



BOARD MEETING MINUTES

Meeting Type: Board Meeting #041 Covering Sept-Nov 2020

Participants: Sheila Clark – Chair
Andrew Swann – Treasurer
Peter Thomas – Operations
Carol Thomas – Projects & Finance
Chrissie Sugden – Bookkeeper
Samantha Marshall – Company Secretary
Michael Odumosu
Adrian Shaw
Cath Auty
Irene McClounnan

Apologies: None received

Details: 17th November, 8:15 PM (directly after CBF Strategy Meeting #41a)

AGENDA

1) **Apologies** - None

2) **Approval of previous minutes**

a. #040 – July Board Meeting Minutes

Proposed by Chrissie Sugden and Seconded by Carol Thomas.
All Board members approved, apart from Sam Marshall who abstained as she was absent at the July Board meeting.

3) **Matters Arising from Previous Meetings**

a. Carol/Andrew: Update on long term management of share repayment.

Full report under Finance section. We have enough money to pay for small share repayments as they arise.

b. Sheila to source health and safety compliant safety equipment for Ops team –

Put provision in this year's accounts for £1000 to use on safety equipment by end of the month.

Action: Peter and Sheila to purchase equipment.

4) Board Decisions Made by Email

- a. Rule changes approved – 6 yes and 4 no response
- b. To hold an EGM to approve the rule changes and the CBF Strategy Document – 6 yes and 4 no response

5) Communications since last meeting

- a. Johnny Bell re nomination, forms, LBTT and Rule changes – the only thing he hasn't seen yet is the CBF Strategy document and he wants to see it so he can make sure the rule changes we are proposing are legally viable.
- b. SSE and SSEN re outages
- c. SSE re temporary price increases
- d. Various accountancy queries
- e. Share investments
- f. Letter from Community Water factor
- g. Email re Act Now Argyll EConnect Map – this map is to showcase the best of Argyll in terms of Eco-friendly projects and bring them all together. All Board members support AED being included.
Action: Sam Marshall to reply to them.
- h. Email from Power for People asking if AED want to be a case study of a "Community Energy" project. All Board members agreed.
Action: Carol will liaise with them.

6) Chair's Report

Working on Foundation Scotland procedures and documents.

We told FS to invoice us for work up to and including November and we changed deadline to get all processes and procedures finished by the November, as there is still much work to be done. This is mainly work that DIG has to complete and needs to be done before CBF money can be handed over to FS.

7) Company Secretary Report

- a. New Share purchases - £10,750 in additional new shares this month from existing shareholders.
- b. Outstanding Share Payments – All cash dividend payments have been made. Four shareholders still haven't responded. Share certificates have not been sent yet.
- c. Q. Chrissie – when people buy shares, does everyone get 4% interest at the next dividend payment date no matter what month they purchased their shares? Answer: Yes

8) Finance Report

- a. Bank Balance - £270,602.12
 - New Share receipts - £10,750
 - Income YTD Oct c£320K
 - Expenses YTD Oct c£170K
 - P&L YTD c£100K
 - There are accrual and provisions that Armstrong Watson have to do, but the P&L number is accurate and some of that will be put into allocated restricted reserves.

b. Cashflow Analysis

Andrew has created a cash flow model that calculates cash flow and statutory profit (including share subscription/repayments and Capital Expenditure) over the next 20 years+. We can vary the assumptions we input to the model, eg. yearly generation income, rate of CBF payment, refinancing if required, additional share capital and capital expenditure to find out what the results would be in terms of cash flow. This can be used by all Board members. Andrew has produced a paper to show how it works. An example would be:

Assumptions:

- 115% of low-flow income
- £8000 share capital increase p.a. for 6 years
- £225K capital expenditure in 2034 (for new turbine)

Results:

- SIS loan repaid by current maturity date (no need to refinance)
- Share capital fully repaid (bar £50) between 2031 and 2039

- 63.5% of pre-tax profits can be paid out to the CBF payment (£670K up to 2031, up to £1.75m 2039)
- £110K cash balances as at November 2039
- £890K accumulated reserves as at 2039 (equals book value of Hydro plant (including Capital Ex) plus cash
- £14K p.a. pre-tax profit thereafter and
- £40K p.a. cash generation; thus
- Could allow £40K+ CBF payments after Feed in Tariff (FiT) ends.

Cashflow Modelling Other Comments

- Earlier repayment of some shares will make little difference to the overall figures
- Similarly, somewhat earlier capital expenditure unlikely to make much difference
- Small difference in tax assumptions also unlikely to damaging
- **Main variables about which to be concerned remain**
 - Level of generation
 - PPA income
 - Costs (including Business Rates).

Board also needs to look at whether we want to be in a position in 20 years to add more value to AED by doing something other than putting electricity onto the grid. Andrew's paper covers this, and the Board can look into this over time. In December we have to put together our budget for the next financial year, which starts in December and send it to SIS by 31st December. The cash flow model will help with this.

Action: Peter, Cath, Michael, Sheila and Carol committed to test out cash flow model.

9) Community Benefit Fund

- a. CBF Strategy Update (covered in meeting minutes #41a)

10) Operational Report

a. Generation Data

- Budget for September was 91,000 KwH and we hit 125,000 KwH and the budget was 120,000 KwH for October and we hit 123,000 KwH, so we were above plan and are at 141% of annual budget right now.

b. Maintenance and repairs

- Turbine is currently turned off due to leaves in the river. It should be turned back on when the river level drops. We've only lost output for 4-5 days due to high water volume and 40 days loss due to low rain fall this year.
- Old Powerhouse: We don't have a liability to look after the Powerhouse, but we do want to maintain it.

Action: Peter and Sheila to go up and decide on what bushes need to be removed.

11) Any other business

a. Meeting Frequency

The Board will begin to meet on a monthly basis until we get to the next AGM as there is much work to be done with CBF and the budget. All Board members agreed.

b. Factor Changes

Loch Aweside Management have divested themselves of responsibility for the local water and sewerage works. More discussions are needed within DIG about whether to take on this responsibility for the community. DIG and AED boards will continue to communicate about this and AED will retain interest in case they need to support what the community wants to do in the future.

c. Succession Planning (postpone to another meeting)

d. Act Now Argyll EConnect Map (agreed above)

12) Date & Time of Next Meeting

15th December 2020, 7:30PM

Minutes approved at Board Meeting #041 on 15th December 2020.



Signed by Sheila Clark

KEY DATES / ACTIVITIES

Month	Item	Area	Notes
January	Annual SEPA abstraction report	Operations	Started 2019
February	Quarterly Reports due to SIS	Finance	Started 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	Started 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	Started 2018



August	LBTT Statement due every 3 years	Finance/Legal	Starts 2020
November	Financial Year End	Finance	Started 2016
December	New Operating Budget due to SIS	Finance	Started 2017
13/02/23	Full electrical installation check required.	Operations	