HOGAN LOVELLS CADWALADER

Houlihan Lokey

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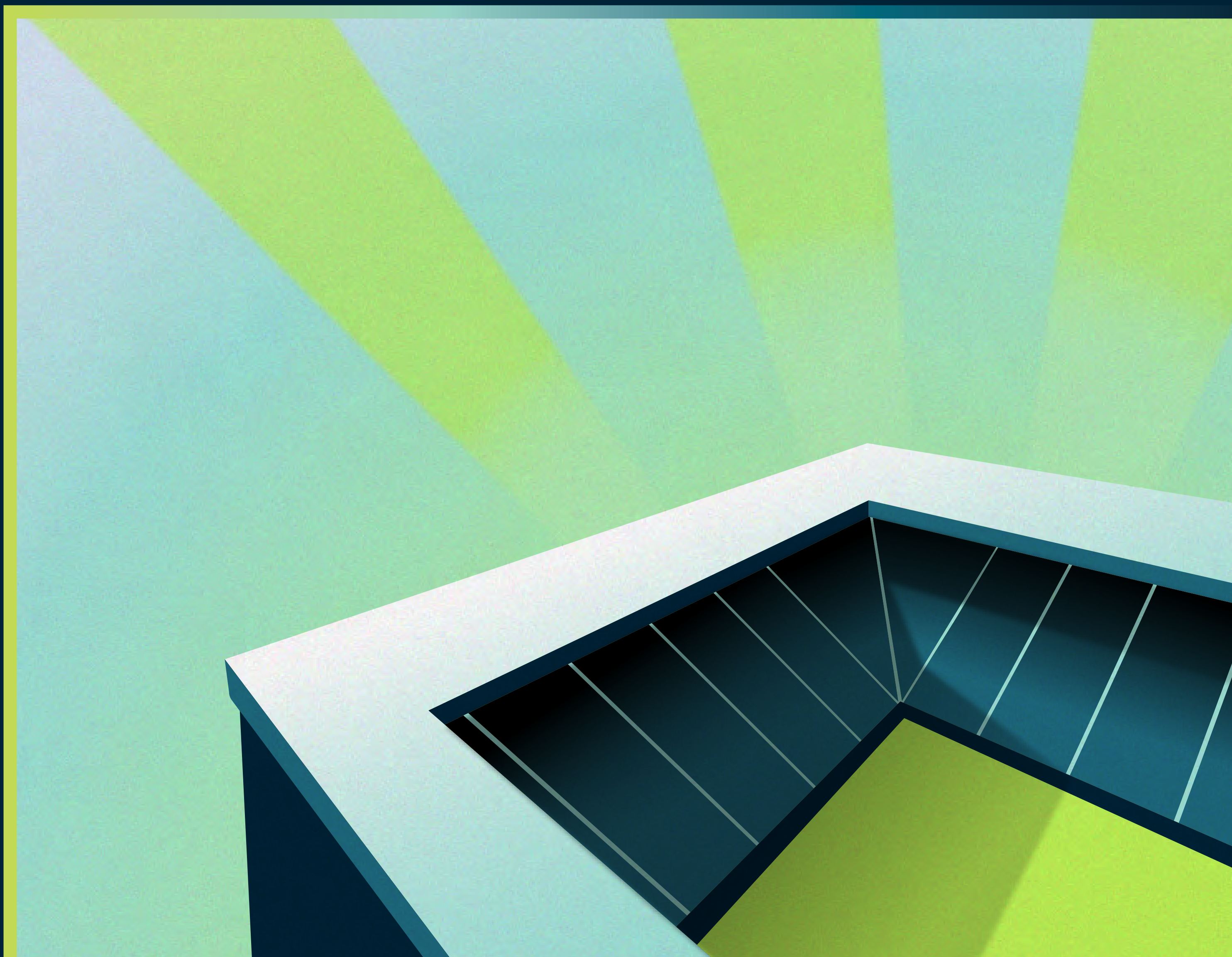
Managing Private Capital in College Athletics: A Fiduciary Framework for University Decision-Makers

A Board and C-Suite-Level Guide to Decision-Making in the New Era of College Sports



Dear reader,

Hogan Lovells Cadwalader US LLP and **Houlihan Lokey, Inc.** are pleased to present to you:

Managing Private Capital in College Athletics: A Fiduciary Framework for University Decision-Makers

The world of college athletics has arrived at a pivotal point. The traditional amateur model has given way to a high-velocity commercial era, driven by exploding broadcast revenues, multi-billion-dollar name, image, and likeness markets, and direct revenue sharing with athletes. These developments have transformed university athletic departments into large-scale commercial enterprises operating within nonprofit—and often public—institutional frameworks. This transformation brings both **unprecedented opportunity and significant risk**. As outside capital from private equity firms, credit funds, and other strategic investors targets the sector's durable revenue streams, university leaders face a fundamental governance challenge.

We have each been asked questions about the future by universities and investors. As we worked through their questions, it became clear that no one had yet produced a comprehensive, public-facing analysis of where this vital sector has been and where it is headed. So we took it upon ourselves to answer our clients and pull together this broad survey. But this provides more than a survey – it provides stakeholders throughout the structure with an actionable framework for decision-making and the structuring of investments into athletic departments.

This report is designed to provide university officials, conference business managers, and private investors with a framework for evaluating transactional opportunities in this new landscape, addressing the following basic questions:

- How can a university board best fulfill its fiduciary duties when evaluating complex commercial and financial transactions for its athletic department?
- When is an infusion of private capital an effective response to the escalating costs of competition, from facilities to athlete compensation?
- How does the valuation of an athletic department's commercial assets differ from traditional university financial analysis, and how should it be benchmarked?
- What structural options—from controlled affiliate entities to revenue-participation agreements—can universities use to access capital while preserving institutional control and mission alignment?
- What are the key risks and opportunities associated with different strategic, financial and operational decisions, and how can they be mitigated through disciplined governance and downside protection?
- How can a university's leadership team balance the pressure to win with the long-term financial stewardship of an undeniably valuable institutional asset?

Our analysis provides you with a detailed overview of the strategic, economic, and fiduciary issues at play. We have focused on creating substantive stand-alone sections that provide a quick reference resource for you as you reconsider the form and function of university athletic departments. These sections cover:

- The Challenge: Rising Costs of Athletics
- The Opportunity: Revenues and the Monetization of College Athletics
- The Dilemma: Balancing Market Pressures and Institutional and Fiduciary Obligations
- The Solutions: A Potential Structural and Fiduciary Framework

For Hogan Lovells Cadwalader and Houlihan Lokey, these challenges, opportunities, and dilemmas are familiar ones that we regularly help our respective clients navigate in many different contexts. The solutions we developed are rooted in our combined deep expertise and based on the strategies and practices we know lead to successful outcomes.

While this report presents a robust framework, the ideas and strategies discussed herein do not represent the institutional views of Hogan Lovells Cadwalader or Houlihan Lokey and may not be utilized for any purpose in connection with any litigated matter. We hope you find these materials a useful guide to a fascinating and unique environment.

We look forward to the opportunity to work with you on the real-world issues facing your institution in this new era of college sports. Should you have any questions regarding this presentation, or if you would like to explore specific issues related to athletics finance and governance in general, please feel free to contact us.

Sincerely,

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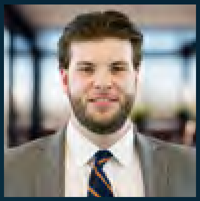

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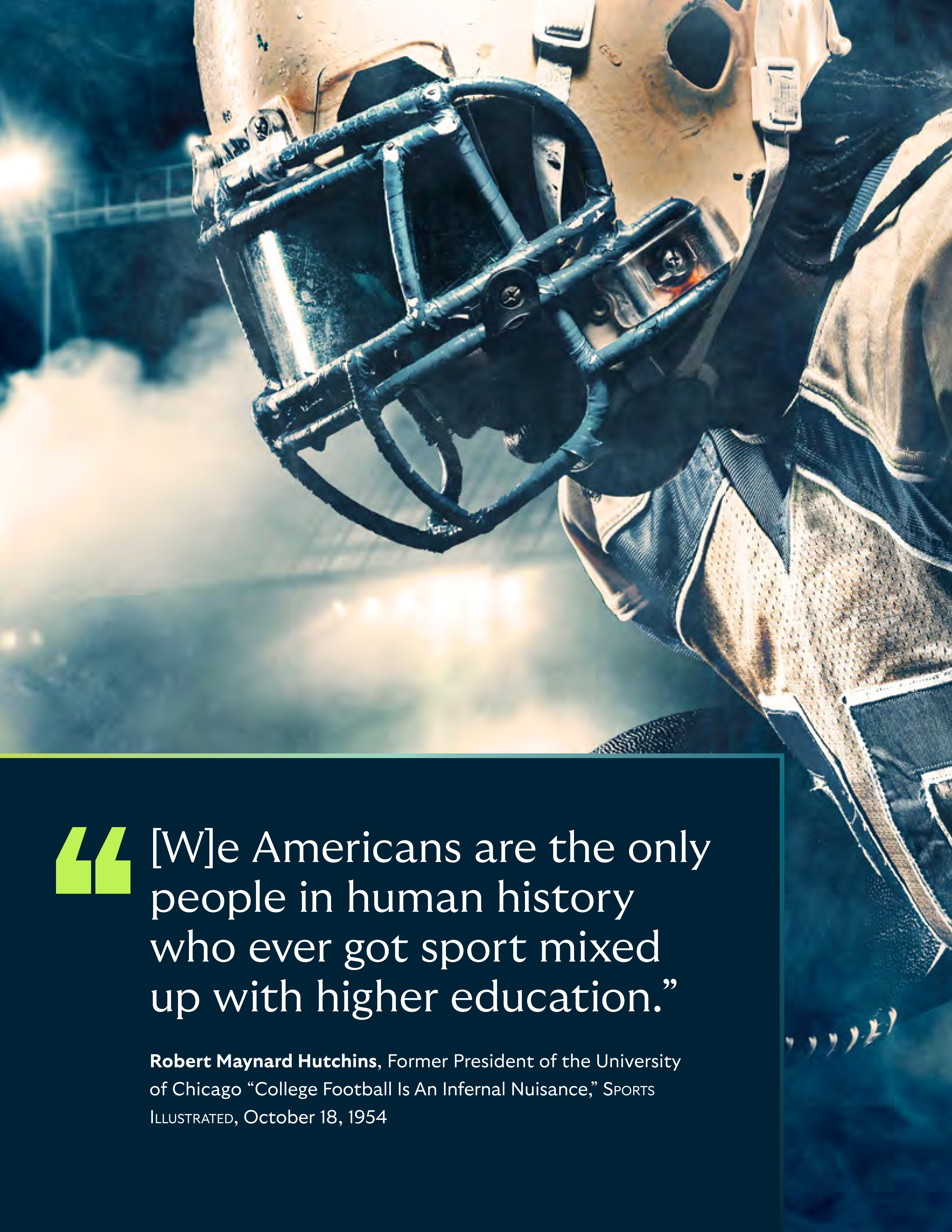


> [W]e Americans are the only people in human history who ever got sport mixed up with higher education."

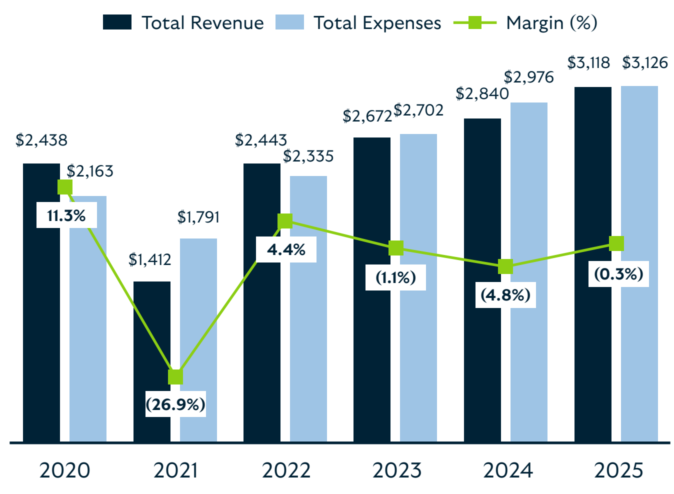
Robert Maynard Hutchins, Former President of the University of Chicago "College Football Is An Infernal Nuisance," Sports Illustrated, October 18, 1954

01 Introduction

College athletics has moved decisively into a high-velocity commercial era. Exploding broadcast and other revenues and significant potential debt and equity investment opportunities are balanced with multi-billion-dollar name, image, and likeness ("**NIL**") markets, direct revenue sharing with student-athletes, escalating facilities investment, and expanding athletic department costs. Together, these forces are transforming university athletic departments into large-scale commercial enterprises operating within nonprofit—and often public—institutional frameworks.

The scale of the transformation is significant. Athletic department revenues across the Big Ten Conference rose 28%, from $2,438 million to $3,118 million, between 2020 and 2025, while expenses shot up 45%, from $2,163 million to $3,126 million.[1] Membership Financial Reporting System Reports, Nat'l Collegiate Athletic Ass'n ("***NCAA MFRS Reports***").

Historical Big Ten Athletic Department Revenue and Expenses ($M)



Source: NCAA MFRS Reports.
Note: Assumes the Big Ten's current composition is held constant historically.

These developments represent more than incremental adjustments to the traditional amateur model. They reflect new challenges from a capital, compliance, and governance standpoint. As compensation, commercialization, and other strategic financial investment opportunities expand, boards and administrators must treat athletics-related decisions as institutional capital allocation decisions—subject to fiduciary discipline, long-term risk assessment, and structured governance oversight, all without losing focus on their educational mission or legal compliance obligations. Institutions must mind that the "front porch" (the athletic program's highly visible public face) winners in the new era will be those who create the corporate and governance structures that enable institutions to evaluate and take strategic advantage of opportunities in an uncertain and evolving legal context.

While working to balance these potentially divergent interests, universities face an additional opportunity to fund the ever-growing costs. Outside capital has recently targeted collegiate athletics as a potentially significant source of economic returns. Private equity firms, credit funds, and strategic investors have shown growing interest in the sector's revenue streams. Ben Horney, *Private Equity Has Arrived in College Sports*, Front Office Sports (June 10, 2025), https://frontofficesports.com/private-equity-college-sports-elevate/. As universities evaluate these proposals, they face a fundamental governance challenge: how to make sound financial decisions without sacrificing institutional control, mission alignment, or long-term financial flexibility.

1 Excludes private institutions. Assumes the Big Ten's current composition is held constant historically.

In response to these dynamics, institutions can focus on structural and governance solutions that allow the commercial evolution of athletics while preserving core institutional priorities. In particular, universities should explore expanded use of controlled affiliate entities—typically structured as special purpose vehicles ("**SPVs**")—to house and manage revenue-generating athletics activities under professional oversight, while retaining governance control at the institutional level. We recommend that universities pair these structures with a disciplined fiduciary decision-making framework that emphasizes comprehensive alternatives analysis, valuation rigor, downside protection, and governance alignment. Together, these tools will best enable universities to evaluate and access private capital and commercial opportunities in a manner that reflects responsible financial stewardship, preserves institutional autonomy, and aligns with their educational missions.

University leaders must focus on supporting their athletic programs not simply to promote more wins, but because a competitive athletic program can function as one of the university's most visible and critical institutional assets. At the macro level, athletics can expand national brand recognition, deepen alumni engagement, strengthen donor relationships, boost admissions application volume, increase admissions yield, support student and community identity, and create recurring opportunities for institutional storytelling that extend well beyond the playing field. For many universities, the athletic department is one of the few parts of the institution that regularly reaches national audiences and generates emotional loyalty across generations of alumni. And of course, the economics of the athletics program (as discussed below) are critical.

Accordingly, the question for university leaders is not merely whether athletics can be profitable on a standalone basis, but how sustained competitiveness meaningfully advances the university's broader institutional mission and long-term strategic position. At the same time, the escalating cost to remain competitive necessitates a rigorous cost-benefit analysis to justify the significant capital commitments required.

In this report, we lay out: **1) the economic challenges facing university athletics; 2) the potential opportunities available to universities; 3) fiduciary and institutional frameworks pressuring these economic trade-offs; and 4) a proposed fiduciary and structural framework to assist university leaders in evaluating private capital strategies responsibly.** The objective is to ensure that institutions exercise appropriate financial stewardship of valuable assets in a manner that balances economic opportunity with institutional mission alignment, preserves governance discipline, and maintains long-term institutional autonomy in an increasingly competitive landscape.

02
The Challenge: Rising Costs of Athletics

College athletics is undergoing a structural financial transformation driven by multiple overlapping forces. Student-athlete compensation through revenue sharing, competition for donor resources, including third-party NIL deals, the costs associated with modernizing athletics departments toward a professional model, along with back-pay obligations and resulting reductions in future National Collegiate Athletic Association ("**NCAA**") revenue distributions under the *House* settlement, have introduced new and rapidly escalating cost pressures. Meanwhile, conference-based financial disparities, revenue concentration in football and men's basketball, and long-term facilities obligations complicate institutional budgeting and strategic planning. And all of this is happening while institutions face other financial pressures in the form of enrollment challenges.

As universities' capacity to provide subsidies diminishes, the mandate for athletic departments to achieve financial self-sufficiency—or even generate surplus revenue—becomes not just a competitive goal, but an institutional necessity.

Below, we review the economic challenges confronting university athletics.

History

For more than a century, college athletics were marked by a continuing struggle among athletic departments and the NCAA to balance "amateur" collegiate athletics with a perpetual rising tide of commercialism in sports. This was particularly acute in college football and men's college basketball, where, by the early 2000s, those sports were generating billions of dollars in revenues for institutions, broadcasters, coaches, and sponsors—but players officially received only scholarship and modest cost-of-living funds. Nat'l Collegiate Athletic Ass'n, 2020–21 NCAA Division I Manual, at Art. 12 (2020) (limiting permissible student-athlete compensation to scholarships and cost-of-attendance stipends).

At the same time, a series of lawsuits began to arise over student-athlete rights. In 2014, former college basketball star Ed O'Bannon successfully won a judgment that he and college student-athletes had the right to profit from their own NIL rights. The suit stemmed from an EA Sports college basketball video game that used O'Bannon's likeness without compensating him. *O'Bannon v. Nat'l Collegiate Athletic Ass'n*, 802 F.3d 1049 (9th Cir. 2015).

The *O'Bannon* decision paved the way for subsequent antitrust challenges to the NCAA's amateurism model. In 2021, the Supreme Court ruled in *Nat'l Collegiate Athletic Ass'n v. Alston*, 594 U.S. 69, 141 S. Ct. 2141 (2021) that NCAA rules limiting education-related compensation violated Section 1 of the Sherman Act which serves to limit "restraint of trade." Although the majority opinion authored by Justice Gorsuch did not address NIL compensation, a concurrence by Justice Kavanaugh noted that the NCAA's remaining rules restricting non-education-related compensation raised serious antitrust questions as well—stating "[t]he NCAA is not above the law." *See id.* at 2166–67, 2169 (Kavanaugh, J., concurring).

Following the *Alston* decision, which cast doubt on the NCAA's ability to coordinate and limit compensation from universities to student-athletes, a number of states adopted or amended NIL legislation permitting college student-athletes to receive compensation for the use of their own name, image, or likeness. *E.g.*, Fla. Stat. § 1006.74 (2021) (intercollegiate athlete compensation and rights). Additionally, the NCAA adopted its

$3.6B

The total NIL market expanded from $918 million in the 2021–22 academic year to an estimated $3.6 billion in 2025–26.

Interim NIL Policy allowing student-athletes the opportunity to benefit from their NIL in line with their respective state laws. NCAA, *NCAA Adopts Interim Name, Image and Likeness Policy* (June 30, 2021), https://www.ncaa.com/news/ncaa/article/2021-06-30/ncaa-adopts-interim-name-image-and-likeness-policy.

After *Alston*, another wave of antitrust suits challenged the NCAA's amateur model and its related rules restricting student-athletes receiving compensation. The most notable of these lawsuits—*House, Hubbard,* and *Carter*—were consolidated into litigation in the Northern District of California and resulted in the landmark 2025 *House* settlement. *See* Fourth Amended Stipulation and Settlement Agreement, *House v. NCAA*, 4:20-CV-03919-CW (N.D. Cal. 2025), Dkt. 958-1. The *House* settlement contained two key structures: a backward looking damages agreement and a prospective injunctive relief framework. First, the NCAA and its conferences agreed to pay approximately $2.8 billion in back damages over a 10-year period to NCAA Division I student-athletes who competed between 2016 and 2025. Second, the injunctive relief framework allows NCAA institutions to share revenue directly with student-athletes in the form of licensing agreements, up to a specified amount. The annual cap amount started at $20.5 million for the 2025–26 academic year, is set at $21.3 million for the 2026–27 academic year, and will continue to rise over the course of the 10-year injunctive relief term.

In addition to the antitrust context, a number of challenges in the employment area have begun to test the more foundational classification of student-athletes as non-employees. The most notable of these cases is *Johnson v. NCAA*, where a class of former Division I student-athletes argued that student-athletes are employees within the meaning of the Fair Labor Standards Act and accompanying state minimum wage laws. See *Johnson v. Nat'l Collegiate Athletic Ass'n*, 556 F. Supp. 3d 491, 504–05 (E.D. Pa. 2021).

Taken together, these decisions reflect a sustained judicial movement away from the NCAA's traditional amateurism justification and toward a market-based conception of college athletics in which restrictions on student-athlete compensation are increasingly difficult to defend.

Direct Revenue Sharing With Student-Athletes

Following *House*, universities that have opted in to the injunctive relief framework now face a literal "million-dollar question" as to how they will fund annual revenue-sharing obligations. Dan Murphy, *Judge OK's $2.8B Settlement, Paving Way for Colleges to Pay Athletes*, ESPN (June 6, 2025), https://www.espn.com/college-sports/story/_/id/45467505/judge-grants-final-approval-house-v-ncaa-settlement. Direct revenue sharing with student-athletes, once unthinkable in college athletics, has now become the standard of competitiveness at the highest levels of NCAA Division I. Power-conference institutions must therefore start their answer to the funding question with a plan for fully funding their revenue-sharing distributions under the cap. At the same time, institutions have an opportunity to fund traditional athletics scholarships for every student-athlete on the roster and may continue to provide unlimited educational benefits.

In practical terms, the settlement formalizes a shift that had already begun through NIL markets: student-athlete compensation is no longer external to the collegiate platform but increasingly embedded within the economic structure of college athletics. Prior to the settlement, compensation often flowed through third-party NIL collectives funded by boosters and sponsors. While these collectives created a functional marketplace for athlete compensation, they operated outside institutional control and introduced substantial governance and compliance challenges. The *House* settlement moves a portion of compensation activity inside the university, placing universities—and their governing boards—at the center of athlete compensation decisions. *House* also cleared the way for institutions to arrange third-party NIL opportunities for athletes, which provides institutions with the ability to significantly impact an athlete's earnings – a hybrid of direct compensation and third-party NIL.

