NICHOLAS "NICO" LAHOOD
BEXAR COUNTY CRIMINAL DISTRICT ATTORNEY
PAUL ELIZONDO TOWER
101 W. NUEVA
SAN ANTONIO, TEXAS 78205
(210) 335-2311

December 7, 2017

County Judge Nelson W. Wolff
Bexar County, Texas
101 W. Nueva Street, Suite 1019
San Antonio, Texas 78205

HAND DELIVERED

Re: Status Report – MLS Claims

Dear Judge Wolff:

Enclosed please find a status report from attorney Mikal Watts concerning his evaluation of legal claims against Major League Soccer and its officials.

Please don't hesitate to contact me if you should have any questions.

Sincerely yours,

Edward Schweninger
Chief – Civil Section

w/ enclosure

WATTS | GUERRA LLP

MIKAL C. WATTS
Attorney at Law
mcwatts@wattsguerra.com

Four Dominion Drive
Building Three, Suite 100
San Antonio, Texas 78257
210.447.0500 PHONE
210.447.0501 FAX
www.wattsguerra.com

December 7, 2017

Bexar County Judge Nelson W. Wolff
Paul Elizondo Tower
101 W. Nueva, 10th Floor
San Antonio, Texas 78205-3482

RE: Major League Soccer Expansion and Relocation – Status Report

Dear Judge Wolff:

As you know, in conjunction with the Bexar County District Attorney's office we have been analyzing factual and legal issues surrounding the much-anticipated expansion of Major League Soccer ("MLS") and relocation of some MLS teams. More specifically, our investigation focused on Bexar County's efforts to secure an MLS team that would play in Toyota Field. This letter is intended to summarize our findings to date, and provide you with our current recommendations with respect to potential legal action. A detailed timeline of events, with citations to supporting references is attached to this letter as Exhibit A. Letters exchanged between you and your representatives and MLS and its representatives are attached as Exhibits B, C, and D.

There is no doubt that the MLS expansion process has been unfair, unethical, and duplicitous. It is currently unclear, however, whether a fraudulent expansion process denied San Antonio the opportunity to secure an MLS franchise or whether Bexar County's application partner's unilateral decision to defer the application denied San Antonio the opportunity to secure an MLS franchise.

MLS knew that the Columbus Crew obtained a previously undisclosed contractual right to relocate the franchise to Austin, Texas in 2013. MLS President Mark Abbott stated unequivocally that Austin and San Antonio would not both be granted an MLS team. MLS may have never intended to award an expansion franchise to San Antonio.

Regardless of whether the MLS expansion process was fraudulent, Bexar County's application partner's request that the application not be considered in the initial two-team expansion decision – which MLS very recently disclosed may be the *only* expansion decision– acts as a *de facto* denial of the application.

MLS's misleading inducements and secret contractual provisions in the Columbus Crew 2013 purchase agreement do not justify a legal cause of action at this

time because Bexar County's application partner withdrew from consideration and because San Antonio could obtain a franchise in a subsequent expansion round.

We will revisit the strength of Bexar County's claims if a subsequent expansion round is conducted.

Sincerely,

Mikal C. Watts

MCW/kh
Enclosures:

Exhibit A - MLS Timeline
Exhibit B - Letter from Judge Wolff to MLS Commissioner Don Garber, 10/27/17
Exhibit C - Letter from MLS Attorney Bradley Ruskin to Judge Wolff, 11/17/17
Exhibit D -Letter from Judge Wolff Attorney Mikal Watts to Attorney Bradley Ruskin, 11/30/17

