

**Riverview Technology Corporation
Quarterly Board of Directors Meeting
Minutes - May 4, 2007**

Members Present:	Dale Beede, Walid Boumatar, Thea Chase, Dennis King, Bruce Milyard, Bonnie Petersen, Dick Pryor, J. D. Snodgrass, Jim Widdows, Ex Officios Rich Emerson, Chris Launer, Gregg Palmer
Others Present:	Dean DiDario, Nancy McKenna, Mary Orn, Chris Reddin, Auditors Bob Cucchetti and Laura Tscherter

Call to Order & Minutes:

Bonnie Petersen called the meeting to order at 12 noon. She asked for a motion to approve the Minutes from March 2, 2007. J. D. Snodgrass made the motion to approve the Minutes as written and Walid Boumatar seconded his motion. There was no further discussion and all Board members voted affirmatively to approve the Minutes.

Presentation of Audit:

Guests at the meeting were auditors Bob Cucchetti and Laura Tscherter to present the 2006 Audit. There was nothing significant to report except that long-term accrued property taxes from the year before were overstated and the amount has been put in additional income. The Board did not have any questions for the auditors. Bonnie thanked them for coming to the meeting.

Property Management:

Financial Statements – Dean DiDario stated that Property Management is under budget by about \$38K. Of that amount, \$24K is for unscheduled maintenance; and these monies will be spent between now and the end of the year. The rest is due to utilities and electrical costs being way below budget. This is a 6 month statement ending March 31, 2007. The only item over budget is water showing on the Utilities Statement. We received a bill from the City of Grand Junction for water usage from July 2006 through December 2006. The problem is RTC has already billed DOE for actual charges (above what we anticipated) for that time period, and therefore monies cannot be recouped from DOE. This has been an ongoing problem in that the City of Grand Junction does not bill RTC for water on a timely basis. The PMC met and called Gregg Palmer for help in resolving this water billing situation. At this point, the City is considering rebating the costs which are unrecoverable since DOE has already paid what we billed them, and in the future, RTC will be billed monthly. A major concern about being billed over a long period of time is we would have no way of knowing if a pipe burst, or there was some other major leak. RTC could possibly receive about \$6K in rebate if negotiations work favorably. This rebate would bring us much closer to budget. J. D. Snodgrass thanked Gregg for working with us on the water bill situation. RTC is very appreciative to have the opportunity to negotiate this issue.

Corporate Truck - J. D. stated that Ken Short has been using his personal vehicle to travel around town buying supplies, etc. and the Committee feels this is not appropriate. Ken feels he could get a small, used pickup truck for about \$10K to use for corporate business. J. D. said the Committee is recommending that a corporate vehicle be

purchased and made a motion to approve an expenditure not to exceed \$10K for this purpose. He asked Gregg Palmer if the City has a fleet of vehicles that they rotate and Gregg replied yes, this may be a good opportunity to purchase a used vehicle for less money. Dale Beede seconded the motion to approve the expenditure. Jim Widdows asked where the van, operating costs and liability insurance were contained in the budget. J. D. was uncertain of where these line items currently appear in the budget, however, it was included in the budget several years ago when a corporate van with liability insurance was employed (the van broke down a few years back). Bonnie asked for further discussion and there was none. All Directors voted affirmatively to approve an expenditure not to exceed \$10K for a corporate pickup truck.

J. D. offered an explanation of the *unscheduled maintenance* budget item for the benefit of new Directors. \$48K is budgeted each year to be used for things like carpet, ceiling tiles, paint, etc., that need replaced or fixed considering the age and condition of buildings on site. With this money available, the PMC does not have to come back to the Board of Directors to approve expenditures of small items.

Corporate:

Mary Orn presented the Corporate *Financial Statements* as of March 31, 2007. In the past, DOE has paid actual operating expenses at the end of their fiscal year. It was their desire to modify the lease agreement to quarterly payments. From a cash flow standpoint, this is a better-managed system. Mary stated that based on discussions with Dennis Wagner, Greg Stephen and the Executive Committee, a "work in progress" column has been added to the Balance Sheet. Basically any kind of activity that would result in improvements of the buildings will appear in this column. Chamberlin's engineering design for example; Daniel Gartner is looking at what buildings to offer, square footage, cost of improvements, etc., and his expenses appear in that column. Overall expenses for the month are slightly higher than budgeted. A portion of this is due to Mary's time working on the lease negotiations. She has been spending more than half time on DOE LM and EM. Jim Widdows raised a concern that by using quarterly billing would we be precluded from having surplus funds at the end of the year to perform maintenance. In the past we have made a projection to DOE as to anticipated costs and if there were funds not used, maintenance items could be accelerated. Bonnie stated that RTC is keeping DOE informed as to what our annual projections/budgets are and how the actual quarterly payments affect those numbers. During the year, we will be under budget in some areas and over in others. It is anticipated that we will not be caught short of funds to perform maintenance. Jim felt that a member of the PMC should monitor expenditures and the maintenance that needs to be performed. Bonnie asked for a motion to approve the PMC and Corporate Financial Statements as submitted. Walid Boumatar made the first and Jim Widdows seconded his motion. There was no further discussion and all Directors voted unanimously to approve the Financials as of 3/31/07.

