

The
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Wyc Grousbeck
Owner and Governor
Boston Celtics

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Webinar

Moderator: Lee Ainslie
Founder and Managing Partner
Maverick Capital
Trustee, The Economic Club of New York

Introduction

President Barbara Van Allen

Hello, and welcome to the 777th meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club. We're happy that you are able to join us and thank you for being here today. I want to welcome students joining us virtually from Baruch College, Rutgers University, and the University of Pennsylvania as well members of our 2024 Class of ECNY Fellows. This select group of diverse, rising, next-gen business thought leaders represents our biggest class ever. And if you know someone who might be a good fit for the program, applications for our 2025 Fellows Class are now available on the Club's website.

As you know, The Economic Club of New York stands as the nation's leading nonpartisan platform for discussions on economic, social, and political issues. For more than a century, the Club has hosted over 1,000 preeminent guest speakers contributing to our tradition of excellence.

We continue that tradition today with our guest Wyc Grousbeck, Lead Owner, Governor, and CEO of the NBA's Boston Celtics. Wyc was a venture capital investor for seven years before leading the acquisition to buy the Celtics in 2002. That means he's been with the team for both its 17th and 18th championship wins. I should add that the Celtics'

success on the court is matched by its impact in the community. The team helps over 1,600 charities a year through the Boston Celtics Shamrock Foundation. In 2013, Wyc co-founded Causeway Partners, which has raised three venture growth funds totaling about \$400 million and invested in a number of sports-related businesses, including SeatGeek, and most recently the recapitalization of golf's PGA Tour.

Now, perhaps some lesser-known facts about Wyc – he, along with his wife, Emilia, co-founded Cincoro Tequila in 2016. The brand is distributed throughout the United States, Europe, Middle East, and Asian markets and has sold over 2 million bottles to date. By the way, I happen to know it's a favorite of Club members. The couple also co-created a sitcom concept and sold it to NBC. It arrived on primetime television as "Extended Family" earlier this year.

I'll conclude the introduction by saying that both Wyc and Emilia are very active in the philanthropic world. In addition to supporting several Boston healthcare institutions, they've created their own charitable foundation that supports initiatives in healthcare education and justice.

Today, Wyc will be in a conversation with our Club Trustee, Lee Ainslie, who is the Founder and Managing Partner of Maverick Capital, and we're honored to have him with us. As a reminder, this conversation is on the record. We do have media on the

line. We'll end promptly at 12:45. So now I'm going to turn things over to Lee and Wyc. Thank you.

Conversation with Wyc Grousbeck

LEE AINSLIE: Great. Thanks, Barbara. And thank you, Wyc, for joining us. And I just have to add to that bio, I think New Yorkers will appreciate the fact that Wyc and Emelia have also been very significant supporters of the Robin Hood Foundation, so they've been nice to our community as well.

Well, Wyc, congratulations on a really magical season. I know that it had to be a lot of fun. But I thought maybe we'd start by going back to the beginning, you know, how does a successful venture capitalist wake up one day and decide I want to own a basketball team. And not just any team, but arguably the most iconic franchise in NBA history.

WYC GROUSBECK: It did happen that way, Lee. I'd like to start by saying I know you very well and your introduction would be – Barbara was very generous to me in my introduction, but yours would be even better. So you do more and you do so many great things, so it's an honor to be with you, my friend. So thanks for that, Barbara, as well, and thanks to everybody on the line.

Yes, I was 41 years old. I was sitting at a desk job writing checks for venture capital investments, part of a bigger firm. I was in the middle of this firm. I wasn't running any show or anything, but it was a good place. But I thought back, I was kind of having, I don't know, a mid-life crisis at age 41, and I said, what I do really want to do? And I looked up at the wall and I looked at a picture of my teammates and myself holding oars, and actually I'm looking at the picture pretty much right now. And we had had a really fast boat and done well back in college. And I realized that was...

LEE AINSLIE: I'm going to interrupt just to let people know, but when Wyc says we'd done well, they did win the national championship, so he's being a little modest.

WYC GROUSBECK: Yes, thank you, Lee. I've never been modest before. I was trying for the first time to be modest. But, you know, it was lightweight crew, not a major sport, but it was major to those of us that were in it, let's put it that way. And I liked being that person, being in a boat and being accountable for how much work I had put in and how we did as a boat. I loved the team concept. And I suddenly realized that was, in a way of saying it, the me I wanted to be. I wanted to be that person, again, competing in a team, not solely. I don't have the talent to be by myself anyway. But be on a team and be going for the whole thing.

