

Orchard Community Energy
Annual General Meeting
27th September 2017, 7:30pm
Iwade Village Hall
Minutes

Attendees:

Total Present	Members	Non-Member Bondholders	Guests	Mongoose Energy
24	10	8	4	2

1. Welcome and Introductions

The Chair, Penny Shepherd, welcomed all attendees to the meeting and noted apologies received from David Bunker, a director of the Society. She introduced the current board of directors of the Society. All directors except David were present.

The Chair stated that, due to work commitments, Stephanie Karpetas had stepped down as director from the board after helping to establish it. The board and members thanked Stephanie for her service and the Chair invited any members to get in touch if they would like to explore becoming a director in the future.

Mongoose Energy was welcomed to the meeting. The Chair explained that Mongoose conducted the day to day management of the Society, which included company secretary duties, management of the registry, performance monitoring, financial analysis and contract management.

Councillor Duncan Dewar-Whalley was also welcomed to the meeting.

2. Welcome from Councillor Duncan Dewar-Whalley, Councillor for Bobbing, Iwade and Lower Halstow and Cabinet Member for Finance and Performance, Swale Borough Council

Mr Dewar-Whalley expressed the Council's enthusiasm for the Orchard Farm Solar Array and its value to the Swale borough as an alternative use of low grade farmland, whilst noting that the council could not provide advice on the financial implications of investing in Orchard Community Energy. The Councillor also outlined the Council's interest in photovoltaic (PV) projects which covered ground-mounted and rooftop initiatives in order to enhance energy security, increase renewable energy generation and improve the local environment.

3. Orchard Community Energy: Report on Achievements, Performance and Next Steps

The Chair provided an update on the progress made since the Society's first AGM on 14th September 2016, when it had owned the Orchard Farm Solar Array for only 3 months (the project was acquired in June 2016).

At the 2016 AGM, an Orchard Community Energy Bond Offer was launched. The Chair announced that £1.67million had been raised in total, which enabled repayment of the original development

loan from the project installer, OPDE (the total of £2.22million owed was reduced to around £600,000). The bonds are in effect until 31st October 2019.

The Chair advised that progress had been made on the Orchard Community Fund, enabling the distribution of approx £10,000 to local charitable initiatives, which would be revisited later in the meeting.

Orchard Community Energy has engaged Kent Wildlife Trust to conduct a biodiversity assessment on the site. KWT will also be doing an assessment of the neighbouring Orchard Solar Array project site which is not owned by Orchard Community Energy. The Chair suggested that there could be the opportunity to introduce further uses of the site, citing a sister solar farm project organising for sheep to graze the land and noting the board's interest in placing bees on the site.

The Chair provided an update on the performance of the solar array, stating that the average performance of the site from 1st April 2016 to 31st March 2017 was broadly on target.

The ongoing and next steps that Orchard Community Energy would like to achieve are:

- Having made some progress with organising open days and school visits this year, the board hopes to have this in place for next summer, although the timescales to organise this with schools are particularly tight.
- Summer 2018 is the 'Final Acceptance Certificate' deadline, which provides the opportunity to complete all snagging issues after construction of the solar array with the installer. This will be managed via Mongoose Energy.
- The Society is currently in discussion with Triodos, the lender and bank for the project, as to whether they might increase their original loan. The board is also pursuing other avenues of finance.

The Chair said that the board is currently considering purchase of the neighbouring Orchard Farm Solar Array site (known as "Orchard 2") which shares the grid connection with the existing project owned by the Society ("Orchard 1") as well as exploring other community energy initiatives. She noted that if Orchard 2 is acquired, the other initiatives may be pushed into the future.

She also highlighted that the 2015 share offer prospectus assured investors that the society would not invest in new projects that compromised the member returns and community fund distributions targeted there.

The Chair advised that a further share issue had been considered by the board for autumn 2017 but the decision has been pushed back to 2018 so that there could be more clarity on the possible loan finance and the possible acquisition.

4. Mongoose Energy Update (Mark Kenber)

The Chair introduced Mark Kenber to provide an update on the activities of Mongoose Energy.

Mark stated that the footprint of assets under Mongoose Energy's management extended from Kent to Devon, to Shropshire, with a new project being considered in Scotland. This makes up between half and two thirds of all of the current community energy renewables projects across the UK.

He also advised that Mongoose Energy had launched a new dedicated community energy crowdfunding platform, known as Mongoose Crowd. This is an opportunity for Mongoose to streamline fundraising for community energy projects, as well as enabling cash ISA transfers into the

new Innovative Finance ISA. He noted that 70% of the ISAs in the UK are cash and considering the current bank interest rates, an opportunity is available to help people to earn better returns through community energy.

Mark also provided an overview of Mongoose Energy's majority ownership organisation, Mongoose Community Energy Members (MCEM). Orchard Community Energy is a member of MCEM which allows a proportion of the profits that Mongoose Energy may generate to be distributed to Orchard. The aim is to make MCEM the 100% owner of Mongoose Energy in the medium term in order to share the benefits of Mongoose's success across its community benefit society clients.

