



BUD WALTON ARENA
BASKETBALL PALACE OF MID AMERICA

Bud Walton Arena Proposal

Board of Trustees Meeting
March 14, 2023

Projected
Timeline

Potential
Renovation
Scenarios

Capital
Campaign
Overview

Potential
Financing
Options

Projected Timeline Overview



BUD WALTON ARENA

BASKETBALL PALACE OF MID AMERICA

Scenarios

Scenario A - Deferred Maintenance

Scenario B - Deferred Maintenance +
Inclusion of Premium Space Additions

Scenario C - Deferred Maintenance +
Inclusion of Premium Space Additions +
Back of House Renovaton and Expansion

Scenario A

Scenario B

Scenario C

WALTON ARENA

BASKETBALL PALACE OF MID AMERICA

Scenario A

- Study, Develop and Estimate "Scenario A"
- Renovation with recommended and required deferred maintenance items

Seating Bowl
Renovations

Mechanical
& Electrical
Equipment

New
Basketball
Floor &
Bleachers

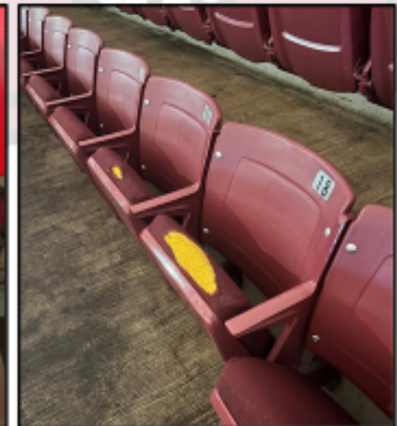
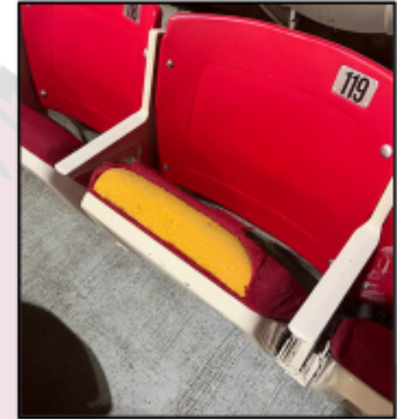
Roof

Estimated
Costs of
Renovations

SEATING BOWL RENOVATION (\$5.5M)



- The seat cushions are in overall poor condition due to rips & stains
- Discontinuation of original upholstery has led to two tones of seat color throughout the lower bowl



MECHANICAL & ELECTRICAL EQUIPMENT (\$19M)



Inactive Boiler being cannibalized to keep the other 4 Boiler units operational

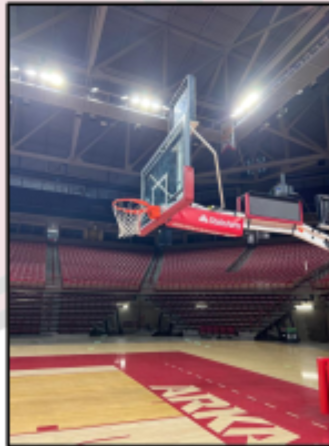
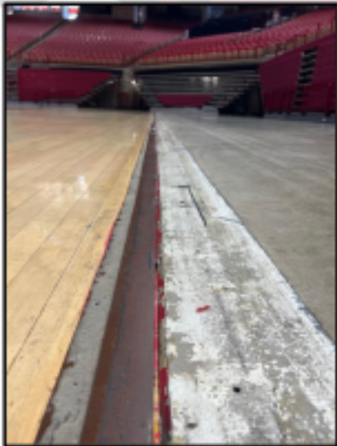


Badly aging Hot Water Pump



Electrical Entry Equipment with visible rusting

NEW BASKETBALL FLOOR & BLEACHERS (\$4M)



- **Original flooring nearing end of life**
 - **Outdated, non-removable spring-loaded floor design needs an update**
 - **Minimal wood left to sand to change floor design**
- **Level change between playing surface and concrete floor putting substantial strain on function of system**
- **Basketball goals need to be replaced**

EXAMPLES OF ROOF DETERIORATION (\$2.5M)



