

Major League Soccer Media Conference

Tuesday, January 12, 2021

Commissioner Don Garber Anastasia Danias

Press Conference

DON GARBER: I know one of the key questions is going to be our start date. We are targeting mid-March for the start of the season. All of you know that we have an unbelievably crowded calendar this year. We have World Cup qualifiers; we have the Gold Cup; we have the CONCACAF Champions League; the Lamar Hunt U.S. Open Cup that was delayed a year; we have the Canadian championship.

We have a schedule that is as crowded and as busy as any perhaps in the history of the league, and as we learned from last year, and as we're seeing play out with the other North American leagues and even now with the Premier League and other European leagues, our schedule must provide us with the opportunity to make up any matches in the event that we have postponed games due to COVID, positive COVID tests.

To make sure, again, that we have the ability to fit it all in, but also very importantly, and this was a big part of our discussions with our players in the spring and with our chief soccer officers and our team presidents, we need to have a long enough preseason to get our players back healthy, ready to play, to get back into training camps as early as mid-February.

Before we get to questions, let me turn it over to Anastasia, whom many of you have met but many of you haven't, and she'll provide some more details and discuss the timeline going forward.

ANASTASIA DANIAS: Thanks to everybody for participating today. As the commissioner said, as part of our CBA negotiations in the spring, we and the MLSPA agreed to something called a force majeure provision that would allow us and the union to negotiate modifications to the CBA to address the ongoing issues caused by the pandemic, particularly ongoing restrictions into 2021 on attendance at live sporting events.

Unfortunately we're now facing the very circumstances that we addressed in this negotiation: Restrictions on



attendance.

As a result, on December 29th, we notified the MLSPA that we were invoking that force majeure clause as provided for in the CBA. Doing so started a 30-day negotiating period for the league and the union to come together to discuss how to appropriately address the continuing impact of the pandemic.

We all recognize the importance of trying to reach an agreement promptly so that we can begin our season on time, and that was the driving factor for establishing the 30-day negotiating period.

On January 4th, the league presented the proposal that the commissioner described to the union. We believe it embodies a very fair solution to an incredibly challenging situation. It does not require the players to take any salary cuts in 2021, when the league will again be facing significant losses from the continuation of the pandemic.

In exchange, our proposal extends the CBA for an additional two years and changes the growth rate over the term of the CBA by keeping player expenditures flat from 2021 to 2022 and then resuming with normal growth rates in 2023 and beyond. This will allow us to continue to invest in the league and provides long-term stability to help grow the game while the players collect 100 percent of their salaries this year.

Again, we're not looking for structural changes to the CBA, rather we're seeking to minimize the impact on players during this challenging time during which the league is taking on the risk and burden of operating during the pandemic.

We're looking forward to resuming discussions with the union so that we can reach a fair and equitable resolution during this 30-day period.

I think we'll open it up to questions now.

Q. Don, can you give us an idea of the reaction you've gotten from the Players' Association to the proposal, and have any formal talks taken place yet within that 30-day window?

DON GARBER: We haven't had any reaction at all, so

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there hasn't been any discussions at this point. You know, there is a sense of urgency here for all of us to do what we can to try to reach an agreement, but at this point we have not heard back yet from the union.

Q. Obviously in the proposal, sources put the savings for the league between \$100 and \$110 million over the life of the seven-year -- what would be the new seven-year CBA. If you break that out season by season, team by team, it's somewhere in the neighborhood of \$537,000 per season, per team. Why is that amount of savings enough to potentially lockout players going into the 2021 season, and do you feel like there are other benefits besides that \$100 to \$110 million savings straight up year to year that makes it worth it to tack on those two extra years of the CBA?

DON GARBER: Well, we haven't talked about a lockout, and I'm not here today to prejudge the outcome of talks that we look forward to having with our players. So we've asked for what we think is a very fair and reasonable accommodation from our players, taking into consideration what we heard from them was so challenging the last time we went through this.

