
MINUTES

**Shetland Charitable Trust
Room 16, Islesburgh Community Centre, Lerwick
Thursday 28 June 2012 at 10.00am**

Present:

M Bell	M Burgess
G Cleaver	A Cooper
S Coutts	A Duncan
B Fox	R Henderson
B Hunter	A Manson
V Nicolson	D Ratter
F Robertson	G Robinson
D Sandison	C Smith
G Smith	T Smith
M Stout	J Wills
A Wishart	V Wishart

Apologies:

P Campbell	A Westlake
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In Attendance (Officers):

A Black, Chief Executive - SCT
J Goddard, Financial Controller – SCT
E Mainland, Office Administrator – SCT
A Cogle, Team Leader – Administration - SIC
L Geddes, Committee Officer – SIC

Also:

K Pinkerton, Solicitor, Turcan Connell

Chair:

Mr D Ratter, Chair of the Trust, presided.

Circular:

The circular calling the meeting was held as read.

The Chair advised that he had agreed, upon election, that he would commission as much information as possible to support Trustees in carrying out their duties and he believed that he had done so. He had also made consistent offers to meet with Trustees in order to find out what other Trust matters they would wish to discuss, and there had been a good response to this. He therefore hoped that everyone at the meeting today had gathered to act as Trustees to diligently and honourably carry out the business of the Trust. If anyone left the meeting without

clear justification, or was not attending without good reason for their absence, then he suggested that they might wish to consider their position as Trustee.

He went on to say that the meeting today had been set up with health and safety issues in mind and to permit the widest viewing possible by the public, so the meeting was being held in the larger room because that was the best position for the video camera. Islesburgh Community Centre staff were dealing with stewarding, and he requested that all present pay attention to their guidance as it was given for the benefit of all users of the building. Whilst he did not anticipate any disruption, should the business of the meeting be hindered by any intervention, he would adjourn the meeting until the room was cleared. If there continued to be a problem, either within or outwith the room, he would take appropriate steps.

The Chair went on to advise that following the receipt of apologies, he would be asking for declarations of interest for agenda item one only, as this was clearly the item that the public had an interest in. When that item had been concluded, he would then revert to declarations of interest covering the remainder of the meeting, which could then be concluded. Any press conference would have to await the final conclusion, but he was of the view that the remainder of the meeting would not take long. As Appendix C of agenda item one was marked as confidential, it would be necessary to take this item in private if Trustees wished to discuss this. This would involve asking the press to leave, and switching off the video link with room 12.

In terms of questions, he advised that he would answer those he was able to and pass others to staff as appropriate. He advised that he could not stress sufficiently the considerable scrutiny that the Trust was under in making this decision, both within and outwith Shetland. It was purely an investment decision to be made acting as Trustees, on advice received on a purely financial basis. He also stressed that taking other private advice did not render Trustees secure from personal liability, as did taking advice from the appropriate source. For that reason, Ann Black, the Trust's Chief Executive, Jeff Goddard, the Trust's Financial Controller, and Kenneth Pinkerton of Turcan Connell, the Trust's legal advisors who works on trust business with Simon Mackintosh, a partner, and Scotland's widely acknowledged foremost expert on trust and charity law, were present. Additional financial analysis had also been received from Quayle Munro, through Senior Partner Rob Cormie, and his team.

He continued that the meeting would proceed according to the Administrative Regulations, and that he intended to accept any motion and amendment as received, but without curtailing the debate. As it was a major decision, it was important to be sure that everyone had an opportunity to speak. Trustees had had the opportunity to attend, and almost all did, a Trustee Induction seminar on 12 June given by Simon MacKintosh and Kenneth Pinkerton, which covered legal and investment issues. Since that date, some Trustees had raised questions on their own personal circumstances, which had been referred to Turcan Connell for advice and clarification. In addition, Kenneth Pinkerton had been available the previous evening to answer further questions from Trustees.

In the past, considerable emphasis had been placed on the inability of the Trust to do certain business because of potential conflicts between their separate roles as Trustees and Councillors, and decisions between the Trust and the Council. He felt that he must make it clear, on all advice received, that the agenda item today

involved a transaction between the Trust and Viking Energy. The Council was not a party to it and there was therefore no conflict as Trustees and as Councillors. This had been confirmed by the legal advisors. In his personal view, Trustees had had considerable opportunity to establish whether or not they are able to participate in the agenda item regarding Viking Energy, which was the main purpose of this morning's meeting.

