



BOARD MEETING MINUTES

Date: Board Meeting #053 November 2021

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

Pam Stansbury, Administrator

Apologies:

Meeting Details: Date Tuesday 16th November 2021, 7:30pm
This meeting was conducted via Zoom and was Recorded

MINUTES of the 53rd Meeting of the Board of Directors

The Chair opened the meeting and thanked everyone for attending. She advised that as she was slightly under par she has asked Carol to Chair the meeting for her.

1) **Apologies**

There were no apologies for absence.

2) **Conflicts of Interest**

Carol advised that she has now been co-opted onto the DIG Board.
There were no other conflicts that had not previously been recorded.

3) **Approval of Previous Minutes**

#052 Board Meeting held Tuesday 19th October 2021, at 7:30pm

The minutes of the previous meeting were reviewed and passed with two minor spelling corrections.

The minutes were proposed by Cath Auty and seconded by Andrew Swann. There being no objections the minutes were approved by the board.

Site Visit

Carol advised that as a point of order she was going to allow David to make comment on the FLS Site visit as he had to leave the meeting early to attend a work meeting. The Site visit is on the agenda to discuss more fully later.

Carol began by advising that FLS has stated that it is now their policy that any built structure that has an inherent risk or temptation must have a warning sign, which means that the existing gate on the intake, and the new one that will be put in when the bridge is installed will have to have, effectively, keep off signs. Forestry has given us some information about how we might make them better, and the two signs that will go up will not be visible from the waterfall. However, they were quite unequivocal that this is their policy, they are the landlords, and we must comply.

David agreed that if the policy of the landlords required the signage we would have to accept and hope that we could make the signage as non-obtrusive as possible.

Peter advised that we had no fixed criteria from them on how the signs were displayed or the size. We can make them as non-obtrusive as possibly without making them ineffective as warnings. They will be around A4 in size and will be attached to the actual railings. However, as they are hazard signs, they will have to be yellow, but could be coated to make them only viewable from the front.

Peter also advised that FLS had also made some suggestions on ways to camouflage the railings and electronics cabinets to further minimise the impact on the environment.

It was agreed that with careful management this could be handled sympathetically. David agreed to be part of the team to consider ways and means of achieving the best outcome.

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 no interim decision made by email.

6) **Communication since last meeting**

List of communications received has been circulated to the Board.

River Avich Hydro Lease will be discussed later in the agenda.

The negotiations for the PPA have already been concluded. The SSE contract renewal is due and will need to be progressed.

Action: Carol and admin to progress SSE contract renewal.

7) **Chairs Report**

- Forestry and Land Scotland site visit.

The chair reported that the site visit was scheduled for 11th November with John Sutherland and Rhod Watt. Four days prior to the visit the site operations manager reported that a hole had appeared under the old powerhouse. Photos were sent to the board, and Carol had a quick discussion with our lawyers regarding responsibility.

There is an ongoing discussion with the lease resumption people. Initially we had a construction lease, which gave a much bigger area for us to work within, then in March 2018 an 'as built' drawing was sent to Forestry, who should then have issued a resumption lease. This gives AED an area of half a meter around the built structure as our responsibility. This area does not include the old powerhouse, as this is outside of the half meter and is not a construction we built.

Now that the question of responsibility has been raised the lease resumption question has been picked up. This will be a matter for the Company Secretary; however, this is currently being worked on by our solicitor.

This item will stay on the agenda until resolved, and once the lease has been issued the Board will need to agree and minute the acceptance of the resumption lease.

There was nothing further in the Chairman's report.

8) **Company Secretary Report**

The Chair handed the meeting to Sam for her report.

- Bank and Fexco Validation of Officers.

Following the need for a foreign transaction a requirement for the validation of Directors with Fexco was raised. This has now been actioned, along with the validation of Officers required by Triodos once every 18 months.

- Shareholders Report

As per a previous board discussion and agreement it was agreed that A024 should be allowed to withdraw their shareholding. This has now been actioned and confirmation was received today that the funds have been released to the shareholder.

Carol advised that she had this week received the share nomination form for transfer of shares on the death of a shareholder. This will allow shareholders to nominate a beneficiary to transfer shares to on their death, which is the only time shares can be transferred to another person. Carol will circulate the document to the board for their comments.

Admin advised that an enquiry from an existing shareholder had been received regarding increasing their holding before the financial year end. She had no further information yet, however once received an interim decision will be sent to Board Members for their agreement.

The Chair thanked Sam for the report.

9) Finance Report

The Chair handed the meeting to Andrew for his report.

- Andrew advised that we had £8,000 to £9,000 of expenses. We have had a small amount of income from generation, and £4,800 received from the Accelerated Loss of Earnings Grant.

We have paid out £3,300 to DesignTech in respect of the bridge work, some money to Armstrong Watson and money to Erre Due UK for the CINK service and training. These were all as expected and gave a closing balance of £184,000, very similar to our opening balance at the month start.

A question was raised concerning the money spent on Stop Logs and Bridge Work, and the advisability of considering treating this as a capital expense. This was discussed at Board, and it was agreed that this would be reviewed at year end and discussed with the accountants.

Action: Andrew and Carol to review with year-end figures and discuss with Accountants.

- Cash Flow Forecast

Prior to the meeting Andrew had circulated a new cash flow model to the Board Members. Although this will inevitably change it does give a guide to our current position; assuming we go back to using Low Flow Data for our forecasts, we can probably repay the loan before 2030, we can cover interest payments to shareholders, but we can't do a lot more. The CBF payments are in the forecast, however the model puts them at a level of £3,000 to £5,000. It was confirmed that this was working at Low Flow Data only and could be significantly more.

