

## MINUTES

Riverview Technology Corporation  
Quarterly Board of Directors Meeting  
August 17, 2007

---

Members Present: Dale Beede, Walid Bou-Matar, Thea Chase, Dennis Hill, Dennis King, Bruce Milyard, Bonnie Petersen, Dick Pryor, Dennis Wagner, Jim Widdows

Others Present: Dean DiDario, Nancy McKenna, Mary Orn, Banker Karen Troester

### **Call to Order & Minutes:**

Bonnie Petersen called the meeting to order at 12:15 p.m. She asked for a motion to approve the Minutes from May 4, 2007. Dennis King made a motion to approve the Minutes as written and Walid Bou-Matar seconded his motion. There was no further discussion; the Board voted unanimously to approve the May 4, 2007 Minutes.

### **Bank Loan for DOE Improvements:**

Karen Troester of U. S. Bank joined the meeting to discuss the bank loan and terms for the DOE Improvements. Bonnie stated that RTC was awarded a new lease with DOE on July 26, 2007. As of the award date, the clock started and RTC has 10 months to get the improvements done. The loan is a critical part of this process. She asked Karen to explain what U S Bank is offering. The loan would be \$1.6M at a maximum interest rate of 7.9%, fixed, for a ten year term, no prepayment penalty. The loan will be in-house managed. U S Bank is asking for a liquidity covenant that RTC would keep \$600K cash in the bank and increase that amount by \$100K for the following four years. Karen said the bank would revisit this covenant at the end of the first year. Thea Chase asked if that amount was based on a formula, and Karen responded, yes, it was based on what was going to be owed on the loan, DOE's 2 year trigger and a worst case scenario if the tenant moves on and RTC doesn't have income. This is why the liquidity covenant escalates instead of decreases. At this juncture, project costs are still not firm. Thea feels it is critical to have access to its cash as it could prevent RTC from doing other things, like implementing the Master Plan, using that money for grant match, making other improvements, etc. Karen was asked to have the Bank put something in writing to indicate that if the project is going well and monies are used appropriately, that the \$100K escalation per year not be enforced. Karen said it is safe to say that if things are moving along positively then U S Bank is not going to have any problems with reducing that liquidity, and would review the account each year. The Bank does however, want to see \$600K in the account. Dennis King asked what defines liquidity? The SWEEP account, T bills and notes, would be acceptable for liquidity. Karen stated the Bank ordered the appraisal and it is due September 3<sup>rd</sup>. U S Bank paid \$10,900 for the appraisal and is charging RTC \$5K. It is proposed that Dennis Wagner and Bonnie Petersen sign U S Bank's commitment letter following this meeting. The Board thanked Karen for attending.

Further discussion ensued: Does this hold up Master Plan implementation by not being able to access monies for matching grant funds? Can we get the terms in writing from the bank concerning this issue? Jim Widdows felt if RTC can generate \$100K in cash

per year, why not just put \$100K down and not have the liquidity covenant? Bonnie and Mary Orn said that Karen initially asked for money down, but the Executive Committee indicated they didn't want to do that, so Karen came up with the liquidity covenant. Thea asked about cash projections. Assumptions include interest income at 5.89% plus rent. Expenses are based on \$6.93 per SF. What changes if the appraisal comes in higher? Jim, Walid Bou-Matar and Dennis King thought we should put \$100K down. The bank is essentially giving RTC a 10 year loan based on 5 years cash flow. Mary was directed to go back to the bank and ask that the liquidity covenant be removed and allow RTC to put \$100K down. Thea made this a motion. Dennis King felt that if the appraisal was lower, RTC may need to put more down and amended the motion to put \$100K and not to exceed \$200K as a down payment on the loan. Jim Widdows seconded this motion. RTC must spend money out of its bank account to get construction started until the loan is approved and appraisal is in. Karen is trying to work within RTC's timeline, plus satisfy her Board. Dennis King stated that by law, a note cannot be signed until they have an appraisal, the bank won't be making any disbursements until then. Thea stated that we are basically making an investment in the property. Discussion followed on monies being spent prior to having the loan in place which produced an amendment to the motion. The amendment is if RTC can't draw on this loan immediately, any expenses that RTC incurs will either be reimbursed by the \$100K down payment or by taking a draw to reimburse RTC. Dennis King made a motion to approve the amendment and Walid Bou-Matar seconded. Bonnie asked for a vote from the Board and all members voted AYE. There is a motion and a second to go back to the bank and ask them to allow RTC to put \$100K down on this loan and release RTC from the liquidity covenant. All Board Members voted in favor of this action.

