

Draft Minutes of Annual General Meeting **held at 2.45pm on Saturday 20th May 2017**

These minutes will be draft until they are approved at the next AGM.

Attendance

Present: Martin Allman (Director), Nina Alphey (Director), Richard Benwell (Director), Mark Luntley (Director), Tom Parkinson (Chair), Bob Pedley (Director), Philip Wolfe (Director).

Apologies: Sarah Flood (Company Secretary)

Attendees: 52 members (in addition to the 7 members listed as present above)

Registered proxy votes: 155

The meeting comprised over 12 members and was therefore quorate.

Total number of members voting: 466 (252 in advance, 155 by proxy and 59 in person at the meeting). This represents 31% of the membership.

Welcome -Tom Parkinson

Tom opened the meeting, and thanked members for attending, particularly those who had been there since the beginning of the day.

Tom then introduced the other board members present – Richard Benwell, Mark Luntley, Philip Wolfe, Bob Pedley, Martin Allman and Nina Alphey, and gave Sarah Flood's apologies.

Tom also introduced the live stream of the event and noted that feedback forms are to be sent out to members in the next couple of weeks.

Motion 1: Approval of minutes of the 2016 AGM

There were no comments on the draft minutes. Ian Wright put forward the motion to approve the minutes, and it was seconded by Janet Warren

At the meeting – all in favour, none against, none abstaining

Votes in advance – 186 in favour, 3 against, 63 abstaining

The minutes were therefore approved.

Motion 2: Election of Nina Alphey to board of directors

Tom explained that Nina Alphey was appointed by the board after last year's plea for more members to get involved. She was appointed in July 2016 and because this took place after the 2016 AGM, her appointment must be approved by members this year.

Janet Warren put forward the motion to appoint Nina Alphey to the board, and it was seconded by Eoin Lees.

At the meeting – all in favour, none against, none abstaining

Votes in advance – 158 in favour, 5 against, 89 abstaining

Nina Alphey was therefore elected to the board.

Motion 3: Election of Als Parker to board of directors

Phillip Wolfe put forward the motion to appoint Als Parker to the board, and it was seconded by Anthony Simpson.

At the meeting – all in favour, none against, none abstaining

Votes in advance – 149 in favour, 6 against, 97 abstaining

Als Parker was therefore elected to the board.

Motion 4: Election of Bob Pedley to board of directors

Nina Alphey put forward the motion to appoint Bob Pedley to the board, and it was seconded by Martin Allman.

At the meeting – all in favour, none against, none abstaining

Votes in advance – 167 in favour, 6 against, 79 abstaining

Bob Pedley was therefore elected to the board.

Philip Wolfe is standing down as a board member. Tom thanked him for his significant contributions and explained that in tribute a piece of artwork had been commissioned. This was presented to Philip by the artist, Simone Dawood, a member of Westmill Wind.

The Performance of the Solar Park – Martin Allman

As before, the performance and generation of the park remains above expectations. In 2016 generation was the equivalent average usage of 1,639 UK households, and was up 15% on the initial forecast output for the year. Irradiation was marginally higher than in 2015 and the plant performance exceeded both the guaranteed performance ratio and the forecast of OST (responsible for asset management) for every month in 2016. In 11 months of the year the plant exceeded the 99% availability target.

Inverters are responsible for converting the electricity into the form in which it is supplied to the grid. During 2016, the initial 5-year warranty expired, and therefore it was investigated whether it would be best to renew the warranty or to look for an alternative way of ensuring cost-effective operation and repair. Decision has been taken to renew warranty with SMA – includes spare parts, repair and support to contractors from the manufacturer as well as a performance guarantee with compensation from SMA in the event of poor performance.

Repair and maintenance during the year included replacement of panels affected by storm and some work required to protect the plant following a rodent infestation.

Future issues: O&M contract coming to an end this year. Incumbent is ENcome, who acquired Abakus (who built the park) last year. We may retain ENcome but will consider other options, and consider how to be more proactive at ensuring consistent performance, rather than reactive maintenance once performance is being affected.

Questions on the performance of the solar park

(Q) Anthony Simpson: How many panels were lost during the course of the year and why? (A) Half a dozen panels were damaged at the start of the year and replaced – there is a stock of panels on-site available so that replacements can be done quickly without affecting park performance. Preventative measures can be taken such as the O&M contractor ensuring the panels are appropriately secured – sometimes the clamps can come loose in strong weather. The contractor needs to deal with these issues promptly and maintain the stock of replacement panels.