Mongoose Energy hopes to work with community benefit societies to develop subsidy-free rooftop solar projects on a large scale by raising finance via Mongoose Crowd. In addition there may be opportunities to install batteries on community ground-mounted solar projects, as well as other possible initiatives through smart technology.

5. Approval of draft minutes of AGM held on 14 September 2016 and ratification of resolutions passed then

As the notice for the 2016 AGM had been sent out late, the Chair asked that this meeting to ratify all decisions made then. Members had been informed previously that the notification had been late and no-one had raised objections or concerns then. Nevertheless, the board apologised that this had happened. The Chair confirmed that the notice for the 2017 AGM had been sent out in good time.

The board recommended the approval of the minutes at September 2016 meeting and the ratification of all resolutions in those minutes.

AGM resolution: Unanimous approval

6. Other Resolutions

6.a To accept the Orchard Community Energy audited accounts for the year ending 31 March 2017

AGM resolution: Unanimous approval

6.b To delegate to the directors the authority to appoint auditors and to fix their remuneration

While considering the resolution, the directors noted that the board is currently considering moving the financial year end but no decision had yet been made about this.

AGM resolution: Unanimous approval

6.c To approve the recommendation of the directors on the payment of interest for the period to 31 March 2017

The board presented its recommendation of the member interest payment, at 7% pa for the period from the share issue date to 31st March 2017, which would enable future interest payments to be made for a full financial year.

The board highlighted that it may be proposing a lower interest rate in the next two years, which may result in payments averaging out at 6% pa from the share issue date, with the current projected balances improving afterwards. However, the Chair advised that refinancing options are currently being considered to improve the financial forecast of the Orchard 1 solar project.

AGM resolution: Unanimous approval

A member queried whether their interest payment could be waived or re-invested back to the Society, whether into Orchard or into Mongoose. The Chair noted that the board has been reviewing the options for waiving interest or donating it to the community fund and the current preferable choice is to offer the option of waiving the interest payment, however the facility to do this has not yet been arranged. Also, investors could retain their interest to invest in a future share or bond issue but there was currently no automatic way to do that.

Mark Kenber suggested that, in future, share interest returns could be put into a Mongoose Crowd e-wallet, which could then be invested into community energy offers on Crowd. Future interest payments from those offers could be paid into the e-wallet, and then reinvested in turn. The members suggested that a guide on how to do this would be helpful.

Another member asked if it is possible to transfer the existing bond into an Innovative Finance ISA on the Mongoose Crowd website. Mark advised that this is not yet possible but is being considered, as well as a bond redemption process which could enable the funds to be reinvested into a new bond via Crowd.

6.d To approve the criteria for applications to the 2018 community fund

Tim Valentine presented the criteria that governed the grants made this year and recommended that, for the next year, the community fund should retain the same elements apart from replacing “carbon reduction” by “support for vulnerable or disadvantaged groups”.

Attendees suggested narrowing the criteria around support for vulnerable groups and adding climate change adaptation as well as mitigation.

The Chair suggested that members should approve the 2018 criteria unchanged and the board would use the feedback obtained at this meeting to develop future criteria. Tim Valentine said that the community fund committee would also consider the members’ comments when choosing preferred applicants.

AGM resolution: Unanimous approval

6.e To approve the recommendation of the directors on the 2018 community fund disbursement

The Chair presented the recommendation of the directors for the 2018 community fund disbursement which was a total of £10,000. This was as projected in the 2015 share prospectus.

She proposed that the board should have discretion about the timing of the disbursement process and that this could take into account both operational and financial issues.

AGM resolution: Unanimous approval

6.f To approve an amendment to the rules about the location of the registered office

The Chair explained that the registered address of the company had been changed to enable Mongoose Energy to carry out its executive management role with greater efficiency, and as a result this required the rules of the society to be updated with the new address, which was Mongoose Energy's office address. The Chair identified the section of the rules that would be updated.

AGM resolution: Unanimous approval

6. g To re-elect Julie Salmon as a director and to elect Penny Shepherd as a director

The Chair outlined the composition of the board and explained that two directors had been selected by lot to resign and stand for re-election. All members had been invited also to stand but none had put themselves forward. Stephanie Karpetas had subsequently decided not to seek re-election due to work commitments and so Penny Shepherd, who was currently co-opted on to the board, had put herself forward for election instead.

The Chair explained that David Bunker had indicated that he was willing to be co-opted for a further year but would probably stand down after that as he lived some distance away. Julie had also moved house recently although she was currently willing to remain on the board. David and Julie were the board members with accounting experience. The board was therefore particularly keen at present to identify future directors with professional accounting experience. If suitable candidates were not currently members, they could be co-opted using the provisions for “expert” co-optees.

Tim Valentine took the chair for the decision on this resolution.

AGM resolution: Unanimous approval

Penny Shepherd then resumed the chair.

7. Presentations from the 2017 Community Fund grant recipients

Tim Valentine summarised the community fund recipients and introduced representatives from each organisation, which were:

- Sheppey Scouts
- Children and Families (project: Seashells Family Centre)
- Kent Wildlife Trust

The members received presentations from each representative which highlighted how the funds had been used to benefit the local community.

8. Questions and Discussion

There were no further questions posed to the AGM.

9. AOB

There was no other business and the Chair closed the meeting.