- **Roof is original and past end of life**
 - **Extensive number of patches over the years**
- **Ongoing leaks in need of attention**
- **The age of the roof leads to an increased likelihood of damage needing repair**

ESTIMATED COST OF DEFERRED / NECESSARY RENOVATIONS

Renovation	Estimated Cost
Roof	\$2.5M
HVAC	\$10M
Seats / Seating Bowl	\$5.5M
Concessions	\$2M
Concourse	\$2.5M
Restrooms	\$2M
Basketball Floor / Pullout Bleachers	\$4M
Updated Suites	\$2.5M
Electrical / Plumbing / IT	\$5M
Life Safety & Updated Building Code	\$4M
Video / Ribbon Boards	\$4M
Estimated Grand Total	\$44 Million

Scenario B

- Renovation with recommended and required deferred maintenance items from Scenario A

[PLUS]

- Inclusion of Premium Space additions to include but not limited to:
 - Club Level and Seats
 - Loge Boxes
 - Upper Concourse Suites
 - Courtside Bunker Suites
 - Baseline to Baseline Student Seating

Premium
Space
Overview

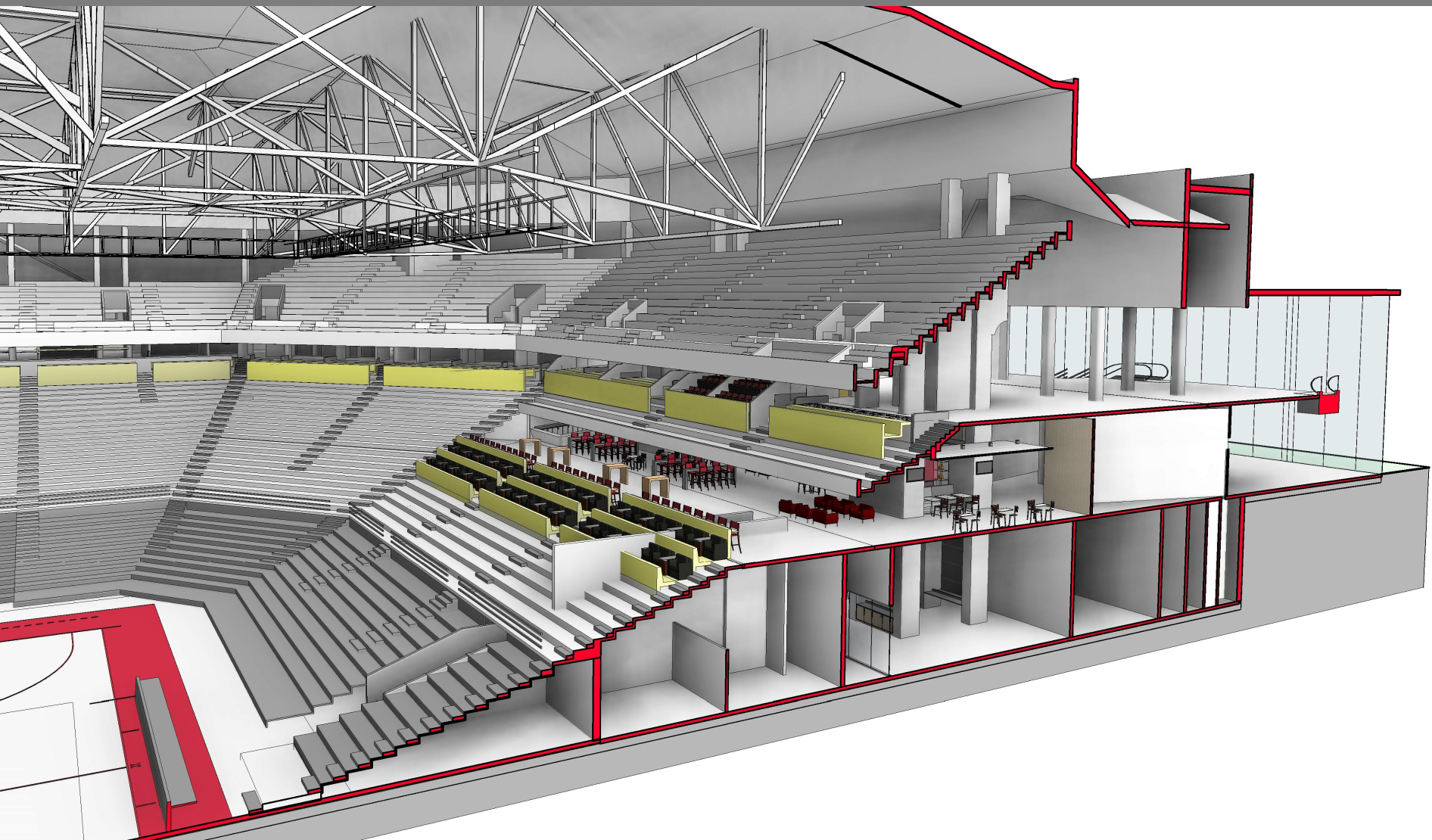
