

BOARD MEETING MINUTES

Date: Board Meeting #064

Present: Sheila Clark, Chair
Sam Marshall, Company Secretary
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Michael Odumosu, Elected Director
Cath Auty, DIG nominated Director
Patrick Marshall, Elected Director
David Wilkinson, Co-opted Director

Pam Stansbury, Administrator

Apologies: Andrew Swann, Finance Director

Meeting Details: Date Tuesday 20th June 2023 at 7:30pm
This meeting was conducted via Zoom and was recorded

MINUTES of the 64th Meeting of the Board of Directors

The Chair opened the meeting at 7:30pm. She welcomed David Wilkinson to his first meetings and introduced him to the Directors.

1) **Apologies**

Apologies for absence were received from Andrew Swann, who was travelling for an event away from home.

2) **Conflicts of Interest**

There were no changes to the normal conflicts of interest, and no conflicts to add for the new directors. It was noted that Pam Stansbury, our administrator is also now Chair of DIG.

3) **Approval of Previous Minutes #063**

The minutes of the previous meeting held Tuesday 21st March, had been distributed to the board previously.

The minutes were proposed by Carol Thomas, seconded by Sam Marshall and approved by the board.

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

There were no matters arising not covered by the agenda.

5) **Interim Board Decisions**

There were two Interim Board decisions made by the board.

- 1) 25th March 2023. The insurance premium was approved with Marsh Commercial and has now been completed. For the benefit of the new directors, Carol advised that we are very limited on our options for Renewable Energy Insurance. Marsh Commercial are our brokers, who have our insurance spread over three separate entities. The Insurance documents can be forwarded to the directors by admin if requested.

A question was raised regarding the need to update the insurance when the bunded store is completed for storage of oil and fuels. A further point was raised to check the fire extinguishers within the powerhouse.

- 2) 20th May 2023. Approval to co-opt David Wilkinson to the Board of Directors.

6) **Chair's Report**

- i. **Chair's Welcome.** The Chair welcomed all the directors to the first meeting following the AGM. She particularly welcomed Roo (Patrick) Marshall who was elected at the AGM, and David Wilkinson, who was co-opted following the AGM.
- ii. **Confirmation of Officer Positions.** Following a brief discussion all officers were confirmed to their existing positions. It was noted that whilst Andrew is looking to find a successor, he is happy to continue until such time. Sam is also happy to continue but is also prepared to stand aside if a successor comes forward.
- iii. **Annual General Meeting review.** The chair began by thanking Sam for chairing the AGM on her behalf and apologised for the clash of dates which meant she had been unable to attend.

The Draft Minutes of the AGM had been circulated to the board prior to the meeting. It was noted that there were typography errors and some confusing sections. It was therefore agreed that Pam would review and rework the draft. The draft minutes will then be circulated to the board for an interim decision to be made.

It was noted that some shareholders have requested draft minutes be circulated sooner than in previous years. The minutes will be made available to shareholders once the draft has been approved by the Board. The draft should be stored on the secure page of the website and the shareholders notified via email or newsletter.

The date for the AGM was discussed. A provisional date was agreed for Saturday 11th May 2024. The meeting will again be held on Zoom.

A quarterly newsletter following each board meeting was proposed and agreed. The first of which should include the notification of draft minutes, and notification of the proposed date for next year's AGM.

Actions: Pam to review AGM minutes and recirculate for an interim decision.

There being nothing further the Chair passed the meeting to Sam for her report.

7) **Company Secretary Report**

- i. **Directors Declarations.** It is required by the FCA that all directors have to complete a declaration annually to advise of any potential conflicts of interest. Patrick and David have both been added to the FCA portal as new directors. The declarations will be circulated for update spring 2024.
- ii. **Shareholder update.** Sam advised that all statements are now prepared, and all certificates had been produced. These are now in the process of being emailed to shareholders.

Interest payments were made on Sunday 18th June for all cash option investors. There were four members whose details were rejected by the bank. These shareholders are being contacted for up-to-date information; their payments will be ring-fenced until their details can be confirmed and payment made.

