



BOARD MEETING MINUTES

Date: Board Meeting #050 August 2021

Present: Sheila Clark, Chair
Sam Marshall, Company Secretary
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Cath Auty, DIG appointed Director
David Hardcastle, DIG appointed Director
Michael Odumosu

Pam Stansbury, Administrator

Apologies: Adrian Shaw

Meeting Details: Date 17th August 2021, 7.30pm
This meeting was conducted via Zoom and was Recorded

MINUTES

The Chair opened the meeting and thanked everyone for attending.

1) **Apologies**

Apologies for absence were received from Adrian Shaw, who had a clash of commitments

2) **Conflicts of Interest**

Sheila reported for the record she is a current DIG Director as well as being Chair of AED, that Cath Auty is a DIG appointed representative and that DIG have also been making considerable use of Carol over recent days.

3) **Approval of Previous Minutes**

#049 Board Meeting held Tuesday 20th July 2021, at 7:30pm

The minutes of the previous meeting were approved with two small corrections:

Section 6, amend waterfall to rainfall, and correct their to there.
Section 9 last paragraph, change thanks to thanked.

The minutes were proposed by Cath Auty and seconded by Carol Thomas. The minutes were passed unanimously.

As a point of order Carol requested that Admin ensure the signed copies of the minutes were loaded to the Secure Drive, sent to the website, and emailed to the DIG board. Sheila provided the correct email address for DIG's copy of the minutes to be sent to.

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

Carol advised that she had still not heard anything from New Stream renewables concerning the application and would chase that action up.

***Action:** Carol Thomas to follow up the application to NSR*

5) **Board Decisions made by Email**

Carol reported on the Board decision to amend the registered company address from c/o The Post Office to The Old School. This was passed by Interim Electronic Voting and has now been actioned.

Carol advised that there would now be action required for the address to be updated on the header and footer of the Minutes, amend company templates, update the website, and change in all the various places the registered address appears. There will also be a requirement to update the Directors Briefing Pack, note the agreement in the briefing and circulate a new copy to all members of the Board.

Sheila thanked Pam in advance of undertaking as this would be a significant workload, and thanked Carol for once again, making the Old School address available to be used.

***Action:** Admin to update new registered address as required and re-issue Directors Briefing Packs.*

6) **Communication since last meeting**

List of communications received has been circulated to the Board.

Carol confirmed that she had completed the survey for SIS. There was nothing contentious or different to previous questions, and she expected that we would receive a copy of the report once completed.

Sheila would discuss the communication from Foundation Scotland in

her report later.

7) **Chairs Report**

- **CBF Payment 2020**

The Community Benefit Funds stream is now live and open for applications. This is a huge step forward for us with Foundation Scotland and with our entire operating area that benefits from this. This is real progress.

£10,000 has been allocated to the Open Grants Stream and it will be interesting to see what appears there, who is applying and how our local community is being helped.

- **Main Report**

On further items Sheila reported that DIG has now joined the Development Trust Association, DTAS as it is known for short, which is in her view a good move as this will help to sort out a few glitches that came to light after their AGM of September. Sheila left this for Carol to expand on in her later report.

It was advised that DTAS will give advice where OSCR is not terribly helpful. OSCR is the Office of the Scottish Charities Regulator, and equivalent of the Charities Commission in England.

There has been a vast amount of Shareholder update work to be done. This is ongoing and whilst functioning slowly forwards, Sheila felt it was going faster than she had hoped for with having Pam on board and now helping Sam.

There has been correspondence from Triodos. Sheila felt there were a few oddities where somethings seemed to go to all signatories and some only went to one or two. Carol advised that as she was listed as the primary contact on Triodos some items would only be sent to her for circulation.

Sheila was pleased to report the loch level is beginning to inch back up, which means that the barrage at the Pass of Brander has now stopped doing what they had to and she thinks the sluices are now closing again up there. The standing stone has water around its feet again, which is good to see.

The CINK service is due this week, which Peter will be talking about. Also, the Stop Logs have now been fitted, which again Peter will talk about, and the folding bridge is due for delivery and installation.

