



Lochbroom Community Renewables Limited
(a Community Benefit Society)

Minutes of the Annual General Meeting of Lochbroom Community Renewables (LCR) held on 18th November 2017 at Braemore Hall

(Note: The AGM year refers to the period 13th May 2016 to 31st May 2017).

Attendees: 75 shareholder members, 8 non-members and 10 children. Of the shareholder attendees, 74% were Type A (Lochbroom Community) members.

All Directors and additional volunteer Board members were in attendance: Tim Gauntlett (Chair), Paul Copestake (Hydrologist, Environmental Clerk of Works), Kathleen Donald, Sarah Donald, Rob Gibson, Cathy Higginson (Treasurer), Amanda Barry-Hirst, Andy Kaye (Company Secretary), Rebekah Lwin/Reid (minutes), David Maxwell, Sandy MacKenzie, Sandy Osborne, Alison Parsons.

Also in attendance:

Stuart Hamilton – Project Manager, Locogen

Darren Ross – Construction Manager

Ben Williams – Local Development Officer, Ullapool Community Trust

Stephen Rochford – Quality Control, Campbell of Doune

Apologies: A number of members gave their apologies

“Switch On’ event.

The AGM was preceded by a ‘Switch on’ event during which all shareholders were invited to view the turbine and turbine house in the presence of Directors and members of the construction and project management teams. The cutting of a red ribbon by three generations of shareholders formally marked the commencement of BroomPower’s energy generation.

1. Welcome, Chair's report and update

Tim Gauntlett welcomed all to the meeting and reviewed the activity and actions of the last 18 months; while the year end for the purposes of the AGM was 31st May 2017, the completion of scheme's construction in subsequent months and the commencement of energy generation in November 2017 warranted up-to-date reporting.

Tim congratulated and expressed thanks to all involved, past and present, in the development and construction of the BroomPower hydro scheme and to all shareholders and donors for enabling the project to be appropriately financed. Tim noted that this had been accomplished on schedule and within budget and was a significant achievement for the community.

Tim identified some of the difficulties, as well as successes, of the past 18 months and presented the next steps for the coming year including progressing the formation of the Community Benefit fund with Ullapool Community Trust, sharing our experiences with other Hydro schemes and lobbying for bureaucratic adjustments with relevant organisations and people. The full transcript of the Chair's report is given in Appendix 1 at the end of these minutes.

Specific thanks were noted to:

Scottish Government for the initial CARES loan

Community Shares Scotland

Highlands and Island Enterprise

SSE Community Fund

Ullapool News

Ullapool Community Trust

Ullapool Harbour Trust

Braemore Hall

Ceilidh Place

Forest Enterprise Scotland (FES)

Stuart Hamilton, Locogen, Project Managers

Hugh Campbell, Campbell of Doune, Project Design

Bobby Ross Construction and Darren Ross, Site Manager

The Chair's report concluded with Tim reading out an excerpt from a letter sent to the LCR Board from the First Minister.

Following the Chair's report, Andy Kaye thanked the Chair for his work since the last AGM.

2. Treasurer's report

Cathy Higginson has been in the role of Treasurer since January 2017, Neil Gerrard before this.

Cathy reported on the accounts that had been prepared by Scott Moncrieff (Accountants) for the year 31st May 2016 – 31st May 2017 and described this period as being one of two halves; the first period one of raising money to fund the scheme and the second a period of spending for the construction and purchasing of capital assets to run the scheme. There had been some income during this past year due to a couple of grants and a generous donation but the main income will come from the electricity generation in the next phase of the project.

Copies of the Treasurer's report were available at the meeting and Cathy explained key elements of the figures presented. In particular the Restoration Bond sum of £30,000 (see later) and the fact that the CARES grant become a loan once the project proceeded and therefore this sum had to be paid back to the Scottish Government in full and with interest, this happened at the end of March 2017.

