



Swansea City Supporters' Trust
Ymddiriedolaeth Cefnogwyr
Clwb Pel-Droed Abertawe

MINUTES OF THE 16th ANNUAL GENERAL METING OF SWANSEA CITY SUPPORTERS SOCIETY LIMITED (SWANS TRUST). HELD ON MONDAY 5TH DECEMBER 2016 AT THE LIBERTY STADIUM, SWANSEA, COMMENCING AT 7.30pm.

Supporters Trust Secretary, Nigel Hamer welcomed Members to the 16th Annual General Meeting, for the record there were 107 Members present.

The Minutes of the 15th Annual General Meeting had been circulated in the room, the Secretary apologised for the shortage of the printed document as we were not expecting more than the 40 printed!!

There was only one item arising from the Minutes relating to Parking problems and Park & Walk.

CHAIRMAN'S ADDRESS

Good evening Ladies and Gentlemen and, as Nigel said, welcome to the AGM of the Swans Trust, an AGM that I suspect will prove to be slightly more "lively" than previous years as we reflect back over the last 12 months, a 12 month period that has seen Swansea City change dramatically for the first time in almost 15 years.

As I go through the address, I am sure you will have questions but if I ask that we leave these to the end of the evening where we will address them as I am sure you appreciate we have the formalities of an AGM to complete as well.

It is always interesting looking back through the address that was given this time last year to see what we discussed when those of us that were here sat here last time around.

And it is even more interesting this time around as we were reporting back then on the dismissal of the deal to allow Charles Noell and John Moores to take a share in the football club. Reading through the address that I gave then though it is refreshing to know – as we have stated so often in the recent past – that at no point did we refer to our desire to not sell our shareholding just re-iterated the preferred position of retaining it.

Nothing has changed in those twelve months in terms of our desire on our shareholding but, as you will all know, over the past eight months now we have become embroiled in a situation where two thirds of the club was sold to a consortium led by Steve Kaplan and Jason Levien, a sale where we were excluded for the first 9 months of the 13 months in which it took to complete.

Much of how this has made us feel has been publically said but there is no hiding around the fact that the decision to exclude us – the fans – from the deal was one made from a position of personal greed in the sellers rather than in the interests of the football club and that is the bit that I think will always stick in the throats of the board and members of the Supporters Trust.

Ever since we were informed at the end of March that a deal was on the table we have been trying to get to the stage where we can present a position to you, our members, where we can state that the interests of the Trust have been protected which appear to be via one of two ways

1. A full or partial sale of the Trust shareholding with the monies banked for a “rainy day”
2. A protection of the Trust interest ensuring that our shareholding is not at risk

For three months after being informed we did all we could to communicate with who are now the majority owners but we were often met with long periods of silence, meetings where we were unable to proceed with any meaningful discussions whilst all the time the selling shareholders were ensuring that their personal positions were placed ahead of the position of the Trust, something that they had publically claimed was so important in the past.

Voting rights were assigned across to the majority shareholders, agreements were signed without discussion (or often even notification) for us and even after we declared in April that we would never dismiss a sale of the Trust shares this was a statement washed over by those who wanted everything they could get from the sale of the shares which included the maximum sale proceeds but a retention of the benefits that they had so often enjoyed over the past 15 years.

Even shortly after the sale we were made an offer for up to half of our shares only to see that withdrawn almost as quickly as it arrived and – as per our last statement – we have been told by our majority owners that they have no desire to purchase the shares and want to work with us in partnership. The latter part of this statement is of course something that is important to us but somewhere we have to ensure that our interests are protected.

And, as it stands, it is difficult to see any of the sentiments working when

1. Appointments are made without consultation with the Trust as we have seen – and publically stated – in recent months
2. The voting rights have been assigned to the majority owners making any votes that we had in the boardroom effectively null and void
3. Despite there being over three months to bring the Trust to the table in terms of the sale there was no desire from sellers or buyers to do so.