It's almost impossible to think about this in -- I think as you well know, the losses are going to be significant. They're going to be certainly well more than 100 million. We came up with something that we think is reasonable, and I hope the players feel the same way.

Q. You keep saying that the salaries aren't affected, but what about bonuses and other forms of compensation? Are those being cut to any degree? And in terms of the start of the season, what kind of contingencies plans are you making? Are you wedded to that mid-March start date or is there a flexibility to start in later months?

DON GARBER: Well, let me start with we haven't gotten into any detailed discussions with the players yet, so it's not appropriate for me to talk about any of those details yet, so that's my answer to the first part of the question.

You know, the goal remains to start in mid-March, and we haven't provided a schedule announcement date yet. We hope to be able to resolve that soon. All of this is going to be part of our discussions with the players.

I think everybody understands - you know this and you work for one of our media partners - we want to get a 34-game regular season schedule in. It's the standard number of games that we have. We've got to get out to our season ticket holders. We've got to get and start allowing our sponsors to be able to go out and make plans. So we

have to have a start date in place. That's the one we have, and that's what we're going to try to stick to.

Q. Anastasia said a couple minutes ago that the league isn't looking to make any structural changes to the CBA. Do you view extending the terms of the CBA as changing the structure? And then do you guys see that 30-day window as a hard deadline, or could negotiations theoretically continue once that closes? And one thing not related to CBA: Does the league have any plans of releasing the findings of the investigation into RSL and Dell Loy Hansen that was undertaken last fall?

DON GARBER: Okay, so let me sort of take them one at a time. When we say structural changes, there are so many aspects and the CBA is lengthy. There are so many aspects that get negotiated within the CBA, so no, I don't view it as structural changes when we are asking for an extension of a couple of years. We don't.

Give me the second part and then I'll answer Salt Lake thirdly.

Q. The second part was do you see the 30-day window as a hard deadline or could negotiations continue past that?

DON GARBER: The 30 days is a hard deadline. That's what we negotiated, the players the union and we agreed to that 30-day window after the force majeure was triggered, so it was a hard deadline.

Let me get to Real Salt Lake and generally what's happening there. You know, the investigation of Dell Loy Hansen has been completed. We found that Mr. Hansen had engaged in conduct that was inappropriate for the workplace. It was contrary to the values of Major League Soccer. Frankly I think it was contrary to the values of Real Salt Lake. It has been resolved and Dell Loy has agreed with us that he would sell the team, and that process has started. The league has actually taken over the sales process as of this week. There's lots of interest in buying that team.

It is business as usual in Salt Lake. You can see that with trades that are being made and other decisions that they're making. The team is being run by a gentleman by the name of John Kimball, who's serving as the president. He reports directly into my office. John worked for the team many years ago under previous ownership. As I mentioned, they've been signing players and operating as if business is as usual.

We are continuing to engage with possible buyers. We

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have an investment bank that's been working with us, and we're hopeful that we'll get the team sold sometime in 2021.

Q. Are there different schedule models y'all are working on like a national schedule such as in 2019, or is it more a regional group by team schedule similar to the last half of last season? Do you have any updates on if there's going to be a Champions League? Atlanta United, the team I cover, is supposed to compete in that. And I believe Atlanta United is supposed to report to training camp on the 25th, which is before the end of the 30-day window for negotiations with the CBA. If the negotiations aren't done, do you expect Atlanta United players to report to training camp on that day?

DON GARBER: Well, the CBA is still in place until the end of that 30-day period, so the answer to the latter one is yes, we would expect them to report. And our discussions with CONCACAF are ongoing. The goal is to continue to have our teams focused on the Champions League. Atlanta United would certainly be one of those clubs.

CONCACAF has got a lot of work that they need to do to lay out the details for us and for the rest of the region on what CCL is going to look like throughout 2021, and as you know, there's a lot of activity going on; Gold Cup will take place this summer and the like.

Ultimately our schedule right now is to start in mid-March. We have not laid out alternative schedules, and we certainly have not gotten to the point where we're looking at regionalizing the competition at this point.