And I suddenly thought I need to buy a Boston team, and I need to go for a world

championship and that literally was the thinking. It wasn't this will be a great investment or this will be a great paycheck. It had nothing to do with money, and I didn't have much money. I just wanted to do it for the love of it. And so I'd been to a Celtics game. They were half empty at the time or very sparsely populated in the stands. I was sort of surprised by that. I'm born and raised in Boston. I didn't think the Celtics should be half empty.

And I realized they were traded on the New York Stock Exchange. They were a public company at the time. So I guess anybody could have called the owner. But I called the owner and made an appointment with this very nice person who I've stayed in touch with. Just saw him not long ago, a wonderful guy. And I met him down in New York at his office and he said, what do you want? I said, I'd like to buy the Celtics. And he said, well, they're not for sale.

And I said, well, is there a crazy number? And he said, I suppose there's a crazy number, you know, lots of things have numbers, I guess there's a crazy number. I said, what's the crazy number? And he named a number, and I had looked up the Celtics financials because they were public, and I saw that they were actually cash-positive and I realized I could probably fund an LBO. I didn't have the money as I was very clear, didn't have the money myself. Not even close. But there was cash flow there. I thought maybe I could do an LBO. I had never done one of those before.

But I thought I could get up to a certain number maybe and make the numbers all work. You know, the less the better, but I could probably get up to a certain number. And he named that number. He, as a coincidence, named my top end number. And it's all been reported in the paper, but I just don't want to talk about the money so much. So he named a number that I thought I could maybe stretch to and pay.

And so what did I do? I said, okay, you got a deal. I didn't negotiate it. I did not negotiate for one second. I said you named the number; you got a deal. And here's what I'm going to tell you. I don't have the money now. I will have it December 31, three and a half months from now. In the meantime, I will wire you this amount next week, and I named a significant number for me. I'll wire you this amount next week and you can keep it. It's non-refundable. It's a non-refundable deposit, and I'll give you the rest December 31. But either way, you keep the deposit.

And I guess I didn't really give him much of a choice at that point. I mean I took his number and I said you can have a non-refundable deposit and he, you know, thank goodness he said okay. And so I went home and mortgaged my house. That's what I did. And I had a mortgage on that house for a long, long time, let me tell you. But I mortgaged my house and found some other money around and wired him the money. Just myself, wired him this amount, and I had a deal for the Celtics.

And then I went and started calling people and I got three no's in a row from three very influential, brilliant, highly successful billionaires around Boston. No, no, no. And I thought what have I done? I've made a huge mistake. Eventually I talked to Steve Pagliuca, a great partner for 22 years. Steve came in. He said this is a great idea, what can I do to help? And he's been helpful ever since, has been a great partner.

And it went from there. We ended up having 25 partners come in. I lost 17 pounds raising this money in three months. It was like lightweight crew all over again. I was cutting weight. But I was just too, I was nervous. I was excited. I couldn't eat or sleep. I couldn't do anything but get the deal done. We got the deal done and I became the lead owner of the Celtics December 31, 2002.

LEE AINSLIE: And of all the parties you brought in, how many do you think were doing it more for the same motivations you had? One of Wyc's phrases is, I want to be paid in parades. I love that phrase. Versus how many of your partners really were thinking about it more as an economic investment?

WYC GROUSBECK: I will commit to you that every single person who came in thought about it as, for the emotional satisfaction of being part of something bigger than ourselves. We made that clear to everybody. I said this is not, we're probably overpaying, we're going to be paid in enjoyment was my phrase at the time. This is the

last Boston team, I think, that's going to sell in our lifetimes. And imagine if we win? I think we can be competitive and not go totally broke. If there's ever any extra money lying around, we're going to put it into the team and try to make the team do better. Having said that, if there's ever really extra money around, we'll all share it out equally. But there's no puts. There's no hurdle rates. There's no preferred stock. We're all in it really together.

And everybody who heard me and then said, well, let me bring my lawyer and my accountant, and by the way, I've been a lawyer, and I'm not disparaging either profession, but anybody who said I'm going to really boil the numbers down and boil down this price and really take a hard look, none of those people came in. Everybody who came in said, in the first meeting said I'm in, as I recall.

