

Wimbledon Football Club Supporters Society Limited

Minutes of the Special General Meeting held on 30th March, 2006 at 7.30pm

The Fans' Stadium - Kingsmeadow, Jack Goodchild Way, Kingston Road, Kingston-upon-Thames, KT1 3PB

0. Introduction and Apologies for Absence

- 0.1 Tom Adam (TA) welcomed members to the SGM. He conveyed apologies from Chris Philips and Lou Carton-Kelly. He asked whether any apologies from the floor and a member conveyed apologies on behalf of John Lloyd.
- 0.2 Before proceeding with the advertised agenda, TA asked the DT Secretary to read out the following statement on behalf of the Dons Trust Board:

“The following announcement covers some changes that are being made, with immediate effect, to the composition of the Dons Trust Board.

DT members will recall that, at the time of the 2005 Board elections, only five candidates came forward to fill the six vacancies available. At the time, the Board’s interpretation was that the DT Constitution did not provide for this eventuality but considered that Rule 64 of the Constitution served as a guide to what should happen. The decision was therefore taken to consider the five candidates as being deemed elected members of the Board, with no further action required to constitute a quorate Board. For full details of this decision, please refer to the statement published on the website on 20th October 2005.

Subsequent to the AGM, the Board decided on 12th December 2005 to co-opt Ivor Heller for a limited period. This decision was motivated by the requirement to preserve the DT Board’s majority representation on the Boards of its subsidiaries rather than by any issues as to whether the Board was quorate.

It has recently been pointed out to the Board by members of the Constitution Review Group that there is an alternative interpretation of the Constitution which would hold that the Board is not quorate because of Rule 54 (establishing the required composition of the Board) and Rule 62a (providing for a means of filling vacancies following retirement of Board members at a meeting). The Board believes that the Constitution is not entirely clear and does not necessarily agree (or disagree) that the alternative interpretation is more correct than the Board’s original interpretation.

However, the Board acknowledges that there are different possible interpretations and wishes to avoid the possibility that Dons Trust business could be impeded for procedural reasons which might be relatively easily avoided. The Dons Trust Board therefore met prior to the SGM on 30th March 2006 and passed resolutions:

- *Confirming that Ivor Heller’s appointment to the Board (which will now continue for a further period beyond the originally intended date of 31st March 2006) will be by way of appointment, under Rule 62a, to fill a casual vacancy arising following the AGM;*
- *Appointing the DT Secretary, Mark Davis, to the Board by way of appointment to fill the casual vacancy arising following the recent resignation of John Owen;*
- *Ratifying all decisions, resolution, actions and policies made, taken or adopted by the Board following the AGM;*
- *To announce the above resolutions at the start of the SGM (and as soon as possible on the AFC Wimbledon website).*

The full text of the above resolutions is available upon request and will in any case be published as part of the minutes of the Board meeting in due course.

Taken together, the above resolutions are intended to ensure that the Board is quorate even under the alternative interpretation of the Constitution so that the business of the SGM may continue unimpeded and so that the Society’s votes in AFCW PLC may, following the SGM, be duly exercised at the AFCW PLC EGM on the same evening. The Board now comprises ten elected Board members plus two appointments made to fill casual vacancies arising among elected Board members.

The Board notes that the Constitution’s rules relating to the composition of the Society Board are not as clear as it would wish and will be seeking to ensure that revised Rules are brought forward to members as soon as possible as part of the ongoing review of the Constitution. This, and ongoing work to appoint a new Treasurer to the Board, is likely to result in further changes to the Society Board in due course. In the meantime, the Board wishes to thank Ivor Heller for continuing to serve the Board so loyally and welcomes Mark Davis as a member of the Board, if only temporarily. The Board also wishes to thank members of the Constitution Review Group for their diligence in alerting the Board to this issue.

The Board has also been informed that, after four years of service to the Trust and Club, Erik Samuelson will step down from his position as Finance Director on completion of this year's accounts - likely to be September or October this year. This decision has been reached after a period of careful consideration by Erik and he will expand on his reasons in a few moments.

Erik's decision is not related to the items of business to be discussed at the 30 March SGM but nonetheless Erik and the Trust, PLC and Club boards think it is appropriate that this matter should be brought to members' attention at the same time as the procedural changes outlined above. Erik will be remaining on all of the Boards for the time being, pending an orderly handover of his responsibilities and the reorganisation of the Dons Trust Board referred to above.