The result is a structural transformation of the college athletics economy: student-athlete compensation has evolved from a decentralized third-party endorsement marketplace into a hybrid system combining third-party NIL activity with institutionally managed revenue sharing, all of which is overseen by the recently created College Sports Commission ("**CSC**"). The CSC has been charged with enforcing compliance with the per-institution revenue-sharing cap and has partnered with Deloitte to operate NIL Go, its NIL clearinghouse.

Although power-conference institutions must implement revenue sharing and other provisions of the settlement to remain competitive, the *House* framework also remains subject to appeals and separate antitrust challenges. Following the settlement's approval, several groups of objecting athletes appealed to the U.S. Court of Appeals for the Ninth Circuit, where three consolidated appeals raising Title IX objections to the damages allocation are now pending. Those appeals triggered an automatic stay on all back-pay damages but did not halt the go-forward revenue-sharing provisions, which remain in effect. Additionally, another antitrust matter recently filed in the Northern District of California, *Ili & Mirer v. NCAA*, argues that the restrictions imposed by the *House* settlement violate both federal antitrust laws and the NIL laws of California and 16 other states that prohibit restrictions on NIL compensation. *Ili & Mirer v. NCAA*, 3:26-cv-05562 (N.D. Cal. 2026), Dkt. 1. Should any of these legal challenges succeed, the settlement could be restructured or set aside and the new rules governing college sports could be further revised. This, together with various efforts by Federal and state lawmakers to "fix" college sports, means there is considerable "stroke of the pen" risk, which needs to be considered by institutions, donors, and potential funders.

The Third-Party NIL Market

In the past five years, beginning with *Alston* and the adoption of the NCAA's Interim NIL Policy and spanning to the *House* era, student-athlete NIL has evolved from a permissive endorsement regime into a structural driver of athletic department economics. What may have begun as student-athlete monetization has now become a core competitive lever, materially altering roster construction, retention strategy, and cost structures across major programs.

The total NIL market expanded from $918 million in the 2021–22 academic year to an estimated $3.6 billion in 2025–26, the first year under the *House* settlement, and is now projected to reach $4.5 billion in 2026–27 and $5.1 billion by 2028–29. The Opendorse Annual NIL Report, at 4 (June 2026). Unlike the pre-*House* market, which was composed almost entirely of third-party NIL, these figures now reflect both direct institutional revenue sharing and third-party commercial NIL. The trajectory reflects sustained structural acceleration, not episodic growth.

84.7%

of NIL commercial deal activity comes from national brands.

Following *House*, a comprehensive institutional approach to NIL has become another non-negotiable for competitiveness at the power-conference level. The settlement allows institutions to directly facilitate third-party NIL deals for student-athletes, either in-house or through a third-party marketing agent. Third-party NIL deals, even those arranged by institutions, do not count against an institution's revenue-share cap. These rules have created a "soft cap." Institutions at the pinnacle of power conferences are able to leverage their brand and multi-media rights to help student-athletes achieve third-party NIL deals on top of direct revenue-share payments. Although institutions may not promise specific third-party NIL deals or amounts, as the market matures, those with demonstrated track records will have an edge with prospective athletes. The price tag to compete, especially in football, is astronomical, with industry sources estimating that some College Football Playoff contenders expect to fund rosters with total values of $40–$50 million between revenue share and third-party NIL. Dan Murphy, Max Olson, Pete Thamel, *Arbitration case could bring change to college sports' 'messy middle'* ESPN (Mar. 24, 2026), http://espn.com/college-football/story/_/id/48290418/ncaa-player-salary-cap-messy-middle-arbitration-case.

84.7% of commercial NIL deal activity comes from national brands, indicating broad corporate engagement. The Opendorse Annual NIL Report, at 6 (June 2026). Universities increasingly face pressure to either support independent collectives or integrate NIL operations directly into athletics strategy and compliance.

NIL also magnifies institutional disparities, and the *House* settlement has added a second axis of disparity on top of the pre-existing third-party gap. In the current market, the average total NIL pool at a "Power Four" school (the Big Ten, Southeastern Conference ("**SEC**"), Atlantic Coast Conference ("**ACC**"), and Big 12) is approximately $36.6 million, primarily consisting of roughly $21.3 million in direct institutional revenue sharing (the per-school cap) and $13.5 million in third-party commercial NIL. By contrast, the average "Group of Six" school carries a total pool of about $7.7 million, of which only $173,000 is commercial NIL, and the typical Division I school outside those tiers carries just $205,400 total. The Opendorse Annual NIL Report, at 10 (June 2026).

These dynamics confirm that NIL is no longer a supplemental programmatic feature. It is a market-priced cost driver embedded within institutional economics—volatile, competitive, and structurally significant for long-term financial planning.

Transformed NCAA Landscape

The evolving revenue-share and NIL economy has accelerated the professionalization of collegiate athletics, and for many student-athletes, peak earning potential now occurs during college rather than after entering professional leagues. At the top of the women's basketball market, a high-major forward at the 90th percentile now earns an average annual value of roughly $137,500. The Opendorse Annual NIL Report, at 11 (June 2026).

In a study analyzing over 1,000 student-athletes spanning four NIL seasons who earned more than $100,000 in NIL compensation while in college, only 19% compete professionally after college while 69% have not yet left college and remain current college student-athletes, 10% entered the workforce out of college and did not play professionally, and 2% played professionally after college but have since retired. *NIL at Four: Monetizing the New Reality*, The Annual Opendorse Report 2024–2025, at 5 (July 1, 2025). Additionally, in June 2026, the NCAA adopted a new five-year, age-based eligibility model, which provides student-athletes with five years of eligibility over five seasons once their college eligibility clock begins. Meghan Durham Wright, *Division I Adopts Age-Based Eligibility Model*, NCAA (June 23, 2026), https://www.ncaa.org/division-i-adopts-age-based-eligibility-model. For many student-athletes, the new policy will provide an additional year to monetize their NIL through revenue-sharing payments and third-party deals.

This structural shift diminishes the practical relevance of amateurism as a limiting principle and expands institutional flexibility in structuring compensation and commercial relationships. As categorical limits on student-athlete compensation recede, college athletics operates increasingly within traditional corporate finance frameworks—where labor economics, capital allocation, and commercial strategy intersect.

When the University of South Florida launched its search for a new athletic director, its Board of Trustees Chair, Will Weatherford, acknowledged that the next leader would need many of the qualities of a CEO. "The CEO title is a recognition that we are stewarding not just an athletic program, but something that increasingly resembles a professional sports franchise; we have student-athletes being compensated not just through NIL but through revenue share. That sounds a lot more like a business than just a not-for-profit organization. So, we should run it like a business." Univ. of S. Fla., *The CEO Era of College Athletics*, at 1 (2026).

For university boards and administrators, the implication is clear: the commercial environment is not merely expanding—it is maturing. Governance frameworks must therefore evolve to manage both the risks and opportunities of a permanently professionalized collegiate athletics model.

Enrollment and Government Funding Challenges

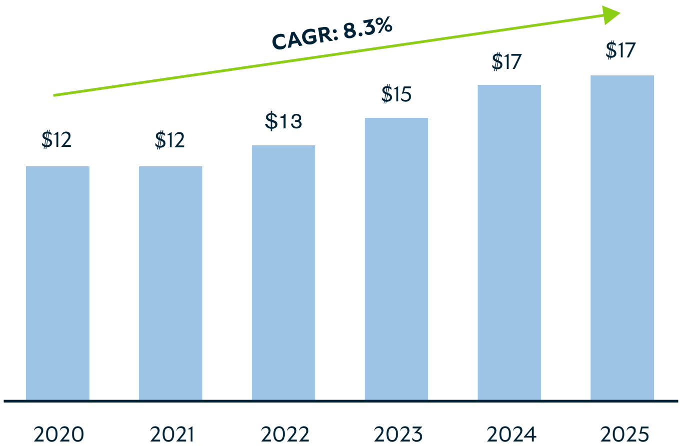
These athletics transformations—and the need to fund them—are compounded by broader financial headwinds confronting the higher education sector. Looming demographic shifts, often termed the "enrollment cliff," project significant declines in the college-age population, threatening tuition revenue streams that have long supported institutional budgets. Eric Johnson, *The Enrollment Cliff Is Looming. Here's How College Leaders Can Prepare*, College Board (Nov. 24, 2025). Simultaneously, reduced federal and state funding limits universities' financial flexibility, placing further pressure on core operations. Cummings, Laderman, Lee, Tandberg, & Weeden, *Investigating the Impacts of State Higher Education Appropriations and Financial Aid*, SHEEO (May 2021); *Federal Research Cuts Threaten U.S. Innovation and Leadership*, Ass'n of American Universities (July 23, 2025). For athletic departments, which have historically relied on institutional support to bridge operating deficits, these external pressures are profound.

Rising Cost of Personnel

While institutional NIL compensation has attracted the most public attention, it represents only one component of the broader cost structure facing modern athletic departments. Coaching compensation, administrative staffing, compliance infrastructure, and recruiting operations have expanded substantially as recruitment becomes about managing the cap and offering enticing support for third-party NIL opportunities. Recent financial reporting from Big Ten universities illustrates the scale of these expenditures. For the second consecutive year, four public Big Ten football programs—Ohio State, Oregon, Penn State, and Rutgers—reported coaching staffs alone costing more than $20 million annually, excluding postseason bowl compensation and bonuses. *NCAA MFRS Reports*; Scott Dochterman, *What We Learned From the Finances of the Big Ten's First Year as an 18-Team Conference*, The Athletic (Feb. 26, 2026). On average, Big Ten schools' spending on coaching staff has risen from

$12 million to $17 million between 2020 and 2025, representing a compound annual growth rate of 8.3%.[2,3,4] *NCAA MFRS Reports*.

Historical Avg. Big Ten Athletic Department Coach Compensation/Bonus Expense ($M)



Source: NCAA MFRS Reports.
Note: Excludes private institutions.
Note: Assumes the Big Ten's current composition is held constant historically.
Note: Excludes postseason bowl compensation and bonuses.
Note: 8.3% compound annual growth rate is based on unrounded values of ~$11.7 million in 2020 and ~$17.4 million in 2025.

Emerging Employee Status Risks

In parallel to the antitrust litigation that culminated in *House*, there have been consistent efforts by some to convince regulators and courts that student-athletes should be classified as employees, not students. The evolving compensation structure in college athletics may well factor in resolution of this question, including in pending litigation in federal court. In *Johnson v. NCAA*, the U.S. Court of Appeals for the Third Circuit rejected a categorical rule that college student-athletes cannot be employees under the Fair Labor Standards Act and instead adopted an economic-realities test focused on whether student-athletes perform services for another party's benefit, under that party's control, and in return for express or implied compensation or in-kind benefits. *Johnson v. NCAA*, 108 F.4th 163, 180–82 (3d Cir. 2024). The Third Circuit remanded the case to the district court to apply the economic realities test where it remains pending.

The same issue has arisen under the National Labor Relations Act ("**NLRA**"). In 2023, a National Labor Relations Board ("**NLRB**") regional director ruled that Dartmouth's men's basketball players were "employees" under the NLRA and therefore eligible to vote on unionization. Trustees of Dartmouth College, Case No. 01-RC-325633 N.L.R.B. (2023). Applying a common-law control-and-compensation analysis, the regional director reasoned that the players were employees "because Dartmouth has the right to control the work performed by the men's varsity basketball team, and because the players perform that work in exchange for compensation." *Id.* The Dartmouth analysis focused on facts familiar to athletic departments: the university's control over practices, games, film review, travel, meals, and lodging, and the provision of benefits including athletic equipment, tickets, meals, lodging, performance-support services, and even admissions-related benefits. *Id.*

The Dartmouth decision was not the first time the NLRA has been applied to college student-athletes. In 2015, in a matter involving Northwestern University, the NLRB declined to assert jurisdiction over a representation petition involving Northwestern football players but expressly avoided deciding whether those players were statutory employees. *Northwestern University*, 362 N.L.R.B. 1350, 1356 (2015).

For university leaders and boards, the point is not that student-athletes are now employees. Rather, the *Johnson* and NLRB matters illustrate how a judicial determination that student-athletes are employees might be the next *House*-sized change in the college sports landscape. Additionally, these developments show that student-athlete compensation, institutional control, NIL integration, and revenue sharing may create employment- and labor-law risk alongside financial and governance risk. Choices institutions have made and will make around how to engage with student-athletes (especially in the post-*House* era) will materially influence the risk profile.

Leaders and boards evaluating NIL programs, revenue-sharing pools, affiliate structures, or private capital transactions should therefore treat student-athlete-status risk as part of any diligence and fiduciary review. If student-athletes are increasingly compensated, managed, and scheduled in ways that resemble employment, then decisions about

2 Excludes private institutions. Assumes the Big Ten's current composition is held constant historically.

3 Excludes postseason bowl compensation and bonuses.

4 8.3% compound annual growth rate is based on unrounded values of ~$11.7 million in 2020 and ~$17.4 million in 2025.

compensation design, benefits, compliance infrastructure, and third-party commercialization may implicate wage-and-hour, collective bargaining, tax, benefits, and worker-protection issues.

Facilities and Long-Duration Obligations

Athletic facilities remain central to on-field results, recruiting, student-athlete development, donor engagement, and brand positioning. Modern stadiums, training centers, and performance complexes are often viewed as baseline requirements for remaining competitive within a conference.

The scale of facilities investment continues to escalate. In 2025 alone, completed college stadium projects were expected to total approximately $2.4 billion, more than double the prior year and surpassing the previous record set in 2023. *See David Broughton, Record Spending Seen on College and Minor League Venues Set to Open in 2025*, Sports Bus. J. (Jan. 20, 2025), https://www.sportsbusinessjournal.com/Articles/2025/01/20/facilities-college-minor-league-venues/. Industry projections estimate that annual stadium and arena construction spending may exceed $3 billion in the coming years. *Id.* Individual projects increasingly approach professional-sports scale: Northwestern University's Ryan Field redevelopment is estimated to cost roughly $850 million, while major renovations are underway at institutions including Kansas, Florida State, and the University of Florida. *Id.* The University of South Florida, for example, borrowed $200 million to fund the advanced construction of a $348.5 million on-campus stadium and football operations center scheduled to open in 2027. Univ. of S. Fla., *The CEO Era of College Athletics*, at 3 (2026). These projects typically rely on long-term financing structures extending 20 to 30 years, creating obligations that persist across multiple athletic and administrative cycles. Henry Detmer, *How the NIL Era Is Reshaping Stadium Development*, HVS Consulting & Valuation (Nov. 18, 2025) https://www.hvs.com/article/10315-how-the-nil-era-is-reshaping-stadium-development.

In addition to escalating new stadium construction costs, the annual facility maintenance expense burden has steadily escalated over the past 10 years with the exception of a brief COVID-related downturn from 2020 to 2022. Big Ten universities over the past three years have spent an average of $41 million per year on their facilities, with costs ranging from $14 million to $83 million.[5] *NCAA MFRS Reports*.

5 Excludes private institutions. Assumes the Big Ten's current composition is held constant historically.

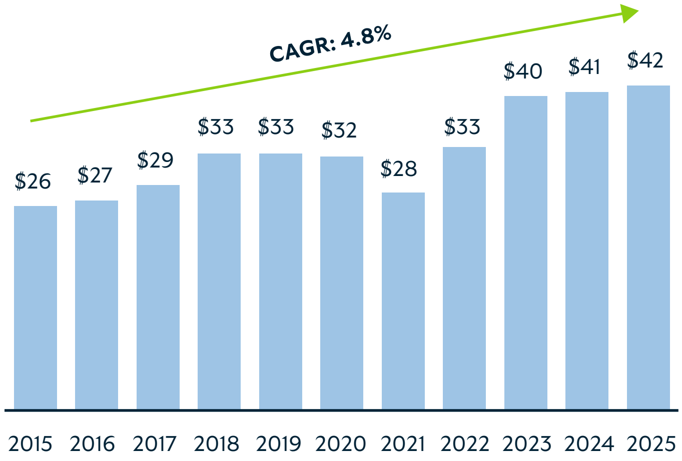
$2.4B

The scale of facilities investment continues to escalate. In 2025 alone, completed college stadium projects were expected to total approximately $2.4 billion, more than double the prior year.

$61.3M

When UCLA joined the Big Ten, the university's annual media-rights revenue increased from less than $20 million in its final Pac-12 season to approximately $61.3 million.

Historical Avg. Big Ten Athletic Department Facility Expense ($M)



Source: NCAA MFRS Reports.
Note: Excludes private institutions.
Note: Assumes the Big Ten's current composition is held constant historically.
Note: 4.8% compound annual growth rate is based on unrounded values of ~$26.0 million in 2015 and ~$41.5 million in 2025.

Competitive advantage in facilities can be short-lived. What differentiates a program as "cutting edge" today may become standard tomorrow. When long-duration debt is utilized to finance assets that may lose their competitive edge within a decade, institutions face a structural mismatch between financing horizon and revenue durability.

Leaders and boards must evaluate not only whether a facility enhances competitiveness, but also whether projected revenue streams can sustain the associated long-term obligations under varying economic and athletic program competitive performance scenarios.

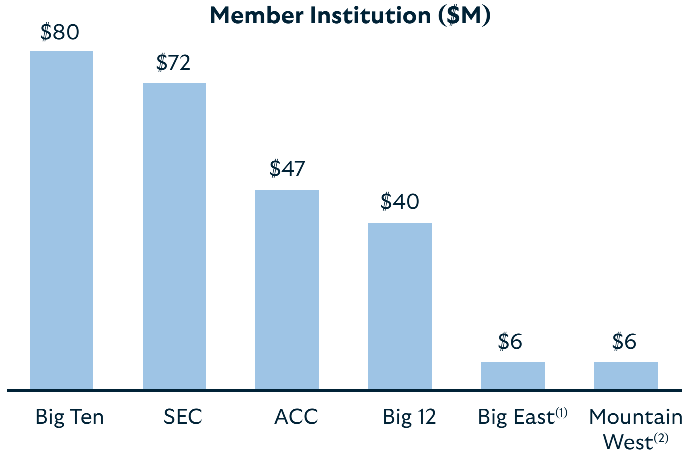
Challenges Created by Financial Asymmetry

Asymmetry Among Conferences

Conference affiliation has become a primary determinant of financial capacity and, increasingly, competitive viability. As media rights revenues, donor ecosystems, and commercial exposure diverge, conference membership now serves as a structural constraint on access to capital and NIL earning potential.

For instance, long-standing Big Ten institutions received an average distribution of approximately $80 million in 2025, largely from their broadcast rights contracts with multiple major networks in addition to other revenue sources. By contrast, annual distributions for non-Power Four conferences are generally under $10 million per institution. *Big Ten reports $1.47B in revenue for 2024–25, average $79.9M full-share payouts to member schools*, Associated Press (May 8, 2026), https://apnews.com/article/big-ten-revenue-distribution-e7c083d8dc5603611bfc8f1ec3d7374e.

2025 Avg. Conf. Distribution Per Full-Share Member Institution ($M)



Source: Big Ten reports $1.47B in revenue for 2024–25, average $79.9M full-share payouts to member schools, Associated Press (May 8, 2026); *SEC announces 2024–25 revenue distribution*, SEC Sports (Feb. 5, 2026), https://www.secsports.com/news/2026/02/sec-announces-2024-25-revenue-distribution; *Tax filings: ACC paid average of $47.1M to full-share member schools, Big 12 paid average of $39.5M*, Associated Press (May 22, 2026), https://apnews.com/article/acc-big-12-revenue-distribution-b114cc5b581d043344b0d06110e0e2b0#; Andrei Greska, *Analyzing Big East Fiscal Year 2024 Financials*, Paint Touches (June 4, 2025), https://painttouches.com/2025/06/04/analyzing-big-east-fiscal-year-2024-financials-uconn-marquette/; *The Univ. of Wyoming Bd. of Trs Report. Public Session Meeting* (July 17-19, 2024), https://www.uwyo.edu/trustees/_files/docs/2024-board-meetings/07-2024/public-session-report-july-17-19-2024.pdf.

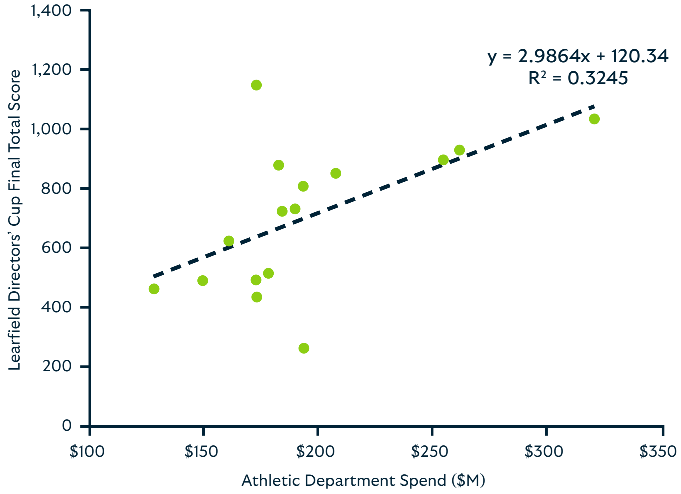
(1) Estimated based on historical distributions.

(2) Reflects average 2024 distributions to full-share members.

By contrast, Florida State, a member of the ACC, has reported receiving about $42 million annually in media-rights distributions. Matt Murschel, *FSU AD Raises Concerns Over ACC's Growing Revenue Gap with* Big Ten, *SEC*, Orlando Sentinel (Feb. 24, 2023), https://www.orlandosentinel.com/2023/02/24/fsu-ad-raises-concerns-over-accs-growing-revenue-gap-with-big-ten-sec/.

Importantly, spending appears to be correlated with competitive outcomes. A simple linear regression of the scatterplot below suggests a correlation between total annual athletic department spend in 2025 and Learfield Directors' Cup final outcomes within the Big Ten.[6] While financial investment does not guarantee performance, the relationship between resources and competitive results is increasingly difficult to ignore. Schools operating with materially lower collective budgets face structural constraints in competing for elite talent, potentially also resulting in the inability to secure additional revenues from the College Football Playoffs and NCAA Basketball Tournament.

Big Ten Learfield Directors' Cup Final Total Score, Athletic Department Spend Regression (2025)



Source: NCAA MFRS Reports; 2024–25 LEARFIELD Division I Final Standings (July 17, 2025), https://s3.us-east-2.amazonaws.com/sidearm.nextgen.sites/nacda.com/documents/2025/6/23/24.25DivIStandingsFinal.pdf.
Note: Excludes private institutions.

Conference realignment further illustrates the financial consequences of media-rights disparities. When UCLA joined the Big Ten, the University's annual media-rights revenue increased from less than $20 million in its final Pac-12 season to approximately $61.3 million in its first year in the Big Ten. These financial shifts demonstrate how conference affiliation has become a primary determinant of institutional revenue capacity in the modern college athletics economy. See Scott Dochterman, *What We Learned From the Finances of the Big Ten's First Year as an 18-Team Conference*, The Athletic (Feb. 26, 2026).

