

## BOARD MEETING MINUTES

Date: Board Meeting #054 January 2022

Present: Sheila Clark, Chair  
Andrew Swann, Finance Director  
Sam Marshall, Company Secretary  
Peter Thomas, Operations Director  
Carol Thomas, Hydro Project Manager  
Cath Auty, DIG appointed Director  
David Hardstaff, DIG appointed Director  
Michael Odumosu  
  
Pam Stansbury, Administrator

Apologies: None

Meeting Details: Date: Tuesday 18<sup>th</sup> January 2022, at 7:30pm  
This meeting was conducted via Zoom and was Recorded

### **MINUTES of the 54<sup>th</sup> Meeting of the Board of Directors**

Carol opened the meeting at 7:30pm on behalf of the Chair who was having connection problems and thanked everyone for attending.

1) **Apologies**

There were no apologies for absence.

2) **Conflicts of Interest**

There were no changes to the conflicts of interest. It was agreed to place a standard listing as an addendum to the minutes.

3) **Approval of Previous Minutes**

#053 Board Meeting held Tuesday 16<sup>th</sup> November 2022, at 7:30pm

The minutes of the previous meeting having been circulated prior to the meeting were reviewed. Some small grammatical and spelling errors were corrected.

The minutes were proposed by Sam Marshall and seconded by Cath Auty.

There being no objections the minutes were approved.

Sheila joined the meeting at this time and Carol handed the chair over.

4) **Matters Arising not covered by the Agenda**

**Nomination Form:** The Shareholder nomination form had been circulated just prior to the meeting. It was agreed that Directors would review and advise by email their approval. This will then be placed on to headed paper and circulated to the four relevant shareholders and uploaded to the website. A newsletter will be sent to advise investors.

**SSE Contract Renewal:** This is currently in progress and will be reported on at the next Board Meeting. It was agreed by the board that the contract will be renewed with SSE.

**Vikki Boddice Accountant:** Sam advised that she had received dates from Vikki for a meeting prior to Christmas but due to commitments had been unable to action those. Key times and dates to avoid were discussed and it was agreed that Sam would obtain a choice of four dates and circulate those to the relevant people. Her suitability and experience was discussed, together with the support she would have in certain circumstances. It was agreed Sam would progress this for the next meeting.

There were no other matters arising, not covered by the agenda.

5) **Board Decisions made by Email**

There were two additional decisions made by email.

23/11/21 Application for additional investment from two existing shareholders. A067 plus £5,000 total investment £10,083 (plus £1k child holding) and A068 plus £5,000 total investment £10,083.

06/12/21 Application for additional investment from two existing shareholders. A064 and A065 both held £5,000, invested an additional £2,500, making their new holdings £7,500 on each account.

Both applications were approved by the board and share certificates have been issued. These investments take our total investment to £502,000

6) **Communication since last meeting**

List of communications received has been circulated to the Board.

There were no items that needed to be reported on.

## 7) **Chairs Report**

The Chair reported that she had little to comment on this month. Most of the work has been handled by admin and Carol, for which she was grateful. Generation has picked up, which is good news, and it had been relatively quiet over the Christmas period.

### **Company Secretary Report**

The Chair handed the meeting to Sam for her report.

**FLS Resumption Lease.** Carol advised this is currently with the lawyers; she has not yet received a copy of the proposed resumption lease. Initially the lease provided an additional area to allow for the building work that would be involved with the project; the resumption lease will stipulate the actual area we are leasing, which will involve a half a meter either side of built installations. The resumption lease requirement was highlighted because of the sink hole under the old powerhouse. Once confirmed and signed a copy will need to be sent to SIS. Carol will forward the relevant sections to Board Members and Andrew will review and check the complete document, when available.

**Action:** Pam to send link to Andrew for the lease document.

### **Shareholders Report**

The Shareholder Nomination form has been circulated to the board and will be distributed as previously minuted.

We have received four new investments which have previously been reported on under interim board decisions.

A request to withdraw funds has been received. The request to withdraw funds has been received from A113, who currently holds £1,081 shares. The initial investment was for £1,000 and they opted for share options on interest, which takes the total holding to 1,081 shares.

A question was asked regarding interest that would be due for the year ending 30<sup>th</sup> November 2021. This was discussed by the board, and it was agreed that where a shareholder held shares at the end of a financial year and then withdraws those before the AGM, they should receive their holding funds at the time, and be advised that a subsequent interest payment will be made to them in line with interest agreed at the AGM.

