

"How could you let Steve Nash go?" It's a question I'm going to hear for a long time. It's a question Mavs fans deserve an answer to. As best I can, I will try to go through all the logical, illogical, emotional and financial scenarios that we explored in putting together the offer that we thought would keep Steve a Dallas Maverick for the rest of his career.

#### **In the beginning....**

When I first got to the Mavs, Steve's name was one that was often included in our trade proposals. At the time, he was an often injured, unproven point guard of a team that hadn't been to the playoffs in 10 years with a brand new, long-term contract. As is often the case in the NBA, the best deals are the ones that you don't do. During and following the '99-'00 season, we explored several deals that included Steve. In every single case, no team wanted Steve and his contract. It seems so stupid looking back. It also seems like it was only yesterday. It was almost 5 years ago.

That's the thing about the NBA, seasons don't go by quickly, but the years do. One day a player is untradeable from a perennial loser, the next day he is a star on a perennial playoff team...and vice versa. Fortunately, we didn't become a victim of our stupidity. The talent, work ethic and perseverance that Donnie and Nellie saw in Steve blossomed.

Steve went from a player that was booed by Dallas fans as an overpaid failure, to a two-time all star loved by everyone who knows him or watches him play. I felt the same way. Steve was more than just a player on our team for me as well. We got to be friends. My first year, when we visited Vancouver and Phoenix, he made sure his friends became my friends. They still are. How can you not have a great time with and love a guy whose best friends include a guy named SmallBalls, and another guy who goes out with us wearing a shirt that says "I F\*\*ked Your Boyfriend"?

Three years in a row we were part of a Mavs group that went to the All Star game together, and had a great time. Although we didn't really get a chance to socialize during this past season, Steve was one of the players I could phone and use as a sounding board. Whether the team was going well or poorly, we could talk about anything and everything that was happening with the team, knowing it would be honest and confidential. This past year was difficult for all of us, and we talked more than usual, I know it helped me. I think it helped Steve as well

I guess this was all a way of saying that I wanted and expected Steve to be a Maverick for life. Making that happen meant having to deal with contracts and agents, and that's often where things get difficult.

With Steve in an option year of his contract, our first opportunity was to extend his contract. The process started during the season when we asked his agent, Bill Duffy, if he would consider allowing Steve to accept an extension. We said we would extend him out the full term that we were allowed 6 years. Financially, we would be able to increase his salary by the 12pct base (This means we take 12pct times his last year salary, and then we can increase his salary by that same amount each year). The upside to Steve would be the certainty of having the extension, and the protection against a career ending or impacting injury during the season that might affect his value as a free agent.

Bill and Steve decided that it wasn't in Steve's best interest. That was understandable. It also meant that Steve knew he was going to be a free agent. Coming off a year where we went to the Western Conference Finals, and he made the All-Star team, it made sense.

At that point, we both decided separately, and agreed together, not to negotiate during the season. To me, that was a good thing. Steve couldn't officially become a free agent until he opted out, by getting the message to the media, it would reduce the continuous barrage of questions from them. Hearing the same question over and over and over and over, even though you give the same answer over and over and over is distracting, draining and a waste of everyone's time.

On top of the media, I don't have the greatest relationship with his agent. I'm not a big fan of his and he knows it. There have been multiple times where we have expressed an interest in players of his, and he has placed them other places without even talking to us first. I'm not sure how or why we got to this point, but last summer was a perfect example. We asked him about Olowakandi, and he told us he didn't think he would be available for the mid-level exception. Next thing you know, he signs for the mid-level exception with the TWolves. That's his choice, but I don't think he even presented the Mavs as an option to Mike.

Bottom line, I felt that my relationship with his agent could create tension, and I didn't want that during the season. To the credit of Steve and Duffy, it didn't.

Which brings us to July 1st the first day of Free Agency.

Steve and his girlfriend had spent the summer traveling overseas. We exchanged a few emails, and he let us know that he would be back June 30th. We asked Steve's agent to get us information on how much money he was looking for. Not unexpectedly, rather than giving us "his price", he faxed us a presentation that really set the tone for what we were up against. These presentations, which agents love to do, would get laughed at in any normal business environment. They show all kinds of numbers and stats reflecting a player's performance. What makes them unusable from our perspective is, as you would expect from a player's agent, it only shows the numbers that reflect the player's performance positively. It's not an honest assessment at all. What makes these presentations dangerous is that they always only include salary comparisons that only include players whose salaries are at the top of the pay scale. The performance comparisons included Chauncey Billups, Sam Cassell, Jason Williams, Gary Peyton, Tony Parker and Rafer Alston among other point guards, but the salary "comps" only included those point guards who were maxed out or very close Jason Kidd, Baron Davis, Mike Bibby, etc. What makes these things dangerous is that the agents show them to the players and use them to set the players' contract expectations.

