



Arena Committee Overview

Introduction

In 2014, the MECA Board of Directors created two committees with specific functions designed to improve its governance of MECA. The committees were formed with past and present city officials and members of MECA's board of directors. The Real Estate Committee's purpose is to govern over real estate matters that directly and indirectly impact the wellbeing of MECA's facilities. Steve Jensen, the former City Planner, is a member of the Real Estate Committee. The Internal Governance Committee is tasked with reviewing financial performance, compensation, and MECA's Code of Business Ethics. The City's Finance Director, Stephen Curtiss, is a member of this committee. In addition to the two committees, the board also established two "special committees" to examine the Convention Center and Arena businesses. Dana Markel, former Omaha Convention and Visitors Bureau Executive Director, is a member of the Convention Committee. Councilpersons Aimee Melton and Ben Gray and former Mayors PJ Morgan and Mike Fahey are members of the Arena Committee. The special committees will disband in 2015.

The Arena Committee specifically formed to study market conditions and facility performance and to assess MECA's ability to sustain its successful track record of attracting top entertainers to Omaha.

The Arena Committee focused its efforts on understanding the industry through an assessment of current trends, competition and challenges. Considerable time was dedicated to reviewing reports provided by The Barrett Sports Group, Crossroads Consulting, Ernie Goss, and other industry

related reports and rankings. In addition, the committee met with the leadership of MECA's current booking partner, Live Nation, and its sister company Ticketmaster (the current ticket vendor for MECA) to gain a better understanding of how venues are selected and determine what can be done to improve Omaha's chances for selection.

During the committee's six month study period, the MECA senior staff and industry advisors spent significant time educating the members on the evolution and realities of the industry and the operational challenges associated with increasing competition for entertainment offerings.

In the end, the committee focused on the following three areas of emphasis:

- 1) Assessing the region's increasing competitive landscape;
- 2) Maintaining and expanding a World-Class Facility; and
- 3) Developing strategic alternatives for sustaining success relative to expectations that reflect the competitive realities of the region.

The following report summarizes the Arena Committee's findings through a listing of salient points and conclusions.

I. State of the Industry & Region

In the 1990s, the concert/entertainment industry benefited from consumers' acceptance of substantially higher ticket prices. As a result, more and more entertainers began touring. The concert/entertainment industry continues to be extremely active with no sign of slowing down. While the number of entertainers touring each year has remained strong, our region has experienced substantial change over the past decade through increased competition. When MECA opened in 2003 there were no competing arenas for 300 miles in any direction. When booking agents routed tours across the country, all tours were inclined to stop in Omaha. Since 2005, the region has changed significantly with new arenas in Kansas City, Des Moines, Wichita, and Sioux Falls. As a result, booking agents have a number of options when routing tours through the Midwest. Consequently, the increased supply of arenas in the region has resulted in fewer concerts coming to Omaha.

In addition to increased regional competition, the recently opened Pinnacle Bank Arena ("PBA") in Lincoln brought local competition to the Omaha market. Booking agents essentially view Omaha and Lincoln as one market. A forty-five minute drive is not uncommon in major markets and people are willing to travel to attend events.

In conclusion, as Dan Barrett of the Barrett Sports Group opined, the competitive landscape has increased both regionally and locally with the opening of a number of new arenas. And, a good year for concerts is probably 15 shows, not 20 or 25.

II. State of Omaha's Arena

The Arena Committee met with senior staff, concert promoters (Live Nation), The Barrett Sports Group and other consultants to gain a detailed understanding of how the CenturyLink Center Arena compares to its peers. The conversations revealed that the Arena has several strengths as a facility and with its Management team. Omaha is a geographically and demographically important market for the industry and promoters routinely booking acts in the venue are very impressed with the facility, its condition and its operation.

The various studies identified the curtaining system, indoor vehicle parking areas and recently completed improvements and enhancements for customers as determining factors for booking agencies and the road crews responsible for staging the performance. The facility's sound, video and mechanical capacities are an advantage and make the venue desirable. The CenturyLink Center Arena is often described by Entertainers and their road crews as a very "user friendly" building with an experienced and knowledgeable staff.

CenturyLink Center Omaha is now twelve years old and maintaining the facility and keeping it looking fresh must be a priority in the years to come in order to compete successfully and entice entertainers.

III. Strategic Position

CenturyLink Center Omaha has the benefit of being located in the middle of the United States and easily accessible to tours making their way coast-to-coast. However, CenturyLink Center Omaha is no longer the only option. New facilities in the region have given promoters more choices and more available dates to choose from.

Recent *Pollstar* data shows that CenturyLink Center Omaha remains one of the world's top venues in terms of ticket sales. CenturyLink Center Omaha ranked No. 73 in the world for ticket sales in 2014. The U.S. arenas ranked higher than CenturyLink Center Omaha in this report were in much larger Metropolitan Statistical Areas (MSAs). CenturyLink Center Omaha is 35th in the United States in ticket sales. Only one other arena in our tier performs better and that is the BOK Center in Tulsa which opened in 2008. **

Strong relationships with promoters and agents are increasingly important in securing future acts as will MECA's relationship with its ticket management vendor.

IV. Salient Assessments

In 2015, CenturyLink Center Omaha will no longer have University of Nebraska-Omaha Hockey as a tenant. This departure will create a number of available weekend dates for more events. The challenge will be using those dates to book more concerts and other events given the increased competition regionally and locally.

Promoters want greater certainty that their events will perform, and MECA will need to take on more risk to provide such certainty in order to attract more arena events.

Maintaining the building as a state-of-the-art facility is imperative for competition and securing events.

Increased competition requires greater scrutiny when determining which events to book. Management will be expanding their analytical practices to better determine the potential economic impact of a particular event. Fortunately, management's abilities and successful track record will serve Omaha well as they work even harder to negotiate and book concerts.

Omaha income levels are slightly higher than the median market average and the city has a larger corporate base relative to the median market average. A strong corporate base is important as it is a key source of demand for premium seating, sponsorships, etc.

Management will continue to closely examine market demographics to help determine which events may be more popular and if there is an opportunity to attract this type of programming. Management should also explore new opportunities to build relationships and develop new corporate partnerships to assist in securing new events.

Maintaining effective relationships with Live Nation and Ticketmaster will play a key role in the future success of the arena. These relationships should be strengthened and extended for the foreseeable future.

V. Conclusions

1) To earn more than its fair share of concerts and events, MECA must continue to maintain and sustain the strongest relationships possible with agents, promoters, book organizations, athletic event representatives and ticket management organizations. These relationships will be “priceless” as MECA moves forward.

2) MECA must continue to pursue “world-class” entertainment offerings and have the flexibility to respond to the unique requirements for individual events such as the U.S. Swim Trials, U.S. Figure Skating, NCAA Championship Events and other extended stay events.

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