In other words, so the people, my partners who are well known and fabulous people – there's Paul Edgerley and Steve Pagliuca and the Epstein family and Glenn Hutchins, who is a member of the Club, you know, everybody came in for love. They're all great business people, but they came in for love and passion. And it's worked out better than we even thought.

LEE AINSLIE: On different levels, Barbara highlighted the two champions, championships, but beyond that, throughout your tenure, the Celtics have maintained a

standard of excellence that, I think, is very unusual and difficult to do in professional sports. How have you been able to create that culture? What have you done to allow that continued sustained success?

WYC GROUSBECK: Well, thank you for saying that, Lee. We have, as a group so it's not just me, as a group I believe we have tried to do the right thing when it comes to the Celtics. You know, when in doubt, what does the team need? What would Red Auerbach do? We did get to bring back Red for four or five years before he unfortunately passed away, but brought him back in as team president. He had been let go by the previous regime. So Red was here. We can still remember and smell the cigar smoke, remember what he said. I know that sounds very, I don't know, pompous or something. But we try to think of what would Red do? And we really truly try to do the right thing for the team, and we've been very lucky.

Steve introduced me to Danny Ainge and we hired Danny, who was instrumental. Danny hired Doc Rivers. Then Danny and I and others hired Brad Stevens to be the coach. And now I promoted Brad – he wasn't even asking for the job – I promoted him to General Manager a few years ago. He's now Executive of the Year. We've had great people running the basketball side and great players and great fans. I mean it's all been a really amazing ride.

LEE AINSLIE: So when a new owner, whether it's a basketball team or a different sport altogether, comes to you for advice, what nuggets of wisdom do you typically share?

WYC GROUSBECK: Did you say a new owner?

LEE AINSLIE: Yes, a new owner, whether it's basketball or even a different professional sports owner, what advice do you give?

WYC GROUSBECK: Well, we all hang, I mean lots of us hang around together. I've got four other, or three other team owners in our Cincoro Tequila, including Michael Jordan, Jeanie Buss, and Wes Edens. You know, they're not asking me for advice, but we all share insights, let's put it that way. Wes would rather die than ask me for advice. That's how good he is.

But I mean you can't run, in my opinion you can't run these things optimally if you're running them to maximize profit. The fans will figure it out. Players will figure it out. You shouldn't do it. You should be lucky enough, I suppose, to be able to run these for love. And then you'll probably not go broke. That's sort of my point. I'm probably the least well-capitalized owner in the NBA, but we've been successful because we've put the money into the team. We're not better than anybody else. My advice, though, would be find the passion for it and then run it that way and then everything will work out fine.

You know what I mean, but not the other way around. Like I'll either do this, I'm either investing in Nvidia, long or short...Lee, are you long or short Nvidia? No, don't let me know. But I'd rather invest in Nvidia or a sports team, I haven't decided which. If you're having that debate with yourself, you know, stick to the stock market.

LEE AINSLIE: All fair. So obviously the world has changed a lot over the last 22 years. How is data analytics and now even AI impacting basketball?

WYC GROUSBECK: It's here for sure. The most interesting part about it is probably the money-ball aspect of picking players and also running plays. And you know, we've got a game tonight against the Milwaukee Bucks, Wes's team, here at the Garden. And, you know, we know all the plays the Bucks use and they know all of ours because we have cameras in the roof and ceilings of every NBA arena.

And all the data is, you know, AI-processed, and so we know what their plays are. We know what a given player will do if you double-team that player, and try to push him to the left, what he'll do, what his tendencies, and what plays succeed and what the expected value of a play or a defense are. So running plays and then just analyzing the taped, the video evidence of how a player plays either on another team, if we want to trade for him or in college if we want to draft him.

So we have, I think, seven full-time data scientists at the Celtics. That's definitely one of the jobs, there are many jobs at the Celtics I couldn't have, you know, basketball player is one and data scientist is another. They're equally improbable.

LEE AINSLIE: Well, the Celtics often get the credit for really changing strategy such that long two-point shots were verboten, and either they were going to take three-point shots or very make-able two-point shots. Was that driven by analytics? Or is that just good coaching and common sense?

