



UNIVERSITY OF OREGON

February 13, 2008

Senator Kurt Schrader and Representative Mary Nolan
900 Court Street NE
Salem, OR 97301

Dear Co-Chairs Schrader and Nolan:

In response to your request, the University of Oregon athletic department will create and fund a new account called the Arena Bond Reserve Fund. The department pledges to deposit an amount equal to one dollar (\$1.00) for each admission ticket to any athletic or other event that requires a base ticket admission price of \$8.00 or more. This amount represents a \$1.00 increase in 2010 to the \$2.00 facilities fee. This bond reserve deposit is pledged to be no less than \$500,000 per year.

Such deposits to the Arena Bond Reserve Fund will be applicable for all tickets sold after July 1, 2010 and will continue until the fund contains the greater of \$12 million or an amount sufficient to pay annual debt service obligations on all bonds connected to the \$200 million bond issue in the spring of 2008 related to the construction of the new University of Oregon arena.

The Director of Intercollegiate Athletics will withdraw funds from this Arena Bond Reserve Fund only when the combination of the department's net operating revenues and ongoing donations are insufficient to meet debt service requirements and, further in the unlikely event those are inadequate, any permissible withdrawals from the Athletic Department Legacy Fund are also insufficient to allow the Athletic Department to meet its operating expenses and service the debt requirements of the above described bond indebtedness. When the \$200 million in bonds are retired or refunded, the balance in the fund, if any, will be used for academic support for student athletes, funds to assist former student athletes who have exhausted their eligibility but who are completing their degree requirements, or current student athletes based on academic merit.

Please let me know if I can answer any questions about the Arena Bond Reserve Fund.

Warm regards,

Dave Frohnmayer
President

Cc: President, Speaker, Majority and Republican Leaders, Ways and Means

OFFICE OF THE PRESIDENT

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