University of Memphis's failed attempt to join the Big 12, despite offering more than $200 million in sponsorships, shows just how expensive it is for universities to join the top "Power Four" athletic conferences. This suggests that hefty expansion fees will become a standard requirement, further widening the financial gap between the wealthiest conferences and Group of Six schools. Michael Johnson, *Top conferences lead changing college sports dynamics*, S&P Global Market Intelligence (Oct. 30, 2025), https://www.spglobal.com/market-intelligence/en/news-insights/research/2025/10/top-conferences-lead-changing-college-sports-dynamics.

6 Excludes private institutions.

Asymmetry Among Sports

The modern athletics economy is highly concentrated. At Power Four institutions, football generates approximately 75% of total athletic department revenue. Michael Ozanian, *Private equity looks to buy in to college sports*, CNBC (Dec. 19, 2024), https://www.cnbc.com/2024/12/19/private-equity-looks-to-buy-in-to-college-sports.html. This dominance is reflected in NIL economics across sports. Average commercial deal values are highest in men's basketball and football, at roughly $13,900 and $5,900 per deal respectively, and fall sharply across Olympic and women's sports, many of which average only a few hundred dollars per deal. The Opendorse Annual NIL Report, at 7 (June 2026).

Market logic explains much of this concentration. Football and men's basketball generate the largest media audiences, command the most significant broadcast contracts, and attract the most robust sponsorship activity. By contrast, women's sports receive only 15% to 20% of media coverage. *From the Shadows to the Spotlight: A new look at the increased media coverage in women's sports*, We Are the Collective, at 3 (2023), https://www.wearethecollective.com/15percent. Yet concentration carries governance consequences. As third-party NIL markets expand and revenue-sharing pools grow, Olympic and many women's sports—which have historically relied on surplus football and basketball revenue—compete for resources in an increasingly constrained environment.

Title IX remains an essential compliance obligation for universities and is a critical consideration for fiduciaries. Nothing about *House* changes an institution's core Title IX obligations under the traditional participation, athletic financial assistance, and "laundry list" framework. However, new cost pressures and certain novel legal questions make an institution's choices around how to navigate that framework potentially more challenging than ever. To take just one key example: whether the direct revenue-sharing payments to student-athletes

$13,900

The average commercial deal value for men's basketball is $13,900, compared to many Olympic and women's sports which average only a few hundred dollars per deal.

contemplated by *House* are subject to the Title IX substantial proportionality rule that governs "athletic scholarships."

In 2025, the Biden U.S. Department of Education Office for Civil Rights issued a fact sheet asserting that institutional payments for a student-athlete's NIL qualified as athletic financial assistance, and therefore "under Title IX, must be made available to male and female student-athletes in a manner that is substantially proportionate to the number of students of each sex participating in interscholastic or intercollegiate athletics at that school." United States Department of Education Office for Civil Rights, *Fact Sheet: Ensuring Equal Opportunity Based on Sex in School Athletic Programs in the Context of Name, Image, and Likeness (NIL) Activities* (Jan. 2025). Only weeks later, in February 2025, the Trump Administration rescinded the fact sheet, but declined to replace it with affirmative guidance. United States Department of Education Office for Civil Rights, *U.S. Department of Education Rescinds Biden 11th Hour Guidance on NIL Compensation* (Feb. 12, 2025), https://www.ed.gov/about/news/press-release/us-department-of-education-rescinds-biden-11th-hour-guidance-nil-compensation. Regardless of agency interpretation or enforcement, Title IX has a private right of action. And, as of the publication of this report, the *House* settlement is on appeal in the Ninth Circuit where challengers are arguing that revenue-share payments are subject to the Title IX proportionality rule. As such, uncertainty around how to analyze revenue-share payments under Title IX abounds. The approach institutions choose around such decisions carries different competitiveness, compliance, and potential liability risk.

The treatment of *House* payments under Title IX is far from the only consideration facing leaders and boards. As institutions seek to manage the increasing cost of athletics in the post-*House* era or realize new efficiencies, they may consider cutting teams, roster spots, or various forms of support. Title IX imposes a framework within which such decisions must comply and is a critical consideration. New sources of capital could be part of the solution; however, institutions must continue to consider and address their Title IX obligations.

Many institutions have announced allocations that are not proportional and mirror the *House* back damages calculation (75% to football, 15% to men's basketball, 5% to women's basketball, and 5% rest to all other sports) or are custom to their institutional context. At Iowa State, athletic director Jamie Pollard disclosed that of the school's 2025–26 revenue-share allocation, $13 million went to football, $5 million to men's basketball, $1 million to wrestling, and $750,000 to women's basketball, with each program's head coach controlling how those funds are distributed among athletes. Rob Gray, Jamie Pollard: "Iowa State athletics and Cyclone football are gonna be just fine", Cyclone Fanatic (Dec. 8, 2025), https://cyclonefanatic.com/2025/12/jamie-pollard-iowa-state-athletics-and-cyclone-football-are-gonna-be-just-fine/.

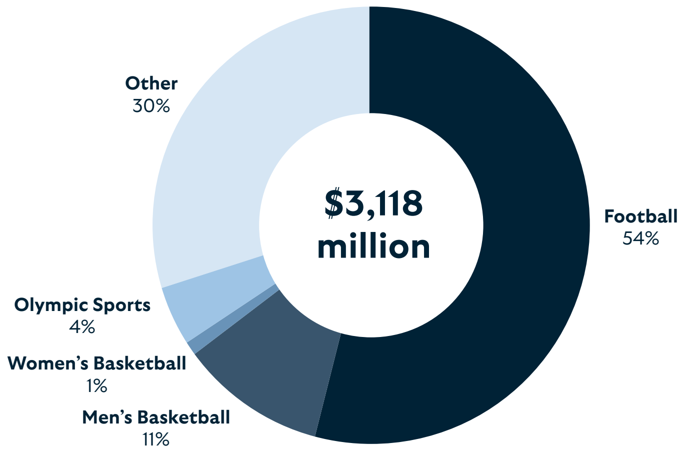
Financial reporting across the Big Ten illustrates the structural imbalance among sports from a revenue perspective which can be part of the challenge. Minnesota's men's ice hockey program and Michigan State's men's tennis and women's swimming and diving programs were the only non-football or -men's basketball programs among the conference's public universities to report a profit in fiscal year 2025, clearing approximately $2.8 million, $4.0 million, and $9,165, respectively. However, Michigan State's men's tennis profit was driven by roughly $5.2 million in donor contributions allocated to the program, not revenue generated through competition. *NCAA MFRS Reports*. Even highly successful programs frequently operate at a loss.

16.9%

Quarterbacks are allocated an average of 16.9% of team distributions.

Nebraska's nationally prominent women's volleyball program reported a $1.4 million deficit that same year, while Iowa's women's basketball program lost $3.7 million despite selling out its entire season. These examples underscore the continued reliance on cross-subsidization within athletic departments and highlight the financial pressures that expanding student-athlete compensation may place on broad-based sports offerings. *NCAA MFRS Reports*.

Big Ten Athletic Department Revenue Concentration by Sport (2025)



Source: NCAA MFRS Reports.
Note: Excludes private institutions.
Note: 'Other' category includes non-sport-specific revenue.

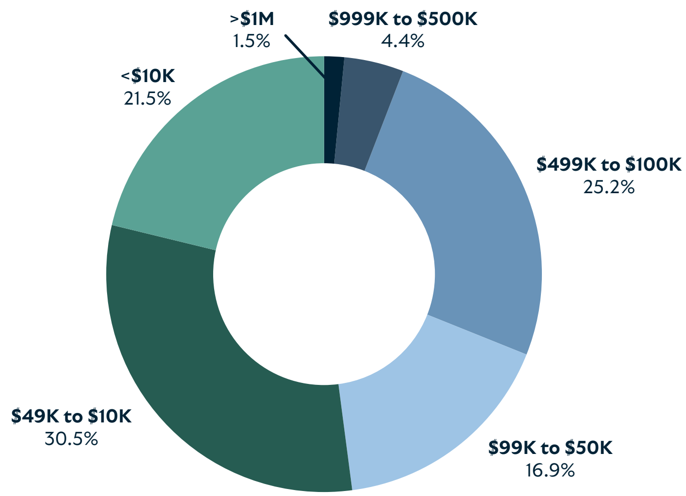
As revenue-sharing obligations and NIL spending escalate, the traditional cross-subsidy model grows more fragile. Supporting broad-based athletic offerings increasingly requires explicit allocation choices rather than implicit surplus redistribution. As explained above, for boards and administrators, these are not merely budget adjustments; they are governance decisions that implicate institutional mission, Title IX compliance, and long-term program identity.

Intra-Team Disparities

Revenue-sharing data also reveals financial disparities not only across conferences and sports but within individual teams. Under the revenue-sharing model, the average Power Four football program allocates its budget with substantial positional imbalance: quarterbacks draw an average of 16.9% of team distributions and wide receivers 15.4%, while tight ends receive 4.5% and specialists just 1.5%. *College Football Wrapped: How NIL Changed the Game in 2025*, The Opendorse Report, at 5 (Jan. 2026). Men's basketball reflects a similar within-team concentration, though along different lines. In high-major programs, rotational players earn roughly 15% to 25% less than starters and bench players 30% to 55% less, while freshmen and senior stars earn roughly four to seven times more than sophomores. *Fast Break: NIL & the Evolution of College Hoops*, The Opendorse Report, at 6 (Mar. 2026).

At the broader roster level, compensation remains steeply concentrated. Among Power Four football players, approximately 52% earn $49,000 or less annually while only 1.5% earn more than $1 million (revenue sharing plus third-party NIL). *College Football Wrapped: How NIL Changed the Game in 2025*, The Opendorse Report, at 5 (Jan. 2026). The resulting distribution resembles a professional salary pyramid rather than a traditional scholarship-based model.

Income Brackets for Power Four College Football Players



Source: College Football Wrapped: How NIL Changed the Game in 2025, The Opendorse Report, at 5 (Jan. 2026).

These intra-team disparities introduce governance and cultural complexity. Compensation decisions can affect team cohesion, student-athlete morale, public perception, and Title IX sensitivity. As revenue sharing becomes embedded within institutional budgets, allocation models are no longer informal or booster-driven judgments; they are structured financial decisions operating under board-level fiduciary oversight. The internal economics of a roster now carry institutional consequences that extend beyond competitive performance.

03
The Opportunity: Revenues and the Monetization of College Athletics

Although the financial pressures facing collegiate athletics are substantial, athletics has seen an explosion in revenues in recent years. This has led to significant opportunities to monetize athletic departments. And those opportunities are likely to face fewer limitations without the prior constraints of NCAA-enforced limits on compensation.

These developments are pushing institutions to rethink how they monetize brand equity, media visibility, and fan engagement while maintaining alignment with institutional mission and governance responsibilities. This section examines the expanding corporate NIL opportunities, the professionalization of athlete economics, and the growing range of monetization strategies universities are considering, and in certain cases have already begun deploying, to capture value in a rapidly commercializing athletics environment.

Increased Athletics Revenues

Live sports content continues to demonstrate resilience amid broader media fragmentation, maintaining premium advertising value and audience engagement relative to other entertainment categories. This sustained demand reinforces the long-term monetization potential of college athletics, particularly at Power Four institutions. As discussed below, revenues across college athletics are increasing in the form of broadcast rights, in-place advertising, participation in NIL, and ticket sales.

However, it bears noting that those revenues are growing 260 basis points slower per year, in the case of the Big Ten, than the costs we discussed previously.[7,8] This could lead to gaps in many athletic department budgets. *NCAA MFRS Reports*.

Explosion of Broadcast Revenues

Broadcast revenues have contributed tremendously to revenue growth. The Big Ten's current seven-year media agreement with Fox, CBS, and NBC—valued at approximately $8.1 billion—generates roughly $1.2 billion of average annual value ("**AAV**") for the conference, a significant increase from their previous six-year contract with Fox, ESPN, and CBS, which was worth an AAV of $440 million. David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition,* J.P. Morgan North America Equity Research, at 16 (July 15, 2025). The SEC's 10-year, $3.2 billion agreement with ESPN, which replaced its long-standing, $55 million AAV deal with CBS, is reported to generate an AAV of approximately $315 million.

In total, the SEC generates an estimated AAV of $710 million across all of its media rights agreements. The ACC has a long-term, 20-year media rights agreement with ESPN that runs until 2036 and is valued at $4.8 billion, generating $240 million of AAV. The Big 12 has initiated a six-year media rights extension worth $2.3 billion, which will last through the 2030–31 season. This new deal provides an AAV of $380 million, a substantial increase from the previous $220 million. *Id.* These mark significant increases from prior years, as shown in the following table of recent college sports rights renewals.

7 Excludes private institutions. Assumes Big Ten's current composition is held constant historically.

8 Based on 5-year CAGR (2020–25).

Historical Step-Ups in AAV ($M)				
Agreement	Agreement Date	Previous AAV	Current AAV	Step-Up
SEC - ESPN	Jan-20	$55	$315	5.7x
AAC - ESPN	Mar-19	21	83	4.0x
NCAA - ESPN	Jan-24	36	115	3.2x
MWC - CBS/FOX	Jan-20	15	45	3.0x
B10 - FOX/NBC/CBS	Aug-22	440	1,150	2.6x
Notre Dame - NBC[1]	Nov-23	22	50	2.3x
CFP - Various	Mar-24	608	1,350	2.2x
Big East - Various	Jun-24	42	80	1.9x
Big12 - FOX/ESPN	Oct-22	220	380	1.7x

Source: David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition*, J.P. Morgan North America Equity Research, at 17 (July 15, 2025).
(1) Notre Dame football's previous rights contract had an AAV of $15 million but was earning $22 million due to the backloaded nature of the contract.

$710M

The SEC generates an estimated AAV of $710 million in total media rights revenue.

Select College Sports Rights Contracts ($M)

Network	Package	Start	End	AAV	Duration (Years)	Value
Current						
FOX/CBS/NBCU	Big Ten	2023	2030	$1,150	7	$8,050
ESPN/ABC/SECN	SEC	2014	2033	395	20	7,900
ESPN	CFP(1)	2014	2025	608	12	7,296
ESPN/ABC	ACC	2016	2036	240	20	4,800
ESPN/ABC	SEC Game of the Week(2)	2024	2033	315	10	3,150
BTN	Big Ten	2007	2031	112	25	2,800
ESPN/FOX	Big 12	2025	2031	380	6	2,280
ESPN/ABC	AAC	2020	2032	83	12	1,000
ESPN	NCAA - The Championships	2025	2032	115	8	920
FOX/NBCU/TNT	Big East Basketball	2025	2031	80	6	480
CBS/FOX	MWC	2020	2026	45	6	270
TNT	Expanded CFP(3)	2024	2028	50	5	250
NBCU	Notre Dame Football	2016	2025	15	10	150
ESPN	MAC	2014	2027	8	13	104
ESPN/CBS	Conference USA	2023	2028	8	5	38
CW	ACC	2023	2027	NA	4	NA
ESPN	Sun Belt Conference	2020	2031	NA	NA	NA
CBS/CW/ESPN	Pac-12(4)	2025	2025	NA	1	NA
Future						
ESPN	Expanded CFP(5)	2026	2032	$1,300	6	$7,800
NBCU	Notre Dame Football	2026	2030	50	4	200
CBS	Pac-12(6)	2026	2031	12	5	60
CW	Pac-12	2026	2031	NA	5	NA
USA Network	Pac-12	2026	2031	NA	5	NA
FOX/CBS/Kiswe	MWC	2026	2032	NA	6	NA
CW	MWC	2026	2031	NA	5	NA

Source: David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition*, J.P. Morgan North America Equity Research, at 16 (July 15, 2025); *2025 Pac-12 football to be featured nationally across CBS, The CW and ESPN*, Pac-12 Conference (Apr. 29, 2025), https://pac-12.com/news/2025/4/23/2025-pac-12-football-to-be-featured-nationally-across-cbs-the-cw-and-espn.aspx; *CBS Sports and Pac-12 extend partnership through the 2030–31 season*, Pac-12 Conference (June 23, 2025), https://pac-12.com/news/2025/6/22/general-cbs-sports-and-pac-12-extend-partnership-through-the-2030-31-season.aspx; *The CW and Pac-12 extend partnership through the 2030–31 season*, Pac-12 Conference (Aug. 27, 2025), https://pac-12.com/news/2025/8/26/general-the-cw-and-pac-12-extend-partnership-through-the-2030-31-season.aspx; *USA Sports selects the new Pac-12 for its premier college sports offering as part of a five-year partnership*, Pac-12 Conference (Nov. 13, 2025), https://pac-12.com/news/2025/11/12/general-usa-sports-selects-the-new-pac-12-for-its-premier-college-sports-offering-as-part-of-a-five-year-partnership.aspx; *Mountain West Announces New Media Rights Package in Collaboration with CBS Sports, FOX Sports, The CW Network, and Kiswe*, Mountain West Conference (Feb. 3, 2026), https://themw.com/news/2026/6/4/mountain-west-announces-new-media-rights-package-in-collaboration-with-cbs-sports-fox-sports-the-cw-network-and-kiswe-2.aspx.

(1) Includes Rose, Sugar, and Orange Bowls and selection show.

(2) Includes 15 games per season, plus an additional eight top men's basketball games per year.

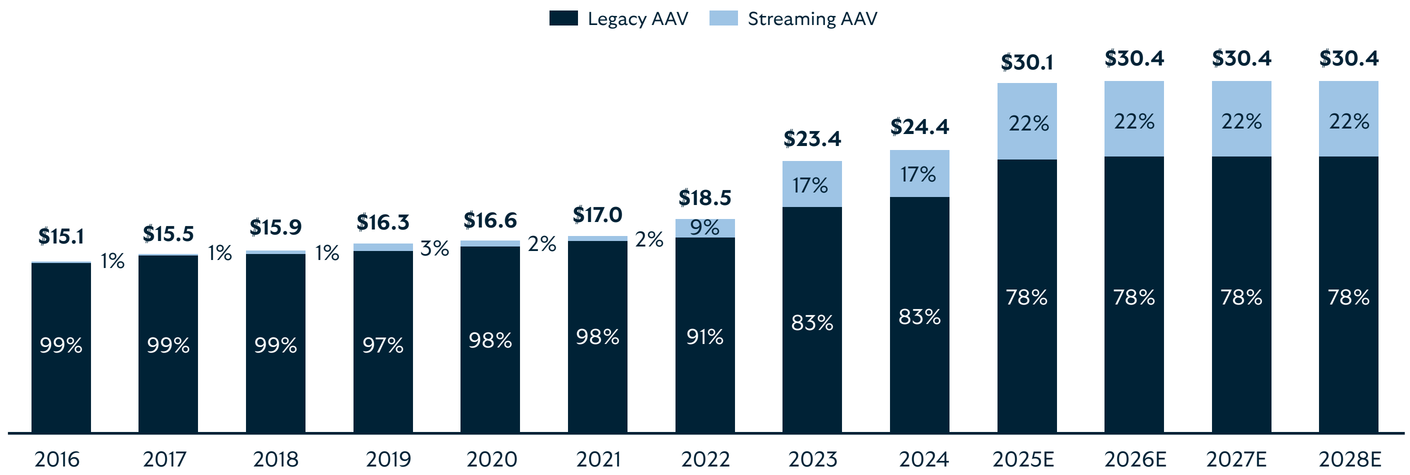
(3) Adds two first-round games in 2024 and 2025, plus two quarterfinal games from 2026–28.

(4) The Pac-12 announced on April 29, 2025, that the 2025 football season will feature all 13 home football games for Oregon State and Washington State ahead of its previously announced conference expansion coming for the 2026–27 academic season. The deal renewed the Pac-12's partnership with The CW that began in 2024, though the conference did not have existing partnerships with CBS or ESPN.

(5) Adds four first-round games, plus New Year's Six Bowls quarterfinals and semifinals, plus National Championship.

(6) AAV estimated between $8 million and $15 million.

2016–2028E AAV: Legacy Media vs. Streaming Platforms ($B)



Source: David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition*, J.P. Morgan North America Equity Research, at 18 (July 15, 2025).

These broadcast arrangements demonstrate the premium value placed on live college football programming and help explain why conference affiliation increasingly determines institutional revenue capacity.

Conferences have also found revenue opportunities through managing some of their own broadcast rights with dedicated cable/online networks, such as the B1G Network, the SEC Network, and the ACC Network. These partnerships are very lucrative and significantly benefit the power conferences that can sustain them. For example, the Big Ten Network ("**BTN**"), which generates an AAV of $112 million, saw its viewership grow by 25% in 2024, reflecting the conference's dominance and the high demand for its content. David Karnovsky, CFA, Kiscada A. Hastings *Sports Rights, Almanac – 10th Year Anniversary Edition,* J.P. Morgan North America Equity Research, at 16 & 45 (July 15, 2025).

While college athletics have long found a home on broadcast and cable, the landscape is rapidly changing with the rise of streaming services. The number of streaming video subscriptions in U.S. households has grown from 355 million in Q4 2024 to 389 million in Q4 2025, a 9.7% increase in just one year. Seth Shafer and John Fletcher, *ECONOMICS OF STREAMING MEDIA*, S&P Capital IQ (Mar. 20, 2026). This growth in streaming has led to a significant shift in the sports media rights landscape, with streaming platforms' share of the AAV of sports rights projected to grow from just 1% in 2016 to 22% by 2025. David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition,* J.P. Morgan North America Equity Research, at 18 (July 15, 2025).

Services like Paramount+ and Peacock, which emphasize broad content appeal, have been clear about the important role of sports in driving subscriptions. Paramount+ has leveraged the NFL, college football, and March Madness to attract subscribers, while Peacock has done the same with the NBA, college football (notably, Notre Dame's media rights agreement through 2029), English Premier League, Olympics, and WWE. These services are expected to continue adding sports rights in the coming years. Associated Press, Notre Dame Football Extends TV Deal with NBC Through 2029, ESPN.com (November 18, 2023), https://www.espn.com/college-football/story/_/id/38928501/notre-dame-football-extends-tv-deal-nbc-2029. David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition,* J.P. Morgan North America Equity Research, at 8 (July 15, 2025).

The role of Big Tech streamers, like Netflix, in the sports rights market is still evolving. Historically, these platforms have been cautious bidders, prioritizing major event programming over regular season content. However, this appears to be changing. Netflix's contract with the NFL to stream Christmas Day games and its partnership with the MLB to stream Opening Night, Home Run Derby, and Field of Dreams games underscores this trend, showcasing a clear strategy to leverage high-profile, exclusive sporting events to attract and retain subscribers in an increasingly competitive market. *Netflix carrying 2 NFL games on Christmas Day. It's a big step.*, CBS News (Dec. 24, 2024), https://www.cbsnews.com/news/netflix-2-nfl-games-christmas-day/; *Netflix ready to embark on MLB journey with Opening Night matchup*, Sports Bus. J. (Mar. 25, 2026), https://www.sportsbusinessjournal.com/Articles/2026/03/25/netflix-ready-to-embark-on-mlb-journey-with-opening-night-matchup/.