Admin confirmed that £10,159.40 had been paid in cash interest, and £9,170 has been converted to additional shares. The share certificates are now all delivered by email, and only printed if requested by the shareholders.

Sam updated the board regarding the deceased shareholder. The relevant discussions with the solicitors have now been concluded and funds are in process of being transferred to the estate.

- iii. **Directors Briefing Packs.** These need to be issued to the new Directors as they stand. An action was requested to bring the pack up to date with recent changes, and to then be re-issued to all directors.

Actions: Directors pack to be distributed to David Wilkinson, and Patrick Marshall.

Admin to update existing pack and redistribute to all Directors.

There being nothing further Sam thanked the Chair and handed the meeting back.

The Chair thanked Sam for her report.

8) **Finance Report**

As Andrew was absent the meeting was handed to Carol for the Finance report.

- i. **Management report and current financial position.** The managements report and trial balance had been circulated to the directors prior to the meeting.

Despite the recent lack of generation, the financial position is looking healthy. Part of the reason for this is our PPA payments, which are received monthly in arrears, therefore the current lack of generation will be reflected in the management reports for next month.

P&L is looking fairly healthy, however should the lack of rain continue this could alter.

For the benefit of the new directors, some of the peculiarities of our accounts were explained by Carol. It was recommended that if anyone had more in-depth questions they should email, Andrew, Pam and Carol combined, who would then undertake to explain the various details.

- ii. **Treasurers report and recommendations.** Prior to the meeting Andrew had circulated his cash-flow analysis and his recommendations regarding share options and interest rates. Carol stated that despite Andrew's extensive paperwork, her preference would be to arrange an interim meeting to discuss when Andrew could be present.

It was proposed and agreed that an ad-hoc meeting would be scheduled after the 25th of June, with the meeting to be held on a Tuesday.

Questions were asked by David regarding the boards desire to retain shareholders, in relation to the interest rates paid. Debt and shareholder balance between interest payable on shares and interest charged on our loans, and the balance between Community Benefit Fund payments and loan reduction.

Carol took the opportunity to update the Directors on the strategy of the fund allocation, with our primary function being to raise Community benefit funds, together with the FCA rules regarding levels of payments and retained income.

When the share option redemption question was taken to Dave Hollins (CMS), he raised the point that when AED set their original share offer, they were working on a life expectancy of 20 years. This assumed that FIT was our primary source of income, which would cease after 20 years. However, with the increase of PPA and the call on renewable energy, this is no longer the case, and the hydro could be profitable long into the future.

The potential uses of the CBF were also raised, and Carol advised the board of the decision taken at DIG's AGM to recruit a Community Development Officer.

After discussion it was agreed to hold an interim meeting to discuss Andrew's proposals.

Actions: Carol to confirm suitable dates with the board and an interim meeting to be held with Andrew.

The management report format was discussed. It was agreed that the reports would be adapted to compare the month of this year, with the equal month of last year, or to compare the Year-to-date figures.

There being nothing further to add the Chair thanked Carol for her report, thanked David for his questions and input, and handed the meeting to Peter for the Operations report.

9) **Operations Report**

- i. **Generation data and operational update.** Until the end of April, generation was consistently above plan for every month.

In May we hit a drought and generation dropped to 6,047 kilowatt hours. With a forecast of 74,555, this was a significant amount below budget. To date in June, we have had no rain, and no generation. However, when we review our year-to-date figures, a different picture is shown. Our cumulative year-to-date at the end of May was 686,000 against a plan of 573,500, putting us ahead of plan. If we achieve no generation in June, we will still be ahead of forecast for the cumulative year. Effectively, we had a very wet start to the year, followed by a couple of dry months, leaving us on a half-year position slightly ahead of forecast.

Looking at the management reports our income is at 77% of last year's total, whilst we are 50% through the year. With the delay in payments being received we are probably ahead of the stated 77%. The dry spell could continue through June, but the rain will return, and the figures will pick up.

The team have been on site doing their summer work on the pipeline. They keep grass down and saplings cleared to avoid the danger of roots affecting the pipeline. The bridge has gone up and stones have been cleared from the upside of the weir. When the water level increases the sluice gate will be opened to allow the stones to flow downstream. They will be clearing the intake screen of any stones or debris that has accumulated over the next week.

