

MINUTES
Riverview Technology Corporation
Annual Board of Directors Meeting
February 6, 2009

Members Present: Dale Beede, Thea Chase, Jerome Gonzales, Dennis Hill, Susan Holappa, Dennis King, Bonnie Petersen, Dennis Wagner

Others Present: County Ex Officio Steve Acquafresca, Mitchell DeCrow, BIC Ex Officio Chris Launer, Mary Orn, Chris Reddin, Gary Stubler (JGMS)

Call to Order & Minutes Approval: The meeting was called to order at 2:05 p.m. Dennis Wagner moved to approve the Minutes from the quarterly meeting of November 7, 2008. The motion was seconded by Susan Holappa and approved unanimously.

Property Management Committee: *Financial Statements Review for December 2008* – Briefed by Chris Reddin, the main focus of the review was the budget variance in insurance and utilities expense. Utilities were under budget by about \$6K and are expected to continue to be below budget for the year. Insurance was over budget for the year, as a result of timing differences and will be on budget at the end of the year. Chris expects the property management costs to be approximately \$30K under budget for the year. Dale Beede motioned to approve the 2008 financial statements and Dennis Wagner seconded that motion. The motion passed unanimously.

Status of Open Issues Regarding Test Pits and East Parking Lot – Briefed by Mary Orn, the issues revolved around the BIC Feasibility Study and the proposed establishment of a Deferred Maintenance fund used to cover future maintenance costs. Mary stated that the test pit clean up and electrical work under the lease agreement had been completed. The east parking lot (east of the railroad) has been closed to reduce maintenance costs, but the railroad lease remains in place until the Long Range Planning Committee takes action.

Also discussed was the fact that Department of Energy (DOE) is looking for additional space to house their IT department, which will result in an amendment to the existing lease. It appears that the Grand Junction division of DOE is gaining some ground in their internal struggle with Morgan Town, WV to keep more DOE resources/jobs in the Grand Valley. We are currently looking at Building 46 to house DOE's IT Servers, personnel, as well as warehouse space. With its concrete flooring, this is the most compatible space for the unique IT Server requirements and warehouse usage. DOE will provide their requirements at a meeting scheduled for February 9, 2009. Other than working with DOE on leasing this space, no efforts are being made to find tenants (as previously decided), and the current vacant office space in Building 12 will remain vacant until the BIC Feasibility Study is complete and decisions are made.

Dale Beede stated that an allocation should be established to account for deferred maintenance costs of buildings. This is in addition to budgeting for unexpected repairs in the Reserve/Repair line item in the Property Management budget. We should set aside money on the Balance Sheet from our net income annually, so that those funds

are available in future years for performing maintenance on the buildings that was previously deferred. This is a common practice of building owners, and reduces net income to more appropriately account for maintenance costs that are pushed out to future years. This practice more accurately reflects the costs to maintain old buildings, even though these costs might be postponed to future accounting periods. BIC does something similar on their buildings: 1) pulling cash out and putting it in a “reserve” line item for deferred maintenance, and 2) budget each year for unexpected repairs, similar to RTC’s Reserve/Repair budget in Property Management for \$50K.

Dennis Wagner furthered the discussion by incorporating relevant accounting issues. From an accounting perspective, the cost of renovations should be capitalized and expensed in the RTC budget and an account separate from depreciation expense should be established. During 2009, we will have to catch up on depreciation, and move some cash to a “restricted cash” line, but the amount will depend on cash available. We could start this process on October 1, 2009. Dennis Hill suggested guidelines be established for the appropriate use of the Deferred Maintenance fund. Dennis Wagner will propose the details on how to set this up, define how much cash, the timing, appropriate use, etc. via email to the Board for discussion at the May 2009 Board meeting. The motion was made to proceed as described above by Dennis King and seconded by Dale Beede. The motion passed unanimously.