The last point is an interesting one because it is something that is currently being bandied about that we had plenty of time to negotiate a part of the sale and it feels like this is a convenient statement to be made to counter some of our public statements but I would ask each of you to consider whether there was a desire to make us part of the sale when

1. All parties were aware that the decision to sell – or even not to sell – could not be taken by the Trust board but had to be a ballot of our members. On many occasions we re-iterated this point and that to make that decision we would need to know what an offer looked like
2. All parties became very much non communicative during this period and certainly from the sellers perspective elected to look after personal interests first
3. Communication we made with the sellers was met with complete radio silence in return
4. The sellers and buyers colluded on new articles and shareholders agreements without reference to us at any stage.

It is also worth noting here that after our last public meeting in October we shortly after received a letter from Chris Farnell purporting to act on behalf of Swansea City (which we should of course remember we own 21% of) who stated that we were “on notice that comments to the press or others in direct contradiction to the facts are herein described as highly defamatory and we ask that they are not repeated” – we are yet to have any confirmation from this individual in terms of

1. Who he was really acting on behalf of
2. What we said that wasn't factually correct
3. Whether the new majority shareholders were aware of the letter being sent

This felt very much like bully tactics given our previous public statement and I think highlights just what a complete mess this transaction had become and, for me, all because of their decision to try and proceed without the input of the largest individual shareholder being aware of it.

As we sit here today and discuss this we do not still have a resolution. Next week is the club board meeting and we wish to sit down separately to that and once again try and move things amicably

towards a solution whilst we also have engaged a barrister of 20 years' experience of commercial disputes and unfair prejudice actions to advise us. These discussions continue on this front and you should be assured that the Trust have available some very key firms who can give us the best possible advice. We have also been in discussion with a Top London law firm as well to represent us should litigation be required, all of this is of course on top of the legal advice that we receive from Dai as our legal affiliate.

I fully appreciate that it is frustrating for you all that we have not been able to reach resolution and had it been as simple as sometimes it is painted out on the internet forums then we would clearly have got us there. As ever, if anyone has any further advice or guidance that they would like to share on this front then please get in touch via the public channels.

It has been a difficult time for us to keep everyone advised in terms of where we are via our communication. It would be complete madness for our strategy to continually be in the public domain but we have been mindful as a board to keep the balance right between telling you what we can without fully playing our hand in public and giving those who colluded against the Trust an advantage bigger than the ones they already sought.

In terms of other activities I guess the biggest one we had to face was the change of supporter director from Huw Cooze, who had held the job for 10 years, to Stuart Macdonald, a change that took place just two months ago.

Over the past 12 months – a process slowed down by the previously mentioned takeover discussions – we have undertaken a full governance review of Trust activities that include

- Roles and responsibilities of the Trust board
- Payments made to Trust board members
- Conflicts of interest review
- Length of service of Trust board members

As with every organisation, evolution is vitally important and whilst this is something that could have been addressed earlier we can do nothing other than apologise now for the mistakes of the past and ensure that they are not repeated in the future, something which I am completely confident will be the case.

We have published the figures paid to Huw over a 6 year period and whilst this information should have been publically available earlier, our new governance rules ensure that any payments made for the provision of the Supporter Director role would be paid to the Supporters Trust and reasonable expenses covered and therefore publically available via our accounts and website.

These reasons should not distract from the excellent work that Huw did for us over a 10 year period and it is work that we should continue to build on. It is right to note here that the role description that Stuart has taken on is completely different to the one that developed over Huw's tenure and will be much more "hands off" in terms of day to day involvement which I think is completely key for us going forward.

I am pleased to confirm though that Stuart has made good progress in his relationships with the club so far but it is key that we keep close to the day to day activities and ensure that our role as holding the club to account on governance issues is one that we maintain in the forefront.

It is worth noting here that no other member of the Trust board receives payment for the club for any work undertaken and even the return on expenses is kept to an absolute minimum which is notable given the massive amount of hours that the past few months have taken out of our day to day lives.

