

# Minutes



## STEERING GROUP MEETING

7.30pm 27<sup>th</sup> January 2011 – BALNAIN HALL, GLENURQUHART

### Attendees:

Anne MacDonald, Mary Brook, Mhairi Gordon, Neil MacInnes, Peter Macdonald, Shona & Francis Jones, Pierre LeBrun Andrew & Tanya Castell & Erik Trelfer

Apologies: Edward Redmond, Bill McDermott, Paul & Kate McKinley,

### Agenda topics

#### Minutes of Meeting 25<sup>th</sup> November 2010

Discussion: the minutes of the previous meeting were agreed amended and signed

#### Current Situation

Anne MacDonald

**Planning Permission** – has now been obtained

### Funding –

There is a balance of £500 left in the funding from Investing in Ideas for which deadline for use has been extended to March. This has been allocated to accountancy costs and we are expecting an invoice for this from AJB Scholes shortly.

Big Lottery funding application has been deferred. At present we have insufficient community members to qualify and we only meet 1 of the 3 outcomes. Est. population for our area is 2500 so we would need at least 10% to join as members. Our Community Engagement has not been strong enough. Anne has met with Steven Watson of CES to discuss it further with him and he has indicated that Big Lottery attitudes have changed now. They are not so happy to fund capital costs of projects as they were in the past. There are also concerns about whether this type of project constitutes State Aid for a commercial project. As we will qualify for ROC payments, the lottery seems less inclined to help than they might previously have been. Lottery is now keener to help in deprived areas – and this is not a deprived area. They are not funding such large amounts now for Renewables projects as they have in the past.. This all suggests the Big Lottery would be a lot of work both in the application and in subsequent monitoring and reporting on outcomes, with only a small prospect of success.

As the bank will fund a lot more than we had originally envisaged, Anne felt we should consider dropping the Lottery. This would also allow us more flexibility as it would no longer mean we have to own an asset – we could own a 20% share-holding in the wind-farm company instead (as we had envisaged in our original model). We would not then need to pay for the extra costs of separate metering. A shareholding would be less risk too as instead of all our revenue ‘eggs’ being in one turbine ‘basket’ we would spread the risk over all 5 turbines. It was generally felt by those present

that if we could raise sufficient funding elsewhere, then we should not proceed further with a Big Lottery application.

Social Investment Scotland Fund – Anne met with Alastair Davis - £3 Million going into this fund on 1<sup>st</sup> April and they can offer funding for projects of– minimum £100,000 and max £1 Million. They work closely with Co-op Bank. Do not require us to own a separate turbine and will go with the Co-op's view on viability. They have provided funding to Tiree and some other community wind turbine projects. We should also consider Leader which may help fund the Development aspect to £20,000 or so.

**Membership** – 4 new members have joined. Despite pressing people to join there are still many who have not filled out and returned forms and there is still a general attitude that it will 'not happen in my lifetime'. This is frustrating given that we have now crossed four of the big hurdles – Wind monitoring; Environmental Assessments and way-leave negotiation; Planning Consent and Funding. There is only the Grid Connection to resolve before work on the ground actually starts. We need to broadcast this good news widely and to have more people on board as members of the Community Company. It may be that Steven Watson can help us with this engagement, particularly with the Strathglass community which has not responded much at all. This might be achieved through meetings or work-shops with community members or groups. Tomich Barn might be a venue for this. We can also ask the local news web-site to help us and ask other community groups that will benefit from the revenue we generate to get word out to their members and ask them to join us.

Action items:	Person responsible:	Deadline:
Excell Spreadsheet recording grant funding/expenditure/balances	P Trelfer/Anne	ongoing
Directors to supply Anne with details of their skills/experience	All Directors	Soon
Recruit more members	Francis Jones to ask Green-Space members to join & Mhairi Gordon to ask GULUP members to join	Soon

### Directors Meeting with Co-op Bank

Erik Trelfer

Mary, Anne, Erik, Mike Girvan and Karen Scholes met with Chris Rodgers and Neil Gray of Co-op Bank. Mike outlined where we are with the project. Chris took the opportunity to ask a few questions and then threw the meeting open for us to quiz him. He confirmed their commitment to funding the project (subject of course to the due diligence and grid connection). He was happy to loan up to 95% if necessary. We were having second thoughts about applying to Big Lottery now – bank confirmed they were happy to work with us not owning a turbine and using the 20% shareholding model instead.

Chris was asked for more information on how the bank weighed up a project. He outlined the various stages – 1<sup>st</sup> Stage assessment of how much to be loaned, gearing and equity in the project. Next was the Preliminary Application providing them with details of the turbine supplier, maintenance contract/warranty, main construction firms etc and finally the Full Credit Application. The final stage

decision would not be made by Chris – it is referred to the Bank’s Loan Review Board. The bank would want to see cv’s of all the directors involved. The turbine supplier had a bearing on their terms as some are more reliable than others and so it affects the risk. They seemed to favour Enercon as having the best track record and machines/servicing but indicated the two others being considered by Mike were acceptable.

The technical due diligence process was done by consultants – usually Natural Power or PMSS. Legal work by MacGregors, Brodies or Eversheds.

Chris advised on the importance of selection of the main contractors, and specialists for the Site/Civil Engineering work, Electrical Engineer for the electrical works and electronic/mechanical engineer for the Turbine Hoist. Primary importance though was to have a really good Site Engineer – as this man would be key to everything being properly and closely co-ordinated. Failure on this front would cost us a lot of money – but a good site engineer would save a lot. He would have to be on site every day. Mike had Richard Gauld in mind for this, but with his other work commitments and need to be on site daily he accepted this would probably not be possible. He was also looking at a local firm Crudens who might lead this aspect.

Chris was asked to outline the Bank’s social objectives – children, education, care for elderly & disadvantaged, fuel poverty, tourism. These were all very much in line with our own objectives.

Neil asked about the wind-speed on the site – Mike indicated the readings averaged 8.2 metres per second which Neil found very impressive and well within what the bank seek for viability.

Action items:	Person responsible:	Deadline:
None		

#### Matters Arising and Any Other Business

If we go with the Shareholding model, we will need to ensure that the shareholder voting structure is fair and reasonable. There may be differences in the two groups of shareholders interests if for example the commercial part wants to sacrifice more of the revenue income than we do, in order to pay down loans more quickly. We need to ensure we can protect the community revenue. Separate legal advice will be needed for Shareholder Agreements – so we also need to think about who we use for this.

It was formerly agreed that we would put Big Lottery Application on hold for now. We will keep both Model options open , (either owning a turbine or owning shares).

Figures now needed for the over-all project costs/cash flow schedule/Draw-down – Mike/AJB Scholes working on this.

Tanya Castell who has a background in banking and risk management and control was voted onto the Board of Directors.

Conclusions: N/A

Action items:	Person responsible:	Deadline:
Contact AJ Scholes who are working on this with Mike	Anne	soon

**DATE OF NEXT MEETINGS: Thursday 24<sup>th</sup> February 2011**

**Chairman:**

**Clerk to the Board:**

Erik Trelfer

**Date:**