(Mr G Cleaver attended the meeting)

Declarations of Interest – Agenda Item 1 “Viking Energy – Investment Budget Post Consent”:

Ms V Nicolson advised that as an independent Trustee, she would have taken part in the discussion. However on 21 June she had received clear advice from Turcan Connell that given her personal circumstances, there was a potential conflict of interest and she should not participate in any discussion or debate.

Mr A Cooper declared a non-pecuniary interest as a Director of Viking Energy, and advised that he would be leaving the meeting before discussion of the item.

Mr B Fox declared an interest as a Councillor and Trustee. As a Councillor, and therefore a landowner through the Busta Estate, he had an interest in maximising the rental income for any turbines in that location. But as a Trustee, and therefore a shareholder in Viking Energy, he also had an interest in minimising the rental paid in that instance. This interest was ‘black and white’ and had been confirmed to be so by Turcan Connell on 12 June.

As a Councillor, he was mandated to deliver a Scottish Government policy on community planning through to a Single Outcome Agreement. Within this plan it stated an undertaking to “Work together and with communities to make Shetland a place where people want to live, because of our quality of life, employment opportunities, our strong sense of community and our stunning environment”. Similarly, within the Shetland performance framework, there was an undertaking to ensure that “We live and work in a renowned natural and built environment which is protected and cared for “ and that we must “take pride in a strong, fair and inclusive society, and in our culture”.

His personal view was that this did not sit how Trustees must conform with charity law on public benefit which read in the Charities and Trustee Investment (Scotland) Act 2005 Section 8(2) as follows:

“Public Benefit 8:

1. No particular purpose is, for the purposes of establishing whether the charity test has been met, to be presumed to be for the public benefit.
2. In determining whether a body provides or intends to provide public benefit, regard must be had to
 - (a) How any
 - (i) benefit gained or likely to be gained by members of the body or any other persons (other than as members of the public), and

(ii) disbenefit incurred or likely to be incurred by the public, in consequence of the body exercising its functions compares with the benefit gained or likely to be gained by the public in that consequence, and

(b) where benefit is, or is likely to be, provided to a section of the public only, whether any condition on obtaining that benefit (including any charge or fee) is unduly restrictive.

He went on to say that the key word for him was “disbenefit” and setting aside the speculative nature of the Viking Energy windfarm and whether it will bring benefit to Shetland as a whole, he felt that there was no doubt that it would bring disbenefit to significant numbers of the community in terms of reduction of property prices, amenity and general quality of life, not to mention possible long-term health effects. In this regard, he believed that this endorsed his decision relating to his conflict of interest. He went on to say that he felt that the conflict of interest extended into the future. Should the project go ahead, the Council, as local authority would be responsible for applying any conditions relating to consent, of which there were many. Resolving this with commercial pressures that would prevail as a Trustee and shareholder would, in his opinion, be impossible.

He also declared a conflict of interest due to his public profile over the last four years chairing a group known as Sustainable Shetland, which actively opposed the development of the Viking Energy windfarm. Such public expression made his position in terms of public perception questionable with regard as to how he could approach the meeting impartially, and he believed this should apply to any Trustee with past involvement with Viking Energy or who had publicly voiced strong opinions on either side of the debate. He would therefore be leaving the meeting.

Mr M Burgess declared an interest as a shareholder of SSE plc. Due to the perception of any financial gain that could be made from any decision made, he would not be acting in due diligence in respect of his own reputation and the reputation of the charity. He would therefore withdraw from the meeting.

Mr A Duncan declared an interest as a Councillor Trustee, and advised that his view was unchanged from the past. He had taken legal advice and was declaring an interest as a Trustee Councillor and would be leaving the meeting.

Mr B Hunter declared a non-pecuniary interest as a Director of Shetland Community Benefit Fund Limited. He had taken legal advice and would be participating in the meeting. He asked that it be minuted that on his appointment as a Trustee, he had had his name removed from the Windfarm Supporters Group, contrary to what had been said at a previous meeting.

Mr A Wishart declared an interest as a leader elected to the Council and as a Trustee. There was a great common interest for the community and an interest in the common aspect of doing all possible to look to the future. He would be staying in the meeting and debating and voting.

