

MINUTES OF A SPECIAL MEETING
THE UNIVERSITY OF OKLAHOMA BOARD OF REGENTS
JULY 25, 1984

A special meeting of the Board of Regents of The University of Oklahoma was held in the auditorium of the Administration Building on the campus of The University of Oklahoma Tulsa Medical College on Wednesday, July 25, 1984, beginning at 8:30 p.m.

Notice of the time, date, and place of this meeting was submitted to the Secretary of State as required by Enrolled House Bill 1416 (1977 Oklahoma Legislature).

The following Regents were present: Regent Dan Little, Chairman of the Board, presiding; Regents Julian J. Rothbaum, Tom McCurdy, John M. Imel, Thomas Elwood Kemp, Charles F. Sarratt, and Ronald H. White, M.D.

The following also were present: Dr. William S. Banowsky, President of the University, Senior Vice President and Provost J. R. Morris, Vice President Arthur J. Elbert, Barbara H. Tuttle, Executive Secretary of the Board of Regents, and Mr. Stanley M. Ward, Chief Legal Counsel.

The first item on the agenda was consideration of the Big Eight Conference football television contract for 1984 with Katz Sports. Regent Little called on Senior Vice President Morris. Dr. Morris reported the other seven members of the Big Eight Conference have approved the television package with Katz for 1984 which guarantees a minimum of \$125,000 per game for 10 to 14 games. The reasonable expectation, he said, is that it will generate about \$300,000 per game. Because of the College Football Association agreement with ABC Television, of which we are a part, the Katz plan will require an 11:30 beginning time for any games which are televised under the Big Eight plan. Dr. Morris said this probably will affect our home games in Norman only for one game. He believes our fans will support a time change for one game but we probably would not want to change the time for more than one. Dr. Morris said it is estimated the Katz package will provide an additional \$5,436,000 of TV revenue for the Big Eight for the season. If that amount is generated, income from TV for The University of Oklahoma will be almost identical with the 1983 TV income, which was the largest amount we have ever had.

Dr. Morris reported that the OU-Texas and the OU-Nebraska games have already been removed from the Katz package, even if they are not nationally televised. He reported also that OU's Stanford and Baylor games can be removed from the Katz package as long as we do not broadcast them head-to-head with a Katz game. The Baylor game could be telecast in Texas, for instance, and Stanford could be telecast on the west coast.

Dr. Morris said that, combined with the CFA and the ESPN packages, the Katz package is a good one and he recommended it to the Regents. President Banowsky concurred in this recommendation. He reminded the Regents that

July 25, 1984

18056

at this point we are only talking about the third contract OU will be working under for the 1984 season. The College Football Association has entered into two packages--ABC and ESPN for national games and the Big Eight Conference agreement with Katz Sports will be the third agreement.

President Banowsky then introduced Mr. Dan Gibbens, Professor of Law, the University's Big Eight and NCAA Faculty Representative. He said Professor Gibbens has been working the last few weeks with the television committees of both the CFA and the Big Eight Conference. Professor Gibbens then made additional comments regarding the agreements.

President Banowsky commented that the Board has expressed concerns about televising too many games. Under the CFA, ESPN, and Big Eight Conference packages, the University probably would be on national television two or three times--ABC probably will televise a couple of games and ESPN may televise one nationally. The University probably will be on regional television under the Katz package one or two times--one at home and one away--and then we have the opportunity to televise two other games on our own. Dr. Banowsky said he believes there will be a more significant change in television revenue between the 1984 and 1985 seasons rather than between the 1983 and 1984 seasons because of the short time for making television arrangements for 1984 following the Supreme Court decision.

Regent Rothbaum moved the Big Eight Conference TV agreement for 1984 be adopted. The following voted yes on the motion: Regents Little, Rothbaum, McCurdy, Imel, Kemp, Sarratt, and White. The Chair declared the motion unanimously approved.

The next item on the agenda was consideration of the following proposal from the Oklahoma Outlaws:

"July 20, 1984

"University of Oklahoma Board of Regents
660 Parrington Oval
Norman, Oklahoma 73019

"ATTN: Mr. Dan Little
Mr. Julian J. Rothbaum
Mr. Tom McCurdy
Mr. John M. Imel
Mr. Thomas Elwood Kemp
Mr. Charles F. Sarratt
Mr. Ronald H. White, M.D.

