LOW CARBON HUB
NOTES OF THE PRE-AGM MEETING
Held on Wednesday, 4 October 2017
5:30–8pm at The Mathematics Institute, Oxford OX2 6GG

Background
Before the official AGMs of The Low Carbon Hub IPS Limited and CIC, members of both organisations present were given an update covering matters as set out in the companies’ 2016/17 Annual Reports (circulated in advance with the Accounts).

The topics covered were [could link to PP presentation if saved as PDF and put on website]:

- Welcome and Introductions – Sam Clarke, Chair
- Building Our Renewables Portfolio – Adriano Figueiredo, Operations Director
- Finance Reports for The Low Carbon Hub IPS Limited and The Low Carbon Hub CIC – Luke Marion, Treasurer
- Delivering Community Benefit – Liz Reason, Communities Director (CIC only)
- Future Plans – Barbara Hammond, CEO

Other Board members present were Tim Sadler and Tom Hoines, with Steve Drummond (IPS only) and Sue Haliwell (CIC only) sending their apologies.

Members’ questions
Members then had the opportunity to ask questions of the Directors of both organisations, as follows:

Q1  Rebecca Nestor asked for more details on the ideas for supporting work on powering down.
A1  Liz Reason noted the difficulties around making current housing stock more low energy. People with the right knowledge and skills exist but it needs the right business model. The Hub is in discussions with Retrofit Works, a co-operative of teams of builders and skilled traders who can deliver that work, about the potential for developing an Oxfordshire Retrofit Works.

Q2  David Oughton sought clarification of the position on the Enterprise Investment Scheme (EIS), The Seed Enterprise Investment Scheme (SEIS), and other tax relief available to investors.
A2  Barbara Hammond clarified that:

Low Carbon Hub is two organisations working together: The Low Carbon Hub Industrial and Provident Society for Benefit of the Community (registration number: 31903R) and The Low Carbon Hub Community Interest Company (registration number: 7583663). Both are registered in England and Wales and the registered address is 9 Park End Street.
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- Investment in the Solar 2014 community share issue had been eligible for EIS, which those investors should therefore have claimed by now.
- The Low Carbon Hub IPS Limited’s SEIS allowance had been used for the 2013 Pioneer offer; the fiscal three-year period where it is not allowed to cash in share ends December 2017.
- The IPS’s 2016 community share offers had not been eligible for EIS as the installations are in receipt of the Feed-in Tariff (FiT).
- In order to be able to offer EIS in future, business models would be needed that do not require FiTs or the renewable heat incentive.

Q3  David Calver from People & Planet asked about the competitive landscape going forward. He appreciated the community ownership model but was wondering about the nature and size of the challenge posed by powerful corporates able to access economies of scale. If they deliver on renewables, the resulting lower carbon emissions would be welcome but the corporate model would not deliver the same wider ownership of the assets and benefits as community energy did.

A3  Adriano Figueiredo replied that Low Carbon Hub needed to find its niche. He went on to outline a few opportunities:
- We are building relationships of trust with schools which commercial developers do not have or are not interested in developing.
- Certain projects commercial developers would not be interested in because of their risk profile. For example, with Sandford Hydro, the Hub as a community energy organisation had found it easier to resolve potential issues around planning, land rights and access to the site, working with partners.
- With investors in community shares often investing not only for a financial return but wider community benefit, this had an impact on the cost of capital which helped make us competitive.

Tom Haines added that:
- The Hub could offer Power Purchase Agreements (PPAs) for organisations hosting solar PV installations on a par with those on offer from commercial developers, whether relating to price or being able to offer long-term contracts. So why would organisations want to buy from a big corporation if they could get a comparable deal from an organisation generating benefit for the community where their employees live?

Q4  Ben Piper asked about potential hydrological changes in the Thames and the risk profile for Sandford Hydro, considering that both the project and members’ investments were for the long term. Perhaps this had been explained in the 2016 community share offer prospectus.

A4  Adriano Figueiredo confirmed that this had been part of the investment horizon and that long-term forecasting had involved modelling historic data into the future. This data showed a lot of variation in both hydrology and rainfall. In the random distribution scenario model used, between 0.8 and 2.5GWh per annum were expected. He noted that the model
predicted an internal rate of return (IRR) of 8%, of which 5% were to go to
investors, where commercial developers would be looking for a rate of
around 25%.

In terms of risk, he noted that solar installations were straightforward in the development
stage with greater risks in managing them. With a hydro scheme, the development phase held
greater risk, such as in costs increasing, noting that constructing Sandford Hydro had involved
six contracting parties and 30 contracts.

