

# UK ATHLETICS AND CHAMPIONS BLUE UPDATE








AN EQUAL OPPORTUNITY UNIVERSITY

# Why Champions Blue?

The university is making a significant investment in the future of UK Athletics. UK must evolve its business model to position and prepare itself to succeed, regardless of how this landscape unfolds.

**The college athletics landscape is evolving whether UK makes a change or not.**

**Establishing Champions Blue provides a structure that...**

-  Creates **flexibility** to rapidly adapt as the landscape changes
-  Enables UK to unlock **new revenue streams** (e.g., JVs, P3 Partnerships)
-  **Protects the university** from the unknowns of the evolving college athletics landscape
-  Creates ability for **policy differentiation** from the university
-  Gives UK Athletics **access to outside experts**

# Champions Blue Today

A lot of progress has been made since April to stand up the Champions Blue Corporation, and **there are three critical focus areas** that will be key to the transition to Champions Blue.

## KEY FOCUS AREAS FOR TODAY'S DISCUSSION



### CHAMPIONS BLUE BOARD



Review the make-up, authority, logistics, initial membership and commercial priorities of the Champions Blue Board.



### FINANCIAL PLAN



Align on the Champions Blue FY 26 budget and 3.5-year financial plan.



### PATH FORWARD



Discuss the work required for the upcoming transition to Champions Blue.

# Champions Blue Board Responsibilities

*Empowering the Champions Blue Board to enable UK Athletics to make **swift decisions** that accelerate our success...*



## STRATEGIC RESPONSIBILITIES

- Final approval of Champions Blue strategic plan
- Review of significant corporate partnerships and P3 ventures including capital projects over \$1M
- Review of new categories for partnerships
- Approval of significant changes to media rights agreement

## FINANCIAL RESPONSIBILITIES

- Approval of annual Champions Blue budget
- Approval of Champions Blue multi-year financial plan
- Approval of individual sports expenditure budgets

## REPORTING REQUIREMENTS

- Monthly financial report
- Quarterly report of revenue share expenditures by sport

# Champions Blue Board Membership and Logistics

The Champions Blue Board will be composed of university representatives and well-regarded external sports and industry advisors dedicated to propelling the organization forward.

Champions Blue Membership		Board Make-up Details
<div><div>Voting Members</div><div><div>Position of University of Kentucky President <i>(Dr. Eli Capilouto)</i></div><div><div>Position of University of Kentucky Executive Vice President of Finance and Administration <i>(Dr. Eric N. Monday)</i></div><div>Position of University of Kentucky Vice President / Chief Strategy and Growth Officer <i>(Dr. Rob Edwards)</i></div><div><div>Position of Senior Advisor to the President <i>(Dr. George Wright)</i></div><div>Subject Matter Expert <i>Ms. Shannon Arvin</i></div><div><div>Subject Matter Expert <i>Mr. Jacob Tamme</i></div><div>Subject Matter Expert <i>Mr. Chris Prindiville</i></div></div></div></div><div><div>Ex-Officio Member (Non-Voting)</div><div>Position of Director of Athletics <i>(Mr. Mitch Barnhart)</i></div><div><div>Special Advisor (Non-Voting)</div><div>Position of Third-Party Media Rights Holder President <i>(Mr. Paul Archey)</i></div></div></div><td><div><div>Voting Members without formal term limits:</div><ul style="list-style-type: none"><li>Position of University of Kentucky President</li><li>Position of University of Kentucky EVPFA</li><li>Position of University of Kentucky Vice President / Chief Strategy and Growth Officer</li><li>Position of Senior Advisor to the President</li></ul><div><div>Voting member role-specific term limits:</div><ul style="list-style-type: none"><li>Subject Matter Experts (SME) — staggered 1-, 2- and 3-year terms to start</li></ul><div><div>SME Honorarium will include:</div><ul style="list-style-type: none"><li>\$1,200 per diem per meeting</li><li>Reimbursement for all related travel</li></ul></div></div></div><div><div>Meeting Schedule</div><ul style="list-style-type: none"><li><b>July 1, 2025 – June 30, 2026:</b> Monthly plus additional meetings as needed</li><li><b>July 1, 2026, and beyond:</b> As needed but no less than quarterly</li></ul></div></td></div></div>		<div><div>Voting Members without formal term limits:</div><ul style="list-style-type: none"><li>Position of University of Kentucky President</li><li>Position of University of Kentucky EVPFA</li><li>Position of University of Kentucky Vice President / Chief Strategy and Growth Officer</li><li>Position of Senior Advisor to the President</li></ul><div><div>Voting member role-specific term limits:</div><ul style="list-style-type: none"><li>Subject Matter Experts (SME) — staggered 1-, 2- and 3-year terms to start</li></ul><div><div>SME Honorarium will include:</div><ul style="list-style-type: none"><li>\$1,200 per diem per meeting</li><li>Reimbursement for all related travel</li></ul></div></div></div> <div><div>Meeting Schedule</div><ul style="list-style-type: none"><li><b>July 1, 2025 – June 30, 2026:</b> Monthly plus additional meetings as needed</li><li><b>July 1, 2026, and beyond:</b> As needed but no less than quarterly</li></ul></div>