WYC GROUSBECK: Totally analytics and also good coaching and everything else, but it was being unafraid. Joe Mazzula and Brad Stevens being unafraid to push the envelopes. The Warriors started it. We didn't invent basketball or the new kind of basketball, but we've taken it to a new level. I just talked to the crowd the other night as we gave out the rings and raised the banner. And I spoke, hopefully briefly, but I said you're looking at one of the best teams ever assembled in the NBA. And just to point out, out of the 78-year history of the NBA, we had the number one most efficient offense of all time. So there have been a lot of offenses, and this one is number one. We also had a Top 4 defense. It's hard to play good defense and good offense because defense is exhausting and will zap you on the offensive end. So this team, this team was an all-time team, and it was driven by analytics.

LEE AINSLIE: Speaking of rings, I have to ask. Got anything you can share with us?

WYC GROUSBECK: Well, just, I've made sure because it's a New York crowd, that I did bring this little thing. I don't know if anybody just wants to take a look. But this is the player and owner size ring. It's pretty substantial. And the top comes off and inside is the banner. These are the parquets from the actual floor that we played on.

LEE AINSLIE: Very exciting. Congratulations.

WYC GROUSBECK: Thanks a lot.

LEE AINSLIE: So how about gambling? How is that influencing the game? And what are the pros and cons of gambling becoming so widespread?

WYC GROUSBECK: We view it in the league, in general, as a pro because, much like we've seen with the NFL, I think, over the years, and they would probably say the same thing, it increases viewership and engagement. Even if it's not your hometown team, you might find a reason to wager, hopefully modestly, on the game, but have a little more interest and end up watching the game. So it drives viewership. It probably drove some of our new media deal dollars that the partners were willing to bid. We just received a nice raise on the national media front. Probably, you know, gaming and

increased fan engagement probably drove that would be my guess.

So there's positives there. As long as you don't have compulsive gambling or people gambling to the point of financial pain. But if you can keep it at the fun level and not become, I guess, addicted or whatever the phrase would be, about gambling, a problem gambler, we view it as a positive. The negative can be, and we did have an incident earlier in the year, allegedly anyway, that a very peripheral player was, I guess, having bets placed against his performance. And sort, you know, anyway, it's all in the paper. They caught on to that pretty quickly because there's a lot of data and analytics that looks at the handle on any particular bet. And if anything is out of line, if it's normally \$500 bet on some proposition and then it's suddenly \$10,000, you know, it's going to be flagged.

But we have to monitor. We have to be careful, but net-net we view gambling as a positive for engagement and a positive, because of state taxes and everything else, a lot of it actually ends up going back to the community.

LEE AINSLIE: But there is no direct monetization by the NBA about selling data, it's all just based on improving viewership overall?

WYC GROUSBECK: No, I think we do, no, we do, we have partnerships and an

ownership interest, or used to have an ownership interest in one of the big sites. I'm not sure if we do or not, but let's assume we do. I'm not going to deny it. We definitely sell data for sure, and we want to make sure it's the right data and that it's sold as quickly as possible. If someone's going to do it, it might as well be us. It's our data. So we are definitely financially compensated from the gaming industry. But the best person to speak about that is Adam Silver because he's got the whole thing in his mind and he does a very good job of running the league.

LEE AINSLIE: So obviously you've made the difficult decision to sell the team. Can you tell us what drove that decision?

WYC GROUSBECK: Sure. I would be happy to. I am part of two families – the Celtics family and the Grousbeck family. My family, the ___ family...and my family did come in as limited partners, or partners back in the day, in 2002. And I was glad they were there and definitely needed their involvement and welcomed it. And so we are in as a family and own voting control, the majority control of the team. So then, after 22 years now, the family and I, we all agreed to sell the team, just based on the passage of time and estate planning considerations. And so we've reached a difficult, bittersweet decision.

LEE AINSLIE: And did luxury tax, and I don't quite understand it but the new apron tax, etc., did all that come into play as you were thinking it through or that really wasn't a

driving factor?

WYC GROUSBECK: No, there have been media reports that I can refute categorically. The Celtics have never had a capital call in the 22 years. We've run it very hot. We've really put everything back into the team or a lot back into the team. But we're still net-net, never had a capital call. Just put in the original \$200 million of equity it was and that was it. So we've had dividends over the years and everything else. And that will maintain going forward. So we have a nice bank balance. We have moderate spending plans going forward, or affordable spending plans, I guess I should say, and it all hangs together. So the press reports are incorrect about the topic.

LEE AINSLIE: And I know Mark Cuban has talked about his decision to reduce his ownership meaningfully, that he perceives a world where just the price of maintaining a modern stadium with associated gambling, just that the stakes of owning a team will be going higher and higher and higher. Is that a vision that you share? And is that a concern or that really didn't play a role for you?