The value of sports rights for streamers extends beyond direct profitability. Sports rights are often valuable for their alternative use cases, such as creating less expensive shoulder programming, driving lead-ins to other content, and bundling advertising inventory. For streamers aiming to grow ad spend, raise prices, and become the new face of television, sports, including regular season packages, will almost certainly play a crucial role. David Karnovsky, CFA, Kiscada A. Hastings, *Sports Rights Almanac – 10th Year Anniversary Edition,* J.P. Morgan North America Equity Research, at 9 (July 15, 2025).

The influx of streaming services and the ever-growing demand for live sports content have created a highly inflationary environment for sports media rights. For leagues and conferences, the value of their national rights remains strong. Legacy media firms are facing increased competition from streaming companies, forcing them to either pay a premium to retain rights or downgrade to lesser packages. *Id.* This dynamic ensures that the "explosion of broadcast revenues" in college athletics is likely to continue for the foreseeable future.

Corporate NIL Expansion

While the financial, compliance, and governance risks surrounding NIL and revenue sharing are substantial, the commercial upside is equally significant. The commercial NIL segment remains a significant and broadening source of demand. Over the past year, 76.1% of commercial NIL deals came from first-time brand senders, reflecting a rapidly expanding pool of corporate participants. The Opendorse Annual NIL Report*,* at 6 (June 2026).

Importantly, 84.7% of commercial NIL deal activity now comes from national brands, rather than purely local or regional sponsors. *Id*. This shift indicates that major corporations increasingly view college student-athletes as scalable marketing assets integrated into national campaigns. In college football, the leading commercial NIL categories in 2025 were technology (39.1%) and apparel and footwear (22.6%), followed by consumer services, financial services, and media, underscoring that NIL participation is not confined to traditional sports advertisers but reflects mainstream corporate engagement. *College Football Wrapped: How NIL Changed the Game in 2025*, The Opendorse Report, at 8 (Jan. 2026).

For institutions, this expansion presents a meaningful opportunity. Enhanced corporate participation can drive deeper sponsorship integration, expanded digital activation strategies, broader brand reach, and indirect revenue growth through increased visibility and platform scale. As athletic programs increasingly resemble commercial media properties, NIL becomes part of a larger ecosystem of monetizable assets.

The central governance question, therefore, is not whether commercial appetite exists—it clearly does—but how institutions structure participation to capture that value strategically and responsibly. Boards must ensure that commercialization strategies generate adequate risk-adjusted returns while still aligning with long-term institutional objectives, preserving strategic flexibility, and not encumbering future growth in exchange for short-term gains.

Advertising and Monetization Expansion

Institutions are also increasingly reevaluating traditional limits on in-venue and campus commercialization. Financial pressures—driven by escalating student-athlete compensation, facilities investment, and conference realignment—have prompted universities to monetize spaces that were historically insulated from corporate branding. Stadium interiors, practice facilities, and even broader campus venues are now viewed through a commercial lens. University of Michigan Regent Sarah Hubbard noted, "One of the big areas we are looking at…is advertising and how we can do more with advertising, whether it be in Michigan Stadium or other venues across campus," including recent on-field sponsorship placements. *See* Ava Cobb, *UMich Regents Oppose $2.4 Billion Big Ten Private Equity Deal*, The Michigan Daily (Jan. 26, 2026), https://www.michigandaily.com/news/administration/umich-regents-oppose-2-4-billion-big-ten-private-equity-deal/.

This shift toward monetizing previously off-limits spaces extends to the uniform itself. Following an NCAA rule change permitting sponsor logos on game uniforms, Ohio State entered into a partnership with JPMorganChase that places jersey patches on all 36 of its varsity teams and is expected to generate nearly $17 million per year for the University. *Ohio State, JPMorganChase Reach Lucrative Jersey Patch Deal*, ESPN (July 28, 2026), https://www.espn.com/college-sports/story/_/id/49469951/ohio-state-jpmorganchase-reach-lucrative-jersey-patch-deal. Notre Dame similarly entered into a partnership with SoFi to place patches on athletic uniforms, and it is estimated that this move will bring Notre Dame $18 million to $20 million annually. *See* Pete Sampson and Chris Vannini, *Notre Dame announces jersey patch deal with SoFi worth $18M–20M per year: Source*, The Athletic (July 28, 2026), https://www.nytimes.com/athletic/7475470/2026/07/28/notre-dame-uniforms-jersey-patch-sofi-deal/. These deals illustrate how quickly this new revenue category has moved from regulatory approval to large-scale commercial execution.

Institutions are also expanding monetization beyond traditional ticket sales and media rights. Premium seating, hospitality experiences, naming rights, digital activations, and data-driven sponsorship integrations increasingly represent meaningful revenue sources. Recent projects at the University of Wisconsin, Kansas State, and Southern Methodist University focused on converting underutilized end zone seating into areas for socializing with premium food and beverage offerings, monetizing the facility "on game day and beyond." Facilities are also being designed for "365/7 Activation," such as Auburn University's North End Zone Multi-Use Facility project, which will convert Jordan-Hare Stadium's north end zone into a mixed-use space, adding premium fan amenities, versatile conference spaces, new retail venues, and student activity spaces into the stadium. Peter Broeder, *Pro Move: College Sports Facilities Now Rival Professional Venues. Here's How*, HOK (Oct. 22, 2025), https://www.hok.com/ideas/publications/college-sports-facilities-designed-to-rival-pro-venues/.

Taken together, these developments illustrate a broader shift: top-tier athletic programs increasingly resemble professional franchises in their global branding strategies, sponsorship integration, and commercial optimization. This shift reflects a broader evolution in athletic revenue strategy. Universities are exploring enhanced in-stadium advertising, expanded premium hospitality activations, naming-rights extensions, and digital, data-driven sponsorship integration. These initiatives leverage the university's brand equity and captive audience reach in ways that more closely resemble professional sports commercialization models.

While such efforts can meaningfully enhance revenue capacity, they require careful governance calibration. Boards must balance brand integrity, alumni sentiment, and institutional identity against the financial realities of a commercialized athletics environment. The question is not simply how much revenue can be generated, but how far commercialization can extend before it begins to erode the values and reputation that underpin long-term institutional strength.

Expanding Strategic Capital Options

Donor contributions and philanthropy have traditionally served as the primary supplemental source of capital for university athletics, funding facilities, athletics scholarships, and, more recently, third-party NIL collectives. That traditional funding

The influx of streaming services and the ever-growing demand for live sports content have created a highly inflationary environment for sports media rights. For leagues and conferences, the value of their national rights remains strong.

base, however, depends on continued donor goodwill and is inherently variable, difficult to scale, and unaccompanied by contractual repayment or return obligations. The capital structures discussed below—including debt, equity, revenue participation, and related monetization tools—differ from and, in many respects, supplement traditional donor funding. They are typically structured, repayable, or otherwise governed by defined economic terms, giving institutions additional and potentially more predictable sources of capital that do not depend solely on philanthropic generosity.

As universities confront rising athletic costs and increasing pressure to generate liquidity, a range of transactional opportunities and structures has emerged for monetizing athletics assets. These approaches—including debt financing, equity partnerships, revenue-participation arrangements, securitizations, and multimedia rights monetization—reflect an expanding tool kit for converting future athletic revenues into present capital. Each structure carries distinct implications for valuation, governance, institutional control, and long-term financial flexibility. For university boards and administrators, the central challenge is not merely selecting a financing mechanism or mechanisms but also determining how, where, and at what price to monetize institutional assets.

Importantly, private capital interest in college athletics has accelerated as the sector's commercial profile has expanded, with industry observers noting that nearly every major sports investment platform now views collegiate athletics as one of the most active emerging investment sectors. For instance, the Big 12 Conference recently entered into a strategic partnership with RedBird Capital and Weatherford Capital to provide member schools with access to credit lines. Ross Dellenger, *Sources: Big 12 lands private capital deal*, Yahoo Sports (Apr. 29, 2026), https://sports.yahoo.com/college-football/article/sources-big-12-lands-private-capital-deal-210932906.html. At the institutional level, the University of Utah, in a landmark transaction, partnered with Otro Capital by selling a minority stake in a newly formed commercial affiliate to manage its athletic assets. Taylor Randall and Mark Harlan, *The Imperative to Lead: The Future of Athletics at the University of Utah* (Dec. 9, 2025), https://utahutes.com/news/2025/12/9/general-the-imperative-to-lead-the-future-of-athletics-at-the-university-of-utah.

Moreover, firms such as RedBird Capital and Weatherford Capital have launched initiatives targeting investments ranging from approximately $50 million to $200 million per institution. *See* Andrew Beaton and Louise Radnofsky,

Private capital interest in college athletics has accelerated as the sector's commercial profile has expanded.

College Sports Is About to Turn Pro. Private Equity Wants In., Wall St. J. (May 22, 2024), https://www.wsj.com/sports/ncaa-settlement-amateurism-private-equity-f62ebc00; Chris Smith, *Sports Finance World Expects Greater Deal Activity and Complexity in 2026*, Sports Bus. J. (Jan. 19, 2026), https://www.sportsbusinessjournal.com/Articles/2026/01/19/sports-finance-world-expects-greater-deal-activity-and-complexity-in-2026/. While these highlight some of the most high-profile moves, they are by no means the only examples, as numerous other institutions and conferences are actively exploring similar capital injections. Ultimately, the growth of private capital in college athletics reflects burgeoning investor enthusiasm for the long-duration revenue streams tied to collegiate media rights, sponsorships, and deeply embedded fan bases.

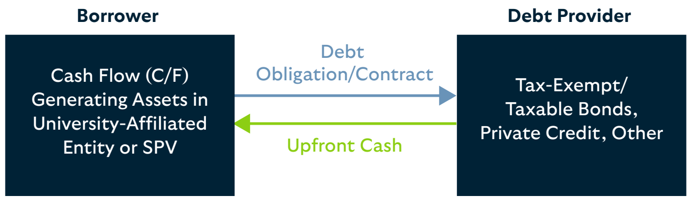
Potential Capital Structures for Consideration

As the market has sought to monetize college athletics' revenues, universities, conferences, and investors have considered a range of financing structures, including debt, equity, and other arrangements. Below, we discuss each of those structures and the opportunities and risks they afford universities. Many of these structures are not new to higher education or the not-for-profit sector, though some are.

Debt Structures

Debt remains the most familiar and politically palatable capital mechanism for many universities. Athletic departments have long relied on bond financing to fund stadium construction, arena renovations, and training facilities. *See* Kristi Dosh, *Multiple Ways to Finance College Stadiums*, ESPN (June 14, 2012) (discussing the issuance of bonds as a common way to finance college stadiums), https://www.espn.com/blog/sportsbusiness/post/_/id/800/multiple-ways-to-finance-college-stadiums. That framework continues to evolve as institutions confront escalating NIL and revenue-sharing obligations. Common debt structures include tax-exempt bonds, particularly appropriate where facilities involve limited private use; taxable bonds, where greater commercial flexibility is required; private credit facilities, offering speed and structural customization; project-level public-private partnership ("**P3**") financing executed through SPVs; and revenue-backed borrowing tied to defined income streams, such as media rights distributions or sponsorship revenues. Andy Berg, *How a Public-Private Partnership Built UT's Moody Center*, Athletic Bus. (Sept. 27, 2021), https://www.athleticbusiness.com/facilities/stadium-arena/article/15139809/how-a-publicprivate-partnership-built-uts-moody-center.

Representative Debt Financing Structure



Critical Issues:

- Cost of debt
- Debt service capacity & leverage metrics
- Fixed repayment schedule
- Collateral
- Restrictive covenants
- Refinancing risk
- Defined use of cash and/or allocation
- Unique public institution regulatory compliance

Each structure carries distinct trade-offs. Tax-exempt bonds can reduce borrowing costs but generally may be used only to finance capital improvements and may impose private-use limitations that constrain commercialization strategies. Taxable bonds offer flexibility but at higher cost. Private credit can provide customized covenants and accelerated execution timelines, though often at premium pricing. P3 models isolate facility risk within an SPV, potentially shielding core institutional assets, while revenue-backed borrowing monetizes predictable income streams but can encumber future flexibility.

More recently, athletic departments and conferences have considered and taken on debt backed by streams beyond stadium and other project revenues, or even loans backed by all the revenues of a particular athletic department or conference.

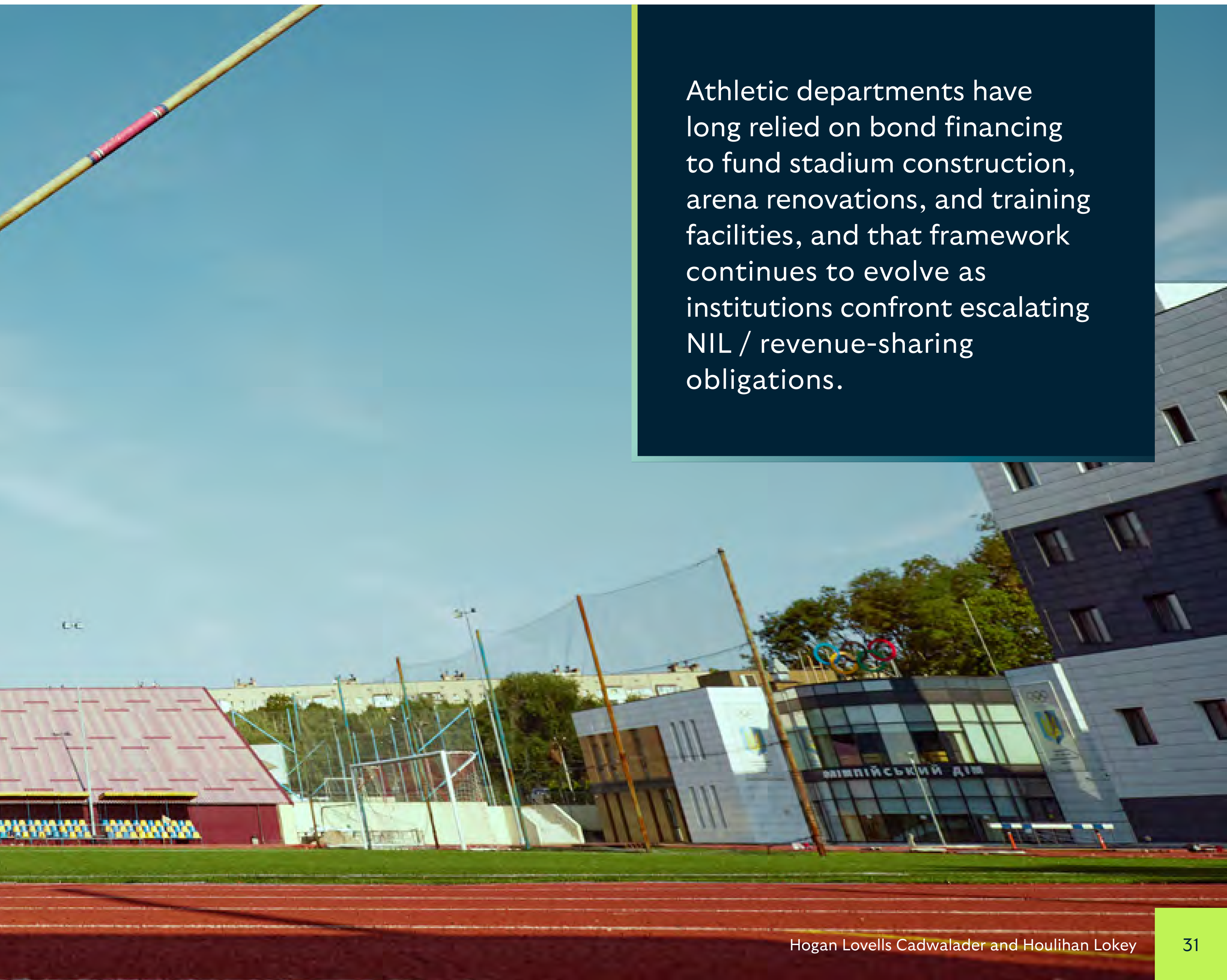
The entry of specialized private credit firms has accelerated this trend. For example, the sports business consultant Elevate launched a $500 million "Collegiate Investment Initiative" to provide universities with upfront capital for commercial and infrastructure projects. The structure of these deals often involves repayment over a multi-year term, after which Elevate shares in a portion of the athletic department's subsequent revenues. Critically, if the funds are not used for direct revenue-generating activities, the firm may seek a security interest in core, existing revenue streams, such as ticket sales, underscoring the shift toward using all departmental income as collateral. Tim Casey, *Elevate Raises $500 Million To Invest In College Athletics Departments*, Forbes (June 9, 2025), https://www.forbes.com/sites/timcasey/2025/06/09/elevate-raises-500-million-to-invest-in-college-athletics-departments/; *Elevate Launches Collegiate Investment Initiative to Support Growth of Athletic Programs*, Elevate (June 9, 2025), https://www.oneelevate.com/article/elevate-launches-collegiate-investment-initiative-to-support-growth-of-athletic-programs.

RedBird Capital's "Collegiate Athletic Solutions" ("**CAS**") offers another model in which it lends hundreds of millions of dollars to a selected group of athletic departments. This is often accomplished by having the university create a new,

separate entity to house all athletic department income. CAS then lends to this new entity in exchange for a portion of its future revenue over a set period. This structure is designed to keep the financing off the university's primary balance sheet, avoiding institutional debt limits. These loans are typically "senior" instruments, meaning they take priority over a university's other, more junior debt obligations in the event of any financial distress. Eben Novy-Williams & Scott Soshnick, *Inside CAS: Management Fees, 15-Year Revenue and Waterfalls*, Sportico (June 27, 2024), https://www.sportico.com/business/finance/2024/cas-college-sports-investor-private-capital-details-deals-1234785800/. It will be important to consider whether a university's existing debt covenants place limitations on the university's ability to incur debt having a security interest in revenues senior to the security interest for the university's existing indebtedness.

This approach was recently considered at the conference level through the Big 12's partnership with RedBird Capital and Weatherford Capital. In connection with the deal, the Big 12 Conference office would receive a capital infusion of at least $12.5 million to invest in new revenue-generating initiatives. The deal also provides each of the 16 member schools with the option to access a one-time capital credit line of up to $30 million. The interest rate of just under 10% and the provision for repayment through withholding a portion of the school's annual conference revenue distribution provide a clear example of how private capital can offer flexible financing solutions outside of traditional bond markets. Ross Dellenger, *Sources: Big 12 lands private capital deal*, Yahoo Sports (Apr. 29, 2026), https://sports.yahoo.com/college-football/article/sources-big-12-lands-private-capital-deal-210932906.html.

Athletic departments have long relied on bond financing to fund stadium construction, arena renovations, and training facilities, and that framework continues to evolve as institutions confront escalating NIL / revenue-sharing obligations.



Almost every Big 12 university has turned down the $30 million line of credit, citing two main reasons according to media reports: (1) better market alternatives; and (2) concern about third-party influence on their budgets. *Several more Big 12 schools reject $30M credit option from RedBird Capital*, Sports Bus. J. (May 7, 2026), https://www.sportsbusinessjournal.com/Articles/2026/05/07/several-more-big-12-schools-reject-30m-credit-option-from-redbird-capital/.

From a fiduciary perspective, the analysis must extend beyond headline interest rates. As discussed in part IV below, boards evaluating debt structures should assess the true cost of capital, including covenants, structural constraints, and refinancing risk. They should model performance under stress scenarios—such as a range of downside projections involving contraction in media revenue, donor contributions, or conference distributions—to determine whether repayment assumptions remain viable. Equally important is structural ring-fencing: obligations must be carefully designed so that creditor claims do not effectively reach core institutional assets or compromise broader university resources.

Debt can be an effective and disciplined financing tool. However, in an environment characterized by volatile revenue streams, escalating labor costs, and the risk of conference realignment, borrowing decisions require rigorous stress testing and conservative assumptions. Absent that discipline, debt intended to enhance competitiveness can instead constrain institutional flexibility for decades.

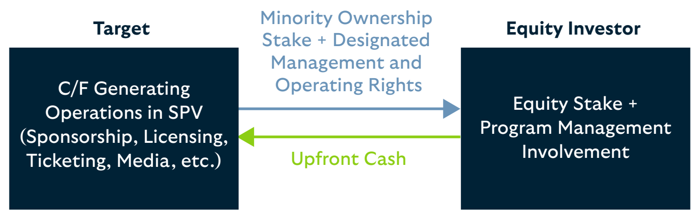
Equity Structures

Equity structures offer an alternative to traditional borrowing by introducing outside capital without fixed repayment obligations. In an environment characterized by escalating NIL expenditures, expanding revenue-sharing pools, and widening conference disparities, equity may appear attractive as a mechanism to share risk and stabilize access to capital. Unlike debt, equity does not impose scheduled repayment; instead, investors participate in upside performance over time. For private nonprofit and public universities, equity models raise significant fiduciary duty, tax, and compliance questions that participants in such transactions would need to navigate.

In some structures, coaches, staff, donors, or student-athletes themselves could also be structured as potential true or synthetic equity holders or co-investors alongside institutional and outside investors in an affiliate entity. Equity structures also carry the risk that a university could effectively "sell" or lose control of key athletics assets to an outside investor; as discussed further below, that risk can be mitigated through governance protections such as retaining majority ownership, maintaining board control, negotiating approval and veto rights over key decisions, and securing repurchase rights, as illustrated by the University of Utah's Crimson Brand Partners structure and the NFL's non-voting minority ownership model discussed below.

Common equity models emerging in collegiate athletics include minority stakes in commercial affiliates—often university-controlled, for-profit entities that house sponsorship, licensing, ticketing, and media operations. The leading example is the University of Utah's partnership with private equity firm Otro Capital. Utah formed a new for-profit entity, Crimson Brand Partners, to hold and manage revenue-generating athletic operations, including licensing, sponsorships, multimedia rights, ticketing, concessions, and use of trademarks and logos. The University retains majority ownership through its foundation and board control, while Otro Capital and certain donor-investors hold minority stakes in exchange for a total capital infusion reportedly expected to reach up to $500 million. Jason Batacao, *Utah's private-equity deal with Otro Capital is signed. Here's who will lead the Utes' new company*, The Salt Lake Tribune (June 12, 2026), https://www.sltrib.com/sports/utah-utes/2026/06/12/utah-utes-private-equity-deal-with/. Taylor Randall and Mark Harlan, *The Imperative to Lead: The Future of Athletics at the University of Utah* (Dec. 9, 2025), https://attheu.utah.edu/facultystaff/the-imperative-to-lead-the-future-athletics-at-the-u/; *University of Utah Board of Trustees Meeting*, YouTube (Dec. 9, 2025), https://youtu.be/KrR6a2k66vM?si=yPc_TBY0qFKdqVKa.

