Making a New Athletic Arena a Reality
September 7, 2007

For some time now the University of Oregon has been carefully planning for the replacement of McArthur Court. In August, the university announced a $100 million gift from Phil and Penny Knight that creates a UO athletics Legacy Fund that when fully funded will make the Athletic Department self-sustaining. Their gift—the largest in the university’s history—strengthens the financial position of the UO athletic department such that we can now move full speed ahead on planning for a new arena. Their gift allows arena revenues to be invested in paying for the arena and building the program, and secures a self-sustaining athletic budget that will benefit the university’s academic mission.

Preliminary Plans

- The arena will be the venue for basketball and volleyball, as well as regional and community access for other purposes.
- The preliminary plan is for a building of ≈380,000 square-feet with seating for at least 12,500 spectators.
- The arena will be constructed on the site of the former Williams’ Bakery adjacent to the UO campus. This site was chosen following a feasibility study that considered numerous options. The advantages are its proximity to campus; its location on a major thoroughfare (Franklin Boulevard/Highway 99); and the adjacent new bus rapid transit line. This location also allows the arena to become the cornerstone for a new eastern gateway to the UO campus.

Preferred Financial Plan

- The university’s cost will not exceed $200 million.
- The preferred plan is for the arena to be constructed by National Championship Properties, LLC (NCP), a Limited Liability Corporation created by University of Oregon Foundation for sole purpose of constructing arena.
• The university would purchase the arena from NCP using Article XI-F(1) Bonds that will be retired with athletic department revenues.
• There is no cost to the State of Oregon for this project.

Projected Time Line
• If revenue bonds are approved in the February 2008 Special Session of the Oregon Legislature, construction could begin August 2008. Any delay would lead to significant and unnecessary cost increases.
• If construction begins August 2008, the arena could open for fall 2010 volleyball and basketball seasons.

Due Diligence
• The university is carefully vetting the preferred financial plan internally and externally, including commercial, sports and leisure consultants, UO Foundation lawyers, the state Department of Justice and other lawyers who specialize in projects similar to this, and facilities experts.

Actions Taken to Date
• 2005—Legislative approval to proceed with planning.
• 2005—Legislative Emergency Board approval of F-Bonds to purchase the Williams’ Bakery and adjoining parcels.
• 2006—University Acquisition of bakery site.
• August 2007—Phil and Penny Knight contribute $100 million to establish a UO Athletics Legacy Fund.
• September 2007—State Board of Higher Education approval of authority to acquire remaining parcels.

Next Steps
• November 2007 – Request State Board of Higher Education approval to seek Legislative authority to issue XI-F(1) bonds to purchase the arena and any other necessary authorities.
• November 2007 – Deadline to submit draft legislation.
• February 2008 – Seek Legislative authority to issue XI-F(1) bonds.