WYC GROUSBECK: Well, Mark's a good friend. I think every situation is probably different. I don't know his situation in Dallas, although I know the new owners as well and think they're all, you know, friendly with all of them. All of the above, including certainly Mark, my friend for many years. But the Boston situation, it's very stable here,

great relationship with the Jacobs family who owns the TD Garden and the Boston Bruins, and a long-term partnership, a lease until 2036, and everything's fine here. So I don't know what Mark was referring to. I'm sure he's correct, but our situation is really stable. We've got bankers who put a presentation together and we're starting to meet now with potential buyers and there's a lot of interest in buying the team.

LEE AINSLIE: Tell us about that process because I'm guessing, unlike 22 years ago, you're probably not going to get a call from someone out of the blue saying, hey, what's your number, I'll hit it. So how are you going about this?

WYC GROUSBECK: We haven't set a number. If someone did ask that, I'd be hard-pressed to figure out what the number would be. But we have great bankers. We have Gregg Lemkau and Byron Trott from BDT Partners, which is a terrific firm and terrific people. And then we have JP Morgan. Mary Erdoes is the lead over there for us. Spectacular bank, spectacular person, and a long-time partnership with me and my wife, partnership, friendship, and working relationship. So terrific people representing us, and they're finding a lot of interest out in the marketplace.

LEE AINSLIE: So you mentioned earlier, you didn't want to get into some of the dollars, but I will for you. You bought the team, I think you paid \$360 million, which at the time was the all-time record. As a side note, I had a little debate with ChatGPT because I

wanted, I had that in my head, I wanted to confirm that was correct. And it said, no, it's not correct. Actually the highest price ever paid was \$285 million by Mark Cuban. And I had to point out to ChatGPT that \$360 was more than \$285 so I won the debate, but that was an interesting ChatGPT moment.

And today when you see those franchise values, it's very obvious that you've made what's proved to be an amazing investment. But that wasn't always the case. You know better than I would, but I think about eight to ten years after you purchased the team that the New Orleans franchise couldn't even find a buyer and the league itself had to buy the team.

And so there was a period where it was not as obvious that this was going to work out to be as successful as it's been. How did you handle that period and did you have confidence that in the long run it was all going to be fine or were there moments that you were concerned that, again, not that it was your primary motivation, but of course no one wants to invest that much money and have it not work out well? Were there periods of concern?

WYC GROUSBECK: Great question. And yes, for sure. Just as an example, I'm here with my management team, and I just finished a meeting with a potential buyer in the other room. But we all, I remember, we've all been together 20-plus years here, and I

remember a few months in, I mean we bought the team and there was a little bit of money in the bank. And we put some working capital in, I guess, but apparently not enough because the CFO came into the room and said, for our weekly meeting, and said, so we're \$490,000 short on payroll next Tuesday. And this was like the Wednesday before. And it was like, we've got six days to find \$490,000. And I wasn't going to have a capital call three months after closing on the team. I wasn't going to have a capital call ever, if I could help it, right?

And I said, well, I guess we need to have Project 500. And they said, what's Project 500? I said, we need to find \$500,000. And so we went around, I think we, like cancelled matching of IRAs and we slow-paid vendors, sorry vendors. And we did whatever else we had to do. We downgraded the health insurance temporarily to low levels. I don't remember exactly what, I think all three of those things were part of it. And we found \$510,000. We made it through payroll with \$20,000 left over. So I mean it wasn't always obvious that it was going to be fine.

But my biggest concern, Lee, was I'm going into this at age 41. And at the time, the Red Sox had never won, the Red Sox had never won since 1918. The Patriots were maybe just winning their first one. The Bruins hadn't won since the 70s. The Celtics hadn't won since the 80s. The Cubs had never won, or since '08. So it was like a very real possibility that I would be here 30 years later, 40 years later. And I was like, I will be

known as a huge, gigantic loser if we don't actually win the championship.

So do I really want to be out there saying I got this, I'm naming it Banner 17. We only had 16. You know, proclaimed to everybody we're going to win or die trying. That was my first quote. We're going to win Banner 17 or die trying. That's our mission statement, I made to the fans of the Celtics. Am I going to be the biggest loser ever 30 years later? And I thought, well, that's a huge risk emotionally and personally. But on the other side, it's far outweighed by if we ever do win. And so I'm an optimist and so I went for the optimistic view. So I was worried all the way through, until '08. Then I was worried we wouldn't be able to repeat, or do it again, until now. I'm trying to find another source of worry.

