

The Sale of the Dodgers™

The deal isn't over yet. Not quite. But, [if a report by Mike Ozanian of Forbes SportsMoney](#) holds true, we know where the bars are set to get the deal finalized in the sale of the Los Angeles Dodgers.

The seven finalists met with league execs today in Phoenix to give offers that would include the Dodgers, Dodger Stadium and other assets associated to the club, but not the parking lots. All bids had the parking lots under a lease arrangement that would allow Frank McCourt to still control that aspect.

Even with the parking lots in a lease agreement, the numbers are eye-popping, and makes [the \\$1.5 billion projection I had in Nov. of last year](#) come off as more of an average than the high-water mark. From *SportsMoney*

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The highest bid was \$1.6 billion, from former Los Angeles Lakers great Johnson and former baseball executive Kasten, whose purchase would be partially financed by private equity. But the owners were extremely impressed with the make up of [Steve] Cohen's bid, according to my source, which was \$1.4 billion but included an astounding \$900 million of equity. "There were

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Written by Maury Brown

Tuesday, 13 March 2012 00:41

five strong bids," said the source, who did not have permission to speak of the negotiations publicly. The lowest bid from the five groups was \$1.3 billion.

Ozanian reported further that MLB was not as impressed with the structure of the bids by "the group led Leo Hindery, managing partner of the private equity firm InterMedia Partners and former chief executive officer of the YES Network, or by (the) offer made by real estate developer Alan Casden."

And, it's the "structure" of the offers that are critical.

As of January, court documents showed that the Dodgers were \$573 million in debt. Throw in the \$131 million payment that Frank McCourt must pay his former wife Jamie by the end of April, and you get a good sense of what a competitive bid would want to have in cash to truly set the bar: \$704 million.

Ozanian's report does not specify what the Magic/Kasten group has as a cash equity component, just that the \$1.6 billion highest offer "would be partially financed by private equity." Cohen, on the other hand, blasts through the ceiling providing a \$196 million cushion if those January numbers still hold water (which they most certainly don't given interest, etc).

To place just the \$900 million cash equity component in Cohen's offer in perspective, just that alone would be more than any amount offered in a club sale in MLB by \$55 million (Cubs, Wrigley Field, and a 25 percent stake in Comcast SportsNet Chicago [for \\$845 million in August of 2009](#)). That \$55 million gap would have been more than the Opening Day payrolls of six clubs last season.

So, with Cohen meeting with Frank McCourt at the Dodgers Spring Training facility this weekend, and the cash in the deal, he's a shoo-in, right? Maybe.

Bidding is not completed. If the Ozanian is correct, then Magic and Kasten know what they have to consider targeting in the cash department. And, it's not just that group. Others in the mix will have to see if the total amount in the deal that Magic/Kasten have on the table and the cash

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equity amount Cohen has offered can be matched. In other words, Ozanian's report is likely to gin everyone up that is serious about getting the deal finalized.

To add to it all, over all of this is the media rights deal that is looming. That's the real driver in why the amounts are so incredibly high in the deal. Remember, if Cohen wins, the sale would be a staggering \$555 million over the highest sale, ever. Magic's would be higher still at \$755 million over that same mark that the Cubs hold. ***Magic's numbers over the Cubs sale would be enough to cover the entire*** [amo](#)

[unt that Jim Crane paid for the Astros](#)

(\$610 million) in November of last year, which was the second-highest ever paid for an MLB club, and have \$145 million left over

Final word... When Forbes releases its latest valuation of the 30 clubs in MLB, the Dodgers will be one of the highest gainers due to the television deal in play. But, to add one more eye-popping stat out there, last year, [Forbes valued the Dodgers #3 in the league at \\$800 million](#), or ***one-half of what the Magic/Kasten group currently has on the table***. You can now pick your jaw up off the ground.



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He looks forward to your comments via email and can be

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