**Summary of meeting with DUFC board and representatives from various DUFC Supporters groups**

On Friday the 2nd of June, as part of the club`s ongoing supporter’s engagement programme, the DUFC board meet with representatives of the main supporters groups in the 1983 lounge at Tannadice Park.

In attendance from the club were Chairman Stephen Thompson, Directors Mike Martin and David McGrory and Associate Director Colin Stewart. Apologies were given from Associate Directors David Dorward and Laura Conway.

Two representatives from each group attended: Tom Cairns and Jim Laing from the Business Club; Martin Manzi and Michael Evans from the Dundee United Supporters` Foundation; David Davidson and Kevin Walker from Fans United; Davie Lowe and Gary Chalmers from the Federation of Dundee United Supporters’ Clubs; Shona McKinnon-Whitelaw and Michelle White from The United Ladies of Tannadice and Gavin Muir and Stuart Campbell from ArabTRUST.

The Chairman greeted everyone present and stated that he welcomed the opportunity for himself and his board to engage with its main supporter groups. He pointed out that it was his intention that the meeting would provide a platform for moving forward and looking to the future.

There then followed an introduction from his two other Directors on their professional backgrounds and their personal association with the club. Mike Martin, a lifelong fan from Edinburgh, outlined his background in financial services. Formerly with HSBC, he cited two specific current roles, one as Chief Executive of HedgeServ(UK)  and another as a board member with a Brussels headquartered bank. David McGrory, a native of St Andrews, studied Law at Dundee University and is part of a long-standing family of Dundee United fans.  David gave a summary of his professional experience at Maclay Murray & Spens as a partner in their Corporate Law division. This post sees him dealing with private equity and fund-raising deals. This professional background was the reason he was approached to join the DUFC board.

Each group was then given the opportunity to provide an outline of its aims and objectives and aspects of the club`s operations they wished to discuss. Martin Manzi from the Dundee United Supporters` Foundation stated that their organisation was born out of financial concerns they had regarding the club and a desire to find a positive solution. Their main aim was to provide an income stream to assist the club and over the last few months, they had established both regular and alternative ways of attracting funding. In return for this, they sought input at boardroom level and felt that the Foundation could have a galvanising effect within the supporter base. Michael Evans added that they had forty founder members to date.  The Foundation’s website would go live in three weeks’ time when supporters would then be able to make financial pledges online.

David Davidson, from Fans United, first of all wished to thank Mr Thompson and his board representatives, for taking the time to attend this meeting and for appreciating its importance to the respective fans groups. Mr Davidson stated that the aims of FU could be distilled, very simply, into one core objective; “To facilitate positive change”. They did however have some very serious concerns emanating from the most recently published set of accounts and are looking for some substantial assurances from the board re same. Whilst this was the case, they wanted to make it clear that they fully understood the mechanics of business and were in no way expectant that “business sensitive” issues would be divulged by the Club or the board.

Shona McKinnon-Whitelaw, from United Ladies of Tannadice gave a background to her organisation`s activities. Numbering some seventy members, their main objective was to support the female community within the club. They had set up a very successful female hospitality day over the last few seasons at the club and fundraised for local charities. Building on their representation on the Supporter`s Liaison group, they wished to represent their member’s voices more at the club.

Gavin Muir, chairman of ArabTRUST, gave an outline of the four main objects of the organisation: Supporting the club`s youth development programme (primarily through the Dundee United Youth Development Board); linkage with the Dundee United Community Trust; representing Trust members views; and increasing their shareholding in the club. Gavin also pointed out that the Trust wanted the best for the club and hoped that the meeting would help dispel some of the myths out there regarding the club.

Introducing the Business Club, Tom Cairns commented that his group was supportive of the new Dundee United Supporters’ Foundation and whoever the Club owners were and that they worked for the benefit of both the board and the club through difficult times.

Concluding the introductions, Davie Lowe from the Federation was looking to engage with the board to find a better way forward with the club.