Loge Boxes

Club Level

Premium
Suites

Event Level
Suites

Student
Seating





Baseline Loge Boxes



Mezzanine Loge Boxes



Mezzanine Club Level



Premium Suite



Event Level Suite

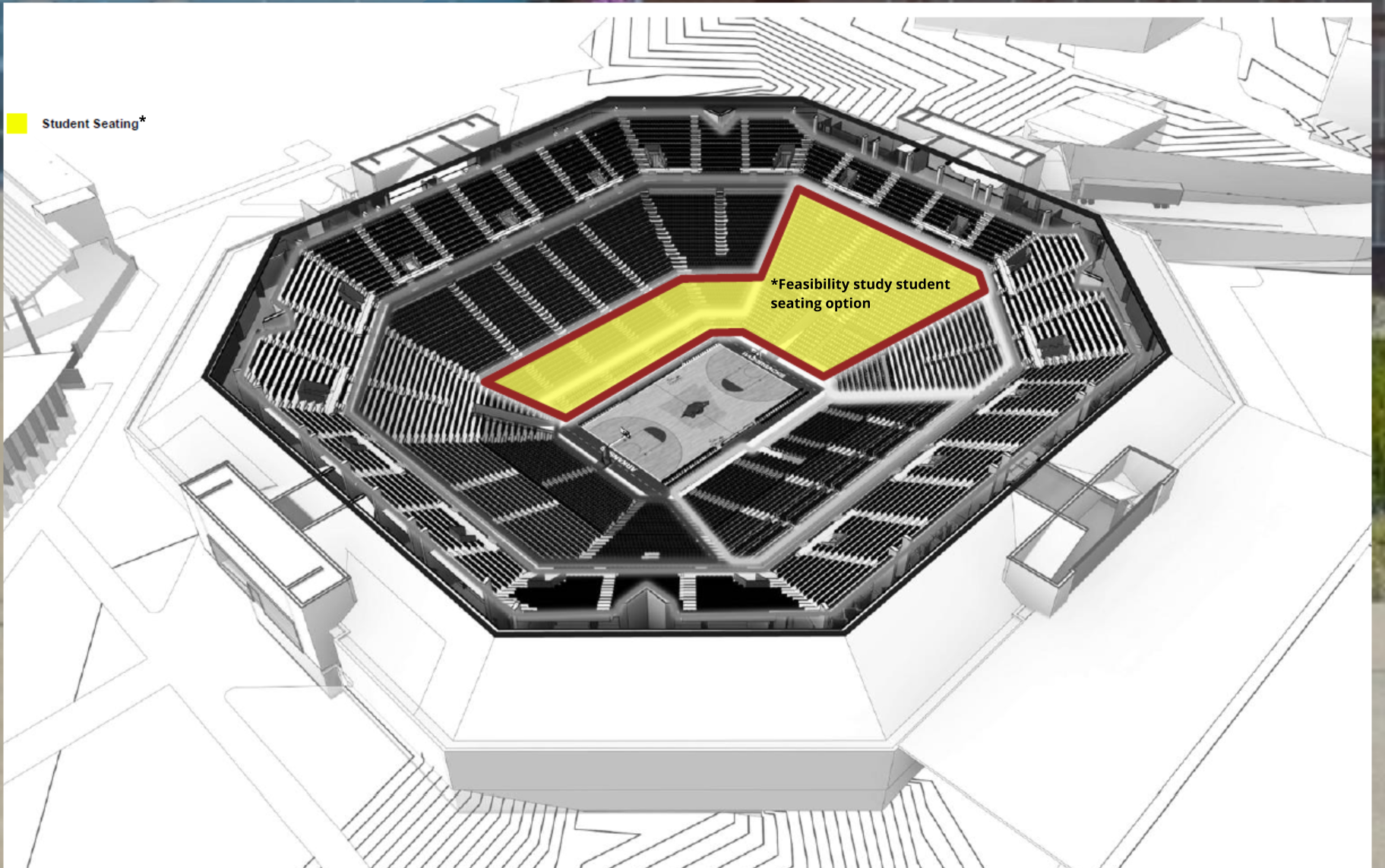


Event Level Lounge

Student Seating*

*Feasibility study student seating option

Conceptual Student Seating



Scenario C

- Renovation with recommended and required deferred maintenance items from Scenario A

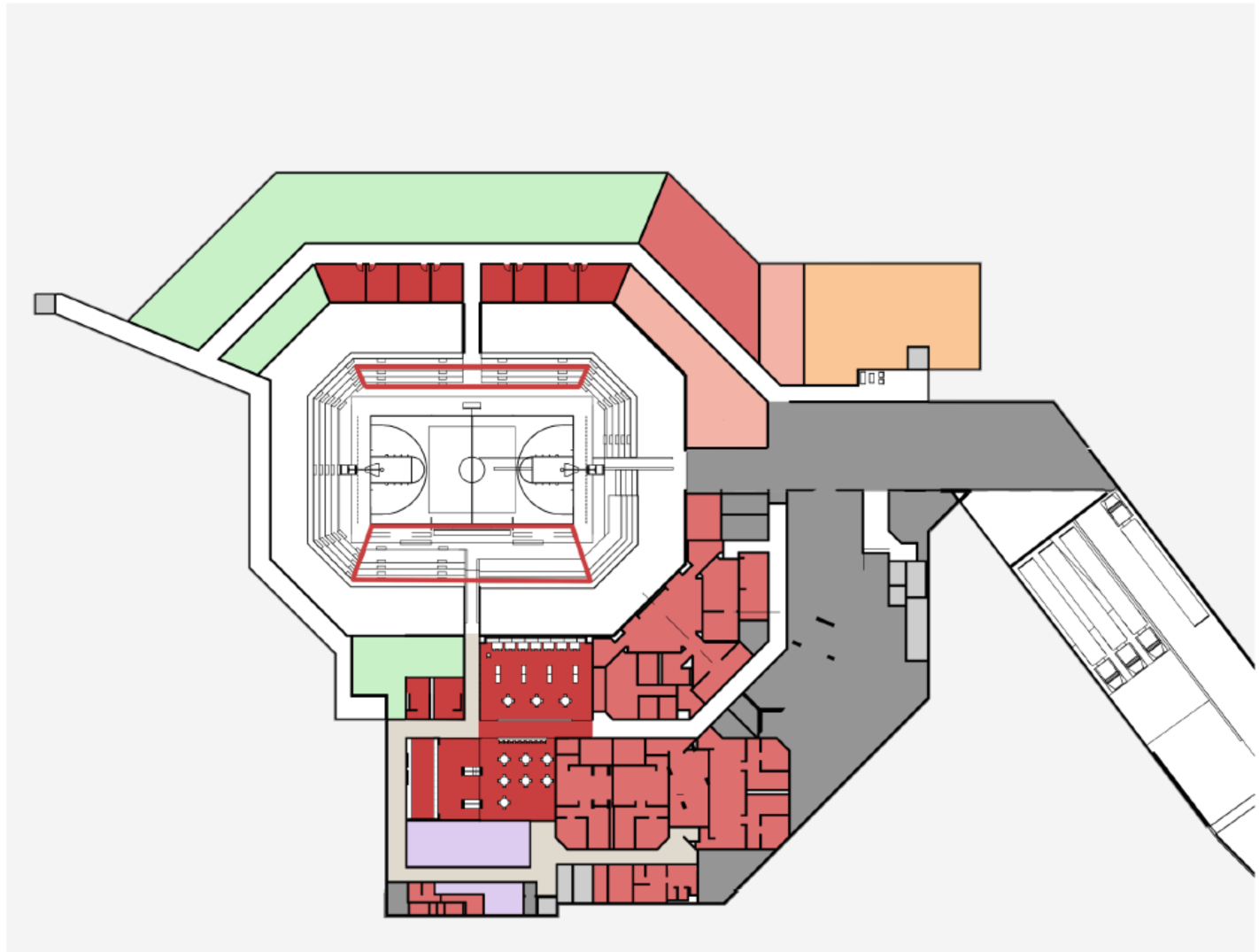
[PLUS]

