

Minutes of the 19th Swansea City Supporter's Trust AGM: 27 January, the Liberty Stadium, Swansea.

Trust Secretary, Mike Bastin welcomed attendees, provided the running order for the meeting and a quorum was met to enable the meeting to proceed.

Minutes of the previous AGM were provided and were accessible online. There were no matters arising from the minutes.

Chairman's address

Firstly, let me echo the words of Mike that you have already heard in welcoming you all here this evening to the AGM of the Swans Trust. It is always pleasing to see the numbers that turn up for this evening which I appreciate can feel a little bit mundane at times and slightly process driven but is also an essential part of our calendar and a chance for you – as members to ask questions of us as the board that you have elected to serve on your behalf.

It is hard to believe that next year we will celebrate our 20th anniversary as an organisation making us one of the longest established Trust organisations in the UK and, as I look around the room this evening, I can see many familiar faces who have been part of our membership right back to those early roots of 2001.

For large parts of the period since our formation we have grown in line with the football club but largely the last four years have been the most challenging of all particularly as we are now involved in what will remain a long legal process to try and resolve the situation that we were left with in the summer of 2016 having been totally excluded by our fellow shareholders from being part of the sale of the club.

I will return to updates on that in more detail but first let me cover off some of the other areas that I think are essential at this time of year and that is to recognise the work of the organisation as a whole.

Firstly I would like to say a huge thank you to all of you as members. It is a continued frustration of the Trust board that our membership level hovers somewhere between the 1500 and 2000 level on an annual basis and we always appreciate that there is more that could be done to try and drive this number up. Some of the goals we set ourselves this season were to become more visible which we have achieved – with more levels still to be achieved – and this is through the work of some key people on (and off) the board who have worked hard to increase our social media presence as well as our communications which have become more frequent to the member base. I am not sure that we will ever perfect the nature of communication but I hope that – as members – you see more in the coming months and years ahead.

Secondly it is a huge thank you to the Trust board that I work alongside on a daily basis. We are lucky as a Trust to have a strong mix of people with a vast array of skills who can enhance us as an organisation. Having stood here for so many years delivering this address I feel sometimes like a stuck record but all of these people do give their time freely to the Trust and do so alongside their working and family commitments at the same time. I speak from experience when I say that this is no mean feat and one that should be applauded. It is one of the reasons I get so frustrated when people accuse us of being static or not moving things on but simply for each of these people there has to be downtime and the work that is done on a voluntary basis simply needs to be done in line with other commitments. We have people on the board based well outside of Swansea and should never underestimate the commitment this adds to the role that they do on our behalf as members.

Thirdly I would like to single out the work of Stuart McDonald as our Supporter Director. I say with huge confidence that nobody could do more for you as members than Stuart does. I get that there is much criticism of him not being as vocal as you would all like but that is the fault of us as a collective board rather than Stuart as an individual. He puts in many hours of work at the club each week representing the needs of both our members and the wider fanbase and has worked hard over the past two years in particular to drive forward the relationship at local level. We may have an unresolved dispute with the ownership of the club but at a local level I would say that we are possibly in a stronger place now than we have ever been. We have always accepted that maybe mistakes were made in the relationships of the past but Stuart works on our behalf with what I believe to be a healthy dose of cynicism behind him and that has already seen some benefits with some good season ticket pricing (particularly at junior level), increased fan communication from the club and the return of regular fans forums and player social evenings which is appreciated by the fanbase. What we – as a board – need to do to support Stuart is talk more publicly about the work that he does on our behalf even if he is never afraid to answer a question as I am sure you will find out before the evening is complete.

So I guess the summary of that so far is that it has been another year where we have made progress but accept that there is more to come. I think it is fair to say that the legal process has taken up much of the focus for a decent percentage of the Trust board this year and that has meant that focus could not be elsewhere to help with the driving on of the organisation and our growth that I believe is so firmly needed.

