

**Held at 14:45 on Saturday 18th May 2019 at Steam Museum in Swindon**

**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), Noora Firaq (acting Company Secretary), Sam Parkinson (from Ethex) and Mairi Brookes (standing for directorship)

Apologies: Robert Pedley (Director), Als Parker (Director), Sarah Flood (Company Secretary)

Attendees: 56 members (in addition to the 5 directors listed as present above)

Registered proxy votes: 134

More than 12 members were present at the meeting therefore, there was a quorum.

Total number of members voting: 403 (207 in advance, 134 by proxy and 62 in person at the meeting).

### Welcome -Tom Parkinson

Tom opened the meeting, thanked members for attending, introduced the other board members present as well as the team from Ethex (who provide management and administrative services to the co-operative) and Mairi Brookes who is standing for directorship.

Tom gave apologies from Als Parker, Robert Pedley and Sarah Flood and noted that he was standing in for Robert on the financial elements on the agenda and that Nina would speak about community funding although it was not itemised on the agenda.

### Motion 1: Approval of minutes of the 2018 AGM

The 2018 minutes were taken as read subject to a correction requested by Mike Landy to his comments regarding the “zero carbon homes policy” which Tom Parkinson acknowledged would be included.

Eoin Lees put forward the motion to approve the minutes, and Anthony Woolhouse seconded it.

At the meeting – 42 in favour (plus 134 by proxy), none against, 6 abstained

Votes in advance – 154 in favour, 2 against, 51 abstained

**Total – 330 in favour, 2 against, 57 abstained, therefore the minutes of 2018 AGM approved.**

### Motion 2: Re-election of Tom Parkinson to board of directors

Before the motion, Tom Parkinson noted that following this AGM, the board would be one director short. As Richard Benwell is stepping down, there will be no member from the local community which was something the directors were keen to rectify given the importance of local knowledge for e.g. community funding and partly ties in with the proposed bond issue.

He encouraged members to consider getting more involved whether as a board member or in other ways e.g. with the community funding or the review of board remuneration. Remuneration levels were set 5 years ago and are now due for review to consider factors such as childcare and travel costs and to ensure the board remained diverse and with a comprehensive skillset. Interested members were asked to contact Ethex or a board member.

Mark Luntley chaired the motion to avoid any conflicts of interest.

Nina Alphey put forward the motion to re-appoint Tom Parkinson, and Adam Twine seconded the motion.

At the meeting – 48 in favour (plus 134 by proxy), none against, none abstained

Votes in Advance – 146 in favour, 5 against, 51 abstained

**Total – 328 in favour, 5 against, 51 abstained Tom Parkinson was therefore re-elected to the board.**

Mark Luntley handed back to Tom Parkinson.

### Motion 3: Election of Mairi Brookes to board of directors

Mark Luntley put forward the motion to appoint Mairi Brookes to the board, and Anthony Woolhouse seconded it.

At the meeting: 48 in favour (plus 134 by proxy), none against and none abstaining

Votes in advance – 145 in favour, 3 against, 54 abstained

**Total – 327 in favour, 3 against, 54 abstained therefore Mairi Brookes was elected to the board.**

### The Performance of the Solar Park – Martin Allman

Performance of the park remains strong. Due to excellent weather through May, June and July 2018, total generation was better than 2017 and just 43MWh short of the highest annual generation back in 2014. The park generated the equivalent demand of 1,700 households avoiding approximately 1,500 tonnes of CO<sub>2</sub> (almost 1 tonne per member).

The current Operations and Maintenance (O&M) team, British Solar Renewables (BSR), continues to perform and manage the solar park well. They are responsive and inexpensive. Throughout whole of 2018, the site was only offline for 2 hours.

Looking forward through 2019, the priorities at the solar park are:

- 1) To review the current asset management arrangements to ensure everything is optimal with the right organisations in place to support our Co-operative.
- 2) Review on-site security measures for health and safety purposes, as the site is essentially a power plant. This also focuses on avoiding theft or vandalism, as there have been reported incidents of this kind.
- 3) Working with BSR to look at the best way to manage and maintain the inverters in the longer term and if necessary, replace them.

