

## BOARD MEETING MINUTES

**Date:** 17<sup>th</sup> September 2019

**Present:**

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

**Via Conference Call:**

Sam Marshall (Company Secretary)  
Cath Auty (DIG Representative)  
Michael Odumosu (Director)

**Meeting Type:** Board Meeting #032 - Covering July/Sept '19

**Location:** The Old School, Dalavich

**1) Apologies**

Agnes Fleming (DIG Representative), Libby Foy-Lowrey (Director), Irene McClounnan (DIG Representative), Andrew Swann (Finance Director)

**2) Approval of previous minutes** (Draft issued 15th September)  
Carol proposed and Sheila seconded.

**3) Matters Arising from Previous Meetings**

1. Update on AKCC Meeting Dates

Sheila asked John for them but has yet to receive them.

Action carried over to next meeting.

2. Update on Open Share Application Form. Payment Option added.

Carol has yet to complete this.

Action carried over to next meeting.

3. Draft AGM Minutes amendments to be sent to Chrissie, not Sam.

None received. Action carried over to next meeting.

4. Double Accounting of Insurance Payment Changed in Accounts and sent to SIS.

Carol: Not done as we are not accruing insurance but taking it as a lump sum and simplifying journaling.

5. Board Decisions Made via Email

Adding Shareholder Interest Payment as an Agenda item for the AGM.

Action: Add to AGM Agenda

#### **4) Communications (See List Below)**

No questions from Comms list

#### **5) Chair's Report**

Pleased with the way things are going. Happy to get email with generation data as it was staggeringly good. We had 16 days at nearly maximum capacity. Thank you for the management report, it is useful to refer to.

Action Carol: Reissue management report with the one that ended in August.

#### **6) Company Secretary's Report**

I have been mostly focussing on working alongside Carol on the finances, understanding what Armstrong Watson are doing, how this impacts our cashflow and how that differs from our profit and loss. I've also been communicating with the shareholders.

As you are all shareholders, you will all have received a letter from me asking for your bank details. I thank you for your response.

There are still a fair proportion of shareholders who have not responded to me so another letter will go out to them.

So far, we have sent out a letter and put a message on the newsletter.

I will use the email addresses we have for the newsletter to send out another message to get details.



We have already discussed at board level and agreed that the interest due to shareholders who have not responded will need to be ringfenced until we have their decision on where to send their interest.

The first tranche of payments went out in August.

We will schedule the next set of payments when we have input from the shareholders.

Statements have been created and have been emailed out to all shareholders who were receiving payments. This has been well received.

### **Key Statistics**

126 shareholders

121 individuals (including children under 16)

- 11 of these individuals have holdings of £10K or more
- 2 of these individuals are married and their combined holding is £25K

5 Corporations

Current value of shares held £309,360

75 members were paid between 12<sup>th</sup> and 16<sup>th</sup> August

This totalled £7,738.40

50 members have not, as yet provided their banking details so will be prompted.

The value of interest to be paid to these members equates to £4,377.00

You will notice a difference of 1 shareholder between total numbers and those calculated for interest. This 1 shareholder was new to us in August 2019 and therefore was not eligible to be paid out in this round.

We have already agreed that we need to ringfence the unpaid portion of £4,377 so that this money is available when the shareholders provide their preference.



For next year's AGM we need to propose payment of interest at the rate of 4%, totalling £12,374.40 – unless we receive more share offer requests that we accept through the open offer.

We have also agreed that we need to ringfence £25K in the event that our top individual shareholders either decide to remove their investment or the executors of their estate contact us to reclaim the investment.

Given that we now have 9 other investors with holdings totalling £94.5K, Question for Board: Do we feel that we need to ringfence more money and if so, how much?

Where payments to estates are concerned Andrew has previously said that whilst we do have an obligation to pay the money back, it does not have to be done immediately and a timetable to pay could be worked out.

My understanding of our share offer is also that if a member wishes to cash in their investment, we, as a board, determine the level of the shares that we will take back and again, we could do a staged pay out for the biggest investors.

Carol: Shareholders need to approve making money available for the buy back of shares at the AGM. The ringfenced money is only against the eventuality of death, in which case the Estate is required to sell them back to us. £25K is a reasonable amount to ring fence.

At the next AGM We need to set rules of how we buy back shares. Biggest problem is getting shareholders to sell their shares back as they are getting 4% return.

Action: Add to AGM agenda to discuss how much we're putting aside for the buy back of shares.

Action Sam: Ensuring that ALL shareholder details are updated and interest payments made.

New Shares Purchases: £6700 in share revenue this financial year.

Top investors all have a connections with members of the community.

## 7) Finance Report

### 1. Cavetta Consulting

They have completed their appraisal and we have come out at 70% of our capital being allowable against tax. Andrew is asking for clarification about what can be written off as expenses against tax. Tax obligations will be zero for some time.

