

BOARD MEETING MINUTES

Date: Board Meeting #063

Present: Sheila Clark, Chair
Andrew Swann, Finance Director
Sam Marshall, Company Secretary
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Michael Odumosu
Cath Auty, DIG nominated director

Pam Stansbury, Administrator

Apologies:

Meeting Details: Date Tuesday 21st March 2023 at 7:30pm
This meeting was conducted via Zoom and was recorded

MINUTES of the 63rd Meeting of the Board of Directors

The meeting opened at 7:30pm.

1) **Apologies**

There were no apologies for absence.

2) **Conflicts of Interest**

There were no changes to the normal conflicts of interest, as per addendum.

3) **Approval of Previous Minutes #062**

The minutes of the previous meeting held Monday 19th December 2021 were reviewed with the following correction. In page 3, Chair's report Lease Resumption was corrected to capital letters.

The minutes were proposed by Carol Thomas, seconded by Cath Auty and approved by the board unanimously.

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

There were no matters arising not covered by the agenda.

5) **Board Decisions made by Email**

There were three Interim Board decisions made by the board.

- 1) 3rd February 2023. Approval of the AGM date, which will now be held on Saturday 20th May 2023.
- 2) 13th February 2023. Approval of the changes to EDF (Education & Development Fund) with Foundation Scotland. The first change allowed for two applications from one person in the same year, so that they could both learn to drive and undertake training in the same year. The second was to increase the sum available in light of increased costs.

The board were informed that Foundation Scotland had been very impressed with the alacrity in which the board responded.

- 3) 27th February 2023. The withdrawal of two separate share holdings were also approved by the board.

Sheila advised the Board that following the agreement of the AGM date a work function scheduled for the week preceding had been rescheduled, and she would now not be able to attend the AGM. Sheila has asked Sam as Company Secretary to both give the Chair's report and chair the meeting. Sheila will be preparing the report herself as Chair.

6) **Communication since last meeting**

List of communications received has been circulated to the Board.

Admin advised that four items had been highlighted that were related to increases in price on BT, Zoom and TeamViewer, and one starting the communication process for our insurance renewal. The increases were discussed briefly, however as all three items are essential to our operations they are accepted as unfortunate but necessary increases.

Carol confirmed she had responded to Marsh Commercial with the update on our trading position as our insurance does include an element related to loss of earnings, and our forecast is substantially higher this year.

There were also two invitations to attend AGM's and Summits, which if any member were interested they could request the information from admin. Both functions can be attended online.

There were no other communications requiring attention.

7) Chair's Report

Since the last meeting, Andrew Carol and Pam have overseen the end of year financial work required for the year ending Nov 2022. There has been significant activity, which has been fairly expected for this time of year. A significant proportion of that work has been undertaken with Armstrong Watson.

The Sink hole has had no action on repair. However, Carol advised that Forestry have now accepted the responsibility, as confirmed with the Lease Resumption. Carol also advised that the work on the Lease Resumption is completed, apart from her sending an email confirmation, which she will take an action to complete.

Sheila also advised that there had been some activity at the Hydro recently when Peter discovered a digger undertaking work on the access road close to the location of our communications cables. The subcontractors were investigating a mains water supply problem and were working on behalf of Hacking and Paterson (the water factors).

The issue was discussed in more detail by the board. Carol provided more information on how the water supply was managed, and Peter advised that the contractors on site had been very co-operative and polite when Peter discussed the potential issues with them.

Following discussion it was agreed that a simple contact with the factors and local contractors would be made, advising them of the potential dangers and requesting notification of any future works. We are able to provide schematics showing location of all underground pipes for any future works.

We are currently preparing for the AGM, which Sam will discuss in more detail during her report.

Actions: Carol to conclude Lease Resumption work with Forestry. Carol & Sheila to contact factors and local contractors regarding underground works.

There being no questions and nothing further to add the Chair passed the meeting to Sam for the Company Secretary report.