Mr C Smith advised that he had usually declared an interest in the past. He had spent considerable time considering the matter, and had always understood that the decision laid with individuals as to whether they took part in the debate. The Chair had advised that if Trustees felt unable to take part in the debate, there was a need for them to consider their position as Trustees. He had considered his position and offered his resignation herewith.

(Ms V Nicolson, Mr A Cooper, Mr B Fox, Mr M Burgess, Mr A Duncan and Mr C Smith left the meeting)

27/12

Viking Energy – Investment Budget Post Consent

The Trust considered a report by the Financial Controller (Appendix 1).

The Financial Controller introduced the report, advising that it had been prepared with the appropriate professional and legal input. In response to a query regarding the position with the other partners if the Trust decided not to go ahead with the investment, or deferred a decision, he said that it was his understanding that Viking Wind would be given the opportunity to buy the shares offered to the Trust, and had indicated that they were willing to do so. If they did not, SSE would then have the opportunity to buy the shares.

Dr J Wills moved that the recommendation in the report be approved, with the addition that the Trust should commission its own independent report on the health effects, if any, of windfarms.

Mr D Sandison seconded.

Speaking in support of his motion, Dr Wills said before he was a Councillor, he had been involved at the start of the Viking Windfarm project six years ago as a freelance writer, and had written drafts for the first edition of "Windylights" - the brochure outlining the proposal - for which he had been paid a small fee. Then, at the request of the Council, he had been paid another small fee to independently chair some public meetings around Shetland to give people the first opportunity to comment Windylights. He had later been involved in proofreading the second edition of Windylights, for no fee, and had therefore spent a long time studying the evolution of the project.

His attitude to it had also evolved over the years. A fact finding visit to three mainland windfarms, as the guest of Viking Energy in 2009, had confirmed his growing worries about the size of the windfarm but also, to some extent, had reassured him about the technical feasibility and the environmental safeguards. By this time he was back on the Council after 13 years. When he saw the first planning application for over 150 turbines, he felt that the windfarm was much too big and in some of the wrong places. So he had formally objected to this, and to the second version, perhaps somewhat to the disappointment of Viking Energy employees he had formerly briefly worked with. When the windfarm went out to planning consultation, he had argued that the Council should also lodge a formal objection, which almost certainly would have triggered a public enquiry. Whilst that vote had been lost, the eventual decision of the Scottish Government's Energy Consents Unit to reduce the number of turbines to 103 seemed to partly justify the objections that had been made. Whilst still not entirely happy with the project, he had to accept that the Minister, as the elected representative of a democratically elected government, did have the mandate to make that decision.

He advised that he understood the concerns of the objectors, many of whom had been longstanding personal friends, and he hoped that the developers could deal with the remaining valid concerns as they strived to be good neighbours. There had been a great deal of polarised opinion over the past six years about alleged health effects from flicker and noise, and about the danger to some birds, potential damage to peat land, the proximity to houses and the effect on the landscape. All this, including the health issues, was considered in great detail by the Energy Consents Unit, and exhaustively researched in the environmental impact assessment which he felt was one of the most honest, comprehensive and independent documents of its kind. If the developers breached the very stringent planning conditions, they would be called to account by the planning authority, not by Shetland Charitable Trust, although as a major shareholder, the Trust would be able to exert some influence on behalf of the community.

He went on to say that none of these planning issues should concern Trustees here today as permission had been granted. The Trust was making an investment decision and, before voting, Trustees had to satisfy themselves on that alone that it was a proper investment to make and that it would make money for the Trust to spend on its beneficiaries. The Trust had taken the best legal and financial advice available, which had illustrated that this was a legitimate, reasonable and suitable charitable investment for the trust to make. Whilst the Trust could sell its shares now for £50-£100 million, thereby making a good return on its £3 million investment to date, that money would only earn between £1-2 million per year if invested in the stock market. The advice from financial experts was that if the Trust invested the further £6.3 million, this could earn the Trust at least £20 million per year once the major capital debts had been paid off.

He continued to say that the Trust had an agreement with the partner shareholders, and that £6.3 million of the £14 million required to get the project started should have been pledged six weeks ago. If the Trust did not come to a decision today, the partners could take over the Trust's share in the company, the Trust would cease to be a major shareholder, and its influence on the company would wane. All investments were a gamble, but the major banks had indicated that they would lend up to 80% of the capital in the project, without requiring any security, so it was more of an investment than a gamble. There were other outside investors expressing an interest in buying the Trust's shares.