LEE AINSLIE: And through that period of time where NBA franchises were stable, if you will, and then there was an inflection point where they've really exploded, what do you attribute that to?

WYC GROUSBECK: I think that's digitization. It's something I did not foresee. I didn't foresee any of this, and I'm comfortable saying that. I hoped we could win championships and not go broke. And that was literally, and I've made the point repetitively – I'm sorry to belabor it so much – but I didn't know what would happen. Nobody did, I guess, but anyway I certainly didn't. But now that you can see our games

globally, we have fans all over the world. We just took the team to Abu Dhabi, and it's shocking how many Celtics jerseys are in Abu Dhabi and Dubai. And we've taken the team all over, to Spain and Paris and London, and we'll be going to Asia probably in the next few years.

So anyway, the NBA has gone global. Now, 30, actually closer to 35% of our players are internationally-born. The sport is exploding overseas. We're probably, whatever percentage of our available market we've reached here in the United States, hopefully a low percentage, but it's dramatically lower overseas. We have a long way to run overseas. That's one of the reasons I'm really optimistic about the NBA going forward.

LEE AINSLIE: And there are efforts to brand the Celtics overseas, or is it more just a league-wide effort?

WYC GROUSBECK: It's both. We're one of the teams that people know even all the way back to Larry Bird versus Magic Johnson, and Celtics, Lakers, and the Dream Team in '92. We took the team to Barcelona and Madrid and fans still remember the Dream Team of '92, and Bird was on that as well as Michael, and Magic. And so there's Celtics-related fans, but it's also the NBA going global. And with Victor Wembanyama now, a French guy, maybe the new face of the league in the future, one of them, on the San Antonio Spurs, a small market team.

But we're all global in our way and we're going more global. It's a great sport to watch just on your iPhone and stream it. The guys are large-sized guys. They're indoor games that are two hours and fifteen minutes. You know, there's sort of a controlled period of time. Well lit. No face masks. You know the players, our players are known globally as icons and superstars, and it's a great game for streaming and we're reaping the benefits of that.

LEE AINSLIE: So you mentioned when you bought the team that the city of Boston had been suffering a bit of a championship drought, if you will. But by the end of the 2000s, virtually every, I think every Bruins, Red Sox, Patriots, and certainly Celtics were either in the championship game if not winning the championship series. What does that do to a city? And I know you're passionate about Boston.

WYC GROUSBECK: Let's run it down. I think it's six for the Patriots, four for the Red Sox, that's ten. Two for the Celtics, that's twelve. And one for the Bruins is 13. That's since 2000. Thirteen parades in the city. We just had one that had two to two and a half million people. You come out on the duck boats from the Garden. You hear this, like jet engine sound. You're out on Causeway Street, take a right, and there are people, thousands and thousands of people there, and you say, this is just beyond belief. And it goes on for 90 minutes, you know, two miles through the city of Boston. It's beyond belief.

So it brings us all together. It makes us unbearable to other people. Hopefully not, but it does. And I don't really wear this around New York. I've got a place in New York with Emelia, and I don't really wear this out in the street much. But if I run into a fan, it might be in my pocket and I'll bring it out for a photo.

LEE AINSLIE: One of the interesting aspects about the current team is you already have two of the best players on the planet on the same team. And there are even active debates about which of the two are better. But I'm sure that, I mean I'm just reporting the press, it's created some stress as well from time to time. As an owner, do you try to get involved in those kinds of issues and develop relationships with the players or has that not been your approach?

WYC GROUSBECK: Yes, I'm not going to dinner with the guys or trying to go out at night with them in between games or anything like that or interfere with their family time. But I really feel like there's a friendship and a relationship of seeing them at practice, seeing them on the team playing, at the team breakfast if we're on the road together, because I go to a lot of road games. But I definitely want to let them be. I'm just proud to be sort of in a way their teammate even though technically not. But we really are all in this together and I want them to know that I really care and then stay out of the way.