Once we know that we've reached a new agreement with our players and we're able to start jamming hard on getting everything in place for what the schedule will look like, we'll work with our chief soccer officers and with our ownership committee, our product strategy committee on ensuring we have the right competitive or competition format to ensure that we're able to deal with the impact of what COVID is going to look like at that time. That's still in front of us, so I can't give you any more detail on it because we just don't have it.

Q. I wanted to ask you, you've always spoken of kind of an understanding of the sort of emotional toll that these things can take, especially in a pandemic. A CBA discussion is amplified in terms of those emotions and taking into account how many people are involved. I wanted to ask about that. And then it's barely related but related: The effects of a World Cup year coming in the middle of that window, do you anticipate that because of the general discussion of

finances during that time that that is maybe going to affect the players' opinions?

DON GARBER: You know, again, it's a good question. I don't know what their thinking will be. I'm hopeful we'll sit down soon so that we can get their reaction to all sorts of aspects of what we've proposed.

The proposal is very simple, and the reason it's so simple and in our view so fair and reasonable is because we know how difficult CBA negotiations are. They're difficult for ownership, they're distracting for the league office, they're difficult for the players who want to get on with doing what they do and what they do so well, which is to get on the field and practice and then ultimately play in games.

I have said over the years, no league, no union likes to go through CBA negotiations, and clearly when you go through multiple negotiations in a short period of time it's stressful.

It's part of why we came up with the approach that we came up with. Anastasia's point, in light of the impact of the economic impact of COVID on the league, we could have looked at structural changes. We could have looked at changing things within the agreement that would have been important to sort of help the economic or solve some of the economic impact of both '20, '21, and as we all know, it's not like we're going to snap our fingers and everything is going to be back to normal the minute a vaccine is widely distributed.

So what we worked hard on in the league and our committee and our ownership collectively, we're very, very focused on trying to come up with a plan that took into consideration what was the most emotional and difficult aspect of the negotiations last spring, and those were really tough meetings that we had.

The players said they just can't withstand taking salary cuts. And while salary cuts would help the economics in the short-term, we in the league have been thinking long-term about our building our business, and we basically took that to heart, and we're trading the short-term hurt for some value, if you will, that can be derived over the long-term. So it's very much to avoid and recognize the challenges that CBA negotiations place on everybody.

Q. Could you elaborate a little bit on conversations you've had to date with the owners and to what extent they're prepared to take on that financial risk and burden for the season as you described? Are there limits to that burden and that risk they're willing to take on? Does it differ by market? And then separately,

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could you also elaborate a little bit on any productive conversations you may have had with other leagues, whether they're in North America or elsewhere, about navigating creative financial or logistical solutions during COVID?

DON GARBER: So let me take the first one. MLS owners have been willing to sustain losses to build this league, build it for what we're trying to achieve in the U.S. and Canada, which are to have soccer be the preeminent sport in these two countries where we have teams and provide opportunity for thousands and thousands of employees and nearly a thousand players, and to build something that we all can be proud of, and they know that that will require investment.

They go into these discussions understanding that it's going to be some time before they're going to get an economic return on the investment that they make.

And then COVID comes in and it takes those plans and it puts enormous stress on them because nobody planned on incurring those losses and then having those losses exacerbated by the pandemic.

So while they've had losses, those losses obviously have been dramatically increased through the inability to generate the revenues that every sports league needs, and in our case, game day revenues, which are what we rely on.

Our owners are strongly supportive of the plan that we're on. They believe in soccer in North America. They're very empowered by how the league has grown in popularity, and they're even more empowered by the great players that have risen up and created stardom for themselves and thrilled our fans and created value for our corporate and media partners.

Everything has been working, so their investments have been worthwhile.

But nobody can withstand the kinds of losses forever that a pandemic can place upon an investor, and as we look at it in the short-term in '21, we've been able to get our owners to understand, with the vision that they have with their own team presidents, what their losses are going to be, that they're going to have to get through it in '21, and then we'll be able to get them back, some of that loss, and sort of balance some of that risk by having long-term additional years in the CBA.

