

EXHIBIT A

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SPORTS BUSINESS

Legal Delays Tax More Than the Nets' Patience

By RICHARD SANDOMIR

Choose the most pressing problem for the Nets:

- a) Their 18-26 record puts them only three and a half games ahead of the Knicks.
- b) Vince Carter finished fourth in a Sports Illustrated poll of N.B.A. players who get the least out of their talent, but he was seen by his 242 colleagues as just slightly more of an overachiever than the Knicks' perennially underachieving Eddy Curry.
- c) Jason Kidd would rather play for a team that is not three and a half games up on the Knicks.
- d) The financial markets are a mess, which is not the fault of Isiah Thomas.

The right answer is (d), unless the Knicks overtake the Nets this season, which would be the supreme crisis of the ownership of Bruce Ratner.

If you chose (d), then you sensed that it will be riskier and more expensive than ever envisioned for the Nets to construct the Barclays Center arena that is part of the \$4 billion Atlantic Yards project proposed to be built near downtown Brooklyn.

Once, the Nets optimistically believed they could send change-of-address cards in time for the 2006-7 season, but that dream has been deferred to sometime in 2010. If financing for the arena is not in place by October, moving day will not be until 2011.

Turns out the Devils, Yankees, Mets, Giants and Jets were lucky to have financed their pleasure palaces before the financial crisis. The problem, which began with the tanking of subprime mortgage loans, has led to sharply higher interest rates for loans to highly leveraged companies, such as real estate developers, if they can obtain financing at all.

When Standard & Poor's gave investment-grade ratings to \$1.6 billion in bonds to finance the new Yankees and Mets ballparks in 2006, "It was a fairly stable market with a lot of liquidity," said Jodi Hecht, the director of project finance for S&P.

Now, Sal Galatioto, a sports industry banker, said, "The banks aren't completely out of the market and the bond market is still there. But the risk is continued delay."

The souring of the credit market was acknowledged by the Nets in an affidavit filed last week in state court by Andrew Silberfein, an executive vice president of Ratner's company, Forest City Ratner, which is developing Atlantic Yards. Forest City is a development partner in the new Midtown headquarters building of The New York Times.

Silberfein wrote that the credit markets are "in turmoil," with lenders and bond insurers "facing financial difficulties" and "becoming much more cautious."

He added, "It is not clear what the financial climate will be in several months, when the arena bond financing is made available to the public."

Silberfein's affidavit, which was first reported in The New York Post, was designed to persuade the state Appellate Division to expedite the appeal of a lawsuit filed by Brooklyn community groups and dismissed earlier this month by a Supreme Court justice in Manhattan. The lawsuit argued, among other things, that a state agency's environmental review of the project was flawed.

Time is money and time is risk, the affidavit said. The coalition may get nine months to file its appeal, although it probably would not need all that time; Forest City Ratner wants the appeal heard sooner so it can sell its bonds and start building.

As long as the court case stays unresolved, Silberfein predicted "significant difficulties and cost increases" in the bond financing.

Daniel Goldstein, a spokesman for Develop Don't Destroy Brooklyn, a coalition of civic groups opposed to Atlantic Yards, chuckled when asked if the full-court legal press by the anti-Ratner forces has serendipitously dragged on long enough to give the credit crisis time to make Forest City's financing a few levels more difficult. Opponents of the project are also appealing last year's dismissal of a federal eminent domain lawsuit.

"It's always been a high-risk project, and with the state of the credit, housing and stock markets, it's even more high-risk," Goldstein said.

"It didn't need to be. But it's not news to anyone that a firm that is so reliant on credit is having a problem."

Goldman Sachs — the lead manager of the arena financing and the group that has done the deals for the Yankees' ballpark and the Giants' half of their new stadium with the Jets — cannot wrap up deals without the cessation of legal hostilities.

"We're working on it to close later in the year," said Greg Carey, a managing director at Goldman Sachs. "We like the deal."

Forest City issued a statement to counter public doubt about its resolve. "Let's be very clear," said Bruce Bender, an executive vice president, "Atlantic Yards and Barclays Center are coming to Brooklyn. Period."

Should the Nets finally reach the shores of Brooklyn, they will most likely be much less of a financial drain on Forest City Enterprises, of which Forest City Ratner is a subsidiary. From August 2004, when the Nets became a Ratner property, through the nine months that ended last Oct. 31, the company's share in the Nets' losses has totaled \$75.2 million.

And Jim Dolan cannot be blamed for a cent of it.

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