- Inclusion of Premium Space additions to include but not limited to Scenario B

[PLUS]

- Back of house renovation and expansion to accommodate multi-use events

Event Level



Capital Campaign Goal \$125M

\$40M Football Stadium Naming Opportunity

\$35M Bud Walton Arena Naming Opportunities

\$10M Soccer Stadium Naming Opportunities

\$10M Softball Stadium Naming Opportunities

\$30M Miscellaneous Opportunities

Projected
Campaign
Timeline

Major Gift
Opportunities

Projected Campaign Timeline

February 1, 2022



Quiet Planning Phase

August 1, 2023



Quiet Advance Gift Phase

(Includes Naming Opportunities & Premium Seating Opportunities)

August 1, 2025



Public Phase

(Includes any Challenge Gifts)

August 1, 2028



Campaign Concludes & Post-Campaign Phase Begins

Potential Major Gift Opportunities

Exterior Naming Opportunities

\$20,000,000

Main Entrance (South End)
VIP Premium Area (TBD)
Student Entrance
Additional Naming Opportunities at Bud Walton Arena

Interior Naming Opportunities

\$10,000,000

Main Level Club
Courtside Club
Main Concourse
Courtside Student Section
Videoboard
Press Room/Media Work Room

Locker Room Naming Opportunities

\$2,500,000

Men's Basketball Locker Room
Women's Basketball Locker Room
Gymnastics Locker Room
Men's Basketball Coaches Locker Room
Women's Basketball Coaches Locker Room
Gymnastics Coaches Locker Room

Miscellaneous Naming Opportunities

\$2,500,000

TBD Upon Facility Design

Total

\$35,000,000



FINANCIAL SUMMARY

- Razorback Athletics remains self-supporting and receives \$0 in student fees or direct University funding.
- Revenues forecasted to increase in excess of \$10M per year beginning in FY2025 with new SEC media rights agreements, expansion of College Football Playoffs, and football stadium NEZ suite renewals. Additional revenue opportunity with stadium naming rights.
- Expense commitments in the next five years to fund \$9M deferred compensation payments and payoff \$18M loan secured in 2020. The department is tracking potential impact of NIL and ongoing NCAA litigation.
- Reserves established in both Athletics and Razorback Foundation, and available towards funding current year expenditures and projects.
- Over the next six years, Athletics will retire \$78M of debt. No Athletic debt extends beyond 14 years.



