

BOARD MEETING MINUTES

Date: 21st January 2020

Present:

Sheila Clark (Chair)
Carol Thomas (Director)
Peter Thomas (Director)
Chrissie Sugden (Director)
Libby Foy (Director)
Agnes Fleming (DIG Representative)
Irene McClounnan (DIG Representative)

Via Conference Call:

Sam Marshall (Company Secretary)
Cath Auty (DIG Representative)
Michael Odumosu (Director)
Andrew Swann (Finance Director)
Adrian Shaw (Director)

Meeting Type: Board Meeting #034 - Covering Dec 2019-Jan 2020

Location: The Old School, Dalavich

AGENDA

1) Apologies
None

2) Approval of previous minutes (Draft issued 11th January)
Sheila proposed and Sam seconded.

3) Matters Arising from Previous Meetings
a. Update on AKCC Meeting Dates - Sheila will speak to John
b. Carol to update share application form with BACS details,
end of month.

4) Board Decisions Made by Email
None

5) Communications **(21:46)**

There have been various legal communications regarding the ANM, which is still not fully resolved.

6) Chair's Report **(25:31)**

Dealing with communications sent by Carol regarding EGCA and ANM.

7) Company Secretary Report **(28:30)**

a. New Share purchases

- £24,000 worth of new shares came in November.

b. OS Share Payments

- 15 outstanding shareholder payments, because they haven't given us their payment details. Carol suggested we send them a cheque to the postal address we have on record and see if they cash it or not. This means we have fulfilled our obligation to pay them. We can include a letter asking for confirmation of their payment details.

c. AGM Preparation

- During Feb/March we need to send out notification of the AGM.

d. Email issued during meeting

- Sam Marshall sent an email to Board members during the meeting asking them who wanted to stand down and potentially run for re-election at the next AGM.

"Dear All,

Carol and Chrissie are required to stand down (and hopefully re-stand for election) at the 2020 AGM.

This means that we need 1 further volunteer.

4 of us are due to stand down in 2021, so it seems to make sense for 1 of us to stand down a year early and then future re-elections are made easy.

The 4 due to stand down in 2021 are

*Sheila,
Libby,
Adrian
Sam*

Can you please let me know before the March Board meeting if you are thinking of going for re-election this year?"

In the meeting, Adrian agreed to stand down.

Action: Other Board members who want to stand down should email Sam M and this can be finalised at the next Board meeting.

8) Finance Report

a. Annual Budget **(38:46)**

Carol sent out two management reports to the Board, one for the financial year end and one for December. We expected to make only £820 profit but actually we have made a profit of about £44K. It is important to remember that we have negative retained reserves of £41K that we must clear, before we can make any Community benefit Payments. Whether we clear the negative retained reserves will depend on what the accountants suggest regarding treatment of the accounts.

We will have a community benefit surplus next year, so we need to know how to deal with this in the accounts with regards to our tax position. In the future, payments to the community will be made in a way that they are paid from pre-tax profits.

We will still use low-flow P50 data to project generation numbers in the next budget, but we will be budgeting for a much bigger profit based on us currently being 124% of budget generation, which is 134% of revenue.

We've already made a £7K profit in December 2019. We have £157,520 in the bank, after our payment to SIS, so we have no major commitments and more money to come in from the PPA payment.

We have about £81K ringfenced, so we have surplus cash that we can give to the lenders. Should we make a £50K lump sum payment on our loan?

(49.52): The cash flow forecast paper that Andrew produced suggested that by November 2019 we would have £107K in the balance sheet, but in fact we have £190K. We had £62K additional income and £25K additional costs in consultancy fees and an increase in lease and ANM costs at start of year. £51K came in from additional shares, so we should use this to service the debt that is costing us 7% per annum.

In terms of paying off debt, we have to pay at least £50K in multiples of £10K. We could pay £50-100K off the loan, reduce interest costs and add to profitability. If we pay SIS £100K we will still end the year with £131K cash.

Adrian: What are disadvantages of paying so much back?

Andrew: Only disadvantage is if something major goes wrong, but we already have money ringfenced for that.

Peter: Would like to know the cost of replacing the gearbox or rebuilding the generator, so we know how much money we would need in a worst-case scenario, before committing to a large cash payment to the bank.

