



Minutes of Annual General Meeting 2014

**Totnes Renewable Energy Society Limited
Company Number 30373R (The Society)**

Held at St John's Church, Totnes, on Wednesday 4th March 2015

Present:

Ian Bright – Managing Director (Chair)
Mandy Burton – Director of Engineering
Steve Munday – Director of Planning
Trevor Branton – Acting Director of Finance
Olly Frankland – Director of Policy and Development
Alistair Gets – Engineering Project Manager
Katharina Gill - Intern
Ingrid Koehler (Minutes)

Apologies:

Owen Hill – Legal Director
Jane Brady - Communications Director
Alix Riley – Administration Manager

55 members and 11 prospective members attended.

Ian Bright opened the meeting.

The **Minutes** of the AGM of 2013 were approved.

1. **Introduction by Ian Bright.** In 2014 the priority objectives were to address the finances of the Society. Namely, to identify and secure low risk projects with short lead-in times for inclusion in a Share Issue in the first half of 2014; and to retain a cash reserve of £25,000. In addition the Directors agreed to waive their fees until the financial position improved and to maintain financial discipline with monthly reporting to the Board.

In 2014 the solar roof arrays at Leatside Surgery and Follaton Community Centre performed well, generating a total income from FiT payments of £5,344 to year end Jan 2015. This has been useful but is not enough to cover the basic operating costs of the Society

Tresoc Directors and team members worked hard in 2014 to secure projects for inclusion in the 2014 share issue. On 22nd May 2014 the Prospectus for the 2014 Share Issue was launched to raise funds for the following projects: 50 kW roof mounted solar PV at Hatchlands Farm; SHINE project for 280 kW roof mounted solar PV arrays on properties owned by South Devon Rural Housing Association (SDRHA); 18 Kw roof mounted solar PV array at Torquay Museum and river flow hydro power investments with a 30% share in Totnes Weir 300 kW; 20% share in Sowton Weir 100 kW; 50% JV with Hydrosense in Staverton Leat 100 kW. The total value of these investments was estimated at £1.5m.

Directors have calculated that a minimum capital investment of £500,000 in renewable energy projects is required to produce sufficient revenue to cover operating expenses. By July 2014 the Society had received £200,000 share capital and approached the Charity Bank for a loan facility. After prolonged and detailed negotiations the Charity Bank have offered Heads of Terms for a loan facility of £356,000 to enable the purchase of Hatchlands and completion of the SHINE Project. Approval from members for acceptance of the Terms is being sought at this AGM. Share capital received has increased to £250,790. In addition TRESOC has registered as a community business with the Power to

Change Lottery Fund and has been invited to apply for a grant of £250,000 for further investment in the Society.

2. **Olly Frankland**, the Policy and Development Director, explained how loan finance is the norm for community energy organisations such as Plymouth Community Energy and Bath and West Community Energy.
3. **Trevor Branton**, Acting Finance Director, detailed the past, present and future finances of the Society in terms of share capital investments, fixed assets and income from investments. Figures for 2105 were shown with and without a Power to Change grant of £250,000. The presentation clearly showed how the proceeds of the current fund raising effort will enable the Society to achieve commercial viability.

How the loan came about: the Charity Bank is an ethical bank providing loans and support to community organisations. In July 2014 TRESOC first approached the Charity Bank. A meeting was held with the Bank's representative in Totnes from which was agreed a structure for a loan to finance two solar projects in the first tranche of funding. Detailed information was given to the Bank on all aspects of the TRESOC business. Two further meetings with the Bank were held. In February 2015 the Society received the Heads of Terms Loan Offer from the Bank.

The Terms: £356,000 for investment in the Shine Project and Hatchlands. The interest rate is 5% over base with a repayment period of 17 years and low penalties for early repayment & re-financing. Risks and opportunities: the base rate may rise and loan repayment takes precedence; cash flow forecasts based on assumptions of income can vary; there is an opportunity to grow and prove TRESOC's strengths. The ultimate goal is to reward investors and the Society is expecting to be able to pay 1% interest within the next financial year. In summary, combining share capital and bank finance will allow TRESOC to create a profitable company and allow the announcement of the first modest interest payment to members in 2016. This will provide a solid base from which to grow and develop new projects with the aim of increasing interest payments to members over the years as profits increase. With members' approval for the loan the next steps are as follows: new investors will be welcomed as members and share certificates issued; the conclusion of the purchase of the 50 kW solar array at Hatchlands dairy farm; beginning work on the SDRHA Shine project; providing the Charity Bank with required documents to meet pre-conditions; and proceeding to the formal loan offer and draw-down of funds.

The Budget to end December 2015 was presented with estimated operating costs and revenues.