EXHIBIT A

MLS Timeline

- July 30, 2013: Anthony Precourt purchases Columbus Crew.[1]
  - Reported four years later that his purchase agreement included an option to relocate to Austin.[2]
- November 2, 2015: Judge Wolff and County Manager David Smith meet with MLS President Mark Abbott. Discussion topics included:
  - County's negotiation to purchase Toyota Field, which was contingent upon a reasonable belief that San Antonio had a fair chance of obtaining a franchise. Abbott encouraged Bexar County to move toward an MLS application.
  - Expansion capacity and location of Toyota Field and demographics of San Antonio
  - Spurs Sports and Entertainment potential purchase of the San Antonio Scorpions
  - Potential MLS expansion process
    - Abbott stated that if there was an MLS expansion into Texas, there would not be a franchise located in both Austin and San Antonio.
    - Abbott listed factors that MLS would likely consider during the expansion process, including: 1) television market; 2) demonstrated support for soccer; 3) strength of ownership group; and, 4) a soccer-specific stadium plan.
- November 4, 2015: Bexar County, City of San Antonio, and SS&E announce agreement to purchase Toyota Field[3]
- November 10, 2015: Bexar County Commissioner Court approve preliminary agreement to purchase Toyota Field[4]
- December 21, 2015: Bexar County Commissioners Court formally approves Toyota Field purchase agreement[5]

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[1] Adam Jardy, "Soccer: Crew under new ownership" , The Columbus Dispatch, July 30, 2013, http://www.dispatch.com/content/stories/sports/2013/07/30/1-crew-announcement.html

[2] Laura Newpoff, "MLS, Crew SC have been working on Austin relocation plan for months," Columbus Business First, October 18, 2017, https://www.bizjournals.com/columbus/news/2017/10/18/mls-crew-sc-have-been-working-on-austin-relocation.html

[3] Kyle McCarthy, "San Antonio targets MLS team after Toyota Field deal," Fox Sports, November 4, 2015, https://www.foxsports.com/soccer/inside-mls/story/mls-expansion-san-antonio-spurs-san-antonio-bexar-county-purchase-toyota-field-110415

[4] Bexar County Commissioners Court, Press Release, "Court approves preliminary agreement to purchase soccer stadium," November 10, 2015, https://www.bexar.org/ArchiveCenter/ViewFile/Item/2713

[5] Bexar County Commissioners Court, Special Commissioners Court, December 21, 2015, https://bexarcountytx.swagit.com/play/12212015-518

- December 22, 2015: Bexar County, City of San Antonio, and Spurs Sports & Entertainment reach lease agreement.[6]
    - 20-year lease
    - SS&E will pay $3 million upfront with a $100,000 annual rent
    - SS&E has contractual obligation to pursue MLS franchise. If SS&E fails to obtain a franchise by the sixth year of the contract, SS&E will owe Bexar County and the City of San Antonio reimbursement payments totaling $5 million.
- August 23, 2016: Columbus Crew owner Anthony Precourt publicly announces commitment to staying in Columbus[7]
- October 30, 2016: Precourt publicly renews commitment to Columbus[8]
- November 17, 2016: Wolff and Smith meet for the second time with MLS President Abbott
    - Bexar County provided an update on the stadium purchase, ownership group, and stadium expansion plan.
    - Bexar County requested clarity on the MLS expansion process and timeline. Abbott indicated the expansion process could announced as soon as December 2016.
- December 15, 2016- MLS announces expansion process. Commissioner Don Garber appoints Columbus Crew owner Anthony Precourt to the expansion committee.[9]
    - "The league acknowledged ownership groups from 10 markets have publicly expressed interest in securing an MLS expansion team: Charlotte, Cincinnati, Detroit, Nashville, Raleigh/Durham, Sacramento, St. Louis, San Antonio, San Diego and Tampa/St. Petersburg. Interested expansion owners must submit applications by Jan. 31, 2017. After review, a series of in-person meetings will take place during the first and second quarters of 2017."
- December 22, 2016- MLS contracts Barrett Sports Group, LLC to survey demand for MLS in Austin[10]

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[6] The Associated Press, "San Antonio seeks MLS team to play at Toyota Field," USA Today, December 22, 2015, www.usatoday.com/story/sports/soccer/2015/12/22/san-antonio-seeks-mls-team-to-play-at-toyota-field/77764824/; San Antonio Spurs, "Spurs Sports & Entertainment Reaches Agreement with Bexar County and City of San Antonio to Play Soccer at Toyota Field in 2016," NBA, December 22, 2015, http://www.nba.com/spurs/spurs-sports-entertainment-reaches-agreement-bexar-county-and-city-san-antonio-play-soccer-toyota/