We have budgeted £8000K per year aiming at £120K over the years for the replacement of parts. A new generator costs £120K and there is a cost in budget of £20K per month to account for the loss in generation.

The disaster recovery fund (Sinking) is spread out across the years. If there was a major problem with the equipment, we could refinance rather than trying to ringfence the money at the beginning of the project.

Chrissie: If the bank folds we would only get £85K of our money back. Can we have a second account that we could put some money in to minimise our risk? SIS have given us an agreement in principal, so we should go ahead with this.

Peter: Operations costs were £2164 against budget of £1800, so can we increase to £2500 in next year's budget. Passed at the meeting.

Action: Carol and Andrew to send some options round regarding the different loan payment amounts by end of March and the board can vote on this via email.

b. Community Benefit Model Update (1:12:03)

DIG members had a meeting with Foundation Scotland (FS) and agreed on a bespoke model in principal. There will be three different levels to the fund:

- 1) DIG fund (driven by community plan)
- 2) Fund that is spread to wider groups in the community
- 3) A training/apprentice fund. Foundation Scotland will manage this part and people can apply through FS so no one in the community would know who was applying for the money.

The agreement with FS would come up for review in 5 years, at which time we can move to another company if we choose, as there may be more options by then.

FS to put proposal together with costings, hopefully by the AGM in May.

Also, within the fund we also would like to hire a project officer to help work on larger projects, or work with people who have ideas but not the skills to implement them.

On the project panel there will be two DIG members, three voted-in community members and two community councillors

Do we also need someone from AED, or does going through FS mean we are compliant and so don't need an AED member on the panel?

FS role is there to observe that we are compliant, they don't participate in the decision making.

Start-up costs maybe more expensive as it's bespoke. FS produce a yearly report broken down against the aims and objectives we have at the start of the fund.

Action: Agnes to send proposal document to the Board by March.

9) Operational Report **(1:26.29)**

a. Annual SEPA report

Complete and gone off to SEPA.

b. ANM Update

We are still waiting on SIS lawyers to make the necessary statements. When it has been finalised Carol will send the packet of relevant papers to the board members.

c. Generation Data

November 33,281 kWh against budget of 120,000 kWh. We made up for this in December generating, 199,212 kWh against budget of 120,000 kWh. So far, we have generated 150,000 kWh in January, which means we are £30K over budget, but we are coming into a dryer period.

10) Any other business **(1:29.20)**

- The old turbine house needs to be stabilised, which will be a cost that hits our cash flow. Can we get some costs for the stonework to stabilise that building and potentially get a grant?

Action: Sheila and Peter – to produce some options for the next meeting.

- Carol: We have no process for telling new residents that they can buy shares in the Hydro scheme. Can we think about how we do this? Something in the shop advertising it, or notice on notice board? Send letter about AED and share options?

11) Date & Time of Next Meeting – 17th March 2020

Minutes approved at Board Meeting #035 on 17th March 2020.



Signed by Sheila Clark

KEY DATES / ACTIVITIES

| Month | Item | Area | Notes |
|-----------|--|------------|---------------------------|
| January | Annual SEPA abstraction report | Operations | Starts 2019 |
| February | Quarterly Reports due to SIS | Finance | Starts 2018 |
| April | Insurance Renewal Due | Admin | Needs investigating March |
| April/May | AGM | Legal | Started 2017 |
| April/May | Turbine Servicing & Operator Re-training | OPs | Started 2019 |
| May | Quarterly Reports due to SIS | Finance | Starts 2018 |
| May | FES Gross income report | Finance | Started 2018 |
| May | SEPA Renewal Due | Finance | Started 2018 |
| May/June | Pigging Due | Ops | |
| June | FES rent payment | Finance | Started 2018 |
| June | Year End Accounts due to FCA | Finance | Started 2017 |
| June | Shareholder & Director report due to FCA | Legal | Started 2016 |
| July | Shareholder Interest Payments Due | Finance | Started 2019 |
| August | Quarterly Reports due to SIS | Finance | Starts 2018 |
| November | Financial Year End | Finance | Started 2016 |
| December | New Operating Budget due to SIS | Finance | Starts 2017 |



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| 13/02/23 | Full electrical installation check required. | Operations | |
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