The water level is at the lowest it has been since 1976, effectively

within local living memory.

This effectively brings us to the end of the Chairs report. Carol will be talking about a couple of matters later.

8) **Company Secretary Report**

The Chair handed the meeting to Sam, for the Company Secretary Report.

Sam began by referring to the mention in the minutes of the last meeting regarding her working commitments. She currently has some very strange hours for training, which often conflicts with the meeting times and catches her unawares. This evening she is supposed to be assessing portfolios, however she told them there would be a twenty-four-hour delay as she could not miss another meeting.

Before beginning her report Sam asked a question regarding the number of meetings a director could miss, as in September she will be on holiday and away, and in October she has a medical appointment that will prevent her attendance.

Sheila advised Sam that as she is an elected director who keeps in communication with the board this would not be a problem.

Carol advised that there is no set number, furthermore a director can only be asked to leave if the majority of the Board request it.

- **Shareholders Report**

Sam advised that as Carol and Pam had been dealing with the Shareholder activities, she would be handing the report over to them. Three-way conversations have been ongoing, with Sam being asked various questions and given her approval so that Carol & Pam could get on and deal with the shareholder stuff as quickly as they can.

Carol took over as the Director responsible and advised Pam would contribute as and when required.

The first activity is for approval of share requests. Circulating the news of the Open Grant Funding going live seems to have inspired several investors, because we have had applications for investments coming through.

In line with GDPR and our policy, there will be no reference made to any shareholders by name. However, we will refer to the unique shareholder number.



We have three applications to be approved by the Board tonight. All three are within their £25,000 limit, and all three are existing shareholders.

A111 has added £9,000 to their holding.

A067 has added £2,000 which is being invested for young people under sixteen and held on their behalf.

A037 has added a further £1,000.

Carol saw no reason to object to any of the applications. She knows that Andrew expressed concern at the last meeting due to the lack of water running, but as Carol said then and would repeat now, we pay our shareholders interest not dividends and there is nothing to assume that we wouldn't continue to pay interest given that we know the bank account is very healthy.

Carol asked the members of the Board to give their votes, and the matter was passed unanimously. This will now be actioned.

The issue of share statements and certificates is still ongoing, but we are now down to sorting a few corruptions that we had in data. This was not altogether a surprise to Carol. Sam had thrown up a couple of things last year that didn't appear to be working right in the spreadsheet. Pam has done a lot of work pulling it all together, and she will once she has completed the work, be sending a letter or email to all shareholders showing what their share record holds and asking them to confirm or correct their data so that we can be certain the data is clean.

She will also be looking into the options for a proper database that will be much more secure than a massive excel spreadsheet.

As the change of registered address has already been dealt with Carol concluded her report.

Pam added a brief update that all share certificates had been dealt with. All that remained, excluding the queries, was the shareholder statements to be emailed to those who took the cash option. The payments had all been made into their banks some time ago, and Pam anticipated this would be completed in the next 48 hours or so.

The Chair thanked Sam, Carol, and Pam for the report.

9) **Finance Report**

As Andrew was absent from the meeting the Chair asked Carol to report.

Carol began by confirming that the Members had all received the Management Report. The item she wished to draw attention to is the

P&L (Profit & Loss report).

In July there was no revenue generated because we didn't generate any power at all in July. Board members should note that affects our P&L when it goes through.

Currently on a year-to-date basis, we are running at a net loss of £34,696. We have not yet started generating again; however, we have the expectation that sometime in August we will start generating, and most Septembers are normally wet.

We could, however, be in a situation of reporting a loss at the end of this financial year. This is certainly a possibility and really depends on whether we generate above or below plan. Remember though that the plan is 115% of low flow data P50. We put it up when we had beaten low flow data every single year so far, including our first ten-month year.

Carol advised that she had not done the generation data prior to the meeting because of other demands she has had on her time. However, she will get the generation data about before the end of the week. We are very close to projection and very close to the level at which the turbine will start.