[7] Sam Fahmi, "Podcast—Anthony Precourt In The House," Massive Report Podcast, August 23, 2016, https://www.massivereport.com/2016/8/23/12620428/podcast-anthony-precourt-in-the-house

[8] Adam Jardy, "Soccer Crew: Precourt talks stadium as MLS teams build theirs," The Columbus Dispatch, October 30, 2016, www.dispatch.com/content/stories/sports/2016/10/30/crew-sc--precourt-talks-stadium-as-mls-teams-build-theirs.html

[9] Ben Couch, "MLS announces expansion process and timeline," MLSsoccer, December 15, 2016, https://www.mlssoccer.com/post/2016/12/15/mls-announces-expansion-process-and-timeline

- January 11, 2017: Bexar County and City of San Antonio submit letters of support for SS&E expansion application
- January 31, 2017: SS&E submits official MLS expansion application[11]
- February 2, 2017: Anthony Precourt shares thoughts on exciting MLS expansion process[12]
    - "These 12 expansion applications come from all over the United States, and it is exciting to see several markets close to Columbus in the applicant pool, including Cincinnati, Detroit, Indianapolis and St. Louis. Our Crew SC supporters have a chance to see some healthy new regional rivalries develop within MLS in the coming years."
- May 10, 2017: Bobby Perez, MLS officials Mark Abbott, Charles Altchek, Chief of Staff T.J Mayes, Judge Wolff and County Manager David Smith meeting in San Antonio.
    - The discussion focused on MLS expansion prospects. Bexar County officials were cautiously optimistic after the meeting. The prospect of relocation to Austin by any existing MLS franchise was never disclosed or discussed.
- July 5, 2017: Spurs officials reveal architectural plans for Toyota Field expansion to San Antonio Mayor Nirenberg and Judge Wolff as well as city and county officials.
    - The stadium expansion architectural plans were discussed. Cost of parking issues, and potential election dates were considered. Mayor Nirenberg and County Judge Nelson Wolff suggested a May 2018 election day. Rick Pych indicated that a May 2017 election would be too early. The architectural plans were picked up by the SS&E officials and were asked to keep plans and cost confidential.
    - SS&E officials agreed to set up meeting between Mayor Nirenberg and County Judge Wolff and MLS Commissioner Garber.
- July 23, 2017: Lobbyist representing professional soccer reportedly initiates contact with Austin City Council[13]

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[10] Will Anderson, "MLS in Austin? League gauging interest, but other cities lead expansion list," Austin Business Journal, December 22, 2016, https://www.bizjournals.com/austin/news/2016/12/22/mls-in-austin-league-gauging-interest-but-other.html

[11] San Antonio Spurs, Facebook Post, January 31, 2017, https://www.facebook.com/Spurs/photos/a.151685001980.123354.25781101980/10154228590096981/?type=3

[12] Adam Geigerman, "Anthony Precourt shares thoughts on exciting MLS expansion process," Columbus Crew SC, February 2, 2017, https://www.columbuscrewsc.com/post/2017/02/02/anthony-precourt-shares-thoughts-exciting-mls-expansion-process

[13] Kevin Lyttle, "Lobbyist initiated MLS to Austin talk with city in late July," The Statesman, November 15, 2017, http://www.statesman.com/sports/soccer/lobbyist-initiated-mls-austin-talk-with-city-late-july/eqP633onRe3TZN2m9vv6ZJ/

