

BOARD MEETING MINUTES

Date: Board Meeting #058

Present: Sheila Clark, Chair
Andrew Swann, Finance Director
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Cath Auty, DIG nominated director

Pam Stansbury, Administrator

Apologies: Sam Marshall
Michael Odumosu

Meeting Details: Date Tuesday 17th May at 7:30pm
This meeting was conducted via Zoom and was recorded

MINUTES of the 58th Meeting of the Board of Directors

The meeting opened at 7:30pm.

1) Apologies

Apologies for absence were received from Sam Marshall who had previously advised she would be away, and from Michael Odumosu who sent his apologies and best wishes to the Board Members.

2) Conflicts of Interest

There were no changes to the normal conflicts of interest.

3) Approval of Previous Minutes

- **Minutes of meeting #057, held 19th April 2022.**

#057 Board Meeting held Tuesday 19th April 2022, at 7:30pm

The minutes of the previous meeting having been circulated prior to the meeting were reviewed and agreed.

The minutes were proposed by Carol Thomas and seconded by Sheila Clark and were approved unanimously.

- **Minutes of the Annual General Meeting May 2022**

It was advised that the Minutes of the AGM would be prepared and reviewed at the June meeting.

- **Welcome back to re-appointed directors**

Sheila was pleased to welcome Michael back to the board and commented on her current satisfaction of the board appointments including the recent addition of Chris, Chair of DIG.

Carol noted that Michael's re-appointment is particularly welcomed given the comments and discussions both during the formal AGM and in discussions afterwards concerning future hybrid meetings, and with Michael and Pam taking a collective action to look into the options.

Carol felt the board should minute this so that it stayed in view and was actioned in ample time for next year's meeting.

- **Formal re-appointment of Directors and Officers of the Board**

Sheila recommended that the current appointments remain in place, unless anyone else wanted to volunteer for a position.

The recommendation to maintain current officer nominations was proposed by Cath Auty and seconded by Peter Thomas. The motion was approved unanimously, and the officers were re-elected as follows:

Sheila Clark – Chair
Sam Marshall – Company Secretary
Andrew Swann – Finance Director

- **Resolutions approved at AGM**

It was agreed that these would be covered within each relevant section, Finance and Company Secretary.

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

- **Forestry Resumption Lease Legal Work**
- **FS Energy & Fuel Mix Disclosure**

Carol addressed both these matters together, explaining that with the post AGM work she had not chased Johnny regarding the lease, or had time to investigate the Fuel Mix Disclosure (FMD).

However, she had an email from Francesca of NSR regard the FMD's

and has actioned for herself a call to Francesca in the morning to try to resolve this and establish whether we need to take any action on the matter. Carol advised she will pick both matters up and advise back to the board in due cause.

Action: Carol to contact Johnny regard the lease work and speak with NSR regarding the Fuel Mix Disclosure

- **Insurance confirmation to SIS**

Carol confirmed that the full insurance documents had been received within the last 48 hours. We also require a letter from the insurers confirming the premium has been paid.

Carol confirmed that only schedule of cover and the confirmation letter was required, and an action was taken for Pam to send them to SIS.

Action: Pam to forward insurance confirmation to SIS

There were no other matters arising from the previous minutes.

5) **Board Decisions made by Email**

There were no interim Board decisions.

6) **Communication since last meeting**

List of communications received has been circulated to the Board.

Pam advised that the recent communication from ICO regarding the renewal of our Data Protection Fee would be discussed with Sam on her return, and that the SSE Energy rates would be discussed with Carol.

There were no other items in communications that required attention.

7) **Chairs Report**

The chair reported that it had been a significantly busy month for AED, with a large amount of energy going into the preparation for the AGM, and in significant discussions with Armstrong Watson.

Sheila had little to report on, other than to note her pleasure at how smoothly the AGM had run. She felt this AGM had been a real success.

All other matters were covered under subsequent items in the agenda. Peter would talk about the pigging; Carol would report for Sam and Andrew would deal with the finance.

There being nothing further to add, the Chair passed the floor to Carol for the Company Secretary report.