Representative Equity Investment Structure



Critical Issues:

- Cost of equity
- Shareholder/partnership agreement terms
- Operational control
- Governance
- Exit rights & buy/sell process
- University/investor alignment
- Valuation considerations
- Types of SPV
- For-profit/not-for-profit
- Tax implications

A key driver for universities like Utah in seeking such partnerships extends beyond mere capital infusion; it includes access to sophisticated operational expertise. Private capital

Common equity models emerging in collegiate athletics include minority stakes in commercial affiliates—often university-controlled, for-profit entities that house sponsorship, licensing, ticketing, and media operations.

partners can bring a depth of experience in commercial asset monetization that can be absent in-house. In the Utah case, the Board of Trustees was reportedly impressed by the Otro Capital team's significant operational track record, which included experience with sports investors like RedBird Capital, premium experiences company Legends, the development of the Dallas Cowboys' AT&T Stadium, and the management of professional franchises like the Cleveland Browns. *University of Utah Board of Trustees Meeting*, YouTube (Dec. 9, 2025), https://youtu.be/KrR6a2k66vM?si=yPc_TBY0qFKdqVKa. This operational know-how is seen as critical for maximizing the value of athletic assets in an increasingly complex and professionalized market. That same type of operational expertise could also help a university bring multimedia rights functions in-house, rather than continuing to rely on a third-party multimedia rights operator, potentially allowing the institution to capture a larger share of sponsorship and media revenue directly.

Under the Utah structure, governance preserved institutional control. The University maintains majority ownership, the athletic director chairs the board, and decision-making authority on critical issues—including coach hiring and several NIL allocation levels—remains with the University. The entity must also submit audits to University trustees. Taylor Randall and Mark Harlan, *The Imperative to Lead: The Future of Athletics at the University of Utah* (Dec. 9, 2025), https://attheu.utah.edu/facultystaff/the-imperative-to-lead-the-future-athletics-at-the-u/. This "Utah-style" model illustrates how institutions are attempting to blend private capital with public-university oversight while structurally isolating commercial operations within an affiliate vehicle.

Control-preserving equity design has precedent in professional sports; the NFL permits certain private-equity ownership stakes only on nonvoting terms with a minimum six-year hold, a structure intended to keep investors passive rather than managerial. Judy Battista, *NFL Owners Vote to Allow Private Equity Funds to Buy Stakes in Teams*, NFL (Aug. 27, 2024), https://www.nfl.com/news/nfl-owners-vote-to-allow-private-equity-funds-to-buy-stakes-in-teams. The structures also borrow heavily from the P3 transaction model, which is a well-traveled path for government entities to both outsource operational control of public assets and monetize their value.

Other equity approaches involve IP-focused commercialization SPVs, in which investors participate in defined revenue streams without acquiring ownership of athletic operations themselves. For example, the University of Kentucky has created Beyond Blue, a University-affiliated nonprofit holding company that can

$500M

Across Division I institutions, multimedia rights agreements collectively generate more than $500 million annually.

sell interests in Champions Blue, its University-affiliated for-profit wholly owned subsidiary. The University of Kentucky can also route multimedia/branding licenses through Champions Blue, which can in turn transfer the license to a private equity firm in exchange for cash. Clay Grayson, *Privatization of Collegiate Athletics Begins: Kentucky Announces Champions Blue LLC*, Sports Bus. J. (May 20, 2025), https://www.sportsbusinessjournal.com/Articles/2025/05/20/privatization-of-collegiate-athletics-begins-kentucky-announces-champions-blue-llc.

It bears emphasizing that university-controlled athletics affiliates are not themselves a novel innovation. The University of Georgia has for decades operated its athletics program through the University of Georgia Athletic Association, a private nonprofit corporation with its own corporate board. Univ. of Ga. Athletic Ass'n Inc., Form 990 Filings, ProPublica Nonprofit Explorer (EIN 58-0652518), https://projects.propublica.org/nonprofits/organizations/580652518. The University of Florida has likewise operated its athletics program since 1929 through the University Athletic Association, Inc., a not-for-profit direct-support organization and component unit of the university. Univ. Athletic Ass'n, Inc., Financial Statements 2023–24, at 32, https://www.fa.ufl.edu/wp-content/uploads/2019/06/2024-university-athletic-association.pdf.

Equity, however, introduces governance complexity. Boards must carefully assess the rights accompanying any investment. Approval rights, veto provisions, information covenants, and control thresholds must be aligned with institutional autonomy and institutional goals. Investor time horizons must be compared against the university's strategic planning cycle, particularly where private equity sponsors operate on defined fund durations. The Utah model, for example, reportedly contemplated a potential future exit for the investor and includes repurchase rights for the University—mechanics that require careful long-term planning. Taylor Randall and Mark Harlan, *The Imperative to Lead: The Future of Athletics at the University of Utah* (Dec. 9, 2025), https://utahutes.com/news/2025/12/9/general-the-imperative-to-lead-the-future-of-athletics-at-the-university-of-utah.

These SPV structures raise threshold questions that institutions must resolve before proceeding: what type of entity the SPV should be, who controls it, whether it should be organized as a for-profit or nonprofit entity, and its tax classification. A common approach (as illustrated by the Kentucky structure) is to form a for-profit, limited liability subsidiary taxed as a corporation that is held by a university-affiliated nonprofit parent, which permits outside equity participation and private-capital investment in the for-profit subsidiary while seeking to insulate the nonprofit parent's (and, by extension, the university's) tax-exempt status.

Alternatively, the university can form a for-profit corporate subsidiary (or a limited liability subsidiary taxed as a corporation) to hold the equity of a joint venture vehicle that raises outside equity participation and private-capital investment in a flow-through tax structure to accommodate a capital-investor's needs for a friendly tax-efficient flow-through structure. Any participation in a joint venture carries tax consequences that require careful structuring, including whether revenue generated by the SPV could constitute unrelated business taxable income ("**UBIT**") to the nonprofit parent or result in private use of tax-exempt bond financed facility used in generating the revenues, questions we address further below in connection with equity and securitization structures generally.

Exit mechanics require particular scrutiny. Agreements must proactively define termination triggers for adverse regulatory or NCAA actions and establish clear insolvency protections to ensure the university retains key assets. Liquidity triggers, put or call rights, or forced recapitalization provisions can create pressure during periods of underperformance or market contraction. Governance structures must anticipate those scenarios rather than assume sustained revenue growth.

Valuation discipline is equally critical. Institutions must ensure that enterprise value has been independently tested and benchmarked against credible comparables, and that assets are not being undervalued in exchange for near-term liquidity. In a market where NIL growth is accelerating and financial investment correlates with competitive success, the temptation to monetize future upside can be strong. Yet equity capital is rarely passive. Governance rights, reporting obligations, audit requirements, and strategic influence frequently accompany investment.

Finally, the degree of operational control ceded to investors is an essential component of these investments. While universities may benefit from the operating skill of a professional investor with expertise in operating comparable athletic franchises, extreme care must be taken to negotiate adequate control mechanisms to exercise proper oversight and to reject contracts if and when an investor exerts inadequate or inappropriate control.

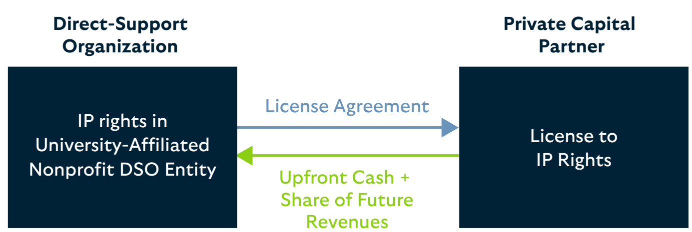
Accordingly, while equity may serve as a hedge against revenue volatility or conference instability, fiduciary stewardship requires that flexibility gained through outside capital does not come at the expense of governance clarity, mission alignment, or long-term institutional control.

Revenue Participation and Royalty Models

Revenue participation or royalty-style structures provide upfront capital in exchange for a defined percentage of future revenue streams, such as media distributions, sponsorship income, or licensing proceeds. Unlike equity, these arrangements typically do not convey ownership interests or governance rights. Unlike traditional debt, repayment fluctuates with performance rather than following a fixed amortization schedule. Structurally, they occupy a middle ground between borrowing and equity monetization.

A prominent example of this approach is the "super license agreement" model, notably explored by Florida State University. This framework involves the University transferring its IP rights to a separate, university-affiliated nonprofit entity, often known as a direct-support organization ("**DSO**"). This DSO, in turn, licenses those rights to a private capital partner in exchange for an upfront payment and a share of future revenues. This structure is designed to monetize university assets without entering into a direct joint venture, which can create additional legal and tax complications for a public or private institution, noting, however, that certain arrangements may give rise to a de facto partnership under tax law. Matt Baker, *Inside Project Osceola: Florida State Sports' 9-Figure Private Equity Plan*, Tampa Bay Times (Feb. 6, 2024), https://www.tampabay.com/sports/2024/02/06/florida-state-private-equity-fsu-football-conference-realignment-acc/.

Representative Revenue Participation Model



Critical Issues:

- Effective cost of capital
- License agreement terms
- Constrained strategic optionality
- Duration/long-term flexibility
- Downside manageability
- Other rights concerns

Similarly, recent university-level commercialization arrangements reflect long-duration revenue-participation economics. For example, under the University of Kentucky's multimedia rights agreement with JMI Sports, the University and its affiliated entity are entitled to approximately 80% of net revenues generated from sponsorship and advertising inventory over a 15-year period. Nick Roush, *Kentucky Extends Partnership with JMI Sports Through 2040*, KSR (Aug. 12, 2025), https://www.on3.com/teams/kentucky-wildcats/news/kentucky-extends-partnership-with-jmi-sports-through-2040/.

For programs confident in long-term revenue growth, monetizing a defined portion of those future streams can generate immediate liquidity without formal equity dilution and without introducing investor control rights. The absence of governance concessions may make revenue-participation structures politically and institutionally easier to implement than equity alternatives.

However, the absence of fixed repayment does not eliminate economic cost. The percentage of revenue conveyed to an investor effectively embeds assumptions about future growth, volatility, and duration. Boards evaluating revenue-participation arrangements must therefore scrutinize the pricing mechanics. What growth assumptions are embedded in the valuation? How does the effective cost of capital—calculated over the life of the entitlement—compare to traditional debt or equity alternatives? Does the agreement constrain strategic flexibility in renegotiating media rights, pursuing conference realignment, or restructuring sponsorship models? And, critically, is the percentage carve-out manageable under both growth and contraction scenarios?

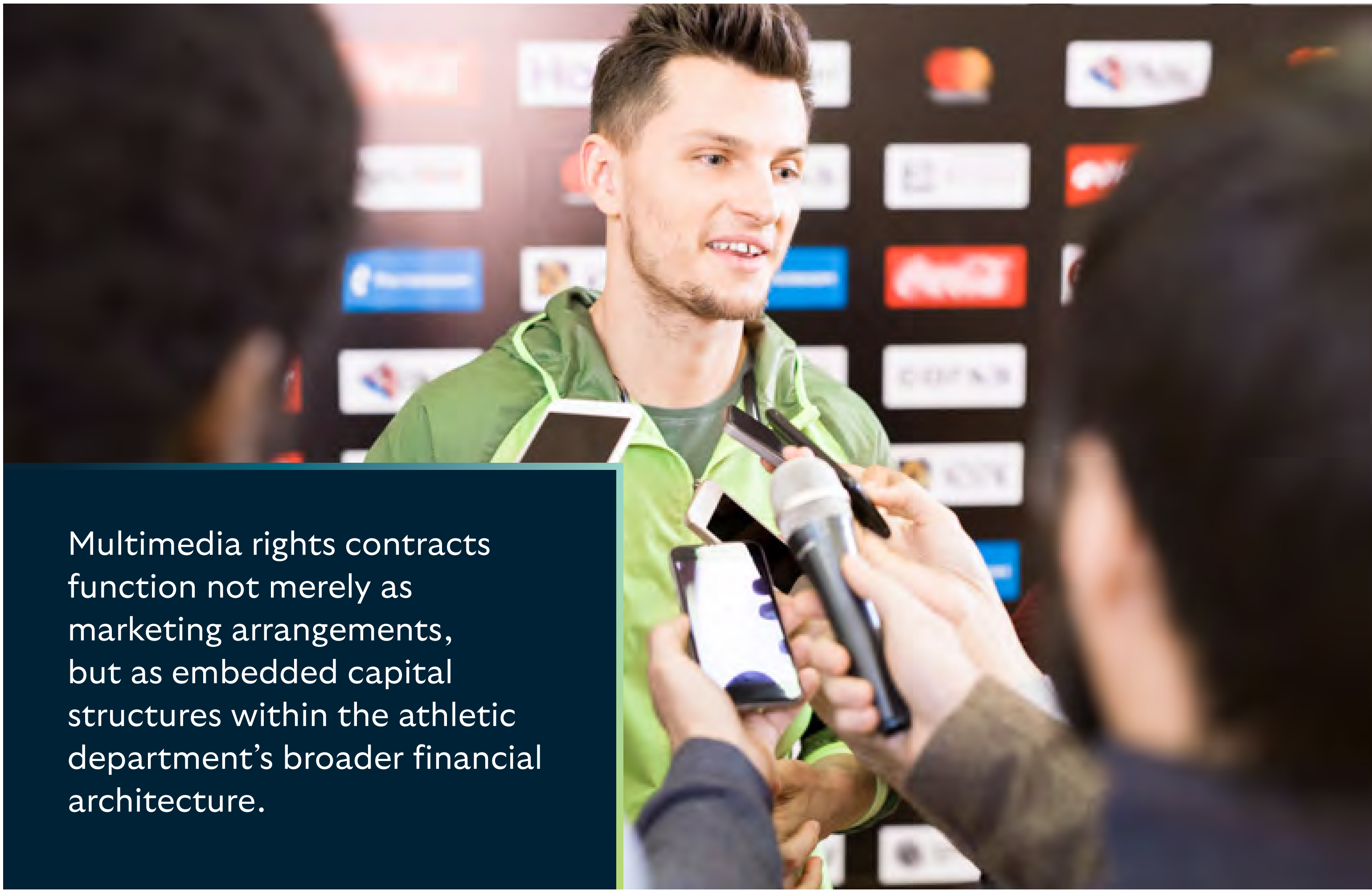
Because these structures monetize revenue at the source, they can meaningfully affect long-term financial flexibility. A percentage of media distributions that appears modest at inception may compound into a significant structural encumbrance over a decade or more. Accordingly, fiduciary discipline requires intensive financial modeling under a range of different base-case, growth, and downside scenarios. It is particularly important that revenue-participation agreements be stress-tested under reasonable conservative projection assumptions and evaluated not only for their short-term liquidity benefits but also for their cumulative long-term impact on institutional economics.

Multimedia Rights

Multimedia rights agreements sit at the center of the modern athletic department revenue model. These arrangements—typically exclusive, long-term outsourcing contracts with third-party operators—grant the operator the right to sell and service sponsorship inventory, in-venue signage, radio and digital advertising, hospitality assets, and certain uses of institutional intellectual property. In exchange, the university receives either a guaranteed annual payment, a share of generated revenue, or a hybrid of both.

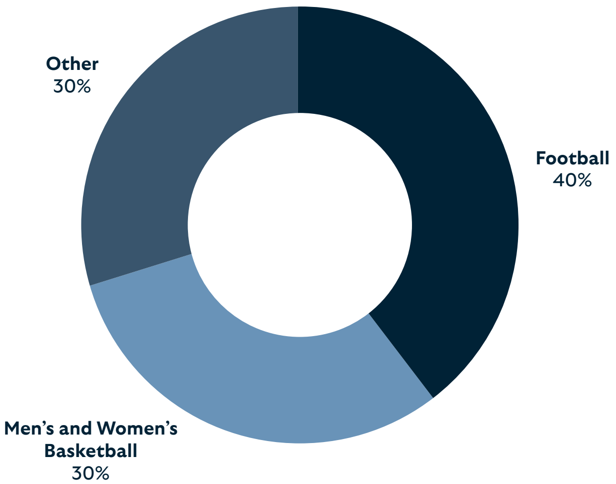
For example, Learfield maintains long-term multimedia rights agreements with more than 140 universities, typically providing an upfront/lump-sum component plus revenue sharing but has attempted to shift away from massive guarantees toward more revenue-share-centric deals that create upside for both the company and schools, with less downside risk. *Learfield Partners with SponsorCX to Advance Sponsorship Operations, Elevate Brand Partnerships, and Drive Performance Across College Sports*, Learfield (Jul. 9, 2026), https://www.learfield.com/2026/07/learfield-partners-with-sponsorcx-to-advance-sponsorship-operations-elevate-brand-partnerships-and-drive-performance-across-college-sports/; Ben Portnoy, Learfield's *Next Era: New owner TPG bets on scale, data and college sports growth*, Sports Bus. J. (Apr. 27, 2026), https://www.sportsbusinessjournal.com/Articles/2026/04/27/learfields-next-era-new-owner-tpg-bets-on-scale-data-and-college-sports-growth/.

Across Division I institutions, multimedia rights agreements collectively generate more than $500 million annually, with individual Power Four conference schools often receiving multimillion-dollar yearly guarantees. *See Negotiating College Sports Multimedia Rights Deals*, Athletic Director U (2020), https://athleticdirectoru.com/articles/negotiating-college-sports-multimedia-rights-deals/. Football drives the majority of value (frequently 70–85% of total athletic department revenue) and that dominance carries through to sponsorship pricing and package design. *Id.* Men's and women's basketball follow, while Olympic sports are generally bundled into broader sponsorship packages rather than functioning as primary revenue drivers. *Id.*



Multimedia rights contracts function not merely as marketing arrangements, but as embedded capital structures within the athletic department's broader financial architecture.

Multimedia Revenue by Sport

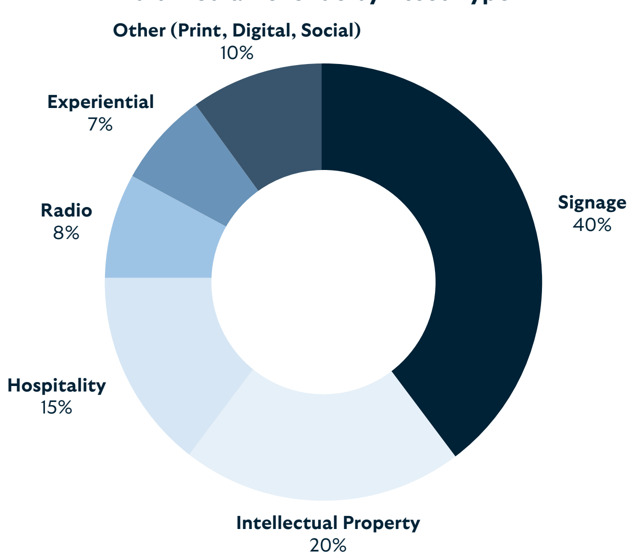


Source: AJ Maestas, *Negotiating College Sports Multimedia Rights Deals*, Athletic Director U (2020), https://athleticdirectoru.com/articles/negotiating-college-sports-multimedia-rights-deals/.

The composition of multimedia value is diversified across asset categories. In-venue signage represents approximately 40% of total value, intellectual property usage roughly 20%, and hospitality approximately 15%, with the balance derived from radio, print, digital, and social media inventory. *Id.* This diversification provides value to investors. Even where attendance fluctuates, IP-driven and digital assets preserve meaningful value relative to purely gate-driven revenue streams. *Id.* For institutions exploring securitization, revenue-participation arrangements, or affiliate equity models, multimedia rights revenue frequently represents one of the most predictable and financeable components of the athletic revenue base.

For fiduciaries, the analytical obligation extends beyond the transaction itself to its structural placement. Boards must understand not only the financial terms of a deal, but also where within the athletics ecosystem value is being monetized.

Multimedia Revenue by Asset Type



Source: AJ Maestas, *Negotiating College Sports Multimedia Rights Deals*, Athletic Director U (2020), https://athleticdirectoru.com/articles/negotiating-college-sports-multimedia-rights-deals/.

A related and increasingly important consideration is whether an institution should continue outsourcing multimedia rights management to a third-party operator at all. Some universities are exploring bringing multimedia rights management in-house, hiring dedicated staff or building internal capabilities to sell sponsorship inventory, in-venue signage, and digital advertising directly, in order to eliminate the operator's revenue share and retain a larger portion of gross multimedia revenue for the institution.

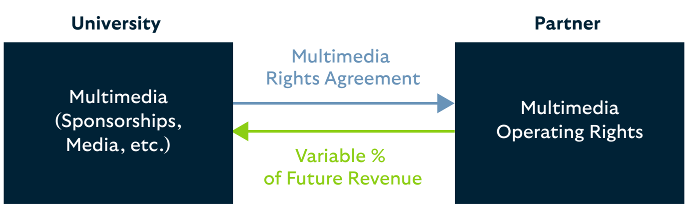
Guarantees and Revenue Sharing

Multimedia rights contracts function not merely as marketing arrangements, but as embedded capital structures within the athletic department's broader financial architecture. Under a traditional guarantee model, the operator assumes commercial risk in exchange for upside above a fixed annual payment threshold. Universities benefit from predictable cash flow, which can support budgeting discipline and, in certain circumstances, debt service planning. See *Negotiating College Sports Multimedia Rights Deals*, Athletic Director U (2020), https://athleticdirectoru.com/articles/negotiating-college-sports-multimedia-rights-deals/. However, those guarantees are priced to compensate the operator for risk assumption, and institutions may sacrifice long-term upside where sponsorship and media revenues materially exceed projections. *Id.*

Revenue-sharing models, by contrast, reduce or eliminate fixed guarantees and instead align operator compensation with performance-based tiers. *Id.* For instance, a partner might share 60% of the first $2 million in revenue, 55% of

the next $2 million in revenue, and then 50% of all revenue beyond $4 million. *Id.* While such arrangements may enhance institutional participation in revenue growth, they simultaneously introduce greater volatility into annual cash flows. *Id.* As NIL expenditures and university-controlled revenue-sharing pools expand, this trade-off between revenue certainty and growth participation becomes more consequential for boards exercising fiduciary oversight. Stable guarantees may support debt capacity and liquidity planning; variable structures may enhance long-term upside but complicate near-term financial predictability.

