

MEETING MINUTES

Date: 2nd May 2017 @ 20:00

Present: Sheila Clark – Acting Chair
Peter Thomas – Acting Treasurer
Carol Thomas – Hydro Project Manager
Cath Auty – DIG Board Representative (via Conf Call)
Chrissie Sugden – Hydro Share Offer
Irene McLonnan – DIG Board Representative

Apologies: Geoff Read
Averil Wilson

Meeting Details: Board Meeting 005
The Old School, Dalavich

MINUTES

- 1) **Apologies** were received from Geoff Read and Averil Wilson.
- 2) **Approval of previous minutes** – Proposed by Sheila Clark (SC) and seconded by Peter Thomas (PT) and approved by all present.
- 3) **Actions Arising from previous meetings** were all completed and reported through agenda.
- 4) **Finance report** – please also refer to Executive Financial Summary issued to Board members on 02/05/17
 - a. Share Offer: As at 15:00 on 02/05 reconciled Share Position was £194,210; this does not include instalment applications or the late stragglers that have been recorded (people with genuine reasons for late application). It is expected that the final figure will be very close to £200k.
 - i. Carol Thomas (CT) reported that she had a conference call with Funders (CARES & SIS) and it is expected that the final cash flow solution will be to defer the repayment of CARES Loan (£250k) until end of year – please see item nn for more detail.
 - ii. The back-up position (thanks to Adrian Shaw) is that REIF have been in touch and offered to step in if Scottish Government rejects application made today. However, the reduced interest rate available from REIF (7% against CARES 10%) would likely be offset by Due Diligence Costs and Loan arrangement fees. Sheila Clark (SC) noted that Due Diligence is often £30k plus, which CT confirmed but also reported that Maclays (SIS Lawyers) have capped our Due Diligence at £20k +VAT and hope that it will be

- £16k + VAT, largely due to the work put in to make sure that everything is exactly as Maclays want. SIS again today commented that AED is behaving more professionally than many “commercial” entities they have worked with.
- b. Executive Summary (ES): Chrissie Sugden (CS) and CT have received initial training from Haines Watt (HW) on the use of Xero Accounting Package.
- i. CS has reconciled all bar 2 items on the bank account – no problem just need clarification from HW on correct sequence of transaction recording. ES is as expected and shows a true reflection of actual transaction during April.
 - ii. CT reported that Xero offers a read only access that is open to all Executive members and this would allow them to log on and drill down to look at specific transactions, understand items on the report. CS added that each person can have their own tailored dashboard which means that when they log on they will have immediate access to the things they want to monitor and not see the stuff that does not interest them. Everything would still be available via drop down menus but the Dashboard would be unique to them. CT asked that all Board members consider accessing Xero directly. **ACTION: ALL to notify CS whether they want access to Xero and if so to advise her of preferred email address.**
- c. Bank account stands at £159,710.10 as at 30/04/17
- i. Non-Share receipts in April:
 1. Community Shares Scotland (CSS) for Social Media £1070
 - ii. Expenditure in April:
 1. Turbine Deposit 20% - £45298.93 Vat Exempt see item 4e
 2. Video Fee - £200
 3. Social Media £400 (50%)
 4. Bank Fees £30.10 (£20 for international transfer & £10.10 general bank charges)
- d. CS reported that CSS are now seeking a report on their investment and a balance statement of funds used plus, of course, the return of any grant money unspent. **ACTION: CS & CT to complete**
- e. VAT registration is complete. VAT number is 266 8005 92. This means that there is no VAT to pay on the turbine, as VAT registered companies within the EU do not pay or charge VAT to VAT registered organisations in the EU but outside their home country. This represents a cash flow saving of around £50k on the Turbine purchase.
- f. Cost Review: Picked up throughout the meeting but noted here for ease of reading, NB all costs declared ex VAT:
- i. Turbine costs are showing a favourable exchange rate variance; in the budget as £250k but so far showing a positive variance of £2k, projected forward if it stays the same this would equal a £10k saving on costs;

- ii. SGS communications review is likely to show a small saving on the connection costs, currently budgeted at £20k but expected to drop;
- iii. SSE have confirmed that Connection costs have fallen from £85k for Grid Connection and £65k for Active Network Connection (ANM) to £85k plus £25k, a saving of £40k