8) Company Secretary Report

- Annual General Meeting 2023

Sam drew the Board's attention to the document circulated earlier today by Pam, concerning the preparation work needed for the AGM.

The save the date & newsletter went out to Members on 5th February, a reminder is due to be sent in March and a final invite and documents pack will be sent April.

There are several documents required for the AGM, which are:

- Invitation and link to the Zoom meeting
- The shareholder AGM pack
- Draft Minutes of the AGM held 14th May 2022
- Draft Accounts for year ended 30th November 2022
- River Avich Hydro Community Benefit Fund - Year 2 report
- Nominations for Election to Board of Directors
- Ballot Paper: Election of Directors

These documents are sent out every year, and should be relatively straightforward. The dates however are very important to Pam.

The Shareholder AGM pack has to be with the Members no later than 29th April 2023, which means the reports and documents must be with admin no later than 15th April. Pam will then collate everything together and prepare the packs for them to be distributed for checks and edits no later than 22nd April 2023.

Pam confirmed she could send word documents of last year's reports for anyone who needed them and would send a director's bio's out to everyone. Board Members were requested to respond with either a confirmation approval or an updated bio.

The agenda will be created from last year's information. Pam, Carol, Peter and the Officers will compile the Business Summary. The various Officers will compile their reports. Sam noted that Andrew had already submitted his for which she thanked him. Carol & Pam will compile the Community Benefit Report and Peter the Operations Report.

The Directors Bio's will need to be updated, possibly with new pictures. Sam stressed that it is really important that the shareholders see who we are, and what we have been doing for them.

The Hints & Tips will be taken from last year's pack, which are helpful guides on how to use Zoom etc, and the Project Supporters will be included at the end of the report to give our thanks to those who have helped us.

The other items required are the Nomination forms and the ballot papers. The three directors standing for re-election this year are Andrew Swann, Peter Thomas and Carol Thomas. All three directors have already confirmed they will re-stand, and Andrew has provided his updated information.

Sam asked if there were any questions related to the AGM. Carol commented that with Tom Black leaving Carol would need to download the CBF report from the FS Portal, and requested admins help and reminders.

Pam advised that the final week between 22nd and 29th is to allow for proof reading and edits, for which the Board are all asked to assist.

Sam advised that she would be traveling to Thailand from 14th April and would not then be available until the beginning of May.

The relevant Directors will endeavor to produce their reports as soon as possible.

- **Forestry Lease Resumption Legal work.**

Carol having already updated the Board on the Lease Resumption work, there was nothing further to add on this.

- **Shareholder updates**

Sam advised the Board that we had sadly been notified of the death of a shareholder since the last meeting. Initial contact has been made by her solicitor regarding withdrawing or transferring holdings. Pam has been liaising with the solicitors as to the rules and processes. Pam is currently waiting on the solicitors for a response.

Pam added that under our rules unless there was a beneficiary letter in place, which in this case there is not, we only have the option to buy back the shares from the estate of the deceased. However the husband, who is also a shareholder has already stated that he wished to reinvest the funds back into shares. Currently the solicitor has the withdrawal on death form and an additional share purchase application form. It is expected that both transactions will happen at the same time. This is currently in the hands of their solicitor, as to how they wish to proceed.

Carol suggested that Pam put Johnny Bell on standby in case we needed to check over any legal documents, particularly as this was the first death of a shareholder we had needed to administer.

We are very close to 525,000 shares and potentially closing the Open Share offer. It has been raised that we are actively seeking to recruit new Board Members, who would need to either be or become share holders, unless they were DIG nominated representatives.

Sam's particular consideration is that we do need to recruit people with financial and other essential skills to replace existing officers when the time comes that they wish to stand down. She therefore felt it was important to have a discussion with the Board on how we handled this matter.

A discussion took place over how much share capital we should hold from a financial consideration and whether we should withdraw the Open offer from

the website but keep it open for direct applications. It is understood that our rules also allow us to appoint a director with financial skills, if required.