Cathy reassured the membership that, in her view as Treasurer, LCR Ltd. is currently running a healthy current account balance and she declared that "From the information provided to me I consider that these draft accounts reflect a fair and accurate picture of LCR Ltd's financial activities for the financial year in question, and shall be recommending them for acceptance by the Board at their meeting next month."

The full transcript of the report is given in Appendix 2 at the end of these minutes. The accounts are separately available.

Dave Maxwell, responsible for the overall project budget management and scheduling, also reported a positive position. There is still some contingency remaining from the current spending against the capital budget and this will be held in reserve for next year.

Restoration Fund

Andy Kaye explained that the Restoration Fund was monies that were required by Forest Enterprise Scotland to be held in perpetuity of the lease in order to restore the land to its original form if and when the scheme is decommissioned. Andy further informed the membership that every 5 years LCR will have to add to the £30,000.

There may be an option for the community, through UCT, to buy the land. If this were to happen, UCT would become our landlords and rents due on the lease would be payable to UCT and the Restoration Fund could be put to better use by LCR.

3. Election of Board members

As per the Rules, two elected Directors stood down from the Board, Tim Gauntlett and Andy Kaye. Tim Gauntlett will be joining UCT and will become a UCT appointed Director to the LCR board.

Rebekah Lwin has stepped down from UCT and will no longer be an appointed UCT Director.

Andy Kaye and Rebekah Lwin presented for re-election and election respectively to the LCR Board.

No nominations for new Directors had been received prior to the AGM and consequently the election and appointment of the above 3 Directors was approved by the members present. Directors' office roles will be allocated at the next Board meetings and members will be notified in the minutes of that meeting.

4. Date of next AGM.

17th November 2018

Selection of questions from the floor

Q1 – Reference has been made to Lochbroom Community renewables as both a Company and a Society, what does this mean?

A1 Andy explained that Lochbroom Community Renewables Limited is not an ordinary limited company but is a Community Benefit Society (Bencom), like companies however it has rules and it is registered with the Financial Conduct Authority. The financial reports are presented in accordance with standard 102, which is a limited company format.

Q2 – How does BroomPower fit within Lochbroom Community Renewables (LCR)?

A2: BroomPower is a trading name that identifies a specific project of LCR.

Q3 – Congratulated the construction progress and tidiness of the site and asked if the construction is now completed?

A3 – There is a little tidying to finish at the intake but otherwise all works are complete.

Q4 – Congratulated the landscaping and asked what was in place to continue to monitor the development of vegetation and the ecology of the burn?

A4 – All the monitoring data are uploaded onto a spreadsheet to ensure that we are monitoring accurately the requirements to ensure there is adequate compensation flow between the intake and the power station as per our licence from SEPA. Additionally we are looking at ways of developing and refining the monitoring for academic and scientific interest. In terms of the ecology, there was a detailed ecological survey at the outset and there was nothing critical on the site that required special care other than general good practice that was maintained. The biggest risk was debris and silt getting into the river so care has been taken to avoid this. The land will now be left for natural regeneration. FES do not intend to plant trees or reseed in order to avoid introducing something that is alien to the environment; this is current best practice. There are bryophytes of interest and George Rotherow, a bryophyte expert, will have a look at these with Paul Copestake in his role as Environmental Clerk of Works. It is hoped we may be able to make some of the monitoring information available to the public via regular updates in the Ullapool news.

Q5 – Are you looking for volunteers to clean the weir?

A5 - We are going to monitor it initially and see how it functions. There is a formal monitoring process that we have to undertake at least once a month and the rain gauge will need checking. The screen at the intake is designed to be self-cleaning but if we need help we shall ask and give appropriate training and permissions. At the moment the track is very muddy and while we cannot stop people roaming there, we are not encouraging it. If people do go to look it is at their own risk.

Q6 – Does LCR have any public liability responsibilities re the public access at the intake?

A6 – The land belongs to the Forest Enterprise Scotland and they therefore carrying the public liability. In the terms of the lease, LCR Ltd. are responsible only for the intake, the pipeline route, the powerhouse

and the access to it. LCR has in place appropriate Public Liability and other insurance cover.