And on that note it is right that, as I always do, I place on record my thanks to all the Trust board members for their hard work and commitment over the past 12 months. Often it is a thankless task that they undertake but without them we would be weaker as an organisation and I completely appreciate the time that they can give to the cause and a desire to progress not just us but to do the very best for the football club something which I have alluded to already has not always been the case in all quarters this time around.

And finally a thank you to you – our members – for your continued support over the past 12 months. I know that you have your frustrations at the moment but we are working hard on your behalf to get these to a resolution and we should always remember that the position we are in is as a direct result of the actions of others and not a lack of action on behalf of your Trust board.

I am sure many of you have questions – as I said at the beginning – and you have the opportunity to ask them at the end of the evening.

Thank you.

TREASURER REPORT FOR THE YEAR END 31st JULY, 2016.

The Trust accounts continue to show a very healthy position, despite making a small deficit (£260) for the period, which is a fourteen month period, to tie in with the Football Club's year end.

REVENUES

Memberships, donations and sponsorship showed a small decrease over 2015 (£18,108 against £18,670), but fundraising activities showed an increase (£6,504 net surplus against £4,850).

The main contributor to this was the Annual Awards Dinner, which returned to a surplus position after a couple of lean years.

Book sales are understandably significantly reduced, as we are now in the fourth year since their publication, and we have not been able to hold the Tenpin Bowling event for the past three seasons.

The opportunity to earn significant interest on our available funds is limited in the current market, but we have increased the revenue here from £2,731 in 2015 to £7,782.

The huge shortfall in our income is, of course, because no dividend has been paid this year by the Football Club. Their accounts for the period to 31 July 2016 have still not been finalised, but we know that a loss will be announced, and that no dividend will be declared.

COSTS

Costs are showing a slight increase over 2015, totalling £32,654 against £30,309.

Most items show slight variances from 2015, with the only significant ones being –

Legal and due diligence costs – up from £6,918 to £9,600. This is necessary spend on legal and Counsel costs in respect of ascertaining our rights and legal status regarding the share sale by other shareholders to our new American owners. This is an ongoing issue, and there will be further costs incurred in the current financial year.

Board election costs - £1124. It is pleasing to report that we have incurred this cost for the first time in many years, a welcome indication that people are looking to put themselves forward to sit on the Trust Board.

We continue our long term commitment to invest in the local community. We have continued our sponsorship of both the Swansea Junior League and the Swansea Schools FA. In addition, community projects that we maintained were the Wall of Fame and the Remembrance Wall, both at the Liberty Stadium, and various graphics in the Riverside Bar.

Overall, we are showing a surplus of Expenditure over Income of £260, against a surplus of Income over Expenditure of £206,467 in 2015.

Our Balance Sheet shows our Share investment in the Football Club of £199,999 and net current assets of £877,339, represented by Share capital of £122 and Reserves of £1,077,216.

APPOINTMENT OF AUDITORS.

The Treasurer proposed the re-appointment of the Auditor's, John F. Harvey Limited, who had agreed to continue in office. Re-appointment agreed.

ELECTION TO THE TRUST BOARD:

In accordance with Rule 61 of the Constitution, the following Members retire by rotation but are eligible for re-election:

There were five vacancies, we had received seven nominations therefore there would be an election. Nominations were received from:

Viv Brooks*, Matthew Griffiths, Roger Goodwin, Ron Knuszka*, Alan Lewis*, Duncan Thomas*, Viv Williams* (*retiring by rotation).

The following were Elected to stand for a period of two years from the 1st August 2016:
Viv Brooks, Ron Knuszka, Alan Lewis, Duncan Thomas and Viv Williams.

The Trust Board elected the following:

Chairman – Phil Sumbler, Treasurer – Stuart MacDonald, Secretary – Nigel Hamer, Supporter
Director – Stuart MacDonald, Associate Director – Will Morris.

