

BOARD MEETING MINUTES

Meeting Type: Board Meeting #046 April 2021

Participants: Sheila Clark - Chair
Andrew Swann – Treasurer
Peter Thomas – Operations
Carol Thomas – Projects and Finance
Chrissie Sugden - Bookkeeper
Cath Auty – DIG Appointed Director
Irene McClonnan – DIG Appointed Director
Michael Odumosu – Elected Director
Adrian Shaw – Elected Director
David Hardstaff– DIG Appointed Director
Sam Marshall – Company Secretary
Rowena Tew – Meeting Minutes (non-voting)

Details: 20th April 2021, 7.30pm

MINUTES

1) Apologies

None

2) Conflicts of Interest

Sheila Clark – DIG Director and member of committee for Loch Awe Improvement Association
Chrissie Sugden – DIG Director
Cath Auty – DIG Appointed Director
David Hardstaff – DIG Appointed Director

3) Approval of previous minutes

a. #045 – March Board Meeting

The minutes were passed with no amendments.

Action: RT to ensure polls work before the AGM, Host and Panellists were unable to use them.

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

- a. Carol – Update on Power for the People case study – we have not submitted a case study as it was poorly written, and we were not able to respond properly. It is not going to be submitted on this occasion.

5) **Board Decisions Made by Email**

The Board agreed, via email, to a proposal made by Carol on the 9th of April instructing Triodos to stop sending paper statements and for Carol to shred all existing paper ones. Carol confirmed that the request has been submitted to Triodos at the same time as the paperwork adding Rowena, Andrew and Sam to the bank account. We are expecting the bank to contact each person to provide specimen signatures etc at some stage. No time frame has been given by the bank. It was also decided to change some authorisations to tighten security by specifying what each person with access to the bank can do. It was decided that if a payment was for more than £50,000.00 then Andrew (as Treasurer) and Sheila (as Chair) **must** authorise those.

David asked about the legacy statements to ensure that we are able to continue to get those that are not on paper. Carol explained that they are stored on the bank, in Xero, on the cloud and on Carol's personal computer as well as SIS having copies. He also expressed concerns about cloud storage, this has been deferred to a later meeting.

Action: RT to ensure secure storage of documents is on the agenda for the next meeting.

6) **Chair's Report**

- a. Sheila recognised that a lot of work has been done with the accounts and financial aspects over the course of the month especially in preparation for AGM and for Foundation Scotland.
- b. Preparation for the Insurance took a lot of time, effort and understanding but this is now in place.
- c. Sheila thanked Carol, Andrew and Sam whilst also recognising the learning curve that Rowena has undertaken and thanked her for the contribution she was making. She also thanked Peter for his ongoing operational work.

7) Communications since last meeting

- a. Insurance is now in place.

Action: RT to check what the insurers have sent to SIS. They need a letter on headed paper confirming that we have adequate insurance and have paid for it.

- b. The FiT statement has been received and circulated to the board.
- c. New Stream Renewables keep us updated with the current pricing.
- d. Various Shareholder communications. At the last meeting there was a discussion about shares instigated by a potential investor approaching us asking to increase their shares by a significant amount. We went back to them explaining the current position and they decided to invest elsewhere. The main issue for them, we understand, was that we could not guarantee that they could withdraw the investment when they wanted to.
- e. Year End Accounts Queries (AW) Andrew is addressing this in his Finance Report.
- f. Draft Year End Accounts. Andrew is addressing this in his Finance Report.
- g. CINK re: forthcoming service. Peter will address this in the Operations Report.
- h. IR35. We need to get proper statements and contracts from our subcontractors for security. We have no obligations under the current regulations to do anything, but the legal advice is that it will do no harm to ensure we have the paperwork. Our current subcontractors are the Operations team and Rowena.



This will be dealt with after the AGM. Carol is a member of FSB (Federation of Small Businesses) and therefore AED is. If there is a legal challenge or tax investigation, we can call on the FSB for guidance.

