



AGM 2014 Friday 30th May, 7-9pm. St Joseph's Hall, Balerno

Minutes

55 Attendees

Chairman's remarks – Martin Petty. *Summary Slide from AGM:*

Chairman's Remarks

An excellent beginning - 9th April 2013

242 members

£334k capital

Willing members with expertise and experience

Very positive reaction across Scotland

Design Contract – Adrian Laycock

Equipment ordered February 2014 target installation August 2014

Preferred construction contractor

Challenges

Lease – 1st draft received from CEC May 2014 (heads of terms were approved March 2013)

Main obstacles:

The Lease – Lease draft came in from CEC solicitor's in May. Very slow progress since heads of terms were agreed in March 2013. We need to finalise the lease in June 2014 to be able to stick to our building schedule in July.

Approval of annual accounts – Accounts approved by Mr Dormer and Neil Johnstone (copy of accounts attached via email to all members)

Agreement to verify the accounts – Approval to verify rather than audit, as per the rules for IPS audit exemption. Passed unanimously.

Appointment of verifier (Gordon Mavor). Approved unanimously.

Election of the Board – BVT has put forward Martin Petty, Ian Hynd and Simon Dormer.

Lynn Molleson proposed by Martin Petty and seconded by Kevin Beaureguard

Mike Molleson- Simon Dormer proposer and seconded by David Bewsey

Kevin Beaureguard- Ian Hynd proposer and seconded by Mike Molleson

Johanna Carrie – proposed by David Bewsey and seconded by Elspeth Murray.

Project report – *Slide on 'what's happened since November 2013'* – new hydrology calculations show that with the new Francis turbine will have a potential of up to 90Kw rather than 65kw that our initial financial projection was based on.

What's happened since November

Design Agreed

Equipment Ordered – delivery August

Technical team meeting fortnightly

Meetings with CEC Flood Prevention / NHS / SPN . .

Grid Connection upgraded

FiT rate pre-accreditation applied for

Pipe Liner Repaired

Project Finances- slides with the original financial projection and the new financial projections

Finance Projection 2013

Year	Income	Maint. & Serv.	Share Interest	Loan Payments	Cost of Lease	Oper. Costs	Oper. Surplus	Available to BVT	Capital Reserve
	A	B	C	D	E	F	G	H	I
						B+C+D+E	A-F		G-H
1	£29,000	£3,452	£0	£24,292	£0	£27,744	£1,256	£0	£1,256
2	£59,450	£3,590	£6,000	£24,292	£0	£33,882	£25,568	£5,000	£20,568
3	£60,936	£3,734	£6,000	£24,292	£0	£34,025	£26,911	£10,000	£16,911
4	£62,460	£3,883	£6,000	£24,292	£0	£34,175	£28,285	£15,000	£13,285
5	£64,021	£4,038	£6,000	£24,292	£0	£34,330	£29,691	£20,000	£9,691
6	£65,622	£4,200	£6,000	£24,292	£0	£34,492	£31,130	£25,000	£6,130
7	£67,262	£4,368	£6,000	£24,292	£1,304	£35,964	£31,298	£30,000	£1,298
8	£68,944	£4,543	£6,000	£24,292	£1,364	£36,199	£32,745	£30,000	£2,745
9	£70,667	£4,724	£6,000	£24,292	£1,426	£36,442	£34,225	£30,000	£4,225
10	£72,434	£4,913	£6,000	£24,292	£1,489	£36,694	£35,740	£35,000	£740
11	£74,245	£5,110	£6,000	£0	£2,525	£13,635	£60,610	£55,000	£5,610
12	£76,101	£5,314	£6,000	£0	£2,591	£13,906	£62,195	£55,000	£7,195
13	£78,004	£5,527	£6,000	£0	£2,659	£14,186	£63,818	£55,000	£8,818
14	£79,954	£5,748	£6,000	£0	£2,728	£14,476	£65,478	£55,000	£10,478
15	£81,952	£5,978	£6,000	£0	£2,799	£14,777	£67,176	£60,000	£7,176

VAT will need to be paid up front (we are VAT registered and can claim it back) but our last VAT payment will be £41K up front.

Figures and Assumptions (2014)

1	Capital Cost (Actual + committed + contingency)	£414,107
2	Annual Maintenance and Servicing (ref. HE Feasibility Study)	£3,452
3	Annual increase in Maintenance and Servicing	4.0%
4	Cost of Lease (free for first 6 years) % of income surplus	4.0%
5	IPS Share issue	£334,750
6	Commercial Loan with a lump sum repayment annually	£105,000
7	Interest rate paid on commercial loan	8.0%
8	Interest rate paid to shareholders 5	4.0%
9	Approximate income from electricity generated pa (A Laycock)	£63,000
10	RPI used in forecasting income	2.5%
11	Year 1 will only generate 50% of expected annual electricity	
12	The Commercial Loan will be repaid over 10 years.	

