

**RIVERVIEW TECHNOLOGY CORPORATION**  
**Regular Quarterly Board of Directors Meeting**  
**Minutes – August 4, 2011**

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**Members Present:** Susan Corle, Jerome Gonzales, Tim Hatten, Chris Launer, John Marshall, Pat Tucker

**Others Present:** Dean DiDario, Nancy McKenna, Chris Reddin, Greg Stephen, Ken Short

Chris Launer called the meeting to order at 9:35 a.m.

**PROPERTY MANAGEMENT:** Chris Reddin distributed handouts detailing potential property management expenditures and cash flow scenarios, copies attached hereto. RTC committed to work with DOE to improve the heating and cooling systems, we now have a report that details what we need to do. In terms of lighting upgrades, most ballasts are currently T12s; these bulbs are no longer going to be manufactured. Our choice is to stockpile or upgrade. Right now, there are heavy Xcel rebates that we can use to accomplish this. Originally, the Property Management Committee was going to use the Reserve Repair Fund to complete the lighting upgrades. Unfortunately, however, we have realized that we have to replace the roof on Bldg. 12, and the Reserve Repair Fund is not big enough to do both the lighting and the roof. The question before the Board is whether to spend an unbudgeted \$32K. We'll get \$12K back in rebates, so the net expense will be \$21K. There will be an annual savings with these upgrades and we anticipate a 19<sup>th</sup> month payback. We can increase DOE's lease rate proportionately if we get a new lease with them. If DOE does not renew the lease, Bldgs. 12 and 2 would be torn down so upgrading those two buildings is a gamble. John Marshall pointed out that these particular upgrades could be removed from the buildings and used elsewhere. The Xcel rebates end in December. It is unclear whether the work has to be started or completed in December to qualify. The roof will cost about \$20K and the failure area is over DOE's sensitive IT department.

There are also Xcel rebates on boilers. The boilers in Bldgs. 2, 12 and 32 are over 20 years old and past their useful life span. An upgrade would significantly increase heating efficiency. It is estimated that with the rebates and efficiencies, there is a 5-year payback. The gross cost is \$36.4K and the Xcel rebate is \$15.5K. It is proposed to install a new boiler in Bldg. 810N. Currently, the boilers are located in Bldg. 938 and the heat has quite a ways to travel, and because of age, breaks a lot. This would entail digging a new gas line, upgrading the old steam to hot water registers, replace baseboards and drywall. The cost is estimated at \$57.5K, with Xcel rebates of \$7K. Do we want to do this now? Again, it is possible that these costs could be recovered with a new lease rate.

Chris Reddin met with Dennis Wagner and created an analysis of RTC's cash position assuming we spend \$92K on lighting and boilers. Scenario A assumes RTC borrows \$1.1M, DOE renews the lease at a rate of \$19.50/SF. This includes adding AC on the 2<sup>nd</sup> floor of 810, chip-n-seal the parking lot, electrical upgrades, venting improvements, fixing cracked sidewalks, the lighting and boilers. Scenario B – borrow \$700K and do minimum DOE requirements; the lease rate would be \$17.50. Scenario C – spend the

\$92K and DOE renews the lease for 1 year and moves off site in October 2014.  
Scenario D assumes RTC spends \$92K and DOE moves off site in October 2013.

Jerome Gonzales feels RTC should do the lighting and boiler upgrades, it improves the buildings. Pat Tucker feels DOE can find someplace else in the community for \$17.50 to \$19.50; that's a high lease rate. From her experience in the market, current lease rates are quite variable. Chris Launer said the big picture is we don't know whether DOE will stay and questions if we should be spending without knowing if we have a tenant. John Marshall feels we're almost guaranteeing that we won't find a new tenant if we don't do the upgrades. Pat Tucker thinks we could negotiate with a new tenant to do the upgrades. It was agreed that if RTC does upgrade, it shows we care but it doesn't guarantee that DOE will stay.

