



February 28th 2018

Dear fellow supporter and Trust member,

The Trust Board has been asked to consider and present to its members new arrangements requested by Jason McGill for the future ownership, funding and management of York City FC. Since the Trust and Jason McGill first partnered to save the Club in 2003, it has been a long journey to try to get to a new home in the city. With the security of the new Community Stadium now in sight and additional funding required to help the Club operate successfully, the time has now come for the Trust's members to consider some changes.

This mailing contains:

1. Notice of the Trust's Special General Meeting ("the SGM") to be held on Thursday 22nd March 2018;
2. Information about the proposal to the Trust's members about the future ownership, funding and management of York City FC;
3. A statement by the Trust Board about the proposal; and
4. Postal voting form in respect of the motion, to be returned by Friday 16th March 2018 (Appendix B), unless you wish to vote in person at the SGM.

In order to further inform Trust members, Jason McGill has submitted his own statement which he has provided to the Trust Board and this is included with the documentation for the meeting.

Notice of the Trust's Special General Meeting

The Trust's SGM will be held at Millthorpe School, Nunthorpe Avenue, York, YO23 1WF on Thursday 22nd March 2018 at 7:30pm to:

1. Discuss the Club's ownership, financial and management situation and the proposal for change; and
2. Consider and vote on the proposal to the Trust's members.

In respect of the proposal to the Trust's members, you can either vote in person at the SGM or by postal vote. One member, one vote – please note, you cannot vote both by post and at the meeting.

If you are unable to attend the SGM, then please vote by post by completing the enclosed proxy voting form (Appendix B) and returning it by Friday 16th March 2018. If you are attending the SGM, please bring your membership card number to assist. You must be a Lifetime or Current paid-up member of the Trust as at Wednesday 7th March 2018 to be able to vote. Doors will open from 7:00pm and entrance will be on a first come basis, so please arrive as early as you can to avoid the queues.

Background information – Saving City

It's now over 16 years since the ownership of Bootham Crescent was stripped from York City and our Club suffered the threat of extinction. It has since been a long, hard and somewhat complicated story.

After some amazing work by many loyal fans, the Rescue Package to save York City FC was completed in March 2003 with initial ownership split 85% to the Trust and 15% to JMP (J M Packaging being the family business owned by Jason McGill).

Subsequently, Jason McGill led the work for the Club to obtain a special £2 million loan from the football authorities in 2005, to enable the Club to regain ownership of Bootham Crescent until a new home could be built in the city.

Having inherited a legacy of debt and onerous contracts in 2003, and operating at the much-loved but tired Bootham Crescent, the Club required additional funding to survive and strive for success. After some consternation, in 2006 a strong majority of Trust members backed the proposal for Jason McGill/JMP to hold 75% ownership of the Club in return for £1 million of cash funding through to 2011 (by which time it was anticipated that a new stadium would be well on the way to being in place). The Trust retained 25% ownership and some special rights primarily aimed at helping to secure a new stadium for the Club in the city. The reasons for, and details of, the changes were set out in detail in the letter to the Trust's members and at the Trust's SGM in June 2006.

The necessary future sale of Bootham Crescent for property development was originally anticipated to fund the repayment of the special £2 million loan from the football authorities and JMP's interim-period loans to the Club.

In 2011 Jason McGill/JMP publicly pledged to waive their entitlement to full payment of loans and interest (such that JMP would receive back no more than has been put in) and to also provide additional significant funding for the Club through to 2016, by which time the Club was expected to be successfully operating in the new Community Stadium. Unfortunately, due to reasons outside the control of the Club, the timeline for the Community Stadium has extended far beyond reasonable expectations and the Club has also suffered relegations over the past couple of years. Despite these set-backs, Jason McGill/JMP has continued to fund the Club on an annual basis far beyond the amounts and the timeline originally envisaged and agreed. As set out in the Club's audited annual financial statements, between 2006 and 2016 Jason McGill/JMP has provided additional funding of over £3.6 million to support the Club. It has recently been announced that Jason McGill/JMP provided a further £0.63 million in the year to 30 June 2017, taking his total contribution to York City FC since July 2006 to £4.3 million.