- August 15, 2017: MLS lobbyists file paperwork with the City of Austin[14]
- August 16, 2017: MLS files trademark applications for "Austin FC" and "Austin Athletic"[15]
- September 26, 2017 posed meeting in New York with Commissioner Garber with Mayor Nirenberg and Judge Wolff is canceled (SSE official Bobby Perez informed Judge Wolff and Mayor Nirenberg of the cancellation)
- October 16, 2017: Grant Wahl breaks the story of Crew move to Austin .The text of the Tweet: "Columbus Crew owner Anthony Precourt is set to move team to Austin, Texas, in 2019 if downtown stadium can't happen in Columbus. Story soon."[16]
- October 17, 2017: Precourt Sports Ventures issues press release about the possible relocation, wherein Commissioner Don Garber voices his support for the move[17]
- October 17, 2017: Precourt holds a media conference call[18]
    - Precourt: "Well we are initiating a process: a concurrent path of exploring our options in Columbus in a new facility and possibly relocating to Austin, Texas."
- October 17, 2017: Precourt Sports Venture hired an Austin, TX-based public relations firm.
- October 17, 2017: Precourt indicates he began eyeing an Austin relocation in early 2016
    - "Precourt said that it was around this time that he started looking into other markets and settled on Austin, a city for which he has "a long-standing affinity."
- October 19, 2017: Bexar County officials learn that Precourt has been removed from MLS expansion committee.[19]

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[14] City of Austin, City Clerk, Lobbyist Detail, Lobbyist: DeYoung, Eric H., http://www.ci.austin.tx.us/cityclerk/lobbyist/detail_lobbyists.cfm?registrant_id=RG0018; City of Austin, City Clerk, Lobbyist Detail, Lobbyist: Robinson, Kelan, http://www.ci.austin.tx.us/cityclerk/lobbyist/detail_lobbyists.cfm?registrant_id=RG0065; City of Austin, City Clerk, Lobbyist Detail, Lobbyist: Morrow, Amanda L., http://www.ci.austin.tx.us/cityclerk/lobbyist/detail_lobbyists.cfm?registrant_id=RG0057; City of Austin, City Clerk, Lobbyist Detail, Lobbyist: Neslund, Melissa M., http://www.ci.austin.tx.us/cityclerk/lobbyist/detail_lobbyists.cfm?registrant_id=RG0061

[15] U.S. Patent and Trademark Office, Trademark Electronic Search System (TESS), Word Mark: Austin Athletic, Serial # 87571518, http://tess2.uspto.gov/; U.S. Patent and Trademark Office, Trademark Electronic Search System (TESS), Word Mark: Austin FC, Serial # 87571505, http://tess2.uspto.gov/

[16] Grant Wahl, Twitter Post, October 16, 2017, 7:51PM, https://twitter.com/GrantWahl/status/920119976488570881

[17] Crew SC Communications, "Statement from Precourt Sports Ventures," Columbus Crew SC, October 17, 2017, https://www.columbuscrewsc.com/post/2017/10/17/statement-precourt-sports-ventures

[18] Crew SC Communications, "Transcript-Anthony Precourt & Dave Greeley's media conference call," Columbus Crew SC, October 17, 2017, https://www.columbuscrewsc.com/post/2017/10/17/transcript-anthony-precourt-dave-greeleys-media-conference-call

- October 25, 2017: Brian Dunseth says that Precourt started working on Austin move in 2014[20]
    - Former Crew player Brian Dunseth said during an October 2017 airing of his Sirius show 'Counter Attack' that PSV started working on the move to Austin at this time."
- October 27, 2017: Judge Wolff sends letter to MLS Commissioner Don Garber
- October 30, 2017: MLS statement on Judge Wolff's 10/27/17 letter[21]
- November 9, 2017: Austin City Council adopts resolution directing City Manager to identify City-owned sites that might be appropriate for a soccer stadium.[22]
- November 17, 2017: MLS Attorney responds to Judge Wolff's 10/27/17 letter. Judge Wolff was surprised to learn that San Antonio application was deferred to the second phase of expansion with the agreement of the Spurs.
- November 29, 2017: MLS Announces Four Finalists for Two Expansion Teams (Detroit, Cincinnati, Sacramento, Nashville)[23]
- November 29, 2017: Judge Wolff press release statement[24]
- November 29, 2017: SS&E press release statement[25]
- November 30, 2017: Mikal Watts, representing Judge Wolff, sends letter in response to MLS's 11/17/17 letter.

