

MEETING MINUTES

Date: 19/02/19 @ 7.30

Present:

Sheila Clark (Chair)
Peter Thomas (Director)
Carol Thomas (Director)
Chrissie Sugden (Director)

Via conference call:

Sam Marshall (Company Secretary)
Andrew Swann (Finance Director)
Michael Odumosu (Director)

Meeting Details: Board Meeting #27 covering Jan 2018
Location The Old School, Dalavich

MINUTES

1. Apologies:

Cath Auty (DIG representative)
Adrian Shaw (Director) - (ASh)
Agnes Fleming (DIG representative)
Irene McLounnan (DIG representative)
Libby Foy Director

2. Approval of previous minutes – (see 12)

3. Board decisions made by email:

- 10 of the 12 Directors voted in favour of the proposed refinance package and all Directors have agreed to an Experian Identity Check.

4. Matters arising from previous meetings:

None.

5. Chair's report SC:

- The smaller of the CARES loans was cleared using share capital
- Refinancing discussions were opened with SIS
- Discussions ongoing with AW regarding costs and journaling. Meeting held in January which was minuted and circulated.
- Year end accounts released to AW for processing.
- 12mth generation of 1,392,094 kWh against a 12mth target of 1,147,000 kWh; 21% above target, despite abnormally poor weather conditions.
- Forestry bill for their year end of 31/3/18 was finally resolved and paid.

6. Secretary's report – SM

"In the general scheme of things, January was a quiet month on the Secretary front.

I have nothing much to report, over and above that which Sheila has already shared with you and Carol is scheduled to share with you.

Looking ahead, February will be filled with letters to shareholders regarding the AGM in May to ensure that we have maximum attendance.

As Peter Thomas, Mike Odomuso and Andrew Swann agreed to step down at the AGM (during last month's board meeting), and agreed to stand for re-election, I would respectfully request that they consider updating their Director Bios (as issued in the Share Offer document in September 2018). If you don't want to make any changes, that's fine. But please can you get your updates to me by 28th February, 2019 so that I can get those bios distributed to shareholders.

I will send your existing bios to you, along with your photo, in case you want to update that as well.

Thank you for a good month."

7. Finance report: CT

- The 2nd draft of January's reports have been sent out, however the fixed asset register isn't completely sorted yet so there may be more adjustments to make to journaling. This would only change things by a couple of hundred pounds. Dec and Jan's reports will be re-issued once everything has been sorted at the end of Feb, along with the SIS quarterly report. AS has issued a document describing the debt service ratio calculations and their effect on the Community Benefit Fund (CBF). Until the assessment in Year 6 we will be re-paying SIS £32K/yr in total, instead of the £35,400 we paid in Dec. The spreadsheet that was issued can be taken as 95% correct, but is a forecast, and hence may change.
- Capital Allowances: We have had a proposal from Cavetta Consulting which arrived Friday. Not examined in detail yet, but proposed fee is about 50% of AW's proposal. We will have to pay tax on some of our income to the extent that this cannot be offset by tax allowances on fixed assets so our book profit will only be paid out after allowances for tax due have been made, and will therefore be smaller than the profit stated at the AGM.
- Currently we have a good cash generation and if this is maintained our SIS repayments will go up in 4 years time. In July 2023 our debt service ratio will be re-calculated based on years 2021 and 2022. So the CBF will likely plateau in Year 6.
- It looks like we may get a substantial FIT payment in April. CT asked if anyone had any questions about the finance reports.
- SIS reporting and compliance: SIS are happy with us. They are looking for quarterly reporting now. Next one due in March for period ended Feb.

8. Open Share Offer: Nothing to report

9. Communications

- The Sunday Post wrote a good article about AED, thanks to promotion by CSS.
- SSEN – LES have invited CT to join a working party to seek clarity and consistency from the SSEN Network with regard to released capacity and Grid Curtailment. Aim is to get more meaningful offers made to community groups wanting to export electricity to the grid.
- PT and CT will attend a generator's forum meeting on behalf of AED.

AS joined the meeting at 8.05pm.

Finance report cont: AS

For every £100 spent that we can't get capital allowances or other tax relief on, the CBF will be reduced by £24. CC are fairly confident that they can substantially reduce the tax due; we should get 80-90% of our fixed asset expenditure to qualify for allowances. Without them, we would be paying £300K tax over the life of the project. AS recommends we get CC to write the report on a results fee basis – 0.5% of the allowances that they identify that we can claim; around £6K. All 7 directors present agreed with the proposal.

10. Operational Report PT:

182,881 kWh generation in Jan, which was 51% above budget, and the second best month so far. No difficulties. Very little freezing, and the water kept flowing. Turbine was operational through all the cold weather which meant that the turbine house kept warm.

SEPA report was completed based on 2 conversion rates. This was because generation is linear within 2.5% above 30% which is within the accuracy of most flow meters.

Still awaiting a date from CINK.

Spoke to DA MacDonald and agreed to do pigging this year, which will also work as a 1st year pipe inspection. Also the scour valve for the water supply has a small leak, which could be sorted. Work can be done without interrupting the village water supply.

It looks like more work is going to be done at the top of the river so PT contacted David Jardine for more info. **Action:** SC to give PT contact details for the road engineer at FCS.

11. AOB: SM noted that Mike Russell MSP has put out his quarterly report which also features AED.

12. The minutes were approved for meetings on 20/01/19: proposed CT, seconded SC, & 04/02/19: proposed PT, seconded SM.

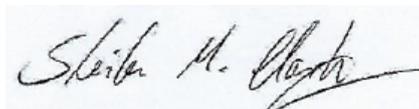
13. Date of next meeting: 19th Mar 7.30

Meeting closed at 8.50 pm

Minutes approved at meeting # 028

on 19th March 2019

Signed as an accurate record by:



Name & Post: Sheila Clark Chair