Basic Revenue Sharing Illustration



Critical Issues:

- Operational & performance alignment
- Contractual terms
- Cash flow volatility
- Downside protection
- Upside participation
- University options at end of contracted term

Risk allocation is further shaped by *force majeure* provisions, termination rights, and renegotiation mechanics embedded in multimedia agreements. Events that materially disrupt attendance, scheduling, or sponsorship activation—whether public health crises, conference instability, or other external shocks—can affect deliverables and, therefore, payment obligations. *Id.* What appears to be a "guaranteed" revenue stream may, in stressed scenarios, prove subject to adjustment or renegotiation. *Id.*

Hybrid models are possible. For example, The Ohio State University recently restructured its long-term multimedia rights agreement with Learfield to incorporate a revenue-sharing aspect in place of a purely guarantee-driven structure. *See* Paul Steinbach, *Ohio State's Learfield Multimedia Rights Renewal Called Largest of Its Kind in Country*, Athletic Bus. (Jan. 8, 2026), https://www.athleticbusiness.com/operations/article/15814137/ohio-states-learfield-multimedia-rights-renewal-called-largest-of-its-kind-in-country. Rather than emphasizing a fixed annual payment, the revised arrangement aligns compensation with overall sponsorship and media performance, allowing both the University and its multimedia rights partner to participate in incremental revenue growth. *Id.*

University leadership emphasized that the structure should "incentivize" both parties to expand commercial opportunities, with the institution benefiting from upside in sponsorship and fan-engagement revenue streams while accepting greater variability in annual cash flows. *Id.* This shift reflects a broader trend toward performance-based multimedia rights agreements, in which institutions trade revenue certainty for greater participation in long-term commercial growth and closer alignment with third-party operators. *Id.*

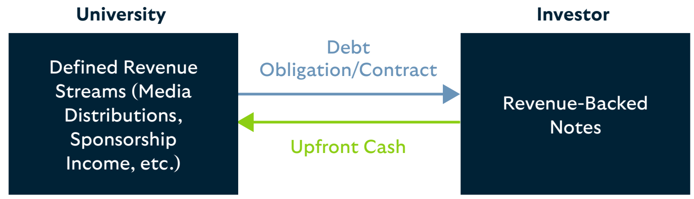
For these reasons, boards evaluating multimedia rights agreements should treat them as long-term financial commitments with capital structure implications—not merely vendor contracts. The design of guarantees, revenue tiers, and termination mechanics directly affects liquidity, borrowing capacity, and downside resilience, placing such agreements squarely within the domain of fiduciary review rather than routine operational administration. Because negotiating counterparties are all financially sophisticated and have broad industry expertise, it is critical for boards to review comparable financial and legal data to assess whether specific contracts are consistent with responsible financial stewardship and reflect competitive, risk-adjusted market outcomes.

Securitization and Licensing

Securitization and long-term licensing structures offer another pathway for institutions to monetize defined revenue streams without transferring formal equity ownership. Under these models, universities may issue revenue-backed notes secured by media distributions or sponsorship income, or grant extended licenses of branding and commercialization rights in exchange for substantial upfront payments. When properly structured, these arrangements can provide liquidity while preserving institutional control over athletic operations.

However, particularly at public universities, such structures carry heightened legal and political complexity. Boards must carefully evaluate compliance with public-purpose doctrines and any applicable state constitutional limitations on debt issuance, asset transfer, or long-term encumbrances. Tax implications for private and public institutions require particular scrutiny, including preservation of tax-exempt status and adherence to private-use restrictions on facilities financed with tax-exempt bonds that may be triggered when commercial rights are conveyed to private counterparties. This tax diligence is dispositive to feasibility: a university-level private-equity investment can be structured to avoid debilitating tax consequences only if the transaction preserves tax-exempt status and manages unrelated-business-income exposure.

Representative Securitization Structure



Critical Issues:

- Effective cost of capital
- Valuation
- Legal compliance
- Tax implications
- Constrained strategic optionality

These same tax and entity-structuring questions (including entity choice, control, for-profit versus nonprofit status, and UBIT exposure) arise in the equity structures discussed above, and institutions should apply the same analytical framework described in that discussion rather than treating securitization-related tax diligence as a separate inquiry.

Securitization and long-term licensing arrangements inherently encumber future revenue streams or institutional intellectual property for extended periods—often decades. This can meaningfully constrain strategic optionality, including the ability to renegotiate media agreements, pursue conference realignment, restructure sponsorship portfolios, or adapt commercialization strategies in response to market evolution. What appears to be an efficient monetization tool today may limit flexibility tomorrow.

Accordingly, fiduciary analysis is modeling-intensive and must focus on the durability and growth trajectory of the underlying revenue stream as well as on whether pricing appropriately reflects its long-term value. As with revenue-participation structures, boards should assess not only the liquidity generated at closing, but the cumulative economic cost over time. Where future upside is substantial, undervaluation at inception can impose lasting structural constraints. Securitization and licensing are not merely technical financing tools; they are strategic decisions about how much of the institution's future economic capacity to commit in the present.

Conference-Level Monetization vs. Institutional Monetization

Another structural question concerns the appropriate locus of monetization. Monetization can occur at the conference layer or within individual institutions. Hybrid models, in

which monetization occurs at both the conference- and institutional-level, are also possible. A timely example is the Big 12's business development partnership with RedBird Capital and Weatherford Capital discussed above. The deal, which involved no sale of equity or governance rights, provided the conference with a capital infusion of at least $12.5 million for revenue-generating initiatives and established a strategic partnership to source new commercial opportunities. It also offered each of the 16 member schools an optional credit line of up to $30 million, demonstrating a hybrid approach that combines conference-level strategic alignment with institution-level capital access. Ross Dellenger, *Sources: Big 12 lands private capital deal*, Yahoo Sports (Apr. 29, 2026), https://sports.yahoo.com/college-football/article/sources-big-12-lands-private-capital-deal-210932906.html. Such structures may diversify risk, preserve institutional autonomy, and create scale efficiencies, but they also embed long-term revenue-sharing commitments across member schools.

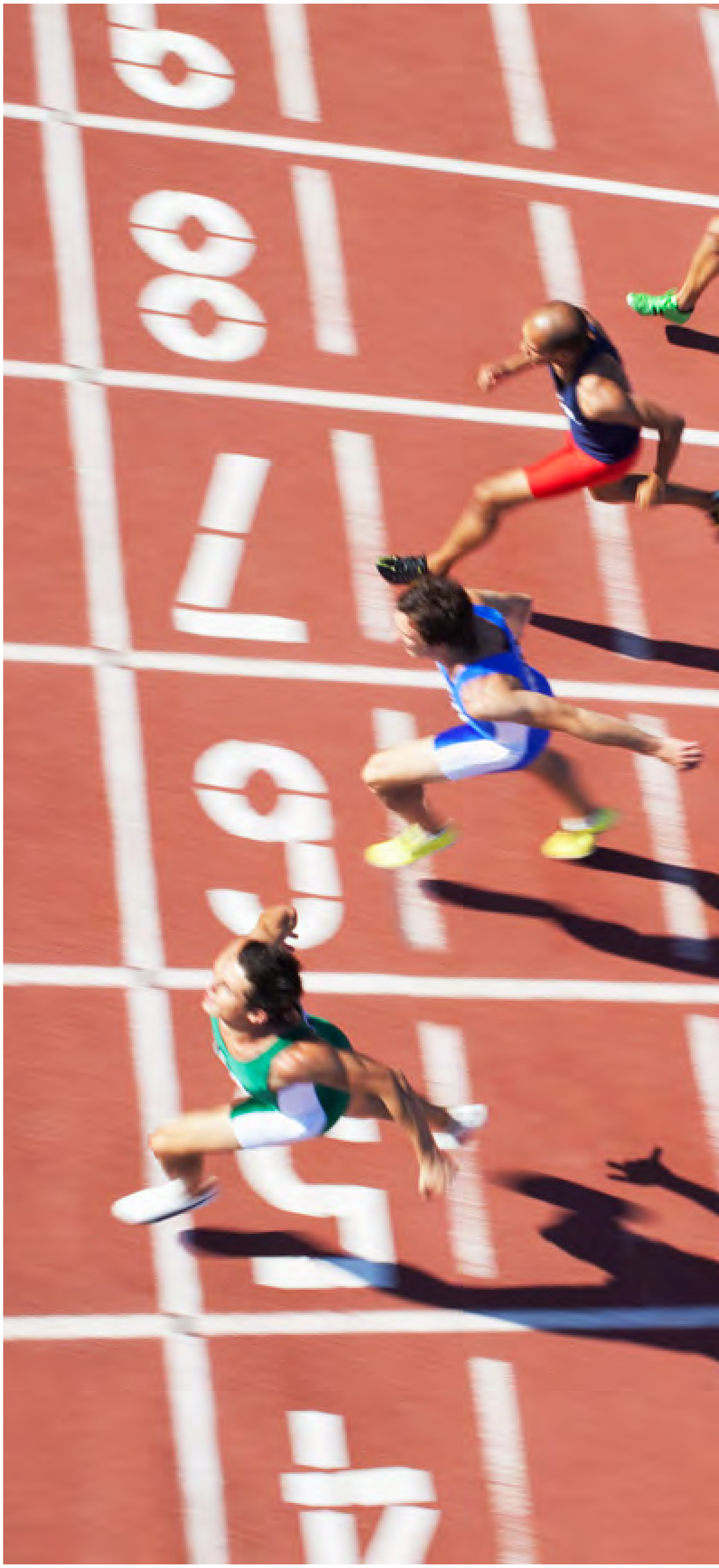
Other conferences have tinkered with their distribution model. For example, the ACC adopted a tiered allocation structure in connection with the resolution of its disputes with Clemson and Florida State. Under the revised model, 60% of the Conference's television revenue is allocated through a pool distributed based on a rolling five-year viewership formula, while the remaining 40% is distributed equally among member schools. Steve Reed, *ACC, Clemson, Florida State Approve Settlement to End Legal Fight, Change Revenue-Distribution Model*, Associated Press (Mar. 4, 2025), https://apnews.com/article/acc-clemson-florida-state-settlement-ff0e963f64e06664c9dc7db18958f1e6. The structure creates potential upside for higher-viewership programs, reportedly $15 million or more annually for top earners, while lower-viewership schools could see reductions of approximately $7 million. *Id.*

Alternative models operate at the media or commercialization affiliate level, where equity or revenue entitlements attach to defined revenue streams without directly affecting core university governance. Still others involve school-level equity or hybrid donor-investor vehicles tied to institution-specific brands.

The structural distinction matters. Conference-level monetization reallocates economics across a collective of institutions and may affect competitive balance within and across leagues. Institutional monetization places risk and governance pressure directly on a single university. Mixed models—combining conference participation with school-level commercialization vehicles—further complicate capital structure analysis.

For fiduciaries, the analytical obligation extends beyond the transaction itself to its structural placement. Boards must understand not only the financial terms of a deal, but also where within the athletics ecosystem value is being monetized—and how that choice affects control, flexibility, and long-term institutional positioning. In addition to the strategic considerations, these decisions involve complex value allocation determinations that must undergo due diligence for boards to properly assess various conference-driven transaction proposals. Such allocations may be subject to significant debate among member institutions, involving potential conflicts between performance-based metrics, equal-share distributions, and other fairness standards that must be carefully negotiated and codified in the conference agreements.

04
The Dilemma: Balancing Market Pressures and Institutional and Fiduciary Obligations



As the financial scale and complexity of college athletics expands, institutional decision-making must evolve alongside it. Transactions in athletics are now more than ever significant capital allocation decisions with long-term financial and governance consequences. Boards and university administrators must therefore approach athletics financing with analytical rigor. This section examines fiduciary duties, highlights common structural risks in emerging capital strategies, and outlines the process discipline required for institutions to evaluate these transactions responsibly.

Fiduciary Duties and Constraints on University Oversight

Governing boards of both public and private universities considering new capital strategies for athletics owe core fiduciary duties of care, loyalty, and institutional stewardship that apply equally regardless of institutional type. Public

NIL and revenue-sharing demands force athletics to operate across multiple institutional domains encompassing education, business, branding, compliance, and professional development.

universities, however, must navigate an additional governance layer that differs materially from that of private institutions. Because public universities operate as governmental or quasi-governmental entities, their financial decisions are shaped not only by economic considerations and fiduciary duties but also by public law constraints. The legal framework governing public institutions imposes structural limitations on how assets may be monetized, how capital transactions are structured, and how institutional decision-makers must exercise oversight, on top of the fiduciary duties shared with private institutions. The following sections first outline the core fiduciary responsibilities applicable to all university governing boards, public and private alike, and then address the additional constraints that arise specifically in the public institution context.

Core Fiduciary Duties of University Governance

Boards of regents or trustees overseeing universities operate under fiduciary obligations. Although the precise contours vary by state statute and by institutional charter, courts and governance authorities generally recognize that university governing boards owe duties of care, loyalty, and institutional stewardship when managing university assets and approving significant financial transactions. *See* Restatement (Third) of Trusts § 77 (Am. L. Inst. 2007) (recognizing the duty of prudent administration requiring fiduciaries to act with reasonable care, skill, and caution); Ass'n of Governing Bds. of Univs. & Colls., *Effective Governing Boards: A Guide for Members of Governing Boards of Independent Colleges and Universities*, at 9–10 (2010).

These fiduciary obligations operate within the distinctive governance framework that characterizes American higher education. Unlike many international systems in which universities are controlled either by faculty or by the state, the American model places institutional authority in the hands of such boards, noting that the United States widely follows a governance system that "puts control in the hands of a lay governing board ("lay" meaning nonfaculty)." Judith C. Areen, *Governing Board Accountability: Competition, Regulation, and Accreditation*, 36 J.C. & U.L. 691, 694 (2010), https://scholarship.law.georgetown.edu/facpub/373/. This governance structure is historically significant because it helped produce a system in which universities enjoy substantial institutional autonomy. Governing boards "helped to promote academic excellence by providing American colleges and universities with significant autonomy from government control." *Id.* at 692.

Tax-exempt institutions operate in furtherance of a recognized public purpose and must serve public rather than private interests.

Within this framework, the duty of care requires trustees at both public and private institutions to act with informed judgment and reasonable diligence when making institutional decisions. In practice, this obligation typically entails reviewing relevant financial and legal analyses, understanding the economic implications of proposed transactions, and engaging in deliberate board processes before approving long-term commitments such as debt issuances, licensing arrangements, or equity partnerships. Courts evaluating fiduciary conduct in governance contexts have emphasized that decision-makers must inform themselves of "all material information reasonably available" before acting. *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985). Although that decision addressed corporate directors, it articulates the benchmark for fiduciary diligence applicable to governing boards of both public and private universities alike, not as a standard specific to either audience. The duty of care extends to protecting the tax-exempt status of private institutions and affiliated nonprofit § 501(c)(3) foundations.

University trustees at both public and private institutions also owe a duty of loyalty, requiring them to act in the best interests of the institution and avoid conflicts of interest or transactions that improperly benefit private parties. In the university context, this duty takes on particular significance when institutions enter into complex arrangements with private investors, sponsors, or commercial partners. Trustees must confirm that institutional assets—including intellectual property, media rights, and revenue streams—are not transferred or encumbered on terms that disproportionately advantage private counterparties without adequate institutional benefit.

In addition to traditional duties of care and loyalty, university governing boards operate with a form of institutional or mission-based stewardship. Because universities are educational institutions, fiduciary oversight necessarily encompasses preservation of academic mission, institutional integrity, and long-term reputation. Governing boards, therefore, function not merely as financial decision-makers but as stewards of an academic enterprise whose objectives extend beyond economic return. NIL and revenue-sharing demands force athletics to operate across multiple institutional domains "encompass[ing] education, business, branding, compliance, and professional development." Univ. of S. Fla., *The CEO Era of College Athletics*, at 5 (2026).

A core governance claim is that structure must match institutional risk and complexity. "As athletics grows in financial scale and regulatory complexity, the scope of responsibility changes." Univ. of S. Fla., *The CEO Era of College Athletics*, at 11 (2026). These fiduciary principles carry practical implications for athletics-related capital decisions. Approving private capital investments, revenue-participation arrangements, or long-term licensing agreements requires boards to demonstrate that they exercised informed judgment, evaluated reasonable alternatives, and structured transactions in a manner that preserves institutional autonomy and academic mission alongside financial value.

Tax Implications

Tax-exempt institutions operate in furtherance of a recognized public purpose and must serve public rather than private interests. Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii). The Supreme Court has explained that entities benefiting from tax-exempt status must serve public purposes and not act in a manner "contrary to established public policy." *Bob Jones Univ. v. United States*, 461 U.S. 574, 586–92 (1983). While *Bob Jones* arose in the context of § 501(c)(3), its articulation of the public-purpose requirement reflects a broader principle applicable to institutions operating within a public or quasi-public framework.

In addition, preservation of tax-exempt status and compliance with federal tax rules governing private benefit, private inurement and private use of facilities financed with tax-exempt bonds require careful structuring when commercialization rights or revenue streams are conveyed to private counterparties. *See* I.R.C. § 501(c)(3); Treas. Reg. § 1.501(c)(3)-1(c)(2) (prohibiting inurement of net earnings to private individuals).

Tax exemption risk often turns on the private benefit doctrine. A § 501(c)(3) organization can lose exemption if it serves a private interest more than incidentally, and the doctrine can apply even to fair market value transactions with independent counterparties if deal terms excessively favor private interests. Treas. Reg. § 1.501(c)(3)-1(c)(1); 1990 IRS Exempt Organizations Continuing Professional Education Text, Overview of Inurement/Private Benefit Issues in IRC 501(c)(3). Although public universities are generally treated as governmental entities rather than § 501(c)(3) organizations, similar private-benefit and private-use principles apply in structuring tax-advantaged financing and commercialization arrangements. Both public and private institutions are also subject to, and need to contend with, rules related to unrelated business taxable income and the associated UBIT.

Additional Constraints and Duties Applicable to Public Universities

In addition to the core fiduciary duties of care, loyalty, and institutional stewardship described above which apply equally to public and private university governing boards, public universities operate within a distinct legal and political framework that materially shapes how athletic capital transactions can be structured and executed. Layered on top of those shared fiduciary duties, public universities must navigate additional layers of statutory, constitutional, and political oversight that extend well beyond purely financial considerations and that do not apply, or apply differently, to private institutions. Transactions that might be routine in professional sports or private-sector enterprises often implicate public law doctrines and accountability standards unique to governmental or quasi-governmental entities.

Common constraints include public procurement requirements governing bidding processes, contracting procedures, and advisor selection, as well as public records laws (e.g., FOIA) that mandate transparency. State constitutional provisions may limit debt issuance, restrict the transfer or encumbrance of public assets, or impose procedural safeguards for long-term financial commitments. Taxpayer standing doctrines can create litigation risk where transactions are perceived as exceeding institutional authority or diverting public assets for private gain. Public-purpose requirements may mandate that university actions demonstrably advance educational or institutional objectives, particularly when entering into revenue-sharing, equity, or licensing arrangements with private counterparties.

State attorneys general add a further layer of oversight distinct from board-level fiduciary review. In many states, the attorney general has statutory or common-law authority to review, investigate, or intervene in transactions involving public assets, including athletics-related commercial arrangements at public universities. Depending on state law, certain long-term commitments or transfers of public assets may require attorney general approval or notice before they can be finalized. Boards and administrators should factor this additional layer of political and legal accountability into transaction timelines and structuring, recognizing that attorney general engagement can extend deal timelines, introduce additional disclosure requirements, or otherwise affect the feasibility of a proposed structure.

As NIL markets expand into multibillion-dollar territory and revenue-sharing pools exceed $20 million annually at major institutions, political scrutiny intensifies. Legislators, regents, faculty, alumni, and the broader public may question whether the commercialization of athletics aligns with institutional mission and responsible stewardship of public resources. What may appear financially rational can nevertheless become politically contentious.

Accordingly, fiduciary analysis at public universities must extend beyond financial modeling and capital structure optimization. Boards must evaluate legal defensibility, statutory compliance, and public accountability alongside economic considerations. Structures that might be economically efficient in a private context require careful adaptation to avoid regulatory exposure, mission misalignment, or reputational harm. Moreover, any transaction must be weighed against its potential to alienate key donors, as the loss of philanthropic support can create financial and reputational headwinds that undermine the transaction's perceived benefits. In a public institution environment, stewardship encompasses not only return on capital but also the preservation of institutional legitimacy and public trust.

Fiduciary Risk Flags

Certain recurring risk indicators warrant heightened scrutiny in athletics financing decisions.

Long-Term Liabilities vs. Immediate Liquidity

First, trading long-term flexibility for short-term liquidity remains a central concern. As Mid-American Conference Commissioner Jon Steinbrecher observed in discussing private capital proposals, "[i]s it an investment or is it a loan? A loan's not exactly what I need right now. I'm just kicking the can down the road for the next AD or commissioner or president." Chris Smith, *Utah's Private Equity Plan Sparks Intense Discussion Among Top Collegiate Decision-Makers*, Sports Bus. J. (Dec. 12, 2025), https://www.sportsbusinessjournal.com/Articles/2025/12/12/utahs-private-equity-plan-sparks-intense-discussion-among-top-collegiate-decision-makers/. This sentiment was echoed more pointedly by University of Michigan regents, who publicly dismissed a proposed conference-level private equity deal as a "payday loan" and a "bail out" for other member schools that had mismanaged their finances. The Big Ten's proposed conference-level investment deal remains unconsummated. Ross Dellenger, *Big Ten execs pressing to make $2.4 billion investment deal — without Michigan and USC if needed*, Yahoo Sports (Nov. 9, 2025), https://sports.yahoo.com/college-football/breaking-news/article/sources-big-ten-execs-pressing-to-make-24-billion-investment-deal--without-michigan-and-usc-if-needed-140045573.html. The concern reflects a broader governance question: does monetizing future revenue streams merely shift financial strain to future leadership?

Second, facilities financing can create similar structural exposure. While such projects may enhance recruiting and fan engagement, they illustrate how long-duration capital commitments can materially increase institutional leverage when revenues fluctuate. Scott Dochterman, *What We Learned From the Finances of the Big Ten's First Year as an 18-Team Conference*, The Athletic (Feb. 26, 2026), https://www.nytimes.com/athletic/7071017/2026/02/26/big-ten-financial-reports-2025/.

Finally, exit mechanics require particular care. A sports investment banker recently cautioned: "one of the best ways to blow up a school is if you have puts and calls at the end, where the private equity firm can force an exit, and the school has to come up with the money to pay for it." Chris Smith, *Utah's Private Equity Plan Sparks Intense Discussion Among Top Collegiate Decision-Makers*, Sports Bus. J. (Dec. 12, 2025), https://www.sportsbusinessjournal.com/Articles/2025/12/12/utahs-private-equity-plan-sparks-intense-discussion-among-top-collegiate-decision-makers/. The proposed alternative in that context was a "very long revenue entitlement" with "no actual formal exit." *Id.* These structural design choices materially affect long-term institutional exposure.

Taken together, these risk flags reinforce a core fiduciary principle: athletics commercialization may be necessary in the modern landscape, but it must be executed through disciplined process, conservative downside modeling, and governance structures aligned with long-term institutional stewardship.

Governance and Contractual Risk

A significant risk for private investors—and therefore a key diligence area for university fiduciaries—lies within the complex web of existing governing documents. University charters, bylaws, and particularly conference agreements can contain restrictive clauses that may complicate an investor's ability to secure their investment or realize a return. For instance, conference exit penalties or clauses governing the ownership and transfer of media rights could materially impact the long-term value of the assets being monetized. This legal and contractual complexity underscores the need

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As NIL markets expand into multibillion-dollar territory and revenue-sharing pools exceed $20 million annually at major institutions, political scrutiny intensifies.

for advisors with experience negotiating these intricate agreements. Relevant expertise is essential to structure transactions that mitigate these risks, ensuring the university does not enter into a partnership that is unworkable for either the university or its capital partner.