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[19] Ian Thomas, Twitter Post, October 19, 2017, 1:50PM, https://twitter.com/byIanThomas/status/921116475116654592
[20] Justin McIntosh, "News: Anthony Precourt's Game of Deception," Columbus Alive, October 25, 2017, http://www.columbusalive.com/entertainment/20171025/news-anthony-precourts-game-of-deception
[21] Grant Wahl, Twitter Post, October 30, 2017, 1:51PM, https://twitter.com/GrantWahl/status/925102771300429824
[22] Jack Craver, "Council welcomes idea of Major League Soccer," Austin Monitor, November 9, 2017, https://www.austinmonitor.com/stories/2017/11/council-welcomes-idea-major-league-soccer-austin/
[23] Simon Borg, "Four finalist cities named for next two MLS expansion teams," MLSsoccer, November 29, 2017, https://www.mlssoccer.com/post/2017/11/29/four-finalist-cities-named-next-two-mls-expansion-teams
[24] Judge Nelson Wolff, Twitter Post, November 29, 2017, 10:15AM, https://twitter.com/Judge_wolff/status/935935331790213120
[25] San Antonio FC, Twitter Post, November 29, 2017, 1:17PM, https://twitter.com/SanAntonioFC/status/935981156629143553

EXHIBIT B

NELSON W. WOLFF
COUNTY JUDGE
PAUL ELIZONDO TOWER
101 W. NUEVA STREET, SUITE 1019
SAN ANTONIO, TEXAS 78205-3482
(210) 335-1326 • FAX (210) 335-2926
Email - nwolff@bexar.org

October 27, 2017

Don Garber
Commissioner
Major League Soccer
420 5th Avenue, 7th floor
New York, NY 10018

Dear Commissioner Garber,

We are asking for clarification on the status of San Antonio's bid for a Major League Soccer expansion franchise. Anthony Precourt's October 16th announcement of his intention to explore a relocation of the Columbus Crew to Austin, which you enthusiastically supported, came as a complete surprise to us. Even beyond your verbal support, Major League Soccer registered trademarks in Austin this year. We are just now learning of reports that Mr. Precourt and the University of Texas have reached an agreement on the use of University of Texas facilities in 2019.

On November 2, 2015, Major League Soccer President Mark Abbott met with Bexar County Manager David Smith and me. We discussed our proposed plan to purchase Toyota Field and made it clear that we would only purchase Toyota Field if there was a clear path toward a Major League Soccer expansion franchise in San Antonio. Mr. Abbott encouraged us to move forward and submit a bid. We were also told that Major League Soccer would not establish franchises in both Austin and San Antonio.

Over the past two years, we have pursued a franchise by purchasing Toyota Field and submitting an application. It has been widely reported that Mr. Precourt, whom you appointed to the Major League Soccer expansion selection committee, obtained a legal right to relocate the Columbus Crew to Austin when he purchased the franchise in 2013. If these reports are accurate, this

presents a clear conflict of interest. Had Bexar County officials been aware of such a right, we would not have invested in Toyota Field.

I am still committed to bringing Major League Soccer to San Antonio. Bexar County has invested a great deal of money, time, and energy in this pursuit. As these troubling facts have become public, I have a duty to the taxpayers of Bexar County to question this process and its fairness.

I would appreciate a prompt response to these concerns. In the meantime, I have asked the Bexar County Criminal District Attorney to thoroughly investigate the matter and report his findings to the Bexar County Commissioners Court.