But by hiring amazing people like Brad Stevens and Joe Mazzula and the coaching staff and so on, I mean those are the direct connections to the players. And those are the direct connections that I have as well, like those guys are in between us. But the whole vibe of this team is family and all for one. We travel, we're one of the probably few teams that travels with family members, partners, spouses, kids on the team plane actually throughout the year. And they're welcome. And Joe has really set that tone, our coach. And it just, I think there's a really good feeling. We each have a role, and they're different. But it feels like there's a mutual respect and a friendship and that's all heightened when you win a championship together. You're kind of bonded for life. So really, you're asking me the question at a really great time. Very warm relationships throughout.

LEE AINSLIE: So I won't name names. You and I both have friends and acquaintances who have been incredibly successful in virtually everything they've done in their entire life, until they buy a professional sports franchise. And some of the people I have the most respect for professionally end up from the outside appearing to be rather inept owners even though they're passionate, they're dedicated, they're smart.

WYC GROUSBECK: Who are you thinking of, Lee? I'm not sure who you're thinking of. I mean the press won't write anything.

LEE AINSLIE: I can give a few examples. So what do you see as the most common mistake for someone that is coming into this world of sports who, again, is used to having a lot of success in different fields and somehow is simply incapable of replicating that? What are they getting wrong?

WYC GROUSBECK: Well, that would sound like I really feel like we get it right a lot. I mean we have had good years, but we've made big mistakes too. And I really don't want to come off as the person that's giving everybody else a lecture. I'm already waving the ring around and talking about the parade.

LEE AINSLIE: You've earned that, come on.

WYC GROUSBECK: I would say, I guess I would say, what I say to myself is first of all, don't run it for profit, but the profits come if they do. If the fans decide to support you, the sponsors decide to come, national TV wants to come with a new deal. If it all works out, it all works out. But try to find a way to live within your means and elsewhere so you can put the money into the team.

I mean; however you want to say it, that's the philosophy around here. So if someone comes in and thinks I can, you know, take a lot of money out of this team but still have everybody think it's going great, I just caution them. The fans know. You know, I'm not

saying anybody in particular does that, but I just wouldn't want that to be, they shouldn't come in with that mindset. You should come in with the mindset of what the team needs first and foremost.

And secondly, I don't think it's a good idea, I don't have a basketball mind to the extent that I can draw up the plays or draft the players. I get involved in basketball decisions to the extent that it is, should we make this trade? Should we trade these draft picks? Do we win now or try to win next year? Where's the team standing in its rebuilding strategy and so on? I mean I'm involved in that stuff but when it comes down to making the pick, that was Danny. Now it's Brad. When it comes down to coaching the team, that's never been me and never will be. There are some other owners that think they can do that stuff. And there's some results where you're winning Super Bowls and so on and some other results probably that you're not.

LEE AINSLIE: Is there any thought of trying to take some of the lessons learned over a very successful 22 years and applying it elsewhere? Whether that be helping another NBA franchise or maybe outside of basketball altogether in the world of sports.

WYC GROUSBECK: Once we end up moving on from here, my plan, not set in stone but the current ask and the current request from the family is that I stay in until '28 and transition out. So part of the reason would be the transition into the next owner and

make sure, to the extent that it would be helpful, that we give whatever help as we transition. So that's the current plan. I'm not planning to go anywhere right this minute. But having said that, in the long term I'm just going to see. I'm very happy with Emelia. We have other things to do including Causeway and some other stuff that we've got going on at any given time. So I'm not sure what I'll do next.

LEE AINSLIE: And so Barbara mentioned some of the philanthropic efforts that are really important to you. Do you want to highlight one or two just to educate people about them?

WYC GROUSBECK: Well, we have been really appreciative that you got us involved in Robin Hood, Lee, and love supporting that. It's earth-shattering every year what you all are able to achieve there. We just do our small part or try to. My son was born blind, Campbell. We'll see him shortly today. So I've always been devoted to causes of fighting blindness and deafness. I was the Chairman of Mass Eye and Ear here in Boston. Since the 1820s, Mass Eye and Ear has been trying to lead the world or be a co-leader in fighting blindness and deafness. And so I chaired a capital campaign there and was the Chair for 12, 13 years and passed it on to a great person, Bob Atchinson.

So there are things that touch the heart of all of us on this call, no doubt. And we all, I know everybody at The Economic Club of New York has the same mindset so it's not,

it's certainly not just me. But certainly you've been a leader and I appreciate you for that.

LEE AINSLIE: Thanks. So one last question maybe, before we open it up to people who are attending the call. As you look forward a decade, how would you compare and contrast the NBA then versus today? How is the game going to evolve?

WYC GROUSBECK: So looking forward from here?