8) **Company Secretary Report**

- **AGM 2022, review and moving forward**

Carol began with a huge vote of thanks to Pam. Unlike last year when we had a new person who despite significant support from Carol had necessitated Carol calling Sam Welsby in to assist. This year it was more a case of "I assume you need this", "I have done this", done that etc, which was fantastic.

She has asked Pam to make a point of documenting the timeline for AGM's as soon as possible, because there were a lot of time pressures this year which could have been avoided. With the exception of Andrew's report and dropping odd numbers into the Chairs and Secretary's report all of the reports could be produced by the end of January, significantly reducing the time pressure on production of the slide presentation, the Shareholder briefing pack, and starting the push for new directors.

Carol recommended the board agree with the action, and personally wanted to relay her heartfelt thanks to Pam, because this year she had not lost weight or suffered the intense personal pressure she normal had with AGM's.

Sheila added her thanks to Pam for pulling everything together for the AGM.

- **Shareholder updates**

There have been no significant updates on shareholders, other than a few requests for statements from people who have misplaced them. It was confirmed that new statements would be issued with the interest payments, and that this would be advised in the mailing to notify shareholders of the resolutions passed at the AGM.

Pam advised the board of her discussion with Sam regarding electronic notifications. It is proposed that all statements and certificates could be sent electronically, with the option for shareholders to request a postal hard copy if they wished.

Some shareholders have already expressed a preference for electronic statements and certificates, and it would be a more efficient way to ensure the paperwork was delivered in a timelier and cost-effective manner.

Action needs to be taken to notify the shareholders of the deadline for changing their preferences. This can go with the newsletter; however, we are required to give a minimum ten days' notice. If our deadline for changes is May 31st the notification would need to go out by Friday at latest. Carol recommended that as many shareholders were absent from the AGM, the mailing should contain the reminder given in Sam's report that the share option would be available until we reached our maximum shareholding of £575,000 at which point all interest would revert to cash options.

Cath asked that current shareholding amounts should be included, and Pam confirmed that current holding was around £504k, we would add an additional £6k to £8k in interest share options, which would bring our total shareholding to just over £510,000

It was also agreed that all test emails would be sent to all the Board Members, so that they could all review and be aware of mailings proposed.

Action: Pam to send mailshot to all shareholders regarding resolutions, share options and maximum holdings.

- **Data Protection Policy & Data Protection Act 2018**

Pam advised the Board that Sam had updated the Data Protection Policy to be compliant with post Brexit and had forwarded the policy to Pam. Pam has still to convert it to correct format for the website, however this would be done now the AGM was over.

Pam also confirmed that the renewal and registration was completed and would automatically renew on 24th June.

- **Recruitment of New Directors**

Carol advised the Board that our rules currently only allow two co-opted directors to the Board. It does not matter how many directors we have, but we can only have two co-opted.

Whilst "try before you buy" is quite entertaining if we have a few people step forward to become directors, she believes we can appoint them,

however, we cannot co-opt them. It is important we use the correct terminology when talking to prospective people.

Co-opted directors as well as having a maximum capacity of two, should also be co-opted for a specific reason. Effectively we can co-opt people with specific skills, for example Michael and his experience with hybrid meetings, or a financial expert should anything happen to Andrew, and it is also possible for co-opted directors to be paid.

Carol also raised the need to conduct a proper recruitment campaign. Admin suggested that a step toward this should be a campaign to provide regular updates to Shareholders promoting the work undertaken, the Community Benefit aspects and for the younger generation the promotion of the Green Energy aspect and environmental aspects. It would then be easier to begin to target new directors in six months, giving a raised awareness of the company activities and ample time to recruit before the next AGM and elections.

Frequency and options on communication were discussed by the Board.

Action: Carol to check with Dave Hollings for confirmation on the rules and permitted actions and wording.

- **Directors Declaration**

Carol raised with the Board that both for our insurance and for our own good practise, we should get an annual declaration from each Director, particularly as a Board Member could effectively stay on the board for several years. That declaration should include conflict of interest, confirmation they have no issues that would require disclosure on insurance. Directors would need to reaffirm their declaration each year and confirm there had been no significant changes.