The balance on hand at the bank is £191,457.62p, which is healthy. The next SIS payment goes out in September, and we are still owed a small sum from Feed in Tariff (FIT). The bank balance will increase by £9,000 when a cheque from the investor reaches the bank account. Additionally, Carol advised that apart from SIS there are no big bills due for payment.

There being no questions the Chair thanked Carol for her report.

10) **Operational Report**

The Chair handed the meeting to Peter for the report.

Peter began by advising of one issue at the beginning of the month where we managed to run out of water for the village. The supplementary intake that we installed to the bed of the river, which is at the lowest point, and therefore sits in the gravel at the bottom of the river, got blocked up. As a result of that it stopped feeding water into the plant.

This is an indication of how low the river had gone, and the only way to take water out of the river when it is as low as that, is to have the supplementary intake at the lowest point possible. The problem then occurs that the intake point is prone to becoming blocked with gravel.

The operations team stepped up their visits to manually kept the intake clear and keep the village supplied with water. The positive side was that as the operations team are local, they were able to respond immediately and clear the blockage within a couple of hours. Going forward Peter has spoken with CINK about the adding an additional alarm to our alarm sets such that if the level in the feed pipes falls we would receive an alarm and the operations team would be able to clear any blockage before there was an interruption in supply.

Peter will advise the board when he has a costing.

The Stops Logs have all been fitted. The fitting went extremely well, which was a testament to how well constructed the job was. Once fitted it took half an hour to take it back down and will be capable of being handled by a single person.

The bridge is the outstanding job; this is under construction currently and is expected to be fitted within a couple of weeks.

Peter has emailed DA McDonald to arrange a site visit when he is next up so they can show the Stop Logs and how they work. We have now created a situation where servicing and work can take place regardless of the river flow at the time, which will effectively remove cancellations, delays and the respective costs incurred

Peter has sent two photos of the weir face today showing the wear that is occurring. Ideally Peter would like the forestry Commission to undertake some work to stabilise this.

After discussion it was agreed that the Forestry Commission would be approached and asked. That if they were unwilling to undertake the work themselves, their agreement should be gained for Awesome Energy to undertake the necessary.

There were no questions, and the Chair thanked Peter for his report.

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

Sheila handed the meeting over to Carol to report on and explain to the board.

Carol advised that she would take questions at the end of her report, would give a short background, and requested that any names mentioned be excluded from the minutes.

Carol reported that she was asked to help the DIG Board following a few recent changes, not least of which was the resignation of the Chair following the fire last month.

She was asked to help the DIG board review their accounts with their



accountant prior to the AGM and got involved with a number of questions related to the AGM. This resulted in firstly the AGM being postponed from the 29th July, which as yet has not been rescheduled as there are a number of points of order and processes that they are trying to sort. This is how they discovered that OSCAR will offer no advice and it was realised that for the expenditure of £90 they could join DTA Scotland and get free legal advice and various other bits and pieces, all of which has happened.

At the meeting with the accountant, most of which was pretty straight forward, Carol asked why she could not see the CBF money as it was a restricted fund. It should be showing in the restricted funds as a receipt and the expenditure of that restricted fund should also be showing.

The Treasurer said that the then Chair of DIG, who was instrumental in pushing for the funds to be released in March 2020, had advised the Treasurer that the money was not a Restricted Fund.

AED Board members would recall that the fund was released after a long discussion with SIS and others, with Andrew putting papers to the Board explaining why we could only release unallocated retained reserves, i.e., profit that wasn't needed to be held back for anything else. SIS themselves writing to the AED Board and pointing out that the £200k+ we had in the bank was not ours to use outside of planned expenditure, because at that point we owed them £1.2 million.

Following those discussions and events, the AGM approved the proposal to release 100% of the profit that had been in unallocated retained reserves, direct to DIG as a COVID19 relief fund.

The DIG Treasurer took an action from that meeting with the accountant, to look at what the CBF money had been spent on. The money was received on the 26th of June 2020, and initially she sent Carol a list that spent everything except £388, but then released that the first £1500 was actually spent before they received the money. This sum was inadmissible because you cannot pre-empt restricted funds without prior agreement.