The Board wishes to thank Erik for the tremendous contribution he has made since the Trust and Club were formed. The Board looks forward to Erik continuing to make a valuable, albeit less time-consuming, contribution to the work of the club after his resignation period. As Erik will be remaining on the Board for the time being, further opportunities will present themselves for the Board to thank Erik more fully prior to his departure."

- 0.3 Commenting on his decision, Erik Samuelson (ES) said that a lot of work had been done over the past four years – forming the club, purchasing the stadium, the share issue and the DT bond scheme. With the Barclays refinancing now coming together it felt to him that the various pieces of the jigsaw puzzle were now in place and that it was time to move on and to make way for fresh blood. ES continued that he had originally promised his wife that he would not commit his pension to AFC Wimbledon and that he would not dedicate his life to the club. He had failed in the latter regard, spending 50 – 70 hours per week on AFCW business, to the exclusion of family life. He was tired and needed a break. However, he would not be walking away from the club and would be discussing with the Boards in what capacity he could continue to be of assistance¹. ES noted that it was a tough life being a volunteer – supporters were passionate about their club and could be very demanding. Feedback was not always constructive and this could be bruising, with the consequence that the club's volunteer base could dwindle. Finally, ES said he was tempted to offer a prize for the best conspiracy theory over his decision. There was a spontaneous round of applause in recognition of ES' contribution.
- 0.4 TA noted that there would be time to thank ES further for his contribution to the Trust and Club at a later date. Before moving on to the advertised agenda, the DT Secretary added that he wished to thank Ray Downham for his work on the constitutional issue referred to above.

1. AGM Minutes

- 1.1 TA said there was just one matter arising from the AGM minutes, which was that Peter Young's questions on the youth academy and ladies' football had been answered and published. Peter responded that he was pleased that this information had been published and put in the public domain.
- 1.2 TA asked whether there were any further comments on the minutes of the AGM; there were none and they were taken as accepted.

2. Quarterly Report

- 2.1 TA noted that he had referred to the issue of LB Merton's Local Development Framework in the Report. He thanked members for sending in their own representations to LB Merton on this matter. He noted that a questionnaire had now been issued by LB Merton and that this was open for response until 28th April.
- 2.2 TA asked whether there were any requests for clarification on the Quarterly report; there were none.

3. Resolutions proposed by the Board.

- 3.1 TA invited the DT Secretary to read out Resolution One, as follows:

"That the Society should exercise its voting rights in AFCW PLC in favour of a special resolution to be tabled at an Extraordinary General Meeting of AFCW PLC on 30th March 2006, authorising AFCW PLC and/or its subsidiaries to enter into, and/or guarantee, a loan facility with Barclays Bank PLC secured by a fixed charge

¹ Secretary's note: By way of clarification, ES has served notice that he will be stepping down from the Board of AFC Wimbledon Limited around October, when the 2005/06 accounts are finalised. He will be discussing with the DT and AFCW Boards what ongoing role he might play, in a less time-consuming capacity, in support of the DT and AFCW. For the time being he continues to play a full and active role on all of the Boards.

over the leasehold interest of AFCW Stadium Limited in The Fans' Stadium – Kingsmeadow, as more particularly described in the agenda for the EGM dated 7th March 2006."