So that's the plan, and to us it's pretty simple. You know, we do speak with the other leagues. MLS has the chairman of the NBA Board of Governors on one of our

teams. We have members of the executive committee of other North American leagues on our board. We have multiple owners in the other European leagues, in Spain, in England and in Italy, in South America, and deep connections in Mexico, and we're all trying to figure out together how could we manage the health and safety of our players first and foremost, and I think we've done a good job at that.

How do we create a competitive environment so that we could get our players back on the field safely like we did with the bubble and then back in home markets like we were able to do to complete our season.

And then we're talking collectively about what kinds of changes other leagues have had and agreements that they've made with their players. In our case, we will be the only league that would have extended a CBA in return for no salary cuts in 2021, at least how the information that we have today.

As you know, many of the leagues around the world have had players dramatic salary reductions in light of the issues that the lack of revenue have on ownership. It's why we feel good about the agreement that we hope to be able to reach with our players and why we're hopeful and optimistic that we'll be able to sit down and get something done.

Q. You referred earlier in your conversation about 20 days left in the negotiating window, and that means that the 30-day window started on the day of the proposal or the day that you notified the players of your decision to invoke the clause? The second question I have is when you refer to losses in '20 or '21, how are the league or clubs generally accounting for the issue of make goods, whether it's for season ticket holders or for commercial partners in terms of agreements and revenues that you've gotten that you haven't been able to fulfill on because there were no games or no ability to attend games?

DON GARBER: The lost revenue is a function of credits back to corporate partners, media partners, and obviously the loss of ticket revenue and the commensurate game day revenues that are associated with fans in stadiums. So losses are a function of lost revenue, and that's from fans or partners.

And the 30-day window starts with the trigger of the force majeure.

Q. You said there's no structural changes, no player salary cuts, the proposed extension of the CBA for two years, and the sense of urgency, all these things kind

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of playing into this. I'm curious if you can pinpoint why the union has not responded yet, given the sense of urgency.

DON GARBER: I mean, I'm not blaming the union at all. And that's really important. We gave them a proposal. CBA negotiations are difficult. They're complicated. The players have to come together and they've got to understand it, and that's the role that their union leadership, both on the player side but also in Washington, D.C., is doing now. I'm not putting any blame whatsoever -- I want to be very clear on that, that they have done anything wrong here. But we have a sense of urgency that we've got to get together and we've got to solve this together.

Frankly I think we did solve it together last spring, and we've been able to work through difficult CBA negotiations since the first one that we had 15 years ago. I'm confident that we'll get together and we'll do the work and then hopefully we'll be able to get an agreement after that work has been done.

Q. I was hoping you could share with us sort of the latest timeline that you have for fans returning to stadiums, and is that part of ongoing conversations you're having with public health officials?

DON GARBER: Yeah, I mean, that's both in the United States and Canada. That's not the league's decision. It's made by local state officials and certainly their health authorities, and right now -- and it's unfortunate, and when I made that comment that I think we're less optimistic now than perhaps I think we were over the summer. We were feeling pretty good about fans coming back, not just for us but for other leagues, and certainly we're dealing with perhaps the most difficult aspect of COVID sitting here today, so we have no sense as to what it's going to look like in terms of market by market with fans returning to stadiums.

Q. Can you shed any light on new revenue opportunities for teams, including sponsorship logos on left sleeves and potentially masks that's been noted on Twitter? And secondly, does your schedule include plans for Leagues Cup, Campeones Cup and an All-Star Game?

DON GARBER: Let me take the last one. Our plans do include all three. Right now we really -- we're so disappointed that we couldn't have our All-Star Game in Bank of California Stadium against Liga MX. It was an unbelievable way to celebrate our 25th season.

What the format will be and where it will play is still

uncertain, but we really do want to go forward with an All-Star Game. It's an important part of our league history, and it's something that our fans and our players and partners really look forward to.

We do plan to go forward with Leagues Cup, but it's uncertain as to what the details of that will be. That still needs to be worked out, and until we understand what the travel is like between the U.S. and Mexico, it's difficult for us to really have any final details there.