(Q) Nigel Jones: The panels are now 6 years old, has there been much reduction in output? (A) The solar panels have a warranty of 25 years, and the performance warranty goes with that. In terms of degradation, there isn't a significant drop-off in performance. The industry norm is for about 1% degradation per annum over the lifetime of the panels, and that calculation is factored into the overall financial plan for the site. We are not seeing this level of degradation yet but it could be expected to materialise later on. Things like panel cleaning make sure everything is working in the right way.

(Q) John Twidell: Surely self-cleaning glass should be cleaned by British rain? (A) The weather does clean the panels but areas of the site close to trees and fouling from birds can cause localised problems. Again, it is part of the O&M contract for the contractor to properly manage the cleaning of the panels – rather than cleaning the whole park, cleaning can be in targeted areas. So yes, there is self-cleaning, but there is always more that can be done to improve performance.

(Q) Mike Blanch: Rodent infestation of rabbits, how are we looking after wildlife that wants to be encouraged, like hares? (A) Fencing has been introduced to control the areas that they can access. We need to be sensitive to the environment and manage the rodent population in a controlled way – as much as we can keep them out of certain areas so that burrowing doesn't cause problems for the kit or for health and safety.

(Q) Geoff Ramshaw: Price of panels per kw is reducing since these were installed. Will a point be reached when it makes sense to replace with modern more efficient equivalent ones? (A) This is some way off given costs of replacements. It isn't a case of exchanging like for like as the entire infrastructure would need to be replaced. The

incremental improvements do not currently outweigh the costs of replacement and disposal of old panels and design of the site. If there was a significant benefit to be made it is something to consider, but at the moment it isn't on the immediate radar. Philip Wolfe: Another issue to consider is that the FIT is linked to the current design of the plant so if we changed the design of the site by replacing all the panels we would lose our current FIT rate.

Financial report – Bob Pedley

The solar farm is performing well, there may be slight fluctuations, but in financial terms there is a consistent pattern. This year, like last we had a little over £2 million in income and operational expenses were much the same as 2015. Administration costs are consistent from one year to the next. Financially very similar to the previous year.

After we have paid everything we are absolutely committed to pay in operational costs, the board looks at the surplus before members' interest and tax. This was £513,000, very similar to last year. The conclusion of the consultation with members of how to distribute the surplus held at the end of the last financial year was that we would try to distribute a ratio of 85% members' interest and 15% community fund. We also aim to transfer £20,000 to reserves annually throughout the lifetime of the project. After adjusting for the payments agreed last December, there is a notional retained surplus for 2016 of £106,000 which will be carried forward and dealt with as part of the 2017 accounts.

Questions on the financial report

(Q) Kevin Poplett: As you are suggesting with this surplus of £106,000 there will be a similar adjustment next year, what does that translate to in additional payments to members and to the community fund? (A) It is too early to say. The ideal is to have an annual surplus of £20,000. We have a negative reserve of around £300,000 and by having a policy of transferring £20,000 each year over the next 12-15 years we will reduce that to zero. There is no benefit to the co-operative in holding onto surpluses – we don't have a programme of investment or anything like that.

(Q) Ruth Conchie: Westmill Wind has an interest heavy bank loan. Would you consider loaning your profit to another coop? (A) In short yes, but we have constraints that we have to work to. We have an £11 million bond to Lancashire Council pension fund, and there are conditions which means funds need to be retained. There is between £300,000 and £400,000 that we have that we can't distribute without breaking our own rules, but it could potentially be loaned. This is something we would need to make sure Lancashire were happy with first.

(Q) Richard Laward: Looking at the adjusted figures, the surplus distribution for 2016 shows more than 15% of surplus being allocated to community payments. (A) The figures reflect the payments agreed following last December's consultation and some 'catch-up' from the allocation of community payments across the 2015 and 2016 accounts. The 85/15 allocation of surplus profit is the target that we are working towards going forward.

(Q) Denise Oakland: How did you decide on the total distribution? (A) Tom Parkinson – We used the 85/15 split as a yardstick and sought to pay out as much as we can from the actual surplus in 2016 without showing a deficit in that year. Although it would be possible to pay out more, the Board felt it would be better to keep a pre-tax surplus in 2016 and review this again next year.

Motion 5: To receive the audited accounts for 2016

Martin Hayward put forward the motion to approve, and it was seconded by Alan Barlow.

At the meeting – all in favour, none against, 1 abstaining

Votes in advance – 214 in favour, 5 against, 33 abstaining

The motion was carried.