8) Company Secretary Report

Sam thanked Carol and Rowena for their input into the Company Secretary Report.

- a. AGM Preparation: The official AGM invitation to register will be sent to the shareholders on the 1st of May 2021. An email went out several weeks ago asking people to hold the date. Carol reminded the rest of the directors that the absolute latest date for submission of reports from the Chair, Company Secretary, Treasurers and Operations is the 28th of April in order for Rowena to put together the briefing pack before the registration letters are sent out. If they are submitted as late as the 28th please ensure graphs and pictures are attached. The reason is that we have to put the reports together, then move the document into Canva and make it into a professional presentation before it is proof-read and finalised before we can put it onto the secure area of the website.

The email with the registration will have the agenda attached as well as a link to the briefing pack, the resolution details and draft accounts which will be on the website. We don't post them out unless requested. Pam and Rowena will be updating the website with the new pictures and bios for each of the Directors as we get them so that the "About Us" page of the website correlates with the briefing pack.

The Board will need to sign off the Briefing pack no later than the 30th of April, so if there are delays in getting the information to Rowena then time will have to be given for an additional meeting of the Board.

The running order of the AGM is:

All reports are done first.

The adoption of the accounts is usually tied in with the Treasurers report.

Then the resolutions as listed.

The Board will have to decide in which order the resolutions are put to the AGM, but it is suggested that the Extraordinary Resolution is done immediately after the election of Directors. Sheila agreed with this idea.

Board Nominations: There have been no nominations for the board vacancy however, we are able to run with a vacancy under our rules. Sam is putting into her AGM report a prompt as she feels that once the shareholders see how professional we are they may be more interested in applying.

- i. We need a resolution at the AGM that can be passed with a postal ballot so that if someone does come forward, we will be able to elect them to the Board.
 - ii. GPDR regulations mean that we do not name shareholders in any documentation. It was recognised that most, if not all the Directors adhere to the regulations.
- b. There has been an additional £10,000.00 of share money deposited in March.
- c. Extraordinary Resolutions
- i. Change of rules: We are going to have an extraordinary resolution at the AGM which will require 75% of the attendees to approve it in order to pass it. We have checked the proposed changes with the FCA, and the co-operative and they are acceptable. If the shareholders at the AGM want to change the wording or rules from those suggested we would have to ensure that the new wording would comply with the FCA regulations, the co-operative and other interested parties. If this were to happen, we would have to check and see if a postal ballot would be acceptable and ensure that shareholders were only able to vote once.
Action: RT/CT to check rules
- d. Resolutions:
- i. Election of Directors: To elect or re-elect members to the Board, those standing again are Sheila Clark and Sam Marshall. They must get over 50% of the vote cast in favour even though we have only two standing for three vacancies.
 - ii. Approval of Shareholder Interest: This is likely to be passed.

- iii. Approval of Community Benefit can only be passed if the change of rules has been approved.
- iv. Approval of Draft Accounts is normally done during the Treasurers report.

There will be a number of rehearsals during the first two weeks of May for those Directors who are presenting a report. Sam asked for circulation of dates as soon as possible so that she could arrange for time off.

Carol asked Andrew to submit the details of graphs as soon as he was able, but this is not likely to be before Sunday 25th April.

Action: RT arrange dates for the rehearsals as soon as all reports are submitted, and we have a working power point presentation.

9) Finance Report

a. Bank Balance

As of midday on the 18th of April 2021 the balance in the account was £288,514.95.

b. Year-End update

Andrew explained that he had looked at the accounts supplied by Armstrong Watson and agrees with them. He has supplied the Board with a draft of his Treasurer's report to explain to the board and, at the AGM, the Shareholders which areas are most relevant to them. This will ensure the Board has the best understanding of the figures within the report. It has been written in the same format as last year to ensure consistency.