The Strategy for 2015 was outlined as follows:

- conclude the loan process with the Charity Bank and draw down funds
- prepare the P2C proposal for investment to bring priority hydro projects to fruition and establish secure income streams
- complete the SDRHA and Hatchlands solar projects and consolidate income stream
- develop a comprehensive business plan
- identify and adopt a robust financial software package with audit trail
- review written financial procedures
- identify and adopt general management systems appropriate for the enhanced level of TRESOC operations.

4. **Mandy Burton**, Director of Engineering presented the Projects.
Project Shine - solar PV for 77 South Devon Rural Housing Association Householders. Project cost is £420,000, installing 278 kWp capacity on 70 + properties. In a typical year, generation is expected to be 263,000 kWh, earning around £35,000 for TRESOC. There will be significant savings to residents of 20 to 40% of their electricity bills. There will be an advanced monitoring system to claim FITs and review performance. Technology available to store energy, using immersion heaters.
Hatchlands - 50kW installation at Hatchlands Farm, Totnes. Installed in November 2011, offered to TRESOC by current owners South Western Solar Projects for £168,000. In a typical year, generation is

expected to be 49,750kWh, earning around £21,500 for TRESOC. Cleaning regime expected to improve production by 10%. Farmer uses as much electricity as available, paying an agreed rate equivalent to the grid export price.

- 5 **Ian Bright**, Managing Director described the hydro power opportunities. The Power to Change grant of £250,000 would be used to invest in Sowton Weir, Totnes Weir and Staverton Leat with £15,000 for Directors pay and a £10,000 marketing budget in the current year. Sowton is operational and would provide an income stream in 2015. Totnes Weir will be constructed in 2015 and provide income from 2016. Staverton Leat is a joint venture project with Hydrosense. The Environment Agency wish to dispose of their responsibility for managing Staverton Leat. The landowner approached TRESOC in the first instance and an exclusivity agreement has been signed with the TRESOC / Hydrosense partnership. Next step is a full feasibility study and £40,000 of the Power to Change grant would be used to fund Tresoc's share of the costs to get to full consents and design for the 100 kW turbine. Dartington Hall Trust have confirmed their interest in purchasing the electricity.
6. **Olly Frankland**, described the TRESOC strategy for 2016 and beyond. This will incorporate a Creative Conversations session with Members in 2015, to inform the development of the medium term strategy. The current thinking on medium term objectives are to: develop a strong, flexible company structure; achieve growth through new projects and investments; diversify technologies in the project portfolio including anaerobic digestion, woodheat, pyrolysis and maybe wind power; to increase interest payments to Members year on year from profit growth; to work in partnership with local government and key stakeholders.

7. Questions from Members

Questions from members were taken before the Business of the Society to enable members to gain information regarding the Resolution before the vote.

Q **To what extent has TRESOC done due diligence on the Charity Bank?**

A The bank is regulated by the Financial Standards Authority, as with every bank in the UK.

Q **What are the Charity Bank loan rates?**

A These are based on current interest rates which are variable. The Heads of Terms offer is 5% locked over the base rate.

Q **A member raised the question of the credibility of TRESOC, and its perception by members, in investing in a scheme with SDRHA when the housing association has proposed a development at Brimhay, Dartington which is opposed by some local residents including Tresoc members.**

A The SHINE project does not include solar panels at Brimhay which is in the planning process. TRESOC does not have a remit to take part in planning disputes in which it is not directly involved. Tresoc members opposed to Brimhay will have an opportunity to raise the issue at the Creative Conversations sessions. Tresoc would not wish to be involved in a project that was opposed by a majority of its members.

Q **A member raised concern about the potential siting of the Totnes Weir hydro project on the south side of the river where there are historical features which he believes should be preserved.**

A TRESOC has no control over the siting of the hydro plant, only an opportunity to invest in the scheme which has been granted planning consent.

Q **A member raised concern about the risks of approving the Charity Bank loan, particularly in regard to a future rise in interest rates.**

A TRESOC will not be a viable company without a large injection of capital at this juncture. The loan will allow the Society to invest in renewable energy installations and operate at a profit. The view taken is that interest rate rises will be slow and in small increments over the coming years and there are low penalties for re-financing with the Charity Bank offer.

8. Society business –

Retirement of Directors:

Mandy Burton and Jane Brady were retired.

Election of Directors:

Mandy Burton was elected as Director of Engineering
Jane Brady was elected as Director of Communications
Trevor Branton was elected as Director of Finance.

Approval of Heads of Terms for Charity Bank Loan

The Resolution

It is resolved by the Members of TRESOC at the Annual General Meeting on 4th March, 2015, that TRESOC will accept the Heads of Terms for the Charity Bank loan and proceed towards drawdown of the capital for investment in roof-mounted solar installations with SDRHA and at Hatchlands Farm.

The Resolution was approved, with 56 members in favour and 2 opposed.

These Minutes were agreed:

Signed **Date**