

Minutes of A Members' Meeting of CUOSC held at Foxy's Restaurant, Brunton Park, Carlisle on Friday February 26 2016

Board/Officers Attendance	Apologies/ Absent
Norman Steel* (Chair) Alastair Woodcock (Secretary) Frank Beattie* (Vice-Chair) Jim Mitchell* Nigel Davidson* Billy Atkinson* Carol Wilson* Mike Denovellis* Robin Brown (Lead Investor) Graham Mossop (Lead Investor)	Peter Harrington (Treasurer) Lynda Johnston* John Kukuc* Don Beacock* Tommy Earl* Jason Hettrick*
All Board members marked with an asterisk Other officers as indicated	
Other Members attending: M Armstrong, D Bell, J Birkett, J Boyle, S Clarkson, J Colman, S Coyles, D Creighton, K Elliott, S Elliott, C Fuller, T Graham, G Graves, I Gray, L Gray, M Hall, M Hodgson, PH Irving, D Johnston, N Johnston, A Mair, C Merrie, C Monaghan, I Monkhouse, M Nearn, M Nugent, S Pearson, J Phillips, J Pooley, I Pooley, K Rowley, I Wilson Non-Members: A Hall, A Nixon (CUFC staff)	

Norman Steel (NS) opened the meeting. He invited Nigel Davidson to give a presentation on the background to the current investment proposal and the present situation. A copy of the presentation document is being distributed via the society's website.

At the conclusion of this presentation, Robin Brown (RB), from System People, addressed the audience as lead investor of the business consortium who were partnering with CUOSC in the planned £2m investment into the football club.

RB apologised for being late due to business in the Midlands. He made it clear he didn't want to force anyone to sell their shares in the club. He described the consortium as a 'safe pair of hands'. He stressed he was serious when it came to business and wouldn't want to waste his money pursuing a deal that didn't go anywhere. He reminded the audience that the value of shareholdings go up as well as down. He said the proposal would be open and transparent.

Frank Beattie (FB) then took the chair's role for a question and answer session.

Q (from T.Graham) : Why was the offer made to the CUFC Holdings directors rejected?

A (NS): Offer not formally rejected. Their response was that offer was over ambitious (NS's words, not theirs).

Q (from I. Monkhouse): CUOSC was being asked to raise £500k. Who is responsible for major and minor investors?

A (RB): From the business community, minimum investment was £100k with maximum £250k. Stressed nobody was in overall charge. Very firm commitments of over £1m. Further conversations to have with other investors. It was a big ask to raise £500k from CUOSC. Said past investment in shares (£800k) was now all gone. Shares had a negligible value. The £2m will be ring-fenced. Money is there for a 'rainy day'. Guaranteed CUOSC would not fall below 10%. If CUOSC can't raise full £500k, business community would pick up slack.

Jim Mitchell (JM) added: It was a heck of a challenge to raise £500k. If proposal takes off, people would see impact of monies raised on club and community. Big potential to raise the

£500k if that happened. Advice had been sought from Supporters' Direct who had provided details of other supporters fundraising schemes.

Q (from K.Rowley): What was the stumbling block in working with Andrew Jenkins (AJ)?

A (FB) : Statement in programme made by CUOSC contradicts some of AJ's comments in same publication. AJ is reluctant to relinquish control. However he has stated he can't put any more money in. His loyalty to CUFC is holding club back. (NS): If anything happens to AJ the club is in serious jeopardy. (FB) : Pioneer loan is being taken care of. Combined debt is now £1.6m. (NS): Specific paragraph in investment proposal relates to John Nixon (JN). (RB): Debt/ equity situation in CUFC needs to be understood before you can make promises. There is willingness to support repayment of debts. Didn't want to put in £2m and see £1.8m disappear immediately

Q (from T.Graham) : If I put in £200 would that go to paying off AJ?

A (RB): No (NS): Once financial situation is understood, decisions can be taken over debt repayments. (RB): If cash is in club and a way of repaying debt, there are a lot of mechanisms to repay. Doesn't want to start a community scheme with no money. Respect to AJ for commitment over years. Expects to increase commercial income & improve gates. Doesn't want to run a £500k loss each season.

