

Owning Houston Rockets an act of loyalty and pride for Tilman Fertitta

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HOUSTON – They know this isn't the NBA Finals – even if it might feel like it inside the owner's suite at the Toyota Center during halftime.

It's mid-January, in the middle of the Houston Rockets' rollicking regular season where James Harden, Chris Paul & Co. have convinced the masses that they're for real. Yet in this jam-packed space that has become Tilman Fertitta's second home, where the 59-year-old Galveston native with a reported wealth of \$4.3 billion paid a record \$2.2 billion to buy the Rockets from Les Alexander in early September, you'd never know this was one of 82 games. Fertitta is surrounded by his family, sports legends and music stars, including "Slim Thug" and "DJ Kaskadee."

The defending champion Golden State Warriors are in town, and they're losing at halftime in the kind of way that reminds you they're not invincible after all. The suite – which features a bar, a family room, a separate guest area and a glass wall where fans walk by and gawk at the high society scene – is buzzing. Fertitta is no stranger to entertaining, what with a restaurant empire and casino ventures serving as his financial foundation and his "Billion Dollar Buyer" show on CNBC now in its third season.

So he makes the rounds with his wife, Paige, socializing like they did more than 30 years ago when Rockets games were a routine part of their dating life and before their four kids came along. Wine and snacks are served. This Rockets lifestyle, the same one Fertitta tried to buy into in 1993 when his bid of \$81 million fell just \$4 million short of Alexander's winning bid, was worth the wait.

After Rockets GM Daryl Morey makes his way through the who's who of Texas sports crowd – football stars Ezekiel Elliott, Andre Johnson, Vince Young; Rockets legends Hakeem Olajuwon and Elvin Hayes – he



joins Fertitta and Rockets CEO Tad Brown in the center of it all and shares more good news about their E-Sports team, Clutch City Gaming. Even the video gamers had a banner day at the office, beating the Warriors' E-Sports team, the Golden Guardians.

"Well we're just (expletive) winners today," Fertitta yells with that Texas twang.

Hours later, their dismantling of the actual Warriors complete, Fertitta is high-fiving fans on the floor on his way out. Weeks later, the Rockets are heading into the All-Star break as worthy adversaries to the Warriors. So far, as Fertitta has learned, this massive purchase had led to a whole lot of fun.

"We had a great owner in Les, and to pass the ball (to Tillman), you can not give it to anybody better," Olajuwon said. "As a home(town person) in Houston, with the history. It's an ideal situation. He's the ideal buyer. He's a winner, and he has to make

his own impact. And you can see that (already). Everything is just – there's a lot of excitement."

The art of the Rockets deal

When Fertitta first heard that the team was his, that the combination of his \$100 million down payment along with a promise to close before the season started meant he beat several other suitors who offered more than \$2 billion, the emotions overtook him.

He was standing on his boat in Marina Del Rey, surrounded by the gorgeous Southern California coast while filming the latest episode of his television show and well aware of the unfortunate irony. Back in Houston, where Fertitta had long been lauded for his philanthropy, the city had been decimated by Hurricane Harvey.

"When Houston was sinking, my whole (business) team was at the office working on this deal, and we truly did the deal that weekend," said Fertitta, who had been a



limited Rockets partner since 1982. “We postponed (the announcement) a week because (they deemed it appropriate). It was a happy moment for all of us, but (it was) during a tough time.

“I feel like I’m very fortunate. So many good things have happened in my life. Great family. Great business. And if I were to close my eyes, I would’ve said, ‘The only thing I probably didn’t accomplish in life that I ever wanted to do was to own a sports team in my hometown.’ And so this has been a great joy.”

To hear him describe what led to this purchase is to learn about his priorities.

Before the deal was done, Fertitta wanted to make sure that his entire family was, well, invested in this endeavor. So they sat around the dinner table in their Houston home, with Tilman, Paige, Blake (18 years old), Blayne (20), Patrick (23) and Michael (25) discussing the prospect of going all in on the Rockets.

“You could go buy more casinos, (or) you could expand your business empire,” Brown recalled Fertitta telling him. “You could do all these different things, and to a person they all said they wanted the Rockets, because they’ve loved it... So when he told me this story, it’s just full circle.”

All of which supersedes the experience of cutting that enormous check.

Nearly a quarter century after Fertitta lost out to Alexander, he found himself paying more than 26 times the winning amount from 1993. If only Alexander had decided to sell a little sooner.

The price tag for NBA franchises has skyrocketed in recent years, in large part because of the nine-year, \$24 billion television deal with ESPN and Turner that began in February 2016 and left the league flush with cash.

The NBA didn’t become a billionaire’s ball until April 2014, when former Microsoft CEO Steve Ballmer paid \$2 billion for the Los Angeles Clippers after Donald Sterling’s forced exit. Everyone in league circles knew the massive TV deal was coming by then, and so this became a costly risk worth taking. Fertitta’s record price was eclipsed in October, when Alibaba co-founder Joseph Tsai bought 49% of the Brooklyn Nets at a valuation of \$2.3 billion.

“We were hell-bent that we weren’t going to lose (the bidding) this time,” Fertitta said. “But you can’t make somebody sell something to you if they don’t want to sell it. But all we could do is shoot every bullet we could, and I think Tad, you know we did – a lot more than anybody else.”

But did Fertitta – whose team plays in the NBA’s eighth largest media market – pay too much?

“I sure didn’t underpay,” he said. “But you know what, if we look in five to 10 years, and the team is worth \$3 billion, which I think it will be, it would have been a great deal. And the joy that it’s given me and my family is – that’s an awful lot. ...We’re just happy to be a part of the game.”

‘We would never trade this’

The Rockets, strange as it sounds, are

nothing more than a pricey hobby for Fertitta.

At least when it comes to his daily routine.

He’s still living the same jet-setting lifestyle, flying to various locations to meet entrepreneurs on “Billion Dollar Buyer” who are hoping he’ll help their business get to the next level. He’s still spending almost all of his time managing his restaurant and casino ventures, all while watching the clock in anticipation as the next Rockets game draws near.

“Everything is the same for me, because I have 65,000 employees that I manage from one office and I have 200 (Rockets employees) that I manage from this office,” Fertitta said. “That ought to tell you how much time it takes over there and how much time it takes over here. I have great managers in all my organizations, but I don’t coach basketball.

“Somebody asked me, ‘Am I ever going to office up here, and I said, ‘What would I do?’ I would be lost. I’m running an animal over there. This is a little cub over here. (But) this is more fun. I own 600 restaurants and five casinos, and everything is a lot of fun. But there’s something about sports. This is a sports world. We live in America, and there’s a huge part of every population in America (where) this is what they get up and they think about every day, is their home sports teams. I just love owning ‘em, my family loves owning the Houston Rockets. ...We would never trade this.”