Current
Debt

SEC
Comparisons

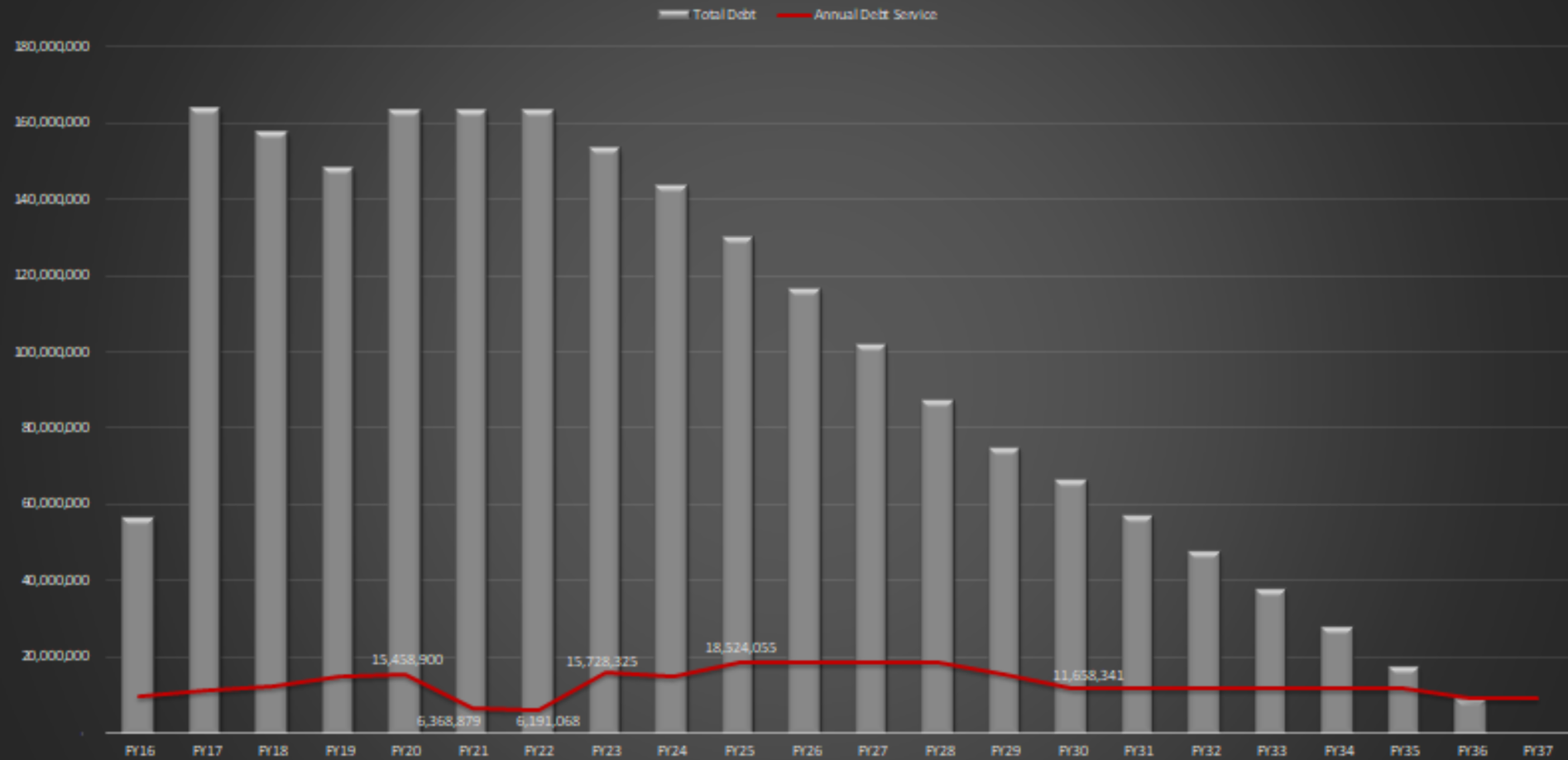
Bud Walton
Arena

Preliminary
Financing
Scenarios

Athletic
Department
Debt Service



CURRENT ATHLETIC DEPARTMENT DEBT





ATHLETIC DEPARTMENT DEBT

Facility (Debt Maturity Date)	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Razorback Stadium (2037)	\$ 99,515,000	\$ 93,665,000	\$ 87,675,000	\$ 81,535,000	\$ 75,235,000	\$ 68,765,000	\$ 62,110,000
Outdoor Track (2034)	\$ 7,920,001	\$ 7,426,775	\$ 6,906,936	\$ 6,360,484	\$ 5,787,419	\$ 5,184,193	\$ 4,550,806
Student Athlete Success Center (2028)	\$ 5,141,070	\$ 4,213,045	\$ 3,237,430	\$ 2,211,783	\$ 1,133,539		
Basketball Performance Center (2028)	\$ 5,535,445	\$ 4,534,564	\$ 3,485,560	\$ 2,381,864	\$ 1,222,080		
Baseball/Track Indoor Facility (2028)	\$ 2,083,485	\$ 1,707,391	\$ 1,312,010	\$ 896,353	\$ 459,381		
Baseball Development Center (2034)	\$ 14,399,999	\$ 13,503,225	\$ 12,558,064	\$ 11,564,516	\$ 10,522,581	\$ 9,425,807	\$ 8,274,194
Bank Loan Agreement (2029)	\$ 18,664,000	\$ 18,664,000	\$ 14,970,000	\$ 11,269,000	\$ 7,568,000	\$ 3,867,000	
Total Athletic Department Debt	\$153,259,000	\$143,714,000	\$130,145,000	\$116,219,000	\$101,928,000	\$ 87,242,000	\$ 74,935,000