Action: Pam and Carol to jointly draw up a suitable document to be used as the Directors Declaration.

There being nothing further to add Carol handed the meeting back to the Chair.

9) **Finance Report**

The Chair handed the meeting to Andrew for his report.

Andrew raised a question on the income figures, which shows the FIT and PPA. Carol advised that the PPA would be a month in areas, and that FIT was purely a calculation on Generation data. Question was

raised as to whether April's figures were correct. The suggestion was made that the numbers had been transposed in March.

Currently the bank position is strong. There are some payments to be made; Community Benefit Fund, Lease payment, which will reduce the bank balance by around £20,000 however we still have significant funds in our bank. This prompted Andrew to rework the cash flow model which he had circulated to the Board in the previous day.

He wanted to allow time for the Board Members to digest before the Board discussed in full. He apologised as there was an error in the paper as the debt had been understated, this had now been corrected. The conclusions are that we are still online to fully repay the debt by 2030, and still able to make reasonable payments to the Community Benefit Fund. The forecast has been built on conservative estimates on generation and on energy prices.

We undertook that the money we received from recent share sales would be used to reduce our loan. If we prepay £50,000 before the end of June our overall interest payments would be reduced by almost £30,000.

It was proposed that a prepayment of £50,000 should be made in June, being the anniversary date of the loan. The directors discussed the matter, and it was agreed unanimously. It was also confirmed that we would maintain our current level of quarterly payments to further reduce the settlement figure.

Action: Pam to email Eileen at SIS, to advise the lump sum payment of £50,000 in June, for her to confirm the fund it would be allocated to and to issue the necessary paperwork.

Andrew confirmed the three financial resolutions approved at the AGM were:

- To pay £10,000 to Community Benefit Fund
- To pay 4% interest to the shareholders
- To re-appoint Armstrong Watson as accountants

The reappointment of Armstrong Watson was discussed. An official letter of appointment will need to be sent, however first it is necessary to re-negotiate our terms and levels of expected works.

A meeting should be held between Andrew, Carol and Pam to discuss Armstrong Watson's role and responsibilities, and to discuss the level, scope of work, and work load that Pam felt able to take over within her admin duties.

The transfer of work from Armstrong Watson to Pam (Admin) was discussed, particularly this quarters VAT return. It was agreed the return due early June should be handled by Armstrong Watson, and then handed over to admin for subsequent returns. This would allow time to organise the release of Digital Tax control from AW and ensure Pam could access the portal in ample time for the next return.

Carol also raised concern over the transfer of Xero from AW to AED, in relation to the preservation of account settings and history items. It was agreed that it is important to maintain that history even if that meant retaining our use of Xero licencing through them and finding a solution to allow us to use Xero direct for support issues.

Action: Pam to arrange a meeting with Andrew and Carol to discuss our requirements for the renewal contract with AW.

Action: Pam to investigate transfer of Xero account to AED, ways to preserve data and history, and options available to us.

There being no questions, and nothing further to add Andrew handed the meeting to the Chair, who thanked Andrew for his report.

10) Operational Report

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

- Operational Activity and Generation Data

April we were under target at 65,980 kWh against a target of 74,555, which was 84% of target. So far in May we are 65,561 against a target of 74,555 so we should hit or exceed target this month. Given current weather conditions Peter is expecting to exceed target easily. Year to date we are at 53% of target, so currently just over target for the year.

The bridge install is complete and is in use. Stephen came to site yesterday (16th) to do the pigging. He felt that the river was too high to ensure operator safety whilst installing the diversion plates. The problem was that using the bridge and sluice gates they could reduce the river level so only a small amount was going over the weir, however, as they moved up and restricted that flow the level would rise, Stephen felt that by the time they reached the last two plates the level would be too high to operate safely. Given that the forecast is wet for a few more days and then drying up, Stephen felt that the operation was best delayed until next week.

The digger has been left on site in readiness, and Stephen has had a chance to look at the job and carry out a full assessment. Stephen felt

operationally it was more prudent to delay for a week or two, and as it is his operational assessment Peter was in agreement with him.

Carol asked about the protection of village water supply during pigging.