DUFC chair Stephen Thompson then opened the floor to a range of questions. Gavin Muir of ArabTrust asked where the club were with regards finances. The Chairman pointed out that there had been a lot of work done to cut the cost base at the club and without going into specific figures, indicted the challenges faced due to the top line being half of what it was three years prior. He indicated that if the club had succeeded in achieving promotion, a balanced budget would have been in place for next season. The last eighteen months had seen sensible cost cutting phased in. This was however against a backdrop of significant drops in revenue that will continue into next season. Mike Martin, expanding on this, pointed to the lack of money in general within the Scottish game and the poor visiting supporter numbers at home games - a trend that will only continue to dwindle due to Hibs gaining promotion. Mike outlined the three additional areas for supplementing normal operational revenues at the club:

* Transfer income (including sell on fees - the club are reliably informed that movement over the summer will provide money that will help support the budget)
* Player performance. If the team are doing well this has a major impact on finances. Gate receipts dwindled in the second half of the season during a dip in results. The board are always very conservative in their financial forecasts and always take into account the potential for this happen.
* Investment. The board have been very active in this aspect but are very careful that both the individuals and the type of investment on offer was right for the club.

In response to additional detailed questions from Kevin Walker and others, Mike Martin confirmed that (a) forecasts and budgets have been prepared covering a number of scenarios, including winning the league, (b) the player budget in each of the forecasts will be lower than last year, but reflects our league winning ambitions, ie there is an element of speculating to accumulate, and (c) within the player budget, the club has largely implemented a simplified player wage structure (basic salary plus conventional match bonuses), significantly reducing other performance related pay elements. Mike Martin further confirmed that the budgets assume the existing debt will be serviced, but in the context of the club being able to supplement normal operational revenues (see above). In addition, he clarified that any future investment into the club could include share issues, corporate partnerships or new loan structures.

The club`s Youth development programme was discussed and the board made it clear that they intend to participate in the “Project Brave” initiative.

David McGrory outlined to the meeting the challenges faced by football clubs getting into financial difficulties and pointed to the legal responsibilities faced by directors at all clubs. Financing a budget was challenging and he indicated that the board would keep all financing options open and this included raising further debt. The aim was to continue to cut costs but maintain the club`s infrastructure to enable them to compete with other clubs. The chairman pointed out that it would have been easy to cut the cost base further but that the board had no appetite to shut their St Andrew`s training base or not take part in “Project Brave”. Mike Martin also focussed on the nature of football as a business. Dundee United and football in general was such a difficult business to come up with sustainable financial plans due to budget fluctuations. He cited the difference in remuneration between drawing Dundee instead of Ross County in a cup competition. The board always considered worst case scenarios and adopted a flexible approach to budgets given the impact football performance had on revenues generated.

Questions were asked on the financial benefits the club would receive should the transfer of Andy Robertson materialise. This was viewed by the club as being very helpful and would assist in scaling back measures that would need to be taken in other aspects of the club`s operations. Historically, transfer income had assisted the club in balancing the books. In summary, the board were working towards a reduction in the club`s cost base, aiming for a balanced budget (assuming promotion can be achieved) and exploring a range of potential investment opportunities, to strengthen the capital base. Although the board stated they were very confident that income would be generated from the sell on clause the exact level and cash flow impact (staged payments) of this are unable to be quantified at this point.

Stephen Thompson, when asked about what the board had learned during recent times, indicated that there had been tough lessons. During season 2015/16 the board had financed a change of management team and added further investment to the playing squad without success. This has resulted in implementing a budget with assumptions being made on the playing side obviously winning the league, in the League Cup we qualify from the group stages and play one more game. The budget would only allow for one Scottish Cup tie.

Returning to the theme of investment, Martin Manzi sought clarification from the board of what they felt was the wrong type of investor for the club.  The chair pointed out that to date, no serious approach had been received and that the amount and nature were all factors that needed to be considered when any such judgement would need to be taken. He appreciated that it was on record that he would consider selling the club and the reasons for this. He emphasised that it was the person, not the price that would be the deciding factor in any decision taken. Challenged by the Foundation on the matter the board made clear that they would welcome and consider any investment proposal put to them through proper channels.

Stuart Campbell, from ArabTRUST, raised the issue of the relationship with Justine Mitchell and the board and its effects on the operation and future direction of the company.

David McGrory explained that in terms of running the club, the board was required to act within their powers in terms of company law and the articles of association and that these were matters of public record.  The Shareholders' Agreement referred to was a private document and further discussion was therefore not possible.  On further questioning, David McGrory confirmed that Justine Mitchell had not been an obstacle in the progress of any resolutions at boardroom level.