Q (from K.Rowley) : Land owned by CUFC worth £2m-£3m? Could AJ take that?

A: We don't think he would want it.

Q : What RB has said up to now doesn't convince me. Last meeting attended was all about Andrew Lapping (AL). Why can't names be revealed? Asked about background to business investors?

A (RB) : AL not involved this time. He gave us some info about previous bid but nothing else. Idea is to find a will and a way to get the deal done. AL had spent £30k on fees and got burnt. This time would see a more measured approach. Wait until Heads of Terms (HoT) agreed. Proof of funds will then be supplied. One investor is prepared to give money but doesn't want shares or director's position. We will not give list of business investors yet. (NS) : Club accept that until Information Memorandum is published, deal can't be completed. (RB) : Won't have problems with the investors, Only 2-3 people know all the names. Doubted accuracy of 'rumours'. New shares issued in NewCo (NC). NC would then buy out CUFC Holdings.

Q (from W.Atkinson): Can you clarify if there is a position in new set-up for AJ/JN?

A (NS): Until we know if scheme can go forward, that discussion can't take place. Only guarantee sought so far is that CUOSC keeps 10% minimum shareholding.

Q (from W.Atkinson): AJ openly stated that for every £1 invested, he would write off £1 of debt. Is this correct?

A (JM): Confirms that AJ has said that. Current owners have said that urgent investment is needed – now apparently contradicted. Club needs to sort out debt issue asap. AJ has NOT been told that his debts will be written off entirely. (RB) : Time to move on in a consensual way from the past. A lot of power is in the community. 14K local fans attended the Everton game. Community approach will help. Door is open for dialogue – nobody will be 'bullied out' of the club.

Q: Timescales for setting up NC?

A (RB): Could be formed next week, if needed. Will give commitment to put in funds. Legal support available for free up until HoT. We will not waste money. (NS): Need green light from club first.

Q (from S.Clarkson): 'Billionaire' situation needs to be sorted out?

A (NS): 3-4 weeks ago, a 'deadline' was apparently given to overseas investor (won't call him 'billionaire'). Attempts being made to draw line in the sand about this approach. Expects this to be sorted out soon.

Q: Will JN ever walk away? Given FA/FL positions? Queried £100k MD 'salary'.

A (NS): Subject matter to be discussed. £100k figure for MD role is incorrect. Salary proposed to be in £60k-£80k range. (RB): Job to be advertised. Cost of recruitment of MD was effectively zero. MD position is the most important at the club. MD to draw up business plan. (FB) : Read out programme notes from last week about 'welcoming investment' (made by AJ).

Q: What pressure being applied to get CUOSC position on Holdings Board?

A (JM): It was offered to us but never been seen through. Not productive at the moment to pursue it. (FB) : Holdings don't have major role. 1921 Board run everything. Timescales in hand for progressing questions – awkward questions asked but we don't get answers. Only AJ/JN know identity of overseas investor.

Q : Have CUOSC ever asked JN/AJ to speak to supporters?

A (FB): Yes

Q: How is CUOSC role within CUSG going?

A (NS): Plans to be more socially active – details to come soon. (JM) : Asks members present what ideas they may have – do they support efforts to put money in?

Q (from S.Clarkson): CUOSC should be looking to raise funds now.

A (FB): Money would go into Escrow account. Can be paid back if deal doesn't go ahead. (RB): CUOSC given 12 months+ to raise funds. Refused to be 'aggressive' in pursuing deal.

Q (from C.Fuller) : Club has had to borrow from AJ/Pioneer due to poor policies/ business decisions. Noted that AJ/JN don't engage with fans.

A (RB) : Can't run CUFC on £500k losses each season. Plan to raise money though events. Commercial income estimated at £500k per season – target is £1.3m+

Graham Mossop briefly spoke about his days as a player at CUFC – signing on same day as Peter Beardsley, etc

Q: Concerned that AJ is nearly 80 and wants to know that he will be treated with respect.

A : Agreed.

FB declared meeting closed at 8.38pm.

Next CUOSC Board Meeting – Saturday March 5 at Upperby Community Development Centre.