Energy & Environmental Policy. The DOE LM RFP called for some sort of policy regarding RTC's position on energy efficiency and conservation, renewables, recycling, etc. Mary created a policy and it is being presented for the Board's approval. The

Executive Committee feels that with RTC's overarching support of energy exploration/ expansion and use of renewables, recycling and environmentally correct products and practices, this is the right thing to do. Bonnie asked for further discussion and a motion to approve the Energy & Environmental Policy as presented. Jim Widdows made a motion to approve the Policy and Dennis King seconded his motion; all Directors voted unanimously in favor of adoption.

Lease Status:

Mary led a discussion covering the current lease proposals. DOE-Environmental Management (EM), the smaller group is looking for 3K SF space, and did show some interest in our proposal, however, because of the lack of questions and contact, Mary feels they are looking elsewhere for space. Mary has spoken with Bud Sokolovich and he stated that a decision should be made within the next two weeks. Mary discovered that S&K Aerospace will be taking over the EM support functions that Stoller currently provides. S&K is looking to house 30 people in Grand Junction and 9 people in Moab. S&K's assumption is that DOE-EM will provide space for them. DOE said "No, the contractor must find their own space." Mary gave the S&K Manager information about the space that RTC has available.

RTC's proposal was submitted in response to DOE-Legacy Management's (LM) RFP on March 16, with some preliminary discussions occurring on March 27th. RTC gave DOE-LM a "pick" list of improvements to choose from. DOE definitely wants HVAC which is very costly. We discussed with them a total improvement value \$4.8M, this comes out to about \$22 SF. Last Monday, DOE informed us that price is too high. Mary was able to discern their favored price range to be \$16-18 SF. DOE LM Headquarters has decided to move IT (Information Technology) from GJ to West Virginia by the end of this fiscal year. It is known that this future IT building does not yet exist. This function involves about 6-7K SF and 16 people. When 12A is vacated it must be torn down, it is the last piece of contamination. Jim Widdows said that the cost of relocating the IT center to a temporary building and then a permanent site is gargantuan, those dollars spent on relocation could be the difference between the lease rate we offered and what we will re-propose.

DOE LM decided to re-advertise on April 29th. The new space requirement is down to 50K SF from 63K SF and 120 workstations down from 136. Although IT moves, the records management function stays. Ray Plieness called Bonnie to give her a heads up about the re-bid; RTC has to "re sharpen their pencils." Apparently on May 18 DOE will issue a revised solicitation. Mary discussed the other changes anticipated in the new RFP, which includes the opportunity for the bidder to specify a firm term of two to five years.

Discussion followed on office space available in the valley; the BLM and 3D buildings. There are 3 office buildings in progress and within 2-3 years, new office space could be available to fit their needs. Dale Beede said our big problem here is the buildings were built in the 50's--we can put \$10M into them and they're still going to be old buildings. It could cost \$3M to get a two to five year lease.

Chris Launer said that from a lender's perspective the longer the firm term lease is, the more likely it is to get a bank loan. The banks will want to know what the buildings can be re-leased for if the DOE leaves after 5 years. Discussion followed on new construction and Bruce Milyard offered prices per square foot running \$90-100 for the shell plus finishing costs. Current inventory and new buildings are about \$25 SF. Lease rates have to be about \$25 SF to support the cost of the new construction. The current market would support \$8-10 SF gross for RTC's buildings including utilities AS IS. It was the feeling that DOE doesn't have anywhere to go right now, but in two years, they will have options. The DOE could extend our lease for 2 years while they wait for a build to suit. The smart thing to do is get them locked into 5 year lease. If they can't swallow a lease rate in the \$20's then they can't have air conditioning.

Chris stated further, as one of the original Board members, the RTC was created to receive the site and keep the jobs here and give DOE the lowest possible overhead. The intent was to build a war chest and at the end of the initial lease term, if DOE left, we'd have about a million bucks in the bank to possibly knock the buildings down and build a park. Whether the DOE waits for a build-to-suit or takes some other building in town, as long as the jobs are staying in Grand Junction then maybe this organization shouldn't fight so hard to keep them here, because they are staying in the community. RTC could use its funds to decide what to do with the site. Gregg agreed with Chris in that knocking down old buildings and constructing new buildings, essentially competing with the market, was not the original intent or mission of the RTC.

Discussion followed on the possibility of turning the whole thing over to BIC if DOE leaves. It's certainly incumbent upon us to work with DOE the best we can. If the numbers work and we can get a 5 year lease, then all will go forward. It's important to not over commit or over improve the buildings.

Bank Loan Progress:

Mary is talking with three different banks working on an improvement loan. She has provided them with background and numbers, and once negotiations are complete, Mary can give the banks hard numbers and they can respond with their best offer.

Lease Space Available:

Mary said that space may be needed for both EM & LM contractors' transition. They could need space for 20+ people for 4 to 6 months. We would need to invest money in Bldg. 46 to use it.

Bonnie reported that there has been no progress on the City/County **Annexation Poll** and tabled this item for the next meeting.

There being no further business, the meeting was adjourned at 1:45 pm.

REMINDERS: Next meetings: August 3 and November 2