

MINUTES
Riverview Technology Corporation
Quarterly Board of Directors Meeting
May 7, 2010

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

Others Present: Steve Acquafresca, Daryl Becker, Susan Corle, Dean DiDario, Tim Hatten, Chris Launer, John Marshall, Nancy McKenna, Julie Morey, Mary Orn, Annalisa Pearson, Chris Reddin, Helen Roe, AD Saito, Greg Stephen, Ken Short, Pat Tucker, Kathy White

Call to Order & Minutes Approval: The meeting was called to order by Thea Chase at 12:15. The minutes of February 5, 2010 were unanimously approved as written on motion of Dale Beede and seconded by Jim Fleming.

Audit: AD Saito, Auditor, presented the Audited Financial Statements covering the period ending September 30, 2009. There were no material deficiencies to report, adjustments to journal entries were routine, and AD provided an unqualified opinion. Depreciation is straight-lined and loan interest payments are now an expense instead of capitalized. Copies of the Audit were distributed. The September 30, 2009 Audit was unanimously approved on motion of Jim Fleming and seconded by Dick Pryor.

Property Management Committee: Dean DiDario presented the *Financial Statements* for the period ending March 31, 2010. The DOE P&L shows we are \$41K under budget; removing unique expenditures/categories (Reserve & Repair Fund and Liebert repairs), expenses are \$9,400 or 4.2% under budget. Dean stated we are right at or under budget in all categories. On the CAM statement, overall, we are 4.2% under budget on expenses. We are over budget on snow removal. The UTILITIES statement is 8% under budget; we are under in all categories with the exception of Utilities, RTC. Bldg. 46 was leased to BIC in March (changing the allocations) and Bldg. 12 is a little higher than budgeted. Dean explained that on all three statements, we're running under budget. The Property Management Financial Statements were unanimously approved on motion of Jim Fleming, seconded by Dale Beede.

Test Pits – Walsh Engineering was commissioned to produce a report on the readings of the test pits; this report was a bit confusing and showed areas of concern as some pits tested too high. So DOE redid the readings and prepared another report in layman's terms. Basically if a person stayed within 1 foot of the most radioactive test pit for 100 hours, he would receive the maximum dose of 100 mrem allowed to the general public. Staying at that location for 40 hours per week for 50 weeks, he would receive a dose of 2,000 mrem for the year, far less than the legal dose limit for radiological workers. Bottom line, there is no exposure hazard to test pit users, BIC tenants or the environment. Thea stated that there is radiation at the bottom of these pits for a purpose. The pits are used to calibrate instruments. Otherwise on site, there is contamination in the groundwater and ponds, and under Bldg. 12A which the DOE will tear down and remediate when they abandon their use. Currently, DOE has a lease on Bldg. 12A through September 30, 2012. When DOE is done using the test pits, they are

obligated to take them out. Thea thanked Dean and Mary Orn for pursuing this undertaking. A copy of DOE's report on the test pit readings is attached hereto.

Corporate: Thea presented the March 2010 Corporate *Financial Statements*. BIC is under contract to do accounting for RTC. There was a paydown of the loan of 50% (\$670,599) during this period. This was done to reduce interest payments and the balloon payment in the long run. BIC's board approved this action. There was a prepayment penalty of \$30K expensed in March (in addition to the regular \$6K interest payment). The Corporate Financial Statements were unanimously approved on motion of Jim Fleming, seconded by Dennis King.

Property Tax Valuation: Mary informed the Board that the three protests filed with the County and the State were successful in reducing the property tax valuation (taxable parcel of the site only) from \$3.2M to \$1.5M. Dale Beede and Susan Holappa worked with Daniel Martinez and Roy Howell of the Assessor's office on this project. Although the revised valuation isn't totally finalized, a stipulation has been signed and submitted to the State for final approval. We will receive a revised tax bill. Dale thanked Mary and Nancy McKenna for their efforts in providing data to Daniel and Roy demonstrating the uniqueness of the property.

Executive Committee: In order to maintain a quorum, Thea moved forward to the next voting item on the Agenda as Jim Fleming needed to leave the meeting early.

Transition/Wrap Up - Thea stated that at the last Board meeting, it was decided to move forward with the transition of the site from RTC to BIC. The Executive Committees from both entities met and worked with their respective attorneys. The original goal of dissolving the RTC could not be accomplished because of concerns regarding 501(c)(3) status, property tax exemption, the existing US bank loan and potential environmental liability exposure. It was determined that it would be beneficial to maintain the two non-profits. BIC provided RTC with a Letter of Intent which outlined their interest and identified changes in the bylaws and board. The RTC Executive Committee met with John Gormley and he noted there are seven board members expiring. Seven members from the BIC board could be appointed which would give them the majority they are seeking and provides efficiencies of operation. Thea brought this idea to Susan Corle and her ExCom agreed. RTC's Bylaws require an 11 member board. Thea nominated seven members from BIC's board to fill the vacant seats on RTC, these nominations will need to be ratified by the City and County. The RTC members remaining on the (new) RTC board will be Jim Fleming, Dennis Hill, Jerome Gonzales and Susan Holappa. Dennis Wagner has resigned but will stay active until the new board elects its officers and adopts a new check signing policy resolution. Thea stated that BIC's members to be nominated are Pat Tucker, Tim Hatten, Susan Corle, Kathy White, John Marshall, Janet Terry, and Chris Launer. Kathy White declared that she has a conflict of interest working with both the City and County and declined nomination. Daryl Becker was nominated in her place. Thea said the RTC Executive Committee makes the motion to approve these nominations, Jim Fleming seconded the motion and all members voted Aye. These nominations are subject to City/County ratification.

