

**Riverview Technology Corporation
Minutes of Regular Quarterly Meeting
September 17, 2004**

Members in Attendance: Dale Beede, Walid Boumatar, Mike Bussey, Doralyn Genova, Bonnie Petersen, J. D. Snodgrass, Janet Terry, Jim Widdows

Others in Attendance: Thea Chase Gilman, Nancy McKenna, Ken Short (portion of meeting)

Call to Order and Minutes. Mike Bussey opened the meeting at 12:15 and asked if everyone had a chance to read the Minutes from May 9, 2004. Jim Widdows made a motion to approve the Minutes as written and Dale Beede seconded the motion. All Board Members voted unanimously to approve the Minutes.

Finance Committee Report.

Financials. Bonnie Petersen went over the financial statements as of the end of July 2004. For the first 10 months of this year, we are under budget by about \$4,000. Worth noting in revenues, entries to the interest income and investment income will be reorganized by the new accounting person, breaking out the monies received from Kayenta. Under other income, \$11K is from property sales which were not anticipated. \$37,500 is grant income for the electrical upgrade. The expenses are pretty much on track. The biggest expenditure was under electrical maintenance to IES & Magnum for the electrical upgrade. \$511 was the amount paid to the intern for overseeing the property sales. A new internal code will be added to separate out copy/fax/phone charges from the Property Management category. Bonnie went over other line items and stated there is a need to have regular Executive Committee/Financial Committee meetings to review budget-to-actual figures and to stay more current. Discussion followed on the electrical upgrade project. The upgrade is essentially complete and the dismantle portion of the project will be completed in the next fiscal year. Bonnie reviewed the Balance Sheet; we have \$198K in receivables, the DOE is running farther behind than usual. Mike noted we have over \$430K cash in the bank and Sweep accounts.

Budget. Bonnie thanked Thea Chase Gilman for working diligently on the 2004-05 budget. Under revenues are the tenant incomes, comprised of rents, operating expenses and DOE electrical reimbursement. Line item Other in September 05 is the amount we anticipate will be the difference between actual maintenance bills and what DOE pays us on a monthly basis for operating expenses, so we anticipate billing them ~\$116,780. Under Grant, the \$20,000 represents \$7,500 from each the City and County and an initial distribution of \$5,000 from the Energy Impact Grant (DOLA) for the Master Plan project. Under Expenses, there are really no surprises, we anticipate the audit and tax return to be the same as last year. Worth noting is under Professional Services; this \$1,550 expense is related to procuring Autocad software & hardware. The site maps are extremely old and need to be updated. Bonnie went over the other line items in expenses stating that we anticipate having ending cash of \$925,061 in September 2005. Janet Terry asked about the \$71,250 Master Plan expense. Bonnie stated that this expense is made up of the DOLA Grant \$50K, \$10K from RTC, \$7,500 from Mesa County, \$7,500 from the City, minus a \$3,750 management fee to BIC. Bonnie asked for questions or modifications to the budget. Mike stated that said BIC has requested a rent reduction from RTC; this could change the budget. Discussion followed on DOE's rent amounts as stipulated by the Lease. The amount will drop dramatically next year (2005-06). Thea said we are entering year 4 at \$2.53 per sq ft, in years 5 and 6, DOE's rent drops to 94 cents per sq

ft. Will DOE buildings not being used affect the amount of rent paid? Thea said the labs were never charged rent, only operating expenses. This followed JUC's original purpose of helping to retain jobs at the site (lab). Bldg 20 has to be taken down, Bldg 46 was a cafeteria and rock crushing sample lab; it is one of the newer buildings and is not contaminated. It has not been determined what will be done with Bldg 46; depending on the outcome, we may need to move the fence for security issues. Senator Allard's office representative recently toured the facility. They offered to spearhead an effort to expedite funding to tear down the lab. We need to determine whether DOE wants this to be expedited, it was suggested to contact Ray Plieness in this regard. Doralyn Genova cautioned that there may be issues about disposing the remains (cleanup Bldg 20) at Cheney because the contamination is co-mingled. There was no further discussion, but approval of the budget will be held until other issues possibly affecting it are discussed.

The *Property Tax Exemption Application* still has not been reviewed by the next management level at DOLA, we are anticipating denial based on the fact that RTC receives rent from its tenants. It may be next year before we get a decision.

As Jim Widdows needed to attend another meeting, which would leave the Board without a voting quorum, Mike elected to skip ahead on the Agenda to *VII Executive Committee Business Incubator Rent Proposal*. Mike read a letter from Betty Bechtel, BIC Chair. Parts of the Resolution Creating the JUC were contained in her letter, a copy of which is attached hereto. Jim asked what is the amount of property tax on these buildings? Mike stated BIC's portion is about 38% of \$37,000. This is a win-win for the Business Incubator Center (BIC), they wouldn't pay rent and might not be required to pay property taxes. Walid Boumatar wondered if there could be a compromise on the fees? RTC and BIC have a landlord/tenant relationship, but BIC receives fees from RTC to perform the property management and administration. Discussion followed on the merits of such a reduction, what compromises might be reached in terms of dollars and/or improvements. Janet feels that RTC and BIC have parallel purposes. The RTC is an arm of the City and County and considering our original purpose, we are here to develop this site for economic development. Is it important to make sure the Incubator maintains their viable position? Janet feels it is important and knows that the Incubator consistently faces a shortfall for its operations. Jim feels RTC should approve BIC's request but RTC needs to receive a benefit. Bonnie noted that BIC, through fundraising and grants, has already invested over \$1M to improve our buildings and we're not reimbursing them for those expenses. Dale asked if there's no lease, how do you maintain a tenant/landlord relationship? Janet stated common practice would be to charge them \$1 per year to maintain a lease. Nancy McKenna commented that in terms of the property tax exemption application, the language is tenant cannot pay more than \$1 per year in rent. Discussion followed on what benefits the RTC might ask for and how often this arrangement should be reviewed. Mike feels the City and County should sign off on whatever is decided. Jim feels it is important to consider that RTC's revenues will be impacted by implementing a master plan and wonders if we have the resources positioned to execute that plan? Also what happens if the DOE decides to pull out of this site? Dale Beede made a motion to drop BIC's annual rent to \$1 per year and require \$2,500 in improvements to the property annually, Janet Terry seconded the motion. Discussion followed on a more open-ended arrangement, asking BIC to help RTC decrease its expenses and/or make some improvements. Dale Beede made the amended motion, subject to City and County approval, to drop BIC's annual rent to \$1 and ask BIC to look at ways to help reduce RTC's expenses and/or increase the value of the property. Bonnie Petersen seconded the