Of the money that they have spent, both before the end of their current financial year, which was the 5th February 2021 and since then £278 was for COVID related activities. The rest was spent on roof alterations for the laundry as the roof was too low, and was a Health & Safety risk, repairs to the back road, new benches outside the laundry, spraying invasive Knotweed, preparing the Community Action Plan (one that whilst not Covid could be considered), money to put a new gate on the boat path slipway, and on legal fees for the problems they discovered with the POD leases.

The situation we face is that the Chair of the DIG Board, who was also



an AED director, is currently not on the Board, but there is nothing to stop her or the other board member who left last July re-joining the DIG board because there has been no formal action taken against anybody.

That is not for AED to be concerned about, but what AED should be concerned about is that Community Benefit money was handed over in good faith, for a very specific purpose after a lot of consultation and negotiation regarding if and how it could be done. Immediately it was received it was redirected by said Chair effectively without the Board themselves being aware of everything that happened. Although Carol did point out that at the time the money went to the Board there were five DIG directors sitting on AED's Board of Directors.

However, further investigations revealed that during that period, the minutes of the DIG board meetings, show very little financial detail. In fact, there is no mention of them receiving the money in their minutes, just references to them not having received it.

The Board is aware that the agreed CBF sum of £65,500 was paid to Foundation Scotland in June. That results in some £50k+ being available to the Community, which has been distributed across the four funding groups. Strategic Grant to DIG £40,000, Open Grants £10,000, Education and Training Bursaries £4,500, and the Micro Grants £3,300.

In the contract that we approved and agreed a little while back, Foundation Scotland are required to make sure that DIG is planning to spend the money on qualifying projects. They are not allowed to spend the Community Benefit fund to shore up the business if it is making a loss. DIG is running at a loss because the toilets and showers are costing roughly £4000 more than income related to them every year. That is not sustainable.

Carol reported that there are still members of the DIG board who think they shouldn't have to do anything for any money because AED has hundreds of thousands in cash, which should be given to DIG, instead of sitting in AED's bank. DIG has had to spend a lot of money on legal fees trying to sort out the mess that is the POD's and everything else.

The £6,256, minus £278 cannot be restored to restricted funds, DIG do not have the money. They have £2,000 in their bank and that is all spoken for.

Ours is not the only fund that has been misappropriated in this way, but ours is the only one that matters to us. Sheila added that there were a number of grants received, and DIG received quite considerable sums of money through Argyll & Bute Council, the Highlands & Islands Enterprise and various others. Trying to sort out how and where these funds have been spent has been an absolute nightmare.

Carol has spoken to Foundation Scotland unofficially at present. She is on SIGNAL (a private message service) as is Rachel Searle, who is Tom Black's boss. They have had a few chats. The whole agreement with Foundation Scotland was set up with pared down costs that Foundation Scotland deduct from the fund.

Carol asked Rachel, how much it would cost if instead of giving DIG funds when they presented qualifying projects, money was only handed over against qualifying invoices from Project Contactors. This is the way Local Energy Scotland managed the CARES funding, which we used to build the Hydro. In other words, you sign up with suitable suppliers, you tell them they will only get paid on receipt of invoice, and there will be a brief delay because you will have to claim the money in order to then pay it out.

Rachel's answer was that they would do it free of charge at this stage, until we could demonstrate that the DIG Board was fit to manage large sums of money in restricted funds appropriately.

Carol is asking the Board today to approve that change.

Sheila and Carol both stated that the Treasurer of DIG is absolutely blameless and will resign as soon as the new Board is appointed. It is evident that DIG does not yet have the necessary skills on its Board to manage large sums and/or projects. Whilst the two or three key perpetrators were on the board there was a culture of bullying, misinformation, and outright lying going on about what was being done, how it was being done, and who was doing it. They didn't use the right project management or supplier selection. It was in fact 'jobs for the boys'.

Foundation Scotland have said they will do this free of charge at the moment and will operate a system that requires an invoice be presented before funds are released. They will still need to present a project, business plan and proposal.

Carol commented that if there is little or no Community Benefit Fund at the end of next year, it would reinforce the message that AED cannot guarantee a payment every year.