The benefit of shares against loans was discussed together with the financial implications. Andrew confirmed that the current loan projections showed us clearing the SIS loan by 2030. Whilst we should not be pushing share purchase, we may consider bringing forward the loan repayment date. We also need to consider how we begin to redeem the share capital when required. This is an issue that may require consultation with other appropriate agencies. There is a range of issues to consider, including the potential of a second or third life of the Hydro.

Pam confirmed that the current shareholding was £519,056, and that last year our share option added a further seven to eight thousand. Assuming there is little change in the options this year, the current holding together with interest taken as shares will take our total holding to over £525,000.

The potential to see a change in options because of the current interest rates and economic climate could well have an impact on the number of options being taken as shares.

Points were raised concerning the requirement for approval at AGM for both changing the share option and closing the share offer. It was confirmed that the option to take shares as interest was approved by resolution at AGM and could be presented as a resolution to remove the share option if we thought it advisable. A resolution was also passed at AGM which stipulated we would close the Open Share offer at £575,000 and limit individual holdings to £25,000. If we wished to close the share offer prior to the £575k or keep it open beyond that point, we would need to take it to the AGM for vote by the members.

After some discussion it was agreed that the share offer should be removed from the website, and active promotion. However, the share offer will remain open for direct applications until the limit is reached, or the board decides to recommend early closure to the Members.

It was also agreed the share option on interest would be continued for the year ending 30/11/22, although it should be advised to members that this may be discontinued in future years.

(See addendum for resolutions and rules extracts)

- **Data Protection Policy & Data Protection Act 2018**

There were no updates or changes on GDPR to report.

- **Director's Nominations & Declarations.**

It was confirmed that there had been no new applications to join the Board for this forth-coming AGM, therefore it would only be the three existing Directors

standing. There has been some interest expressed in some quarters, however not for this AGM.

The Directors Declarations will be actioned following the AGM work.

Action: It was requested that Pam would add the resolutions passed at AGMs to the Directors Packs, to ensure Directors could easily find the information required. This will be undertaken after the AGM.

There being no questions and nothing further to add the meeting was handed back to the Chair.

9) **Finance Report**

The Chair thanked Sam for her report and handed the meeting to Andrew for the Finance report.

The Board had received copies of the Year End Accounts, together with cashflow documents, treasurer's report, and management reports.

• **Year End Accounts.**

Andrew began by advising that our accountants had only made one error. This involved our tax position, which allows that payment to shareholders, and payments to Community Benefit Fund are both treated as an allowable expense. This is unique to Community Benefit Funds, and likely to cause the same issue with any other accountancy firm..

Once this was identified it was resolved quickly, and Andrew is now happy with the figures presented. Andrew commented that if we moved to another accountancy firm we would probably experience the same problems. The accounts however, had been prepared fairly quickly with little need for correction.

The year end accounts show a very good position, Andrew had distributed a new version of the Cash-flow model, a commentary, and a draft of the report for the AGM. Within that he is recommending a payment of £100,000 to CBF. The financial cashflow model (18) also takes into account the very high rate we are going to receive for our energy this year and assumes that we will probably be recommending a further £100,000 payment next year. The analysis also confirms that even at Low Flow 50% levels we will be able to fully repay our SIS loan commitment by 2030, simply by maintaining our quarterly repayments.

If this year continues as our first quarter, which has shown generation above our expectations we may be considering how we could repay our loan before 2030. This is a fine balance and will involve looking at our tax positions and taking a more in-depth view.

Andrew asked if there were any questions from the Board on the Year End Accounts. The accounts look positive, and Carol was happy to proposed the accounts being presented to the Members at the AGM.

Carol raised a question. She informed the Board as a result of the new rates, in February (a 28 day month) the net income to us for PPA was £54,503.10. Although we exceeded our targets, which will not continue throughout the summer, this does give us an indication of how the new PPA will effect our income. This will probably impact our tax risk question and Carol asked if we should give a heads up to the members of that potential impact.