When I returned to the Trust board more than 18 months ago I did so with a clear mission that we needed to move on the legal case whether that was to a resolution via the mediation already started or – as it turned out – through a clear mandate from you members last summer to proceed with the legal action. I believe that the mission set out in that election statement has now been completed and the legal process will follow the route that it needs to follow until the dispute is completed. It is also fair to say that this legal process has taken pretty much all my (and that of several other board members) focus in those 18 months as we have started to build witness statements, completed document trawls and spent many hours preparing letters,

cases and answering the questions of the legal team that we have working the case on our behalf. The one thing I would add is that whilst this process has not worked as quick as we would like it to the wheels of any legal action do not turn quickly and it is essential that we work with the lawyers to prepare the most comprehensive case that we can to ensure that our case is represented to the best possible way that it can be.

Where we stand at the moment is that we have had some unforeseen delays in the process at both the lawyers end but also at our end as a board but we have now completed the document trawl and provided the lawyers with many reams of correspondence both relating to the sale itself and also events leading up to the sale that will include minutes of previous shareholder meetings and correspondence between us and other shareholders largely around the time of the sale of the club and previous interest.

Next week some key “witnesses” on our behalf will start compiling their witness statements with the lawyers – these will include myself, Jim White who was vice chair at the time, Huw Cooze as Supporter Director and also some of the people who worked on the initial sub group that dealt with the interest from Moores and Noell and were also involved when the deal that eventually completed was first brought to our attention.

We simply do not know where this legal case will conclude. It may be in a courtroom somewhere or it may lead to an out of court resolution although it is fair to say that whilst we have had further discussions with shareholders – both current and past – there is simply no out of court settlement that has been offered nor are we led to believe is there any desire at moment for one to be compiled. I should add at this point in time that the Trust remain completely open to resolving the dispute without the necessity for expansive legal fees. As the old saying goes our door remains very much open.

What I do want to assure everyone of as well though is that we remain committed to getting a resolution that gives the Trust what we could have obtained back in 2016 had we been given the chance. Whilst I am sure that many of you in the room may have different ideas of what that resolution is I would also say that when we have any potential palatable discussions to have which could lead to resolution then we cannot accept offers on your behalf without returning to you as a membership.

So I hope that this gives you some assurance that we are still pushing ahead with the mandate that you gave us last summer and whilst there may have been some delays in reaching where we are now these delays have been unavoidable and ones that – as a board – we are looking to ensure don’t occur again in the future.

Going back though to my mission when I returned to the Trust board in the summer of 2018 I now feel that as the legal case has been put in motion and will follow that route it is now time to place additional emphasis on our growth as an organisation which has probably been neglected over the past few years. And to achieve that growth I am of the firm belief that the Trust board needs fresh vision, ideas and impetus at the top. It is because of this belief that I will not be seeking re-election to

the Trust board this summer. It has been a huge honour to have served on the Trust board for so long not just as a board member but also as your Chairman but now is definitely the time for that new vision within the organisation to drive us forward.

So why am I telling you this part today? Quite simply it is now an appeal to you all as members. We have a passionate memberbase out there and one that has many people with the skillsets and ideas to drive us forward. To build on what we have, to increase the membership, to communicate more and to work with the club at local level to ensure the very best future possible for both the football club and us as fans. I felt that saying the change was coming gives people chance to think on whether they have the time or energy – even if just for a two year term – to enhance the name of Swans Trust within our fanbase and ensure that we enter our 20th year on a period of growth whereas the last few have largely been around protection because of the ownership dispute.

During my tenure on the Trust board I have met a huge number of our members and always been impressed by that passion so I urge you all to consider giving up some time to help us grow as an organisation and focus on things outside of our ownership dispute.

Thank you again for your time this evening and for listening and on that note, I am going to take a short break now whilst we complete the other formalities of the night but I look forward to taking your questions in the session at the end.

Thank you.

Treasurer's annual report

The Trust reserves continue to show a very healthy position, despite making a significant deficit for the year of £74,378, the prime reason for that deficit being ongoing legal costs in respect of the SCFC share discussions and our need to protect our investment in our football club.

Revenues

Memberships, donations and sponsorship showed an increase against 2018 (15494 against 13622), whilst fundraising activities showed a decrease (1338 net surplus against 4078).

Members subscriptions were increased over 2018 (1425), whilst sponsorship and donations saw an increase of 447.

Fundraising activities continue to decline, with us having lost a share of the Annual Awards dinner profit, which the Football Club took "in house" for the 2019 dinner, although the Trust raffle proceeds showed an increase (+412).