Sincerely,

Nelson W. Wolff

EXHIBIT C

Proskauer >
Proskauer Rose LLP Eleven Times Square New York, NY 10036-8299

Bradley I. Ruskin
Member of the Firm
d 212.969.3465
bruskin@proskauer.com
www.proskauer.com

November 17, 2017

BY ELECTRONIC MAIL (nwolff@bexar.org)

The Honorable Judge Nelson W. Wolff
Paul Elizondo Tower
101 W. Nueva Street, Suite 1019
San Antonio, Texas 78205-3482

Dear Judge Wolff:

We, along with the Macon Law Firm, represent Major League Soccer, L.L.C. ("MLS" or the "League"). We write in further response to your October 27, 2017 letter to MLS Commissioner Garber requesting clarification on the status of San Antonio Spurs, LLC's ("Spurs") bid to operate an MLS expansion club.

As an initial matter, let me say that we are troubled by, and find regrettable, the accusatory nature of your letter and the public comments that you have made since you sent your letter. While we appreciate your devotion to Bexar County and enthusiasm for MLS soccer, it is neither productive nor appropriate to make inaccurate statements or veiled threats. The bottom line is, as I stated to you in my October 30 letter, that MLS has at all times acted properly in its dealings with Bexar County.

There is absolutely no basis for suggesting that MLS ever made any assurances to the County on which the County should or could possibly have relied in taking any subsequent actions. Indeed, when MLS President Mark Abbott met with County officials in New York on November 2, 2015, MLS had not even decided to engage in future expansion, had no plans for near-term expansion, and was not soliciting expansion applications. MLS made no decisions regarding expansion until December 2015, and did not launch its expansion application process until late 2016.

The meeting between Mr. Abbott and the County's representatives took place at your request as an accommodation to you. That meeting was one of dozens of meetings that MLS representatives have held over the past few years with parties interested in owning an MLS expansion club or attracting an MLS club to their city. MLS did not – and would have had no reason to – make any promises or statements to the County or any other market about the likelihood that it would receive an expansion club. With all due respect, any suggestion that MLS implied that the Spurs or anyone else in San Antonio would have a "clear path" to obtaining an expansion club simply defies reality. At that point in 2015, MLS had not even decided how many expansion clubs would be granted, or even whether MLS would expand at all. There would have been no reason for MLS to make promises to San Antonio or any other

city about its prospects of attracting an expansion club. Furthermore, no one at MLS – other than two-thirds of the members of its Board of Governors – would have had the authority to make such a commitment. Simply put, MLS did not, would not have, and indeed could not have made any such commitment.

To be sure, the County did advise MLS at that meeting that it was on the verge of jointly purchasing a stadium with the City and the Spurs with the objective of attracting a USL team to San Antonio. Yet, any decision to purchase the stadium was made by the City, the County and the Spurs based on their own objectives, without any inducement from MLS. It is neither credible nor accurate to suggest that MLS somehow lured three sophisticated parties into purchasing a stadium as a home for a soccer team. Nor was there, or could there have been, any basis on which any party could reasonably have felt that it could take any step in reliance on the possibility of obtaining an MLS club. Clearly, the County understood that any likelihood that San Antonio would receive an MLS franchise was highly speculative, and in fact (as we later learned) expressly negotiated with the City and the Spurs concerning what would happen if San Antonio did not receive an MLS franchise. In such event, the stadium would continue to be used for the Spurs' USL club and the County's contribution to the purchase price would be meaningfully decreased.

In short, MLS never made any commitment or promise of any kind to the County, the City or the Spurs, including during the either of the two subsequent meetings that MLS had with you in November 2016 in New York and May 2017 in San Antonio.

As you know, the League's expansion process is currently ongoing. In January 2017, MLS received twelve applications from potential ownership groups, including an application from the Spurs. (We note that contrary to the statement in your letter, the County did not submit an expansion application to MLS and has not taken any steps to acquire rights in connection with the League.) Over the course of the last ten months, MLS has evaluated each of these expansion applications and considered how the League will proceed. At this time, MLS expects to select two new expansion clubs in the next few months, and may select two additional expansion clubs at some future date thereafter. Based on discussions between MLS and the Spurs, consideration of the Spurs' application is being deferred until the second phase of the expansion process with the agreement of the Spurs. (I should add that MLS has great respect for the Spurs organization and believes that the Spurs have acted in a first class professional manner in all of its dealings with MLS throughout the expansion process.)