Andrew responded that if we achieved 100%, the income for the coming year is forecast at £425,000. If we achieved 115% of target we could generate close to half a million income. On that basis Andrew predicts we will start paying tax sooner than originally expected. Potentially, having worked through our remaining tax allowances, we could begin to pay taxes in the coming financial year. Andrew has referenced this in his report for the AGM.

Andrew raised the question for the board to approved the payment of the £100,000 CBF, and 4% interest to the Shareholders.

The Board unanimously agreed the proposals and acceptance of the accounts for presentation at AGM.

• **Management and Year to Date Position.**

The year to date has been going fairly well. The management report shows that we are generating well, and are now benefiting from the higher tariff, which will have a knock-on effect on the Cash position.

There being no further questions, and nothing further to add Andrew handed the meeting back to the Chair, who thanked him for his report.

10) **Operational Report**

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

• **Operational Activity and Generation Data**

As already referenced Peter confirmed we are 130% of target for the year to date, which is great. The figures are January, 177k against 120k target, which was a big month. February, we did 185k against a target 91k, which was even better.

March so far; the month started with some heavily frozen ground and a reduced flow. This has now picked up and we are currently at 64,000kWh for

the month. However, the distribution company has a curtailment on, which means we can only put 50kWh into the grid. We are currently running at 45kWh. This does mean that over the next few days we will only make around £1,000 instead of £8,000 to £9,000. However, there is now plenty of rain and flow down the river so we are likely to still hit our 91k target, making March an average month rather than an excellent one.

The point raised earlier was a good one in that we are not only generating above our target, but the rates we are receiving have also gone up substantially. We are therefore almost doubling the money we receive.

There was a problem with contractors around the site, who were digging to investigate a mains water blockage. They identified the problem as being incorrectly designed pipes which resulted in a narrowing section likely to block. They resolved the issue by simply clearing the blockage, and did not replace the pipe work. Potentially this means the problem is likely to repeat itself.

There were also gullies being dug around the road without those contractors being aware of the water pipe was beneath the road. Peter will contact Stephen Kennedy as we have schematics showing the pipe works and have spare water marker poles. His intention is to put poles either side of the road to indicate the location of our pipes.

The two actions to come out of this are to mark the underground locations on the road, and to write to Forestry to ask them to advise us when they are doing similar work around our installation.

The SEPA report has gone in for our notification to Environment Agency Scotland.

In general terms it has been business as usual, The team visits for maintenance and checks. They also put in a small heater to warm the powerhouse, when the water was frozen and the turbine was unable to operate. Normally the turbine generates heat which keeps the power house warm enough to keep operational. Whilst the turbine was stopped a heater resolved the problem and kept the power house warm enough.

Regular greasing has occurred as scheduled and required.

Lastly it was reported to the Board, that the Christmas gifts were greatly appreciated by the team and produced some very happy faces. This was recorded as a worthwhile exercise and worth repeating at future years.

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

11) **Community Benefit Fund**

The chair handed the meeting to Carol for the Community Benefit Fund report.

Carol had two items she needed the Board to vote on. Both items have been reviewed and agree by the DIG board. Carol will deal with these first and then talk about plans in regard to fund usage.

- **RAHCBF (River Avich Hydro Community Benefit Fund) management.**

Firstly Carol advised that no money had released from Foundation Scotland or distributed from the Micro grants. The reason for this is that AKCC (Avich & Kilchrenan Community Council) had agreed to oversee the Micro Grants. Historically this had been implemented to allow the fund to spread over a slightly larger area than the other streams, covering the whole AKCC area, and allowing more grass root groups to benefit. The reason AKCC had received no money from Foundation Scotland was that they had not submitted their last annual accounts or accepted the terms and conditions. AKCC consider that a statutory body cannot hand funds over to anyone other than registered charity's. This of course is not the intention of the fund, and has resulted in an impasse. AKCC have therefore withdrawn from the fund management.

DIG have agreed that they are happy to administer the Micro Grants, via a sub-committee to allow distribution of the grant. DIG already manage the An Suidhe Micro Grants, and the RAHCBF has to be managed by a constituted group.