Action: Carol/Andrew: Present a firmer proposal for November board meeting.

### 2. Changes to Journaling protocols

Dan Cousins (Armstrong Watson) he said we need to rethink journaling. Last year's accounts will stand as they are, but he proposes that the journal line items for pigging and CINK servicing are put in main sinking fund for bills that will appear later in the year. Fund should be 100K or more. Is everyone happy with this? Board approved.

### 3. Changes to Fixed Assets

Carol has already sent an email about this – SSE sent us £20K refund off our grid connection cost.

Adrian: Did they over charge us?

Carol: We initially had two grid connections that were estimated and we paid up front. Duplication of costs across both connections were refunded. Our fixed assets have been revalued based on the £20K refund, but it makes a minuscule difference to the P&L. Depreciation costs have gone down by a small amount.

### 4. SIS Site Visit

Carol and Sheila: The visit went well. We met with two new people. Rob Halliday's boss, said he loved the site. He was very impressed with our knowledge and determination. They are happy with our ANM plan and the management of the site. Discussed cash flow for debt servicing. There is a concern that if we don't get this right we could lose our profit (to be used for Community Benefit) to service the debt. Andrew is working this through with Theresa's boss and they are keen to help us find a solution.

## 5. River Flow analysis / Q3 Forecast adjustment / 2019-20 Budget proposal

Carol: Not proposing to adjust Q3 forecast. Adrian has got us 30 years of Barnaline river flow data from SEPA. Discussing how to make forecast a more accurate reflection of what we expect generation to be. Not moving away from low flow data P50, just profiling it in a different way.

Peter: Can we future proof for global warming changes?

Adrian: We've seen more rainfall in winter over past 30-40 years. Might see greater seasonal variations in the future.

## 6. FES Lease Fee Proposal

We need to make a decision before we close the accounts. It doesn't make any difference to P&L. We negotiated a 5% forestry lease charge against our generated income. But we are paying 4% cash and accruing debt of 1% of the bill to be paid 5 years later. This is because we expected our cash flow to be a problem because we were working on low flow data P50.

Carol: Suggest that when we come to pay this years' forestry bill we pay 5% and catch up on debt we owe so far. So, when we do our CFADS we have spent cash and therefore give a clearer picture on how much money we actually have, so don't have to change amount we're paying.

We have £133K in the bank and £40K to come in and £36K to go out, so we can afford to pay it. Need Andrew's input.

Action: Andrew and Carol to make a written proposal to the board via email before next meeting.

## 7. ANM Update

Carol: ANM mothballing, everyone agrees this is sensible thing to do. Also, working on the transfer of the BT phone line to us. The cost has been frozen at same rate and we have been given a free 4G dongle to provide back-up if broadband goes down. The line is temporary line and so we can't transfer it, but they are working on a solution for us.

## Operational Report

### 8. High Temperature Issues

High temperatures affect the control panel. At 45 degrees centigrade it shuts the system down as computers don't like heat. If we leave the doors open the temperature would drop but then we have a health and safety risk.

Campbell of Doune, suggested cutting a large opening with vented louvres up in ceiling, we could also add fan if that doesn't work.

Sheila: We could install another set of doors with wire mesh as a temporary solution. This may cause a security problem and rain may get on the control circuits.

Peter: Campbell of Doune have offered to do all design work for free, then DA McDonald can implement it for an estimated £2-£2.5K. Carol suggests getting formal quote from DA McDonald. All members agree.

Action Peter: Ask DA McDonald for quote for work.

### 9. Generation Data

Carol already circulated numbers via email. Aug 134583 KW against 91K, which is 146% of target. Sept 135827 KwH – 91K, we have beaten August figures already.

Autumn leaves less of a problem this year in the intake. Fish gates needs clearing twice a week and this keeps the output where it needs to be.

Adrian: Why has pigging not yet happened?

Peter: Aug/Sept DA McDonald said water flow too high to do pigging. If we get a dry period over winter could get it done or defer it April/May next year.

Action Peter: Ask DA McDonald to come back in May 2020.

### 10. SSE Pricing Strategy Review

Grid curtailment not going to be happening in this area and so mothballing ANM is important.

SSE selling off retail part of business. (billing, customer service to Ovo)

Carol received letter from Power to the People asking AED to support a government bill that is seeking to address the problem that community groups can't sell to local residents. Perhaps we can support in principal in case we would want to go down this route in the future.

Action Carol: Circulate the letter to Board for approval

**8) Any other business – None**

**9) Date & Time of Next Meeting**

19<sup>th</sup> November 2019 at 7.30PM

Meeting closed at 9:05PM

**Minutes approved at Board Meeting #033 on 19<sup>th</sup> November 2019.**

A handwritten signature in black ink, appearing to read "Sheila M. Clark", with a long horizontal flourish extending to the right.

**Signed by Sheila Clark**