- 3.2 Introducing the topic, ES pointed out that the club had succeeded in its application to renew the planning permissions for expansion of the ground subject to certain formalities. The renewed permissions would be valid for three years. ES wanted to see the club progress towards the Conference and eventually the Football League but this would require improvements to the ground and an increase in capacity. Although some funding might be available in the form of grants, commercial funding would be required as well. The best source of additional funding would be a party from whom the club had already established a track record as borrower – hence the importance of establishing such a track record in the first place.
- 3.3 ES continued that finding a bank willing to lend to football clubs was not easy. The Sunday Times had recently published that the Co-operative Bank had lent £110m to football clubs, with little prospect of recovering the money. AFCW had been trying for several years to find a commercial bank willing to lend to it. We had used two intermediaries since we first sought a loan. The first had introduced us to three or four major banks and reached two credit committees but been turned down. The second intermediary had approached 17 banks but they had also turned us down. However, just when it looked like there was no prospect of success, AFCW's original financial intermediary had put in a call to Barclays. This had resulted in the offer of £600K.
- 3.4 ES recounted the terms on offer from Barclays: an interest rate of 2½% over base rate; security over the stadium; and, following negotiations, no debt service cover ratio covenant. It was not possible just to borrow a little bit of money from Barclays as it was necessary to borrow enough to repay Mr Khosla in full so as to release Mr. Khosla's charge over the stadium. In the medium term, AFCW would borrow around £400K from Barclays to repay Mr. Khosla, leaving £200K available for other purposes such as acquisition of the perimeter lease, although any such further borrowings in excess of the £400K would be subject to DT Board approval.
- 3.5 Concluding, ES believed there was a strong case for the Barclays loan but that it did involve a change in risks. Unlike the Khosla loan, there was a defined monthly repayment schedule, with an additional cash burden of around £1,500 per month compared to the current cost of servicing interest only on the Khosla loan. Failing to meet repayments of principal would potentially put the stadium at risk, although ES believed that bankers would have a stronger tendency than a private lender such as Mr Khosla to renegotiate the loan without foreclosing on its security. ES was therefore in favour of the resolution but invited debate from the floor.
- 3.6 John Dolan pointed out that he had always borrowed as little as he could and had always paid his debts in time. He concurred that this probably gave him lower credit status in the eyes of lenders than individuals who borrowed frequently. ES replied that there was some difference between a corporate and private lender, in that AFCW would have a relationship manager that it could speak to at Barclays.
- 3.7 Dennis Lowndes noted that bondholder approval would be required and asked whether the bondholders understood they could lose their money if AFCW defaulted on the bank loan. ES said that proceeding with the Barclays loan was contingent upon AFCW and the DT Board being satisfied that it could meet its obligations taking account of re-profiled bond repayments. There was an argument, although not one that ES believed in, that this would imply putting pressure on bondholders to agree to re-profile their bonds. He noted that he had received new bond subscriptions totalling £20,000 that very evening. ES agreed it was important to make sure that bondholders understood what was being asked of them. In his view there were three types of bond investors – those who were investing in the DT Bond for hardnosed financial reasons, of whom there were probably very few; those, such as himself, who would like to be repaid at some stage but who were willing and able to defer repayment; and those who had subscribed as a way of saving and helping to reduce the interest paid to Mr Khosla but who needed their money back on the original due date. ES would not wish to twist the arms of the last category of bondholders. It would be up to the Board to let the membership know if it was not possible to achieve an accommodation with bondholders that would allow the Barclays loan to proceed.
- 3.8 Stuart Pickover was in favour of the Barclays loan. He asked how much money would be freed up by repaying Mr Khosla. ES pointed out that there would be no money freed up directly by borrowing from Barclays to repay Mr Khosla. However, over time there would be a saving in interest payments (since the Barclays Loan carried an interest rate 2½% lower than the Khosla loan) but this would be more than offset, in cash terms, by the commitment to make repayments according to a defined schedule.