Q5 Peter Hughes congratulated Low Carbon Hub on its excellent concept before raising the
misleading information about the **date of the first payments** to be expected for investors in
the 2016 **Sandford Hydro community share offer**: ‘spring 2018’ in the prospectus, with a
clarification that this should have read ‘spring 2019’ made in later extended correspondence
with Barbara Hammond. He suggested that Low Carbon Hub ask its financial and legal advisers
on the share offer document to pay for payments to investors to be made in 2018, for example
through them claiming on their professional indemnity insurance.

A5 Barbara Hammond responded, clarifying that the individual correspondence mentioned
had been made by her on behalf of The Low Carbon Hub IPS Limited’s Board as a whole. She
further explained:

- A letter with apologies for the error, which had been a simple typographical error which
  unfortunately had not been picked up at any stage of the process of signing off the
  prospectus, had gone out to all investors in April; Sam Clarke had repeated these
  apologies for the mistake that had been made earlier during the presentation tonight.
- The Hub understands about the point made by Mr Hughes and has tried to show when
  returns to shareholders will be paid. The reason for the delayed payments is that
  investments are in actual projects taking place in the real world, and the Board is
  prudent in allowing that time.
- The financial model is not affected by this delay in the first payment, with no financial
  loss to shareholders. Therefore it would be difficult to claim under any party’s
  insurance, in particular as it was a question of negligence but a mistake without any
  consequential financial loss to address.
- As this was a community share offer, investors would be paid a return on their
  investments, not a dividend. The relevant regulator, the Financial Conduct Authority
  (FCA), allowed such offers to be exempt from the provisions of the Financial Services
- Under the regulations for community share offer prospectuses, professional advisers
  such as Pennington Manches LLP did not have to conduct the kind of due diligence that
  would be required in the case of a public share offer – nor were the same level of fees
  involved. Rather, the role of solicitors and accountants advising on the prospectus was
  that of verification, to review that statements had a basis in either fact or Directors’
  opinion, going through it sentence by sentence. Folders with the verification documents
  were available to view at the Hub office.

Sam Clarke added that he was pleased to meet Mr Hughes in person; all members of the IPS
were important to the Hub and he undertook to review the issue he had raised once more with
the IPS Board.
Peter Hughes responded, querying the role of Ethex UK in due diligence on community share offers listed on their social investment platform and wondering whether someone did not need to be found to blame. He noted that no investor would expect to make much money with returns of 5% but did expect to be first paid in 2018 rather than 2019.

Q6 A shareholder with an interest in Abingdon Hydro asked whether Low Carbon Hub would contemplate undertaking another hydro installation, following the experience of developing Sandford. He also asked whether the Oxford Flood Relief Channel would have any effect on Sandford Hydro.

A6 Barbara Hammond agreed that in principle the Hub would be very happy to develop further hydro schemes, in particular with the learning from both Osney Lock Hydro (where she had been involved as a member of that community benefit society) and now Sandford (working for Low Carbon Hub). However, currently the Feed-in Tariff rate was not high enough to make it a viable proposition with most of the initial value of a hydro in the civil engineering.

Adriano Figueiredo added that the Flood Relief Channel is to rejoin the Thames just south of Sandford Weir. It would have a very low flow to maintain the habitat, equating to the top 5% of flows where we would not be expecting to be generating at Sandford Hydro in any case.

Annual General Meetings

The presentations and Q&A session was then followed by the two AGMs in succession, as minuted below:

1. 2016/17 AGM for The Low Carbon Hub IPS Limited (registration number: 31903R)
2. 2016/17 AGM for The Low Carbon Hub CIC Limited (registration number: 7583663)
1. Welcome and Introductions

Sam Clarke, chair of the Board, welcomed 75 members present (including directors who were shareholders in the society). Apologies had been received from:

- Board members: Steve Drummond, Luke Marion
- Members of the society: 20.

He explained that this year a proxy voting form had been circulated with the AGM papers, to allow members who were unable to attend in person to vote. All votes received by the end of the meeting would be counted and members informed of the outcome in due course.

2. Minutes of last meeting

There were no corrections to the minutes as circulated before the meeting.

Members were asked to approve the minutes of the last AGM. They were approved by 56 votes for, 1 against and 17 abstentions.

3. Directors’ report

Sam Clarke noted that members had received the directors’ report at the front of the annual accounts, as circulated before the meeting. They have also heard the presentations preceding the AGM and had the opportunity to ask questions as they did. No additional questions were asked and no vote taken.