"Gentlemen:

"It has become necessary that in order to ensure the long term viability of professional football in the state of Oklahoma, our franchise obtain a short term interim lease of Memorial Stadium.

"Such a lease is critical for two reasons. First, the University's facility satisfies USFL stadium requirements, and secondly, the three year lease term would allow a sufficient amount of time for the construction of a permanent home for the franchise within the state.

"In addition, the effect of a professional sports franchise on the state cannot be overstated. The Oklahoma City Chamber of Commerce conservatively estimates the economic impact of the franchise at approximately \$24,000,000 in the first year alone. The eventual construction of a major multi-purpose facility in central Oklahoma, with the franchise representing the catalyst in that effort, would have a tremendous impact on the state, both economically and culturally.

"While there has been considerable speculation concerning the possible short term use of Memorial Stadium by our franchise, I have outlined the potential concrete benefits to the University of such a lease and have also set forth various guarantees and assurances which will hopefully alleviate various concerns held by the University.

"A brief summary of our proposal to lease Memorial Stadium is set forth below:

"A. FINANCIAL BENEFITS

"The three year lease would generate rental revenue to the University in excess of \$1,000,000. Rental revenue would be paid in advance as follows:

- (1) \$100,000 upon execution of the lease.
- (2) \$250,000 on January 1, 1985, representing 1985 lease revenue.
- (3) \$300,000 on January 1, 1986, representing 1986 lease revenue.
- (4) \$350,000 on January 1, 1987, representing 1987 lease revenue.

"In addition, food and beverage concessions revenue would generate an additional \$50,000 to \$100,000 annually. It should be noted here that while the policy prohibiting the sale of beer in Memorial Stadium severely limits concession revenue, it is a policy which the franchise recognizes as being nonnegotiable and one the franchise will enforce to the best of its ability.

"While difficult to ascertain, the joint participation by the University and the franchise in connection with the promotion of concession sales (i.e. food, beverage, and team souvenirs) should result in considerable revenue.

"B. INTEGRITY OF UNIVERSITY OF OKLAHOMA FOOTBALL

"The maintenance and support of the continued success of the University of Oklahoma's football program would be the paramount concern of the franchise. We recognize it is in the best interests of the franchise to ensure the growth and prosperity of the University's football program.

"To illustrate our commitment to the University's athletic program, and in response to concerns relating to the possible effect of the franchise's use of Memorial Stadium, the following guarantees, commitments, and assurances are offered:

"(1) Season Ticket Guarantee:

"In the event OU football season ticket sales are affected as a result of the franchise's lease of Memorial Stadium, the franchise will purchase from the University all of such season tickets.

"Although the specifics of the guarantee would have to be set forth in the final lease agreement, the concern that the franchise's use of Memorial Stadium could have a negative effect on the OU ticket revenue would be completely alleviated.

"(2) Scheduling Accomodations: (sic)

"Should the USFL decide to switch from the current spring schedule to a fall schedule prior to the 1988 season, the franchise and the USFL guarantee that franchise games would be scheduled on alternate weekends, thus avoiding any conflict with OU football.

"It should be noted that while it is almost certain a fall schedule will be in effect by the 1988 season, and possibly the 1987 season, a shift prior to 1987 is highly improbable. In any event, the season ticket guarantee and the assurance of a nonconflicting schedule should hopefully calm concerns in this area.

"(3) Miscellaneous use of University facilities:

"While the franchise would be extremely interested in making productive use of various University practice facilities not currently used by the OU football team, which would result in the generation of additional revenue to the University, the franchise does not view such use of University facilities as necessary and fully intends on building its own practice facility in downtown Oklahoma City for obvious convenience and promotional reasons.

"(4) Franchise policy RE: The college eligibility rule:

"The stated policy of the franchise in respect to honoring the sanctity of collegiate athletics, and more specifically the college eligibility rule concerning the prohibition against signing of underclassmen with eligibility remaining, would be continued without exception. Any violation of the rule by our franchise or any other franchise in the USFL would represent grounds for immediate termination of the lease.

