



VIA EMAIL

January 23, 2020

Rob Manfred
Commissioner
Major League Baseball
1271 Avenue of the Americas
New York, NY 10020

Dear Commissioner Manfred,

There has been much public discussion regarding the ongoing negotiations between Major League Baseball (“MLB”) and Minor League Baseball (“MiLB”) with respect to a new Professional Baseball Agreement (“PBA”) that will set the terms for the continuation of affiliated minor league baseball in communities across the country. The MiLB Negotiating Committee is singularly focused on working with MLB to reach an agreement that will best ensure that baseball remains the National Pastime in communities large and small throughout our country. However, it recently has become apparent that the best way to advance negotiations is for us to set forth with clarity in a letter to you the position of MiLB on the key issues that we must resolve in these negotiations.

As a threshold matter, we believe that it is our obligation to represent in these negotiations not only the best interests of Minor League owners, but also the best interests of our 160 community partners. These community partners have made major commitments, financial and otherwise, to support both Major League and Major League-affiliated professional baseball teams at all levels. It is our sincere hope that we can reach agreement on a new PBA that not only is mutually beneficial for both MLB and MiLB, but also addresses our shared responsibility to these communities to preserve Major League-affiliated professional baseball to the greatest extent possible.

1. Full Season Minor League Baseball (Triple-A, Double-A, and Single-A)

MiLB believes that all full season Minor League games must be played in adequate facilities that protect the health and well-being of players and that players not be subjected to unreasonable travel during the course of a season. We have advanced several ideas to address these objectives, to which your negotiating team has failed to respond. MiLB believes these important objectives can be achieved without preemptively contracting any of the 120 Minor League teams currently playing affiliated full season baseball.

MiLB’s negotiating position has been and continues to be that MLB and MiLB should work together to identify teams currently playing in stadiums deemed inadequate and the specific improvements required. These teams, and their communities, should be given an agreed upon amount of time to demonstrate that they have access to sufficient financial resources to make the required improvements and to complete the improvements. In the event that a team fails to meet this requirement, the Player Development Contract (“PDC”) for that team would be transferred to MiLB, which would have the responsibility to reassign the PDC to an ownership group demonstrating an ability to operate in a ballpark that meets agreed-upon facility requirements in a location that does not unacceptably increase player travel. MiLB believes that the PBA should provide for a mutually supported facilities improvement fund to assist teams and communities in meeting the necessary standards in order to minimize any need to relocate a team. MLB and MiLB have the ability to create better facilities, particularly for players and player development personnel, if we work together to express to communities the need for such upgraded facilities.



2. Short Season Minor League Baseball (New York-Penn League, Northwest League, and Pioneer League)

MiLB understands that MLB wants to reduce the total number of players each MLB team is required to have under contract but believes that the elimination of short season Minor League Baseball is not necessary for MLB to achieve this objective. MiLB's negotiating position has been, and continues to be, that working cooperatively and creatively, MLB and MiLB can find a solution that allows for the continuation of short season baseball without requiring that every MLB team provides a full roster of players to a short season team.

MiLB does not accept as reasonable MLB's position that it cannot agree to work with MiLB on creative solutions to preserve short season affiliated baseball because these leagues must be eliminated in whole to meet MLB's "competitive balance" and "cost savings" objectives. It is MiLB's view that these are insignificant factors, especially when compared with the drastic and negative social, cultural, and economic impacts that elimination of short season baseball will have in many smaller communities throughout the United States.

Insofar as there is a "competitive balance" problem confronting MLB, it is related to the staggering difference in payrolls among MLB teams and not whether teams are permitted to choose to continue to have short season affiliates. Moreover, there are other less damaging ways for MLB to regulate the total number of players each Major League club may have under contract and otherwise create a level playing field. For example, there exists significant divergence in the number of players signed, housed, and trained by MLB teams in Mexico, the Dominican Republic, and other locations outside the United States. In addition, MLB permits 10 Major League clubs the significant competitive advantage of playing a full season Minor League schedule at their Florida Spring Training complexes with the opportunity for those clubs to conduct MLB Player Rehab assignments on Minor League teams playing at those facilities.

With specific regard to cost savings, we understand that MLB has projected that the elimination of short season baseball would save each of the 30 MLB teams – all of which are valued at more than one billion dollars – approximately \$300,000 to \$400,000 in payroll costs per year, which, in the aggregate, translates to less than 1/10th of 1 percent of MLB's revenues. These reduced employment related "savings" also represent significantly less than the cost to a Major League team of a minimum cost contract for a single Major League player and are also much less than the financial commitments undertaken by many of the potentially impacted communities to attract and provide facilities for Major League-affiliated teams. Surely the nominal prospective cost savings to MLB clubs is far outweighed by the devastating and far reaching impact that contraction of short season MiLB teams would have on their communities across the United States.

3. Appalachian League

MiLB acknowledges that MLB owns the 10 Appalachian League ("AL") teams and that MLB regrettably has the authority to unilaterally decide the future of the AL. MiLB strongly encourages MLB to work with MiLB, as it has in the past, to allow for the continued operation of the AL as a league with affiliated teams playing professional baseball.

4. Dream League

MLB's position that its "Dream League" concept would save the contracted communities from losing their professional teams is simply wrong. The economic realities of operating affiliated and non-affiliated professional baseball teams are very different. MiLB owners have extensive knowledge and experience in operating teams in both circumstances. There is little doubt that very few currently affiliated short season



Commissioner Manfred
January 23, 2020
Page 3 of 3

franchises would have any realistic hope of surviving under this seriously flawed concept. The actual history of independent franchises in similar markets that were started (and folded) in the modern era emphasizes the point. For these reasons, MiLB believes that MLB should stop promoting this “Dream League” concept, which serves no purpose other than to provide false hope to communities that will most certainly suffer the loss of their professional teams.

5. Minor League Economics and the Question of Subsidies

It is simply not true that MLB “heavily subsidizes” MiLB. MLB teams do not pay MiLB owners and their partner communities that supply the facilities and league infrastructure that enable players under contract to MLB teams the opportunity to compete at a high level and establish whether they have the capability to play in the Major Leagues. MLB just pays its OWN player/employees and other costs directly related to their development. MLB does not fund or subsidize MiLB's business operations in any form and, in fact, the amounts funded by MiLB to assist in the development of MLB's players far exceed anything paid by MLB to its players, managers, or coaches at the Minor League level. Through the payment of a ticket tax to MLB, it is arguable that MiLB is paying a subsidy to MLB. Either way, talk about subsidies isn't helpful or beneficial to the industry. The fact is that we are business partners working together to grow the game, entertain fans, and develop future MLB players.

We look forward to the opportunity of re-engaging with your representatives in a constructive manner that reflects both the positive spirit of the partnership relationship we have enjoyed with you and your predecessors for so many years, and our mutual responsibility to ensure the continuation of the game of Baseball, in both small and large communities across the country, as our National Pastime.

Sincerely,

Minor League Baseball

cc: Dan Halem (via email)