5) Review of Society Status

- a. The AGM is scheduled for 17/06/17 @ 15:00. CT reported that Ian Durie from HW will attend. **ACTION: PGT to confirm Hall is booked.**
- b. Meeting discussed the proposed agenda and ballot protocol (ref Email Issued 02/05 @ 00:03). AW had expressed a preference for option (b) citing transparency of voting as a risk. After discussion, the meeting agreed to allow both postal votes and voting on the day but only by completion of a ballot form. All ballot forms must have the voters name on it so that they can be cross-checked against the shareholder register. This will allow us to prevent any double-voting and produce a correct statement of votes cast and received.
- c. The Board can have a maximum of 9 elected representatives, these are people who must be elected by the shareholders and must be shareholders. DIG has an allocation of 3 Board members, the only criteria for DIG appointments is that they must be eligible to hold a Board post (not excluded from Directorship see rule 90e) and nominated by DIG. The Board must have a minimum of 3 elected Directors in attendance to be quorate. Board decisions are passed by majority vote. CT also drew meetings attention to rule 35 which states that a general meeting may be called by any member so long as they have the support of 10% of the membership (currently 9 people). All general meetings must be announced in writing by electronic or paper notification.
- d. The Board approved both proposed resolutions and agreed that all resolutions will be by vote in person (show of hands) to manage the option for any member present to propose an amendment to the resolution. The AGM notice is to include all the above and:
 - i. include a financial projection statement (after Hydro Project report);
 - ii. re-order the sequence to put audit resolution and appointment of accountants before adoption of accounts;
 - iii. An explanation of voting protocols and reasons for them;
- e. The admin of the AGM (mailing/distribution/recording ballot results) will all be handled at The Old School by CT & PT, with assistance from Sam Welsby.
- f. Second Share Offer: CT reported on the proposal to do a second share offer after the AGM and once construction is underway. Existing shareholders would be able to apply to top up their holding in multiples of £25, with no minimum but new Shareholders would still be subject to the £250 minimum.
 - i. CT proposed that the Share Offer should be managed internally, as whilst Sharenergy bought in £48k of investment from their

- regular pool of investors, she felt that the £4.5k bill was not justified.
- ii. CS reported that she would be happy to support internal people but did not want to be responsible for the Offer.
 - iii. CT reported that DAM are happy to take part in media campaigns (pictures, explanations etc.)
 - iv. The Board resolved to manage the offer internally next time, concentrating on corporate funders, building on the contacts made by CT at CARES Conference and the Social Media momentum built. A responsible Director would be appointed post AGM.
 - v. CS offered to obtain quotes and seek grants for a major overhaul of the website; PT confirmed that we would be able to link the SCADA data to the website to give a running tally of generation, so this capability should be allowed for in the specification. Board approved unanimously

6) Project progress

- a. Project Structure: This is progressing well; there are two current sticking points: completion of the intake design, following SEPA request that steps be taken to ensure safe passage of fish. PT is liaising closely with Marc Blair (GCC), Mark Westwood (CoD) and others to ensure that this is resolved quickly. Financial Close cannot be completed until SEPA sign off on this drawing.
- b. SEPA have issued a letter stating that transfer of CAR licence cannot be deemed effected until they have either confirmed it, rejected it, or the 21/06/17 has passed. This is unacceptable and CT is progressing urgently.
- c. PT explained the challenge facing the allocation of a Compound:
 - i. FCS had allocated a hard standing up the track and DAM had planned to bring everything in via the WLAHTR with FCS blessing. Green Power are now scheduled to do building work on Bridges including the one over the River Avich and have claimed the Compound. PT, FCS, GCC and DAM are meeting 2pm on 03/05 to review, options put forward include using the Bus Depot, which is far from ideal (need for construction traffic to use main road; distance from site; visibility of £0.5m of kit, etc). **ACTION: PGT to report back after meeting**
- d. Due Diligence progressing well and expected to be achieved this month. CT outlined process for signing; she & PT will go to Edinburgh to sign all documents (all Directors welcome to attend) the final document signed will be the first draw down from the facility agreement. CT is working with
- e. CT reported that she & PT met with DAM & GCC to agree operational boundaries and expected timetable/issues. DAM seem very proactive, are keen to work closely with us, understand and recognise the importance of good communication plans, and are mobilising now ahead of Financial Close.
- f. SSE have confirmed G59 connection date as 20/12/17

- g. Risk & Issues Assessment – Current Red Risks are:
- i. **Civil Costs and Generation/Turbine Specification changes** – Full written explanation as to how and why must be secured and reported back to Board **ACTION: CT** *Now mitigated but not documented missed at this meeting, so carried forward*
 - ii. Aforementioned SEPA approval of Intake Design

7) Operational Issues

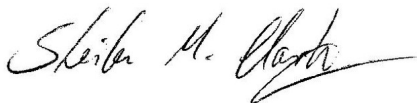
- a. Insurance – in progress and will be circulated to Board for approval in advance of next meeting.

8) Any other business –

- a. communications issues arising from GreenPower impact on Water supply were discussed and it was agreed that Newsletters should continue. 1 to shareholders, 1 to residents, and 1 to potential investors with appropriate slant.
- b. Meeting agreed to continue paying for admin and social media support.
ACTION: CT & CS to progress and report back.

Meeting closed at 21:45
Next Meeting Tuesday 30th May 2017

Minutes approved at Board Meeting #006 on 30th May 2017.



Signed by Sheila Clark: Chair