# FY 2026 Budget

	Budget Expenses (\$M)	FY25	FY26	Change
	<b>Revenue<sup>1</sup></b>	<b>170.9</b>	<b>194.6</b>	<b>23.7</b>
	<i><u>Expenses</u></i>			
1	Salaries and Benefits	74.9	79.9	5.0
2	Scholarships	24.8	26.7	1.9
3	Other Obligations	37.0	53.9	16.9
4	Adjusted Operating Budget <sup>1</sup>	49.2	49.8	0.6
	<b>Total Operating Expenses</b>	<b>185.9</b>	<b>210.3</b>	<b>24.4</b>
	<b>Net Gain (Loss)<sup>2</sup></b>	<b>(15.0)</b>	<b>(15.7)</b>	<b>(0.7)</b>
<sup>1</sup> Excludes Camp Budget of \$2.5M of revenue and \$2.5M of expenses. <sup>2</sup> FCR 8 includes an operating loan to Athletics for two fiscal years for an aggregate total of up to \$31M.				

## KEY INSIGHTS

- Salaries and Benefits**  
Increase reflects contractual increases and salary and benefit adjustments.
- Scholarships**  
Reflects increase in new scholarships offset by the elimination of Alston Awards and reductions in the Athletics Department.
- Other Obligations**  
Implementation of the athlete revenue share model is the primary driver of the increase in other obligations.
- Adjusted Operating Budget**  
Identified expense discipline.

# 3.5 Year Forecast

	(\$M)	FY25 Estimated <sup>1</sup>	FY26 Budget	FY27 Forecast	FY28 Forecast
1 Revenue <sup>2</sup>		170.9	193.0	215.0	236.5
2 University Commitment		-	1.6	3.1	4.6
<b>Total Revenue</b>		<b>170.9</b>	<b>194.6</b>	<b>218.1</b>	<b>241.1</b>
3 Expenses <sup>2</sup>		(182.4)	(206.8)	(214.6)	(222.6)
4 Science Building Funding		(3.5)	(3.5)	(3.5)	(3.5)
<b>Total Expenses</b>		<b>(185.9)</b>	<b>(210.3)</b>	<b>(218.1)</b>	<b>(226.1)</b>
<b>Net Gain (Loss)<sup>3</sup></b>		<b>(15.0)</b>	<b>(15.7)</b>	<b>-</b>	<b>15.0</b>

<sup>1</sup> FY25 Estimated based on May year-to-date information and preliminary estimates for end of fiscal year performance.

<sup>2</sup> Excludes Camp Budget of \$2.5M of revenue and \$2.5M of expenses.

<sup>3</sup> FCR 8 includes an operating loan to Athletics for two fiscal years for an aggregate total of up to \$31M.

## KEY INSIGHTS

- 1 Revenue**  
 Growth from new revenue sources driven in part by the commercial priority investments, external revenue sources and philanthropic sources.
- 2 University Scholarship Commitment**  
 Implementation of financial commitment to UK Athletics, over four years, to fund non-resident scholarship costs for student athletes.
- 3 Expenses**  
 Expenses related to revenue share model and other obligations.
- 4 Science Building Funding**  
 Athletics department will continue to fund the Jacobs Science Building commitment.

# Investments in Future Growth

Champions Blue will lead major commercial initiatives to enhance the UK fan experience and generate new revenue.