The withdrawal of shares was agreed and approved by the Board.

A further discussion took place regarding the company policy on share withdrawals, and it was agreed that this should be reviewed and taken to the shareholders at an AGM, as will the proposed policy for share buyback at the appropriate time.

**Data Protection Policy update.** Sam advised that the Data Protection Policy needs bringing up to date to remove EU references and make it compliant with UK law, following Brexit and the change of UK law.

This will be updated between Sam and Pam and reissued to the website.

**Date for AGM.** Optional dates were discussed, and the date was agreed as Saturday 14<sup>th</sup> May at 2pm. The meeting will be held online, and the 14<sup>th</sup> should provide ample time to formalise accounts and make the necessary preparations.

**Action:** *A save the date will be added to the website, and the date will be added to the newsletter to go to all shareholders.*

**Action:** *Carol & Pam to compile a list of actions for the AGM that need to be taken and to report at the February Board Meeting.*

There being nothing further to add Sam closed her report and handed back to the Chair.

The Chair thanked Sam for the report.

## 9) **Finance Report**

The Chair handed the meeting to Andrew, who has been working on his cashflow model.

**Triodos bank validation and data requests:** It was confirmed that this had all now been actioned and completed.

**Management Report and Bank Position:** These have been distributed to the members. These are as expected, we are now generating electricity and generating income, owing to this we have finished the year not on budget at 115% of LFDp50, but close to where we would have been at 100% of LFDp50. The year-end management report has now been passed on to Armstrong Watson and the transactions for 20/21 have been locked. They have been advised of the questions regarding capitalisation and corrections. The budget has also been circulated.

The budget and cashflow projection will be forwarded to SIS following the boards agreement of the Year-end management report and budget.

Andrew reviewed with the board some of the assumptions made for the cashflow model and the adjustments that have been made to reflect changes. The cashflow has been produced on 100% of LFDp50. An assumption has been made that the PPA rates will fall back to previous lower levels, however given current energy prices this could be pessimistic.

Our maintenance and servicing costs were higher than budgeted and an adjustment has been made to reflect this in the new cashflow. This may well be higher than required, however a higher allocation for maintenance and servicing is beneficial.

Following the pandemic an increase in Corporation Tax rates from 19% to 25% has been announced from April 2022. This has also been built into our model as it will affect us; this reflects in our cashflow model as an additional £70,000 over the first 20 years.

This leaves us with the conclusion that whilst retaining our necessary reserves and including share capital repayments we can still meet our target of fully repaying the SIS loans. Currently we hold a substantial amount of cash, which is primarily due to additional investments over the last twelve months. Andrew is assuming that we will make a prepayment of £50,000 in 2022, however, the next payment will need to be deferred assuming that we continue to operate on LFDp50.

In conclusion the current predictions show little left for Community Benefit payments. The current model would allow 22% of pre-tax profits for the previous year, which would amount to between £7,000 to £10,000 per year. This assumes that there is no CBF payment made for the year finishing November 2021.

The board discussed the expectations, the use of current funding, the exceptional nature of the high amount that was paid in the previous year, and the generation levels experienced in the last twelve months.

The sensitivities were also discussed. Our operating expenses are low and fixed which means that any increase in PPA, or in generation reflects very quickly in an increase of available funds for Community Benefit Fund.

Andrew proposed sending this model to SIS. He requested Peter or Carol review the maintenance figures.

Carol discussed SIS's expectations and reminded the Board that this year we are required to do a formal cash flow available for debt servicing review. This is required in year five and year ten of the loan.

Carol proposed acceptance of the cashflow model, this was seconded by Sheila, and agreed by the Board.

**Action:** Peter to review maintenance figures and confirm with Andrew

**Bank Balance and significant transactions:** Admin advised that the bank balance is currently £183,536.85. There is one significant payment due in February for £1,400 to Cavetta Consulting. We are also awaiting FIT payment of £55,000.

The Chair thanked Andrew for his in-depth report.

## 10) **Operational Report**

The Chair handed the meeting to Peter for the Operational Report.

Peter reported to the board on matters outstanding from his previous report.

**Sink Hole:** This has now been boarded over and barriered off. This is now in the hands of forestry who are responsible for the repairs. Peter advised that we had correctly reported and handed the matter over to Forestry who were now dealing with the issue.