Q7 –In view of the fact we have now started generating income, when will money be available to the community.

A7 – Andy reiterated the three key charges on the income generated and emphasised the need to 1) return investment to all investors, 2) to pay interest on the investments until they are paid back and 3) to donate any surplus to the Community Benefit Fund. A reserve also needs to be held to cover essential maintenance. A policy and procedures document addressing the investment return and administration is in draft and should be completed early next year.

Ben Williams (UCT) spoke briefly about the intended Community Benefit Fund and his role in ensuring that the benefit fund is set up in a way that will benefit the people in the community in a fair and appropriate way. Two legal documents are in preparation at the moment, the first presents the terms of reference for Fund's panel of assessors and sets out the governance for how the panel will make decisions on how the money will be spent. The panel will involve 2 people from the Board of UCT, 2 from the Board of LCR, and 5 people from the remit area of the UCT community.

The second document is the funding guidelines that describe the level of grants that will be available and how people / organisations can apply. There has been much consultation in the past year both with the community on the issues of need that may guide the principles for allocating the funds and with other organisations on the mechanism for administering the fund. These documents will be available to the public in due course.

Q8 –Can knowledge generated through LCR's experience be shared in order to help other communities in the challenges they may face.

A8 - Tim explained that LCR benefitted from the experience of others and our intention is similarly to share knowledge and information and to network with other organisations to help them progress their hydro schemes.

It was noted that Gail Ross MSP and Maree Todd MSP were present and they were thanked for their attendance at the AGM.

Appendix 1

LOCHBROOM COMMUNITY RENEWABLES LTD

CHAIRS REPORT AGM 2017

Held at Braemore Hall on Saturday, 18th November

A moment to reflect

Let's begin with a moment of reflection even if sounds like a prayer meeting. I speak to everyone who has had an involvement with this scheme: take yourselves back to how each of you first became involved. We start with those in the Renewables Group of UCT where the idea emerged. This progressed to sounding out public opinion, which gave an overwhelming vote of support. There followed the presentation of feasibility studies, the securing of grants and loans. There were encounters with Edinburgh lawyers, not of our choosing, who seemed out of sympathy with the legal requirements of Highland Communities. Necessary but tense meetings with regional staff representing our landlords, Forest Enterprise Scotland (FES). The communication group had to learn new skills, overseeing the creation of our website, the publication of our shares issue brochure, the launch of the share issue with the Hydro Hoolie, the raising of all the necessary funds. Once that was all in place, and criteria achieved to qualify for Feed In Tariffs, possibly the last community hydro scheme to do so, we had to seek out and negotiate contracts with our landlord, our project manager, designer and the contractor, everyone involved with construction. Construction began with favourable weather in May, which coincided with announcing the winner of 'name that turbine'. All of us...remember the sweat, the hours, the aggravation, the demand for attention to detail, holding to the faith to the end...it was hard, it was frustrating, it often seemed a distant or lost dream. Now look up, look around you, smile, let's inwardly cheer together. We have made it happen, we have crossed the line. Let's celebrate. This includes Euan, Kenneth, Neil, Diane, Gilly, Jan, Jason, Andy, Sarah, Paul, Sandy O, Rebekah, Dave, Sandy M, Rob, Kathleen, Cathy, Amanda, Alison. Of course, not everyone is named, my apologies if I have been negligent, only I prefer to call out two people in particular Neil Gerrard, our previous Treasurer, and Andy Kaye, our Company Secretary. It is unlikely that we would be meeting here today, if it were not for the hours of diligent work that these two people have gifted to this project. The point is they symbolise the contribution made by many people to be certain that Lochbroom Community Renewables Ltd has delivered, on ensuring that BroomPower is a hydro project of which this area can be proud

Everyone should stand and applaud because we have done it.

