

THE TALENT

Dealmaker of the Week: John Keffer of King & Spalding

Posted by Tom Huddleston Jr.



DEALMAKER

John Keffer, 54, a corporate partner in the Houston office of King & Spalding and co-managing partner of the firm's London office.

THE DEAL

The sale of the Houston Astros Baseball Club from owner R. Drayton McLane, Jr., to a group of investors led by Houston businessman James Crane for about \$680 million, announced Monday.

THE CLIENT

McLane, who bought the team in 1992. During his tenure as owner of the club, the Astros made the playoffs six times.

THE DETAILS

Crane will purchase the team for roughly \$680 million. The sale is still subject to vetting by Major League Baseball and approval by at least 75 percent of team owners, Keffer says.

"Major League Baseball will have done all of the requisite background checks and will be comfortable with the financing of the transaction," he says. "And they will recommend—or not—the transaction to the owners who, in turn, then have to approve it by 75 percent."

Keffer says the hope is for the deal to close by mid- to late-June.

THE BIG PICTURE

McLane bought the Astros in 1993 for \$117 million. Forbes values the team at \$474 million (not counting revenue streams such as stadium naming rights and a regional sports network).

One potential controversy could come in the form of past discrimination charges against Crane that came from the Equal Employment Opportunity Commission in 2000, when he was running Eagle Global Logistics, a freight company based in Texas. On Wednesday, The New York Times raised the question of whether those charges (Crane signed a consent decree to settle for \$8.5 million) could make MLB owners think twice about voting yes on the sale. The Times said a report from the EEOC found that Crane had failed to promote blacks, Hispanics, and women to managerial positions.

Keffer says: "If that is an issue, it will undoubtedly be reviewed [by MLB], but it's not something that came up a lot in our discussions—at least, not among the lawyers."

As far as winning the approval of the owners, Keffer says his side remains optimistic. "We all expect that the transaction will be

completed in fairly short order and Mr. Crane will have soon the opportunity to run the team."

King & Spalding partner Eleanor Banister and counsel Donna Edwards advised on labor and employment law issues related to the negotiations.

THE BACKSTORY

Keffer says was an associate at Bracewell & Patterson (now Bracewell & Giuliani), in Houston, when he started doing work for the Astros in the mid-1980s, when the team was owned by John McMullen. He worked on the deal when McMullen sold the team to McLane, in 1993. King & Spalding was on the other side of the negotiating table.

Since joining King & Spalding as a partner, in 1998, Keffer and the firm have been involved in a number of matters for McLane and the team. "I worked on the naming rights for the stadium, [which] you might recall was originally called Enron Field," he says. "So, after that debacle we needed to buy out the contract, which we did, and then we negotiated a new naming rights agreement with the Coca-Cola company, which is still in effect."

He has also advised team ownership in the creation of a regional sports network that will launch next year, as well as on a deal to sell a stake of that network to Comcast that local news reports claim netted McLane an additional \$93 million. "It's been a long history," he says. "A lot of fun transactions. These aren't the largest transactions I've ever worked on, but they're always the ones everybody wants to talk about."

ON CLOSING

Earlier this month the Astros announced that Crane was the sole remaining bidder in negotiations. (The Houston Chronicle said investment firm Great Court Capital had been among the other bidders.)

Keffer notes that Crane previously attempted to buy the Astros (in 2008), and was involved with past attempts to purchase the Chicago Cubs and the Texas Rangers. So he was experienced with the process, Keffer says.

Joseph Leccese led a team from Proskauer Rose representing Crane in the negotiations. Leccese also advised Crane on his unsuccessful bid to acquire the Rangers out of bankruptcy last year.

"The negotiations were quite smooth," Keffer says. "It only required one face-to-face negotiation during the entire process, which we held in New York."