

BOARD MEETING MINUTES

Date: Board Meeting #061

Present: Sheila Clark, Chair
Andrew Swann, Finance Director
Sam Marshall, Company Secretary
Carol Thomas, Hydro Project Manager
Michael Odumosu
Cath Auty, DIG nominated director

Pam Stansbury, Administrator

Apologies: Peter Thomas, Operations Director

Meeting Details: Date Tuesday 20th September at 7:30pm
This meeting was conducted via Zoom and was recorded

MINUTES of the 61st Meeting of the Board of Directors

The meeting opened at 7:30pm.

1) **Apologies**

Apologies for absence have been received from Peter Thomas.
No apologies had been received from Chris Fowler.

2) **Conflicts of Interest**

There were no changes to the normal conflicts of interest, as per addendum.

3) **Approval of Previous Minutes**

- **Minutes of previous Board Meeting.**

#060 Board Meeting held Tuesday 19th July 2022, at 7:30pm.
Amended to correct spelling of Chairs surname, and punctuation.
Minutes were proposed by Carol Thomas, and seconded by Cath Auty.
The minutes were agreed by the board unanimously.

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

There were no matters arising not covered by the agenda.

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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.

An email had been received from UHI Argyll, concerning the possibility of apprenticeships. Admin responded, advised that AED has no paid employees and wished them success with their scheme.

Action: Pam & Carol to discuss VAT number and Mailchimp to resolve their query.

Open Zurich editorial email was discussed and it was agreed that the option to add advertising to our website, was not viable in relation to the administrative work required against potential income and is restricted by our rules, which only allow us to sell electricity.

There were no other items in communications that required attention.

7) **Chair's Report**

The chair advised that Pam has now taken over full control of VAT from Armstrong Watson. This will decrease our bill with Armstrong Watson and is a relatively straight forward process.

The Triodos AGM has taken place. AED did not have representation at the event.

We still have no formal resolution regarding the sink hole or the lease resumption, and the Chair requested the two items should be kept on the agenda until they are resolved.

Sheila has forwarded to the Board an email from Adrian Shaw regarding the Reforesting Scotland Conference in Oban. He is bringing a group from the conference out to Dalavich on the 7th October and is keen that the group can look at the Hydro and the benefit to the community.

The Hydro is performing smoothly. Sheila gave her thanks to Carol, Sam, Andrew and the Ops team for their continued hard work.

There being nothing further to add, the Chair passed the floor to Sam for the

Company Secretary report.

8) **Company Secretary Report**

Sam began by passing Sheila's thanks to Pam for keeping everything going whilst Sam had been absent.

- **Forestry Resumption Lease Legal work.**

It was confirmed that the Lease Legal work was still pending and would remain in the Company Secretary's agenda. After discussion it was agreed that the Sink hole, which is a separate item from the legal work would remain as an agenda item under the Chair's report.

- **Shareholder updates**

Sam advised that all interest had now been paid and that emails were being sent to all members. Sam referred to the breakdown of hours undertaken by Pam and commented that it had really highlighted the amount of time required and how much work had previously been undertaken by Carol and Sam as unpaid Directors. The report reinforced how much a paid administrator is required and how much work was undertaken by Pam to keep things running smoothly.

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

There were no updates or changes on GDPR to report.

- **Director's Declaration**

Sam advised that Sheila had through OSCR obtained a directors declaration template that could now be used by the AED Directors, this should keep us compliant with all the relevant legal entities.

As a point of clarification Carol advised that OSCR had no relevance to us, however their declaration was more stringent than any Companies house or the FCA required and that by using the OSCR template it would ensure we were compliant with any current or future requirements.

There being no questions and nothing further to add Sam handed the meeting back to the Chair.

9) **Finance Report**

The Chair thanked Sam for her report and handed the meeting to Andrew for his report.

- **Management Report**

Andrew commented that he had little to say on the Management Report, except that in a fairly uneventful month we had added another £10,000 to our cash balance, giving a current balance in bank of £235,000. With interest rates rising, it is now incumbent on us as Directors to be considering options on making that balance work for AED. Triodos has an at notice access deposit account. It currently only yields 0.55%, however this could generate £500 to £1,000 a year if some of the reserve funds were placed in a deposit account. The two considerations are ensuring we can make timely transfers to the current account as needed, and the impact it might have on our security with SIS.

Carol advised that she had previously discussed with Rob Halliday the options on holding funds in a deposit account. At the time he saw no problem provided it was clearly identified where the money was and that they (SIS) had a note of those accounts.

Options were discussed, including legal documentation with SIS, interest payments on different accounts, and ease of access. The need to avoid unnecessary additional admin work and possible legal costs was reinforced.

Consideration needs to be given to the amount to be transferred and the option to hold some in a higher interest bearing 30 day notice account.

Andrew will investigate further and circulate a proposal to the board on splitting the accounts into three tranches.