**CINK Training:** Peter confirmed that additional training had taken place, and that the operational team was now back at full strength. Additionally, we now have a couple of extra people trained who can cover the team if required.

**Timber and Stone steps:** Peter advised that no progress had been made on this over the Christmas period.

**Braevallich ANM equipment:** Peter is currently just awaiting a date from them on a suitable time for us to collect.

**DA McDonald confirmed date:** Peter has contacted DA McDonald to ask if they required a firm order for their proposed date of 9<sup>th</sup> May. He is currently waiting to hear from Stephen.

**Operational Activity:** Peter advised that operational activity is ticking along. We are running constantly and are down to 170kwh today. Rainfall has been intermittent, and the river level has been dropping. Currently there is no river water going over the old weir, however the Hydro is still running and has not stopped since the beginning of December. Operation is consistent, December generation was 173,292kwh.

Up until 5pm today January generation was 120,532 kwh. The budget for December and January was 120,000 kwh.

**Scheduled repairs and events:** The bridge still needs to be installed; however, this is currently on hold waiting for lower water levels and better weather. Peter anticipates doing this around March time and advised that he wanted the work completed prior to the May date for piggling.

Peter advised that he had sourced two potential signs in a material called Dialite, A5 in size, they are yellow warning signs with a hazard sign and “fast flowing water”. They are less than £10. He felt that this was a small investment to conform with FLS requirements, and at A5 size they will hopefully be less intrusive.

There being no further operational matters, and no questions Sheila thanked Peter for his report.

#### 11) **Community Benefit Fund FS Contract Amendment proposal**

Carol advised that we are scheduled to reenergise the Community Benefit Fund in February. DIG’s AGM will take place in February, which should release the business plan and allow DIG to start working with Foundation Scotland.

Carol attended the AKCC meeting and has agreed to help Liza with some publicity to try and get the Micro Grants moving. We are scheduled to talk with Tom during February about launching some promotional videos and social media. Tom is going to produce a video for social media to promote the Educational and Development Bursary. He is also suggesting that we collectively find out who the constituted groups are and go direct to them to promote the funds availability.

The challenges and problems were discussed, and Carol reported that she is working with AKCC and will keep reporting back to the board. The challenge is that it is a small community, and AED will continue to work with the Strategic Fund Strategy we have until Foundation Scotland come back to us with a need to review.

There were no questions. Sheila thanked Carol for her report.

#### 12) **Any Other Business**

**Regen Green Energy Awards:** SEN sent a reminder through today that we still had time to apply. The closing date is tomorrow, and Carol advised that she would not be taking any action. She felt the time involved together with the inevitable costs incurred was not justified following our 2021 years performance. Sheila agreed and additionally felt that the notice was too short.

There were no further matters to discuss.



**13) Date and time of Next Meeting**

Carol requested a change of day for the February meeting, It was agreed that the meeting would be held on the Wednesday.

The next board meeting will be held on Wednesday 16<sup>th</sup> February 7:30pm.

The Chair thanked everyone for attending and closed the meeting.

**Draft Minutes to be approved at Board Meeting #055 on Wednesday 16<sup>th</sup> February 2022.**



**Signed by Sheila Clark, Chair.**

**Addendum - Conflicts of Interest**

Director	Conflict of Interest
Sheila Clark, Chair	Director on board of Dalavich Improvement Group
Andrew Swann, Finance Director	
Sam Marshall, Company Secretary	
Peter Thomas, Operations Director	
Carol Thomas	Director on board of Dalavich Improvement Group
Cath Auty	DIG Nominated Director
David Hardstaff	DIG Nominated Director



## **Addendum**

Glossary of TLA's (Three Letter Acronyms) and Abbreviations used.

AED	Awesome Energy (Dalriada) Ltd
AGM	Annual General Meeting
AKCC	Avich and Kilchrenan Community Council
CBF	Community Benefit Fund
CMS	Co-operative and Mutual Society
DIG	Dalavich Improvement Group
FCA	Financial Conduct Authority
FES	Forest Enterprise Services
FIT	Feed in Tariff
FLS	Forestry and Land Scotland
HMRC	Her Majesties Revenue & Customs
LBTT	Land and Buildings Transaction Tax
LFDp**	Low Flow Data (percentage allowance)
NSR	New Stream Renewables
OSCR	Office of the Scottish Charity Regulator
PAT	Portable Appliance Testing
PPA	Power Purchase Agreement
SEPA	Scottish Environmental Protection Agency
SIS	Social Investment Scotland