There were currently some questions relating to Government changes to the subsidy system "Renewable Obligation Certificates" (ROCs). These would not make the Trust's investment worthless, partly because the increase in the price of energy would make up for it and partly because the UK Government would still have a scheme for supporting renewable energy generators as it has international treaty obligations. He was of the view that the fuss about the scaling down and eventual ending of ROC subsidies was largely a public relations exercise to placate Conservative voting 'NIMBYs' in marginal Home Counties parliamentary seats. He also went on to point out that the deadline for a Judicial Review on the planning decision in favour of the windfarm had passed

without anyone making an application for Judicial Review. There was no deadline for a Judicial Review if the allegation is that the Minister didn't act fairly or follow precedent, but again no application had been lodged. If it was, it need not delay or derail the windfarm because a judge cannot reverse the Minister's decision, and can only send it back for further consideration. The Trust had received clear advice that there was no likelihood that a Judicial Review could stop the Viking windfarm, given the extraordinary care with which the Energy Consents Unit handled the planning application, and that was one of the reasons it took so long. If the case was lost, the Minister might have to ask the developer to submit a modified proposal but it would not stop things and he felt personally that it would be a last ditch attempt to delay the Trust's decision beyond the point tomorrow at which the community investment in Viking Energy would start to evaporate. At the time of consideration of this investment proposal, there was no application for a Judicial Review but just a report that someone was hoping to gather the tens of thousands of pounds required to get started in the Judicial Review process. So the risk of Judicial Review did not outweigh the risk to the Trust of going ahead with the investment now.

He went on to say if the Trust agreed to the investment today, in a year or two it would be necessary to sell more of the Trust's existing assets to raise the rest of the capital needed to invest. This would be a much larger sum, but would be a much more attractive investment than any held at present. If Trustees, the Inland Revenue or OSCR felt that there were 'too many eggs in one basket', the Trust could then sell some of its Viking Energy shares at that stage for a very large sum of money as, once the windfarm was operational, the shares would be worth much more than they were today. He suggested that there was a need to retain a major shareholding only until the project was operational, and that it was necessary to do this in order to make sure that company policy was influenced in the interests of the community. Once operational, it could be attractive to sell some shares, perhaps giving preference to local investors. However it was not possible to do that at present, as under the agreement with the other two shareholders, the shares could presently only be sold to them or to the Council and only at the price set by an independent valuer, which was likely to be a lot lower than the market price once the windfarm was operational and earning large sums of money for its investors.

With regard to concerns that the windfarm was too close to people's homes, may affect their health, kill birds or cause landslides, he pointed out that the Trust would be in a much better position to influence company policy on these concerns if it remained as a major shareholder during the construction and initial operations phase, when such influence would be critical in mitigating the remaining valid concerns. This would also be dealt with by the independent study proposed.

In summary, he felt that the investment met three important criteria. Firstly it was, according to the best available advice, probably the most profitable investment around, and the Trust was lucky to have had the opportunity to get involved. Secondly it was in the interests of the community as a whole, because the revenues from it would allow the Trust to continue with, and expand upon, the remarkable social,

environmental, recreational and artistic enterprises it had been able to fund over the past three decades. It would enable the Trust to take on new responsibilities in education (for example, music tuition and student bursaries) and in supporting voluntary organisations. Finally, it also met the ethical principles of responsible investment in sustainable energy, something the Trust's current investments in oil and gas, alcohol, tobacco and the arms industry did not.

In concluding, he said that if Trustees wished to deny their children, grandchildren and great grandchildren several hundred millions of pounds' worth of benefits from the world's best example of community participation in a large windfarm, then it would be better to have better explanations for posterity than not 'liking the look of it', some constituents 'being against it', being too near some houses (even though it was twice as far from them than most farms on the mainland), and not approving of the Scottish Government's decision to grant planning permission and wanting to make a high profile protest.

Trustees commented that they had given the project much thought and consideration, and felt that it was one of the most difficult decisions they had been involved with, and were saddened at the way that the project had split the community. It was requested that the wide range of correspondence received from the public on the project be acknowledged, as it had been very valuable to Trustees in deliberating this extremely important decision.

Trustees speaking in support of the motion said that they understood and shared some of the concerns that had been raised by objectors. However in all probability, the windfarm project would go ahead and the best way to take account of these concerns was to retain ownership of a significant proportion of the project. Otherwise it may be the case that there would be a large windfarm on the doorstep over which there would be no control and no community benefits. It was an investment decision for the Trust, and the advice received was that the investment risk was within acceptable limits.

