

Meeting Minutes

Date: 19th Mar 2019 @ 19:30

Present:

Sheila Clark (Chair)
Peter Thomas (Director)
Carol Thomas (Director)
Libby Fowey (DIG Representative)
Irene McLouannan (DIG representative)

Via conference call:

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

Meeting Details: Board Meeting #28 covering Feb 2019
Location The Old School, Dalavich

AGENDA

1. Apologies

Chrissie Sugden (Director)

Apologies were received from Libby at the last meeting (027) via Sheila who received a text message after the event.

2. Approval of previous minutes (draft issued 26/02/19)

Approved. Carol proposed. Seconded by Sheila

3. Board decisions made by email: None

4. Matters arising -

Reported in last minutes that Forestry was going to be doing some work. They did some work but none of it had any effect on the water. It was useful as it did cause a meeting to happen between Ops, David and Forestry.

5. Chair's report

Vast quantities of paperwork from SSE has been read over the month. Some emails have been sent as a result but there is little else to report.

6. Secretary's report

During February, efforts for the company revolved around getting the finances finalised, ensuring that we had the correct company in place to help us with the tax efficiencies and ensuring that the AGM papers are ready for issue.

Most of this will be covered in greater detail by Carol.

7. Finance report

Information has been circulated today. Income is entirely accurate, Expenses are still to be finalised. We need to complete last year's expense before we can journal this year's.

In the balance sheet, we have spent a lot of money getting the project up and running. Some of that expense e.g. interest we have been told by the accountants was part of the cost of getting the project up and running. Instead of writing off this cost during the year, we increased the fixed assets by that interest.

Contrary to that, the accountants told us that £150K could not be written off, £40k of which was a fee to our lenders. Andrew is unsure why this was treated differently.

Consultancy Fees have been excluded but we could not possibly have built the project without their help.

Andrew is still debating with the Accountants to get this to an agreed state.

The accountants have now said that if we were a normal company and if we had issued normal share capital, you cannot pay a dividend until the retained losses have been cleared. This means that they are suggesting that we cannot pay the shareholders interest until we clear the retained debt, which could be some years off.

Andrew and Carol are about to go into negotiation with the Accountants over this and have taken advice from our consultants who are BenCom specialists.

We are not a normal company, we are a BenCom. We do not pay dividends, we pay interest. Therefore we are going to talk to the Accountants about this. This could have a knock on effect for payment to the community as well.

Until we have had this discussion, we cannot finalise last year's accounts. That meeting has been scheduled for Thursday afternoon at the latest.

CMS are going to do a day's work for us, talking to Co-operatives to get the best course of action.



This could impact on the AGM, if no resolution with the accountants is made swiftly.

We have to present the accounts at the AGM. We want to get them out beforehand to give people a chance to look at it, but we are not obliged to do anything other than present them on the day.

We do not have a lot of leeway on the date of the AGM as it has to be before the end of May.

Currently the quarterly report to SIS will record a profit of £47K against a budget of £3K such is the power of the generation. We are likely to end up with between £200K and £300K in the bank at year end.

Carol has asked the consultants how she can explain to shareholders and Community Beneficiaries that they are not getting any payments with such amounts in the bank?

We are all sure that this will be sorted very quickly.

Peter played Devil's Advocate and asked what would be the implications of not following the advice of the accountants if they say we can't pay interest to the Shareholders.

Andrew replied that IF we were a Limited Company, regulated by the Companies Act, ignoring the rules would be illegal and we, as directors, would all be struck off the register and could not be directors any longer!!

HOWEVER, we are NOT a Limited Company – we are a Community Benefit Society. The fundamental problem with going against the accountants advice is that they won't sign off the accounts and then we can't lodge the accounts.

Gareth and Dave are checking with the necessary channels and we will present our accountants with a solid reasoning as to why we CAN pay interest and community.

It has been obvious from the start point of the share offer that we were intending to pay interest to the shareholders. Our advisors never gave us any advice on this so we will get resolution and report back to the board.

Decisions will be required by email – if you have questions, please send them over to Carol and Andrew asap

February Accounts – in preparing the year end accounts, we bottomed out something that we started to get a view of. Haynes Watts lumped all of the interest

together. We split out SIS and CARES loans but we didn't register that we needed to split the two CARES loans down. Until we reach agreement on what we do with the SIS refinancing of CARES 95% Loan, Carol can't do the journal as she cannot post it correctly to the ledger. She has checked with Mairi who confirmed that the journal cannot be done at this point.

VAT bill has been paid approx £5K
DA MacDonald final bill has been paid
Small legal bill for refinance has been paid
£32K to SIS at end of March

Rough balance at end of March, will be £88K
By the time we go to AGM at end of April, we are forecasting £160K in the bank.

Dalavich residents are very likely to ask questions and local directors are encouraged to understand the figures

- **Share certificates for new shareholders**

Raised by Adrian – some shareholders have contacted him directly to ask where their certificates are.

