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July 20, 1993

Mr. Art Geen, Executive Director
Alameda County Taxpayers' Association
1305 Franklin Street
Oakland, CA 94612

Dear Art:

Supervisor Don Perata sent me a copy of his letter to you, which was copied to members of the Board of Supervisors, the City Council and to the Oakland-Alameda County Coliseum Board of Directors, together with a personal note.

I very much appreciate the position that your Board took with respect to keeping the everyday pulling and hauling of the political process out of the management of the Coliseum. It should be noted that, when I was asked back in 1960 to undertake an effort to bring a stadium to Oakland, one of my principal requirements was that the Coliseum be managed by a non-partisan, non-political group of unpaid citizens. This was a covenant agreed to by the Board of Supervisors, the City Council and the community at large. The result of our efforts was to produce what is generally recognized as one of the finest sports complexes in America. It was built on time, under budget and all three of the facilities were larger in capacity than the ones previously promised to the public. We are the only stadium in the United States to receive prestigious awards from the American Institute of Architects. The structural integrity of the Complex was firmly established by the fact that we had only minimal damage during the Loma Prieta earthquake.

Not only has the Complex brought great publicity and economic stimulus to Oakland and Alameda County over the past 27 years but,

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in addition, it has shown an operating profit every year except for one year when the City and the County interposed themselves into the negotiations to bring back the Raiders. A total of \$5,200,000 was spent unnecessarily, thus depleting the reserve established for capital improvements and other unforeseen expenses that the Coliseum might incur.

It is my understanding that, of the \$5,200,000 spent for the ill-advised attempt to remodel the stadium to bring back the Raiders, approximately \$1,900,000 went for fees to a San Francisco law firm, Morrison and Foerster, which they hired. I was so concerned at the time that I interposed myself into the negotiations to tell them that any attempt to remodel the stadium could result in the loss of the A's because it simply could not be accomplished during two off-seasons, it was impossible to lower the field 9' because of the water table conditions, and the overlap season could cause great problems for the two teams in scheduling their games. In my judgment, the money and the effort were simply thrown away.

Running the Coliseum is in many respects like running any private business. It charges rentals and, in most cases, percentages of volume to the licensees who use the facility. Overall, the Complex has been a model of efficiency and honesty almost unmatched in the United States. To say that the public has no input into the operation of the Coliseum is not being accurate. By the terms of the operating agreement, each year Coliseum management must submit a budget to the County Administrator and the City Manager for their approval. Furthermore, any long-term licenses must be approved by both the City Manager and the County Administrator. In addition, the City and the County have the right to audit the books and records of the Coliseum at any time. It should be noted that independent Commissions (such as the recent one to decide on military base closures) have been a part of our democratic government since its founding.

In my judgment, it would be a disaster to submit the Coliseum to the pressures that are a recognized part of the political process. Where the City and the County have interposed themselves in negotiations with tenants, such as a revision of the baseball lease which substantially reduced the Coliseum's revenue (a form of mitigation to compensate them for having to share the stadium with the Raiders), there was no contingency provision which would have negated the concessions in the event the Raiders did not return. As a result, we get considerably less revenue from baseball and still don't have a football team.

I simply don't believe that committees of politicians are in a position to effectively negotiate favorable lease terms with tenants and I oppose strenuously any effort by the City and the

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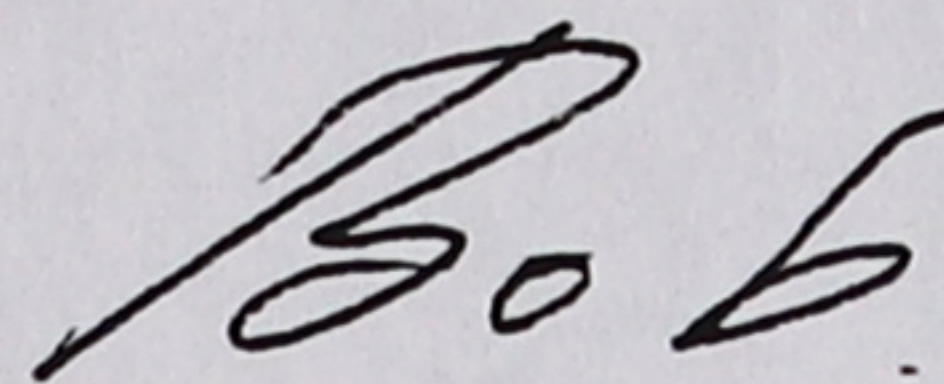
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County to upset a management structure which has worked effectively, efficiently and honestly for many years, an arrangement that was initially agreed to and should be complied with whether or not the present bonds are eventually paid off and the present operating agreement cancelled. To even suggest paying off \$13,000,000 worth of bonds presently bearing a coupon rate of 4-1/4% in order to cancel the operating agreement would be impractical and counter-productive. If it were necessary to borrow the money to pay off the bonds, the increased interest, at today's rates, over the next 11 years would amount to almost \$1,000,000, which would have to be paid by the taxpayers.

The proper approach to making future improvements, whether it be a football stadium or new arena for the Warriors, is for the Coliseum management to provide a total proposed package to the Board of Supervisors and the City Council, including design, cost estimates, a reputable outside study of the economic impact and agreed upon leases with the prospective tenants. The Board and Council then could follow the normal political process, holding public hearings, and get as much input as possible and make a decision as to whether or not it was in the best interests of the people of Oakland and Alameda County to approve the package. Obviously, the Board of Supervisors and the City Council would have to act as third parties, taking an objective view of the proposals in order to enjoy any credibility with the public. This would not be possible if they were at the same time involved in the active management of the Coliseum.

Mr. Perata has congratulated me for my continuing commitment to the project and I am grateful for that. The reason, of course, is that it represented in many ways a high point in my life and took considerable time and effort over a period of 20 years. I am very proud of the Complex in all respects and I don't want to see it blemished in any way.

Yours very truly,



R. T. Nahas

RTN/hrs

P.S. Supervisor Perata emphasizes the importance of accountability. If you ask the City and the County who was responsible for the Raider debacle, I am sure that they would accuse the Coliseum Board and vice versa. There can be no accountability when there is divided authority.

cc: Board of Supervisors, Alameda County
Members, Oakland City Council
Board of Directors, Oakland-Alameda County Coliseum