It was felt that this was a valuable opportunity to invest in the future of Shetland, and to encourage young people to stay in Shetland otherwise Shetland may end up in the position it had been in during the 1950s and 1960s prior to the oil industry. This investment would provide a huge beneficial step to running the community in future, as Shetland was not in a position to carry on as it was. There were no comparable alternatives to the potential benefits from this investment and whilst investments always posed a risk, it was felt that the risk to Shetland was greater if the Trust chose not to invest. The potential benefits to all stakeholders involved in wider community planning were considerable.

It was also pointed out that banks were prepared to invest money without security, and all organisations involved had to be satisfied with the viability of the investment before it goes ahead. It was an investment opportunity that had great income potential and could benefit everyone in Shetland.

It was noted that the project had been submitted to the Scottish Government and was subject to its Habitat Management Plan. The developer and the National Grid were also in close contact regarding the interconnector, and another support mechanism would replace ROCs should they no longer continue.

Trustees who were unhappy with the proposed windfarm project highlighted how the project had split the community like no other project before it. They felt that there were legitimate concerns that the project was out of proportion and would cause landscape destruction on a major scale. It was felt that to ignore the worries and concerns of those who did not wish the project to proceed was callous and cruel, and to invest funds that might destroy the community was against the principles of the Trust.

It was questioned how investing in the project would ease the Council's financial problems as the project had nothing to do with the Council. The Council would still require to make swinging cuts in order to avoid going bankrupt. Whilst projections might look good on paper, they were not always right. Advice had been received from people who did not live in Shetland, and their judgements did not take account of the potential damage to the community.

It was suggested that the financial projections failed to take account of current local, national and global circumstances, particularly in relation to price sensitivity, increased construction costs in Shetland, and the potential impact of Scottish independence.

Some Trustees felt that there had been a lack of communication from the Trust's partners in the project. It was questioned if there would be an option to renegotiate with partners to see if there was any scope to extend the period of time until some of the uncertainties became clearer, as it was felt that there was not enough information about the profitability of the project to reasonably risk investing in it. It was pointed out that Trustees had a duty to make the best informed decision, and this was not possible when some of the information was not available. There was a duty to comply with the Trust Deed and a need to be seen to be exercising control, especially if there was a disbenefit to beneficiaries.

In response to a query regarding how the current valuation of the Trust's investment at between £50 million to £130 million had been arrived at, the Financial Controller explained that Quayle Munro had been asked to provide a valuation. The valuation had been provided as a range based on a combination of the sensitivity attributed to key variables. He went on to say that all investments carried an element of risk, and that it was a question of balancing the risk against the rewards, and gathering as much data as possible to close down as many of the uncertainties as possible.

Some discussion took place regarding the influence that the Trust would have if it made this investment, particularly in relation to the distance of turbines from the nearest settlement. It was felt that a lot of concerns would be eased if the turbines were kept 2km away from houses, and it was pointed out that it was understood that the Scottish Government

had recently refused planning permission for a windfarm in Caithness due to its proximity to houses, although it was later pointed out that this had been refused due to impact on the landscape.

The Chair advised that the Trust could not add planning conditions to its investment. The Scottish Government had already granted planning consent, and the Trust would have no influence in this regard. However if the Trust ceased to be a partner, it would have no influence over the developer, whereas if it were a major partner, it would stand a better chance of having influence.

Mr F Robertson outlined his background in relation to the planning processes which went back to the early days of the Sullom Voe Terminal and through to his role as the Chair of the Council's Planning Committee. Due to the polarised views in the community, he had decided to take a step back regarding the Viking Energy project, and to instead consider the view that the planning authority came up with. He had spent considerable time going through the documents and environmental statements, although he did not discuss these or influence the process in any way. The determination of the planning service was that the project at present created an unacceptable impact on established settlements and certain areas of the environment, but that recommendation had only been supported by three members. He had had the opportunity to meet with the Energy Consents Unit, and they had made it clear that it was the responsibility of the local authority to examine the project and come forward with information before the Unit considered it. The project had been determined by the highest planning authority in the country, and had been approved in principle. The 50 conditions attached to the project would have to be dealt with by the Council's planning authority, mostly under officer delegation.

