

**CEO'S CORNER**

## Pinnacle Celebrates 15 years of Consistent Growth

By Jim Holland, President/CEO

As I take the time to look back on the last 15 years at Pinnacle, it's hard to believe that we have reached our 15 year benchmark—time has gone so fast. As with any company, many changes have taken place. In our early years, Pinnacle's consulting emphasis was largely industrial compliance based. However, in 1995, with increasing environmental regulation and a growing customer base, Pinnacle needed to make a substantial commitment to the environmental market. Thus, with the addition of Eric Hansen and Scott Thelen, our environmental engineering division began to take shape. Growth continued in 1997 with the addition of Mike Hultgren and Eric Simonson. It currently encompasses Pinnacle's largest market share.

In retrospect, market share is relevant to the times and Pinnacle is preparing to gear-up for another market surge, that of *renewable fuels* and *renewable energy* development. We have once again made a substantial commitment to this market, including various additions to staff outlined on the following pages, and new programs put into place to manage our clients more effectively.

With this said, while it has been our client relationships that have driven our growth, it has been Pinnacle's ability to attract and keep valuable, committed employees that has made the difference. Thus, Pinnacle has a select group of individuals that have made their mark within the company. These select employees have helped shape Pinnacle's structure and are responsible for our growth and stability. I am proud to say that Pinnacle has 7 key employees, 5 in management positions, that have been with the firm 10 years or more. In addition, 6 other members of our professional staff have been with the company over 5 and 1/2 years. Please review the following pages as I take this opportunity to highlight their contributions.



## Enhanced Programs

### CLIENT SUPPORT IS KEY

For our clients, we are continually looking to develop opportunities to enhance our level of support.

Within the last year, we have put individuals and new programs into place to bring our client services to the next level.

- Upfront permitting for ethanol, bio-diesel and other renewable energy clients, see page 4.
- Long-term management support of compliance data and project information with PinPoint.
- Integrated Geotechnical Engineering services to further support our developer clients, see page 4.
- Enhanced client support services through a dedicated client services coordinator, see page 4.

## Biodiesel Fuel



### QUALITY IN QUESTION

**Biodiesel fuel that left trucks stalled on the highway last winter could cause problems again this winter season if producers have not met quality standards.** In national fuel-quality testing between November 2005 and July 2006, roughly one-third of the biodiesel samples contained too much glycerin, a sticky substance that can clog engine fuel filters at cold temperatures.

"As the industry ramps up to meet the vast increase in demand for biodiesel, this growth simply cannot occur at the expense of fuel quality," said Joe Jobe, biodiesel board chief executive officer. This underscores the need for enforcement agencies to take action against



# Significant Events in our History



## 1991—Jim founds Pinnacle

Beginning with 2 employees, he leans heavily on his wife, Carol for marketing support...as you know, he is an engineer.

**Do You Remember?** ☛ In October, 28" of snow fell and the MN Twins win their 2nd World Series! Also, a team from the U of M invents Internet Gopher, a text-based interface for retrieving documents on the Internet. This breakthrough is quickly adopted around the world, introducing the Internet for personal use.



## 1995—Pinnacle expands rapidly and facilitates its most lucrative hiring effort yet—4 key people remain with the company today—Larry joins as a partner.

**Do You remember?** ☛ Horse racing returns to Canterbury Park in Shakopee.



## 1999—Eric and Steve are offered partnerships and the company's management takes form.

**Do you remember?** ☛ The U.S. Supreme Court upholds the right of the Mille Lacs and other bands of Ojibwe to hunt, fish, and gather wild rice according to their rules and not those of the state.



## 2000—A large Southern Minnesota client base inspires the opening of our Rochester location.

A Rochester native, Steve is selected to pioneer Pinnacle's efforts in this market.

**Do you remember?** ☛ The National Hockey League (NHL) returned to the "State of Hockey" when the Minnesota Wild played their first game in October.



## Peak Industrial Services

Maple Grove, MN • Phone: (763) 315-4730 • www.PeakIndustrialServices.com

## 2003—Pinnacle introduces Peak Industrial Services.

Peak is developed in response to a need for expanded contractor services and to provide turnkey solutions.

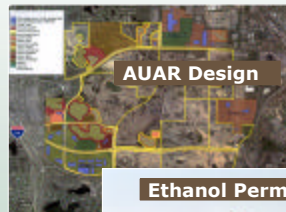
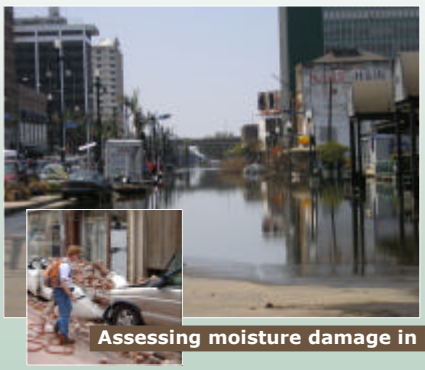
**Do you remember?** ☛ Construction completed on the Hiawatha Line. Light Rail Transit connects the Mall of America, the Minneapolis-St. Paul International airport and downtown Minneapolis.