### Questions on the performance of the solar park

There were no questions asked in regard to the performance of the Solar Park.

### Financial report – Tom Parkinson

Increased generation meant that income had increased by approximately £300K compared to 2017. Costs had reduced mainly due to the change of O&M contractor from Abakus to BSR. Financing costs were also lower as a lump sum of £500K had been repaid to Local Pensions Partnership Investments (LPPI) at the end of 2017. This meant the total amount available for members' interest and community funding significantly rose, hence the proposed 12p per £1 share interest payment.

Some profit was retained deliberately because 2018 had been a particularly good year and as the weather in 2019 may not be as good as 2018 this would help avoid large fluctuations in interest payments. Cash balance is healthy and LPPI requires us to have a cash balance of £1 million for security and in case of emergencies.

Costs this year are not guaranteed to be kept as low as 2018. Negotiations with LPPI regarding more flexibility in our loan arrangement will mean that we have to pick up their legal costs. The bond proposal will also involve some costs. However the biggest costs are depreciation (which

is same every year) and interest payments to LPPI (which should reduce with early repayments) so in general costs are well under control.

Tom further illustrated how the changes in revenue and costs impacts members' interest using a year on year performance graph from 2013-2018.

### Questions on the financial report

**(Q.) Anthony Woolhouse:** If there are more than £2 million in cash, why don't you put a million of that into repaying the loan?

**(A.) Tom Parkinson:** We have to keep a balance between members' capital and loan capital but there are clear benefits in repaying the LPPI loan quicker t and the bond issue is part of a managed process for doing this.

**(Q.) Richard Hailstone:** If retained profit is from income of previous years and it is partially to even out members' interest, what happens if retained profit continues to increase, would that be adjusted accordingly?

**(A.) Tom Parkinson:** If we have as good results as this year, we would expect to pay more than 12p next year. There is no point in retaining profits for no purpose.

**Motion 4: To receive the audited accounts for 2018 incorporating an interest payment of 12p per share and Community Funding of £86,148.**

Mike Landy put forward the motion to approve, seconded by David Chenery

At the meeting - 45 in favour (plus 134 by proxy) none against, 3 abstain

Votes in advance – 180 in favour, 6 against, 21 abstained

**Total – 359 in favour, 6 against, 24 abstained therefore the motion was passed.**

### Motion 5: To re-appoint Critchleys as auditors for the Co-operative

Tom summarised that Critchleys have been our auditors for about 5 years although the current audit partner has only audited Westmill Solar Cooperative for the last 3 years. This motion is about making sure we have the appropriate people to scrutinise the accounts. Overall, the board is happy with the work Critchleys does but expects to re-tender for the role the year after next.

### Questions regarding the re-appointment of the auditors

**(Q.) Janet Warren:** Appointment of auditors is a key question at AGMs and Co-operatives often find that only a small number of audit firms can do this kind of work. Do you feel this kind of restrictions applies for an operation of this size? Or is the field open?

**(A.) Tom Parkinson:** I think the field is pretty open. Fundamentally, they are looking at the figures although things get more complicated if they don't know the rules governing cooperatives e.g. why it is members' interest rather than dividends. Critchleys are very good on that. They are not the only auditors we've had and there are others around too. It is not a closed shop.

Anthony Woolhouse put forward the motion to approve, seconded by Michael Matthews

At the meeting - 45 in favour (plus 134 by proxy) 1 against, 2 abstain

Votes in advance – 165 in favour, 2 against, 39 abstained

**Total – 344 in favour, 3 against and 2 abstained therefore Critchleys were re-appointed as auditors for 2019.**

## Community Funding update – Nina Alphey

Increase in generation and lower costs in 2018 meant that there was more money to go around. That is more for members' interest and more for doing good via Community funding. The split made between members' interest and community funding follows a rule of thumb of 15/85 split, which includes the 1% of annual turnover given to the Westmill Sustainable Energy Trust (WeSET). With these funds, the board wants to do more and think bigger, with the assistance and feedback from members.

Co-op principles of education, cooperation and concern for community and sustainable development are most relevant to community funding.