Interest receivable shows a very small increase over 2018 (+£124), with market rates for society accounts at a low level, allied with the need to have more of our funds available for access, as opposed to being able to place them on term deposit.

A significant previous source of income has been dividend payments from the Football Club, but these have not been paid out in the last four years, and there is no expectation of any being paid in the foreseeable future.

Costs

Overall Costs are showing a small decrease over 2018, totalling £92016 against £96769.

The significant matters to note are –

Legal and due diligence costs – an outlay of £68407 against £77184 in 2018. This is necessary and continuing 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 as we look to move towards a resolution.

Board election costs - £2977. It is pleasing to report that we are incurring these costs on a continuing annual basis, as a welcome feature that people are looking to put themselves forward to sit on the Trust Board.

PR consultant costs - £4900 – we discontinued the services of a PR consultant during the year, but this represents the costs incurred to December 2018.

Community projects – the increased cost for the year represents the latest batch of names to be incorporated on to the Wall of Fame.

We continue our long term commitment to invest in the local community, particularly highlighted by our ongoing sponsorship of both the Swansea Junior League and the Swansea Schools FA.

Overall, we are showing a deficit for the year of £74378, against a deficit in 2018 of £77818.

In addition, we have to pay Corporation tax on the investment interest that we receive, which has given rise to a bill of £268 to July 2019.

Balance Sheet

Our Balance Sheet shows our Share investment in the football club of £199999 (at cost) and net current assets of £688,641, represented by Share capital of £619 and Reserves of £888,021.

Appointment of independent financial advisors

Stuart McDonald confirmed the appointment of advisors, with no objections raised by members.

Confirmation of members

Andy Godden

Stuart McDonald

Cath Dyer

Andrew Cude

Dave Dalton

Q&A Session

Q1 – Can a proportion of the Trust balance book be invested to offset the cost of legal action?

A1. The current interest rate for investments is low, unless money is invested in higher risk investments. The board wouldn't feel comfortable unilaterally exposing Trust finances to risk-based investments. Constitutionally, there may be issues preventing us from doing this, but we will look at the various financial options available to us.

Q2. How long will the legal action last?

A2. Members of the Trust board are meeting with the QC next week and will know more then.

Q3. Are we paying for legal representative on a retainer basis (as opposed to on the basis of work actually carried out)?

A3. No.

Q4. Will we be taking action on a "no win – no fee" basis? What happens if costs continue to intensify?

The meeting with the QC will inform next steps around the different financial models available to us.

Q5. What is the Trust's position on recruitment of members for next season, specifically do you have a sense of the numbers of numbers making one-off payments compared with rolling standing orders? Can't we convert more to standing order?

A5. Around 75% of our members pay via PayPal and roughly 10% pay by standing order. PayPal doesn't support standing order type payments, but offers the greatest convenience, so we're keen to balance the rolling membership benefits you allude to with convenience to prevent disincentivising potential members. It's a valid question and we will look at this in more detail.

Q6. What would the Trust board feel about increasing membership fees? It's been £10 annually for a long time.

A6. While the additional funds would perhaps be useful, our focus is on growing membership. Again, it's a balance though our aim isn't to increase cash reserves but to grow our membership.

Q7. Alan Curtis should be recognised, what is the Trust's position on a statue being made to recognise his role in the club's history?

A7. Our Supporter Director will discuss with the club, though the Trust are unsure a statue is appropriate at this time. We'll also speak with Alan for his view and consider the full range of possibilities based on that conversation. We'd hate to go against his wishes or make him uncomfortable.

Q8. Is there a way to roll-up season ticket purchases with Trust membership via the club?

A8. Supporter Director happy to ask the club, but given the legal situation it's unlikely as it may be seen as assisting the Trust to raise funds for our legal case.

Q9. What is the current timeline/status of the legal case – we have to secure insurance against potential loss.

A9. Insurance decisions will turn on the forthcoming meeting with the QC – the likelihood of success drives the various funding options available to us. That in turn influences the timeline.

Q10. Have the current or former owners engaged in discussions with the Trust?

A10. The Trust has met with a few former owners and again outlined our willingness to engage in mediation and discussions, but those conversations went nowhere towards resolving this.

The current owners made some noises around being open to discussion several months back but have since gone quiet.

