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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

Judge Nelson W. Wolff

November 17, 2017

Page 2

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

Judge Nelson W. Wolff
November 17, 2017
Page 3

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.