

## BOARD MEETING MINUTES

**Date:** 19<sup>th</sup> November 2019

**Present:**

Sheila Clark (Chair)  
Carol Thomas (Director)  
Peter Thomas (Director)  
Chrissie Sugden (Director)  
Libby Foy (Director)  
Agnes Fleming (DIG Representative)

**Via Conference Call:**

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

**Meeting Type:** Board Meeting #033 - Covering Sept-Nov 2019

**Location:** The Old School, Dalavich

**1) Apologies**

Adrian Shaw (Director) and Irene McClounnan (DIG Representative)

**2) Approval of previous minutes (Draft issued 9<sup>th</sup> November)**

Carol Thomas proposed and Sheila Clark seconded.

**3) Matters Arising from Previous Meetings**

a. Update on AKCC Meeting Dates (Sheila)

Action: Carried over to next meeting.

b. Update on Open Share Application Form. Payment Option added. (Carol)

Action: AGM and Shareholder approval needed on whether interest payment can be made in the form of additional shares, so the application form will be updated after the AGM.

Post meeting comment from Sam W: This also originally referred to adding how they wanted their dividend payment

made, i.e. cheque/BACS and adding space on the form so we had their bank details.

Draft AGM Minutes amendments to be sent to Chrissie. (All)  
No amendments from anyone.

Action: Chrissie to get the minutes signed and uploaded.

c. Reissue management report that ended in August. (Carol)  
Carol did this prior to the meeting.

#### **4) Board Decisions Made by Email**

The Board approved support of the Local Energy Bill

Other decisions made by email in the interim:

- a) Pre-approved potential investment of two people who wanted to invest £15K each. This was passed by 11 votes.
- b) Approval of the termination of contracts related to ANM agreement. 8 responses from the Board, so this was passed.

#### **5) Communications**

Nothing of note.

#### **6) Chair's Report**

October was mainly concerned with ANM and accounting/taxation issues. Andrew and Carol have worked hard on this and Andrew's guidance and input on Cavetta Consulting is appreciated.

Triodos Bank have requested an annual update on the turnover and fixed assets of AED. This needs to be completed by 14<sup>th</sup> January 2020.

Action: Carol to take the necessary information from the company accounts and send it back to Triodos Bank

#### **7) Company Secretary Report**

- a. New Share purchases  
No additional shares purchased since the last meeting,
- b. OS Share Payments
  - Over last 2 months 104 shareholder payments have been made totalling £10,220.40. There are 17 shareholders left

to pay, totalling £1874. Two shareholders weren't eligible for payment this year.

- For subsequent years the payment process should be easier as we have all the contact/payment information. The challenges this year have centred around a lack of consistent information from Share Energy, which has complicated and slowed the payment process. 12 out of the 17 remaining people haven't answered any of our communication, so we will send another letter requesting payment information via recorded delivery.

## 8) Finance Report

### a. Cavetta Consulting

Andrew sent out paper to the Board about what Cavetta's recommendations are regarding our tax returns. They said that 80% of our capital expenditure is liable for capital allowances.

Armstrong Watson have sent us two tax returns, saying that no tax is payable and they will send us detailed reports on their calculations.

As we have a certain amount of capital expenditure that isn't allowable, we will end up paying a little bit of tax over the coming years.

We decided to capitalise the interest rather than having a loss in the balance sheet, which means 20% of the interest will also be non-allowable for tax.

We need to submit the November 2017 tax amendment by end of month. The Board approved the tax returns and they will be signed by the Company Secretary and sent to Armstrong Watson this week.

Action: Carol and Sam to deliver the signed tax returns.

Action: Add Summary document from Andrew into Director's briefing pack.

b. FES Lease Fee Proposal

As the ANM has been removed we are obligated to pay FES 5% for the period ending in March. Johnny is drafting the letter to FES saying we are no longer using ANM and will ask them where they have put the decommissioning bond of £35K that we have already paid them. Future board members need to have a record of this payment.

c. ANM Update

We now have a secured grid connection and don't have to use ANM anymore. We have a written statement from Armstrong Watson, saying that as long as our ANM equipment is in situ and maintained we can depreciate it at the rate we intended to in the first place. If we instead write-off the equipment we would add a loss of £160K to this year's accounts.

The windfarm, sub-station (Portsonachan) and upgrade of Taynuilt substation are not going ahead. There will be no upgrade of the infrastructure in this area.

We now have EGCA which says we have an entitlement to put 350Kw on to the grid for as long as we can run the machine.

Carol circulated an email from Johnny that confirms we should accept this new agreement as it is commercially and legally acceptable. Carol has also asked SIS if we can accept this new agreement. We will have to ask Denton's to look over the new agreement.

We will continue to see £19K go through accounts for the depreciation on fixed assets (from ANM equipment) We no longer have to pay £17K/ year to SGS and we will also lose the cost of phone line.

