Report to UO Faculty Senate
Senate Budget Committee,
Sub-committee on Arena Financing

John Chalmers
Gerry and Marilyn Cameron Distinguished Research Scholar
Associate Professor of Finance, LCB

November 28, 2007
Members of the Sub-Committee

Subcommittee Members
  John Chalmers, Associate Professor of Finance
  Dennis Howard, Philip H. Knight Professor of Sports Business
  Gordon Sayre, Professor of English, President of University Senate

Working with us on the subcommittee are:
  Frances Dyke, Vice President for Finance and Administration
  Melinda Grier, UO General Counsel
  Laura Frieder Hazlett, Special Assistant to the Athletic Director
  Dave Sparks, UO Foundation Trustee Emeritus
  Paul van Donkelaar, Associate Professor, Human Physiology, Senate Vice President 2007-2008
Progress Report

• Arena revenue projections –
  – We are well engaged in an effort to evaluate the projected revenues from the arena.
  – A series of focus groups led by the Ulum Group have been conducted with major donors and long-time season ticket holders to assess sensitivity to proposed prices for various seating options within the arena. Six focus groups (16 to 20 people per group) have been completed to date (4 in Eugene-Springfield, 2 in Portland) with at least two more scheduled
  – CSL has developed, using feedback from focus group participants, a survey that will be sent to a random sample of current Football and/or Men’s Basketball season ticket holders to assess willingness to pay among the general fan base
  – CSL should within the next week or two have new projected revenue estimates from the arena for us to evaluate

• Arena costs
• Financing Alternatives
• Capital Budgeting Philosophy
Progress Report

• Arena revenue projections –

• Arena costs –
  – We have gathered cost estimates from similar arenas
  – In our report, we will be able to compare the costs anticipated to build the UO arena with the costs of other arenas
  – The capacity of the arena has not yet been finalized

• Financing Alternatives
• Capital Budgeting Philosophy
Progress Report

- Arena revenue projections –
- Arena costs –

- Financing Alternatives
  – We have explored legal and tax concerns with bond and tax lawyers
  – We have an additional discussion planned to address remaining tax questions
  – While we have begun our financial analysis, we await the revenue estimates to complete our analysis

- Capital Budgeting Philosophy
Progress Report

- Arena revenue projections –
- Arena costs –
- Financing Alternatives--

- Capital Budgeting Philosophy—
  - We are evaluating the reasons to build the arena
  - We are exploring campus building safety issues
  - We are exploring other capital requirements anticipated in the near future
  - We are studying the projected debt service to overall budget ratios that are impacted by the arena financing plan
  - All of these issues, will be dealt with in our final report
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<tr>
<th>Date</th>
<th>Event Description</th>
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<tr>
<td>December 10, 2007</td>
<td>CSL to deliver estimates of revenues from Arena incorporating focus group data and survey data from the CSL survey.</td>
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<tr>
<td>December 16, 2007</td>
<td>Distribute Preliminary Draft of Subcommittee report to President Frohnmayer, Athletic Director Kilkenny, Frances Dyke, Melinda Grier, Laura Frieder Hazlett, Dave Sparks for comment and opportunity to make corrections to facts in the report.</td>
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<td>December 17, 2007</td>
<td>Update Senate Budget Committee on the findings to date of the Subcommittee and outline of final report – seek provisional adoption of report.</td>
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<td>December 27, 2007</td>
<td>Deliver Draft Final Report to Senate Budget Committee, President Frohnmayer’s Office for opportunity to comment and correct statements of fact</td>
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<td>January 7, 2008</td>
<td>Confer with Faculty Advisory Committee</td>
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<td>January 8, 2008</td>
<td>Issue final report with Senate Budget Committee adoption</td>
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<td>January 9, 2008</td>
<td>Present the final Senate Budget Committee report to Faculty Senate</td>
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<td>January 18-19, 2008</td>
<td>Ways and Means Committee Meetings at the Oregon Legislature</td>
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<td>January 19, 2008</td>
<td>At a special session of the Faculty Senate debate and move to adopt of the Senate Budget Committee Recommendations</td>
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