

**Meeting of the Intercollegiate Athletic Committee
January 27, 2012**

Minutes (Committee draft)

The meeting was called to order by Chair Nathan Tublitz.

The attendance record sheet was signed by the following: Maneesh Arora, Molly Bacon, Ben DeJarnette, Ben Eckstein, Bill Harbaugh, Kurt Kruger, Donna Laue, Brian McWhorter, Jim O'Fallon, Dev Sinha, and Glen Waddell, members; Rob Mullens, Jim Bartko, Gary Gray, and Lisa Peterson, Department of Athletics; Jamie Moffitt, Vice-President - Finance & Administration; Stephen Stolp, Services for Student-Athletes, and Manny Garcia, ASUO.

Professor Tublitz proposed recording the meetings of the IAC. There was discussion of the issues surrounding the recording of the meetings. For now, the IAC meetings will not be recorded.

Professor Tublitz introduced Eric Roedl, the new Executive Senior Associate Athletic Director for Finance and Administration.

The minutes of the meeting held on October 25, 2011 were approved with revisions.

The minutes of the meeting held on November 8, 2011 were approved without revisions.

The review and approval of the minutes of the meeting held on November 25, 2011 were tabled pending revision and will be voted on next meeting.

Ben DeJarnette invited the IAC membership to attend the next SAAC meeting on Wednesday, February 1, 2012, at 7:45 pm in the Pittman Room on the upper level of the Casanova Center. This will be an opportunity for the members of the IAC to observe student-athletes off the fields of competition. While the IAC members are asked to observe only and not to participate in the SAAC meeting, Ben would welcome their feedback after the meeting. An email invitation will be sent; Ben asks that those planning to attend please notify him.

Professor Tublitz announced that he will be taking a sabbatical for the Spring 2012 term. Although he will be in Italy, he plans to participate in the IAC meetings via Skype. In his absence, Professor Waddell will conduct the meetings.

Interim President Robert Berdahl has stated that he will not accept any revisions to committee charges, so the revision of the IAC charges has been tabled. The addition of student-athletes from revenue sports and Officers of Administration to the committee membership was discussed and it was determined they could be invited to meetings, but will not have status as voting members.

Jamie Moffitt, Vice-President – Finance & Administration

Vice-President Moffitt continued her presentation of Athletic Department financial information from the November 29th meeting, beginning by discussing the updated legacy fund model projections. The economy is not as robust as it was when the projections were prepared; however, the current balance of the Legacy Fund is higher than what was projected last year due to market performance. For FY2012, adjustments to ticket revenue have been made based on FY2011 numbers and the Legacy Fund projection remains higher than the previous model. The updated Arena Legacy Fund projections will be posted on the financial information section of the goducks.com website.

Reviewing the information provided during the November 29th meeting, VP Moffitt restated that the Athletic Department has developed a 6-year plan to be on track with the original Legacy Fund model projections regarding the department's contribution to the debt payments. This will be achieved by managing the revenue streams and expenses. The Athletics staff is working aggressively to increase revenues and to hold expenses to a 2%-3% increase. There are some upcoming liabilities to be considered; if the legislation for stipends for student-athletes on scholarship is passed by NCAA, assessments will likely begin in FY2014, \$2,000 for each full-time scholarship. If pro-rated stipends for equivalency sports are passed, those will be additional expenses to be covered.

The 6 year budget projections presented by VP Moffitt indicated that revenue increases will be used to pay projected increased expenses (scholarships, operating, etc) and meet debt obligations. The projections did not include any provisions for any increase in funding for the support services for student-athletes or any increase in the 3% Athletic Department overhead assessment rate. It should be noted that this 3% assessment rate was set by a secret agreement between athletics and then president Frohnmayer in may 2009 one month before he retired and is substantially less than the overhead assessment rate for other campus auxiliaries. There are some in the administration and on the IAC who believe that this assessment rate is likely appropriate considering the university services used by the athletic department.