The meaning of community

This project is the achievement of this community and in preparing this report, I wanted to define what that means. Whilst walking on Balnakeil beach, a phrase came to mind, 'this community of Ullapool and its surrounding areas is where I want to live'. You see, it is simple. It has beauty, it has friendship, it is prepared to share, it rewards effort, it applauds rather than criticises. It rates highly the concept of the gift relationship, where something is given freely, that asks for nothing in return. Our community is rich in talent and BroomPower is but one example of where people can imagine, organise, construct, and deliver. People are prepared to give because there is invariably a reciprocal arrangement that adds value to the quality of this environment. In return for what all those previously mentioned have given, there is now a community hydro scheme of real quality.

There are those that need to be thanked: the bodies that have given grants and loans, the organisations that have offered their expertise. They include the Scottish Government for the CARES Loan, Community Shares Scotland, Highlands and Islands Enterprise, SSE Community Fund. Local groups have been generous in their support, most notably the Ullapool News who have never failed to print what I send them, the Harbour Trust, Ullapool Community Trust, its Chair Flick Hawkins, Directors and staff, Braemore Hall for the use of this hall for site meetings and other associated events, the Ceilidh Place for offering space and warmth for our monthly volunteer group meetings. It would be churlish of me to leave unmentioned and not to thank the regional staff of Forest Enterprise Scotland. FES began it all by offering a lease for the site. Staff have ensured that we have kept to strict construction requirements, ensured that care of the environment remained paramount and that we are abiding by all legal requirements.

Then there are the professionals who have all delivered, starting with BabyHydro at an initial stage, project manager Stuart Hamilton of Locogen, the design team from Campbell of Doune, led by Hugh Campbell, and the construction contractor Bobby Ross, where the one most visible was the splendid Darren Ross, who not only could make his machinery work like a dancer on the floor of Strictly Come Dancing, but was always a match for us all at meetings. I know you are all contracted to do a job, only, on behalf of all members of LCR I thank you for a job well done and delivered on time.

To bring this back slapping to a conclusion, let me quote an email sent by the First Minister of Scotland, following an invitation to attend today. The First Minister has asked that I pass on her congratulations on the success of the project, acknowledging the hard work, dedication of all those involved, particularly evident in raising the final £480K in less than a week, a truly remarkable achievement.

The Scottish Government firmly believes that local communities should be at the heart of decisions about local energy systems; and empowering them to take an economic stake in their development.

With this in mind, the First Minister was also pleased to note that 54% of the project investors came from the local surrounding areas, highlighting a real sense of community and a strong commitment to locally owned renewable energy which will bring benefits for years to come.

The First Minister would like to pass on her warmest wishes for a successful opening event.

The Future

Now, I turn to the future. What or where next? Let's break this down: water is turned into electricity. How? I have no idea, but luckily there are those, including our very young members, who do. Electricity is turned into money, and that I do know something about, as we all do. We need to make a profit to pay a dividend, we need a surplus to pay over to the Community Fund. This leads to one final phase. Converting money into a benefit for all the community. Now that is tricky. We all have our own ideas as to how to spend or even save money. It is beholden upon us to get this right. UCT has written and will be explaining how this is to be achieved. We must devise ideas of engagement, use vision and imagination to establish a new environment of cooperation and efficiency. The challenge is there. Each person appointed to the Community Benefit Fund, volunteers their time to make good decisions as to how to allocate funds that are visible and accountable. In being successful, let us show large bureaucratic agencies, Highland Council departments and political decision-makers that we are capable of providing for ourselves, for we have embedded practices, skills, experience, judgement, professionalism, standards which will deliver success. Perhaps in the near future, we should organise an event to bring these organisations together, demonstrating how they might learn from our experiences on how to foster a more engaging, cooperative and effective working environment, with the common aim of delivering a better quality of life for all.

As a Community Benefit Company, we have not been alone in experiencing difficulties that could have jeopardised the whole endeavour. These wasteful and demoralising experiences need not be repeated. In my more surreal dreams, I imagine that FES and others take enough notice so as to motivate them to adopt changing attitudes towards us. They should be working for us. We lack structure, leading large bureaucracies to misread our abilities and intent. We have no structure. We have governance. We have no structure, we have commitment. We have no paid employees, we are only volunteers, but we have knowledge of our community and environment. They have the power. We have the desire to survive and thrive.