## Capital Investment for Growth

FCR 8

\$110,000,000

This investment will fund five athletic-related capital projects, supporting a multi-year initiative to enhance future revenue growth through Champions Blue.

Kroger Field  
Stadium  
maintenance

\$15,000,000

FCR 17

Renovate corner  
suites and  
elevators

\$13,000,000

FCR 18

Improve soccer/  
softball facility

\$5,000,000

FCR 19

West End Zone  
Club space  
/ Wi-fi (Design)

\$8,000,000

FCR 20

Request for  
Information (RFI) to  
develop a Fan Zone  
on campus

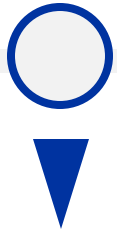
FCR 21



# Path Forward

There is significant work to be done as we launch Champions Blue, and we have the team in place to ensure it is a successful transition.

## Outline Our Path



Ensure all key activities, stakeholders and resources are in place to map the required work to launch Champions Blue.

*Today*

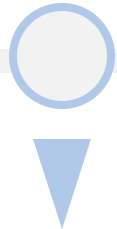
## Prepare Our People



Enable staff transition with the tools and knowledge required for employees to feel prepared and execute Champions Blue's mission.

*Ongoing*

## Execute Key Processes



Implement all transitions required for technology updates, critical assets and net new capabilities to drive Champions Blue.

*Ongoing*

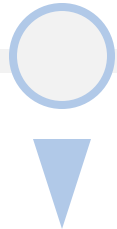
## Progress Transition



Ensure the board, financial plan and key legal documentation is in place for our Transition Team to lead the charge.

*July 1, 2025*

## Operate Champions Blue



Fully operate as Champions Blue, tracking towards key financial and commercial goals.

*July 1, 2026*

# QUESTIONS



# Proposed Fiscal Year 2026 Budget

Budget Expenses (\$M)	FY26
<b>Revenue<sup>1</sup></b>	<b>194.6</b>
<u>Expenses</u>	
Salaries and Benefits	79.9
Scholarships	26.7
Other Obligations	53.9
Adjusted Operating Budget <sup>1</sup>	49.8
<b>Total Operating Expenses</b>	<b>210.3</b>

# FCR 8

## FCR 8

Office of the President  
June 13, 2025

Members, Board of Trustees:

### INTERNAL LOAN FOR ATHLETICS

Recommendation: that the Board of Trustees approve an internal loan to invest in capital projects throughout the Athletics' enterprise as part a multi-year plan and new governance and operating model, aimed at ensuring a strong financial trajectory for the program.

Background: Pursuant to the University's Internal Loan Program Policy, any internal loan for capital purposes greater than \$1,000,000 must be approved by the Board.

Pending approval by the Board of Trustees, five Athletic-related capital projects, with a total scope of \$110,000,000, will be initiated in phases. While the primary fund source for the projects is expected to be gifts and pledges, the receipt of funds may not match the cash outflow for the projects, which is anticipated over a three-year period.

It is, therefore, recommended that the Board of Trustees approve an internal loan of up to \$110,000,000 to invest in Athletics' multi-year capital project initiative, much of which is designed to maximize revenue growth through the new operating and governance model – Champions Blue LLC – approved by the Board of Trustees at its April 2025 meeting. The University also anticipates an operating loan to Athletics for two fiscal years, FY 2024-25 and FY 2025-26, for an aggregate total of up to \$31,000,000.

Any funds drawn on these loans will accrue interest pursuant to the Internal Loan Program Policy. The interest rate charged is approved annually by the Debt Management Committee pursuant to the Internal Loan Program Policy. Athletics will begin the repayment of the loans in FY 2027-28. In accordance with the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and approved both loans.

The multi-year financial plan is part of the direction by the Board of Trustees to create and implement a new operating and governance structure – Champions Blue LLC – designed to maximize revenues through new investments and ensure long-term financial stability and growth for UK Athletics.

# FCR 17

## FCR 17

Office of the President  
June 13, 2025

Members, Board of Trustees:

IMPROVE ATHLETICS FACILITY 1  
(KROGER FIELD STADIUM MAINTENANCE) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Improve Athletic Facilities 1 (Kroger Field Stadium Maintenance) capital project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated cost of \$1,000,000 or more must be approved by the Board prior to initiation.