Chris Reddin noted that in scenarios C and D, the DOE keeps telling her if they move, they have to move into a Leed Gold building. These improvements might help in the lease negotiations. We can make improvements for \$92K and it gives us brownie points towards a LGB. Can DOE pay for any of the improvements? Jerome Gonzales had to leave the meeting for another commitment and gave his vote in favor of boiler and lighting upgrades. John Marshall also had to leave at 10:05. Dean DiDario relayed that the Property Management Committee's direction is to go forward with lighting and boiler upgrades.

The boiler installation in 810 needs to be done before winter since a new line has to be laid in the ground. PM will run into a supply issue soon with the bulbs. Ken Short remarked that if we go through another winter with DOE being unhappy about the heating, we won't be in such a good position to renew the lease. Chris Launer noted that our current lease rate is about \$12/SF and doesn't feel we'll get more than \$15. He feels we should approve the lighting upgrades and defer boilers until after meeting with DOE on the 12<sup>th</sup> to find out if they are amenable to pay for any of it. We really only have September and maybe October to complete that work. Chris Launer said it makes sense to do the work and satisfy our tenant, however it is scary to possibly only have \$30K left over at the end of 2012. Pat Tucker feels we should inform DOE on the 12<sup>th</sup> that we have the opportunity to replace the boilers and make lighting upgrades and get Xcel rebates right now...can we work out a number that RTC adds to the current lease rate or can DOE pay for (any of) the improvements out right? Chris Launer would like to have money available to mothball and regroup if DOE leaves. Pat Tucker doesn't want to be left without enough money to pay the bills.

Chris Reddin said the plan if DOE leaves is to demolish Bldg. 12 and possibly 2 and 54. The 54 people would move to 938. BIC admin staff in 3022 would move to 810, and then sell or lease the 5 acre boneyard and Bldg. 32.

Chris Launer stated that he would entertain a motion to approve the lighting upgrades and wait on a decision regarding boiler upgrades until after discussion is held with the DOE at their meeting on August 12th. The results of that meeting can be emailed to all board members for further discussion and an email vote as to whether to go forward

with the boiler upgrades since time is of the essence. Pat Tucker so motioned and Tim Hatten seconded. The motion was carried by Aye votes from Susan Corle, Chris Launer and Jerome Gonzales.

**MINUTES APPROVAL:** Approval will be deferred to the next regular meeting when we have a quorum.

**FINANCIAL STATEMENTS:** Greg Stephen had prepared a synopsis of financial activity for June. Dean DiDario reported that the Profit & Loss Statement is looking good; revenues are \$25K over budget, and we are \$42K under budget for expenses.

**BYLAWS:** Pat Tucker recommends that the draft revised bylaws be circulated by email; Chris Reddin will send.

**AUDITOR:** Greg Stephen and Dennis Wager have worked closely with AD Saito, auditor, over the past couple years and are quite pleased with her grasp of RTC's anomalies and non-profit status. A letter to engage their services for the year ending September 30, 2011 was presented. It was agreed to accept AD Saito as the auditor.

**BOARD MEMBERSHIP:** Janet Terry has recently resigned from the BIC Board and therefore also resigned from RTC. Dennis Hill does not want to renew his term which expired February 2011. We currently have nine Board Members and the Bylaws require eleven. It was agreed that the amended Bylaws contain a range rather than a set number of members. The Bylaws need to be amended or new members appointed by the next meeting (November).

**GSA DOI.** Chris Reddin stated that with Mary Orn's assistance, RTC responded to a Request For Proposal and market survey issued by the GSA for space on site. The GSA asked if the proposed buildings were contiguous, which they are not, and we were eliminated from consideration.

**LEASE PROPOSAL RATE:** Chris Reddin informed the Board that Laura Kilpatrick, DOE Realty Officer, has asked for the new proposed lease rate at their October meeting. It was agreed that if DOE is going to issue an RFP, we do not need to provide that information. If DOE says they will commit to renew the lease, we'll have it ready to give to them.

The meeting was **adjourned** at 11 a.m.