Motion 6: To re-appoint Critchleys as auditors for the Co-operative

Alice Brandon put forward the motion to approve, and it was seconded by Nick Hards.

At the meeting – 58 (plus 155 by proxy) in favour, 1 against, none abstaining

Votes in advance – 196 in favour, 4 against, 52 abstaining

The motion was carried.

Motion 7: To approve capital repayment of one share for every 8 shares held

Questions on the capital repayment

(Q) Geoff Ramshaw: What is the benefit of capital repayment. Interest is far in excess of anything else achievable, why would holders want to redeem and is it essential? (A) Capital repayments were set out in the original prospectus, and it's a case of doing it when it's convenient. All members will receive some of their capital back as cash but will continue to own the same proportion of the solar farm and your share of the benefits will not go down – effectively you will get a higher percentage of interest on your remaining capital.

(Q) Ruth Conchie: What is the cost of returning capital to shareholders from an administrative perspective? (A) The Registry Trust administer it for us. It costs approximately £3k to process the return of capital, which in the context of the overall administrative costs is not significant.

Tom Parkinson: In the prospectus, a 5% capital return was anticipated in each of years 2 to 10, but the aim is to do it not as quite as regularly, say every 3–4 years, but in larger lump sums to minimise the admin costs.

Geoff Ramshaw put forward the motion to approve, and it was seconded by Richard Lord.

At the meeting – 56 in favour (plus 155 by proxy), 2 against, 1 abstain

Votes in advance – 179 in favour, 25 against, 48 abstentions

The motion was therefore carried.

Community Fund Update – Mark Luntley

Westmill is a co-operative and is therefore bound by co-op principles. We are not just a collective investment. We aim to return a 9–11% IRR to members over the lifetime of the project but there is no guarantee that this level of return can be achieved. Following the 2016 AGM we sat down with other co-operatives and looked at how they distribute their community fund payments, as well as talking with other organisations we work with (notably WeSET and Low Carbon Hub) and consulting with members on our proposals last December.

Our current plan is to keep the balance between members and community payments at 85–15, create agreements setting out what is to be achieved (as long-term funding makes it easier for beneficiaries to plan), have transparent reporting (including at the AGM), look to support other community renewables (eg Southill Solar), and continue to be guided by members' views. Where we gave and to whom we gave it to is in the accounts.

Nina Alphey: If members have ideas on how the community fund can be spent or if members have any groups they would like to support please get in contact with the board.

Tom Parkinson: A couple of issues that were discussed in the breakout session earlier in the day were using Westmill as an even better resource for education and demonstration for schools and the wider public as well as looking at ways we can help fuel poverty.

Mike Blanch: As Chair of WeSET I'd like to thank you for the money that has been committed and we are very keen to work with you to develop ideas of how we can use that money.

Any other business

(Q) John Twidell: Westmill income is heavily dependent on FIT. What happens when this finishes?

(A) Tom Parkinson: The FIT comprises 80–85% of our income. In theory we have 25 years of FIT guaranteed and our forecasts assume that this will be the case. If the FITs were removed or substantially reduced then we would have to revisit our sums pretty quickly and pretty drastically.

Bob Pedley: The FIT is due to end around 2033. By that time, the costs of the site will be fully depreciated to a net book value of £0 and we will have repaid all of the loan to Lancashire. Electricity, administration, maintenance costs will have changed, but I believe the project will still be viable.

Philip Wolfe: The financial models were only made up to the end of FIT but the project was not projected past that point. We aren't dependent upon the project being viable after the FIT in order for the project to achieve its objectives.

Mike Blanch: I would be very interested to know what data looks like putting the output of wind and solar farms together.



Tom Parkinson: This is something we can look at doing and see what it looks like.

Adam Twine: Would like to emphasise the fact that if Philip Wolfe had not joined the co-operative in its very early days, there would be no co-operative. It's thanks to Philip that we had a share offer document; he was up writing it in the small hours of the morning. We benefited from his pioneering in the solar industry both as an engineer and in the commercial sector, lobbying for the FITs as head of the Solar Association. The solar industry owes Philip a debt, and Westmill certainly does, and for myself I want to say thank you. We wouldn't be here if not for you.

Closing comments – Tom Parkinson

Thank you all for being here for the whole day and we will be emailing out in a couple of weeks' time asking for feedback. We look forward to carrying on the conversation with you, particularly about the community fund. Thank you on behalf of the board to the team at Ethex for all their work, and in particular to Aude. And on behalf of the members I would also like to thank the board for their expertise, dedication and contribution.

Meeting formally closed at 16:00