



An ode to Bobby Bonilla (and his agent)

[Bobby Bonilla](#)¹ was a very good but not “Hall of Fame” calibre baseball player whose career took off with the Pittsburgh Pirates in the early 1990s as one of the “Killer Bs” with teammate Barry Bonds (before Bonds’ association with [Bay Area Laboratory Co-operative](#)²). Bobby ultimately had a long and productive playing career (6x All-Star, 3x Silver Slugger and won the World Series with the Florida Marlins in 1997), but perhaps what he is most notable for is his contract, or should I say contract adjustments.

Following his less-than-stellar [1999 season](#)³ with the New York Mets, management and ownership (the [Wilpon](#)⁴ family owned the Mets at the time and were invested with “financier” Bernie Madoff) were looking to move on from the 36-year-old and wanted to release him. Unfortunately, the Mets still owed Bonilla \$5.9 million even if they cut him loose, which would weigh on the team’s payroll, restrict the Mets’ ability to sign needed players and hamper their ability to compete in the National League East (where they had just finished second).

Bonilla was evidently not hard up for cash at that moment (he continued playing for two more seasons, albeit at diminished salary, but had made more than [\\$50 million](#)⁵ to that point) and his agent negotiated a deal: Bonilla would defer any payment until 2011, at which point the Mets would cut him a cheque for \$1,193,248.20 every July 1 until 2035.

The math underpinning this decision — shown in an appendix in Bonilla’s contract (which [sold at auction for \\$180,000 in 2022](#)⁶) — assumed that the Mets could earn 8% on the \$5.9 million owed for 11 years before making the first payment and continue to see returns on the endowment out to 2035, such that the cumulative nominal \$29.8 million payout (\$1,193,248.20 x 25 years) was fully offset.

¹ Sports Reference, Baseball Reference, Players, *Bobby Bonilla*, <https://www.baseball-reference.com/players/b/bonilbo01.shtml>

² Wikipedia, *BALCO (Bay Area Laboratory Co-operative) scandal*, https://en.wikipedia.org/wiki/BALCO_scandal

³ Sports Reference, Baseball Reference, *1999 New York Mets Statistics*, <https://www.baseball-reference.com/teams/NYM/1999.shtml>

⁴ Wikipedia, *Fred Wilpon, Madoff investment scandal*, https://en.wikipedia.org/wiki/Fred_Wilpon#Madoff_investment_scandal

⁵ Sports Reference, Baseball Reference, Players, *Bobby Bonilla, Salaries*, https://www.baseball-reference.com/players/b/bonilbo01.shtml#all_br-salaries

⁶ ESPN.com.au, *Bobby Bonilla's infamous New York Mets contract sold for \$180K at auction*, https://www.espn.com.au/mlb/story/_/id/34361023/bobby-bonilla-infamous-new-york-mets-contract-sold-180k-auction





That 8% bogey may seem elevated, but it is important to note that the prevailing yield on the [Baa-rated corporate bond](#)⁷ was north of 8% at the end of 1999 while the Wilpon family were *heavily* invested with an investment manager who had been perpetually earning them *unbelievably* steady double-digit annual returns that would, in theory, leave them well in the black by the time the deal was done in 2035 (for example, a 10% annualized return on the “Bonilla Fund” would leave the Mets with a \$50 million surplus at the end of the deal).

A quarter century later, this is a deal that worked out poorly for the Met’s franchise, that was focused on the immediate future to their detriment, but quite well for the now 62-year old Bobby Bonilla who cashed his 15th \$1.19 million dollar cheque on July 1 even though he has not played in a MLB game since October 7, 2001 (he has not played for the Mets, who are paying him, since he pinch hit on October 3, 1999; he will be 72 when he collects his last cheque).

There is a tendency with respect to financial markets and investing to focus on the near term, especially amid market stress like we have experienced this year, which has driven significant swings in the market. Bobby Bonilla (and his agent) provide an annual reminder that:

1. Underweight the static of the near term.
2. Overweight and focus on the long term.
3. Risk management is imperative.
4. Due diligence means #3 and alignment with transparent and competent advisors.
5. He who laughs last, laughs the hardest.

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⁷ Federal Reserve Bank of St. Louis, FRED, Economic Data, Categories > Money, Banking, & Finance > Interest Rates > Corporate Bonds *Moody's Seasoned Baa Corporate Bond Yield (BAA)*, <https://fred.stlouisfed.org/series/BAA>



2025 PERSPECTIVES

AUGUST



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