- **Armstrong Watson**

Following a question from Andrew, Pam confirmed that the VAT calculations and reporting was completed by herself, however AW did the submission. This was a simple press to submit exercise however, Pam had concerns that they would not be able to get the Digital Submission linked to the AED Government Gateway account in time for the deadline..

There has been no further discussion with AW regarding renegotiating our agreement with them.

Action: Carol and Andrew will pursue and report back for the next meeting.

- **Cash Flow Model and Share buy backs.**

Andrew has tweaked the cash flow model and reissued to the board, The model is very similar, but addressed the questions regarding setting aside money to anticipate possible share buy back. As expected

it showed that money put aside for share buy back simply reduced money available for Community Benefit payments.

Our current priorities are

1. Repaying the current SIS loan
2. Making interest payments to our Shareholders
3. Thinking about how to repurchase shares in due course
4. Making Community Benefit Fund payments.

Creating a reserve may be beneficial, and our options to do so would be at the boards discretion, as is the agreement to buy back shares. Buy back requests have a direct effect on our cash flow. This means that in a good year we may be quite happy to sanction a request for withdrawal, whilst in a bad year we could be less forthcoming. Building a reserve would allow more flexibility when considering requests from Shareholders.

The possible impact and reactions from different concerned groups was discussed. Carol advised that DIG now had sufficient board members who understood the way AED worked, that she did not anticipate any problem.

Impact on our cash flow of FIT payments and PPA were also discussed. Reference was made to the 2% annual increase on FIT, together with the pending renegotiation of the current PPA.

Andrew proposed an annual increase of £5,000 per year to the share reserve, which was agreed unanimously by all Directors present.

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 Carol for the Operational Report.

- **Operational Activity and Generation Data**

Generation to date this month is 25,195 hWh, which is 27% of target for this month. We have had four non operational days so far this month, however we are considerably ahead of year to plan.

Year to date generation at end of August was 907,802 kWh, which at 66% of the way through the year was 79.15% of our target. This is a low flow data target, however it is the target we have set, and with current expectations we anticipate exceeding our forecasted total generation.

The current problems are that the water level and water fall is much lower than normally expected. Carol advised the board that as we had now been generating for five years it was her intention to revisit the data and see if a more accurate month by month predication could be produced using our own data input. However this is not a high priority action.

Carol advised that water levels were low, however it should also be remembered that leaf fall is now starting. Currently with the low levels this is proving fairly easy to clear as the leaves are not being sucked into the intake, however the team will continue to work on this as Autumn progresses.

The CINK servicing and training all took place as expected, there were no problems or concerns. We now have trained operators in Peter, Bill, Sid, Roger, Callum and Pam.

FIT readings have been submitted on time and our payment should be received at the due time.

Carol advised that with their family situation over the last month Peter had made no progress on any of the research options.

There being no questions Carol handed the meeting back to Sheila, who thanked her for the report.

11) **Community Benefit Fund**

Carol reported that all of the policies and procedures DIG needed for Community Benefit Fund were now in place, and that all of the accounting functions with the exception of the budget were in place.

This should mean that by mid October DIG would be in a position to comply with all requirements from Foundation Scotland, and be able to begin drawing down Community Benefit funds for the Community Action plan, assuming they can find someone to undertake the work.

They will also be drawing down some funds for other urgent improvements which Foundation Scotland have agreed can be carried out under the scheme.

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

12) Any Other Business

- Carol wished to propose that we move away from monthly to quarterly meetings to coincide with the fiscal quarters, March, June September and December. We have the ability to call an ad-hoc meeting if required, and the ability to vote on interim decisions by email.

She is proposing this for three reasons. She thinks the company has reached a level of maturity that monthly meetings are no longer a necessity. Tuesday evenings are becoming problematic for several members of the board, and moving from Tuesdays to a different day is not a viable option for several of the board members.

She does, however think that management reports and generation data do need to be circulated on a monthly basis, as these are the documents that could trigger the need for an interim meeting.

The matter was discussed by the Board, who felt that quarterly meetings would work well and if necessary additional meetings could be held in advance of AGM's, or as the financial year end progresses.

Additional financial information would also be added to the Board Director's generation meeting by admin.

The Board unanimously agreed the change to quarterly meetings.

After discussion it was also agreed that admin would circulate the minutes of meetings, for review by the board post meeting so that directors could notify any amendments whilst the meeting was still fresh in their minds. It was also agreed that where a response was required emails would be headed URGENT RESPONSE REQUIRED, and a respond by date added if needed.

- Andrew requested that Carol send him a copy of the original FIT agreement as this predated his involvement.

13) Date and time of Next Meeting

The date of the next board meeting was discussed and agreed as Monday 19th December at 7:30pm

The Chair thanked everyone for attending and closed the meeting at 8:46pm.

Draft Minutes to be approved at Board Meeting #062 on Monday 19th December 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
Michael Odumosu	
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