

BOARD MEETING MINUTES

Date: Board Meeting #067

Present: Sheila Clark, Chair
Andrew Swann, Finance Director
Sam Marshall, Company Secretary
Peter Thomas, Operations Director
Carol Thomas, Hydro Project Manager
Michael Odumosu.
Cath Auty, DIG nominated Director
Patrick Marshall.
David Wilkinson.

Pam Stansbury, Administrator

Apologies: None

Meeting Details: Date Tuesday 19th March 2024 at 7:30pm
This meeting was conducted via Zoom and was recorded

MINUTES of the 67th Meeting of the Board of Directors

The meeting opened at 7:30pm.

1) **Apologies for Absence.**

There were no apologies for absence.

2) **Conflicts of Interest**

Carol is now Company Secretary for Avich & Kilchrenan Community Heritables, and Sheila is a Trustee. These will be added to the Addendum. There were no other changes.

3) **Approval of Previous Minutes #066**

The minutes of the previous meeting held Tuesday 16th January

The minutes were proposed by Carol, seconded by Cath and approved by the board.

4) **Matters Arising not covered by the agenda.**

Item 7 (5). Action to check FCA guidance on articles of association considering OSCR's latest rulings for an annual review. Sam checked the FCA handbook which has not been updated since 2013; it is therefore the most recent version and current to our Rules.

The relevant rules are attached to the minutes (Addendum 3)

Sam confirmed that we are required to notify our shareholders if we propose to change our articles of Association. We are not required to review them annually and are only expected to review them if a change is required to keep us compliant with FCA guidance and legislation. Any proposed changes must be notified to our members and approved by them at an AGM or EGM.

Carol thanked Sam for checking and confirming our compliance.

Item 7 (4). Lease Resumption Legal work. There have been ongoing conversations with Twin Deer Law, which have established that Harper MacLeod have been sending all mail to our old dig-hydro emails. This has now been unscrambled and we have paid Twin Deer Law's legal fee. We are now just awaiting receipt of the final paperwork. Johnny has received their 'as drawn' which is based on our 'as drawn' sent to them in 2018.

Item: Interest bearing deposit account. Andrew had been asked to investigate the option of an interest-bearing account with our bankers. He has established that there is no restriction on us in opening an account however when Andrew investigated further, he found we were required to complete an application form as if we were a completely new customer and supply information Andrew did not have to hand at that time. Pam undertook to look at the details. Carol advised that she had some of the information and had undertaken to make some time with Pam to complete. Pam advised she had spoken with Triodos who had renewed the link, and had confirmed that Triodos were only making deposit accounts available to existing customers, as this was not a service they actively wished to pursue.

There were no questions and no further matters to discuss.

5) **Interim Board Decisions**

- Pending – Insurance renewal quote. This is a pending decision on which Carol is waiting final quotation. Once received Carol will require a quick response from the Board, as we are now very close to our renewal date.

Carol advised the board that we were still with the same broker and insurer. However, they had required different forms and requesting additional information that was not relevant to our business and we have no ability to supply. Marsh have addressed this and are forwarding the final quotes for Carol to circulate. She will forward to the Board as soon as possible.

Carol has already advised Marsh that we will require a confirmation letter for our investors.

There were no other interim decisions to record.

6) **Chair's Report**

Chair reported that she herself had been very quiet on the AED front, with the exception of reading the various reports and communications she had received from others. She thanked

those people for the hard work they were doing on AED's behalf. Predominantly Pam on the admin side, Andrew on finance, Peter on operations and Sam Marshall.

The AGM will be held in May and Sheila offered her apologies because yet again it conflicted with Archeology Scotland. She needed therefore to ask someone else to chair and present on her behalf. After discussion it was agreed that as Sam had deputized last year, Carol would Chair the AGM this year. It was also noted that Carol was not standing for re-election this year, whereas Sam like Sheila is up for re-election.

There being no questions and nothing further to add the Chair passed the meeting to Sam for the Company Secretary report.

7) **Company Secretary Report**

i. **Shareholder update.**

A request has been received from a shareholder who wishes to withdraw their holding of £1000. Sam proposed that the board approve the request and the board approved.

ii. **Notifications to Shareholders and answers to question(s) raised.**

A question was asked at the AGM last year regarding interest payments and benefit to shareholders. Sam was concerned that no answer had been given to the question raised.

Andrew explained his understanding of the legal position regarding interest rates, and his understanding that we could only amend our rates if we felt we were at risk of losing our investors. He also advised that we could not retrospectively make adjustment to interest rate.

The specific question raised was if AED had a particularly good year was there a way that the shareholders could also benefit. Carol detailed the specific question raised to which the simple answer to that question is no

Carol requested that we spend a small amount of money on taking legal and procedural advice on how we maintain a Community Benefit Society and repay some of the investment capital. Peter raised the point that we had previously discussed the option to go to the shareholders to put in place a mechanism to allow us to select an option to pay a percentage over the base rate.