The annual service is booked for the 16th of August. David and Roo both volunteered to be added to the training for the afternoon, and subject to availability will attend.

- ii. **Bunded store.** Peter became involved in Contingency planning for the area. A generator had been supplied previously by AKCC but had been misplaced. This has now been located, but several questions have been raised concerning its suitability, and storage. The unit has not been maintained and would probably be too small for its intended use. Currently this is under reviewed and will most likely be updated. Once sorted the generator will require storing, probably at the rear of the community hall and the diesel or oil required will need to be stored safely.

Following on from these discussions Peter identified that we have oil stored in our powerhouse, which should be stored more safely. As a community benefit company, it

would make sense for AED to install a bunded store where both our own oils, and the diesel for the emergency generator could be safely stored away from the community.

Peter had previously circulated some costings, which with installation included, would cost circa £3,000 to £4,000.

A discussion was held over sizing, requirements, options and protecting the aesthetics in the environment. Our own requirement to have oils stored separately, and the space we have available around the powerhouse within our lease area.

Installation options were discussed, which accounted for the additional costs over the circulated quote.

The bunded store was agreed in principle by the board. It was noted that Forestry would need to be contacted as the bunded store should ideally be placed away from the powerhouse. However as this is environmental protection Peter does not anticipate any objections.

Actions: Peter to cost and plan installation of a bunded store, and present back to the board.

There being nothing further the Chair thanked Peter for his report and handed the meeting to Carol for the Community Benefit Fund report.

10) **Community Benefit Fund Report**

- i. **Approval of RAHCBF (River Avich Hydro Community Benefit Fund) logo.** Prior to the meeting Carol had circulated a proposed logo for the RAHCBF logo. The strap line will be amended to read River Avich Hydro. Carol and Sam will improve on the graphics to remove any blurring. The logo will then be used for display on projects and in places that have benefited from the CBF.

The suggested logo was approved.

- ii. **Community Benefit Fund report.** For the benefit of the new directors Carol summarised the Fund Management strategy and the fund set up. Fund take up so far has been slow. However, before the next meeting Carol will be circulating to the Board a request to loosen the constraints on the Open-Source Grants.

This is to allow a one-off project that will cost around £5,000. There is currently around £17,000 in that fund strand. Fund take up has been slow to date. The proposed application would require a temporary lift to the limits.

Fundamentally, Foundation Scotland cannot award funds outside of the limits that AED and DIG have set and would, therefore require authorisation from the Board.

For the benefit of the new directors, Carol confirmed the set-up of the funding with FS, and the four funds available.

Actions: Carol & Sam to finalise logo for distribution.

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

The Chair thanked Carol for her report.

11) Communications

List of communications received had been circulated to the board prior to the meeting.

- The SEPA water scarcity letter was reviewed by Peter. He advised that AED should not be affected as we effectively take water out and put it straight back. SEPA may choose to impose restrictions that could affect the village supply. However, as the water flows from the river to the Loch, this is unlikely to impact the village. Peter has passed the correspondence on to Mark for his attention.
- SIS investee and customer survey needs to be completed before the end of June.

Action: Carol to complete survey with reference to Sam & Sheila where required.

12) Any other Business

There were no other business matters for discussion.

Date and Time of Next Meeting

The date of the next meeting will be Tuesday 19th September, at 7:30pm.

The Chair thanked everyone for attending and closed the meeting at 9:20pm.

Minutes approved at Board Meeting #065 on Monday 2nd October 2023

A handwritten signature in black ink, appearing to read "Sheila M. Clark", written in a cursive style.

Signed by Sheila Clark, Chair.

Addendum - Conflicts of Interest

<u>Director</u>	<u>Conflict of Interest</u>
Sheila Clark, Chair	Company Secretary on board of Dalavich Improvement Group (DIG)
Carol Thomas	Treasurer on board of Dalavich Improvement Group (DIG)
Cath Auty	DIG Nominated Director
Pam Stansbury, Admin	Chair, Dalavich Improvement Group

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