Susan Corle stated that it is still BIC's intention working through this joint board arrangement, to talk with the City and County to change the Bylaws. BIC is still intent to pursue the items contained in the Letter of Intent. Thea and Bonnie Petersen reiterated the Executive Committee and attorney thought this path of common board members would be an easy way to go to help BIC/RTC decide on what changes should be made in the future. The new Board members have decided that Chris Launer will be President and Pat Tucker will be Vice President. Thea reminded the group that Chris and Pat have worked with the JUC and RTC since the beginning and have much to offer in history and institutional knowledge. A motion was made by Jim Fleming to accept the officers, seconded by Dale Beede and unanimously approved.

Chris Launer said Janet Terry wants to be sure that the City isn't caught by surprise with this transition. Thea assured everyone that she has been conferring our plans to Laurie Kadrach and has asked for an opportunity to ratify the new members at a public meeting. The RTC feels that it has carried out its mission to retain DOE jobs and has made recommendations as to how this site could be utilized to maximize the benefit to the community. RTC has run the site well, it makes sense now to help BIC move forward with its plans to expand services/support. The RTC wants to present this information formally at a public meeting. Nancy was asked to arrange the scheduling for presentation and ratification with City and County. She informed the nominees that resumes are needed for the ratification process. Kathy was concerned that the press would get wind of this transition. Thea said we haven't heard of anyone asking or wanting to know. It would not be appropriate for a press release prior to ratification. Steve Acquafresca stated the County has to post notice for the matter to be considered. He felt it would be beneficial to have a briefing for staff and Board before considering these changes at a public meeting.

DOE Presentation – Mary Orn reported that Ray Plieness of DOE contacted her asking for data concerning the DOE lease from 2001 to date, and wanted to visit with Board Members about DOE's options going forward. Bonnie Petersen went through Ray's presentation (copy attached hereto). Ray's preference, at this point, is to take DOE plus 40 key contractors to move into a combined federal "green" building under GSA's direction. DOE would require the balance of the contractors to stay here. They are mandated to look for environmentally friendly buildings and Bonnie asked if we could do things here on site to entice them to stay. Ray said that could help, but these are old buildings. The contractor needs more green buildings also so it would be good for RTC to improve the existing buildings/services. Ray stated that DOE does not want to leave RTC high and dry. Mary had told him RTC would like to have the loan paid off by the 5 year lease end. Pat Tucker felt it was an open and encouraging conversation. Mary reported that if Ray agrees to go with GSA, they think it will take 2 years to identify a site and build it out. Board Members felt this was a very optimistic timeframe. There is a possibility that DOE would exercise the RTC lease option, which is for a 5-year period, but the new lease could be terminated with a 120 day notice. This would allow GSA to build the building, and DOE to move in, without DOE having to move twice. Ray wants to wean RTC off DOE as their primary source of income if it makes business sense for DOE. Ray stressed that he felt DOE and RTC had both met the original expectations of

the transfer back in 2001 and we need to continue to promote the site asset while allowing appropriate consideration of each other's continued evolution. Ray was asked to let us know which option they choose; he thinks those decisions will be made within the next 3 months in terms of GSA.

Loan Covenants – So that all concerned might be aware of RTC's obligations, Dennis King went over the loan origination covenants. RTC borrowed \$1.4M in 2008. The subject covenants from the Addendum to Term Loan Agreement and Note are:

- Cash Flow Coverage Ratio as of the end of each fiscal year for such fiscal year of at least 1.25 to 1.
- Liquid assets at all times having a value of at least \$500,000.00.
- Annual Financial Statements: Not later than 150 days after the end of each fiscal year, annual consolidated financial statements, audited by a certified public accounting firm acceptable to Bank.

One area RTC is not in compliance with is the audit being due 150 days after the fiscal year end. Upon discussion, it was agreed that current assets equal liquid assets and RTC has more than \$500K in current assets. Dean asked if USBank should adjust the liquidity/cash requirements downwards following the prepayment. Dennis thinks they should adjust that number, plus the audit due date.

Board Books – Nancy prepared Board books for the new members (and distributed them after the meeting); there are additional contents to be distributed at a later date.

Recommendation Letter - Thea stated that this organization is very grateful to the support they've received from their independent contractors, they have done the day-to-day work. Thea read RTC's Recommendation Letter Regarding Staff commending Mary Orn's and Nancy McKenna's performance. Thea said the existing RTC Board wishes a smooth transition to BIC. She reminded all that DOE is a very complex government tenant; there was no competition in 2001 but the last lease which Mary negotiated was a difficult, competitive lease also requiring a cost benefit analysis. RTC has made its recommendations, but the new Board is of course free to make their own decisions.

There were many congratulations and thanks exchanged between Members and participants. The meeting adjourned at 1:20 pm.

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The next regular Board of Directors Meeting is TBD