- 3.9 Ray Downham asked whether any of the costs of the Barclays loan were already committed and whether any of them would need to be paid up-front. ES replied that a valuation of TFS Kingsmeadow had already been undertaken, at a cost of around £1,500 to £2,000. The arrangement fee of 1% would be paid up-front, as would a fee covering the bank's legal costs. ES understood that the financial intermediary's fees would be payable on a drawdown basis. AFCW would also bear legal costs to its own lawyers for confirming the validity of AFCW's legal interest in the stadium. ES noted that, although subject to DTB approval, the up-front costs of the transaction could all be borrowed from Barclays if considered appropriate.
- 3.10 John Darcy expressed concern at the cavalier treatment of bondholders. He considered that asking them to reschedule was like changing horses mid-race. In his view, all bondholders should have been approached already. ES apologised that not all bondholders had been contacted but pointed out that this would have represented a big time commitment. He said that if John wanted his money back according to the original repayment profile, then a way would be found of accommodating this. ES pointed out that the DT Bond brochure had identified the possibility that higher rates of interest might subsequently be offered for longer periods. ES regretted that John felt under pressure to reschedule.
- 3.11 Mike Boylett pointed out that the financial illustrations that had been published were based on borrowing £400K rather than the full £600K and that it was not clear how the incremental £200K would be serviced. ES noted that the assumptions made in support of servicing £400K were relatively conservative, suggesting that there should be potential for further cashflow to service additional borrowings. However, any additional borrowings would be subject to presenting an appropriate business case to the boards of the club, PLC and Trust.
- 3.12 Duncan Johnson asked whether the credit approval would be helpful in negotiating the perimeter lease with RB Kingston. Kris Stewart said that RB Kingston had shown no apparent concerns over this issue to date; however, it would give added confidence to AFCW in the negotiations.
- 3.13 Sean Fox asked about the guarantees that were required relative to those currently provided to Mr Khosla and, in particular, the potential for defaulting on the loan to jeopardise the football club and not just the ground. He also asked why decisions on further drawdowns should be made by the Board rather than the membership. On the latter point, ES replied that the Board would doubtless take into account any strong desire on the part of the membership to approve further drawdowns. Regarding guarantees, ES replied that no guarantee had been requested by Barclays from the Dons Trust at this stage but this could potentially arise – hence Resolution Two. However, Barclays Bank was asking for guarantees from other companies within the AFCW PLC group and this theoretically put the club at risk. However, he noted that Kingstonian had previously managed to realise more than £400K from a distressed sale of the ground, so it was reasonable to assume that a distressed sale of the ground would repay the loan and leave the club intact. However, in such a situation, without a ground, it was unlikely that the club would be in a situation to progress since a stadium would be needed to continue to attract support and move towards League status.
- 3.14 Ray Downham noted that the facility falls away after a year and asked what other projects there might be requiring funding if the purchase of the perimeter lease did not proceed. ES noted that improvements were required to the stadium, such as work on the toilets and extension of the main stand roof. However, the facility would not necessarily be used on such projects. ES further noted that there had been some suggestions in recent weeks about asking for a two year drawdown so as to use proceeds of the loan to repay bondholders. He acknowledged that the Finance Working Group (FWG) had not thought of this and invited Steve Meyer of the FWG to comment in relation to the issue of commitment fees. Steve Meyer explained that, generally speaking, undrawn balances under bank loan facilities are subject to a commitment fee equivalent to half of the margin included in the interest rate. However, in this case, no commitment fee had been requested by Barclays. ES continued that, if asked to extend the drawdown period to two years, there was a greater risk that Barclays might ask for a commitment fee for the proposed arrangement and also for the current one-year facility. He therefore preferred not to raise this issue with Barclays. He noted that, whilst the loan facility appeared to contemplate additional borrowings being used to fund capital improvements to the ground, it might be possible for AFCW to draw down the undrawn balance of the loan on the final day of the availability period and to hold the proceeds in its bank account pending repayment of bondholders at a later date. This would, however, involve some cost in terms of the difference between the interest rate earned on cash balances and the interest rate charged under the loan facility. This would be less than a commitment fee for two years, if one was charged by Barclays. On balance, ES preferred to let sleeping dogs lie with the bank and then, at a later date, to ask for more money.

- 3.15 Nicole Hammond asked what the timescale was for deciding to use the loan and whether Barclays might wait for, say, another six months. ES replied that the offer of a loan had been received in June 2005 and had lapsed at the end of December. However, Barclays had agreed to renew it until the end of May. It was possible that Barclays might agree to a further extension; however, it was possible that this would erode goodwill and also that Barclays might seek to reconsider the facility that had been offered. ES also wished to have the facility in place so that the club could save money by applying proceeds of season ticket renewals to repaying Mr Khosla, pending drawings under the bank facility as and when the cash was needed. ES therefore hoped that the facility would be in place by early to mid-May. This would entail talking to all bondholders, review by the auditor of the March 2006 accounts and formal approval by the Boards.
- 3.16 TA then invited members to vote on the resolution by way of a show of hands. The large majority of members present² were in favour, with around a dozen against and five abstentions. Upon request from the floor, the Secretary read out the results of the proxy forms which indicated that 63 were in favour of the resolution, 7 against and 23 left the matter to the discretion of the Chair. There being no requests to move to a poll, the show of hands was duly accepted and Resolution One passed.
- 3.17 TA invited the DT Secretary to read out Resolution Two as follows:
- “That the Society Board should be authorised, at its discretion and on such terms and conditions as it considers prudent and appropriate, to enter into arrangements for the Society to guarantee the loan facility contemplated by Resolution 1.”*
- 3.18 Introducing the discussion, ES reported that Barclays Bank had not requested a guarantee. It was not clear whether this was a conscious decision or an omission on their part. However, it was possible that Barclays would request a DT guarantee in due course and, rather than seek a further SGM at that time, it was considered appropriate to put this matter to members at the present SGM.
- 3.19 Ian Cooke asked whether the Dons Trust was a limited company and whether a DT guarantee would imply a personal guarantee on the part of the DT Board members. ES answered that the Dons Trust is an Industrial & Provident Society and that it does have limited liability. ES was 99% confident that a DT guarantee would not imply personal liability on the part of DT Board members but said that he would take advice on this if such a guarantee was required by the bank.
- 3.20 TA then invited members to vote on the resolution by way of a show of hands. The large majority of members present were in favour, with around a dozen against and a dozen abstentions. The Secretary read out the results of the proxy forms which indicated that 60 were in favour of the resolution, 9 against and 24 left the matter to the discretion of the Chair. There being no requests to move to a poll, the show of hands was duly accepted and Resolution Two passed.
- 3.21 TA thanked ES for his explanation of Resolutions One and Two.