Sheila agreed with this statement.

Cath Auty stated that she was fully supportive of the change, and added that following recent changes she was now receiving minutes of the DIG board meetings. Her question was regarding the logistics as all the Fund Management paperwork had already been completed.

Carol advised that nothing would change from DIG's point of view. The Fund Management Strategy is complete, and the contract between

AED and Foundation Scotland is done. What Carol is proposing is that the Contract between AED and Foundation Scotland is amended to instruct Foundation Scotland to only release funds on receipt of invoices for approved projects. Foundation Scotland and Carol will explain the changes to DIG. Carol advised that the Chair of AED is also an active DIG Director and is in complete agreement with this proposal.

Cath fully agreed but was concerned about the reaction that could arise from this. Carol responded that she did not envision a significant problem, apart from perhaps one or two current DIG directors.

AED is not telling DIG that they can't have the money.

What we are telling DIG and Foundation Scotland is that, whilst we originally agreed with Foundation Scotland's proposal to release funds for agreed projects and to allow DIG to manage the funds disbursement, we now require that funds be released to DIG for approved projects on receipt of validated invoices from project contractors. We are amending our contract with Foundation Scotland.

There is not currently a DIG director on the board who has had proper director training in the last decade. There isn't a director on the DIG board at the moment who is actually au fait with the sorts of finance we are dealing with here. They don't have the advantage of an Andrew, they don't yet have the advantage of a Carol.

Carol has told Sheila that she will stand as a Director this year, but she will be the first person to stand down on the three year cycle. The whole DIG Board must, for various reasons, stand down and be re-elected, or have been co-opted since the last AGM.

Shelia advised that other members had simply had enough.

The proposal to ask FS to amend the contract was passed unanimously by all present.

Carol advised that she has a meeting scheduled with Tom and Rachel, on Thursday at 1pm at which, with the boards agreement the necessary amends would be made. Sheila confirmed she would be able to attend.

Carol concluded her report by reiterating that two of the Community Benefit Funds are up and running. Those two funds are fully set up, the panel for the Open Source Fund still needs to be appointed which is why the closing date for applications is in September. These are now active and are available to the Community to apply for funding.

Carol handed the meeting back to the Chair.

11a) Any Other Business

Last week Sheila received an email purporting to be from Campbell of Doune. This came from the genuine address of Hugh Campbell, who is the boss of Campbell of Doune Engineering, and was regarding the pontoons.

This turned out to be a phishing email. Sheila became suspicious when the email disappeared from her inbox. She telephoned Campbell of Doune and spoke to Morag who immediately confirmed it was phishing and advised that Hugh Campbell's email had been hacked. Sheila flagged it to HES I.T department which resulted in her laptop and associated equipment being scrubbed and quarantined. The IT department confirmed that it was a relatively new and extremely vicious attack. Fortunately, Campbell of Doune also have a very good IT company who were able to retrieve and deal with the problem.

This is something we need to be aware of. Keeping our systems as secure as possible whilst alerting each other to potential threats.

Carol advised that as AED owns none of the IT equipment the Directors or staff use, we cannot take any direct action. We need, as individuals, to keep our own systems secure, and take every effort to ensure nothing untoward is passed between the Board, our investors, or our suppliers. The Directors Briefing Pack needs to make clear that the directors are responsible for ensuring the security of their own machines and systems and ensuring nothing untoward travels between them and our clients or contacts.

Directors should also take action to contact the Board Members to advise and alert. This should not be via email but should be by text or phone.

Action: Pam to update DBP to include a section on IT security.

Action: Pam to investigate a group messaging system for use to send group texts to Board Members.

12) Date and time of Next Meeting

The next board meeting was confirmed to be held on Tuesday 21st September at 7:30pm.

Sam tendered her apologies in advance.

The Chair thanked everyone for attending and closed the meeting at 8:54pm



Minutes approved at Board Meeting #051 on 21st September 2021

A handwritten signature in black ink, which appears to read "Sheila M. Clark". The signature is written in a cursive style with a long, sweeping underline.

Signed by Sheila Clark, Chair.