SEC COMPARISONS

REVENUES

SEC School	\$239.3M
SEC School	\$214.4M
SEC School	\$203.0M
SEC School	\$199.3M
SEC School	\$193.1M
SEC School	\$190.4M
SEC School	\$177.3M
SEC School	\$174.6M
SEC School	\$159.1M
SEC School	\$154.6M
Arkansas	\$152.5M
SEC School	\$142.2M
SEC School	\$141.2M
SEC School	\$133.6M
SEC School	\$110.7M
SEC School	\$101.4M

*Source 2021-22 NCAA and EADA Reports

EXPENSES

SEC School	\$227.2M
SEC School	\$195.9M
SEC School	\$192.8M
SEC School	\$177.7M
SEC School	\$176.0M
SEC School	\$174.4M
SEC School	\$169.0M
SEC School	\$157.1M
SEC School	\$153.6M
SEC School	\$151.6M
Arkansas	\$146.2M
SEC School	\$144.8M
SEC School	\$138.8M
SEC School	\$125.6M
SEC School	\$105.8M
SEC School	\$ 98.2M

*Source 2021-22 NCAA and EADA Reports

DEBT

	TOTAL	ANNUAL
SEC School	\$325.5M	\$26.9M
SEC School	\$279.4M	\$22.1M
SEC School	\$238.3M	\$21.7M
SEC School	\$194.2M	\$19.2M
SEC School	\$192.2M	\$10.4M
SEC School	\$169.4M	\$11.9M
SEC School	\$164.9M	\$11.0M
Arkansas	\$163.3M	\$ 6.1M**
SEC School	\$157.5M	\$11.1M
SEC School	\$145.9M	\$14.9M
SEC School	\$118.0M	\$ 8.9M
SEC School	\$ 98.3M	\$10.5M
SEC School	\$ 95.9M	\$ 8.8M
SEC School	\$ 92.2M	\$ 6.6M
SEC School	\$ 80.3M	\$ 8.2M
SEC School	not available	

*Source 2021-22 NCAA Reports

** Arkansas refinanced \$14.5M debt payments scheduled for 2021-22



BUD WALTON ARENA

1993

Bud Walton Arena Project Cost	\$29.9M
Bonds	\$15.7M
Gifts	\$14.0M
Athletic Funds	\$ 0.2M

2023

Men's Athletic Revenues	\$13.2M
Total Athletic Debt	\$20.6M
Annual Athletic Debt Service	\$ 1.3M
Debt Service as % of Revenue	10 %

Total Athletic Revenues	\$155.0M
Total Athletic Debt	\$153.2M
Annual Athletic Debt Service	\$ 15.7M
Debt Service as % of Revenue	11 %



PRELIMINARY FINANCING SCENARIOS

	<u>Scenario A</u>	<u>Scenario B</u>	<u>Scenario C</u>
Athletic Department Bond Issue	\$50M	\$50M	\$50M
Gift Commitments		\$25M+	\$25M+
Third-Party Partnership			\$25M+

<u>Debt Service</u>	<u>Total Amount</u>	<u>Athletic Revenues</u>	<u>Debt Retired*</u>
Yrs 1-5	\$11.0M	\$11.0M	
Yrs 6-20	\$60.0M	\$15.0M	\$45.0M
	<u>\$71.0M</u>	<u>\$26.0M</u>	<u>\$45.0M</u>

**Preliminary financing plan factors in available funds of \$3M per year from retiring debt on 2013 athletic projects that included basketball practice facility, student-athlete success center, and baseball/track indoor training facility.*



ATHLETIC DEPARTMENT DEBT SERVICE