The matter of a Judicial Review had been raised during a meeting in Edinburgh. He advised that a Judicial Review could only look at whether processes and procedures were followed in determining the application. It cannot overturn this, although it can amend it. He still had concerns about the project, and shared those of local communities in relation to the proximity and magnitude of the turbines to established settlements. He was aware that no specific guidelines were laid down by the Scottish Government, and that it was a matter for developers to address the topography and come up with a satisfactory determination in relation to settlements and the effect on them. He had spent some time going through the application, and advised that there was a certain amount of latitude within the planning process. It allowed some micro distribution of turbines, and that may satisfy some people in the areas affected. He was pleased that the motion included reference to an independent study on the possible health impacts of windfarms. He was certain that the project would go ahead, and felt that it was a matter of influencing the areas of the development that would help mitigate some of the problems and concerns that people had. By remaining a partner, there would be an opportunity to have some influence over micro siting. Planning conditions allowed a 100m corridor within which turbines could be placed, moved or adjusted. The developer may also be willing to look at further relocation of turbines.

He therefore proposed an addendum to the motion, namely that “Future funding from Shetland Charitable Trust to the Viking Energy Windfarm Project be subject to detailed examination of turbine locations adjacent to established settlements, with a view to removal of any or relocation in order to increase, where applicable, the separation distances from dwellings to meet the concerns of residents”.

After some discussion, Mr Robertson agreed that it would be appropriate to add “in terms of what is possible within planning consent” to this addendum, and both the mover and seconder of the motion agreed to include this addendum in the motion.

It was pointed out that the planning consent only allowed relocation of turbines for a 50m radius around each turbine. Any distance further than this would be the subject of a new planning application, as would the removal of any turbines. The 50m radius was intended to allow for ground conditions in relation to the construction only, such as archaeological finds, peat depth etc.

It was questioned if the “future funding” referred to in the addendum to the motion related to the £6.3 million proposed today, or only to funding required in the future. Mr Robertson confirmed that he had intended it to include the funding required today. However as the questions of micro location and dealing with the different types and locations of turbines could take months or years of work, he was content that the addendum should refer to funding in the future only and not to that required at today’s meeting.

Mr T Smith proposed that a further addendum be added to the motion, namely that “A fund should be set up to compensate householders whose properties are devalued as a result of the windfarm if and when they move”.

The Financial Controller pointed out that, unless the consent of Viking Wind and SSE could be obtained, any such fund would have to come out of Trust funds, or its share of the income from the project.

The Chair said that it may be possible to consider the company itself paying into a fund as a community benefit, but that this was not something that the Trust could commit to at this point without getting the appropriate advice. He suggested that a detailed report be brought to the Trust to consider this within the next few cycles, and Trustees agreed.

It was questioned how the Trust would deal with the findings of the proposed independent report on the health effects of windfarms, given that the Trust had no power to impose planning conditions and the distance that turbines could be moved within the planning consents was only within a 50 metre radius. It was questioned if the Trust, even as an equal partner, would be able to exert any power and influence to ensure that the findings of any health impact assessment were acted upon.

The Chair said that if the study produced outputs that required to be acted upon, he did not perceive that there would be difficulty in

committing to act on these outputs. The Scottish Government had indicated that there was no evidence that there were negative impacts on health, but any results that indicated otherwise would be picked up by the Scottish Government and the health authorities, and the Trust would use every means at its disposal to ensure this.

It was also questioned if the funding of the health impact assessment would be classed as an appropriate disbursement of Trust funds.

The Chair advised that it could be argued that it was in the interests of the people of Shetland and Mr K Pinkerton added that this was a consideration that could be taken into account within charitable purposes.

It was questioned if a health impact assessment would be completed before there was another request for a draw down of funds from shareholders.

The Financial Controller said that he was unsure as to how long this would take. However Viking Energy Limited was part of the Viking Energy project and it had come to the Trust to request funding to carry out the programme of work it needs to do on site assessments. It required a decision in order to commit to this work over the next two years, and anything less than this would not be helpful to the project. He did not have information relating to when there would be a further request for funding and if this would fit with a health impact assessment.

It was suggested that it would take at least one year for a meaningful health impact study to be carried out.

