

## THE NDA NORTH HIGHLAND REGENERATION FUND

**MINUTES** of the **First Board Meeting** of the above named Company held at the NDA regional office, Freswick House, Forss on the 11th day of August 2006 at 15:00pm.

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**PRESENT:** John Farquhar, NDA  
David Flear, Highland Council  
Prof. John Fyfe, Independent  
Neil Robertson, New Park Developments  
John Thurso, MP  
Susan Smith, CASE (for Carroll Buxton)

**IN ATTENDANCE:** Brian Atkins, NDA (teleconference)  
Elizabeth Stephenson, NDA (teleconference)

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### **1 FIRST DIRECTORS**

1.1 It was noted that Atholl Incorporations Limited had been named by the Subscribers as the first director of the Company in the statement delivered to the Registrar of Companies with the Memorandum of Association. The resignation of Atholl Incorporations Limited was received by the Board.

1.2 It was noted that the NDA North Highland Regeneration Fund has appointed the following individuals as directors:

- (a) Mr John Forbes Farquhar [NDA Director]
- (b) Ms. Carroll Carson Buxton
- (c) Mr Neil Stewart Robertson
- (d) Mr David Charles McQuistan Flear
- (e) Professor John Fyfe
- (f) John, Viscount Thurso

The directors named above took their seats on the Board.

1.3 These directors were asked to sign the relevant forms for Companies House and return them to the Company Secretary for filing. It was noted that Carroll Carson Buxton would sign the relevant form separately and return it to the Company Secretary for filing.

### **2 APPOINTMENT OF CHAIRMAN**

2.1 It was noted that, in accordance with its powers under the Articles of Association, the NDA North Highland Regeneration Fund has appointed John Thurso as the Chairman of the Board.

2.2 John Thurso took the Chair.

### **3 FIRST SECRETARY**

It was noted that Brodies Secretarial Services Limited had been named by the Subscribers as the first Secretary to the Company in the statement delivered to the Registrar of Companies with the Memorandum of Association. The resignation of Brodies Secretarial Services Limited was received by the Board. It was reported to the meeting that Helen Elizabeth Stephenson had been named as Secretary to the Company. **IT WAS RESOLVED** that the appointment be confirmed.

### **4 INCORPORATION**

There were produced to the Meeting the certificate of incorporation of the Company (number SC301805) dated 5<sup>th</sup> May 2006, and a copy of the Memorandum and Articles of Association as registered.

### **5 REGISTERED OFFICE**

**IT WAS RESOLVED** that the situation of the registered office of the Company, namely, Freswick House, Forss Business and Technology Park, Thurso, Caithness KW14 7UZ be confirmed.

### **6 SUBSCRIBERS**

It was reported that the subscriber to the Memorandum of Association was the Nuclear Decommissioning Authority.

### **7 FILING**

The Secretary was directed to file the following with the Registrar of Companies:

- (a) Forms 288a notifying the appointment of the directors and secretary.
- (b) Forms 288b notifying the resignation of the director and secretary.

### **8 FORMAL INVITATION TO NON-BOARD MEMBER PARTICIPANTS**

The Chair invited Elizabeth Stephenson and Brian Atkin to join the meeting.

### **9 APPROVAL OF REPRESENTATION BY DOUNREAY SITE STAKEHOLDER GROUP (NON-VOTING REPRESENTATION)**

The Board discussed the possibility of inviting a representative of the Dounreay Site Stakeholder Group (DSSG) to sit on the Board, possibly as a non-voting representative. The Board noted there was no restriction on the number of directors and agreed that the DSSG should be invited to nominate a full director.

**Action 1.1:** John Thurso shall write to DSSG inviting them to nominate a director.

**Action 1.2:** John Farquhar to draft letter.

## **10 APPROVE TERMS OF REFERENCE**

The terms of reference (TOR) paper has been circulated previously with the board papers and John Farquhar asked for comments. He spoke of Ian Roxburgh's support for the company and of the potential to increase the scope of the NHRF from the original concept and stressed the directors should not take any action which may preclude increasing the scope.

The Board discussed paragraph 3 of the Mission and considered whether the NHRF should constrain its funding to loans or whether grants and equity investment should be included. It was agreed the mission is to invest by whatever means appropriate, subject to legislation and regulations. The TOR should not be so prescriptive.

**Action 1.3:** John Farquhar to amend TOR to include looser wording around the provision of funding.

The Board considered whether funding will always be co-invested. On occasions, the chances of another source of funding existing will be nil. The Board outlined the principle of 50% partnership funding but stressed it was important the NHRF can act outside this principle in exceptional circumstances.

**Action 1.4:** John Farquhar to amend TOR to include the word "normally" at the beginning of the first bulletpoint under "operation".

The Board discussed the Governance chart provided and agreed it was a little complicated.

**Action 1.5:** ALL to comment on any further amendments to the TOR prior to the next meeting. John Farquhar to make necessary amendments.