After a lengthy discussion regarding share redemption, share interest payments, and retaining share capital it was agreed that further advice needed to be sought, and that a clear strategy needed to be put in place.

Sam proposed that Carol seek further advice, this was seconded by David and approved.

Action: Carol to consult with CMS regarding Andrews proposal, options open to us and to ask for advice on our position.

iii. **Annual General Meeting, preparation and notices.**

Sam reported that the date for final documentation to be provided to members was the 20th of April. Sam requested that directors respond quickly to Pam's requests and emails. She has already provided dates for individual reports and bios to be returned by.

Pam requested volunteers to proof shareholder pack and website updates. Pam currently both writes and proofs the website, which is open to mistakes. Both Cath and David volunteered to undertake the proofing.

Carol advised that Foundation Scotland had indicated that the CBF report would be available by the end of March.

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

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

8) **Finance Report**

i. **Management report and current financial position.**

- ii. The management reports have been circulated to the board prior to the meeting, and showed us to be in a relatively healthy position. The quarter ending February is the last quarter affected by the very high PPA rates we secured, and we ended the quarter with around £440,000 in the bank. Our expenses were low as usual.

A prepayment to SIS of £50,000 and a Community Benefit payment of £100,000 was discussed. A higher payment could be considered; however, we are still early in the year and have no guarantees on weather and production over the summer.

A question was raised on the feasibility of increasing the payment to SIS. Andrew worked some changed figures assuming that we met budget. Changing the model to pay £100,000 to SIS we could still afford the £100,000 CBF payments yearly through to 2027. Paying £100,000 to SIS now would pay the loan off by July 2029, instead of 2030. The implications were discussed, together with the tax implications of paying SIS as an alternative to CBF.

Carol updated the board on the potential requirements on CBF usage within the community. She also advised that she and Peter would be adjusting the generation forecast to better reflect our historical generation.

Michael questioned if there was a penalty for paying early, which Carol confirmed was not the case. The board also agreed the quarterly payments should be maintained at existing level, as they had been with previous prepayments.

After discussion the Board agreed to make a £100,000 prepayment and £100,000 CBF subject to Andrew circulating an updated model to confirm the financial implications of the agreement.

Year End Accounts and Treasurers report.

Both the year end accounts, and the Treasurers report had been circulated prior to the meeting. Andrew asked for questions or comments and noted that this year would be the first year when we would pay a small tax bill. We have provisioned for this and Andrew does not anticipate this being a problem moving forward.

The Board confirmed their adoption of the accounts for distribution to the shareholders.

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

The Chair thanked Andrew for his report and handed the meeting to Peter for the Operations report.

9) **Operations Report**

i. **Generation data and operational update**

January, we achieved 141% of plan at 170,400 kWh and in February we achieved 206,708 kWh and 225% of plan. Currently generation is ahead of plan, and March has so far run at 100kwh on the river. It has been a drier month in Argyll compared to other regions of the UK. Peter anticipates a lower month in March, possibly hitting target or being slightly under.

Operationally there have been some trees to clear and stones to clear from the intake. The only outstanding issue is the SEPA report which is now due. Peter will action this during the next few days. Sid is currently still absent from the team, owing to the landslide damage to his home and slight health problems.

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

The Chair thanked Peter for his report and handed the meeting to Carol for the Community Benefit Fund report.

10) **Community Benefit Fund Report**

i. **Inform & Inspire.** The Inform & Inspire information Carol had circulated was two-fold. Carol thanked David for all his comments and contributions which had been very helpful. Inform & Inspire has been started by RWE, who some will remember helped us in our initial stages.

RWE are installing significant renewable plants that will contribute to local communities. The estimate currently is that the loch Awe area will benefit from over £600,000 per annum of community funds from renewable energy plants, excluding the River Avich Hydro.

With the current legislation and geographical constraints, this has prompted a call from RWE to investigate solutions and better options to allow those funds to fully benefit local communities.. At the event she and Peter attended today, Carol spoke with SSEN who informed that the transmission side would also be required to pay Community Benefit payments. The question being asked is how we get to a place where the funds can be distributed to the best use.

Foundation Scotland are actively working with local communities to find solutions and ways that funds can be utilized.

As previously noted, Foundation Scotland are already preparing the year-end report for the AGM.

Carol advised the Board that we would need to renegotiate the contract with Foundation Scotland. They had a three-year agreement which is now due for renewal. Carol is not proposing any move away from Foundation Scotland, but we will need to complete this in the near future, We also need to review the Strategy Fund Management document which requires signing off by both Boards.

Carol updated the board on work currently being undertaken by DIG. The accounts have been steadily improving, the EV charging point installation has been accelerated, the Jetty is progressing, the drawdown of strategic funds has allowed DIG to deal with some pressing issues including some overdue tree management work.

We have been approached by Local Communities or People Power to ask if we would host a visit from our MP Brendan O'Hara. He was supportive in our initial stages and Carol has confirmed he is welcome to visit.

One item that has come from Inform & Inspire is that if we make the relevant changes to our Strategic Management document, we could offer interest free loans to local people to improve the eco footprint of the houses.

