

Beacon on the Hill Sports Marketing

[Back to All Pages »](#) | [Back to Pages on Operating Leagues and Their Franchises »](#)

Investment Proposal Summary: Process for Buying an NFL Team, General Partnership or Limited Partnership Investment

Investment Types

Two types of investments are to buy a general partnership (majority owner) NFL team or a limited partnership (minority owner) in an NFL team.

1. General Partnership (Majority Owner) of an NFL Team

- Must put up a minimum of 30% of the purchase price
- Can have up to 24 additional limited partners
- Maintain 100% management voting control
- 2nd and 3rd generation owners often want to cash in on the team's growth value

2. Limited Partnership (Minority Owner) in an NFL Team

- Owners want to take advantage of tremendous growth in value without debt
- Teams with value 100's of millions in value unused
- Provide \$50M-\$100M and more, without debt

To learn more, read [Why Buy an NFL Team](#) and [Why Buy an NFL Team and Move Them to Los Angeles](#).

Restriction Reminders

- Exclusive ownership by individuals; corporate ownership is not allowed
- General partner has to put up 30% of purchase price yet has 100% voting control over management of the club
- No cross-ownership of a sports team in another NFL city not his
- Primary purpose rule: operation of an NFL professional team run on a for-profit basis

Financial Benefits

- Operating for nearly a century, the past half century of the NFL has shown impressive growth in revenue and profits
- Ownership brings a new venture along with the new ventures of the NFL; e.g., potential minor league, international, etc.
- NFL games are the major profit programming content on radio and broadcast/cable/satellite TV, and a major lead in for sports stories that helps with magazine and newspaper subscribers, both in print and online
- Broadcast, cable and satellite TV contracts provide shared revenue in the billions
- New media carriers and social media are adding 100s of millions more of shared revenue
- TV contract value has double shared payments several times due to NFL games delivering the highly coveted demographics broadcasters want for their advertisers and sponsors
- 80% of revenues are shared — a business model incentivizing owner cooperation, joint ventures and joint actions

In other words, the owners direct the league to run profit centers that produce share revenues for the teams!

Transaction Process

The transaction process pathway is often mis-navigated. Some think they have to go to and through the NFL. Not correct. The transaction process, as noted below, **starts with the buyer and seller, not the NFL**. The NFL doesn't have the time to deal with all of the wannabees. 32 teams. 32 General Partners (some with limited partners). 28 billionaires wanted the L.A. Dodgers. There is no limit to potential owners wanting an NFL team. We have entertained questions from investors in the U.S. as well as in Korea and Australia.

We recommend **going to sellers and potential sellers first**. You do not ask the NFL if you can buy a team. You ask a seller if you can buy their team or invest as a Limited Partner. Only after all the requirements can be shown to be met does it go to the NFL for an ownership vote (3/4 to approve). So once the sell-buy handshake has been made, with appropriate Memos of Understanding, then bring in the attorneys, draw up Letters of Intent, and engage the NFL regarding the procedures, not the authorization.

Definitely a status symbol — whether majority or minority owner — an NFL team is the "coolest toy" for generating profits and fun!

Transaction process, as presented by the NFL, which agrees with buyer and seller first:

- Buyer determines personally acceptable terms and range; if investor group, agree on terms internally first
- Contact known sellers or approach potential sellers to ascertain their interest
- Engage advisors based on goals: advisors with NFL experience, lawyers, yours or our investment network
- If the seller has engaged an investment banker, contact them and engage in their process
- Conduct appropriate due diligence and then negotiate and sign a deal with the seller
- Undertake the NFL approval process, moving toward the 3/4 ownership vote needed for approval
- Document financial ability to purchase and plan for successful operation and following League objectives
- Have personal, professional, and financial references and be prepared background investigation
- Sign letter pledging adherence to NFL Constitution and Bylaws and League and Management Council requirements
- All is reviewed by the Finance Committee — additional terms may be stipulated by the Finance Committee, the membership, or the Commissioner — and the proposal is then forwarded to the entire membership for debate and vote
- Waivers are made on a case-by-case basis

Now Take Action

Retain [us as you consults](#) to:

- Develop strategy for purchase using internal assets yet requiring minimal actual cash outlay
- Ascertain how to use existing assets to reduce actual purchase outlay to a minimum
- Advise, guide and, if desired, manage the process for achieving NFL team ownership

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[Back to All Pages »](#) | [Back to Pages on Operating Leagues and Their Franchises »](#)

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[Back to Top ^](#)