This project will initiate a comprehensive maintenance and repair program for Kroger Field on campus. A 2023 condition assessment study resulted in a master maintenance plan for Kroger Field. The maintenance plan includes a detailed, proposed preventative maintenance and repair program to ensure long-term durability and extend the football stadium's useful life.

This project includes concrete and masonry repairs, surface coatings installation, painting, roof maintenance and other miscellaneous work.

The project is part of the multi-year plan for capital projects designed to enable the athletics enterprise to produce necessary revenue to ensure a strong financial trajectory. As part of this multi-year plan, internal loan funds authorized in FCR 8 may be utilized for this project and will be repaid with private funds.

This \$15,000,000 project, authorized by the 2024 Session of the Kentucky General Assembly, is within the total legislative authorization of \$20,000,000 and will be funded with private funds.

# FCR 18

# FCR 18

Office of the President  
June 13, 2025

Members, Board of Trustees:

IMPROVE KROGER FIELD 1  
(RENOVATE CORNER SUITES AND ELEVATORS) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Improve Kroger Field 1 (Renovate Corner Suites and Elevators) capital project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated scope of \$1,000,000 or more must be approved by the Board prior to initiation.

This project will renovate the 40 corner suites located in the east and west end zone seating bowl of Kroger Field and replace the six existing elevators used by fans to access the corner suites and upper concourse. Improvements to the suites will include updates to finishes, lighting, countertops, cabinets, fixtures, flooring and seating. The suites and elevators require updating as they were installed in 1999 during the expansion of the end zone seating area.

The project is part of the multi-year plan for capital projects designed to enable the athletics enterprise to produce necessary revenue to ensure a strong financial trajectory. As part of this multi-year plan, internal loan funds authorized in FCR 8 may be utilized for this project and will be repaid with private funds.

This \$13,000,000 project, authorized by the 2024 Session of the Kentucky General Assembly, is within the total legislative authorization of \$15,000,000 and will be funded with private funds.

# FCR 19

## FCR 19

Office of the President  
June 13, 2025

Members, Board of Trustees:

### IMPROVE SOCCER/SOFTBALL FACILITY CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Improve Soccer/Softball Facility capital project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated scope of \$1,000,000 or more must be approved by the Board prior to initiation.

This project will upgrade the existing sports lighting systems for both the soccer and softball fields to state-of-the-art LED systems. Additionally, this project will include updating the netting system in the indoor hitting pavilion, installing a Trackman radar system used by the team to analyze performance data, installing a new sidewalk entry area to greatly improve pedestrian safety outside the facility, and replacing existing field fencing and gates that have exceeded their useful life. As the University is hosting the 2026 Southeastern Conference Softball Tournament these improvements will enhance the fan experience.

The project is part of the multi-year plan for capital projects designed to enable the athletics enterprise to produce necessary revenue to ensure a strong financial trajectory. As part of this multi-year plan, internal loan funds authorized in FCR 8 may be utilized for this project and will be repaid with private funds.

This \$5,000,000 project, authorized by the 2024 Session of the Kentucky General Assembly, is well within the total legislative authorization of \$7,000,000 and will be funded with private funds.



# FCR 20

## FCR 20

Office of the President  
June 13, 2025

Members, Board of Trustees:

### CONSTRUCT WEST END ZONE CLUB SPACE CAPITAL PROJECT - DESIGN AND CONSTRUCTION PHASES

Recommendation: that the Board of Trustees approve the initiation of the design and construction phases of the Construct West End Zone Club Space capital project using the most cost-effective financing methods. It is further recommended that the Board support and approve the pursuit of legislative authority from the Commonwealth of Kentucky to [enter into](#) a P3 for the construction phase of the project and authorize the President, or his designee, to negotiate and execute all documents necessary to create a viable P3.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated scope of \$1,000,000 or more must be approved by the Board prior to initiation.

This project will design and construct a new club area at field level in the west end zone seating bowl of Kroger Field. The new club space will feature distinctive viewing opportunities for events on the field, dining spaces, lounge areas, various amenities, and utilization beyond football game dates. Additionally, the project will include installation of Wi-Fi devices to ensure connectivity throughout Kroger Field.