The report itself shows that turnover has gone up while the cost of sales, which is the costs of servicing the turbine and the residual cost of the service agreement which was a prepayment in the last annual report has remained flat. The administration costs have gone down primarily due to lower accountancy and other consultancy fees over the year.

Andrew feels that we are now getting to a more regular cost of around £35,000 before accounting for the lease, this is about 10% of our income which is good for the type of business. Within the administration costs are the payments

to the Forestry commission for the lease of the land and this is around £15,000 annually.

The deferred tax is an important area and is a statutory requirement. The tax provision will increase until the time we actually start paying tax. The current forecast for this is about 4-5 years' time as we are able to use the losses which accumulated during construction to counterbalance the amount we have to pay.

With everything accounted for we have £113,607 profit for the year ending November 2020 after tax.

From this figure we will have to pay the shareholder interest and £13,800 will be paid to the major sinking reserve fund. This is a voluntary fund that ensures monies are available for emergency issues with the hydro itself.

This leaves us with £82,785 out of which we can pay the Community Benefit Distribution.

Andrew had also submitted a note to the Board explaining how he has come to the suggested Community Benefit amount using all the modelling tools he has created. Andrew suggests an amount of £65,500 be paid to the Community Benefit Fund and to ask for approval for this from the shareholders at the AGM.

One concern would be if a disaster struck and a full rebuild of the hydro for example was required, are we able to justify the total of £65,500 being paid. Andrew has demonstrated in the model that this is viable due to the Major Sinking Fund reserve and options not to pay additional payments to the SIS loan or the Community Benefit Fund at the time.

Chrissie Sugden asked why we were paying such a large amount this year with a forecast of lower amounts over the next few years. Carol then explained that if Foundation Scotland agree to take the money and feed it to the projects that D.I.G request it for then there is no requirement to spend the money immediately on receipt but as AED is a BenCom the query would be more why it was not paid when the money was available. We also get tax relief for money we pay out, although that should not be a problem until we start paying tax.

Part of the draft agreement with Foundation Scotland is that they did not want to have a lot of small draw downs and would want to pay fewer more meaningful applications.

It was put to the Board for approval the suggested £65,500 proposed. This was passed after some further questions and will be put to the Shareholders at the AGM.

Action: RT to put this onto the Agenda for the AGM

10) **Community Benefit Fund**

- a. This was the proposal put forward by Carol to prepare the groundwork to appoint Foundation Scotland immediately after the AGM rather than waiting because the rule change is the AGM agreeing to AED using a fund manager for the monies paid to the Community Benefit Fund.

Foundation Scotland would be able to move forward by the end of June 2021 meaning they could take the funds and the D.I.G Strategic Grant by September.

We need to pay the money in this financial year to prevent the FCA potentially investigating us for non-payment of funds.

This proposal was carried.

Action: RT to put this onto the Agenda for the AGM

11) **Operational Report**

a. Generation Data

March: 148179kWh versus a 105524kWh target so we were 40% over plan. April is currently 69360kWh against a planned target of 85538kWh so currently 20% under plan and the turbine is currently shut down and with the weather forecast it is unlikely to be back before the end of the month because the river is incredibly low. However, even if there is no more generation this month, we will still be 11% over the plan for the year to date.

At the end of March we had some heavy storms that have impacted us with several trees coming down the river, one of which is still stuck on the weir and we had two days where we couldn't clear the inlet screens which were clogged with debris washed down off the banks. Due to this we went down to partial output and we had to wait for the river to reduce to safe levels before clearing. During April we were able to clear the screen and went back to maximum output.