We are all working for the next generation, 'Generating Renewable Power across the Generations' working to deliver an improved environment, working in such a way that the next generation will remember us Every Time It Rains.

Tim Gauntlett, Chair LCR (Ltd)

Appendix 2

Lochbroom Community Renewables (LCR) Limited
Annual General Meeting - 18th November, 2017

Treasurer's Report

On behalf of the directors of LCR Ltd, I present to you today the Directors' Report and Financial Statement for the financial year 1 June 2016 to 31 May 2017, prepared with the assistance of Scott-Moncrieff, Chartered Accountants, Glasgow.

Before I proceed to talk about the accounts, I would like to acknowledge a number of others. Firstly, Neil Gerrard, previous Treasurer, for his work in keeping records for the Society during the 2016/17 financial year, and in particular over the very busy period of the community share issue in the summer of 2016. I am also grateful for the support I have received from the directors of LCR Ltd in preparing these accounts, and the team at Scott-Moncrieff for their invaluable involvement.

2016/17 was the year of raising money. Next year's Treasurer's report will no doubt record that 2017/18 was the year of spending it! I say this to highlight the fact that the end of the financial year which I report on to you today, falls squarely in the middle of a phase of funds coming in, and then going out. As such, whilst important in accounting terms, the draft accounts in front of you today shed only limited light on the state of the Society's finances. However Dave Maxwell, Board member of LCR Ltd, will talk further in a moment on the current state of play, and as Treasurer I can assure you that the Society is currently running a very healthy, positive current account balance, and eagerly anticipating the arrival of its first income following the recently commenced power generation.

The money that came into LCR Ltd as a Society during 2016 was of course, not income, but shareholder investments, and as such is reflected on the balance sheet as 'Called up Share Capital' in 'Capital and Reserves' (page 6). LCR Ltd's income on the profit and loss account for the year was minimal – a little under £8000 – the product of two grants and a number of small but generous, and much appreciated, donations.

Expenditure was entirely accounted for by administrative expenses, set out in the Schedule to the Detailed Accounts on page 14. There is a broad definition of 'administrative expenses' for limited company accounts, and this expenditure covered not only office administration costs, but legal and

accountancy fees, project management costs, the lease of land, marketing and advertising. It goes without saying that such costs have been kept to a minimum, but are necessary expenditures for a project of this size and nature. After deducting all expenditure there was a net loss of £23,603 for the period, compared with £8,292 previously (page 5).

As some of you will recall from last year's AGM, at its inception LCR Ltd took over a Scottish Government 'CARES' loan from Ullapool Community Trust. This had the status of a grant until the project was agreed as definitely going ahead, at which point it transferred to the status of a loan. This happened at the end of March 2017, and the loan was repaid in full, with interest.

Interest on the loan was £9,186 for the period and has been included as a cost in the Statement of Comprehensive Income on page 5. The final loan payment is included in the Capital Asset balance on the balance sheet on page 6, along with the £30K for the restoration bond, legal fees on lease negotiation, consultancy fees in respect of development costs and SSE Grid connection costs. In other words, all of these costs are considered to be investment in a capital asset - the hydro scheme infrastructure we see across the road from us today.

The eagle-eyed amongst you may note that legal fees have been considered as both expenses in the profit and loss account, and also elsewhere as capitalizable costs on the balance sheet. This reflects the fact that some legal costs are considered to have contributed to creation of an asset, and are therefore capitalizable, while others were more direct expenditures. Total increase in the Capital Asset recognised was £107,375, which will begin to be depreciated now that the asset has come into use.

From the information provided to me I consider that these draft accounts reflect a fair and accurate picture of LCR Ltd's financial activities for the financial year in question, and shall be recommending them for acceptance by the Board at their meeting next month.

I am of course happy now to take any questions on any aspect of the accounts.

Cathy Higginson

Treasurer LCR Ltd
18th November, 2017