase user groups / collections at the Oval

- c) Increase tourism \$\$ programs at the Park
  - d) Seek complementary real estate development at the Park
  - e) Seek additional revenues/support from key Partners
  - f) Don't eat the seed corn!
- 2) Within those financial limitations:
- a. Keep the UAF facilities in world-class condition by doing the appropriate capital maintenance and replacement
  - b. Support events that showcase the winter sports at UAF facilities
  - c. Promote use of the facility to all user groups
- 3) Facilitate greater support of the Winter Sports / Organizations
- a. Facilitate doesn't always = \$\$ contributions
  - b. Increase communication and coordination
  - c. Winter Sports – increase joint collaborative efforts
  - d. Push for growth in public, recreational, development, and elite athlete participation
  - e. Introduce sport measures of success

The board agreed with the proposed strategies and encouraged the management team to take on actions to achieve them.

### **Contract Negotiations**

Gordon Strachan suggested that the board move into closed session to discuss various contract negotiations. Upon a motion duly made by Dave Winder and seconded by Al Mansell to go into closed session. The motion was passed on a unanimous vote.

### **Next Meeting**

The next meeting is scheduled for Wednesday, April 25, 2007 at 3:00 p.m.

### **Adjournment**

There being no other business before the Board of Trustees, the meeting adjourned at approximately 6:45 p.m.

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Dave Winder, Secretary