The current approach to community funding is looking at what is 'our community' from concentric circles starting locally, expanding regionally, nationally and finally globally. Local benefits include work done with two local villages: Shrivenham and Watchfield. There was a joint grant with WeSET and Westmill Wind to put solar panels on Watchfield Village Hall, for example. Work with Low Carbon Hub and WeSET includes working with the regional community. Last year, members asked about Swindon. There is no equivalent of Low Carbon Hub in Wiltshire but the board took the message and went west a bit more. Some of the community funding was spent at national level too.

The board has been looking at contributing to academic research particularly to student research but no money has yet been spent. Expert support of the board and access to the site has been given.

There is more money than anticipated to put towards the community fund. The board is looking at how to make a bigger impact. The three ideas resulting from consultations with members were; think big, think Swindon and think community.

The board are exploring and seeking partners to help with local low-carbon housing projects to provide an exemplar and help encourage sustainable living, and to reduce fuel poverty in the areas of Swindon and Wiltshire.

Robert Pedley had suggested working with the Wiltshire Community Foundation, who manage grant schemes for other organisations, given a specific remit, and also have their own grant scheme on fuel poverty.

Westmill could start a small grant scheme of up to £500 (say) for local proposals, such as installation of solar panels or energy audits on community buildings. Members were invited to give ideas and feedback for such a scheme by speaking to Nina or emailing to [info@westmillsolar.coop](mailto:info@westmillsolar.coop) with 'community funding' in the subject line.

Nina asked members for an unofficial show of hands as to whether they are happy for the board to pursue the general approach outlined by her. The request was met with strong approval from members

## Comments & Questions on Community Funding

**(C.) Kris Jones:** I'd like to see more community buildings, run by voluntary groups being encouraged to do something like what was done with the solar panels on the Watchfield pavilion. That is going to cost a lot more than £500.

**(C.) Eoin Lees:** I'd like to see more on social housing. People who live in social housing are usually the last to benefit. They have to pay extra for renewable energy. Most tenants are actually living on benefits. It will be a great way to get social equity there.

**(Q.) Ruth Conchie:** On the basis that many people are in social housing, what about a Match Scheme, where buy to let landlords can apply for a grant, as long as they can match it. So, we will give them £500 to put towards solar panels or whatever as long as they match it. So, you don't get loads of people just trying to offset their costs and their tenants will benefit.

**(A.) Nina Alphey:** I like that idea [Ruth Conchie]. We don't want to be just saving money for developers. We like a little bit of our money making a bigger difference. That could be one mechanism for how we do that.

On Eoin Lees' point, we are thinking very much the same. Quite a few developments will have a mixture of housing that includes social housing or community housing. We can focus on social housing, housing associations, community buildings or similar. We don't need to help those who can afford to save money.

Regarding the community buildings point, we have been making large donations to Low Carbon Hub. They are administering a scheme where community groups could apply for energy audits. Effectively Westmill Solar is funding energy audits, depending on the type of the building; LCH directs them to different ways to support them to take the measures.

Nina noted that there are many community buildings not yet doing anything therefore it will be great if members can direct such buildings towards Westmill Solar or Low Carbon Hub.

**(Q.) Richard Hailstone:** Does this just apply to Oxfordshire and not to Swindon or Wiltshire? Many community buildings can benefit from an energy audit in this area. What is Westmill doing to help fund these local projects?

**(A.) Nina Alphey:** Low Carbon Hub is just Oxfordshire. We are looking to do this in Wiltshire and possibly a bit in Berkshire and Gloucestershire. We have gone through the Hub because they are set up nicely and they are in Oxfordshire and we would like to do this elsewhere as well. It could be something that we can look into whether Wiltshire Community Foundation may be able to help us manage. I am not sure whether we would like to do this in house with the board or with another partner. The intention is to do more of such work in this area too. If you think of a particular building, please email to us.

**(C.) Mike Landy:** I really like your first idea. It is ambitious and challenging but it's a very nice idea. Broadcasters may be interested in becoming involved and follow it through. That will really open it up to the rest of the population.

**(A.) Nina Alphey:** Nina requested members put feelers out there to any interested broadcasters.

**(C.) Mike Landy:** WeSET has a funding shortfall of £35K to build a visitor centre. That could be a possibility.

**(A.) Nina Alphey:** Westmill Solar has already promised £10K for that project by WeSET. There are ongoing conversations with WeSET. It is nice to know that the members are also keen on it too.