amended motion. J. D. Snodgrass joined the meeting and discussion ensued on the 20 year lease term, landlord/tenant and property manager relationships, BIC's 30 day right of first refusal on abandoned DOE property. All Directors voted unanimously to approve this action and Nancy was directed to prepare a letter to the City and County for their approval. Jim left the meeting.

Mike asked for a motion to approve the corporate budget presented by Bonnie, with the modification of the \$7,200 coming out. Bonnie Petersen made the first and Walid Boumatar seconded the motion, all Board Members voted AYE.

Property Management Financials. J. D. reviewed the Revenue and Expense Statements for DOE, Common Area and Utilities. Ken Short joined the meeting. We're under budget primarily due to roof repairs and unscheduled maintenance not being performed. It is estimated that DOE will owe RTC about \$109K at year end; that number is comparable to last year. We have moved the roof repair to next fiscal year, and we're saving water because of the lab shutdown. Common area expenses are paid by DOE (68%) and BIC (32%). Ken talked about the asphalt repair and replacement estimate. To repair and add a new layer in front of DOE's Bldg 810 is estimated at \$30-50K. Performing seal and crack is not cost effective. The first year RTC was here, Ken said quite a bit of asphalt was repaired and patched. Because of the master plan efforts just beginning, the placement of asphalt could change so it is not appropriate to make major asphalt repairs at this time. We need to be practical and provide safety. There were no other questions on the financials.

Property Management Budget. J. D. introduced the 2004-05 budget. He reviewed the Summary, which contains the original budget for 2003-04, projections to September 30th of this year utilizing actuals through July 31st, proposed 04-05 numbers, and variances from the two years. He noted that the "unscheduled maintenance" item is the \$48K we'd agreed to set aside in an effort to keep up with DOE repairs. J. D. felt that Ken and Thea have done a good job of accommodating DOE. A major project which has been accomplished but not paid for yet was tree trimming at about \$9K. This was an item that no one had paid attention to for years and really needed to be done. Thea called attention to the budget attachments, DOE roof plan and a schedule of repairs for DOE leased buildings. In answer to Doralyn's question, J. D. replied that the DOE reimburses us for these expenses. Even though Ken and Thea have made great progress this year, no doubt we'll be facing unusual unanticipated expenses next year. The roofs will be done as a major item this next year. Thea remarked that siding must be added to Bldg 938 to encapsulate the lead based paint and also carpet replacement is needed. J. D. asked for further questions or a motion. Bonnie Petersen made the motion to approve the Property Management Budget, Dale Beede seconded the motion and all Board Members voted unanimously to accept the budget as submitted.

Master Plan. Bonnie reported there are three bidders (Winston/Ciavonne, Stantec/Chamberlin and Landesign) who received the RFP and came here for a site tour. After months of researching the dike and flood plain issues, Nancy was finally able to connect with a representative at FEMA. She distributed a map showing that this site is not in the 100- or 500-year flood plain. Efforts regarding certification of the dike can be dropped. Bonnie said September 30th is the deadline to receive RFP responses and the Long Range Planning Committee will review the proposals. Note for the record, one of shareholders in J. D.'s firm represents Landesign and he will abstain in the Master Plan award process.

Energy Forum. In Bernie Buescher's absence, Thea reported that two meetings have been held regarding an energy forum effort. She talked about how this community has experienced boom-bust cycles related to mineral extraction and that there is a great deal of activity in the energy industry at present. How can we embrace this activity, what can be sustainable over time? The energy forward is geared towards a general education process, possibly initially for the public decision-makers and then to the general public. There are many topics of interest, renewables, biomass, solar, synthetic fuels. Club 20 was considered as a sponsor however, it is important that the sponsor be viewed as un-biased. RTC's lead role and mission with the Energy Dept. and lack of bias may position it well to be the sponsor. Bonnie added that this site could be used to house energy related research and development and/or more jobs. Discussion followed local energy industry representatives, the possibility of getting some R&D money from DOE, how to involve the college. We need programs to train people for these industries. Bonnie and Kathy Hall will pursue Club 20 to see if they can help facilitate this effort.

Property Management Agreement. This agreement has been in the works for a couple of years between the Boards of RTC and BIC. Modifications have been incorporated and it has been executed by both parties.

There is a conflict with the next regularly scheduled meeting date of November 12th. Mike directed Nancy to canvass the Board for the Fridays before and after to determine the most available date.

There being no further business, the meeting was adjourned.