It's easy to find stats that make Steve Nash look good. There are a ton of them. It's easy to see the intangibles that make Steve Nash valuable. What is difficult is to make honest assessments about where the team is and where it is going and how Steve or any player fits into a championship.

On the intangibles side, Steve is a great guy to have in the locker room. He gets along with everyone. He isn't going to give a locker room speech. He isn't going to get in anyone's face. He isn't going to get into other people's business. He is definitely what I would call a quiet leader. He leads by example. He is the kind of guy anyone in any business would want to go to war with. He gives 120 pct and all of his teammates see that.

So on the intangible side, Steve is incredibly valuable.

It's also that kamikaze spirit and approach to the game that is Steve's greatest weakness. The most improbable stat from Steve Nash is how few games he has missed in the last few years. I have seen the pain he goes through before, during and after games, yet he still manages to trot out there and play at an incredibly

high level. To protect Steve, Nellie has tried to limit Steve's minutes to 33 to 35 per game, with the goal of getting that number lower and lower every year. It's why we drafted Devin Harris. It's why we would draft a point guard at all. We have Marquis Daniels as our backup point. Yet we still felt that we needed to have another point guard on the roster. We wanted to have someone who could come in and play this year, plus be trained by Steve as our point guard of the future. This would allow us to use Steve more effectively and reduce his chance of injury. Our feeling was that we were fortunate that Steve had been so injury free. That it was only a matter of time before his style of play caught up with him. Between Marquis and Devin, we felt like we had taken the steps to not only protect Steve for this year, by not having to overplay him, but also we could extend his career because of the reduced minutes. We were going to have 3 point guards on the roster, all of whom we felt would be contributors.

With all that said, the issue still came down to how to determine what you pay any player. We had made the commitment to pay 3 point guards. But how much should I offer Steve?

Figuring that out is far more emotion and art than science. It's Donnie and Nellie's job to pick which players we go after. It's my job to figure out how much to pay them.

In the pre-luxury tax days it was easier. If you made a mistake and overpaid someone, it wasn't difficult to move him. Teams would take chances. I will trade your mistake for mine, and we can see what happens. Now, if a team is at risk of going over the tax threshold or the cap, they won't make that move. Not only does the cost double for tax teams, but for non-tax teams, taking just a little bit more salary back than you gave up can mean the difference between being under the tax threshold and collecting millions, or being over the tax threshold and forfeiting your share of the tax money and paying a tax on top of that.

Not to get too far off topic, but the crazy thing is, no one in the NBA ever expected that the luxury tax would ever be activated. The league wouldn't say it directly, but every capologist or GM in the league would tell you that the TV contract was going up in value every year. That meant the tax would be very unlikely to kick in. That is until the TV revenue stopped going up and in fact went down and the tax kicked in with a vengeance. Now that we have had two years of the tax and are looking at a 3rd, the amount of flexibility to move players with big contracts has fallen considerably, even for last year guys. Yes, deals can be done, but it is far more difficult. If you sign a player to a long term, high dollar contract, the expectation has to be that you will not be able to trade that person...ever. He will play out his contract. If at some point in that contract, the player no longer plays at the level he was at when the contract was signed, you have a huge problem.

The problem is not just how much money you have to pay. The bigger problem is that you start chewing up roster spots and you lose the ability to add players. For better or worse, because we "went for it" in making trades, hoping that the deals could get us to a championship, we have ended up with several players who don't get much playing time with us, yet have contracts that are difficult if not impossible to trade. You can only have so many of those before you have zero roster spots available and you have to trade players who really do contribute in order to package them with less desirable contracts and free up spots that can be used to add draft picks or players signed with the mid-level or some other exception.