Q11. The new Chairman and Manager seem to have a good grip on the club. Could the Chairman not assist the Trust in engaging with the current owners or getting a sense of their thinking?

A11. The Trust and the management of the club have worked hard on maintaining a productive working relationship divorcing the legal issue from our business as usual engagement and our sense is that Trevor Birch is keen to focus on the running of the club and not becoming involved in resolving the ownership issue. There has been no engagement/communication/discussion with the current ownership in the last 12 months, though promotion or the sale of the club could possibly change that.

Q12. In the Landore Club meeting last summer, the Trusts legal advisor was pressed for their read on our likelihood of success, which they felt was 60-75%. Why hasn't more progress been made?

A12. At the meeting, he felt our case was strong though naturally the QC wants to do his own analysis is more cautious. The QC has undertaken a very detailed trawl of all evidence for their witness statements and want all of the detail. This is a time-consuming process but we accept that radio silence isn't good. We'll try to share information/updates more frequently, even if that means reporting that there isn't anything that can/should be shared, throughout the process.

Q13. Has the Trust thought of working with the club to offer "seats of the house" on match days, offering a couple of free tickets to some extra-plush seats as recognition for those doing good work for the public in Swansea and voted for by fans?

Q13. Not explicitly, but some of you will be aware that the club Chairman has been inviting community groups and long-standing season ticket holders over the age of 90 into the box as recognition. This is something the Supporter Director is happy to test the club's appetite on.

Q14. Less a question, but I would like the Trust Chairman to not stand down given your background, experience, expertise over the years.

A14. No, though the Chairman will still be involved due to the ongoing legal work but is committed to his decision. He feels the Trust will benefit from new ideas at the top, though he will always be a Trust member and available to help in future if called upon.

Q15. Does the Trust have a sense of whether the current owners are willing to take a financial gamble around our transfers/academy status and possible future sale to invest in the club and push for promotion?

A15. The Chairman's personal view is that they won't. Some terrible decisions were made while we were in the Premier League regarding transfers and contracts that a club our size could ill-afford. We haven't seen ourselves travel in a similar direction to Bolton, Bury and others largely due to our academy. The potential sale of the club is a different issue, with the legal action being undertaken by the Trust being potentially if the club were to change hands.

Q16. Has the academy been sold/downgraded?

A16. No and this has been confirmed as not happening within the next season, and the club maintains the view of needing to get the club back to a level-footing financially. In the PL our annual income was £125m, but will be down to £16/17m the year after next.

Q17. Why do we have the two sites (Landore and Fairwood)? Wouldn't it make sense to consolidate?

A17. The club needed good facilities with our entry to the Premier League. At that time, only Landore was available. Fairwood subsequently became available and the club needed the additional space for its youth teams. On consolidation, the question is very much, "who would buy it?"

Q18. What are the lawyers saying we'll get if we win the legal case, compensation or compulsory sale of shareholding?

A18. If the case progresses through all the way to court, then it would result in an order forcing compulsory purchase of the Trust's shareholding at around the value of £20m

Q19. What if the owners say they can't pay?

A19. Then they may choose to pursue the previous owners or they will have to raise funding.

Q20. Why are we not going solely after the previous owners?

A20. The Trust had in place a shareholder agreement and should have involved us in the sale of the club but didn't and have broken articles of association. We remain happy to seek a resolution but they have not been receptive.

Q21. The Trust pod needs better signage and we don't even have a PR agent – shouldn't we be influencing the media more?

A21. Viv Brooks does provide some signage on match days but we do need to think broadly on how to engage with the wider fanbase on matchdays. We would always welcome our own membership's offer of support and make good use of that if it were to become available. On the PR side, we dispensed of our support, who was on a retainer. We can absolutely engage more with the media, and have the contacts to do so, but we are keen to get a bit further on the legal proceedings first.

Q22. It would be a good time to ramp up recruitment to the trust in July, it would make sense to leverage the ill-feeling of fans towards the current owners when this season proves unsuccessful.

A22. Agreed.

Q23. Can't we promote Trust membership at local employers and events like the DVLA or Swansea Air Show?

A22. We're happy to consider it and it's likely to be one that falls to the new Chairman following the next round of Trust elections.