LEE AINSLIE: Yes.

WYC GROUSBECK: We might have a four-point play. Who knows? One of our players called for it the other day, Payton Pritchard, the guy that made two long, more than half-court shots in the playoffs. But I think we will be more global. I don't know if the game is going to change that much. Where we are now is, you know, lots of 3s and lots of defense, 3 and D is kind of the way it's played now. It changed over the last ten years. Will it change again? I don't know. I don't think we're going back into just throwing it in under the basket and knocking heads and banging elbows under there. I think the three-pointer is probably here to stay.

But what I do know is what I like about the NBA being overseas, one of the reasons is

that I like our games being broadcast everywhere and they can see the United States – equality, unanimity, teamwork, different backgrounds, international, all sorts of different people on the court, all wearing one uniform and all trying to do the right thing. And now, as Barbara generously mentioned, out in the community as well, with 1,600, it's actually now 2,000 charities a year that the Celtics support – as do the Red Sox, the Bruins, the Patriots, the Yankees, the Mets, the Jets, and the Giants. The teams aren't just playing. They're in the community. Anyway, so I love where we are, and I think it's got a bright future.

LEE AINSLIE: Barbara, do we have questions from our viewers?

PRESIDENT BARBARA VAN ALLEN: There was one question about PE firms and the role of PE firms in professional sports. I know the NFL, for the first time, is joining the crowd with, what a 15% allowance? Any comments on that?

WYC GROUSBECK: Sure. I sit on the Executive Committee of the league and we voted to allow private equity to come in a few years ago. And we think it's a good idea. These valuations have gotten significant clearly in all these leagues. And one way to support the valuations is to enable more sources of capital to come in. We're kind of meeting the market. The market didn't used to think that sports investments made any sense, I don't think. I certainly experienced that when I was trying to raise money in 2002. Lots of

people didn't think it made sense. I was lucky that it did. I hoped, but I wasn't positive.

It's now a recognized asset class with serious appreciation. *Forbes* just came out two days ago. The Celtics were up supposedly 28% year over year. That's not liquid and it's just *Forbes's* opinion but that's an example of an asset class that's performed well now for 20+ years. So it's a real asset class so why not have professional capital. Most of my co-owners are private equity people as it is from Bain Capital and Silver Lake with Glenn, formerly Silver Lake and so on. So we've got, PE people have been in here with their personal money and now we're just enabling funds to come in.

LEE AINSLIE: And, by the way, *Forbes* is right. I believe the franchise to be worth 13 times what you paid, so that's a pretty good return.

WYC GROUSBECK: Well, Lee, I know that you're not probably familiar with debt, but we actually levered it up.

LEE AINSLIE: Now you're just making us jealous.

WYC GROUSBECK: \$200 million of equity, my friend, and we've already paid that back, and we wrote off 71% of it against other income in the first few years and then the IRS changed the rules. Now it's 15 years straight line, 100% depreciation or

amortization.

LEE AINSLIE: Very exciting. Barbara, anything else from our crowd?

PRESIDENT BARBARA VAN ALLEN: I think we are, the clock has hit, so we're going to have to wrap it up. I want to thank you both for your time today. It was definitely incredibly insightful for all of us that are increasingly interested in the whole area of sports investments.

And I just want to really quickly highlight for our listeners some speakers that we have this fall coming up. In November, join us for a post-election webinar on the 12th as notable economists Larry Summers and Glenn Hubbard discuss the trajectory of fiscal and monetary policy on the heels of the election. On the 18th, we'll have General Bryan Fenton, the Commander of U.S. Special Operations Command with us. And on the 21st we'll be hosting Ken Griffin, the CEO of Citadel. And we still have tables available for both of those events for those that would like to bring guests, clients, or other colleagues. We also encourage everyone to check the website and your email for updates in the coming weeks as we always encourage you to keep up to date on all the events that we bring online. We still are actually working on a few to happen between now and year end.

And as a reminder, the Club launched its first-ever podcast late last year. We're excited that Season Two is now Live. So be sure to tune in to The Forum, and for those that have come in and listened to others, Becky Quick is our host. So we're thrilled about that.

And finally, I just want to take a moment as we always do to recognize members of the Centennial Society joining us today. Their contributions continue to be the financial backbone of support for the Club and enable us to do our programming. So thank you again everyone for joining us. We'll see you at our next meeting. And Wyc and Lee, this was just terrific. Thank you both so much.