Mr G Smith said that he felt that it was unreasonable for the Trust to be expected to spend this sum of money upfront, and he was seeking to build in some 'milestones' so that there could be some considered disbursement of investment at appropriate times. He suggested a figure of £3 million initially, although was prepared to be convinced that there may be a more appropriate figure. This would ensure that the immediate call for money was dealt with and there would be sufficient working capital to allow the works discussed today to be brought back for discussion. He was concerned that the financial analysis did not fully address all the issues over time, and he would have liked to see updated reports and the Trust maintaining some control over its investments by releasing the money in tranches.

He therefore moved, as an amendment, that the Trust's investment at this time should be limited to that required now, say £3million, and that further investment should be considered on receipt of further advice from Quayle Munro on the valuation of the investment as their own acknowledged uncertainties become clearer, and on receipt of the independent report on the health risk and the report on the possibilities of a compensation fund for households whose house values are adversely affected.

Mr G Robinson seconded.

Mr T Smith gave notice of a further amendment.

It was questioned what the risks would be if the amendment was supported.

The Financial Controller advised that he would not be able to comment on this competently at today's meeting. However it was not the investor's job to project manage the project. A programme of work had been presented to the Trust which was summarised in the appendix of the report, and more detailed information was available should Trustees who had not already seen this require to see it. The project required a commitment to carry out studies to satisfy the planning conditions. If Trustees did not agree to the £6.3 million required, it would not be possible to carry out all these studies and this would therefore delay the project.

Mr D Ratter called for a roll call vote, and a show of hands indicated that the majority of Trustees were in support of this.

After summing up, voting took place by roll call and the result was as follows:

Motion (Dr J Wills)	Amendment (Mr G Smith)	Abstention
Mr M Bell	Ms A Manson	Mr T Smith
Mr G Cleaver	Mr G Robinson	
Mr S Coutts	Mr G Smith	
Mr R Henderson	Mr M Stout	
Mr B Hunter	Ms V Wishart	
Mr D Ratter		
Mr F Robertson		
Mr D Sandison		
Dr J Wills		
Mr A Wishart		
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Mr T Smith withdrew his notice of further amendment.

Decision

The Trustees resolved to:

(a) note the financial success of their investment to date in Viking Energy Limited, and agree to invest up to a further £6.3 million in shares in Viking Energy Limited to take the project through to the next milestone and an estimated £150,000 for professional advisory fees to fund the appropriate advice on the project that Trustees need, to consider the project now and in the future;

(b) commission its own independent report on the health effects, if any, of windfarms; and

(c) agree that future funding from Shetland Charitable Trust to the Viking Energy Windfarm Project be subject to detailed examination of turbine locations adjacent to established settlements, with a view to removal of any or relocation in order to increase, where applicable, the separation distances from dwellings to meet the concerns of residents, in terms of what is possible within planning consent.

Trustees also agreed that a detailed report be brought to a future meeting of the Trust, to consider the suggestion that a fund should be set up to compensate householders whose properties are devalued as a result of the windfarm, if and when they move.

The Trust meeting adjourned at 12.30pm.

The Trust meeting reconvened at 12.40pm.

Present:

M Bell	G Cleaver
S Coutts	R Henderson
B Hunter	A Manson
D Ratter	F Robertson
D Sandison	G Smith
T Smith	J Wills
A Wishart	

Declarations of Interest:

There were no declarations of interest.

Minutes:

The minutes of the meeting held on 29 March 2012 were confirmed by Mr D Sandison, seconded by Mr F Robertson.

The minutes of the meeting held on 24 May 2012 were confirmed on the motion of Mr Dr J Wills, seconded by Mr D Ratter.

28/12 Fund Manager Transactions

The Trust noted a report by the Financial Controller (Appendix 2).

29/12 Recommended Disbursements - Approvals

The Trust noted a report by the Chief Executive (Appendix 3).

30/12 Recommended Disbursements – Social Care

The Trust noted a report by the Chief Executive (Appendix 4).

In order to prevent the disclosure of exempt information, Mr D Ratter moved, Mr A Wishart seconded, and the Trust resolved, in terms of the relevant Regulations, to exclude the public during consideration of the remaining items of business.

(The media left the meeting)

31/12 **Loans to Local Industry – Sums Due but Unpaid Over One Month
Old as at 31 March 2012**

The Trust noted a report by the Financial Controller.

The Financial Controller provided Trustees with an update on the latest situation.

32/12 **List of Deeds Executed**

The Trust noted a report by the Chief Executive.

The Trust meeting concluded at 12.45pm.

CHAIR