Carol asked the board to approve the management change which they did unanimously.

- **Fund strategy amendment to Micro Grant Limits.**

Remaining with the Micro Grants, there is a request to amend the strategy in regard to grant limits. Back in 2019 during conversations with DIG, five strands were nominated for the fund. One was removed because it nominated money to go to charities outside of the DIG area which was not allowed. During those discussions the Micro Grant limit was set to £1,000. The limits are currently up to £350 for individuals and up to £1000 for groups. During recent discussions this limit was questioned by Foundation Scotland as all other Micro Grants have an upper limit of £500. One of the reasons for the £500 limit is that Micro Grants normally have an Open Source Fund running alongside them with limits from £501 to the agreed upper limit. Our Open Source Fund is currently £3,000.

DIG Board have discussed and agreed to have the limits reset to Foundation Scotlands recommendation, and to change the strategy to allow constituted groups to apply to both the funds. This will also bring us in line with best practice and other Fund strategies across Scotland.

Peter questioned the reason for this. Carol explained that the reason behind the strategy is that unconstituted groups cannot be asked to produce accounts or comply with good compliance. The £500 limit keeps them within existing OSCR and governance rules. Following discussion when information was

given to the AED board, that individual applications identified as deserving a higher funding, could and would, be invited to form a sub-committee for that project, under DIG's umbrella. This ensured that the project would conform with governance guidelines and open additional levels of funding. It was also confirmed that the levels could be raised in line with increase costs, as evidenced by the recently approved increase for the EDF, and as evidenced by past actions when the individual limit was previously increased from £250.

The Board approved the change, with one Member against lowering the limits and with the assurance that levels could be raised to allow for inflation and increased costs.

- **Community Benefit Fund report.**

Carol was pleased to report that Dig has been granted £5790 to replace a washing machine and instal a detergent dispenser. This machine installation is currently underway, with the dispenser already installed. Carol should be able to advise on the completed project at the next Board meeting.

DIG has completed substantial work on getting their financial accounts, management and governance into a better position. Foundation Scotland have a scoring regime, where if you are under 9 points you would have to work very hard to access any funding. At the beginning of last year DIG was running at a score of 5, they are now running at a score of 13. DIG's financial year started Feb 6th, 2022, with a balance of £1300 in the bank, of which £1,000 was restricted funds. At the end of the financial year, 5th Feb 2023 they had ten to eleven thousand, of which only £2,000 was restricted funds. Foundation Scotland are very pleased with the improvement.

However, in the Fund Strategy DIG is supposed to have an Action plan, their five-year strategy and the Community Action plan in place. DIG has found it very difficult to get the Community Action Plan done, and Foundation Scotland have recommended that the recruitment of the Development Officer be brought forward.

The Development Officer will be recruited to assess the potential, make recommendations on the use of assets and make plans to improve the resilience and future of the community. It is almost certain that the production of the Community Action Plan will be included in their remit, however if not an outside agency will be engaged to produce it. The Development Officer is expected to cost in the region of £75,000 over the two years.

DIG already have in the pipeline two projects that will cost in the region of £60,000. One being the back road, the second the Jetty. Both of these projects have a long process to go before they can be started. This potentially includes lawyers to discuss the burden on home owners with properties on the back road. The back road is expected to cost between twelve and twenty thousand.

Carol reported that although it had been a long struggle, things were beginning now to filter down with the benefits from the fund starting to be evidenced.

It was asked if the board would be presented with a list of expected outcomes from the recruitment of the Development Officer. The DIG board will be holding a meeting next week to discuss the strategy and objectives. This would be made available to the AED Board. A question was raised over the management of the development officer. It was confirmed that DIG would be managing them with the assistance of DTAS (Development Trust Association Scotland). The Board discussed the matter with a view to being able to see evidence of the progress as it is made, and ensuring that a positive result is achieved. Sheila confirmed that the support from Foundation Scotland and DTAS is being utilized to put in place every possibility of the results being positive, and being able to show deliverable results as they occur.