Corporate: Financial Statements Review for December 2008 – Briefed by Dennis Wagner, the focus was on interest income and interest expense. Interest income was behind for the year, due to a delay in establishing the Repurchase Agreement with US Bank. With the reduced interest rates available in this economic situation, revenue is also under budget due to the delay in completion of the DOE reimbursable renovations (window coverings and Building 32 cooling work at \$84K). BIC continues to try to get the installation of the blinds completed. Interest expense is under budget due to a delay in revising the renovation loan terms. Revised loan payments will start in January, at approximately \$15K/mo, which includes \$6,700 of interest. On the Balance Sheet, a “Board Designated” line item was added under Capital, to capture the funds returned to RTC from the Energy Expo. These funds are available to the Board to spend on energy related projects at their discretion. Dennis King made the motion to approve the financial statements and Thea Chase seconded. The motion passed unanimously.

2009 Budget Re-Baseline – When the original 2009 RTC Corporate Budget was approved, we did not have actual data to budget the DOE rent payment and the renovation loan expenses. Subsequently, the increase to the DOE rent payment was determined (based on a 3.8% CPI) and the revised loan terms were finalized (at \$1.4M borrowed at 5.74% interest rate). In addition, the \$84K DOE renovation reimbursement revenue, which was previously scheduled for FY2008, has been delayed, and will be included in FY2009. The Executive Committee approved a Re-Baseline to the 2009 Budget via email to account for these changes. Dennis King made the motion to approve the Re-Baseline Budget and Dale Beede seconded. The motion passed unanimously.

Long Range Planning Committee: *BIC Feasibility Study* – Briefed by Chris Reddin and Chris Launer, the focus was on the Incubator's projections of RTC's net income and cash over the next five years. Mid-March is the target completion date for the Feasibility Study. JGMS should have preliminary figures on deferred maintenance and preventative maintenance in the next few weeks. The results of the facility assessment portion of the Study should be available soon. Chris Launer provided the Incubator's calculations of RTC's actual financials from 2005 – 2008, budget for 2009, and projections for 2010 – 2014. BIC would like RTC's feedback on these projections. The major assumptions are 1) DOE does not renew the lease and leaves after five years, and 2) the loan is paid off at that point from existing cash. It was emphasized that these are very simplistic projections. RTC currently has approximately \$1M in the bank to cover the net cash position. Other assumptions include that RTC Corporate expenses will not change that much, although there will be some economies of scale by merging the RTC operations into BIC, DOE revenue increasing by a 3.8% CPI and expenses increasing 5% annually.

BIC's calculations show that the projected net cash position is negative each year, indicating approximately \$70K each year, and \$718K in 2014. Thea stated that we had hoped we would not be eating into cash over the next 5 years. Chris Reddin stated that if Building 46 and the vacant portion of 12 were rented at \$9/SF, cash would not be reduced. Dennis Wagner will look at the audited financial statements to identify expenses and true capital assets. Mary stated that the timing of the DOE lease and the loan maturity dates are different than shown. The existing DOE lease ends 9/30/2012. Due to the renovation construction time and revision of the loan in 2008, the 5-year maturity date of the loan is December 31, 2013. There is a pre-payment penalty until that date for any payment over 20%.

Dennis Wagner pointed out that the cash projections would also be influenced by the Deferred Maintenance funds. Mary will provide BIC's projections to Board members who could not attend this meeting and request their feedback. Chris Launer requested feedback from the RTC Board members no later than February 23rd.

Executive Committee: The extension of Board membership for Dennis King and Jim Widdows was approved by the City of Grand Junction on January 5th and Mesa County on January 26th. Nominations for officers were discussed at the last Board meeting but a vote was not taken. Thea presented the slate of officers for nomination: Thea Chase will serve as President, Dennis King will serve as Vice President, Dennis Wagner will serve as Secretary/Treasurer, and Bonnie Petersen will serve as Past President. The motion to approve all aforementioned positions was made by Dale Beede and seconded by Jerome Gonzales. The motion was approved unanimously.

Adjournment: There being no further business, the meeting was adjourned at 3:01 p.m.