"Despite the early hesitation to cooperate with the USFL as a result of the Hershel Walker signing, our franchise's firm stand

July 25, 1984

18059

against such interference with college programs in addition to our policy of total cooperation with the universities in our area has resulted in the endorsement of our efforts by the head coaches of the University of Arkansas, Oklahoma State University, the University of Tulsa, and more importantly, the University of Oklahoma.

"C. THE SANCTITY AND PRESERVATION OF THE UNIVERSITY OF OKLAHOMA CAMPUS

"The franchise shall be committed both from a moral as well as legal standpoint, to the preservation of the sanctity of the university atmosphere athletically, academically, and socially both on and off campus. Rest assured at no time will the franchise allow any disruption of the university atmosphere by any member of its organization, its fans, or its policies.

"While we acknowledge that the profile of the professional fan may differ slightly from the college fan, any dissimilarity (sic) would be negligible. You must remember, this is Oklahoma, not New York City. Thank God. In any event, University regulations and restrictions would be strictly enforced by a professional security force, the size and quality of which would be at the University's discretion, and the franchise's cost.

"I hope the above proposal sufficiently communicates the financial benefits available to the University, as well as our commitment to sharing in the University of Oklahoma's continued and uninterrupted strive for excellence in all aspects.

"It is important that your consideration of our proposal is carried out in the context of the far reaching effect of the University's accommodation (sic), and the crucial role the University can play in the growth and prosperity of the entire state of Oklahoma.

Sincerely,

/s/ William R. Tatham, Jr.

William R. Tatham, Jr.
Club President"

Since Mr. Tatham was present at the meeting, Regent Little invited him to review the proposal and to make any additional comments if he wished. Mr. Tatham first expressed appreciation for the opportunity to present his proposal and he then outlined the general terms. In addition to the items included in the proposal as shown above, Mr. Tatham included the following comments:

1. He has no intention of playing at Owen Field for more than three years and it could be less.
2. He reiterated that he understands that selling beer in the stadium is not a negotiable item.

3. He indicated the season ticket purchase guarantee is limited to the three years the Outlaws would play at OU and that some kind of formula would have to be determined for inclusion in the contract.
4. Scheduling conflicts. Mr. Tatham stated that in the event the USFL begins playing football in the fall, the Outlaws will work around the OU football schedule and other times when the OU football team needs the stadium.
5. College eligibility rule. Mr. Tatham said the Outlaws absolutely refuse to sign undergraduates and this policy will be maintained. He agreed that any violation of that policy can be cause for lease cancellation.
6. Cash in advance. In response to a question from the Regents, Mr. Tatham stated he would be willing to look at the possibility of putting up more money in advance than he indicated in his proposal and he agreed that a \$650,000 advance payment might not be out of the question.
7. Concessions revenue. In response to questions from the Regents, Mr. Tatham suggested concession revenue should be shared on a 50-50 basis.
8. Lease payments. Mr. Tatham indicated that the \$1,000,000 rental revenue is the top figure, that the amount up front is negotiable but the top figure is not.
9. Mr. Tatham indicated the Outlaws would be willing to pay all of the game day expenses.

In response to a question from the Regents, Mr. Wade Walker, Athletic Director, reported the following policy of the NCAA which is recommended for the guidance of member institutions in the conduct of their intercollegiate programs:

Policy 5, Section 1. "In furtherance of the educational objective of intercollegiate athletics described in Constitution 2-2-(a), member institutions should prohibit the use of their facilities by professional sports teams, it being understood that this does not apply to a professional team's isolated use of college facilities in emergency cases."

Mr. Ed Cook, President of the Oklahoma City Chamber of Commerce, was invited by Regent Little to speak on behalf of Oklahoma City. Mr. Cook talked about the development in Oklahoma City of the proposal to build a domed stadium. He said the construction of the stadium originally came about because of the need to provide additional facilities for the National Finals Rodeo which has been held in Oklahoma City over the past 20 years. He said Oklahoma

City is committed to building a 20,000-seat domed stadium for that purpose. He said their feeling is that if they are going to build a stadium that size, they should think in terms of 35,000 seats in order to accommodate the NCAA basketball tournament and other similar activities. He said it is not very far from there to a stadium of 55,000 seats for professional football. The estimated cost is \$44,000,000--\$48,000,000 including parking--and they hope to finance the project privately. He assured the Regents Oklahoma City will find a way to build such a stadium. He called attention to the fact that Arizona State University has an agreement with a professional team to use their stadium and they have had absolutely no problems whatsoever. Mr. Cook said from their studies they believe the impact of a professional football team in Oklahoma City will mean approximately \$24,000,000 to the economy of central Oklahoma, based on an average 25,000 attendance at each game.

