

Isle of Skye Renewables Co-operative Limited (Reg.No. 2685RS)

Minutes of Annual General Meeting

**Held at Highland Council Buildings, Tigh na Sgìre, Portree,
Isle of Skye on 28th April 2015 at 7.00 p.m.**

Present: 15 members, 2 member's guests, 5 directors, 1 Falck Renewables representative and 1 apology received.

1. Introduction and Chairman's Report

The Chairman, Steve Shaw, welcomed guests and members to the AGM and prefaced his remarks by explaining that the meeting would be in three parts: Firstly he would start his summary of the Co-op's performance in 2014 but would hand over to Euan Fraser of Falck Renewables Wind Ltd for a presentation entitled, "Operations and Maintenance Year 2014", explaining the shortfall of output in 2014. Steve would then continue with the financial aspects of the Co-op's performance.

Steve introduced the Board: Karen MacRae, Joy Talbot, Ian George Macdonald and Colin Ewing (who was co-opted to the Board in the Autumn of 2014) and explained that Michael Austin has recently resigned from the board for personal reasons. Steve also reported that Phil McCaherty has resigned as Minute Secretary, again for personal reasons. Steve offered thanks and appreciation to both for their invaluable service over the years. They would both be missed.

Steve gave an overview of the agenda, with a reminder of Key Players and facts in the business of the Co-op, followed by a brief summary of electricity production since 2009, culminating in a disappointing production of only 76% of budget during 2014. January 2015 production appeared to be closer to budget, probably due to an abundance of wind in that month.

At that point Steve introduced Euan Fraser and he made his presentation during which he took several questions from the floor. He explained some recent changes in the structure of ownership of some of Falck Renewable's projects, including Ben Aketil, with Falck retaining a 51% control of all. Euan showed that 50% of the 2014 production shortfall arose from lower than predicted wind speeds and National Grid connection issues (both outwith Falck's control) but the remaining 50% were from turbine performance and availability issues. Enercon (the manufacturers) had encountered unexpected technical problems in the generators of some turbines, thought to be due to the adverse environmental conditions of the Ben Aketil site and of a kind not encountered elsewhere. Enercon staff had applied some remedial measures but these have been largely unsuccessful and further works will be required, entailing significant uncompensated loss of production in 2015. Euan emphasised that Enercon were committed to solving the technical problems and explained how some mitigation of the effects on the income of the Co-op will be achieved through liquidated damages and insurance claims. Enercon have been asked for an ex-gratia payment to compensate for lost profit. Payment of any compensation etc. will be deferred until 2016 as there are still unresolved issues surrounding the various claims involved.

There were several questions from both the board and from the floor, eliciting insights from Euan into the business environment of the Grid and possible future developments. Euan left the meeting at 2000 hrs to return home to Inverness.

Steve revisited his slide showing that the output of the wind farm so far in 2015 was in the region of 90% of budget, then went on to present the financial summary for ISRC in 2014. Sales were less than in 2013 due to 12% less output and electricity prices depressed by 15%. The primary cause of reduced output was recurring and on-going faults in a number of the generators, as first seen towards the end of 2013 and the subject of Euan Fraser's earlier presentation. Sales income for the year was £121,503, down from £146,419 in 2013, offset by £15,000 less operating and administration expenses to yield a profit for 2014 of £99,513, which is just £10,000 less than in 2013 and a return on investment of 6.55%. In view of the performance of the windfarm this year, Steve proposed that charitable donations should be suspended in 2015 and the

proceeds of any claims for compensation or insurance from Enercon should be retained within the Co-op for distribution to Members.

2. Motion 1. To approve the minutes of the AGM held on 29th April 2014.

The first motion of the formal part of the Meeting was proposed by Morag Henriksen and seconded by Roy Haldane and was carried unanimously by those present with 15 proxy votes in favour, 0 proxy votes against and 4 abstentions.

3. Motion 2. To receive and adopt the Director's Report and The Accounts for the year ended 31st December 2014.

The Meeting voted to accept the formal reports and the motion was proposed by Joy Talbot and seconded by Ralph Torr. The motion was carried unanimously by those present with 19 proxy votes in favour, 0 proxy votes against and no abstentions.

4. Motion 3. To reappoint Melville & Co, Chartered Accountants, as Auditors until the conclusion of the next Annual General Meeting.

The motion was proposed by Steve Shaw and seconded by Elizabeth Ogilvie and was carried unanimously by those present with 19 proxy votes in favour, 0 proxy votes against and no abstentions.

5. Motion 4. To approve the distribution of the surplus funds for the year (the operating profit together with any other income) by way of Share Interest. A share interest statement to be provided to each recipient.

The Meeting voted to approve the distribution of surplus funds. The motion was proposed by Ian George MacDonald and seconded by Colin Ewing. Motion carried unanimously by those present with 19 proxy votes in favour, 0 proxy votes against and no abstentions.

6. Motion 5. To re-elect Ian George MacDonald as a director of the Co-op.

The Meeting voted to re-elect I G MacDonald to the Board and the motion was proposed by Roy Haldane and seconded by Morag Henriksen. Motion carried unanimously by those present with 17 proxy votes in favour, 0 proxy votes against and 2 abstentions.

7. Motion 6. To appoint Colin Ewing as a director of the Co-op.

Having co-opted Colin Ewing onto the Board, the Directors asked the Meeting to ratify this appointment. The motion was proposed by Steve Shaw and seconded by Ian George MacDonald. Motion carried unanimously by those present with 17 proxy votes in favour, 0 proxy votes against and 2 abstentions.

8. Motion 7. To Elect Ralph Torr as a director of the Co-op.

The Meeting was asked to vote on the election of a new Board member, Ralph Torr. The motion was proposed by Joy Talbot and seconded by Margaret Cormack. Motion carried unanimously by those present with 17 proxy votes in favour, 0 proxy votes against and 2 abstentions.

The Chairman welcomed the new members onto the Board and wound up the formal business of the evening by thanking the Board and the Members for their attendance and input, and Euan Fraser for his very informative presentation. He also thanked Highland Council for the use of their premises and Café Arriba for the excellent catering.

The formal business of the meeting ended at 2035hrs.

Signed as a true record of the Meeting

A handwritten signature in black ink, appearing to read 'S. Shaw', with a long, sweeping underline.

Steve Shaw, Chairman