

UNIVERSITY OF ARKANSAS DEPARTMENT OF ATHLETICS



**Donald W. Reynolds Razorback Stadium
North End Zone Addition and Stadium Updates**

JUNE 2016

DONALD W. REYNOLDS RAZORBACK STADIUM

ATHLETIC DEPARTMENT FINANCES



Athletic Department current financial position:

- › The Department of Athletics is in the strongest financial position in our history
- › Athletic revenues are over \$100M and projected to remain strong
- › Athletic debt is low and on an accelerated payback schedule
- › Financial reserves have been established

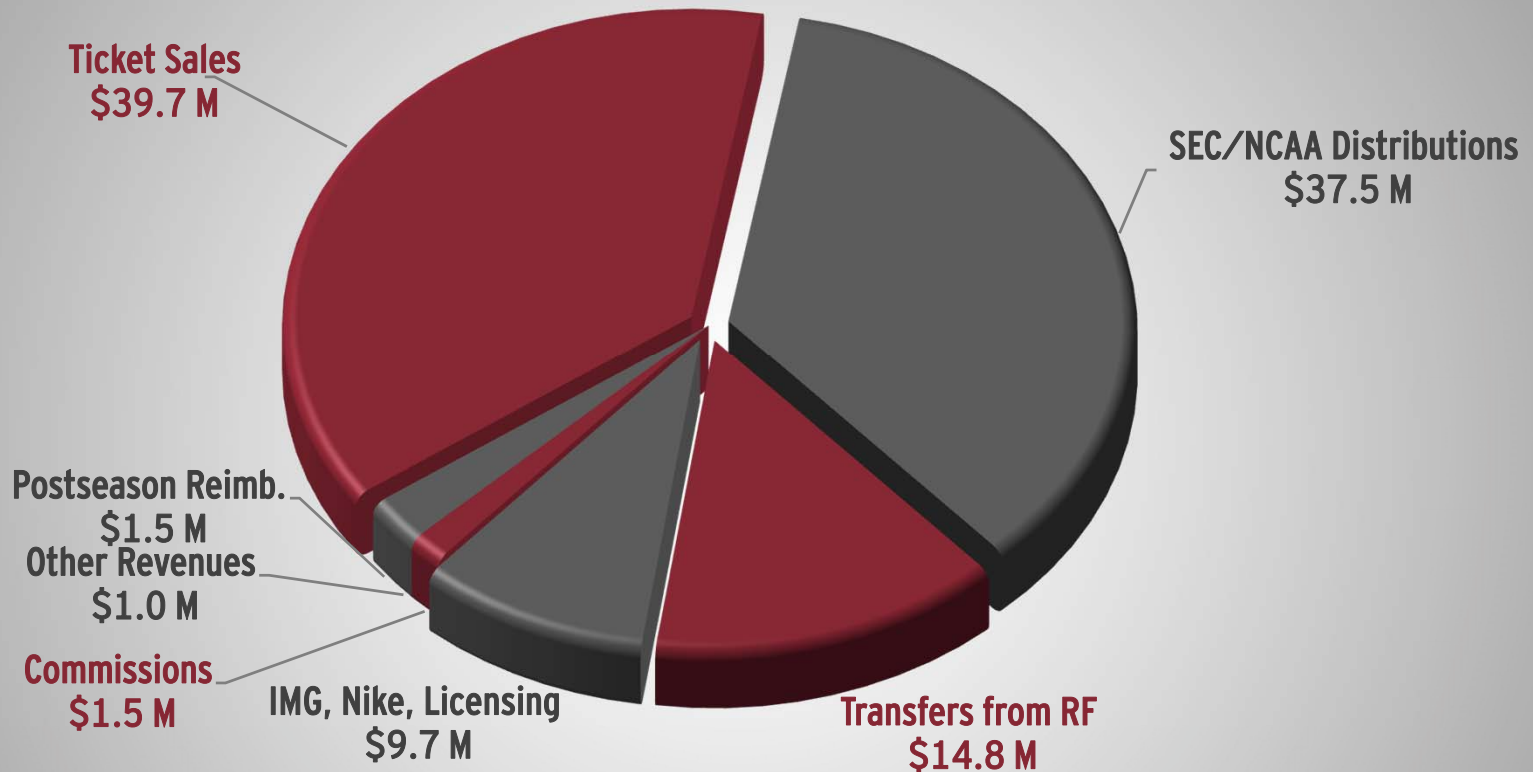
Razorback Athletics:

- › Fiscally sound and self supporting
- › No student fees or direct University funding
- › Provide funding back to campus
- › Position to strategically invest in Athletic projects and initiatives

ATHLETIC DEPARTMENT FINANCES



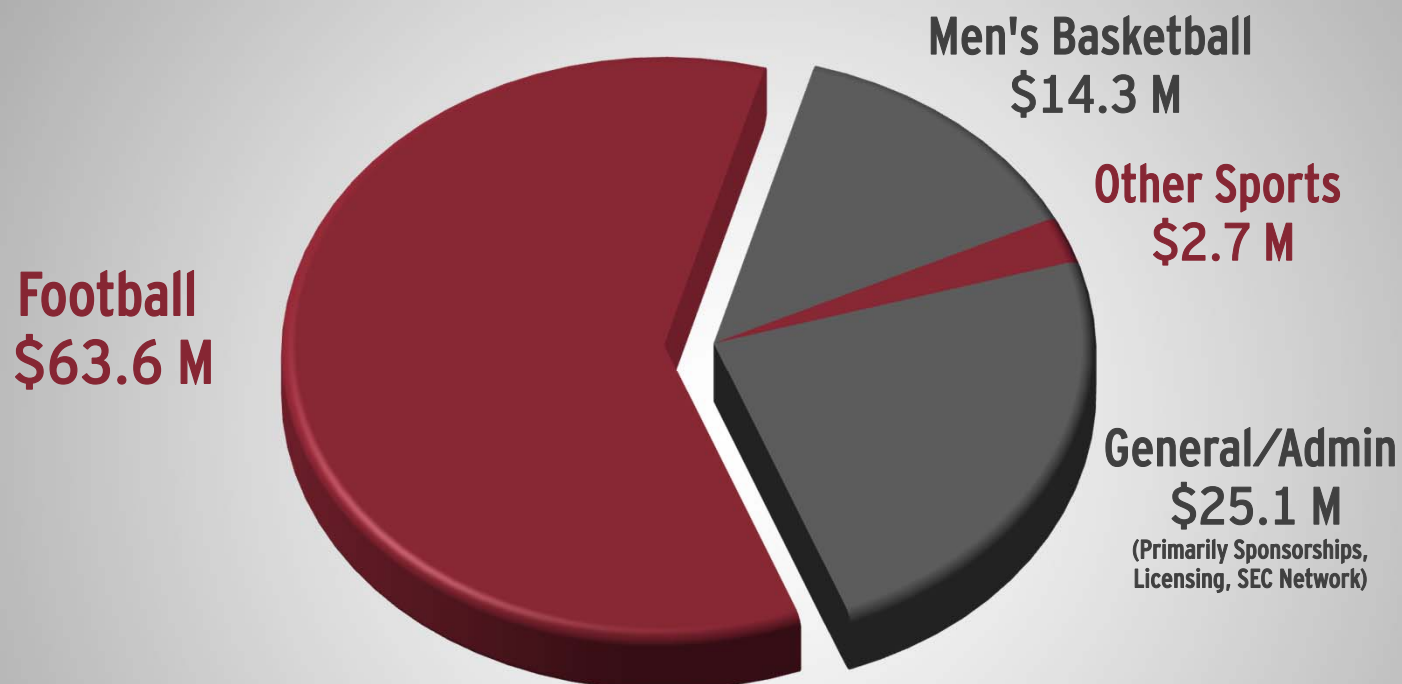
2016-17 ATHLETIC REVENUE BUDGET - \$105.7M