Questions were asked on the feasibility of the fund supporting the water management plan. This would depend on the set up of the governing body. A SCIO for example would be eligible to apply for funding. Other options were discussed, and Carol informed the Board that we were taking advice from Foundation Scotland on changes to the Strategic Fund management which would include uplifts to the maximum allowances on all funding streams.

Carol informed the Board that there would be a Community Meeting on the 4th May to discuss management options over the Water supply and Sewage system.

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

The Chair thanked Carol for her report.

11) **Communications**

List of communications received had been circulated to the board prior to the meeting. Admin highlighted the important items, two events were noted, ABCAN Community Renewables event on 19th March and Triodos invitation to Let's Talk webinar on 25th April.

BT and F&S had both notified price increases, and the insurance renewal is due, for which Carol is currently negotiating and dealing with.

Carol mentioned a service Armstrong Watson held which included financial webinars on Budget updates, tax and employment law changes etc. It was agreed Carol would circulate this to the Board. It was noted that the sessions were recorded, and copies sent to everyone who registered to attend. Recordings of previous webinars are also available online.

12) **Any other Business**

Peter raised the possibility of securing storage within the community center. Currently we have some aluminium plates and parts of bridge which fill the powerhouse. Money which we currently give to DIG as a grant can only go to project work.

Currently DIG has a deficit on running costs, rents within the community center have not increased to allow for inflation and increased costs. Previously David Winter rented the store area at £800 a year, the area is currently rented at £400 a year. Peter suggested that if the store became available we could rent the store at £100 a month. This would benefit in two ways;

it would clear space within the powerhouse, and secure some items that are currently stored outside, and would provide an income to DIG that could be used for operational costs. Peter asked for the boards agreement to pursue the storage area if the storage area became available.

Restriction over creating space at the powerhouse were discussed and ruled out. Benefits to health and safety were also discussed and it was agreed that the option should be pursued, and DIG notified of our interest and the option open to them.

There were no other matters arising.

Admin asked that all members could review the AGM minutes and confirm their approval so that minutes could be uploaded and distributed to the Members, subject to a final read through by Carol. This was agreed. Additional matters relating to the AGM would be emailed to the board as they became available.

Date and Time of Next Meeting

The date of the next meeting will be Tuesday 18th June, at 7:30pm. The AGM will be held on Saturday 11th of May at 1pm.

The Chair thanked everyone for attending and closed the meeting at 21:36 pm.

Minutes approved at Board Meeting #068 on Tuesday 25th June, 2024

A handwritten signature in black ink, appearing to read 'Sheila M. Clark', is written in a cursive style.

Signed by Sheila Clark, Chair.

Addendum 1 - Conflicts of Interest

<u>Director</u>	<u>Conflict of Interest</u>
Sheila Clark, Chair	Company Secretary on board of Dalavich Improvement Group Trustee on Board of Avich and Kilchrenan Community Heritables (AKCH)
Carol Thomas	Treasurer on board of Dalavich Improvement Group Company Secretary on Board of Avich and Kilchrenan Community Heritables (AKCH)
Cath Auty	DIG Nominated Director
Pam Stansbury, Admin	Chair, Dalavich Improvement Group

Addendum 2 - 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
DTAS	Development Trust Association Scotland
EDF	Education and Development Fund
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
RAHCBF	River Avich Hydro Community Benefit Fund
REGO-FMD	Renewable Energy Guarantees of Origin - Fuel Mix Disclosure
SEPA	Scottish Environmental Protection Agency
SIS	Social Investment Scotland

Addendum 3 - Review of Articles of Association (Item 7:5)

3.6 Constitution and governance

REC 3.6.1

01/04/2013

Where a UK recognised body is to circulate any notice or other document proposing any amendment to its memorandum or articles of association (or other similar agreement or document relating to its constitution) to:

- 1) its shareholders (or any group or class of them); or
- 2) its members (or any group or class of them); or
- 3) any other group or class of persons which has the power to make that amendment or whose consent or approval is required before it may be made;

that UK recognised body must give notice of that proposed amendment, and give the information specified for the purposes of this rule in REC 3.6.2 R to the FCA, at the same time as that notice or document is circulated.

REC 3.6.2

21/06/2001

The following information is specified for the purposes of REC 3.6.1 R:

- 1) the proposed amendments referred to in REC 3.6.1 R;

- 2) the reasons for the proposal; and
- 3) a description of the group or class of persons to whom the proposal is to be circulated.

REC 3.6.3
21/06/2001

A UK recognised body which is incorporated as a company in the United Kingdom will, in many circumstances, be able to comply with REC 3.6.1 R by providing a copy of the notice of special resolution issued to its shareholders.

REC 3.6.4
01/04/2013

Where a UK recognised body makes an amendment to its memorandum or articles of association (or other similar agreement or document relating to its constitution), that UK recognised body must immediately give the FCA notice of that event, and give written particulars of that amendment and of the date on which it is to become or became effective.