VP Moffitt also said that her financial projections show the athletic department will not be in a financial position to make a "voluntary financial contribution to academics" as recommended by the 2004 Task Force Report. The Athletic Director has not asked VP Moffitt to include transfers to the academic side in the 6 year Athletic Department budget projection figures. The reason for not including transfers to the academic side is because the current six year financial plan does not show the department reaching the "adequate levels of operating reserves" noted in Task Force Report Recommendation #1. The Chair reminded the Committee that the Task Force report was issued in 2004 when the annual Athletic Department budget was less than \$30 million and that the current budget is over \$88 million. Given that the Athletic Department Budget has increased by nearly 3 fold in 7 years without developing "adequate levels of operating reserves" and that there were no plans for generating such reserves in the next 6 years even though the Department budget is scheduled to increase by an additional \$14 million, the Chair asked when would the University community expect a reserve fund to be generated. The Athletic Director and VP Moffitt said that they did not know because they had not looked past the 6 year future projections. A discussion followed noting that the few athletics programs making direct contributions to academics are fortunate to have large (over 90,000), sold out football stadiums.

Moffitt stressed that Athletic Department finances are going to be extremely tight for the next six years. When asked why things would change after six years, she cited several factors including the line of credit, the PK Park baseball payments, and large capital investments currently being made (e.g., \$3.5 million utilities project). One committee member pointed out that the refinanced PK Park payments would have continuing obligations, including a balloon payment after the six year time period. Moffitt did not disagree. She also discussed how over six years, the Athletic Department needed to keep tight control over expenses while continuing to grow revenues at a faster pace than expenses.

Other items

Adding a \$1 surcharge to tickets for athletic events was brought up again for discussion. Members of the Athletic Department staff present did not feel a mandatory surcharge for academics would be well-received by the ticket base and there would be a pushback. Not all of the ticketholders are alumni and many purchase their tickets for entertainment value. Also, some purchasers are donors who already

contribute to university academics. The Athletic Department stated that it annually reviews pricing, but expected to need any additional revenue to support the six-year financial plan.

Adding an optional contribution to academics could be a possibility; options are already on the ticket invoice for the purchaser to donate to the band and/or to the cheerleaders, although the donations historically are not large. Ticket prices and DAF donation levels have increased, but it was noted that there was a 99% renewal rate for football season tickets so the demand is there. The athletic department representatives were strongly opposed to allowing people to opt out of a \$1 per ticket fee because it is often misunderstood by fans.

Some IAC members felt the ticket surcharge idea may be considered gimmicky. Student IAC member Jeremy Hedlund supported the \$1/ticket surcharge stating that using these funds to support the President Scholarship fund was neither a gimmick nor unimportant to the students receiving these scholarships, many of whom could not otherwise attend university.

The Athletic Director has not requested support to the academic side after the 6-year period to be included in the department budget. Asked if he would consider earmarking a percentage of future funds surplus for donation to academics, Athletic Director Mullens reiterated that the Athletic Department is not able to make a contribution at this time. The Athletic Director had not, at the time of the meeting, requested that Jamie Moffitt consider the feasibility of transfers to the academic side in any of her analyses. Rob Mullens also noted that he had not looked beyond six years in detail. Professor Tublitz will appoint a small group to continue this conversation with Athletic Director Mullens regarding future contributions when the funds are available. Members who want to be a part of this group are asked to notify Professor Tublitz of their interest by email.

Student-athlete member Ben DeJarnette remarked that Athletic Director Rob Mullens was formerly a member of the athletic department staff at the University of Kentucky, one of the few athletic departments in the country that makes contributions to its university's academic funds. Therefore he feels that Oregon's Athletic Department, under Director Mullens' leadership, can be depended upon to do the same when its budget allows.

Professor Waddell asked for clarification whether Dave Williford is a spokesman for the Athletic Department or for the University. Athletic Director Mullens confirmed that Mr. Williford is a spokesman only for the Athletic Department. Asked how Mr. Williford would have identified himself to the reporter, Athletic Director Mullens responded that a reporter at the *New York Times* who reached out to Mr. Williford most likely already knew his identity and that was why he was contacted. The Athletic Director verified that a spokesman for the department does not have free reign to express a personal opinion when representing the University. Mr. Williford made an error in judgment and he has offered an apology for his remarks.

Due to the lateness of the hour, the meeting was adjourned. Outstanding agenda items will be discussed at the next meeting.