After contributing around £0.6 million in the years 2003 to 2006, since July 2006 the Trust's financial contribution to York City FC has been about £28,000.

The new Community Stadium and leisure facilities project is now expected to be completed in June 2019, and until then the Club will require additional annual funding to maintain competitive operations.

The proposal for the future ownership, funding and management of the Club

In overview, it is proposed that Jason McGill/JMP will provide certain commitments for the future funding and management of the Club, in return for the transfer of the Trust's 25% ownership stake except for one Trust Share with special rights. This is sometimes referred to as "the golden share proposal".

Under the proposed arrangements, in summary the Trust will:

- Transfer to JMP all of its existing shares except for one Trust Share with special rights;
- Retain some of the Trust's existing special rights until the Community Stadium has been completed, which are the special rights in respect of helping to ensure the Club will have the long-term security of operating from the new Community Stadium;
- Retain some of the Trust's existing special rights even after completion of the Community Stadium, which are the special rights restricting transfer of ownership of the Club to certain people (Douglas Craig and others), and the option for the Trust to acquire shares if Jason McGill/JMP wish to sell in future;
- Gain new special rights protecting the Club's name, colours, badge and location of the home stadium; and
- Hold a half yearly meeting between the Trust Board and the Club's leadership, for a structured dialogue about the Club's management, funding, operations and relationship with the fans and local community.

Under the proposed arrangements, Jason McGill/JMP will:

- Provide significant additional funding of at least £0.5 million to support the continuance of competitive operations of the Club, at least through to the time when the Club is operating in the new Community Stadium;
- Commit to restricting any payments from York City FC to JMP from the sale of Bootham Crescent to be no more than the aggregate amount actually contributed by JMP to York City FC since 2006 (i.e. Jason McGill will fulfil his previous pledge that he will not receive back any more money than he has contributed to York City FC since 2006);
- Commit to utilising any excess proceeds from the sale of Bootham Crescent for the benefit of York City FC;
- Continue in his leadership role as Club Chairman on an unpaid basis;
- Work constructively together with the Trust Board, including two meetings per year for structured dialogue; and
- Commit to transfer back to the Trust a 25% shareholding, in the unlikely event that the Club does not play at the new Community Stadium.

The proposed arrangements are described in more detail in Appendix A. For approval, the proposal to the Trust's members requires more than 50% of voting members to be in favour.

If approved by the Trust's members, the proposal will then be put into effect by way of legally binding agreements (which will vary the terms of the existing array of legal agreements between the Trust, York City FC and JMP). If the proposal is not approved by the members, the future funding, ownership and management of York City FC will be uncertain.

Trust Board statement about the proposed changes

Following discussions since 2016, the Trust Board has been asked by the Club's Board to consider and present to its members new arrangements for the transfer of the Trust's 25% shareholding (except for one Trust Share with special rights), in return for significant additional funding and personal commitments from Jason McGill/JMP at least through to when the Club is playing in the new Community Stadium.

In considering and discussing the proposed changes the Trust Board has been guided by the Trust's main objective, to ensure the continuation of professional football in York. To this end, the Trust works to help the Club achieve the following aims:

1. The Club having the security of a home in York, operating under a long-term agreement in the new Community Stadium;
2. The Club successfully operating with sufficient funding and leadership; and
3. The Club maintaining a strong relationship with the fans and local community.

The Trust Board recognises the importance of this decision and the difficulty faced by those who have to make it. In preparing this document we have tried to ensure that our own assessment of the situation is accurate, fair and as objective as possible. We are fellow York City fans who love the Club. In all things we seek only what is best for York City FC.

The amount of proceeds from the sale of Bootham Crescent will only be known once the sale has been completed. Therefore, the residual amount (after settlement of certain liabilities including the £2 million loan from the football bodies) available to make repayments to JMP is uncertain.

However, the proposed arrangements will cap any amounts to be repaid to JMP at no more than the amount contributed to York City FC since 2006.