## Bond Proposal – Tom Parkinson

The board has been considering how best to renew the membership and the board going through the lifespan of the solar park. The Ethex bulletin board has not brought in new members as initially hoped (partly because there aren't many shares to sell since members are happy with their returns). Given the costs involved the board has therefore decided to close this bulletin board in the coming days.

We still need to bring in new members to the co-operative. Some underlying work has been done to come up with the current proposal but we are looking for members' approval before spending any significant sums.

Tom explained the three underlying principles of the proposed bond.

1) Broadening our membership is the main motivation. There are currently about 1500 members and we would like to increase membership to at least 1800 members.

2) Enhancing the financial position. We should not weaken our financial position, not least because LPPI also would not agree to us doing this.

3) Strengthening links with the local community. We are now in a position where none of the board members is a local resident. This is a lovely reflection of how far our reputation has spread but we do need to reconnect with the community, especially from a community funding perspective.

By having a 5-year bond, which is fundamentally a retail loan from members of the public, people do not have to tie up their money for a long period. This should make the bond an attractive investment, especially for younger people. We think this is a good time to raise money as we now have a strong track record. We also want to ensure that the existing members who have taken the initial risk of this operation are not disadvantaged and that new investors who are taking less risk end up with a lower rate of return. Creating a different class of shares is complicated but with a bond, we can set a separate interest rate. The bond therefore fits neatly alongside original members and LPPI.

Tom then presented the key terms proposed;

- competitive interest rate at 5% or so to encourage and attract people.
- a premium (e.g.: extra 1% interest) to local residents and application priority for local residents. The key goal is to make sure the overall interest figure is less than the current LPPI rate.
- 5-year term with the opportunity for bondholders to leave in their money at the end of this term.
- bondholders are lenders therefore; they do not get the same rights as shareholders. We are proposing every new bondholder will receive 1 share in the cooperative. That will entitle them to attend the AGM, vote and potentially join the board. 1 share per bondholder will keep the dilution of shares minimal.

Tom explained other considerations:

- the bond provides a mechanism for members to re-invest at the next capital repayment point. This reflects feedback given at the last capital repayment.
- we need to be sure we can repay the bondholders at the end of the term – which is much sooner than the LPPI loan. Robert Pedley has been simulating various models - as we are generating more cash than expected at the start of this project, we are confident that we will be able to repay the bond at the end of the 5-year term.
- we are looking to raise up to £1 million but this is not a fixed figure. We can only make a repayment to LPPI in amounts over £500K and the funding has to be reasonably sizeable to justify the cost.
- a concern over new members ‘swamping’ existing members. We’d like to go out first to existing members to gauge their interest in investing in bonds. From there we can work out how much is available to offer to new members. We would like to do this on a very balanced basis and are thinking about adding, say 300 new members to our existing 1500 members. So, we hope this gives assurances that the overall composition of the member base will not change substantially.

### Questions on the Bond Proposal

**(Q.) Kris Jones:** Would you be thinking to roll the bond offer out over a period of time. So that you don’t put out all these bonds at the beginning and in 5 years’ time you have massive amounts to pay back?

**(A.) Tom Parkinson:** The aim is to roll it out this year and have it filled before the end of 2019. This would mean we could repay £500K-£1 million to LPPI this year. We do anticipate doing another one when it comes to capital repayment time in 2-3 years and maybe in 5 or 6

years' time, we might want to do the same thing again. There is no obligation to do so. We will see how this one goes first.

**(Q.) M. Evans:** I understand that the bond could possibly be included in an ISA wrapper. Could you explain this?

**(A.) Tom Parkinson:** There is the opportunity to have the bond eligible to be invested via an Innovative Finance ISA (IF ISA). This means that investors will receive potentially tax-free returns of 5-6%. This would require some additional admin but it is something we will be pursuing, as it is a little extra for members.

**(Q.) Jill Shankleman:** Is it at all feasible or have you given some thought to having some sort of age preference? To bring younger people in?