To date, no assurances or commitments have been made to any ownership group or city regarding any potential expansion market. Indeed, the Spurs and each other expansion applicant have signed and submitted agreements that expressly acknowledge that (i) MLS has no obligation to any applicant with respect to any expansion club or any aspect of the expansion process (even including whether to expand at all), (ii) MLS has not granted any rights or interest to any applicant with respect to expansion, and (iii) the applicant has not relied upon any

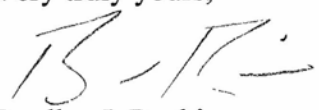
representations whatsoever as an inducement to submit its application. In short, MLS has always been clear (and the Spurs and the other applicants are aware) that any decisions regarding expansion are, and have always been, in the sole and absolute discretion of MLS. And the agreements highlight both a recognition that no one could have taken steps in reliance on the possibility of obtaining an MLS club and that there is no possible claim against MLS for any wrongdoing.

With respect to a potential MLS team in Austin, let me start by saying that the MLS Board of Governors has the sole and exclusive right to decide where MLS clubs will be located. Likewise, any decisions to relocate any club or to grant any party any right to relocate are, subject to any existing club leases and other contracts with third parties, within the sole discretion of the MLS Board of Governors. For present purposes, and without getting into the particulars of any such arrangement, suffice it to say that (i) at no time has MLS agreed not to place an MLS team in San Antonio (even if there is also an MLS team in Austin), (ii) from MLS's perspective, there is nothing that would contractually prevent MLS from awarding an expansion club to San Antonio should MLS determine that such a course of action is desirable, and (iii) at this time Mr. Precourt has not formally notified MLS of an intention to relocate his club to Austin nor have the conditions that would need to be satisfied for any such relocation been met.

Please note that letter is not intended, nor does it purport, to be a complete statement of all of MLS's rights, positions, defenses or remedies, all of which are expressly reserved.

We are confident that MLS has acted professionally and appropriately in all of its dealings with the Spurs, the County and the City. We trust this letter has addressed any concerns you may have and are hopeful that any future communications from the County will be more professional and productive. Please feel free to direct any further correspondence to my attention.

Very truly yours,



Bradley I. Ruskin

cc: Nicholas LaHood, Esq. (nlahood@bexar.org)
Larry Macon, Esq.

EXHIBIT D

WATTS | GUERRA LLP

MIKAL C. WATTS
Attorney at Law
mcwatts@wattsguerra.com

Four Dominion Drive
Building Three, Suite 100
San Antonio, Texas 78257
210.447.0500 PHONE
210.447.0501 FAX
www.wattsguerra.com

November 30, 2017

Bradley I. Ruskin
Proskauer Rose LLP
Eleven Times Square
New York, NY 10036-8299

via electronic mail:
bruskin@proskauer.com

RE: Major League Soccer Expansion and Relocation Efforts

Dear Mr. Ruskin:

We represent Bexar County Judge Nelson Wolff, and I write today in response to your letter dated November 17, 2017. Your letter on behalf of Major League Soccer ("MLS"), and the statements contained therein, certainly came as a surprise. Thank you for bringing to our attention two (2) previously unknown facts.

First, you revealed that MLS was not sincere with the public about its expansion plans. MLS announced in 2016 that it will expand by four franchises. Your letter casts doubt on this expansion process: "MLS expects to select two new expansion clubs in the next few months and ***may*** select two additional expansion clubs at some future date thereafter." This is news to all applicants, as expansion franchise applications were prepared under the assumption that MLS meant what it said.

Second, you stated in the letter, "Based on discussions between MLS and the Spurs, consideration of the Spurs is being deferred until the second phase of the expansion process with the agreement of the Spurs."

This came as a complete surprise to Judge Wolff. If this assertion is true, our community is in the position of losing what could be the only opportunity to get an MLS franchise.