ATHLETIC DEPARTMENT FINANCES



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ATHLETIC DEPARTMENT FINANCES



ATHLETIC DEPARTMENT DEBT

	<u>2016</u>	<u>2022</u>	<u>2028</u>
TOTAL DEBT	\$56M	\$13M	\$ 0
ANNUAL DEBT SERVICE	\$10M	\$ 4M	\$ 0

Over next six years, Athletics will retire debt from the 2000 stadium renovation and expansion; and the Fred W. Smith Football Center project.

Funding of \$6M becomes available in 2022 to support new debt service.

ATHLETIC DEPARTMENT FINANCES



	<u>TOTAL DEBT</u>	<u>DEBT SERVICE</u>
SEC Athletic Program	\$292.7M	\$23.9M
SEC Athletic Program	\$275.8M	\$22.0M
SEC Athletic Program	\$207.6M	\$15.0M
SEC Athletic Program	\$159.2M	\$19.9M
SEC Athletic Program	\$151.3M	\$11.8M
SEC Athletic Program	\$116.5M	\$ 9.1M
SEC Athletic Program	\$100.2M	\$11.7M
SEC Athletic Program	\$ 99.4M	\$11.4M
SEC Athletic Program	\$ 95.2M	\$14.2M
SEC Athletic Program	\$ 92.2M	\$ 5.8M
SEC Athletic Program	\$ 91.5M	\$ 7.5M
SEC Athletic Program	\$ 76.5M	\$ 7.0M
Arkansas 	\$ 56.5M	\$ 9.9M
SEC Athletic Program	\$ 10.6M	\$ 1.1M

*Source SEC Schools June 2016

ATHLETIC DEPARTMENT FINANCES



2015 Football Season Ticket Sales

Suites	100% sold
South Outdoor Club	99% sold
South Indoor Club	99% sold
East Outdoor Club	99% sold
East Indoor Club	90% sold
Red Zone	99% sold
Stadium Lower Level	98% sold

PRELIMINARY FINANCING PLANS



\$160M	Cost of North End Zone Addition and Stadium Updates
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\$ 10M	Athletic funding of design and pre-construction
\$ 10M	Razorback Foundation reserves (if necessary)
\$ 20M	Commitments for capital contributions to new suites
\$120M	Bond proceeds paid back with Athletic revenues

No State Funding, No City/County Funding, No University Funding, No Student Fees

PRELIMINARY FINANCING PLANS



Structure of Bond Issue:

- › Bonds will be paid back over a 20-year period entirely with Athletic ticket sales revenues and additional revenues available from the payoff of current debt
- › The Department will save over **\$40M** compared to a 30-year amortization

Requirements for Athletic Bond Issues and Pledged Revenues:

- › Arkansas Department of Higher Education requirement that Athletic revenues should be no less than **120%** of annual debt service
- › Athletic bond indenture requirement that Athletic revenues should be no less than **115%** of annual debt service
- › Total current Athletic revenues are over **900%** of annual debt service
- › Athletic revenues are currently well above, and are projected to remain well above, the required ratios

PRELIMINARY FINANCING PLANS



	FOOTBALL TICKET SALES REVENUE	AVAILABLE FUNDS FROM RETIRING DEBT	TOTAL AVAILABLE FUNDS	PROJECT DEBT SERVICE
YEARS 1-5	\$10.2M		\$10.2M	\$4.2M
YEARS 6-20	\$10.2M	\$6.0M	\$16.2M	\$11.0M
20 YR TERM	\$204M	\$90M	\$294M	\$186M

Net revenues after debt service payments are projected to be over **\$5M** per year, and **\$108M** over the 20-year period.

These funds will allow us to continue providing a high level of support for our program, and to maintain the self-supporting financial model of Razorback Athletics.