4. Questions and Answers

- 4.1 Simon Wheeler asked why there was no contribution on volunteers in the Quarterly Report. Mark Davis (MD) responded that he had chased all Board members for contributions and that nothing had been forthcoming on volunteers. It was not unusual for some contributions not to be received; however, it was more noticeable this time because a decision had been made to show that there were gaps rather than to simply omit the heading. He added that the fact that there was not a contribution on this item in no way undermined the Board's recognition of the importance of volunteers to the Dons Trust. TA echoed this.
- 4.2 Paul Raymond asked whether Barclays would be encouraged to take an advertising hoarding at the ground. Ivor Heller (IH) said he would go after them in no uncertain terms. ES added that Barclays would be invited to come to a home game where we could try to persuade them of the benefits of advertising with the club.
- 4.3 Dennis Lowndes asked how many members there were and whether membership was increasing or declining. MD replied that he did not have the answer to hand but noted that SGM papers had been sent to 728 members by mail and 854 by e-mail, implying 1,582 senior members³. IH added that this compared to 1,593 senior members at 30th June 2005 as shown in the DT's accounts. Marc Jones said that it was incumbent upon members to encourage their fellow supporters to join the Dons Trust and added that Dennis Lowndes might like to encourage team members to join.

² Secretary's note: 147 members had registered their attendance at the meeting.

³ Secretary's note: after further checking, there were 1,592 senior members and 410 junior members at 30th March.

- 4.4 Dave Honour noted the importance of the Dons Draw and asked what steps were being taken to recruit a successor to John Owen as manager of the Dons Draw and as Treasurer. TA replied that a successor to John Owen had not yet been recruited in either role. John had agreed to continue with the Dons Draw until the end of the financial year and it would be for Geraldine Messenbird to identify a successor. As far as the Treasurer role was concerned, several leads were being pursued. In the meantime, John was continuing to keep matters in order and handling urgent matters, for which thanks were due.

5. Any Other Business

- 5.1 TA noted that the Family Fun Day would take place on 14th May and encouraged members to attend.
- 5.2 Dennis Lowndes noted that much of the DT's communications was online and asked what steps were being taken to reach members who did not have access to the internet. Steve Butterick said that the intention was to make the matchday programme more informative, particularly as from next season, but noted that information could be relatively out-of-date by the time it reached the programme. TA noted that the Quarterly Report reached members who were not online. MD asked for a show of hands of members who did not have access to the internet and, of them, how many did not read the matchday programme. Around 20% of those present indicated that they did not have access to the internet but very nearly all of the 20% did read the matchday programme. A suggestion was made from the floor that the DT should have a noticeboard at TFS Kingsmeadow.
- 5.3 TA asked the Secretary whether a date had been fixed for the next SGM. MD reported that two dates were under consideration, one of which was the day of an England match in the World Cup, allowing members to watch the match at Kingsmeadow before proceeding with the meeting.
- 5.4 TA reminded members that the AFCW EGM would commence after an interval of around 15 minutes. The meeting closed shortly after 9.00 pm.

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Tom Adam, Chairman