OPEN FORUM:

A number of questions from the floor were put to Chairman Phil Sumbler who was in a position to answer on behalf of the Trust Board.

What is the current position of Leigh Dineen and a Director post

This came to light a couple of weeks ago, it just appeared and we knew nothing about it. We took this up with Jason Levien, he told us it should not have happened and that it was to have been discussed at the next Board Meeting, it was quickly reversed. It is a long held view of the Trust Board that if you own 5% of the shares you are entitled to a place on the Club Board, if you have 1% we don't think you should. Under those terms, we could sell our 21% stake to 21 different people, it should relate to the value you bring to the Club. We don't think that Leigh should be back on the Club Board.

Ex-Directors' still using the Directors Box.

Part of the deal they pulled together was having these facilities whenever they wanted them. We have made representations that certain ex-Directors should be kept away because of actions on Social Media. It does not help the situation, there is a lot of anger and we have suggested those privileges are taken away. At least two of the former Shareholders are Directors in their own right, so we cannot stop them.

Has anything been achieved by speaking to the Americans.

Based on the fact that we have not got the resolutions we want, you could say not a lot. Discussions over ownership have not progressed a huge amount in eight months other than continually stating our points, not much has been achieved. We have not had the response we want in terms of involvement in the running of the Club. There has been progress with the Communication Operating Officer, Chris Pearlman which has helped, but, then there are incidents where a Manager or Board Member is appointed that we know nothing about. It is one step forward and two back.

Is there any sign of Investment In January

The short answer is no. That is a question we want to bring up, the position on the pitch is dire. Nothing has changed, nothing has been suggested. There is a guarantee of an extension to the overdraft facility, but, as to what is being invested in January is not a answer we have received back from them. Supporter Director, Stuart McDonald added, there is an indication there will be something, we cannot promise, but, an indication there will be.

Player recruitment over previous transfer windows.

Over 80% of our income goes on player costs. Without defending the Club too much, the impact of many transfer windows were deemed complete and utter failure. Player recruitment has left a lot to be desired.

New Owners to meet the fans perhaps.

Huw and myself have met with Steve Kaplan once. That was at the Marriott Hotel ten days before the sale deal was completed. We net Jason Levien after the Manchester United fixture and the reaction of the crowd that day allowed us to say that was what they were facing. We asked if they would be prepared to sit here and answer these questions. The indication is yes they would, the logistics of it are far more challenging, but, it is something we would like to arrange. If they genuinely want to work with Supporters it is the best way to go about it.

Would the Sellers have to compensate the Trust for breach of contract over the sale.

We have spoken with Barristers about this. We are led to believe the recourse from breaching the Shareholders Agreement is they would need to offer to sell shares to us. But, it would cost £6 or £7 million for us to buy those shares to take us to 25%. There is no love lost between the Trust and the selling Shareholders. Breach of contract – we could pursue this if advised accordingly.

Are co-ordinated and peaceful protests an option.

That is a difficult one. Widely speaking we don't know how much people are aware of what has happened and the complexities of the deal. The atmosphere at the Manchester United game took me by surprise because it was so vocal, it spread all around the ground and to the Director's Box. We sat in a meeting after the game with Jason Levien and told him we could stop it quickly if they supported us and gave us what we needed, that suggestion has gone nowhere as we don't get to see much of

Levien and Kaplan. Peaceful protests could help. We are trying to be professional, the frustrations are there, we want to shout from the rooftops, but, it may mean we don't get what we want. We cannot stop fans protests, all we ask is that anything supporters do is peaceful, legal and does not affect the players on the field.

Would actions prejudice the Club.

They would certainly damage their Corporate image. Perhaps we should consider being pro-active but not prejudice the future playing side of the Club as our options. Is our role to co-ordinate fan protests which could goad them into involvement with us, as with the question about protests, we would prefer any protest to be peaceful and legal. From a PR angle we have been in discussions with a former employee of Supporters Direct as we feel that PR is strongly in our favour.