## **11 MANAGEMENT OF THE FUND**

Neil Robertson spoke through the sequence of events involved in receiving and reviewing an application for funding. The Board asked how Neil perceived the co-operation between New Park and various other agencies and it was agreed that all needed to network both formally and informally to see whether the funding applicant had been in touch with other agencies prior to applying to New Park. Neil clarified that if the funding application was inadequate then instead of refusing to provide funding New Park would provide advice on what actions should be taken to improve the application. Neil also clarified the due diligence process carried out when assessing a loan application.

The Board discussed the need for a bank account for the NHRF and considered that the administrative costs of running the company should not take away from the funding. Bank reconciliations are to be signed by John Thurso, as Chair, and will show what money is in the fund and what commitments are outstanding.

The Board considered the process to go through regarding attracting applicants for the funding. Should the Board be proactive and put adverts in newspapers or write to prospective applicants or should they wait for applicants to ask?

**Action 1.6:** Elizabeth Stephenson to add above item to agenda for next board meeting.

## 12 REVIEW/APPROVAL OF DOCUMENTS (MANAGEMENT AGREEMENT, SCHEME RULES AND LOAN AGREEMENT)

Neil Robertson commented that the documents were structured to cover the legal requirements of having the fund managed by a third party and covered issues such as fees, termination and intellectual property rights. Initially, New Park had provided a proposal document to the NDA, which the NDA had made further additions to, and Brodies solicitors (acting for the NDA) had drafted the agreements. The documents are still subject to further changes and are not yet signed.

### Management Agreement

The Board discussed the amount of authority which should be delegated to New Park in making decisions on funding. It was clarified that New Park will not make decisions in isolation. NHRF input will be needed and all cheques shall be signed by the NDA director. The Board wish to take part in decision-making as much as possible and will only delegate a small part for now. The Board will learn with time what can be delegated and what can be reserved to the Board. It will be unlikely that a loan application will be processed in the time between board meetings so a list of new applicants or processed applicants shall be provided to the Board at each meeting. New Park cannot be held responsible for poor investment decisions. The NHRF will have to bear the risk.

It was highlighted that two out of three new businesses fail and the fund will dwindle with time. The NDA has the option of “topping up” the fund provided the NHRF demonstrates reasonable investments.

The Board discussed whether State Aid was an issue for the NHRF. Brian Atkin clarified that amount of funding is not important; state aid depends on the proportion of the investment the NHRF is paying for. The NHRF would only have an issue with illegal state aid if the funding provided was around 75%. The EU publishes a reference rate which state aid is measured against, which is the Bank of England base rate plus 7%. The amount of funds over the state aid limit has to be lent at a commercial rate so a mixture of loan and grant could be provided.

### Loan Agreement

The Board considered the necessity of clause 7 (arrangement fees and monitoring fees). It was clarified that the clause can be waived but the NHRF may wish to reserve the right to charge.

**Action 1.7:** Elizabeth Stephenson to speak to Brodies about rewording clause 7 to state that the lender *may* require the fees, in some circumstances.

### Memorandum and Articles

The Board noted these were fairly straightforward documents and discussed whether there would ever be any other members other than the NDA. Brian Atkin spoke about the NDA responsibilities for socio-economic development under the Energy Act and that this is the vehicle for providing that development.

## 13 BRANDING

The Board discussed how to present the NHRF and that an identity was needed for 1<sup>st</sup> September 2006. The Board will write down the key messages for a mission statement, such as promoting sustainable wealth, complementary to existing systems, confined to a small area. It was agreed there should be no website for now as the focus should be on getting the fund up and running.

**Action 1.8:** Neil Robertson to draft an information sheet with key questions such as “who is the Fund aimed at?” “how does it work?” and circulate to the Board for comments.

#### **14 ISSUES RELATING TO ACCOUNTS**

Brian Atkin clarified the NDA will run a set of accounts on their existing computer system and arrange access for the Region 4 office. The Board need to decide what reports will be needed from the accounting system. This removes the burden from New Park so they can concentrate on their main task.

**Action 1.9:** Brian Atkin to put first simple accounts pack together and send to John Farquhar for approval.

#### **15 APPROVE LAUNCH PROGRAMME**

It was clarified that the NHRF would start to operate on 1<sup>st</sup> September but that there will be a publicity launch later in September. A board meeting is thus needed early in September.

The Board agreed any director should be able to speak to the press, once some key messages were agreed by the Board.

#### **16 POSSIBLE TRAINING FOR BOARD MEMBERS**

John Farquhar noted that he and possibly other NHRF Directors had not received appropriate training in the role and its legal duties. To address this he had booked himself on a course entitled “The essential duties of a company director”. John invited other members of the NHRF board to consider attending this course as the costs would then be reduced. David Flear asked for details and John agreed to have these sent to him.

**Action 1.10:** John Farquhar to arrange for course details to be sent to David Flear

#### **17 ANY OTHER BUSINESS**

Neil Robertson updated the Board that he had a meeting with Minute redacted of Scottish Enterprise.

#### **18 DATE OF NEXT MEETING**

TBA