Significantly, your letter does not, because MLS cannot, directly deny or refute any facts or events previously disclosed by Judge Wolff. Judge Wolff's prior statements regarding MLS's actions and representations during the expansion and/or relocation investigative process are both truthful and accurate. Judge Wolff and Bexar County have both acted ethically, professionally, and appropriately throughout this entire process, despite a lack of transparency from others involved in this process.

Examples of facts not refuted include, but are not limited to, the following:

1. In 2013, MLS granted a contractual right to Columbus Crew SC's owner, Anthony Precourt, that allows that team to relocate to Austin, Texas.

2. On November 2, 2015, Judge Wolff and County Manager David Smith met with MLS President Mark Abbott to discuss MLS's expansion plans and the County's on-going discussions with SS&E regarding the potential purchase of the San Antonio Scorpions from the then-owner Gordan Hartman, as well as the possible purchase of Toyota Field for the explicit purpose of pursuing an MLS franchise for San Antonio.

3. MLS President Mark Abbott said at that meeting that MLS franchises would not be located in both Austin and San Antonio.

4. However, MLS did not disclose to Judge Wolff and County Manager David Smith that Mr. Precourt had a previously granted contractual right from MLS to move the Columbus Crew franchise to Austin. A right that if exercised by Mr. Precourt would, by MLS's own admission, effectively preclude any possibility of San Antonio having an MLS franchise.

5. SS&E applied for an expansion franchise in January 2017. Austin did **NOT** apply. In a now obvious conflict of interest, Mr. Precourt was appointed by MLS to the MLS expansion committee. As a member of this committee, he was in a position to review all applications, corporate support plans, stadium plans (including potential public financing), and other supposedly confidential information from every applicant group.

6. Even while our application was pending, Commissioner Garber and Mr. Precourt took active steps to establish a MLS presence in Austin, including hiring a lobbyist and registering trademarks. All this while MLS had still never disclosed to Judge Wolff Mr. Precourt's right to move to Austin.

7. On October 16, 2017, Commissioner Garber announced that he supported the possible relocation of the Columbus Crew to Austin.

Further, your assertion, contrary to the statement of MLS President Mark Abbott, that a franchise could be located in both Austin and San Antonio simply defies common sense. Austin and San Antonio are small markets, San Antonio is 31st and Austin is 39th. Toyota Field is located on the Austin-San Antonio corridor, merely 54 miles from the Austin city limits.

Your letter also misrepresents the meaning of Judge Wolff's statement that San Antonio would have a clear path to an MLS franchise. Clear path means that no obstacles would be put in place (or already be in place), such as the contractual right to move to Austin possessed by Columbus Crew. Judge Wolff never made an assertion that there was any promise by MLS to give San Antonio a franchise. Rather, based on MLS representations, Judge Wolff reasonably believed San Antonio had a fair chance at obtaining a franchise. Relying on these representations, SS&E made necessary steps to submit a competitive application for an expansion team.

Judge Wolff stands by his statements in the October 27, 2017 letter to Commissioner Garber. San Antonio sincerely believes it is a strong, competitive candidate for an MLS expansion team. However, based on recent reports concerning the unknown facts surrounding the Columbus Crew, Judge Wolff is concerned that San Antonio never had a viable chance to obtain an expansion team. Judge Wolff is also concerned that SS&E's agreement to defer until the second round of the expansion bids will also preclude San Antonio from receiving an MLS team since your letter indicates the second phase may or may not occur. Presumably, SS&E agreed to such deferment based on representations that there would be a second round. At this point, Judge Wolff hopes for transparency in this process as San Antonio is now left with many unanswered questions – most notably the viability of its bid for an MLS expansion team given the likelihood that the Columbus Crew will make Austin its new home. If San Antonio truly is a viable option for an MLS expansion team, Judge Wolff looks forward to transparency and fair dealing amongst all parties in this process.

Sincerely,

Mikal C. Watts

MCW/kh