Peter advised that whilst on site they had looked at the continuity of supply to the village. The original thought had been to set up a pump and pump water into the breather valve from the river. Having looked at it in detail Stephen is quietly confident that by using the sluice gates and lowering the river level they can control it so that the river is only just covering the supplementary intake pipe they installed for very low levels. If they take water in through that it will go in at a rate that would not cause a problem for the pigging operation but would give a continuous feed sufficient to keep the water supply to the village running. This will be a far more efficient and cost-effective method of operation and will allow the village water supply to be unaffected by the pigging operation.

Following questions Peter confirmed that this would lead to cost savings going forward, and that whilst the diesel costs would be saved for this year the generator was already on site. He also confirmed that Stephen will produce a full system of works for future pigging process going forward.

It was confirmed that there was now no requirement to involve or advise Hacking and Paterson as there would be no impact to the village water supply.

Peter drew to the Boards attention that there is a substantial space on the downstream side of the inlet. If you look at the inlet screens they are slanting, and at the bottom there is deeper part of the concrete structure. A wide channel where the water comes off the inlet screens, turns the corner and then goes down and around the back. Behind is a big concrete wall going up to the bank. There would be sufficient room in there to install gabions filled with rocks and soil or growth medium, and plant something, rushes or some indigenous species that would grow up that wall, screen the concrete and make the dyke look greener and more pleasant from the opposite bank.

Peter proposed that we should approach the Forestry to see if their environmental consultants internally would have suggestions and gauge their reaction to the plan.

After discussion it was agreed that there was no harm in investigating the options, assessing the work involved and the feasibility, and that Peter should progress with investigating and researching options.

Action: Peter to investigate options to improve the downstream channel and provide a natural screenage to the concrete wall.

There being no further questions Peter handed the meeting back to Sheila, who thanked him for his report.

11) **Community Benefit Fund**

Carol reported that last year was the first time we did Community Benefit Fund via Foundation Scotland, we therefore need to formally write to Foundation Scotland, copied to the Chair of DIG, notifying them of the AGM approval for a Community Benefit Fund payment of £10,000, and asking them to raise the necessary invoice.

It was requested that this be actioned by Admin so that the payment could be made at the beginning of June in preference.

Carol also advised that DIG would need to invite Tom Black to their meeting to discuss the distribution of funds.

Carol also expressed her delight at the quality of the report from Foundation Scotland for the AGM. For any Board Members who had not yet read the report, it was certainly worth reading as the report details the functions and setting up of the fund.

It is worth advising the board that in compiling this report they had realised that they had miscalculated the sub funds by £200. This was a clerical error as they had thought they had £58,000 to distribute where in fact they had £57,800. After discussion with the Dig board, it had been agreed to remove the £200 from the Main grant allocation, as they had only used £200 of the £10,000, making their allocation £9,800.

Carol felt the report was very informative and well-presented and was certainly worth reading for our shareholders and anyone else interested in the Community Benefit Scheme.

Carol requested that Pam send a copy to SIS.

Action: Pam to formally contact Foundation Scotland and arrange payment of the Community Benefit Fund.

Pam to send Foundation Scotland report to SIS and to have the report added to AED's website as an available download.

12) **Any Other Business**

There were no further matters to discuss.

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

The next board meeting will be held on Tuesday 21st June at 7:30pm

Cath advised that she may not be able to attend the meeting as it coincided with last days of exams for her eldest daughter.

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

Draft Minutes to be approved at Board Meeting #059 on Tuesday 21st June 2022



Signed by Sheila Clark, Chair.

Addendum - Conflicts of Interest

Director	Conflict of Interest
Sheila Clark, Chair	Company Secretary on board of Dalavich Improvement Group
Andrew Swann, Finance Director	
Sam Marshall, Company Secretary	
Peter Thomas, Operations Director	
Carol Thomas	Treasurer on board of Dalavich Improvement Group
Cath Auty	DIG Nominated Director
Chris Fowler	DIG Nominated Director. Chair on board of 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
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
REGO - FMD	Renewable Energy Guarantees of Origin - Fuel Mix Disclosure
SEPA	Scottish Environmental Protection Agency
SIS	Social Investment Scotland