Lastly, there were two significant business variables that played a big part in how I decided what to offer Steve or any other free agent for that matter. The first is that the Collective Bargaining Agreement is coming up for renewal by the end of this year. I have no doubt that there will be changes. If the changes are conservative financially, which I can guess that they will be, then high dollar players with older contracts will be even more difficult, if not impossible to trade. The 2nd element was that the national NBA TV contract expires in 4 years. We saw TV revenue decline with our last TV deal, and given the climate that exists in the TV biz today, until something changes, a reasonable businessperson would have to expect that there is a material chance that the dollar value of the next deal could be less and possibly even drastically less. If I'm wrong and the contract goes up, great. That's gravy, and when it does I'm happy to give it to the players. On the flipside, if it doesn't, and the league's largest source of revenue declines or even disappears teams are still on the hook for those salaries. In what is probably the ultimate stupidity of any business I have been involved with, we sign contracts that are guaranteed for periods when none of our revenue sources are.

If you look at the Mavs' contracts, only our rookies and soon Marquis Daniels have contracts that extend beyond the TV contract, and in each there is an opt out. In the event there is a draconian change in how we do business in the NBA, I should be ok. If the business of the NBA excels I have a boatload of cap room to reward Dirk, Marquis and the team and add new players.

Which brings me back to Steve. I had fears in terms of his durability. I had roster fears. I had the business fears cited above. I had to come up with a number. So I did the only natural thing, I tried to figure out what the other guys might pay him.

Every summer at this time, agents go to the media, or have their friends do it, and talk about how much in demand a player is. Every agent wants it in the media that every team wants his guy. There is always far more smoke than fire. The key is separating one from the other. Agents are a good source of information. There are quite a few that are straight up, just looking for a good deal for their guys. They will share information with you about their guys, and that in turn gives a good feel about what each team may or may not do. After making my calls and Donnie making his calls to friends and family around the league, we pretty much knew that the only team with a real interest in Steve was Phoenix. The Suns were out there telling everyone they were going after Kobe Bryant, but I just couldn't see that happening. Mr. Colangelo had gone through a lot with his team a few years ago and I couldn't see him dealing with the off-court uncertainty attached to Kobe. So I needed to try to figure out what the Suns might offer.

The Suns had just taken on new owners, so I didn't know if they came in flush with cash, or would be conservative. So that didn't help me. What I felt strongly about is that the Suns would want to add more than one player with their cap room. They were doing everything possible to maximize their cap space available, beyond what would be considered a max out amount, so that cemented that perspective. Looking at their roster, they probably were looking for a center to go along with their interest in Steve.

To gain the most flexibility with that cap room, after signing Steve, they would need to retain more cap space than the mid-level exception. The big problem is that although teams are out there saying how much cap room they have, they don't really know how much cap room they have. The league doesn't give us the cap number until we can start signing free agents.

Worse still, we can't even really calculate or give a good guess on what the cap is. Roughly speaking the cap is League Revenues times .48, divided by 29. League Revenues have very specific inclusions and exclusions, and also include an 8pct fluff factor that has to be adjusted each year. So we can guess the cap, but we don't know the cap. What we do know is salaries that each team is paying.

So I tried to figure out what the Suns could offer Steve. I knew that with salaries and cap hold, they had just under 30mm committed for the year. So if the cap would come in at a very generous 45mm dollars, they would have 15.5mm dollars in cap. For every dollar the cap came in less, their cap room would be reduced. We also knew that the mid-level exception would be around 5mm dollars (it's based on average salaries, not revenues). So if they wanted to sign a 2nd player other than Steve, and they wanted to be able to offer more than the mid level of 5mm, that would use at least 5.1mm in cap room. So best case, the Suns would be able to offer 10.4mm to Steve in the first year.

That is the best case. The cap would have to come in at the high end, and they would have to be able to sign the player they want, at pennies over the mid-level exception (kind of what Seattle did to us with Calvin Booth). I then guessed and this was completely a guess that the Suns would want some cushion to sign the 2nd player and to protect themselves in case the cap came in lower than expected. So I guessed they would reserve 6mm dollars to get the 2nd player they wanted, and they would put the cap estimate at 44mm. That would reduce the dollars available to 44mm cap minus 35.5 committed (current salaries, 1 cap hold and 6mm for their 2nd player). That would mean a first year number of 8.5mm dollars.

If you start with 8.5mm and take it out from there with the annual increase allowed of 850k, that means for a 4 year deal the total is 39mm, for a 5 year deal the total would be 51mm. I talked to Donnie, I called some people around the league and asked what they knew and if my logic was sound and my numbers seemed reasonable, low or high. Without exception, all thought it was reasonable and there was no way the Suns went higher dollars or longer than 5 years. I knew there was a lot more guessing than fact involved. There was more emotion than facts, but that is the way it works. As I went to bed on the night of June 30th, I thought that the 5 yr/51mm deal was the best the Suns would consider offering.