Have the old Board Members got voting rights.

They gave them up to the majority shareholders, so the American consortium have over 75% of the voting rights. In terms of our legal position, our initial guidance is that the case is not cut and dried as hitting the button for a sale of our shares. As much as we would like to retain our shareholding, the option to sell should be investigated. We will hear back from Counsel, but, we don't know what the legal process looks like. The question for you Members is if we want to hit the legal option, the only winners are Barristers and Lawyers. Do we want to give up money in the Bank for a lost cause if that is what we are told it is. We want to recommend to you if the case is strong. People have colluded against us and therefore Supporters of our Football Club. We will keep making that point to try and find a resolution. There may be a sale that does not have to be to the Americans. While our vote has been lost in the Boardroom, our shareholding remains at 21.1% of what will hopefully remain a Premier League Club.

We are told a couple of parties might be interested in buying our shares and we need to explore this. With these deals they are mainly done to make a profit, the Americans are only here to make a profit.

Who of the former Shareholders still own shares.

Huw Jenkins 5%, Martin Morgan 2.5%, Louisa Morgan 2.5%, Leigh Dineen 1%, Brian Katzen 1%. If anyone knows of interest in buying our shares we would be interested to hear from them.

Is the Trust aware of monies received.

The Sellers received between £110-£115per share.

Payments made to Associates Businesses

This information would be in the July 2016 Accounts. Jaxx Bay had the contracts for the work carried out at Fairwood and Landore. The Club invested millions at both sites, the buildings are assets of the Club as they are owned by the Club.

Managerial Appointment.

Who appointed Bob Bradley. The Chairman interviewed him, but, it depends who you believe as to who made the final decision.

Attending Board Meetings.

By attending Board Meetings are we accepting the new Articles & Memorandum of Association. No, we are a Director by right with our Shareholding and attend Board Meetings.

How to make a profit.

The Buyers cannot turn a profit unless we are in the Premier League, we don't believe they can do it in the Championship. If you look at the evolution of TV monies, this is what adds to the value of the Club and being in the top flight. If we were in the Championship they would try and get us promoted, we don't think they would look for a quick exit. Thinking about it, you buy it on the cheap, £68million, Own it for 5 years, it could then have a value of say £250million. No, we believe they have to and want to keep us in the Premier League.

2002 Shareholders Agreement.

The Sellers appear to dispute the legality even the existence of the original Shareholders Agreement. The legal case is stronger against the Sellers rather than the Buyers. The Sellers warranted the sale.

Using the Media

Locally the Media have not been very supportive. Sky TV approached us, but, they only wanted to speak to us if we were taking any legal action. We should make contact with TV stations and put across our case.

How have we made a loss.

The sales of Ayew and Williams would have been after the year end of July 31st. Previous dealings in the transfer market in and out don't mean that payments are a one off, there would be payments made to clubs by the drip method and vice versa. Wage increases, managerial pay offs all helped towards a loss.

Taking eye off the ball.

There is little doubt that the Shareholders/Directors spent most of the past year more interested in obtaining a sale of the Club than making decent Managerial selections and player recruitment.

Finally

What would the Trust like to see happen – to maintain our Shareholding and the non-dilution of our Shares.

Bits and Pieces.

Gut feeling – the Americans have a hidden Agenda.

Censure Motion – a censure motion ‘*that the Supporters Trust notes the sale by individual Directors of shares in Swansea City Football Club to remote ownership and this move has been made directly against the spirit and structure of local ownership that had previously existed*’. proposed by Lew Stangroom seconded by Tim Bull was unanimously passed at the meeting which will be circulated in due course.

From the floor – thanks to Huw Cooze as our Supporter Director over the past eight years.

Thanks to the Trust Board for their efforts over the last year.

Vote of thanks to Phil Sumbler for his responses to all the questions raised from the floor this evening and for his role as Chairman of the Trust.

The meeting closed at 9.12pm.