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January 16, 2008

VIA HAND DELIVERY

Mayor Mike Fahey  
City of Omaha  
1819 Farnam Street #300  
Omaha, NE 68183

Ken Stinson, Chairman  
Peter Kiewit & Sons  
3555 Farnam Street #1000  
Omaha, NE 68131

Re: New Baseball Stadium

Dear Mayor Fahey & Ken:

This letter is intended to further explain my decision to withdraw as a member of the CWS Stadium Oversight Committee, (the "CWS Committee"). First, let me state clearly, both for myself and the Metropolitan Entertainment and Convention Authority (MECA), that we believe it to be critically important that our community utilize all resources reasonably available to it in an effort to secure a long-term extension of the agreement between CWS, Inc. and the NCAA in regard to hosting the NCAA College World Series here in Omaha. The NCAA has been a wonderful partner with our community for in excess of 50 years and they have been more than accommodating in providing us great flexibility in allowing us to consider what is the best community option for such partnership extension.

Ultimately, through a rather convoluted process, the CWS Committee was charged with the goal of identifying and recommending the best community based option to propose to the NCAA which could allow us to obtain a 20 year extension of the College World Series. Such "best" option would include location, facility characteristics, capital costs, operating revenues and expenses, financing options, broad community impacts and ultimately affordability by our community.

While I believe our early efforts began in good faith as an inclusive committee effort, our approximately once-a-month meetings seemed to ultimately relegate the process and direction to a so-called "working group" which rapidly made the CWS Committee ineffective and in my view pre-empted. In numerous cases decisions, which have enormous impact upon the positioning of the various options, were made by the "working group" without discussion or consultation with the CWS Committee members. It rapidly became clear that the "working group" preferred a "downtown" location, and as such the Rosenblatt options were considered step children at best. As such, as a CWS Committee member I often received answers to questions such as "that information is confidential" or "we cannot discuss that issue openly in these meetings". How can a committee function properly without open dialogue and honest and complete information transfer?

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Based upon the work of the "working group" as presented to the CWS Committee last Thursday the City has essentially two choices in regard to obtaining an extension of the NCAA-CWS, Inc. agreement:

1. Build a new \$130-140 million baseball stadium in downtown Omaha, which will host the College World Series, Royals baseball and Creighton baseball; or
2. Thoroughly renovate Rosenblatt Stadium for essentially the same purpose. The thorough Rosenblatt renovation would cost \$70-80 million pursuant to the "working group".

While both of these options have many unanswered questions and the "working groups" analysis had numerous inconsistencies and unexplained assumptions based upon "undisclosable" meetings, a number of questions arise just from the two remaining options. The first and perhaps most important question is how can a City with such severe financial problems as a \$1 billion sewer repair project, \$500-700 million unfunded pension and health care obligations, deteriorating City parks and streets afford to spend an incremental \$60-70 million on this project when it is not necessary?

As to the downtown site preferred by the "working group" which includes Qwest Center Lot C and E, as well as a closure of It" Street, there are additionally numerous concerns such as traffic congestion, the negative affects upon the Qwest Center for both reduced and poorly located parking and perhaps equally important, the negative affect upon the Qwest Center convention activities from an additional 1 % tax upon hotel rooms. While this additional tax may appear appropriate to raise revenues from CWS participants, it will also significantly affect convention marketing. As you are aware Omaha already has among the highest hotel room tax in the country and an additional 1 % will make us 2nd or 3rd highest in the U.S. This will be utilized widely against Omaha by competing cities in their marketing to obtain conventions. Why should we cannibalize one of our community's most successful assets just to further congest traffic issues downtown?

The CWS Committee, the Mayor's office and our City Council are charged by statute or mandate to look out for the best interests of their constituents.

In the same vein, the Board of Directors of MECA (and its staff) have been assembled for one purpose - to look out for the best interests of Qwest Center Omaha. In fact, we have *fiduciary duty* to do so.

This is important to keep in mind in an effort to minimize and manage conflict as the CWS Committee continues to seriously consider MECA Lots C/E as the site for the new stadium. MECA's staff has been analyzing the impact of a stadium sited on Lots C/E and it is not good clearly, it is a net negative impact on Qwest Center Omaha. To them, the only question is how severely negative it is. As our Directors listen to this business-impact evaluation, if they focus only to meeting their fiduciary duties to look out for the best interests of Qwest Center Omaha, they would be likely to decline to participate with the City at this site. Since MECA's cooperation would be absolutely required, this may mean that the City would need to move to its next preferred site.

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In order for any of us on the MECA Board to view this differently, we must almost remove our best-interests-of-MECA "hat" and substitute a "best interests of the community" standard. While I am not personally sure whether this should (or even can) be done, I do believe that it suggests something about the process of information sharing, analysis and discussion that needs to take place. Pursuant to its agreement with the City, the MECA Board must make such a decision in a "public" setting. Roger Dixon and his staff will make a public report to our Board with their analysis. It can only be based on such information as the CWS Committee and the City share with them. It seems to me that the more such information they have, the more accurate their analysis will be, and the more informed will be the decision of the MECA Board.

Similarly, the MECA Board can only make any decisions during the public portion of its meetings. Information can be shared with us privately, and discussions between the City and MECA can be private, but certain elements of this must be done in conformance with the Open Meetings Law we are bound to observe.

As you know, we have cancelled at your request our Board meeting originally scheduled for January 17<sup>th</sup> largely in order to afford you more time to be properly prepared with information, analysis and recommendations that you can share with MECA (and, eventually, with the entire community).

Thus, as everyone at MECA works to attain the "right" result, please respect the difficult position in which the MECA Board and staff finds themselves, being a group solely charged with looking out for the community's existing \$300,000,000 investment in Qwest Center Omaha. The sharing of information and analysis at the earliest possible time seems most likely to help fulfill their fiduciary duty and even begin to consider whether they can justify subordinating the future interests of Qwest Center Omaha to a demonstrated greater good for our community. Thank you,

Very truly yours,



David L. Sokol

CC: MECA Board  
Roger Dixon CWS  
Committee

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