Legislative and Regulatory Risk

The influx of private capital in college athletics introduces a potentially significant regulatory risk. On April 3, 2026, President Donald J. Trump signed Executive Order 14400, Urgent National Action to Save College Sports, building on an earlier July 2025 college-sports executive action. Its operative provisions took effect August 1, 2026 and apply most directly to federally funded institutions generating at least $20 million in annual athletics revenue, directing federal agencies to weigh an institution's compliance with athletics rules, including revenue-sharing and financial practices, when awarding or maintaining federal grants and contracts. The order also calls for reporting of athletics participation and spending by sex. Exec. Order No. 14400, Urgent National Action to Save College Sports, 91 Fed. Reg. 18267 (Apr. 9, 2026).

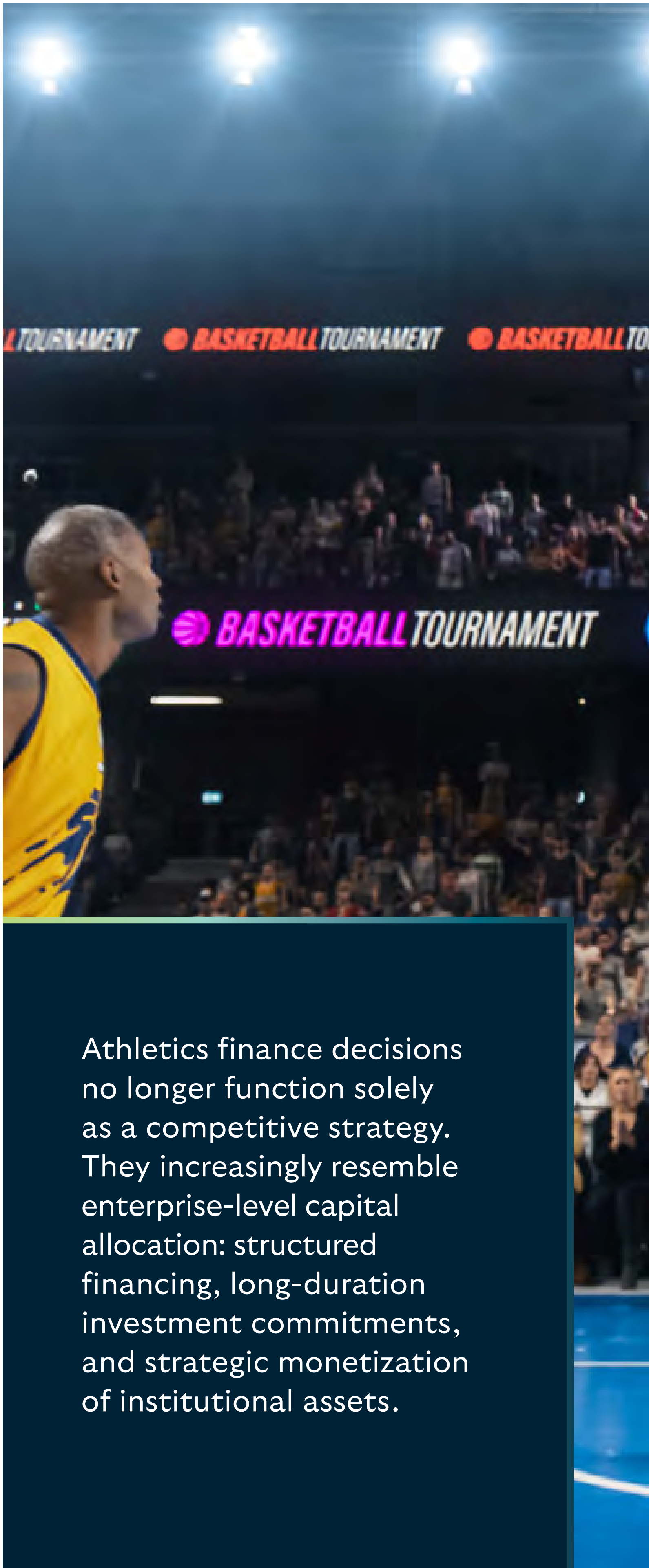
In May 2026, a White House committee began circulating a draft of ideas that would fundamentally restructure collegiate sports governance. The proposals reportedly include the creation of a new College Sports Reform Task Force established within the NCAA but overseen by Congress. This new entity would be armed with limited antitrust exemptions, the authority to override state laws, and the power to implement reforms such as capping coaches' salaries and creating new rules to slow player movement in the transfer portal. Brandon Marcello, *Salary caps, a Group of Six playoff, antitrust shield: The White House's early ideas for college sports reform*, CBS Sports (May 8, 2026), https://www.cbssports.com/college-football/news/white-house-college-sports-reform/.

Other congressional activity includes proposals like the Protect College Sports Act, the Student Athlete Fairness and Enforcement ("**SAFE**") Act, and the long-gestating Student Compensation and Opportunity through Rights and Endorsements ("**SCORE**") Act, which, according to the White House committee's plan, would be presented to Congress to grant the NCAA and its new task force permanent antitrust protection for any rules it establishes. *Id.;* S. 2932, 119th Cong. (2025). As of August 18, 2026, the SAFE Act remains pending in the Senate Commerce Committee. *Id.*

The SCORE Act has twice been pulled from the House floor without a vote, first in December 2025 and again in May 2026 amid opposition from the Congressional Black Caucus and other House Democrats, underscoring a broader historical pattern in which dozens of college sports reform bills have failed to advance. Matthew Glenesk and John Brice, *Congress Pulls SCORE Act—Raising New Questions About College Sports Reform*, USA Today (May 19, 2026), https://www.usatoday.com/story/sports/college/2026/05/19/congress-pulls-score-act-raising-new-questions-about-college-sports-reform/90155765007. Senators Ted Cruz and Maria Cantwell recently introduced a competing bipartisan bill, the Protect College Sports Act of 2026, S. 4668, 119th Cong. (2026), which the Senate Commerce Committee reported favorably by a bipartisan 19-9 vote on June 18, 2026. Senate Comm. on Commerce, Sci. & Transp., *Protect College Sports Act Heads to Senate Floor* (June 18, 2026), https://www.commerce.senate.gov/press/rep/release/protect-college-sports-act-heads-to-senate-floor/. A companion bill introduced in the House, H.R. 9137, 119th Cong. (2026), remains pending in the House Judiciary, Energy and Commerce, and Education and Workforce Committees as of this writing.

As of August 18, 2026, the Protect College Sports Act has advanced procedurally but remains unresolved. Senate Majority Leader John Thune filed cloture on the motion to proceed to S. 4668 on August 5, 2026, and the White House issued a Statement of Administration Policy on August 6, 2026 supporting passage of the bill. 172 Cong. Rec. S4449 (Aug. 5, 2026); Statement of Administration Policy, S. 4668—Protect College Sports Act of 2026 (Aug. 6, 2026).

The updated bill text includes material revisions addressing athlete retention funds of up to $22.5 million, or $27.5 million if schools invest in NIL for women's and Olympic sports, a nine-year path to elimination of the revenue-share cap unless Congress acts, and revised NIL, agent, eligibility, and disclosure provisions. U.S. Senate Committee on Commerce, Science, & Transportation, *Updated Bipartisan Protect College Sports Act Will Stabilize College Sports, Codify Athletes' Rights & Protections in Law & Expand Athlete Compensation Opportunities* (Aug. 5, 2026), https://www.commerce.senate.gov/press/dem/release/updated-bipartisan-protect-college-sports-act-will-stabilize-college-sports-codify-athletes-rights-protections-in-law-expand-athlete-compensation--opportunities/. The Senate did not vote before the August



Athletics finance decisions no longer function solely as a competitive strategy. They increasingly resemble enterprise-level capital allocation: structured financing, long-duration investment commitments, and strategic monetization of institutional assets.

recess, however, and debate on the motion to proceed is now scheduled no earlier than September 15 and no later than September 23, 2026. 172 Cong. Rec. S4553 (Aug. 7, 2026).

Even if the Protect College Sports Act clears the Senate, however, it would still face an uncertain path through the narrowly divided House, where the same dynamics that stalled the SCORE Act remain in place. That uncertainty is heightened by continued opposition from the Congressional Black Caucus, the NAACP, and the AFL-CIO, as well as the absence of meaningful House movement on H.R. 9137. Matthew Glenesk and John Brice, *Congress Pulls SCORE Act—Raising New Questions About College Sports Reform*, USA Today (May 19, 2026), https://www.usatoday.com/story/sports/college/2026/05/19/congress-pulls-score-act-raising-new-questions-about-college-sports-reform/90155765007. For university fiduciaries, this political dimension adds another layer of complexity, reinforcing the need to structure any capital partnership in a way that is not only financially and legally sound but also resilient to fundamental shifts in public policy and regulation.

Valuation Discipline and Commercial Benchmarking

As universities consider monetizing athletics assets—whether through debt, equity, or revenue-participation structures—valuation discipline becomes central to fiduciary compliance. Any transaction that sells, encumbers, or shares future revenue streams necessarily implies an enterprise value for the athletic program or the revenue-generating affiliate in question. Boards must therefore ask: what is the implied enterprise or asset valuation embedded in the transaction? How does one consider complicated capital structures with preferred equity or other securities senior to common equity? What multiple of revenue or EBITDA is being applied? And how do those multiples compare to relevant market benchmarks? What is an appropriate weighted average cost of capital to utilize in a discounted cash flow ("**DCF**") valuation?

Professional sports franchises provide one reference point. NFL franchises have historically traded at approximately 10–11x revenue, though recent market activity indicates these multiples are expanding. Justin Teitelbaum, *T*he NFL's Most Valuable Teams 2025, Forbes (Aug. 28, 2025), (finding NFL franchises now command an average 10.7x revenue multiple), https://www.forbes.com/sites/justinteitelbaum/2025/08/28/the-nfls-most-valuable-teams-2025/. Meanwhile, NBA transactions often command higher double-digit revenue multiples. Justin Teitelbaum and Brett Knight, *The Most Valuable NBA Teams 2025*, Forbes (Oct. 23, 2025) (finding NBA teams now command an average 12.9x revenue multiple, up from 11.7x the prior year and 7.3x in 2019–20, with recent transactions such as the Boston Celtics sale valued at roughly 14.6x revenue and the Portland Trail Blazers sale at roughly 11.8x revenue), https://www.forbes.com/sites/justinteitelbaum/2025/10/23/the-most-valuable-nba-teams-2025. Media and entertainment companies may trade at different but equally instructive benchmarks, depending on growth trajectory and asset durability.

While collegiate athletics is not identical to professional sports, it competes in the same live-content marketplace and increasingly shares structural economic characteristics. Rote application of these professional-sports multiples implies that many top Division I football programs are billion-dollar franchises on a stand-alone basis. But the comparison is imperfect. Revenue multiples ignore margins, which are widening for professional franchises with defined labor structures and growing media rights, yet thin to nonexistent for colleges facing unsettled labor costs and arms-race spending. Moreover, no college program has ever been sold, leaving the exercise theoretical—at least for now. Still, the lack of historical valuation precedent is no longer a defense for boards when considering the impact of financial and strategic decisions on the athletic programs they are entrusted to administer.

The fiduciary question is not whether collegiate programs should be valued identically to professional franchises, but whether boards have rigorously benchmarked proposed transactions against credible comparables. If valuation is anchored primarily to historical university accounting—rather than forward-looking commercial economics reflecting NIL growth, media durability, and brand expansion—institutions risk undervaluing long-term assets in exchange for short-term liquidity. Selling or encumbering future revenue without disciplined benchmarking may expose boards to claims that they failed to exercise reasonable diligence in protecting institutional value.

Balancing Competitive and Financial Goals

Athletics finance decisions no longer function solely as a competitive strategy. They increasingly resemble enterprise-level capital allocation: structured financing, long-duration investment commitments, and strategic monetization of institutional assets. Issuing 30-year bonds for a stadium renovation, selling a minority stake in a commercialization affiliate, or entering into a revenue-participation arrangement tied to media rights are not tactical coaching decisions. They are capital structure decisions with multi-decade implications for flexibility, governance, and institutional risk.

As compensation becomes institutionalized through revenue sharing and NIL markets scale into the billions, boards and senior administrators must continue to evaluate athletic transactions through a fiduciary lens. Duties of care and institutional stewardship require informed evaluation of alternatives, independent financial analysis where appropriate, stress testing of revenue assumptions, and documented deliberation regarding long-term consequences. Approving debt issuance, equity transactions, or revenue-participation structures without such rigor exposes the institution not only to financial risk but also to governance and reputational risk. In this new world, process discipline is not optional—it is a core component of fiduciary compliance.

To fulfill these obligations, university leadership must apply analytical rigor consistent with corporate finance practice. A defensible process should include a comprehensive strategic alternatives analysis that evaluates viable structural and financial options rather than assessing a single proposal in isolation. A meaningful and professionally run market check—potentially including the solicitation of competing proposals—helps demonstrate informed judgment and protects against undervaluation. Comparative financial benchmarking against peer institutions and relevant professional sports transactions further strengthens the institutional record. From a valuation perspective, established methodologies such as DCF analysis and precedent transaction analysis are critical to determining intrinsic value and assessing whether proposed terms reflect fair market economics. An assessment of the broader capital markets environment and its impact on prospects for transactional execution is another important consideration. The objective is not to transform universities into private enterprises, but to ensure that stewardship of public or nonprofit assets reflects reasonable diligence and long-term institutional perspective.

05
The Solutions: A Potential Structural and Fiduciary Framework

NIL frameworks will evolve. Governance agility is emerging as a competitive advantage.

University of South Florida,
The CEO Era of College Athletics

Proposed Structural Framework

A central structural question remains for university decision-makers: not simply whether to execute a particular transaction, but how to assess the evolving range of transactional and strategic options consistent with the requirements to preserve institutional control, protect long-term optionality, and align with fiduciary obligations. Because NIL and enforcement frameworks remain fluid, a one-time policy fix is insufficient; boards need adaptive capacity. “NIL frameworks will evolve. Governance agility is emerging as a competitive advantage.” Univ. of S. Fla., *The CEO Era of College Athletics*, at 12 (2026).

For institutions focused on pursuing private capital, we recommend consideration of one emerging approach: the use of a university-controlled affiliate entity—often structured as a SPV—to house and operate certain athletics activities.

Under this model, the university separates certain commercial athletics functions from the core institutional structure by transferring or licensing defined revenue streams into a distinct legal entity. These assets may include sponsorship sales, multimedia rights, licensing and merchandising, ticketing operations, premium seating and hospitality, and other commercialization functions tied to athletics branding and media exposure. This structure reflects the broader transition identified earlier in this report: athletic departments are increasingly operating as large-scale economic enterprises within nonprofit institutional frameworks.

The defining feature of the affiliate model is functional separation combined with retained institutional control. Commercial operations are managed within the affiliate—often by professional executives or external operators—while governance authority remains with the university through board representation, ownership control, and contractual protections. In effect, the structure allows institutions to introduce professionalized commercial management without relinquishing authority over strategic decisions, including student-athlete compensation, conference alignment, and long-term program direction.

This model is consistent with trends already emerging in the market. As discussed in Section III, institutions are increasingly exploring ways to monetize defined revenue streams—through debt, equity, licensing, or revenue-participation structures—without encumbering the full institutional enterprise. The affiliate entity provides a vehicle for implementing those strategies in a more controlled and modular fashion.

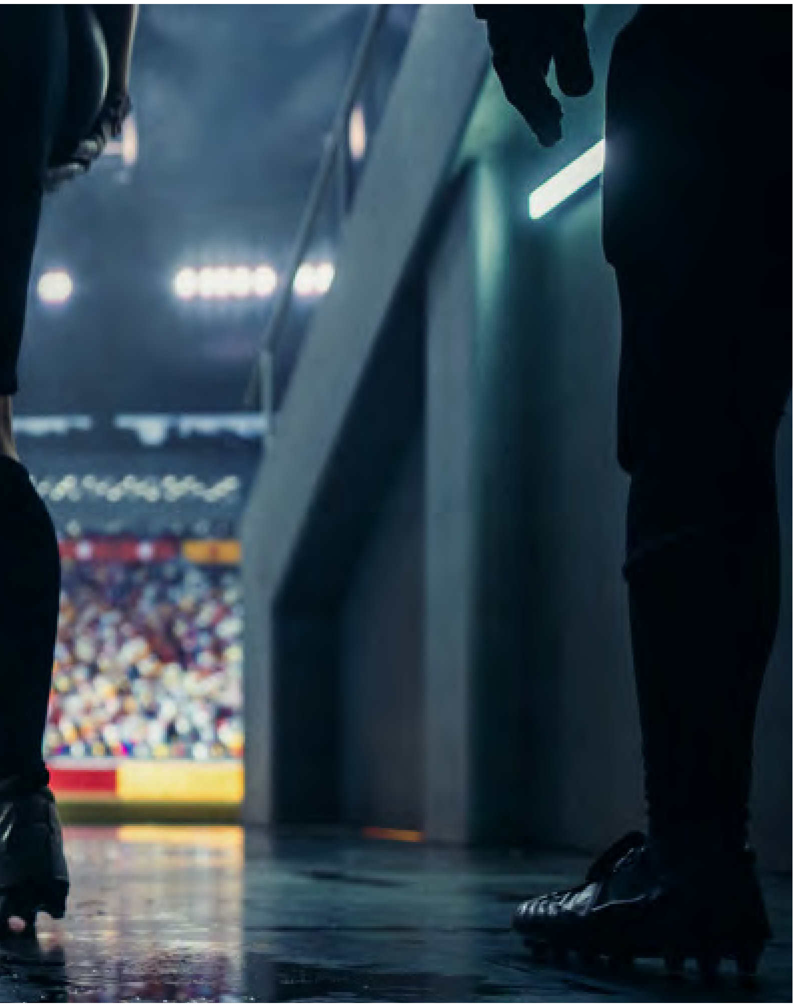
The University of Utah's recently closed deal illustrates the model's core features. There, the University created a for-profit affiliate, Crimson Brand Partners, to manage revenue-generating athletic operations while retaining majority ownership and governance control. Outside investors participate at the entity level rather than the institutional level, and decision-making authority over athletics and academic operations remains with the University. This approach reflects an effort to blend private capital access with public-university governance constraints, while structurally isolating commercial activities from core institutional functions.

From a capital perspective, the affiliate model offers several advantages. First, it creates a clear entry point for private

A private-equity firm seeking to make a minority investment into a university athletics affiliate will encounter a set of issues that recur across most private-capital transactions involving a university-controlled affiliate, regardless of the specific capital structure ultimately selected.

investment. Investors can take positions in the affiliate entity or participate in defined revenue streams. Second, the structure allows for risk isolation: financial obligations tied to commercialization activities can be contained within the affiliate rather than extending to the broader university balance sheet. Third, it enables flexible capital structuring, allowing institutions to combine elements of equity, revenue participation, licensing, or securitization within a single controlled framework.

At the same time, the affiliate model introduces new governance considerations. Because the entity is designed to generate commercial returns, the introduction of outside capital may create tension between revenue optimization and institutional mission. As this report has emphasized, university governing boards operate under duties of care, loyalty, and institutional stewardship. These obligations require that any structural separation of assets does not result in a de facto transfer of control, mispricing of institutional value, or erosion of long-term strategic flexibility.



Boards must evaluate not only the economic terms of any affiliate structure, but also its governance mechanics. Key considerations include ownership thresholds, board composition, approval rights, exit provisions, operating agreements, and the treatment of intellectual property and media rights over time. As noted earlier, transactions that appear to generate immediate liquidity may also "encumber future revenue streams or institutional intellectual property for extended periods," potentially limiting future strategic options.

Importantly, the affiliate model should not be viewed as a departure from fiduciary discipline, but rather as a framework for exercising that discipline. The commercialization of athletics—driven by NIL markets, revenue sharing, and expanding media revenues—has transformed athletics into a core component of institutional capital allocation. As a result, structural decisions regarding how assets are housed, monetized, and governed must be evaluated with the same rigor applied to other long-term institutional investments.

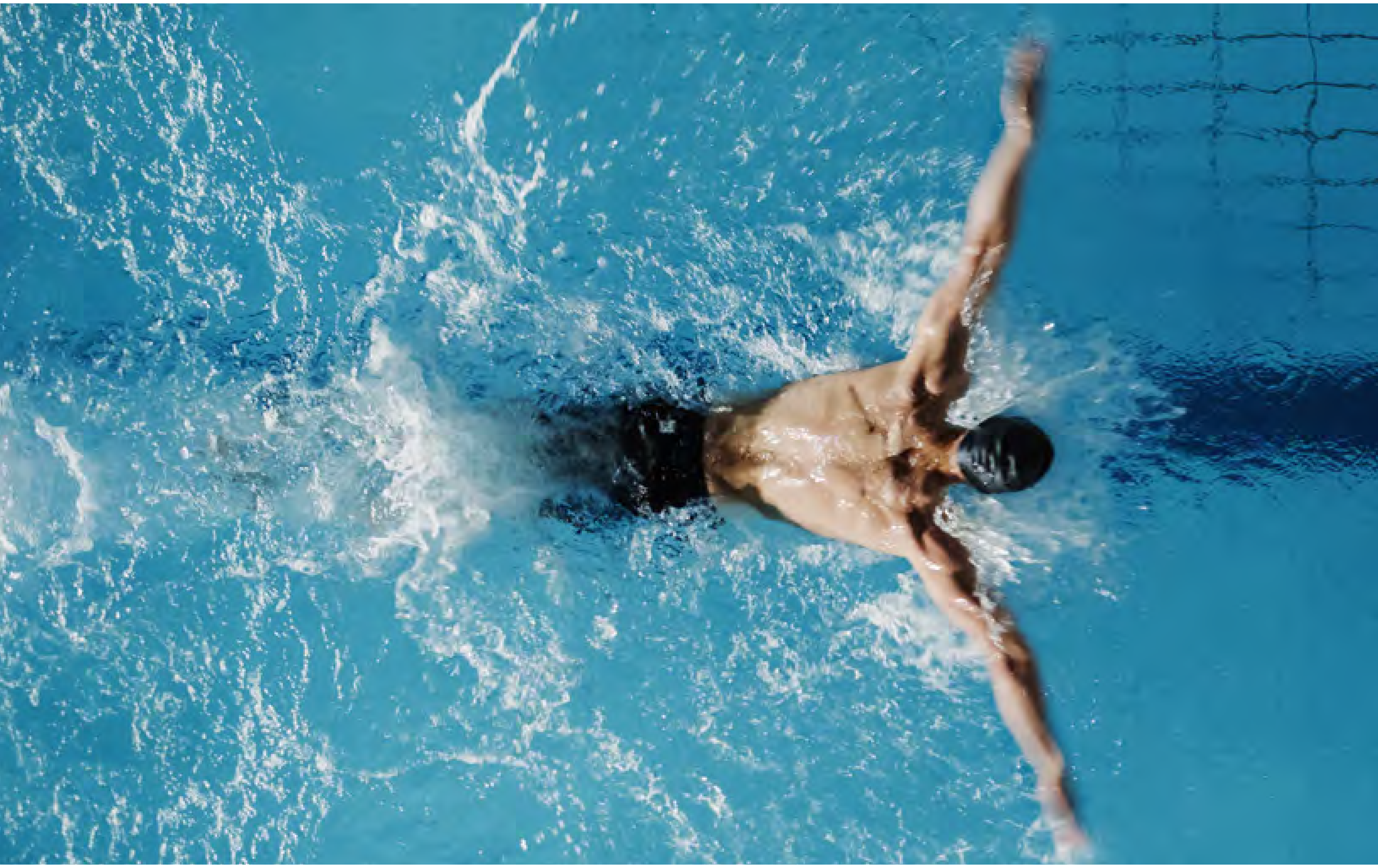
Properly designed, the affiliate entity model offers universities a pathway to reconcile two defining features of the modern college athletics environment. On one hand, athletics now operates within a fully commercialized marketplace characterized by media rights monetization, corporate sponsorship integration, and direct student-athlete compensation. On the other hand, universities remain mission-driven institutions accountable to students, regulators, and the public.