Carol advised that the proposal would need to be approved at the DIG AGM in May.

There being no further questions Carol thanked the Board for approving the amendments, and confirmed these would now go back to Foundation Scotland for the relevant Fund Strategy documents to be amended.

Carol handed the meeting back to the Chair, who thanked her for the report.

12) Any Other Business

There were no other matters arising from the meeting.


13) Date and time of Next Meeting

The date of the next board meeting, which will be after the AGM, is scheduled for Tuesday 20th June 2023 at 7:30pm.

Admin requested Board Members to watch for notifications of AGM documents to review, and invites to a test Zoom presentation, and asked that where possible they respond quickly.

The Chair thanked everyone for attending, and closed the meeting at 9:47pm.

Minutes approved at Board Meeting #064 on Tuesday 20th June 2023



Signed by Sheila Clark, Chair.

Addendum – Extract of Rules and Resolutions relevant to Meeting.

Rule 66 & 67 of the Company Rules

Co-option of Directors

1. In addition the Board of Directors may co-opt up to two external independent Directors who need not be Members and are selected for their particular skills and/or experience. Such external independent Directors shall serve a fixed period determined by the Board of Directors at the time of the co-option, subject to a review at least every 12 months. External independent Directors may be removed from office at any time by a resolution of the Board of Directors.
2. The Board of Directors may at any time fill a casual vacancy on the Board by co-option. Co-opted individuals must be Members of the Society and will hold office as a Director only until the next annual general meeting.

Extract of AGM minutes held 4th May 2019 – Item 7

7 - Resolution to pay shareholder interest

Proposed Samantha Marshall, seconded Brain Saxby. Unanimous show of hands.

A letter will be sent to all shareholders to check names/addresses/bank details so it can be paid electronically.

Extract of AGM Minutes held 16th May 2020, Company Secretary's Report – Item 4 b

i. Resolution to allow the option to convert interest to shares

- Proposed by Pam Stansbury
- Seconded by Dawn Corbett
- 28 people voted in favour.

Extract of AGM Minutes held 15th May 2021. Company Secretary's Report – Item 4.d

The ongoing open share offer has seen increased investment by existing shareholders, and we thank you for your continued support. However, the Board would like to propose two changes to the share offer.

Firstly, we propose that when the share investment reaches £575,000, we will close the share offer as we will have enough to meet our requirements at present.

We are also proposing that we limit individual shareholdings to £25,000 per person.

While the open share offer is still running, any individual who holds £25,000 or more in shares can still receive interest in shares, but they will not be able to introduce new money into their portfolio. At the point when share investment reaches £575,000, we propose to close the share offer and at that point all interest will revert to cash payments to your nominated bank account.

Resolution to close the open share offer when we reach £575,000 worth of investment.

• 25 shareholders voted in favour, so this resolution is carried.

Resolution to limit individual shareholding to £25,000

25 shareholders voted in favour, so this resolution is carried.

Addendum - Conflicts of Interest

Director	Conflict of Interest
Sheila Clark, Chair	Company Secretary on board of Dalavich Improvement Group
Andrew Swann, Finance Director	
Sam Marshall, Company Secretary	
Peter Thomas, Operations Director	
Carol Thomas	Treasurer on board of Dalavich Improvement Group
Michael Odumosu	
Cath Auty	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
DTAS	Development Trust Association Scotland
EDF	Education and Development Fund
FCA	Financial Conduct Authority
FES	Forest Enterprise Services

FIT	Feed in Tariff
FLS	Forestry and Land Scotland
GDPR	General Data Protection Regulation (Data Protection Act 2018)
HMRC	Her Majesties Revenue & Customs
ICO	Information Commissions Office
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
RAHCBF	River Avich Hydro Community Benefit Fund
REGO-FMD	Renewable Energy Guarantees of Origin - Fuel Mix Disclosure
SEPA	Scottish Environmental Protection Agency
SIS	Social Investment Scotland