The morning of July 1, as I got ready to go to Steve's, I had determined that I would offer Steve 9mm dollars a year for 4 years, with a 5th year with half guaranteed, but he could get the 5th year fully guaranteed by playing enough games and minutes the year before. I was guessing we would end up doing 60 games and 20 minutes per game to get there. I thought it was very fair.

There was risk of Steve getting hurt. His contract being unmovable. I was going past the length of the TV deal and into the new CBA. But this was for Steve Nash. I would have preferred to stick to 4 years, but Duffy had been telling some people that he wanted more than 4 years and I thought this might be an ego point for the agent, so I offered the 5th year with the terms.

Donnie wanted me to offer 10mm a year for 4 years straight up. Both were fair offers. Both had lots of risk. I knew that I was going to let Steve see if he could get another offer, and I knew that Steve would give me the chance to match, and I would if I thought it was reasonable.

That morning we all met at Steve's house. Some small chitchat and stories. It was emotional for me and Donnie and Steve. But we were here for business and we got started talking about the deal.

I told Steve directly that I wanted to be fair, and that I wanted to pay him more than any other team. I said that I didn't want to negotiate against ourselves and play games. That if another team came in and paid him a max-like deal, what I called an extreme deal, outside the norm, then he would have to take it. There has only been 1 player ever over the age of 30 to get a max out deal or anything close and if Steve was the 2nd, more power to him. I would be happy for him. Then I gave him our offer.

He seemed very, very receptive to it. In fact, when Donnie and I left, we both felt very, very good about it. They were supposed to call us back over the next couple days because Steve wanted to go out of town.

In a normal business situation, this is not how I would handle it. If I were negotiating a big deal and offering to buy something for this much money, it would be make your decision now. If I walk out the door, the offer walks with me. That would not have been right in this case.

As Steve's friend, if Duffy can get a team to pay him max out like dollars, Steve deserves to get it.

About dinner time that night I got a call. Donnie said I had to call Steve. I did. To make a long story short, Steve said he got an incredible offer from the Suns. He wouldn't tell me the exact numbers, but every time I said a number, he said it was more. He said they flew down a whole group of people, including Amare Stoudemire to recruit him. He was calling because he felt like he owed me the opportunity to match it. I was stunned. I told him to give me a little bit of time to think it over and I would call him back. He was fine with that.

I called Donnie and told him the range of numbers that I had given Steve, and that the offer was higher. I think Donnie was as stunned as I was. Based on the ranges I had thrown out to Steve, this might not have been a max out deal, but it sure sounded like it was close. There was no way I was going to match it. The amounts were higher and the length was longer than I was willing to go for all the reasons I wrote about.

I really don't know how long it was before I called back. It was amazing all the things that were going through my head. I felt sick to my stomach. I also knew that there was no way that the Suns had called Duffy that morning and arranged to have all those people come to town and meet with Steve. Duffy had set this thing up and knew exactly what was going to happen. In hindsight, I should have known when Duffy barely said anything during our meeting with Steve that something was up. I missed it. Not that it would have changed the outcome.

When I called back to talk to Steve, upset at having to tell him we couldn't match, and that we wished him well, Duffy answered the phone. I confirmed some of the numbers that Steve had given me and the term. I told him that I didn't think we could match the Suns offer. I then asked him if we could work out a sign and trade. He said he would ask the Suns, he put down the phone for a minute and came back and told me that they wouldn't consider a sign and trade.

He obviously wasn't my favorite person at the time, and I asked him when this Suns meeting got setup. He told me they had called that morning. I said there was no way, and he said, no wait, they called late last night. There was nothing more to our conversation than that. That said it all. I wonder how much he told the Suns we were offering Steve.

I then asked Duffy to put Steve on the phone. I wished Steve the best. I truly was happy for him as a friend and I told him so. He had additional financial security. It wasn't easy for me. I knew it wasn't going to be easy for anyone associated with, or fans of, the Mavs. It was Steve's choice to leave for money. It was my choice not to pay him the money.

Now you have a better understanding of what went through my head as all of this happened. It may make sense; it may not. Let me assure you it was not easy at all. As I read through this again, I'm sure I will add and change it to reflect things that come to mind.

I feel better having written all of this, knowing that although Mavs and Nashie fans might not like the result, might not agree with my approach, might think I'm an idiot, but hopefully will know that I know this was an important decision that impacted all of us, and I thought each and every one of us deserved to know what went on.