**(A.) Tom Parkinson:** I don't have the answer to that question because we have not yet gone into that level of detail. As a board, we would like to get the next generation involved. That is one of our priorities but I'm not sure to what extent we can actively say or achieve that. We may be allowed to give a bonus and we may need to do some prioritising. The Board is happy to consider those, it is helpful feedback.

**(Q.) R. Conchie:** Couple of comments:

1) You talk about encouraging younger investors. You could give more interest to those younger age groups. For example, you could say if you are under 25, you'll get 6% interest.

2) You have kept £244K as retained profits. Is there a risk that this money is paid to the new bondholders? How do you separate those two and you have to generate some income to pay back to them?

3) Would the board look into possibly capping the number of new members that invest in the offer or keep it open to everyone?

**(A.) Tom Parkinson:** We will cap the offer once we have the amount we need and the right sort of numbers. We will be working with Ethex to figure out how best to achieve this. The answer to your first comment about giving a higher interest rate to younger people, the answer is yes, that is something we could consider. The £244K is not formally ring-fenced but there is no intention of using that £244K to repay bond interest. The bond interest should come from the savings we make from repaying LPPI.

**(Q.) Richard Hailstone:** In regard to the LPPI loan, how much is involved in total?

**(A.) Tom Parkinson:** Currently about £8.5M is outstanding. It pays down, a bit like a repayment mortgage until 2034. We are allowed to repay without penalty in lump sums of £500K or more. The quicker we pay it down, if we have the money to do so, the cheaper our interest bill will be and that is our aim.

**(Q.) Richard Hailstone:** Will the bond interest replace the LPPI interest?

It will largely replace it. As long as the overall interest rate on the bond is below the 6.5% we currently pay LPPI, we will have a saving and there are further savings after the bond is repaid in 5 years.

**(Q.) Eoin Lees:** I love the idea of increasing membership and attracting younger people. I really think that's a great idea. I suggest you keep the 'local' area tight and not extend this to other areas such as Reading and Newbury.

12p per £1 is an amazing return and with the planned capital repayments the returns will look even better in future. Would you consider not paying back some of the capital to the members in the future so the return per share is reduced?

**(A.) Tom Parkinson:** This is a baby step towards repaying the LPPI loan quicker with the added advantage of bringing in new members. Your point about not repaying capital is

interesting. We have committed to regular capital returns to members but we could go back to members for a vote to change this if we thought that makes sense.

**(Q.) Mike Landy:** I support the principles of this offer; however, I'm concerned that although we are encouraging more people to be involved, we're not creating any more renewable energy. Wouldn't it better to get more members in by creating more renewable energy?

**(A.) Tom Parkinson:** The short answer is that LPPI doesn't want us to expand our business. We can do some of that via community funding. If we can repay LPPI quicker, we have more flexibility to do what we want.

**(Q.) A. Kinross:** Regarding the community funding issue, can you not donate bonds to organisations such as Low Carbon Hub instead of telling them how to spend the community funding money?

**(A.) Tom Parkinson:** That's a good thought. Thank you

**Motion 6:** To approve the development and implementation by the Directors of a bond and share offer substantially in accordance with the principles outlined in the notice of the 2019 Annual General Meeting (and permitting in particular the prioritisation of applications from new rather than existing members, the offer of preferential terms to local and other applicants and the issue of shares out of distributable profits of the Society for the purposes of Rule 24.1 of the Society's Rules) but in all respects on such terms as the Directors may, at their discretion, consider appropriate.

Ruth Conchie put forward the motion to approve, seconded by Eoin Lees

At the meeting - 43 in favour (plus 134 by proxy) 0 against, 4 abstain

Votes in advance – 160 in favour, 21 against, 61 abstained

**Total – 337 in favour, 21 against, 65 abstained therefore the motion is passed.**

#### Closing Comments – Tom Parkinson

Tom Parkinson thanked the speakers of the day. He also thanked the board, Ethex, BSR and all the people behind the scenes and all who organised the AGM, particularly to Ethex, Noora and Sam.

Special thank you to Richard Benwell who has transformed the way we communicate and Tom presented a small token of thanks from Westmill Solar Coop to Richard.

Meeting closed at 16:05.