Carol will check if the new agreement effects our insurance policy on renewal.

Board approved signing of EGCA.

d. Community Benefit Fund

As there will be money for the Community Benefit fund earlier than expected Peter sent a proposal around recommending AED/DIG use Foundation Scotland as the fund manager.

It was discussed and minuted previously that DIG wanted to use a third party to manage the fund to ensure compliance with HMRC. Foundation Scotland are well known to the Board, Local Government organisations and SIS.

Peter also looked for alternatives to FS to see if their offering is competitive. We can expect any legitimate company to charge us 10-12%.

From AED's perspective we need to ensure that money we give to the community (tax free) is done in accordance with HMRC regulations. We don't have the knowledge or skills internally to ensure we are compliant and AED doesn't want to be involved in decisions about whether a project is viable or not.

DIG Board members were under the impression that it was up to DIG to find a third party to manage the fund.

However, as the liability is AEDs, it is they who need to ensure the third party is reputable.

The DIG Board has decided that they don't want to use Foundation Scotland because the financial cost is too high (£200K over 20yrs) and they don't offer a bespoke model for DIG. Their current model is not one that DIG wants to use. They suggest sourcing an alternative.

Whoever manages the funds need to keep accurate accounting and project management records that are reported back to the AED and DIG Board.

AED Directors have to satisfy our major lender (SIS) and show what the funds are being used for. We have been required to send Social impact statements to SIS ever since we had the

first agreed loan. This will continue for the next 20 years or until the loan is paid off. We need the third party to have the proper liability insurance to cover the advice they give us, which means using a professional fund manager.

Sheila Clark raised concerns about a conflict of interest as she sits on the DIG Board and is also the elected Chair of AED, so she will be abstaining from the vote within DIG on who the fund manager should be.

SIS, shareholders and AED Board members need to be assured that whoever manages the funds will be compliant.

Action:

- Peter will update Tom at Foundation Scotland about working with DIG to design a bespoke model that is cost effective, efficient and compliant with all regulations.
- DIG Board will produce an alternative proposal/model within 3 months.

e. Budget Proposals

- No justification on changing our predictions on how much KW volume we will generate. We've beaten the budget so far but there is no reason to lift it up. We can profile it in accordance with Adrian and Chrissie's data, so we get a better picture on quarterly reports for SIS.
- We need to pull Sinking Fund, Piggings and Turbine servicing all together in budget.
- Insurance costs will be uplifted by 20%.
- We will assume that the cost of Armstrong Watson will be 20% less than last year.

Board approved budget proposals at the meeting.

Funds in bank account - £169,480.20.

## 9) Operational Report

a. High Temperature Issues/Quote from DA McDonald  
The drawings are being done at moment free of charge. DA McDonald can fit a fan for us before May when we do the Pigging. The cost would come out of Sinking fund.

b. Pigging postponed until May 2020

c. Generation Data

October was a good month as we generated 136426 kWh.  
November was a very dry/cold month, we've only generated 25% of plan.

Leaves are being cleared from the inlet 2-3 times a week. The river has reprofiled itself and there is a big gravel bank, so the flow is much more linear. Now if you turn hydro off it will clear itself of leaves.

d. Loss of Mains Protection

We have a G59 vector connection. The Transmission people have required that all grid connected generators have to upgrade to G99, which means there is an accelerated loss of mains process, which changes the relay shifts.

Simon Morris and CINK are helping with technical details. Of the upgrade. All the data we need to fill in upgrade documents is on the G59 certificate.

A proposal was tabled that we apply for a grant to do the upgrade.

Board approved going forward with the grant.

10) **Any other business** – None

11) **Date & Time of Next Meeting** – 21<sup>st</sup> January 2020

**Minutes approved at Board Meeting #034 on 21<sup>st</sup> January 2019.**



**Signed by Sheila Clark**

### KEY DATES / ACTIVITIES

Month	Item	Area	Notes
January	Annual SEPA abstraction report	Operations	Starts 2019
February	Quarterly Reports due to SIS	Finance	Starts 2018
April	Insurance Renewal Due	Admin	Needs investigating March
April/May	AGM	Legal	Started 2017
April/May	Turbine Servicing & Operator Re-training	OPs	Started 2019
May	Quarterly Reports due to SIS	Finance	Starts 2018
May	FES Gross income report	Finance	Started 2018
May	SEPA Renewal Due	Finance	Started 2018
May/June	Pigging Due	Ops	
June	FES rent payment	Finance	Started 2018
June	Year End Accounts due to FCA	Finance	Started 2017
June	Shareholder & Director report due to FCA	Legal	Started 2016
July	Shareholder Interest Payments Due	Finance	Started 2019
August	Quarterly Reports due to SIS	Finance	Starts 2018
November	Financial Year End	Finance	Started 2016

December	New Operating Budget due to SIS	Finance	Starts 2017
13/02/23	Full electrical installation check required.	Operations	