### **Property Management:**

*Financial Statements* – Dean DiDario reviewed the Financial Statements for the 10 month period ending July 31, 2007 noting that expenses are under budget. The two significant factors causing this are Unscheduled Maintenance and Utilities-Electric. The annual amount of \$48K is budgeted for Unscheduled Maintenance and it will be effectively be zero by the end of the year as \$33K will be spent on ceiling tiles for Bldg. 810. The utilities-electric category has been pretty much under budget for the entire year. Landscaping is also under budget as a result of a new contractor who costs less and performs better. Common area expenses are much the same story, substantially under budget because of electricity and gas. The utilities-water is basically out of line because of the City billing us late for last year's expenses. Dean is in the process of budgeting for 2008 fiscal year which begins October 1<sup>st</sup>. He will present the budget on Monday to the Property Management Committee.

*Space Available to Lease.* Mary reported that Bray Realty has been engaged to lease out space in the currently available Bldg. 46 (3K SF) and soon to be vacated portion of Bldg. 12 (8,600 SF). Bray is actively advertising the space. In order to use Bldg. 46, the phone lines need to be repaired, plus clean up and paint. When new tenants are found, they will need new addresses; Nancy McKenna has been researching this issue and mail receptacles with the USPS and County. The amounts for trenching and mail

boxes were not budgeted. Thea noted that BIC approved moving the metal entrance gate closer to the tracks, and removal of the guard shack and part of the perimeter fence. She also noted that B and ¾ Road is a difficult address for the tenants to use. Is there a possibility to reclaim the old name of Energy Way? Dale Beede made a motion to authorize \$1,500 for cleanup, trenching and repair of phone lines and \$1,800 for the purchase and installation of a neighborhood mail box to accommodate additional tenants and addresses. Dennis King seconded this motion. There was no further discussion and the Board voted unanimously to approve these actions.

**Corporate:**

*Financial Statements* – Handouts included Financial Statements for both June and July. Dennis Wagner directed the review to the July Balance Sheet noting that the SWEEP has \$850K. There is an A/R \$70K which represents 2 months billing of DOE rent and operating expenses. The Income Statement shows \$10K (profit) being received from the Energy Expo. Bonnie said that with revenues from the last Expo, half of the Two Rivers rental for next year has been paid. This \$10K can be used for future Energy Expo expenses if needed and should be tracked separately. Other Income shows \$8K which was the insurance reimbursement for the boiler expenses, this amount will be moved to offset the expense. There were no other items to highlight and Dennis asked for questions. The IRS penalized RTC for filing, but that amount should be borne by Cuchetti or waived.

Bonnie asked for a motion to approve the Property Management and Corporate Financial Statements as presented. Thea Chase made the motion and Dennis King seconded; all Board Members voted to approve.

**DOE Lease Status:**

Mary stated that according to the DOE lease, RTC has 10 months to perform the improvements. A team of individuals is meeting and working on the design of improvements, and roles and responsibilities. Initially, it was thought that RTC would contract the entire effort with BIC, and BIC would hire the subcontractors, engineer, etc. Things have changed so that RTC will be more involved in the management of the project and actually doing some of the contracts. These changes are due in part to BIC's desires and part because the bank required a licensed general contractor be involved with anything that needs permits. Although time has been lost in defining the roles and responsibilities, Mary feels the construction deadline can be met. Soon she will be meeting Daniel Gartner of Chamberlin Architects regarding the preliminary design for ADA compliant toilet rooms, which is the biggest component of the project. BIC will do painting, carpet and cooler installations. As of yesterday afternoon, RTC will enter into four contracts: (1) BIC, (2) Chamberlin, (3) a general contractor and (4) a construction manager. Mary will be interviewing for the construction manager position as soon as possible. Names given to potentially fill this position include Janna Jerow, Chuck Rose, Steve Thompson and Dave Detwiler. The PMC has the responsibility of following what's going on, progress- and budget-wise.