Similar with Campeones Cup. We do plan to have it, but it's going to be contingent on travel between the two countries.

We're working with CONCACAF, who has been working hard. They have their hands full on finalizing the CCL plans and the like, but we love that tournament. We're very supportive of it. We were heartbroken to see us not be able to get through with LAFC this year, but we continue to do better and want to see MLS continue to prioritize that.

I appreciate the question on the commercial side. Our chief in that area, Gary Stevenson, has done a really wonderful job with all of our team presidents on really being innovators on providing more value for our corporate partners. We were able to do that in the MLS's back tournament in Orlando with our virtual signage and much of that virtual signage continued back into our stadiums. We certainly had another sleeve patch, and our commercial people led by Gary and a group of owners and chief business officers will work together to try to come up with as many new revenue opportunities as possible, taking into consideration while we need to do that, that we certainly have to expect the fact that we want to do things that are appropriate, smart and in accordance with what the league's brand is all about.

Q. Players spoke in December about being upset at the possibility of you even invoking the force majeure or the league invoking the force majeure and soured relationship with owners. Do you know if anything is being done to repair that relationship as far as the management with players?

DON GARBER: Well, listen, I think it is really important that everybody knows, and our players in particular, that we don't go into a process like this where we're looking forward to conflict with our players. We're trying to manage on behalf of our ownership a league that has had challenges, that has been in investment mode and now has the ongoing impact of the pandemic.

I think it's important to note that part of the driver of putting a proposal together that we believe is fair, one that we



believe does not have the risk, economic risk on our players in the short term and places that on ownership is part of us trying to ensure that we do -- are thoughtful and mindful of how the pandemic has impacted the lives of our players. They've gone through challenges going into the bubble and we appreciate what they did there. They had unique circumstances, particularly our Canadian teams and how they played through the season, and we were mindful of that, and that helped inform some of the discussions that we had internally with our owners about coming up with a proposal that would be accepted by our players.

So I think you would have to ask the union about why they made the comment that they made. I'm hopeful that after they saw our proposal they might think a bit differently about it.

Q. This phase 3 restart last year saw the Canadian teams relocate to the U.S.; what does the future hold for them this year possibly? I know they have talked about it being a competitive disadvantage, both on the field and in terms of recruiting players in windows down the line.

DON GARBER: Yeah, I mean, I feel for our Canadian players, our clubs, and our Canadian fans. I spent a lot of time with Joey Saputo and Larry Tanenbaum and Greg Kerfoot. I was on a long call with Greg yesterday, and it is more difficult for our Canadian players, as it is for the Canadian NHL teams. We are supportive and have to abide by whatever the health guidelines are that are made in Canada, and we're going to have to adapt to them.

I can't say anything else other than I do agree that it does have an impact on them, and I'm hopeful that we're able to get through this in a way that's going to be a little easier for our Canadian teams and our Canadian players. I do feel for them.

Q. Obviously we don't have a copy of this most current CBA. You've mentioned what the force majeure clause says, and there was a point where you said it was tied specifically to attendance. Can you go into a little bit more detail just because I wonder if it is a little bit more similar to the NBA, what would allow the league to invoke force majeure if it's saying it's capable of taking on the short-term losses versus obviously if it's linked specifically to reduced attendance, that would explain the ability to invoke it.

DON GARBER: Okay, so I've asked Anastasia to sit on the call and nobody asked her a question, so this is a perfect opportunity for you to ask that of Anastasia. Put on your screen and you can answer that.

ANASTASIA DANIAS: Thank you. The short answer to your question is there are a number of different conditions that would trigger the force majeure provision. One of those is it being reasonably foreseeable that there will be material limitations on fans attending matches. One of the litmus tests for whether or not it's reasonable and foreseeable is what's happening with our sports leagues today, and as we all know, there continue to be material limitations on capacity in stadiums, and we believe that for the foreseeable future based on what we've been hearing from medical experts and others, that will persist into 2021.

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