The project is part of the multi-year plan for capital projects designed to enable the athletics enterprise to produce the necessary revenue to ensure a strong financial trajectory. The design phase, with an estimated scope of \$8,000,000, will be funded with an internal loan to be repaid with private funds. The President will select the most cost-effective method for the construction phase, either a P3 strategy or an internal loan to be repaid with private funds. Given the University's desire to strengthen Athletics' financial position, a P3 strategy may be deemed the most cost-effective method for the construction phase by enhancing speed to market and providing first-class venue space.

The project is not expected to exceed \$50,000,000 and has been authorized, with the use of private funds, by the 2024 Session of the Kentucky General Assembly. The University will seek legislative authorization to use a P3 strategy for the construction phase from the 2026 Session of the Kentucky General Assembly. If a P3 strategy is deemed the most cost-effective financing method for the construction phase, an agreement that is in the best interest of the University will be negotiated and executed between the University and its selected P3 partner upon receipt of the necessary legislative authorization.

As part of the multi-year plan, internal loan funds related to FCR 8 may be utilized for the design and construction phases of this project. In accordance with the Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this recommendation.



# FCR 21

## FCR 21

Office of the President  
June 13, 2025

Members, Board of Trustees:

### CONSTRUCT KROGER FIELD FAN EXPERIENCE DISTRICT CAPITAL PROJECT

Recommendation: that the Board of Trustees support and approve the pursuit of legislative authority from the Commonwealth of Kentucky for the Construct Kroger Field Fan Experience District capital project and authorize the President, or his designee, to negotiate and execute all documents necessary to create a viable Public-Private Partnership (P3).

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated cost of \$1,000,000 or more must be approved by the Board prior to initiation.

The University plans to seek market guidance as a preliminary step in developing a fan experience district near Kroger Field, which would serve the University community and the Commonwealth year-round. This project will create a mixed-use entertainment district on the campus, akin to similar projects in other college athletics venues as well as professional sports. Examples of mixed uses may include hotel(s), dining options, event and conference space, and additional retail. The District will enhance the overall UK fan experience, maximize the commercial potential of UK Athletics facilities, and support the University community and the Commonwealth throughout the year. The project is part of the multi-year plan designed to enable the athletics enterprise to produce the necessary revenue to ensure a strong financial trajectory.

The P3 strategy is appropriate for this project given the University's desire to enhance the fan experience and support the University and the Commonwealth, including speed to market and providing first-class venue space.

The University will seek legislative authorization for this capital project from the 2026 Session of the Kentucky General Assembly. Upon receipt of Board approval and the necessary legislative authorizations, an agreement that is in the best interests of the University and the Commonwealth between the University and its selected P3 partner is expected to be negotiated and executed. In accordance with the Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this recommendation.

PR 5

Chair, Board of Trustees

June 13, 2025

Members, Board of Trustees:

APPROVAL OF THE BOARD OF GOVERNORS FOR  
CHAMPIONS BLUE LLC

Recommendation: that the Board of Trustees, in response to the directive in PR 6 from the April 25, 2025, Board meeting, approve the nominations for the Board of Governors for Champions Blue LLC. To accomplish this objective, the Board of Trustees should take the specific actions detailed below.

Background: For 144 years, athletics teams on fields and courts, on campus and across the country, have proudly worn “Kentucky” across the front of their uniforms.

Athletics collectively binds so many to the University of Kentucky — students, alumni, donors, Kentuckians and people with seemingly no other connection to the institution. If the University is to honor its mission of advancing the state, its athletics program must continue to be the strong connective tissue, and brand of success, that it has always been.

UK Athletics, moreover, is one of the strongest and most recognized brands in all of college sports, competing in the country’s most successful conference. It also has a long record of financial strength that has enabled the program to not only fully fund its programs but also contribute millions of dollars toward general institutional scholarships and the construction of one of the most utilized academic spaces on the campus.

To that end, the Board of Trustees on April 25, 2025, approved the establishment of a new organization — a new model — that will allow athletics to:

- Prepare student-athletes for winning championships and living lives of meaning and purpose by earning UK degrees.
- Create a flexible operating model more responsive to change.
- Create new revenue streams.
- Align with the University and University partners more deeply than ever before.
- Provide coaches and student-athletes with tools to maximize their opportunities and value.
- Restructure to accept new capital and approach permanent financial stability.

# QUESTIONS

