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\$2.2 BILLION BUYER

By Jonathan Feigen

Tilman Fertitta reached agreement to purchase the rockets from Leslie Alexander, concluding a negotiation nearly as stunning for how quickly it came together as for the record \$2.2 billion purchase price.

Fertitta said in a statement he was “truly honored to have been chosen as the next owner of the Houston Rockets.” He later tweeted that “it is an honor to be part of the NBA.” But until he is officially approved by the NBA Board of Governors, Fertitta will not be able to address the many questions the change in ownership will present.

The Chronicle’s Jonathan Feigen looks at some key questions about the sale:

What happens next?

Once the NBA receives the Rockets’ application requesting approval for a transfer of ownership, the commissioner’s office will begin background and personal information checks. That process can be completed in just a few weeks, though it often takes longer. Fertitta’s small ownership stake in the Rockets when Alexander first purchased the team could help. But so much has changed in the past 24 years, the NBA likely will proceed with the usual process as if Fertitta had never been reviewed previously. The commissioner can request almost any information about a prospective owner’s businesses to technically be provided by the current ownership of the team. Fertitta also will have pay \$1 million application fee. That will cover the legal and administrative costs of the process with any balance applied to the membership fee is Fertitta is approved. The commissioner would then submit the proposal to transfer the ownership of the team along with all information he considers pertinent, to the Board of Governors. Fertitta will need approval by three-quarters of the board to become the owner of the Rockets.

Will Fertitta’s ownership of Golden Nugget Casinos be an issue?

It should not be a problem. Several NBA owners have stakes in casinos. The former Sacramento Kings owners owned similar properties in Las Vegas. The NBA has generally been accepting of gambling’s place in sports since Adam Silver took over as commissioner. In addition to the annual summer league. The NBA holds its summer meetings in Las Vegas with Silber often citing the gathering as an example of the league’s attitude about Las Vegas as part of the NBA, even without an NBA franchise.

What will happen with the current management of the team?

As with many issues, it is too soon to say definitively, but Alexander made sure to sign his management team – CEO Tad Brown, general manager Daryl Morey, coach Mike D’Antoni – to long-term contracts before putting the team up for sale. On the basketball side, it seems likely that Fertitta will want to keep Morey and his staff in place. The Rockets have been considered a successful franchise on the upswing with Morey, a surprise pick when Alexander brought him in from the Boston Celtics establishing himself as one of the league’s most respected general managers. In Alexander’s 24 seasons, the Rockets have the NBA’s fifth-best overall record and second-most winning seasons. Brown has run the business end of the Rockets since 2006. Rockets revenue and operating income consistently rank in the top five in the NBA. Fertitta



could look to act as president and CEO, the titles he holds with Landry’s or bring in someone from one of his companies. Given the record price he paid for the franchise, he could want to run it himself but he might be careful not to try to fix something not broken.

How involved will Fertitta be in the basketball decision making?

Again, it’s too soon for even Fertitta to know. He likely will have to establish the balance between running his business the Rockets and the basketball decision-making as he goes. Alexander was involved in almost all basketball decisions and was kept informed on even the small moves. He generally sought the information that went into each decision. Fertitta, however, has far more businesses to run. Fertitta’s involvement with the University of Houston athletics decision-making – from the bid to join the Big 12 to the selections of Tom Herman and Major Applewhite as football coaches – would seem to indicate that he will be an involved owner. But he does not have a history of influencing or interfering with coaching decisions. Fertitta’s celebrity and personality could make him an asset in free agent recruiting. Alexander had become increasingly active in that role in recent years. It seems likely that Fertitta will be front and center when the Rockets are knocking on a door when the next free agency market opens.

Does this increase the chances of an NHL team in Houston?

Given that Fertitta just agreed to spend \$2.2 billion on an NBA franchise without partners he might not be ready to fork over the money to buy an NHL team, too. There could be distressed properties in the NHL to consider. Since the sale of the Rockets includes the operating rights to Toyota Center, Fertitta would be in a position to make more of a go of hockey in Houston than an owner coming in with a team that would have to be a tenant. Alexander looked into the NHL many years ago, but backed off because of the pending labor issues at the time. He never pursued a team again. The NHL is on more solid ground with several successful franchises in non-traditional hockey markets. But that would seem to be a long-term option, rather than something to consider so soon after the stunning price to be paid for the Rockets.

Will there be Landry’s concessions throughout Toyota Center?

Landry’s has not done arena concessions and the Toyota Center has a contract with Levy Restaurants. But it seems likely that Fertitta will eventually like to see a Landry’s sign on his way to his new office.