Mr Davidson raised concerns regarding the auditors comments in the last set of published accounts. The board were asked to expand upon the Emphasis of matter- going concern statement. They concluded that they did not want this statement included but accepted it as a consequence of the accounting standards that auditors were legally obliged to operate under. The board were questioned on the issue of recent loans that had been taken out by the company. The chair made it clear that they were not “soft loans” but commercial in nature and that the agreements, on both sides, should remain confidential befitting the conduct of normal business practice.  It was also clarified that any possibilities of default were well covered within the agreement brokered. The ongoing servicing of debt was discussed and the board made it clear that alternative revenue streams, to support the budget, would be sourced should they be required. On further questioning, David McGrory confirmed that the age of one of the lenders would not have any bearing on default provisions or the repayment profile of the loans.

Davie Lowe asked about social media and comments made on the club’s official outlets re. fans needing to “back” the team and reiterated that the fans have done that all season. Mike Martin and Stephen Thompson totally agreed with this and they looked genuinely unaware of this although CS knew all about it. Stephen Thompson asked him to deal with it and felt that this was the type of thing that should be resolved at SLG meetings.

Martin Manzi and Michael Evans then discussed the role of the Foundation and their proposals. They stated they had hoped for 15 to 20 Foundation Members however today they had accepted their 40th Foundation Member. Copies of the Foundations packs had been sent to the board in advance of the meeting and it was agreed that a formal meeting with the club would be forthcoming.

Looking to the future, the Chairman gave an insight into the challenges of pitching a budget that, on paper, would guarantee 11th place in the Premiership but in reality would ultimately result in relegation.  He pointed out that on-field success drives up revenue but this needs investment bringing its own risks.  This, he felt, was the only way to work towards achieving debt reduction. Servicing of the debt, balanced by providing an ambitious playing budget to return the club to top six finishes in the Premiership was the key principle behind the board’s strategic plans. Stephen Thompson also highlighted the difficult background that all competing clubs were operating in, particularly with the financial commitments necessary to meet the requirements of Project Brave.

With regards to the club`s own academy the chairman was asked if the situation with Steve Campbell was retrievable to which Stephen Thompson replied no and indicated that a legal agreement was in place between both parties and would not comment further. He did however clarify that although the scouting system has not changed the new head of recruitment Darren Taylor had undertaken a review of this aspect of the club`s operations. Davie Lowe asked if Stirling was still being used and Stephen Thompson replied saying yes but this had been downsized.

The meeting continued with questions regarding the structure of the current board. Stephen Thompson make it clear that he would like the present number of director’s rise from three to ideally five and that he had already approached someone.

The meeting concluded with questions surrounding revenue generated from SPFL Play-Offs and the structure of the fixture system. Stephen Thompson gave an overview of the deal that the clubs had agreed as part of the restructuring of the leagues. In summary, he pointed out that the deal, although heavily favouring the Premiership clubs, was the only way that Play-Offs could be introduced. It was felt that the BBC Alba deal was a very poor one and that the fixture timings had generated poor crowds. Mike Martin also pointed out the opposite for matches broadcast on a Friday night as these generated healthier crowds. The chair stated that it was unlikely that the final round would become a one-off fixture. This was due to the fact that it was not in the interests of many Premiership clubs to approve such a change.

It was confirmed that for Play-Off games the club got 42% of home gate and nothing from away fixtures.

In closing, FU raised the issue of the recently formed DUYDB and questioned whether this initiative was in fact in direct competition and therefore conflict with the also recently formed Dundee United Supporters` Foundation. The Foundation themselves, raised the issue of the club`s recently launched Youth Development board working in direct competition with their fund-raising plans. Davie Lowe added that this was also the perception of some of the fans. Jim Laing pointed out that planning for this group had been ongoing since late last year. It was mentioned that there should be scope for both the Foundation and Youth Development to co-exist. It was agreed to discuss the matter further.

Davie Lowe asked if there had been any discussions or plans to move from Tannadice and ground share.  Stephen Thompson replied none whatsoever.

Gary Chalmers asked why the current squad was told contracts were not to be discussed until season was finished yet we bring in Keating’s and King which potentially would have a negative effect on the team. Stephen Thompson replied that this decision was entirely down to the manager, and that it worked both ways as he wanted the two in question brought in no matter what league we would be in and there were/are others he wanted/wants to move on. He then went on to explain the nature of pre contracting players and pointed out that legally the term does not exist.

In closing the meeting, the chair thanked everyone for attending and agreed that, although the SLG was the appropriate forum for many of the issues discussed, the meeting was positive and some thought should be given to how often this meeting should be convened.  The key thing to take away was that it was in the club's and the supporters' interests to avoid fractious relationships that hinder the progress of the club.  It was clear that all around the table had the interests of Dundee United at heart.