b. Maintenance and repairs

- i. We have just completed the greasing of the turbines and the generator so that is now up to date and everything is running as normal.
- ii. We have a service booked and have spoken to CINK who are suggesting June/July time as they are coming over to install another plant. Date: TBC
- iii. The pigging has fallen through because we had a verbal agreement from D. A. MacDonald to do it in May. When Peter approached them to confirm dates, they had not got the capacity to do it. They may be available at the end of the year when they may be available but at that time the weather is less certain. If we do pick a date and then cancel due to the weather, there is a financial penalty. Peter suggested that we postpone to next year as there are no current issues and we can get a firm date from D. A. MacDonald. Sheila and Andrew agreed.
- iv. Peter has had some discussions with Campbell of Doune to design and build some aluminium plates to raise the weir half a metre above the old weir. This means that instead of shifting one cumec (cubic metre per second, as a unit of flow for water) down river which is what we would do if we opened the side gates we have, one of which has a sluice gate on it and one which has a compensation slot on it that we can just pull out. If we increase the height of the river by a further half a metre, we can move three cumecs down the river.

To put this into perspective less than three cumecs is the flow of the river 85% of the time and only goes over that during storms and heavy rainfall. When the river is in spate it comes up to as much as 3 metres and flows at up to 9 cumecs, only a large dam would stop it at that point. To put this into place and do the pigging in May would be a safe method of working.

The construction and fitting of the aluminium stop logs has been quoted at £5,600.00 plus VAT in addition to the design work that Campbell of Doune to pay for.

That is the cost of making the job safe and it also minimises the chances of having to cancel any pigging or maintenance due to safety concerns.

Peter then asked the Board if they agreed to spending the money on the weir plates. A number of the Board asked questions to clarify exactly what these plates would do and how they would impact Peter answered and further explained that he was proposing that we install the aluminium stop logs now and the pigging to go ahead next year in May. Andrew also asked about where we keep these large aluminium plates when not in use. Peter is hoping that we can put them into the powerhouse providing they fit. If, however, they don't fit then further consideration on storage would have to be applied. Peter expects the plates to last the life of the turbine, so the cost is not significant in comparison and adds to the ongoing safety of people servicing and pigging. The proposal to defer pigging until next year was passed. The proposal to construct the stop logs was also passed. **Action: PT to contact Campbell of Doune and instruct that they go ahead with the plans as agreed. RT to put a PO in to D.A MacDonald as soon as we have a date.**

c. Old Power House

Deferred to the next meeting. Sheila will try and visit on the 25th of April to try and discuss with Peter what actions to be taken.

d. Outstanding Safety Equipment

A rope is outstanding and will be sourced in due course.

e. PAT Testing (overdue) Peter was going to talk to an electrician who is visiting his business to discuss PAT testing for the Hydro then. This is due in May.

f. Peter pointed out that currently there is a tree stuck on the weir and as we are having a spell of good weather he was going to go and try and tidy that up on Sunday 25th April. He was going to try and open the sluice gates at the same time to allow some of the rubble to pass through while allowing him to close it again afterwards.

The turbine is turned off at the moment because the sediment that has built up from the banks as well as the tree

has diverted the flow over the weir without going through the compensation slot. The sediment and the tree need to be moved so that we are operating the weir in a correct manner.

12) Any other business

- a) Transfer of files from Google Drive to alternative, more robust cloud storage. (Deferred to next meeting)
- b) Promotion and participation in ACT initiative in November (Deferred to next meeting).
- c) Chrissie found in the Foundation Scotland paperwork that there were some issues with sending money to them and not using it. Carol clarified that this relates to the long term rather than the first few years. We would also be reviewing the agreement every three years. DIG would be driving this with both their Five-year business strategy and their one-year business plan, where, for example they could put they would hold reserves in a strategic fund for larger projects.

13) Date & Time of Next Meeting

18th of May at 7.30PM

Sheila asked if we could require a further ad-hoc meeting to prepare for the AGM. Carol confirmed that the rules allow for decisions to be made using email and this would probably be the most expedient way of ensuring preparation has Board approval. Sheila thanked everyone and closed the meeting.

Meeting closed at 9.20PM

Minutes passed at Board Meeting 18th May 2021

A handwritten signature in black ink, appearing to read "Sheila M. O'Leary".