The key reasons for the proposal for the future ownership, funding and management of the Club:

- It will secure commitment by Jason McGill/JMP for the future funding and management of the Club, at least through to the time when the Club is operating in the Community Stadium, to support a competitive playing budget and continuance of youth development and community activities, thereby providing a stable environment to help the Club strive to be successful on the pitch;
- It will provide the continuity of leadership to help ensure delivery of the new Community Stadium for the Club;
- Jason McGill/JMP has continued to fund the Club on an annual basis far beyond the amounts and the timeline originally envisaged and agreed in 2006, and then extended in 2011 through to 2016. Between 2006 and 2017 Jason McGill/JMP has provided additional funding of £4.3 million to support the Club. In the same period, we acknowledge that the Trust's financial contribution has been around £28,000.
- Together with his family, Mr McGill is a long-standing supporter of York City prior to entering into partnership with the Trust in 2003, and has since led the management and operations of the Club through the 'ups and downs' for no salary or other returns;
- Mr McGill has not revealed details of other options currently available for the future funding and management of the Club;
- Jason McGill's pledge that he will not receive back any more money than JMP has contributed to York City FC since 2006 will be enshrined in the legal agreements, as will his commitment that any excess proceeds from the sale of Bootham Crescent will be utilised for the benefit of York City FC. So, under the proposed arrangements, JMP may actually receive back less than the

amounts they are entitled to, and this shortfall for JMP will be larger if there are insufficient proceeds from the sale of Bootham Crescent;

- The new arrangements will enable the Trust to retain certain special rights to help ensure the Club will be operating in the Community Stadium in the near future. Under the existing share arrangements, most of these rights would fall-away anyway once the Club is operating in the new Community Stadium;
- The proposed arrangements will enable the Trust to protect our Club's heritage in future (name, colours, badge, stadium location), and provide a forum for the Trust to have a constructive and co-operative future relationship with the Club's leadership regarding the strategy and operations of the Club; and

The main disadvantages for the Trust of this proposal:

- The Trust will no longer hold 25% of the Club's shares, as it will own just one Trust Share;
- The Trust will lose certain rights, including the right to representation on the Club's Board;
- To a large extent, the proposed changes relinquish the Trust's role and status in the ownership and operation of York City FC, which was originally gained by the substantial efforts and financial contributions of fans in 2002/03; and
- In the event of a future sale of the Club by Jason McGill/JMP, the Trust's position to influence any new owner will be weakened.

Ultimately it is for the Trust's members to consider and decide whether or not it is in the best interests of York City FC and its fans for the Trust to transfer all except one Trust Share with special rights, in return for the promised future funding and personal commitment of Jason McGill/JMP.

What to do now...

Please exercise your vote by either returning the enclosed voting form by 16th March 2018 or vote in person at the meeting on 22nd March 2018.

If you have any questions about the SGM please email info@ycst.org.uk. For further information about the work and role of the Trust, please visit info@ycst.org.uk or speak to any Trust Board member.

Yours faithfully

John Lacy

Chairman, York City Supporters' Trust – on behalf of the Trust Board

Appendix A

The proposal to the Trust's members in respect of the future ownership, funding and management of York City FC

For the Trust Board to complete the arrangements summarised in the letter to Trust members such that, in overview, Jason McGill/J M Packaging will provide certain commitments for the future funding and management of York City, in return for the transfer of the Trust's 25% ownership stake except for one Trust Share with special rights.

Summary of the arrangements to be put in place between the Trust, the Club and JMP in respect of the future ownership, funding and management of York City FC

In return for the commitments from Jason McGill/JMP to provide necessary future funding and management of the Club, the Trust will:

- a) In effect transfer to JMP its 25% shareholding in the Club, except for retaining a Trust Share with special rights (as described below). As a result JMP will hold all shares in York City FC, except for the one Trust Share with special rights.
- b) Relinquish some of the Trust's existing special rights, including the rights to appoint people as Club Directors, authorise additional borrowings, the right to receive management accounts of York City FC, and authorisation of new shares.
- c) Retain some of the Trust's existing special rights until the new Community Stadium has been completed:
 - Trust authority required for the sale or lease of Bootham Crescent and/or the Training Ground ("the Properties"), or for any change of use of the Properties, the submission of any planning application, or amendment to an existing planning application, in respect of the Properties;
 - Trust authority required for the creation of any additional mortgage, charge or any encumbrance or security of interest of any substantial assets of the Club or any subsidiary undertaking;
 - Trust authority required for the sale of any shares in any subsidiary company or the sale of any substantial part of any of their business;
 - Trust authority required for the Club, or any subsidiary company, to give any guarantee, indemnity or security in respect of the obligation of another person or directly or indirectly make loans to any party;
 - Trust authority required for the Club, or any subsidiary company, to pay or make any dividend or other distribution;
- d) Retain some of the Trust's existing special rights, even after the completion of the new Community Stadium:
 - Trust authority required for the Club to enter into any form of commitment or agreement to use or develop a site other than Bootham Crescent or the new Community Stadium as the site for the home football matches of the Club;
 - The Trust to have the right to restrict the transfer of ownership of the shares in the Club to certain named individuals, being Messrs Craig, Batchelor, Webb and Swallow (and any interests or family members of these persons or any person/entity connected to these persons);

- In the future, if JMP decides to seek to transfer the ownership of some or all of its shareholding to another party (other than a family member) then the Trust to have the first option to acquire those shares under the mechanism as already set out in the Club's published Articles of Association.
- e) For the Trust to gain some new special rights:
- Trust authority required before any future changes made to the Club's name, colours, badge or home stadium location.

Jason McGill/JMP commitments for the future funding and management of the Club:

- a) For Jason McGill/JMP to provide to the Club additional funding of at least £0.5 million and additional funding as may be required to support the continuance of competitive operations of the Club for the 2017/18 and 2018/19 seasons and at least through to the time when the Club is operating in the new Community Stadium;
- b) For any payments by York City FC in respect of JMP's loans from the sale of Bootham Crescent to be restricted, such that JMP will receive an amount no greater than the aggregate amount actually contributed by JMP to York City FC since entering the 2006 arrangements (i.e. excluding amounts from Jason McGill/JMP subscribed for shares of £50k in March 2003 and £300k under the arrangements approved by YCST members in 2006);
- c) For any excess proceeds from the sale of Bootham Crescent to be used for the benefit of York City FC;
- d) For Jason McGill to continue in his role as Club Chairman on an unpaid basis, including to work towards delivering a secure future for the Club in the new Community Stadium;
- e) Committing to a meeting twice per year between the Club's leadership and the Trust Board for a structured dialogue about the Club's management, funding, operations and relationships with the fans and local community;
- f) For JMP to commit to transfer back to the Trust a 25% shareholding, and reinstating their existing special rights and adding the new special rights, in the event that the Club does not play at the new Community Stadium.

Appendix B

If you are unable to attend the SGM, you may vote by completing and returning the form below to York City Supporters' Trust, 91 Broadgate Lane, Horsforth, Leeds, LS18 5DU by Friday 16th March 2018 (i.e. you may vote by post).

**YORK CITY SUPPORTERS' TRUST
PROXY VOTING FORM FOR THE SPECIAL GENERAL MEETING**

I,(print full name) of
(Address)
.....
Trust Membership No.

being a member of York City Supporters' Trust, hereby appoint the Chairman of the Meeting as proxy to vote on my behalf at the Special General Meeting of the Trust to be held on Thursday 22nd March 2018 and at any adjournment thereof.

I INSTRUCT MY PROXY TO VOTE AS FOLLOWS:-

(Please write a 'X' in one box)

Proposal	In Favour	Against
For the Trust Board to complete the arrangements summarised in the letter to Trust members such that, in overview, Jason McGill / J M Packaging will provide certain commitments for the future funding and management of York City in return for the transfer of the Trust's 25% ownership stake except for one Trust Share with special rights.		

Signed:

Dated:

One member, one vote. You must *either* vote by post/proxy *or* vote in person at the SGM - not both.