

MINUTES
Riverview Technology Corporation
Quarterly Board of Directors Meeting
May 1, 2009

Members Present: Dale Beede, Thea Chase, Jim Fleming, Jerome Gonzales, Bruce Milyard, Bonnie Petersen, Dick Pryor

Others Present: County Ex Officio Steve Acquafresca, Dean DiDario, BIC Ex Officio Chris Launer, Nancy McKenna, Mary Orn, Chris Reddin

Call to Order & Minutes Approval: The meeting was called to order by President Thea Chase 12:25 p.m. The Minutes of February 6, 2009, were approved as written upon motion of Jim Fleming, seconded by Bruce Milyard and passing with a unanimous vote.

Property Management: Dean DiDario presented the *Property Management Financial Statements* dated March 31. These Statements cover a six-month period. On the DOE statement, expenses are 19.8% below projections. Most all categories are below projections with two exceptions: (1) Repairs Electrical, there was unanticipated boiler repair work, and (2) Maintenance staff, where an error was made in the budgeting process by not including their health care costs. YTD, we are \$43K under budget on the DOE expenses. For Common Area (CAM), we are 17.5% under projections, the biggest budget item coming in less than projected is Utilities Gas. Except for timing issues, we are under budget in every category. On the Utilities Statement, we are slightly under budget YTD by \$636. During the budgeting process, there was a misunderstanding as to where to place certain things, specifically RTC utilities and RTC water and unfortunately, neither got budgeted on Corporate or Property Management. Overall, Property Management is under budget by \$72K and Dean anticipates this trend will continue.

Open issues – Mary Orn stated that DOE is interested in leasing Bldg 46. Not much progress has been made, however, as DOE is trying to figure out what its requirements are for the IT servers. They'd also like to incorporate energy efficiency and conservation ideas. DOE wants not only a design based on what they need, they want options. Stoller will be working contractually directly with Chamberlin & Assoc. to do these design phases and options. After this 30% design phase is completed, then we are looking to enter into a lease agreement with DOE for the remaining design and construction.

Dean reported that there are no major open issues. Ken Short is gearing up for Spring, getting the swamp coolers and irrigation system running. Thea asked Dean if there is a plan for roof repair and maintenance included in the Unscheduled Maintenance Fund. Dean said no, right now those funds (\$50K) are earmarked to take out some grass and possibly add rock, move sprinklers that are watering sidewalk and other minor projects. Thea said the rubber coated roofs need to be recovered every so many years and we should be cognizant of that need.

Thea related that at a recent Executive Committee Meeting the question was raised as to the bigger picture, what would be our job as a Board at this point, considering where we're going with the Business Incubator Center and the Feasibility Study. It was decided that our goal is the preservation of assets. The Unscheduled Maintenance funds could be used to maintain the roofs.

Corporate: Mary presented a review of the *Financial Statements*. The Income Statement - Revenue shows we were finally able to bill DOE \$84K for the window coverings and Bldg. 32 cooling. RTC recently paid the property taxes and DOE was sent an explanation letter, with an invoice for their share to follow in the next ten days. This invoice will be for \$18K. DOE pays \$5K included in their rent; the total bill is \$23K. Mary stated that \$33K was budgeted thinking the taxes would increase this year, however, the increase isn't until next year. Overall Revenue YTD is \$443K which is \$50K less than what we had budgeted due to the property taxes and investment income. Mary is working with Karen Troester of US Bank to get a better Sweep Account rate, plus find other investments that could be appropriate. She will email that information when known.

Expenses are generally under budget in most categories. Accounting and legal fees were a little over for the month due to hiring Attorney Gormley for a legal opinion on the Investment Policy and the audit. YTD Net Income is about \$123K; \$30K more than budgeted. Thea confirmed that Corporate is in good shape because Property Management is in good shape. Chris Launer made the observation that monthly income from DOE rent is about \$58K, which nets a \$10K profit. On the Balance Sheet, AR is up higher than normal because of billing DOE the \$84K. Greg Stephen put together a six-month comparison showing annual projected \$816K revenue. The net increase in cash is \$87K. Mary asked for questions, there were none.

Thea asked for a motion to approve both the Corporate and Property Management Financial Statements. Jim Fleming made the motion to approve, Jerome Gonzales seconded his motion, and all Board Members voted AYE.

Long Range Planning: Jerome Gonzales reported that a Draft Final Feasibility Study will be provided to the Business Incubator Board next Tuesday for their 7:30 a.m. meeting on May 6th. A final presentation will be emailed to the RTC Board and a Long Range Planning meeting will be held after they've had a chance to review the Feasibility Study.

Executive Committee: A meeting was held on April 7th and Thea asked if making preservation of the assets conflicted with not investing in what we know are problems at this time (deferred maintenance). Discussion followed and the consensus is we are managing this asset as best we can while awaiting the results of the Feasibility Study. If there is something that has to be done, we can handle it. Although we are not implementing Master Plan components at this time, there is a small amount budgeted for xeriscape. Dennis Wagner was charged with presenting rationale to set aside monies in a sinking fund for future improvements. Dale Beede feels it's important to show that we expense out for future needs as far as depreciation, that's part of ongoing

costs. If we don't have a line item showing assets are depreciating and replacement costs, then we're not presenting a clear picture of what expenses are. Jerome is doing a "life cycle cost analysis" on every one of the assets as part of the Feasibility Study and there is no reason for RTC to do redundant work. Systematic replacement costs should be factored in the Bldg 46 proposal.

After further discussion, considering the small size of our Board, it was agreed that a Special Board Meeting should be held to discuss the Study versus presenting it to the Long Range Planning Committee first.

Investment Policy: John Gormley reviewed our Investment Policy after questions were raised if we were following its rules. He feels the Policy should not be so tight. Karen Troester's comments on the Policy were distributed to the Board and are supported by John. Dale led a discussion about the FDIC limit, money managers and benchmarks. Dick Pryor is concerned about the Repurchase Agreements and collateral. John feels that RTC is doing a good job of overseeing its investments, the policy is just too restrictive. It was agreed that the policy would be revised according to Karen and John's comments: Delete the competitive bidding clause; Delete the last bullet under Investment Strategy (short term investment yield benchmark); and Revise the 2nd bullet under Investment Strategy to read that RTC shall hold no more than the FDIC limit (instead of a specified dollar amount). A motion was made by Jim Fleming to accept the Policy changes, seconded by Bruce Milyard and unanimously carried.

Banking Issues: It was generally agreed that we are not happy with what we're earning with US Bank. Thea summarized the banking situation: Keeping \$1M in the bank to satisfy their (loan) requirements; Borrowing \$1.2M to accomplish DOE's remodel and keep them as a tenant; The Bank is paying us .2% on our million and we pay the bank 5.74% in interest on the loan. Mary has attempted to get options from Karen as to other investment vehicles. Thea and Bonnie Petersen will have lunch with Karen to discuss this issue. Discussion followed on making a prepayment of 20% per year starting in November 2009, after September financials are done and we know how much money we have to spend, to reduce the loan balance. Chris Launer feels that we should pay it down as much and as quickly as we can. We will need to determine if we have the funds to make this 20% prepayment and determine the benefits of doing so.

Audit: The September 30, 2008 Audit had been distributed to meeting participants. It was decided however, that Dennis Wagner should offer a summary of the findings to the Executive Committee and then present the findings to the Board at the next meeting.

Adjournment: There being no further business, the meeting was adjourned at 1:30 p.m.