The affiliate structure provides a mechanism to participate in this evolving economic landscape while preserving the governance discipline, institutional autonomy, and long-term stewardship obligations that define higher education.

Leveraging the Affiliate to Execute a Private-Capital Transaction: An Issues List

Consider a private-equity firm seeking to make a minority investment in a university athletics affiliate. Working through that scenario surfaces a set of issues that recur across most private-capital transactions involving a university-controlled affiliate, regardless of the specific capital structure ultimately selected.

The first issue is ensuring that the arrangement with the private-capital investor does not jeopardize the institution's tax-exempt status. Because private equity cannot invest directly in a tax-exempt nonprofit § 501(c)(3) institution or



foundation, the institution must form a separate operating entity, typically a limited liability company, to hold the private-equity investment. When a tax-exempt § 501(c)(3) organization is considering a joint venture with a for-profit partner, the threshold question is whether the venture can be structured to further the institution's tax-exempt purposes and meet the requirements of applicable IRS joint venture guidance and whether the venture should be organized as a for-profit entity taxable as a corporation or a partnership. Rev. Rul. 98-15, 1998-1 C.B. 718. In a limited liability company taxed as a partnership, the activities of the partnership are attributed to its partners, such that the partnership itself must operate in a manner that furthers the institution's tax-exempt purpose. *Id.*

Practically, the institution must remain in control of the joint venture partnership, and such partnership must operate in furtherance of the institution's exempt purpose to limit any UBIT allocable to the institution and to protect the institution's § 501(c)(3) tax-exempt status. Having the joint venture partnership's primary purpose further an exempt purpose can be at odds with the private-capital partner's investment thesis and goals and the scale of commercial activity in the venture.

Since most private equity institutional investors require the ability to receive a market-rate, potentially exit-driven, return that is often difficult to deliver through an entity that must further the institution's tax-exempt purposes and meet applicable requirements of IRS joint venture guidance, the institution can either interpose a SPV that is taxed as a corporation (commonly referred to as a "blocker") between the institution and joint venture partnership or form the joint venture as a corporation (or limited liability company taxed as a corporation) to mitigate UBIT flowing up to the institution. The choice of entity and structure of the SPV arrangement carries distinct tax consequences for both the institution and its foundation that should be evaluated at the outset.

From a fiduciary perspective, a full contribution of the athletic program's assets and revenues can simplify the transaction and maximize the enterprise value available to support a private-capital investment, but it also concentrates the institution's entire athletics enterprise.

Institutions and their advisors must assess whether it is possible to accept private investment, pay investors a market return, manage UBIT exposure and comply with applicable IRS joint venture guidance in a pass-through entity—that is, whether an institution can, in effect, have it both ways.

A related issue is ensuring that the arrangement does not jeopardize the tax-exempt status of any bonds issued to finance facilities to be used in generating revenues that will be shared with private-capital investors. In some cases, it may be necessary to redeem or defease outstanding tax-exempt bonds in order to eliminate the private use restrictions applicable to tax-exempt bond financed facilities.

The second issue is governance and operating agreement design. Where a private-capital partner is expected to provide professional management services in addition to capital, that arrangement is typically documented through an operating agreement that governs the SPV. That agreement must allocate governance authority and major-decision approval rights between the university or its foundation, on one hand, and the private-capital partner, on the other, addressing matters such as board composition, budget approval, hiring of key personnel, and approval thresholds for material transactions. As referenced above, the decision of whether the SPV will be structured as a for-profit limited liability company taxed as either a corporation or pass-through entity will impact a private-capital partner's governance rights.

The third issue is compliance and accreditation. Regardless of how the transaction is structured, the university must retain sufficient control over the affiliate to satisfy Title IX and other regulatory compliance obligations, as well as accreditation standards that require institutional oversight of academic-adjacent operations. A structure that cedes too much control to a private-capital partner risks undermining the university's ability to demonstrate the institutional oversight that regulators and accreditors expect.

The fourth issue is cross-subsidization. Many institutions rely on revenue generated by football and men's basketball to cross-subsidize non-revenue and Olympic sports, as discussed above. Institutions must evaluate whether a proposed structure preserves their ability to direct affiliate-generated revenue toward that purpose, or whether the structure limits that flexibility. Where cross-subsidization is not achievable within the structure as negotiated, institutions should plan in advance for how they will otherwise fund non-revenue generating and Olympic sports.

The fifth issue is capitalization and the treatment of *House* settlement revenue-share payments. Institutions must determine how the SPV will be capitalized, and what that capitalization structure means for the balance of the athletics operation that remains outside the affiliate. Relatedly, institutions must weigh the advantages and disadvantages of having the investment vehicle itself make *House* revenue-share payments to student-athletes, as opposed to keeping those payment obligations at the university level. Storing payment obligations within the investment vehicle may align compensation costs with the affiliate's revenue base and could be attractive to investors seeking direct visibility into that cost structure. Institutions and private-capital partners may consider granting true equity or synthetic equity to coaches and other staff within the SPV to align economic incentives and reduce traditional cash compensation expenses. Synthetic equity grants the recipient upside in the financial performance of the SPV without diluting equity ownership or impacting governance. The granting of synthetic equity can be used to avoid the recipient from being able to avail itself of state law rights in the SPV that are not legally able to be waived. Synthetic equity can take several forms based upon parties' economic objective, such as: phantom equity plan, equity appreciation rights, profit participation plan, and deferred compensation. For private institutions and foundations, any such arrangements would still need to be analyzed for compliance with the excess benefit transaction rules under Section 4958 of the Internal Revenue Code and to avoid prohibited private benefit and inurement.

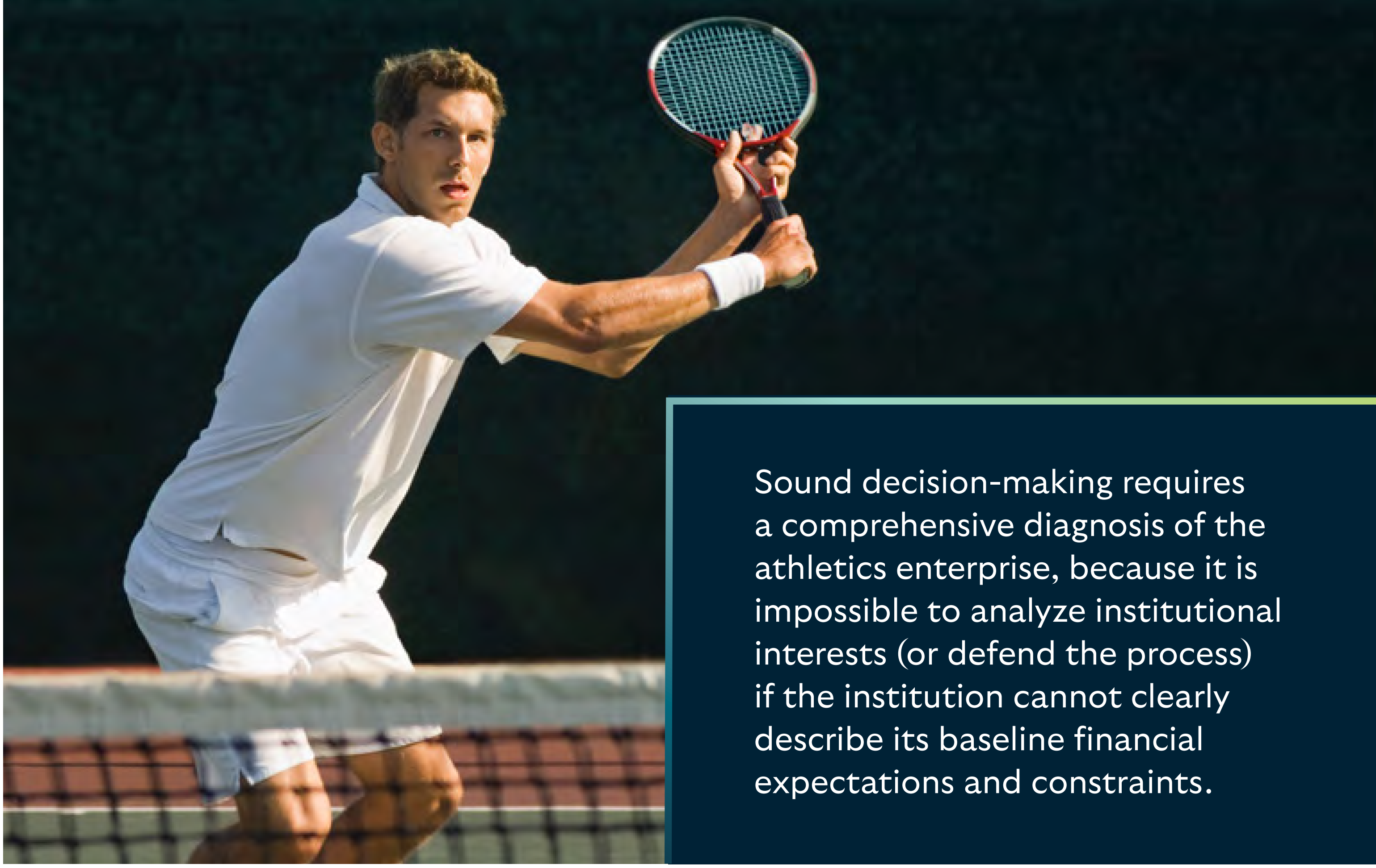
A sixth issue, distinct from entity choice but closely related to it, is scope: whether the university should contribute its entire athletic-department revenue base to the SPV, as contemplated by structures such as RedBird Capital's Collegiate Athletic Solutions model discussed above, or should instead contribute only a defined subset of revenue streams or commercial functions, as illustrated by the University of Utah's contribution of licensing, sponsorship, multimedia-rights, ticketing, and concessions operations to Crimson Brand Partners while retaining other athletic-department functions and revenues outside the affiliate. This scope decision carries independent fiduciary, legal, and tax significance that institutions should analyze separately from the other issues described above.

From a fiduciary perspective, a full contribution of the athletic program's assets and revenues can simplify the transaction and maximize the enterprise value available to support a private-capital investment, but it also concentrates the institution's entire athletics enterprise—including revenue streams that support non-revenue and Olympic sports through cross-subsidization, as discussed above—inside a single vehicle in which a private investor holds an economic, and potentially a governance, interest. Boards contemplating a full contribution should consider whether they have preserved sufficient contractual or governance mechanisms to continue directing resources toward broad-based athletic offerings and Title IX compliance regardless of the affiliate's own commercial priorities. A partial contribution, by contrast, can allow an institution to ring-fence particular revenue streams or functions for private investment while retaining full, unencumbered control over the remaining athletic-department operations and their associated obligations, but it may also reduce the enterprise value or operational scope available to the venture and can complicate valuation and governance where the contributed and retained functions are commercially or operationally intertwined.

We do not attempt to resolve each of these questions in this report, and reasonable institutions may reach different conclusions depending on their specific circumstances, state law, and risk tolerance. Rather, our point is that these questions are complicated, cut across corporate, tax, governance, and regulatory considerations, and are challenging without careful structuring. That complexity is precisely why institutions should engage experienced counsel and advisors who are well versed in these issues before using an affiliate to execute an actual private-capital transaction, so that the institution benefits from guidance informed by the market's accumulated experience with these structures rather than working through these questions for the first time on its own.

A Fiduciary Decision-Making Model

Whether or not universities implement an affiliate or some other *structural framework*, university decision-makers must implement a sound *decision-making model*. The decision-making model is what establishes a defensible record; showing that the institution identified trade-offs, evaluated



Sound decision-making requires a comprehensive diagnosis of the athletics enterprise, because it is impossible to analyze institutional interests (or defend the process) if the institution cannot clearly describe its baseline financial expectations and constraints.

alternatives, tested assumptions, and acted with informed judgment in connection with all key athletics decisions. While the structural framework is optional and varied, the decisional model is not. To execute with a sound and consistent decisional model, we recommend universities follow these specific steps.

Set the Institutional Objective and the Board's Decision Posture

A defensible process begins by defining what "value" means for the institution (not for a single constituency). Our core premise is that athletics decisions must be treated as institutional decisions—balancing commercialization opportunities with educational mission, institutional autonomy, brand integrity, alumni sentiment, and long-term financial flexibility. That requires decision-makers to articulate, up front, the priorities that will govern trade-offs: competitive excellence and brand growth, financial sustainability amid expanding student-athlete-compensation models, preservation of broad-based sports offerings (along with the related governance sensitivities, including Title IX and program identity), and protection of institutional legitimacy and public opinion (especially for public institutions).

This step also sets the "decision posture" for the board or governing authority. Above, we emphasize that boards operate under fiduciary duties of care, loyalty, and institutional or mission-based stewardship—duties that demand informed judgment, a deliberate process, and the avoidance of transactions that disproportionately benefit private parties at the expense of the institution. In practice, universities should treat major athletics monetization or financing decisions as they would any other long-duration institutional commitment: elevate oversight, require complete information, and insist on a documented deliberative record with evidence that the board is seeking to fulfill this decision posture in implementing its decisions.

Build a Complete Fact Base on the Program's Economics, Constraints, and Risk

Sound decision-making requires a comprehensive diagnosis of the athletics enterprise, because it is impossible to analyze institutional interests (or defend the process) if the institution cannot clearly describe its baseline financial expectations and constraints. Our "Challenge" section above underscores that NIL has shifted from a permissive endorsement regime into a structurally significant, market-priced cost driver embedded in long-term planning. Above, we highlighted revenue and spending concentration in football and men's basketball, and the persistent cross-subsidization dynamic that can render even successful non-revenue sports structurally unprofitable—

turning what might appear to be "budget adjustments" into governance decisions that implicate mission, compliance, and program identity. Facilities and other long-duration obligations add a second layer of risk: multi-decade financing horizons can mismatch the pace at which competitive advantage erodes, requiring boards to evaluate not only whether spending improves competitiveness, but whether projected revenues can sustain obligations under varying competitive and economic scenarios.

Finally, the analysis must consider institutional constraints. For public universities in particular, we identified public law and accountability constraints (including procurement and contracting process requirements; constitutional or statutory limits affecting debt issuance and asset transfers or encumbrances; public-purpose expectations; and heightened political scrutiny when commercialization expands). Even for private or tax-exempt institutions, preservation of tax-exempt status and compliance with private benefit/private use principles can heavily influence structure selection when commercialization rights or revenue streams are conveyed to private counterparties. A framework that fails to surface these constraints early will predictably "discover" them late—when leverage is reduced and defensibility is weakened.

Complete a Strategic Alternatives Analysis

Universities should not assess a single proposal in isolation. Instead, they must build an institutional decision-making framework that mandates a comprehensive strategic alternatives analysis evaluating all viable structural and financial options.

The decision-making model should include: (1) operational strategy (what the department can change internally to improve the durability of revenues and manage the cost base in the NIL/revenue-sharing era); (2) commercialization strategy (how the institution monetizes brand equity, sponsorship inventory, in-venue/campus advertising, and other assets in ways that are consistent with institutional identity); and (3) capital strategy (how the institution funds long-duration investments and manages liquidity through debt structures, equity-style partnerships, revenue participation, multimedia-rights arrangements, and securitization/licensing approaches).

A crucial feature of this step is "structural placement"—whether value is monetized at the conference layer, the institution layer, or within an affiliate vehicle. Fiduciary analysis extends beyond the financial terms of the deal to where within the athletics ecosystem value is being monetized, because that choice materially affects control, flexibility, long-term institutional positioning, and competitive balance dynamics.

Impose Valuation Discipline, Market Checks, and Downside Protection

Universities should require valuation and market discipline as mechanisms that link economic opportunity to fiduciary defensibility. Above, we emphasized the risk of undervaluation—particularly when transactions are anchored to historical university accounting rather than forward-looking commercial economics reflecting NIL growth, media durability, and brand expansion. The board's job is to ensure that the institution has tested "intrinsic value" and "market value," and not merely accepted a counterparty's pricing narrative.

In practice, there are multiple components of a defensible record: comparative financial benchmarking against peer institutions and relevant professional sports transactions; established valuation methodologies, such as DCF analysis and precedent transaction analysis; and a meaningful market check, which may include soliciting competing proposals to demonstrate informed judgment and protect against undervaluation. This is not about turning universities into private enterprises, it is about ensuring stewardship of public or nonprofit assets reflects reasonable diligence and long-term institutional perspective.

Universities must also consider the downside of any proposed transaction. Boards should stress test key assumptions and model performance under adverse scenarios—particularly where obligations are long-duration and revenues may be volatile due to conference realignment risk, donor variability, or media-market shifts. Our discussion of debt, for example, calls for stress scenarios such as a material contraction in media revenue, donor contributions, or conference distributions, and highlights structural ring-fencing to ensure that creditor claims do not effectively reach core institutional assets or compromise broader university resources. Our discussion of equity and revenue participation similarly warns that exit mechanics (liquidity triggers, put/call rights, and forced recapitalizations) and revenue carve-outs can create structural encumbrances that become acute during underperformance or contraction.

Where the institution chooses to use broader market comparables as "reasonableness checks," we note benchmarks used in professional sports contexts—such as historical revenue multiples in the NFL and NBA—not to claim identity between college programs and professional franchises, but to force boards to confront whether the implied enterprise valuation in a proposed structure is defensible relative to credible reference points.

Build Legal Defensibility and Governance Alignment Into the Chosen Structure

Our fiduciary discussion emphasizes that the duty of care requires informed judgment and reasonable diligence—reviewing relevant legal and financial analyses and engaging in deliberate board processes before approving long-term commitments. It also highlights a widely cited standard for informed decision-making: decision-makers must inform themselves of "all material information reasonably available" before acting. *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985). That principle is a process requirement, and it should be embedded into the institution's framework as a gating condition for approval.

The constraints we described demonstrate why structure selection must run in parallel with legal defensibility. Public procurement requirements may shape how proposals are solicited and how advisors are selected. Constitutional or statutory provisions may constrain long-term debt, asset transfers, or encumbrances; public-purpose expectations can require the institution to demonstrate how commercialization advances educational or institutional objectives; and taxpayer-standing doctrines can create litigation risk where transactions are perceived as exceeding authority or diverting public assets for private gain.

On the governance side, we flagged recurring risk indicators that boards should treat as "stop-and-test" moments: trading long-term flexibility for short-term liquidity, accumulating long-duration obligations that persist across administrative cycles, and accepting exit mechanics that can force the institution into costly outcomes at the end of an investment horizon. We also described how certain structures attempt to preserve institutional control while accessing capital. For example, the "Utah-style" model described through the University of Utah partnership with Otro Capital via a commercialization affiliate, Crimson Brand Partners, is designed to maintain University control and governance oversight while isolating commercial operations. Whether or not an institution adopts that approach, the broader point is structural: governance rights, approval rights, reporting, audits, vetoes, and control thresholds are core economic terms because they determine whether the institution has preserved autonomy and mission alignment while monetizing assets.

This governance-and-defensibility lens is equally important for vendor contracts that behave like capital infusion structures, such as long-term multimedia rights agreements. These arrangements sit at the center of the athletic department revenue model, often include guarantees and revenue-sharing mechanics, and can have capital-structure implications for liquidity, downside resilience, and future flexibility. We note the scale of the market (including the role of major operators such as Learfield) and underscore that boards should treat contract design—guarantees, tiers, termination rights, and renegotiation mechanics—as fiduciary issues.

Where Experienced Advisors and Counsel Can Strengthen Outcomes and the Decision Record

Both the proposed structural framework and fiduciary decision-making model above are intentionally board- and administrator-facing; they describe what a defensible, well-governed stewardship process must accomplish, regardless of whether the institution ultimately chooses debt, equity-style structures, revenue participation, long-term licensing, multimedia strategies, or a mix of alternatives. But they also make clear that the underlying decisions implicate multiple specialized domains at once—corporate finance-style valuation and benchmarking; stress testing and downside modeling; governance design; public law compliance and procurement discipline (where applicable); tax-exempt/private benefit considerations; and negotiations over long-duration obligations, exit mechanics, and control rights.

That is how specialized advisors and counsel can add value—by making the institution's process and outcome better and more defensible. In practice, support typically centers on (i) designing and project-managing the strategic alternatives analysis so decision-makers see real options rather than a single-path narrative; (ii) structuring and documenting a market check (including, where appropriate, competitive proposal solicitation consistent with institutional process constraints); (iii) building an integrated valuation and downside model package that ties together NIL/revenue-sharing realities, media durability assumptions, and long-duration obligations; (iv) negotiating governance and control terms so the institution preserves autonomy and mission alignment while accessing capital; and (v) producing the board-facing materials that demonstrate informed judgment—what information was reviewed, what alternatives were evaluated, what risks were identified, and why the chosen path best advances the institution's financial, mission, and stewardship objectives on reasonable assumptions.

06
Conclusion

College athletic departments are now large-scale commercial enterprises embedded in nonprofit institutions, and administrators must treat athletic investments as formal capital-allocation decisions.

Institutions should not assess a single proposal in isolation. Instead, they must mandate a comprehensive strategic alternatives analysis covering all viable options. This analysis should encompass internal operational improvements, commercialization strategies (e.g., NIL and sponsorship monetization), and capital funding structures (debt, equity-style deals, revenue sharing, etc.). Importantly, the process must impose valuation and market discipline, requiring outside valuation, market checks, and downside modeling to validate any implied enterprise value.

Simultaneously, legal defensibility and governance alignment must be built into every athletic department transaction consideration (whether executed or not) from the outset, ensuring transactions are mission-compatible and resistant to legal or political complications. Taken together, this fiduciary framework enables universities to maximize the economic value of their athletic programs while preserving governance discipline, institutional autonomy, and public trust.

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