Mary stated that it might be beneficial for the Board to authorize the PMC to spend the \$1.6M. Mary stated that John Gormley has been helpful in this process and cautioned that even though the Board might authorize the Committee to spend \$1.6M, then the committee needs to think about authorizing the construction manager, and/or Mary to spend that money without having to go through committee every time. Dale Beede reinforced the importance of the Construction Manager needing to make decisions on the spot. Bonnie asked for a motion to authorize the spending of these dollars to do the improvements. Walid Bou-Matar made the motion and questioned who would be checking to be sure actions and monies spent were appropriate. Jim Widdows seconded and amended the motion by adding the Property Management Committee is authorized to spend the money plus authorize the Construction Manager/General Contractor to spend money, up to some limit, whatever PMC deems appropriate and then over that limit, PMC seeks approval via email votes (to the Executive Committee?) to facilitate a quick response. Bonnie said the PMC will be the control committee, Mary will play a role in the contracts and bill approvals, plus Chamberlin and the bank will be inspecting expenditures. All Board Members voted AYE.

Mary has been working on operating cost estimates with BIC and advised that budgets will look somewhat different next year. Things driving changes include the new fixed price lease agreement with DOE and hopefully new tenants soon.

#### **Budgets – Corporate and PMC FY 08:**

Bonnie said that Mary and Dean are working on budgets for FY 2008. She would like the Board's feedback on holding special meeting in September to approve those budgets. Preliminary data can be sent for review via email. The Board could possibly meet mid-September; all Board Members agreed to a special budget meeting.

#### **Status of Annexation/Persigo Exception:**

The County held a meeting considering Persigo 201 boundaries on August 2<sup>nd</sup>; Bonnie and Mary made RTC's pitch to be excluded. It appears Staff is supporting our request and would create a new category called "out of district." We need to send in an application for exclusion and the County will publish notices, etc., and then we'll have to go individually to the City and County and ask to be exempted.

**Other:** Rich Emerson, Business Incubator Chair, called requesting a joint BIC/RTC Executive Committee meeting. The meeting was held yesterday morning and Bonnie reported that Rich said "We're not really sure what your long range plans are and if you should be in a situation that the DOE did not renew the lease, we don't know what you would want to do with the property, but we just want to go on record telling you that if that were to happen the Incubator would love to have this whole site." Bonnie said RTC's goal and focus the past year has been to get the DOE lease renegotiated because RTC's charge has been to keep the jobs here. This has now been accomplished. BIC could ask RTC to separate their property out once the Persigo exclusion is granted. Communication between the two Boards isn't very good and needs to be improved. BIC has first option on any vacant space, i.e. Bldgs. 46 and 12 are open. The option is to rent at the going market rate. BIC cannot afford to pay

market rate and then lease it out to Incubator tenants for less, so they have declined. Jim feels we're not here to make money and should support BIC in its mission. RTC will keep this dialogue open for more discussion.

**Upcoming Board Vacancies:**

There are three terms expiring in February '08: Bonnie, Walid and J. D. Dennis Wagner and Dennis Hill can re-up for another three-year term. Bonnie is looking for potential members to fill the vacancies - visionaries, lawyers, construction managers, etc. She asked the Board to provide her with names before the next Board meeting so we don't run out of time at the end of the year.

There being no further business, the meeting was adjourned at 1:50 p.m.

**REMINDER: Next Board Meeting November 2, 2007 beginning at noon.**