Mr. Gerald Marshall, Chairman of the Board of the Oklahoma City Chamber of Commerce, also was invited to make comments, as was Mr. Bob Renbarger, a representative from the Governor's office who was in attendance at the meeting. Mr. Renbarger said the Governor recognizes that this Board has to make the final decision. He said the Governor hopes the Regents will thoroughly discuss and favorably consider any reasonable proposal.

Regent Imel said he has tried to look at this matter from the standpoint of the best interests of the University and he has looked at it from all angles. Some of the things that have concerned him and some of the problems the University might encounter are as follows:

1. The Regents' policy that prohibits the use of athletic facilities by professional teams. He believes if an exception is made to this policy or the policy is rescinded, it will open the door to others to come and make similar requests.
2. He understands there is some resentment that we might use a State tax supported facility to promote a commercial venture.
3. The matter of whether or not the money generated would be taxable income. He referred to an IRS ruling which provides that an exempt university that leases its stadium to a professional football team for several months of the year and provides the utilities, grounds maintenance, and dressing room, linen, and stadium security services is engaged in unrelated trade or business and that the University's income from the lease is not excluded from unrelated business taxable income. If this ruling is applicable to the University, he said, it would have a substantial effect on the net income to the University.
4. The period of time of the lease. The Outlaws' proposal is to use the stadium for a three-year period but in order for that to work something must happen in Oklahoma City, and

Oklahoma City is still in the very beginning stages of looking at the feasibility of building a domed stadium. Also, Oklahoma City still has to determine how they will finance such a facility. He said the question arises that if Oklahoma City for any reason does not build a stadium, we could have a professional team in Oklahoma Memorial Stadium for a much longer period of time.

5. Image. He believes allowing a professional team to use Oklahoma Memorial Stadium will compound the University's image that we are a football school.
6. His concern about the criticism that OU will encounter if things don't work out as well as Mr. Tatham believes.
7. The NCAA policy prohibiting the use of athletic facilities by professional sports teams already referred to above.
8. He believes there are individuals within the Athletic Department who are opposed to this proposal. They are the ones who will have to administer any arrangement worked out.
9. A diminution of interest in OU football as a result of the proximity of a professional team in the Oklahoma City area (i.e. SMU and the Dallas Cowboys). This could affect income for additional athletic facilities and payments on outstanding revenue bonds.

Mr. Imel said the primary mission of The University of Oklahoma is educational and if a professional team is allowed to use the facilities, this will be opening a door and we have no idea what it will lead to. He believes the negatives far exceed the positives in this case.

There was a lengthy discussion during which several Regents expressed concerns about a number of unanswered questions. It was the feeling that there is not enough information to take an action at this time.

Regent Sarratt moved the proposal be tabled until more details and more information can be developed and there are further negotiations.

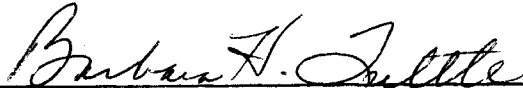
Mr. Ward indicated a lease probably could be negotiated in 7 to 14 days. In response to a question from Regent Little about waiting until September 6, the next regularly scheduled meeting of the Board, for an action on this matter, Mr. Tatham said September 6 would be fine if the delay is only for negotiating a contract but if a delay is for a determination of whether anything will be worked out, it is too long.

July 25, 1984

18063

On the vote on Regent Sarratt's motion, the following voted yes:
Regents Little, Rothbaum, McCurdy, Imel, Kemp, Sarratt, and White. The
Chair declared the motion unanimously approved.

The meeting adjourned at 9:50 p.m.



Barbara H. Tuttle

Executive Secretary of the Board of Regents