The model predicts Free Cash dropping as low as £3,000; however, this is alongside cash reserves of £185,000. This will require further conversations and reporting on at the AGM. The model will be adjusted as firm figures are obtained following year end and discussions with accountants. One item that is clear, which will be of no surprise to members is that there will be no funds for Community Benefit payment in respect of this financial year.

The positive aspect of this model is that we do not need a significant increase in generation to make a significant increase in available funds for Community Benefit. The generation will need close monitoring to adjust as required, however the model does show that we are comfortably able to meet our loan commitments to SIS.

The model and use of Low Flow Data were discussed by the board.

There being no questions the Chair thanked Andrew for his report.

10) **Operational Report**

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

- Generation for October was 191,784 kWh. It was a relief to see the water in the river, which was in fact at maximum output level for most of the month. With the leaf fall starting we have had to visit the site on a regular basis to keep the grate clear and maintain output. Performance wise there is a lot of work going on however it is all being effective.

All the parts for the bridge are now on site, and when the conditions are right this will be installed.

- Sink Hole. It is believed that the sink hole is part of the old tail race from the old powerhouse, and over time the forest has simply encroached on and eroded this causing the sink hole.

The Forestry position now is that they will open out the hole slightly to investigate, ascertain the depth and extent of the problem, and make safe. How this is achieved will depend on the outcome of investigation. In the meantime, they have fenced off the area which causes no

problem to our operations. This is now a matter of liaising with the Forestry regarding access and safe working. Currently there is a temporary barrier around that we could move if needed. There would be a gate through to ensure our access if needed.

- CINK training. There is more training scheduled with CINK to bring our team back up to full strength.
- While the Forestry were on site Peter took the opportunity to discuss placing timber and stones to form steps on the steep part of the bank. Whilst this may appear to be simply a steep bank, however the cable that carries our telemetry down from the intake to the powerhouse is not very well buried, which could potentially cause a problem. By creating the steps, we can effectively safeguard against this. Peter will investigate and cost a solution.

The board agreed this to be a sensible solution and agreed Peter should investigate that Peter drafts a proposal for the board.

Action: Peter to draft a proposal for the board for presentation in the first quarter of 2022

- Braevallich ANM equipment. Currently waiting for Braevallich to advise that the equipment is disconnected at their end, and Peter will then collect and store. We will store in case we need to use.

A pigging date has been agreed with DA MacDonald for May 2022, although Peter is currently awaiting a firm date, and confirmation from them.

Action: Peter to contact DA MacDonald for a firm date for May 2022.

There being no further questions Peter concluded his report.

11) **Community Benefit Fund FS Contract Amendment proposal**

As reported at the last meeting Sheila and Carol had their meeting with Tom Black. Tom was very concerned by the lack of uptake, and the lack of volunteers for the fund panel. They have discussed the options and confirmed that we would re-open the fund for applications in early January, with a closing date end of March.

The big section of the fund can't currently proceed as DIG have not yet been able to reschedule their AGM, and therefore have not been able to get the Business Plan approved by their membership.

The funds given this year are still available and waiting for applications; we are now waiting to see what the next application window brings.

In conclusion there will be no activity on the fund until after Christmas. AKCC were due to launch the Micro fund in November; we have had no confirmation on this yet. DIG will not access any of their money until the New Year, and the Open-Source funding will be re-opened in January with a closing date of March.

12) **Any Other Business**

- The Chair handed the meeting to Sam Marshall.

The Armstrong Watson contract is up for renewal in May 2022. Sam has expressed her frustration with Armstrong Watson over time and undertook to do some work on finding an alternative.

She has recently come across a person, who she has had a brief discussion with, and feels a more in-depth conversation with the financial team to assess her suitability.

The accountant's name is Vikki Boddice, she is based in Glasgow, and has a background working in charities. Working with Community Benefit Companies requires a different area of knowledge that not all account companies possess, and that Sam does not feel Armstrong Watson have really embraced.

Sam asked the board if they would approve her pursuing this as an option.

Sam confirmed Vikki's knowledge of Xero.

It was agreed that the meeting should include both Pam and Carol as the front-line finance. Sheila confirmed she would be prepared to attend an initial meeting.

Andrew raised the point that we are unusual because of our Community Benefit status with our industrial production, and a discussion followed regarding our requirements and options with accountants.

The Board agreed to progress this forward.

There were no further matters to discuss.

13) **Date and time of Next Meeting**



The next board meeting was scheduled for 21st December. The Board needs to approve the Budget and Forecast to go to SIS. As this is normally done electronically, and those figures would not be available for the December, the Chair asked the Members if they wished to hold a meeting in December or postpone to January.

It was agreed by the board to hold our next meeting in January.

The Chair thanked everyone for attending and closed the meeting at 20:43

Minutes approved at Board Meeting #054 on Tuesday 18th January, 2022

A handwritten signature in black ink, appearing to read "Sheila M. Clark". The signature is fluid and cursive, with a long horizontal stroke at the end.

Signed by Sheila Clark, Chair.

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
FCA	Financial Conduct Authority
FES	Forest Enterprise Services
FIT	Feed in Tariff
FLS	Forestry and Land Scotland
HMRC	Her Majesties Revenue & Customs
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
SEPA	Scottish Environmental Protection Agency
SIS	Social Investment Scotland