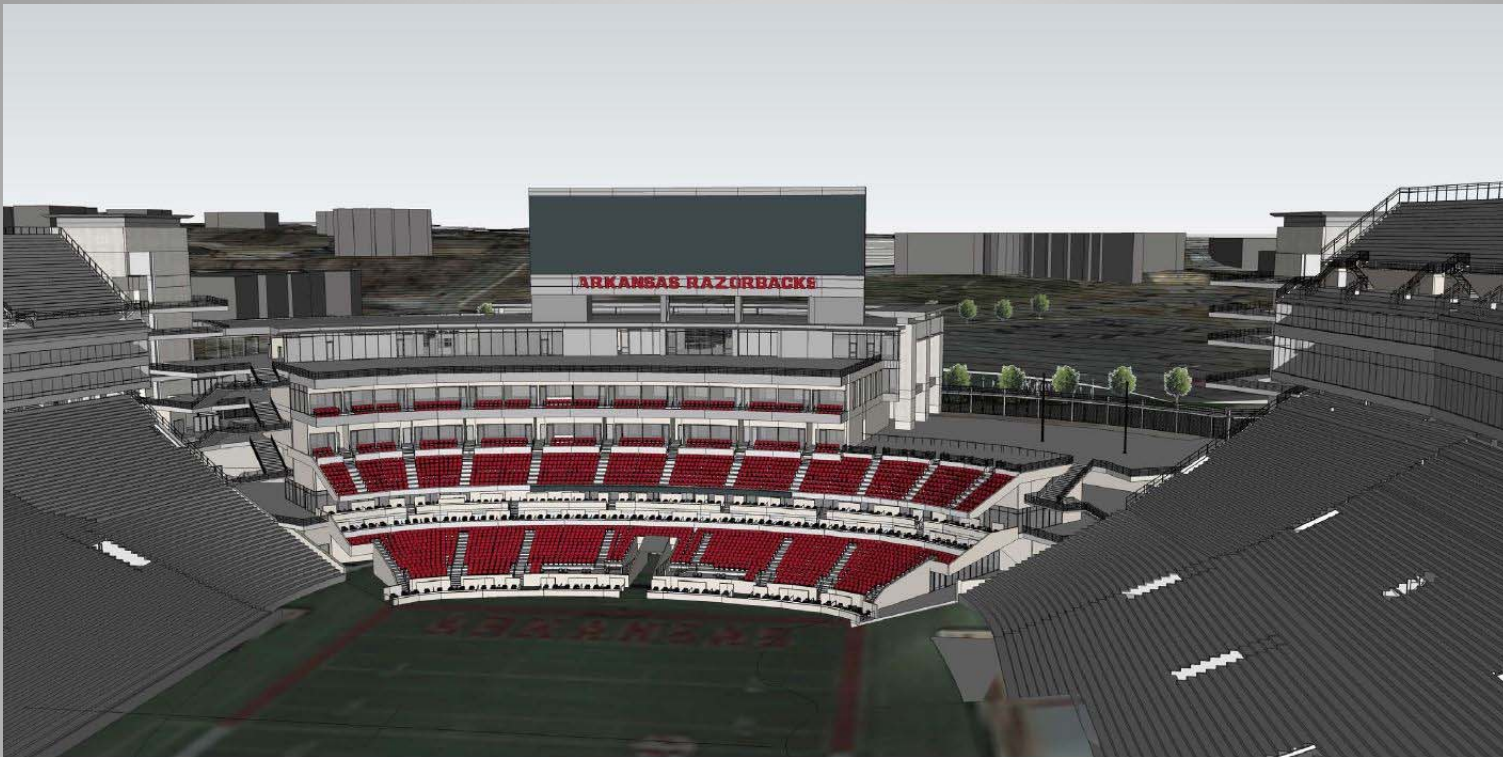
PRELIMINARY DESIGN NEZ ADDITION



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