

**MINUTES OF THE HIGHLANDS & ISLANDS AIRPORTS LTD (“HIAL”) BOARD  
CALL AT VARIOUS LOCATIONS ON  
THURSDAY 13<sup>TH</sup> FEBRUARY 2020 AT 14:00**

<b>Board Attendees:</b>	(LJ) Lorna Jack (Chair)
	(IL) Inglis Lyon (Managing Director)
	(GB) Gillian Bruton (Director of Finance)
	(TW) Tim Whittome (Non-Executive Director)
	(JM) Jim McLaughlin (Non-Executive Director)
	(LS) Loraine Strachan (Non-Executive Director)
	(EH) Eric Hollanders (Non-Executive Director)
<b>In Attendance:</b>	(LJo) Lynda Johnston (Head of Business Development)
	(SD) Shelly Donaldson (HIAL Personal Assistant – Minutes)

**The HIAL Board call commenced at 14:00**

**Apologies**

(DS) David Savile (Non-Executive Director)

**Declarations of Interest**

IL and LJo declared an interest as Board members / directors of IABP.

**IABP Discussion**

The Chair thanked members for joining the call, due to the pressing timeline this discussion could not wait until the HIAL Board meeting on the 26<sup>th</sup> February 2020.

A history of the Inverness Airport Business Park (IABP) and its relationship with HIAL was given by IL. The group began in 2005 as a venture between HIAL, HIE and Moray Estates Development Company (MEDCO) with support of the Highland Council. IABP is a commercial property development of 275 acres in an around Inverness airport with the aim being to develop a commercial mini hub for world class business which sits between Inverness airport, Tornagrain, the dualling of the A96, the rail halt and Castle Stuart Golf links.

HIAL and MEDCO both contributed land into the venture and the group now have a number of companies on site.

An overview of the various challenges over the years was provided to the board along with the issue up for discussion today. **(Redacted)**.

Transport Scotland have been consulted on this **(Redacted)** and have confirmed that HIAL is state aid compliant, able to provide a loan to a private venture provided a return on investment is expected and provided that HIAL is working with a commercial partner.

The Board asked for this confirmation in writing and this was provided (app a).

There was further discussion on interest rates and it was clarified that the shareholder loan that HIAL provides to IABP per annum has no interest added, that this loan is for investment over the longer term and that Transport Scotland is aware of this.

There was further discussion in terms of IABP's finances, what would happen if the venture was put on hold and various repayment options. It was clarified that the repayment of the shareholder loan, by IABP to HIAL, has been agreed for a time when it is possible for IABP and that the other shareholders take priority.

*ACTION: To prepare an IABP Update Board paper for the HIAL Board meeting in April. [LJo, GB & IL – 06 Apr 2020]*

*ACTION: To ask IABP directors and HIE to clarify the issues and present more options for the long term. [LJo – 06 Apr 2020]*

*DECISION: (Redacted)*

**The HIAL Board call concluded at 14:30.**

*ACTION: To arrange for HIAL board to visit IABP, meet with **(Redacted)** - Tornagrain, A96 duelling, rail halt / park n ride and finish at castle Stuart for lunch IABP. [SD – 10-11 June board meeting]*

\*\*\*

**Date of next meeting – 22<sup>nd</sup> April 2020 in Kirkwall.**

## Appendix A – Confirmation on State aid compliance from Transport Scotland

**From:** (Redacted) – Transport Scotland  
**Sent:** 14 February 2020 07:55  
**To:** Lynda Johnston **Cc:** Inglis Lyon - HIAL  
**Subject:** RE: IABP shareholder loan payment

Lynda

As discussed with Inglis, in my view there is no State Aid in relation to this arrangement. I believe that this loan is covered by the Market Economy Investor Principle (MEIP) i.e. a commercial enterprise, solely interested in their own profit margin, would make the same decision. HIAL aims to make money from its investment in IABP and this loan is required to ensure the continuation of the enterprise. Without it, there is a risk that the investment will be lost. As such, I believe that a commercial enterprise would make the same decision on the basis that it secures the existing investment and should mean that HIAL generates a profit from it in the longer term. (Redacted)

I also note that the loan figure is within the delegated authority of the company as set out in the HIAL Framework Document. As such, no further approval is needed from Transport Scotland to proceed.

If you need anything further please let me know.

Thanks

(Redacted)