

THE NDA NORTH HIGHLAND REGENERATION FUND

MINUTES of the **5th Board Meeting** of the above named Company held at the NDA regional office, Freswick House, Forss on the 9th February 2007 at 10.00.

PRESENT: John Thurso, MP (Chairman)
John Farquhar, NDA
Neil Robertson, New Park Management
Carroll Buxton, CASE
Prof. John Fyfe, Independent

IN ATTENDANCE: Derrick Milnes, Dounreay Stakeholder Group
Elizabeth Stephenson, NDA (Secretary)

APOLOGIES: David Flear, Highland Council

1 MINUTES OF THE PREVIOUS MEETING

The minutes of the last meeting were agreed and signed by the Chairman as a true record.

2 MATTERS AND ACTIONS ARISING

2.1 The updated Action List is attached.

2.2 ~~Minute redacted~~

3 FINANCE

3.1 NR reviewed the operating finance statements for December 2006 and January 2007 and noted the main difference from previous accounts is the transfer of fund to a successful loan applicant ~~Minute redacted~~. NR noted a treasury deposit account has been opened, which is a two-week rolling account, generating reasonable levels of interest. The management fees will appear in the next monthly accounts.

4 REVIEW OF PROJECTS AND ENQUIRIES

4.1 NR noted the enquiries which were not making progress or which did not fit into the scheme rules have been removed from the list, thus producing a simpler document. NR noted he is going to two or three meetings per week with organisations who are becoming aware of NHRF, although some clearly don't understand what NHRF is about.

4.2 NR talked through the Applications/Enquiries status document. There are a number of new communications:

Minute redacted

- Minute redacted
- Minute redacted
- Minute redacted

There are three projects at the “Gathering Information” stage:

Minute redacted

- Minute redacted
- Minute redacted
- Minute redacted

There are two projects at the “Interview” stage:

Minute redacted

- Minute redacted
- Minute redacted

There is one application at the “Application Development” stage:

Minute redacted

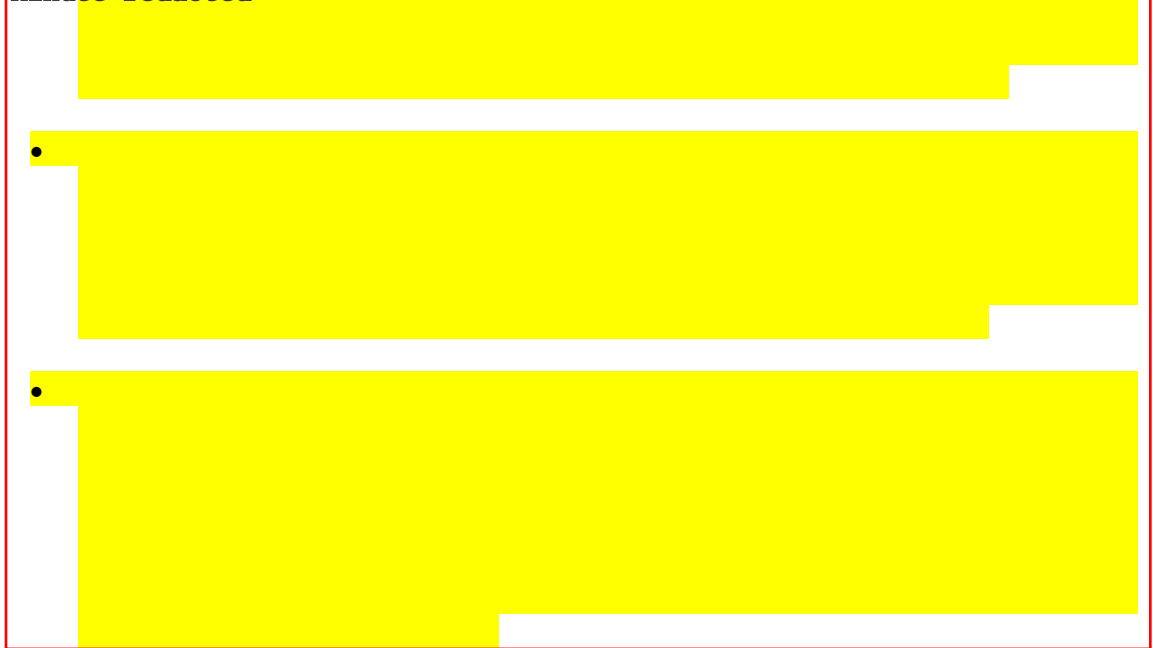
- Minute redacted

There are four applications at the “Decision Panel Evaluation” stage:

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- Minute redacted

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5 CONFIRMATION OF APPROVED PROJECTS

- 5.1 The Board noted loans were approved to Robertsons of Tain (Scotland) Limited and Whittle's Publishing.

6 RISK MANAGEMENT

- 6.1 JF provided a handout including a risk table and the probability of impact. The Board agreed they will take note of all the risks but that only ones with a score of 6 or above require mitigating action.
- 6.2 The first risk to be discussed was "NDA support withdrawn" and the Board discussed the reasons this might occur and which can be managed. The risk underlines the importance of good governance, processes and procedures. JT suggested NHRF have one annual meeting to review such issues in depth. The key mitigation is if the fund demonstrates success.
- 6.3 The second risk to be discussed was "Excessive rate of failures of client business". It was agreed this is a high impact risk but probably has a relatively low probability. The mitigation for this risk is a robust process and a continued interest in the applicant once the loan is provided.
- 6.4 The last risk to be discussed was "Litigation"

Action: JF, NR and ES to discuss possibilities of litigation and in what circumstances it could arise. NR will speak to other investment funds. ES will speak to Brodies regarding whether it is possible to add wording to the loan agreement to protect NHRF from litigation.

7 AOB

Minute redacted



Action: JF to draft letter for JT to sign.

- 7.2 JF noted that the approach of reviewing all applications as and when they arrive will mean that the funding is not targeted at those industries which will have the biggest impact. JF suggested two criteria to review applications by: the number of jobs in relation to the investment and whether the business exports out of the Highlands area. The Board needs a process where proposals which fall below a certain threshold, dependent on the above criteria, are provided with other options. The Board agreed in principle that some applications should be refused as they are not efficient for the amount of jobs provided, but that it is important to retain the power to overrule such criteria from time to time.
- 7.3 NR stated he has shortlisted two web developers and after a short discussion on which to choose, the Board delegated the decision to NR and JF.
- 7.4 JF noted the NDA Board are visiting Dounreay in early May and this will be an important opportunity for NHRF to show what it is doing.

Action: JF to set up workshop later in the year involving all parties of the NHRF to review what has been achieved and what can be done going forward.

Action: ES to set up next meeting for mid-end March and email JT regarding meeting dates for the rest of 2007.