£105K needed to cover up front VAT costs, increased materials and civil works costs, additional tree condition survey and contingency.

Financial Projection - 2014

Year	Income	Maint. & Serv.	Share Interest	Loan Payments	Cost of Lease	Oper. Costs	Oper. Surplus	Available to BVT	Capital Reserve
	A	B	C	D	E	F	G	H	I
						B+C+D+E	A-F		G-H
1	£31,500	£3,452	£0	£15,648	£0	£19,100	£12,400	£0	£12,400
2	£64,575	£3,590	£13,390	£15,648	£0	£32,628	£31,947	£5,000	£26,947
3	£66,189	£3,734	£13,390	£15,648	£0	£32,772	£33,418	£10,000	£23,418
4	£67,844	£3,883	£13,390	£15,648	£0	£32,921	£34,923	£15,000	£19,923
5	£69,540	£4,038	£13,390	£15,648	£0	£33,076	£36,464	£20,000	£16,464
6	£71,279	£4,200	£13,390	£15,648	£0	£33,238	£38,041	£25,000	£13,041
7	£73,061	£4,368	£13,390	£15,648	£1,586	£34,992	£38,069	£30,000	£8,069
8	£74,887	£4,543	£13,390	£15,648	£1,652	£35,233	£39,654	£30,000	£9,654
9	£76,759	£4,724	£13,390	£15,648	£1,720	£35,482	£41,277	£30,000	£11,277
10	£78,678	£4,913	£13,390	£15,648	£1,789	£35,740	£42,938	£35,000	£7,938
11	£80,645	£5,110	£13,390	£0	£2,486	£20,986	£59,660	£55,000	£4,660
12	£82,661	£5,314	£13,390	£0	£2,558	£21,262	£61,399	£55,000	£6,399
13	£84,728	£5,527	£13,390	£0	£2,632	£21,549	£63,179	£55,000	£8,179
14	£86,846	£5,748	£13,390	£0	£2,708	£21,846	£65,000	£55,000	£10,000
15	£89,017	£5,978	£13,390	£0	£2,786	£22,154	£66,864	£60,000	£6,864

Funding Sources

Re-open sale of shares (June)

Social Investment Bank (SIB)-Will lend £65k - 8%

Diligence fees around £3650

Coop / Coop Community Fund- Will lend up to £150k – 6%

Diligence - 1%

Will buy up to £50k of shares (ie. Becomes an investor)

No early repayment costs for SIB or Coop

Questions from the members present -

Do we have an archeological survey booked? Yes this is a requirement. We have engaged someone who has done an initial survey. They have also talked to CEC (City of Edinburgh Council). They will come back on site when digging starts. Nothing unearthed so far.

Can we use The Green Bank? Simon answered that this was explored and we are too small for their due diligence costs.

Will new shareholders affect the current shareholders returns? No. This will make no difference as the shares are with-drawable and the defined benefit remains the same.

Questions on the EIS and SEIS tax rebate – yes, the new shareholders should also be eligible for EIS (SEIS is only for the first £150K).

We need to close SEIS before opening EIS

Why is the lease held up? Simon answered. Bureaucracy was felt to be the issue with CEC. Each department acts to it's own agenda and we are not sure when we are going to reach a satisfactory conclusion. – technical problems we can solve but new depts are coming forward with issues e.g. trees. It is clear that we need someone high up within CEC to act as a conduit for communication and actions.

Some shareholders suggested that we meet with Andrew Burns (the head of the council and keen to see co-ops succeed). He offered this support to the Solar energy co-op. This should definitely be something the Directors to pursue.

NB. Since the AGM we can report that Martin Petty has met with Cllr Burns, who has responded via email and twitter. Things are now moving on getting approval from all departments (trees, rangers, planning and flood prevention) to progress the lease to it's final stage and allow us to start building in July/August.

It was suggested that individual shareholders could write to the head of the council, Andrew Burns, personally asking for him to intervene.

NB. This action will no longer be necessary. Things are now moving and we will keep the shareholders updated on progress.

Local councillors are all supportive.

Approach to the Chief Exec of CEC to try to secure the lease. Sue Bruce is CEO of CEC.

NB. Sue Bruce is now aware of the main issues.

Steve Cardowney is Vice Convenor of CEC and we should write.

NB. This will only be necessary if we need to bring extra pressure to bear. CEC are supportive of HH happening. We need to move things faster through the system to allow us to keep to our building schedule.

Tweets were sent during the AGM and these did elicit responses.

Vote taken to re-open the share offer, at least locally. Up to £105K available.

Wine, juice and nibbles

Any other business:

FRESH (Renewables show in Fintry, Stirling) – Honourable Mention. Harlaw Hydro was voted as this year's Fresh Honourable mention in the Exciting Newcomer category.

HH video clip made with Local Energy Scotland. *link below:*

<http://www.localenergyscotland.org/resources-advice/case-studies/joint-ventures-co-operatives/harlaw-hydro/>

Lynn Molleson

Minute Taker

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