Adrian to send an email to Sam and Carol with names of the people who are missing certificates. GDPR precludes him giving the details on the call

We have around 120 shareholders. 5 Companies. And 2 people who are paying by installments whose certificates will be issued when they have finished paying.

Sheila said that she also received an email from the shareholders chasing certificates and knows that this has been resolved.

Carol proposes that we ringfence £25K against the death of shareholder.

The largest individual shareholder holds £12.5K. We are beholden to buy their shares back as soon as we can.

The 2 largest shareholders happen to be married, so we should be in preparation for a catastrophic failure!

This motion was agreed by the board. Carol proposed. Andrew Seconded.

- **Preparing for Brexit**

Carol sent an email around last week asking if someone could please do the research and bring back to the board the impact for us.

Adrian – can we still do business with CINK?

Carol – yes I believe so but we will have an extra 20% VAT added if we leave the EU

Operations have already sourced grease providers in the UK.

We have European parts and we may have to source spare parts from them.

Sheila has offered to read through the paperwork and will advise the board if we need to do anything.

- **Cavetta consulting proposal**

The officers (Sheila, Sam and Andrew) have received the Terms and Conditions and each of them have confirmed that the T&C are fine.

Cavetta are Tax Advisors and their report back to us may impact other things.

Lois from Cavetta will arrive on 26th to discuss. Mark Blair is on standby to answer questions. Anyone in the area who wants to pop in can.

Sam to sort out a specific folder for Cavetta on Google Drive

8. Open Share Offer

The paperwork is ready to go but we should hold off launching it until we have sorted out the interest payment questions previously discussed.

9. Communications (see below).

Carol to Adrian – a Co-op roundtable event was postponed and has been reconvened in Edinburgh. The email will be sent to Adrian to decide if it is in our interest to attend.

Paul Wheelhouse – there is a lack of consistency coming out of the Electricity Providers. They have indicated that even if capacity is released, they may not hand it out to providers. Iona wants Carol to get involved. Adrian would be very pleased to get involved with any discussion that ends up with a meeting with Paul.

10. Operational Report

Output for the month was good with no notable operational problems occurring during the month.

171,289 kWhrs against target 91,760kWhrs which is 189% of target.

CINK are booked to visit Dalavich either 14th or 16th May to carry out the annual servicing. Training for existing and new operators is to be carried out while they are



here in line with the agreement it's SIS. CINK have confirmed that the delay in carrying out servicing in no way invalidates the warrantee.

DA MacDonald have visited site together with Mark Blair of Gregor Cameron and we have released and paid the final tranche of the construction monies. The bottom latch for the door was repaired on the day and the site walk around revealed that the comms cable was coming to the surface on the slope above the turbine house. DA MacDonald agreed to rebury the cable and help stabilise this section of slope. They are also to inspect and if possible reseal the scour valve when the pigging is carried out later this year. Subsequent to the walkaround Stephen Kennedy confirmed that a pig had been obtained as part of the construction package and was being stored at their yard.

Braevallich has been visited to carry out testing on the UPS for Schneider as part of their warranty process. It has been agreed that a new unit is to be supplied. Installation will be carried out between Innogy and Ops team when the unit arrives. The replacement is as a warranty part.

During our visit we took the opportunity to talk with the Innogy's engineer with regard to problems they have encountered. One area worthy of further investigation is that they experienced problems with lightning strikes not at the powerhouses but often at the intakes creating induction charges down the comms cable. Earthing needs to be robust at the inlet. Subsequent investigation has shown that a substantial earth is fitted to our inlet metering so again as with the powerhouse it would appear that our risk is low and well managed by the installation. Further action to carry out an outsourced lightning risk assessment is currently on hold but will include the inlet when carried out hopefully later this year.

SGS wanted to charge us £600 to install the UPS – a day's time. Braevallich are unimpressed and are doing it for free. Alistair McLennan is delighted that his people can help.

Braevallich are of the opinion that SSE have a new way of dealing with this and we should invite them (SSE) over to discuss alternatives.

Braevallich have been marvellous in their support to us and our thanks are extended to them.

Libby asked how did people know that there was training for the ops team coming up? Three people approached Peter to be trained. If anyone knows of anyone else then make themselves known to Peter. Carol will do a notice for the noticeboard and other local outlets.

11. Any other business – please notify in advance

Andrew – When is the AGM - 4th May. Andrew will not be able to make that date so his apologies are extended.

12. Date of next meeting

16th April – 7.30pm

Meeting closed: 20.50

Minutes approved at Board Meeting #029 on 16th April 2019.

A handwritten signature in black ink, appearing to read "Sheila M. Clark", with a long, sweeping underline.

Signed by Sheila Clark

Feb 19 Communications list

- New Stream Renewables Triad warnings
- Generation updates
- Finance updates
- Cavetta quote terms
- APC economic survey
- SSE case study
- DG owner operator meeting forum minutes and slides
- Draft accounts
- Invitation to comment on SHE transmission plan
- Bencom fees abolished
- AW newsletter
- Invite to Triodos' annual meeting