4. Treasurer’s report

Sam Clarke noted that members had received the treasurer’s and Critchleys’ auditor’s reports as part of the papers circulated before the meeting. They have also heard the presentations preceding the AGM and had the opportunity to ask questions as they did. No further questions were asked.

Members were asked to approve the 2016/17 accounts and auditor’s report as circulated before the meeting. They were approved by 69 votes for, 1 against and 5 abstentions.
5. Appointment of Auditors

Sam Clarke noted the Low Carbon Hub had a good relationship with Critchleys, one member noted that another organisation they knew were also satisfied with their services.

Members were asked to approve Critchleys as auditors for the coming year. They were approved by 72 votes for, 1 against and 2 abstentions.

6. Election of Directors

Sam Clarke noted that the Board had set a policy of retirement by rotation for its members, which meant that Luke Marion, Tim Sadler and he were retiring this year but had agreed to stand for re-election. However, he noted that he would retire at the next AGM as another part of the policy was that directors could serve a maximum of two three-year terms.

While the Board considered that members were well-served by the present directors, they had also been looking for a new generation to join the Board and sought candidates to stand for election. It was proposing two new members to be elected as directors, George Levvy (present) and Ramsay Dunning (away on a long-standing holiday). Information about all directors had been circulated before the meeting, in response to requests made at the last AGM.

In response to a question, he confirmed there was no upper limit set for the number of directors that could serve on the Board. If both were elected, as the Board was proposing, this would mean one additional director serving once he had retired in a year’s time.

He finished by noting that:

- the Board was proposing and seconding to:
  - re-elect Sam Clarke, Tim Sadler and Luke Marion
  - elect George Levvy and Ramsay Dunning to the Board
- members would take their own view on these proposals.

Sam Clarke was re-elected by 73 votes for, 1 against and no abstentions.

Tim Sadler was re-elected by 73 votes for, 1 against and 1 abstention.

Luke Marion was re-elected by 73 votes for, 1 against and 1 abstention.

George Levvy was elected by 71 votes for, 1 against and 3 abstentions.

Ramsay Dunning was elected by 73 votes for, 1 against and 1 abstention.

CLOSE Sam Clarke thanked members and his fellow directors for their support, then declared the meeting closed.
1. Welcome and Introductions

There were 15 of 29 members present: Sandford Hydro, Westmill Sustainable Energy Trust, Westmill Wind Farm, Transition Eynsham Area (GreenTEA), Rose Hill and Iffley Low Carbon, Oxford North Community Renewables (ONCoRe), Low Carbon Oxford North, Kidlington Versus Climate Change, Low Carbon West Oxford, Osney Lock Hydro, West Oxford Community Renewables (WOCoRe), Sustainable Charlbury, Southill Community Energy, Sustainable Kirtlington, Low Carbon South Oxford.

Directors present were Sam Clarke (Chair), Barbara Hammond (CEO), Tom Haines, Liz Reason (Communities Director), Adriano Figueiredo (Operations Director), Tim Sadler.

Apologies had been received from Luke Marion and Susan Halliwell (Directors) and Sustainable Wallingford, Sustainable Didcot, and Goring & Streatley Sustainability Group.

2. Minutes of the last AGM

There were no corrections to the minutes as circulated before the meeting.

Members approved the minutes of the last AGM unanimously.

3. Directors’ report

Members received the directors’ report as circulated before the meeting unanimously.

4. Treasurer’s report

Members were asked to receive the accounts for the last year as circulated before the meeting.

No questions were asked and members approved the accounts unanimously.

5. Appointment of accountants

Sam Clarke explained that the treasurer, Luke Marion, was noting that the company was saving approximately £1,000 by preparing the accounts for Critchleys so they could act as reporting accountants, rather than asking them to undertake a full audit.
Members approved *Critchleys as reporting accountants* unanimously.

6. **Election of directors**

Sam Clarke explained the two different ways in which directors could be elected:

- at the behest of the Board
- the post of ‘Communities Director’, elected once every two years by the CIC community shareholder groups from nominations made by the groups, with Liz Reason elected about 18 months’ ago.

He noted that:

- the Board was likely to appoint the same directors as elected on to the Low Carbon Hub IPS Board, to ensure continued close working relationships between the two organisations
- nominations would be sought in the near future from community shareholder groups for the next Communities Director to be elected early next year once Liz’s two-year term has come to an end.

CLOSE  Sam Clarke thanked members and his fellow directors for their support, then declared the meeting closed.