## 2006—MN Business Journal honor.

Pinnacle is ranked #17 on the list of Top 25 Environmental Service firms in the Minneapolis-St. Paul area.

**Do you remember?** ☛ MN Twins, Joe Mauer & Justin Morneau win the American League batting title and MVP awards.



## PINNACLE'S PROFESSIONAL STAFF - PROGRESSING THRU THE YEARS

As with any company, life situations create a number of reasons for employee attrition. Pinnacle has been fortunate for the years of service offered by our professional staff.

### STEVE SCHLEICHER - 11+ years

*VP of Regional Operations*

Steve's ability to build client relations has been a key factor to Pinnacle's presence in Southern Minnesota and Western Wisconsin. His experience in industrial compliance, and health and safety management has been a huge catalyst for the growth of our ethanol, renewable fuels, and bioenergy client base. Steve has over 12 years of experience in environmental and occupational health and safety management. He is in the process of completing a Master of Science in Environmental Health.

### LARRY SIBIK - 11+ years

*VP of Process Engineering*

Larry's expertise of process and chemical engineering has been the backbone of our process and facility engineering efforts. With over 21 years of experience in the industry, Larry has earned a solid reputation as an expert in providing environmental engineering solutions.

### JOHN LANDWEHR - 4.5 years

*Marketing Director and Senior Project Management*

Prior to joining Pinnacle, John managed an environmental field services and drilling company in which he served as general manager and senior project manager. He has 19 yrs of environmental management and engineering experience which involves emergency response, site investigations and remedial activities. Since joining Pinnacle in the fall of 2002, John has assisted with various marketing projects, including the start-up and management of Peak Industrial Services and the development of Pinnacle's mold and moisture assessment services.

### ERIC SIMONSON

*Senior Environmental Engineer - 10+ years*

Eric is Pinnacle's ace when it comes to technical work in the field. With a Bachelor of Science Degree in Geological Engineering, and over 18 years of professional experience in the environmental consulting field, he has completed over 400 Phase I Environmental Site Assessments in over 15 states, and has completed over 80 subsurface investigations for a variety of sites in the states of Minnesota, Wisconsin, Missouri, Kentucky, Illinois and Kansas.



From this photo taken in 1997, we are proud to say that 7 employees are still with us today, excluding Jim's wife Carol who is still very much involved whether she wants to be or not.

### ERIC HANSEN - VP of Environmental Engineering - 11+ years

Eric has grown Pinnacle's environmental and geotechnical practice from a fledgling group to a dominant player in the regional market. Nowhere in Pinnacle is our philosophy of practical solutions to complex environmental problems more evident than in Eric's group. Along the way, Eric has achieved a stunning rate of client retention and loyalty, serving as trusted advisor to telecom clients, developers, manufacturers, and builders. Eric has over nineteen years of professional experience in the Geo-Engineering and Geology fields.

### MIKE HULTGREN - Manager of Environmental Engineering - 10 years

Mike has been with Pinnacle since February of 1997. With a Masters degree in Geology and over 20 years of professional experience in the geologic field, he has been a key player in the management of Pinnacle's environmental projects. His oversight on technical documents and consistent follow through in the management of projects has developed a sense of trust with our clients. He is a Certified Professional Geologist with both national certification and licensure in Wisconsin and Minnesota.

### SCOTT THELEN - Project Manager, Wetlands Services - 11+ years

Scott was brought on board with Pinnacle in May of 1995 to fill a void in Pinnacle's service areas, primarily environmental investigation and petroleum investigations. Over time, he has directed site investigations, cleanup actions, and managed petrofund projects. It was the addition of our wetlands practice in 1998, however, that gave Scott his highest use. Since then, he has grown to be a regional expert in wetland delineation and permitting.

## In APPRECIATION of new opportunities! - PINNACLE ANNOUNCES NEW ADDITIONS TO STAFF

We are in the process of expanding new areas of service in the renewable fuels and bioenergy markets. We look toward the increased opportunity to work with firms who are embarking on a new frontier in the energy industry. In support of service areas specific to this industry, Pinnacle has expanded our staff to build on our expertise.

RYAN SCHULTA recently came on board as our Senior



Engineer for air quality compliance to the bio-renewables industry. Ryan joins Pinnacle with over 8 years of professional experience in the field of environmental compliance, with the last 5 years specific to air quality management and engineering. Most recently, Ryan has worked with a number of new and existing fuel grade ethanol production, biodiesel production, and grain elevator facilities throughout the United States. Ryan has submitted various construction permit applications, on behalf of greenfield ethanol clients, that have been successfully permitted to total over a billion gallons. He has been responsible for the preparation of Title V and synthetic minor Air Pollution Control Construction Permit Applications and major and minor construction permit modifications. In addition, he has coordinated and provided field support for stack test management of multiple sources at various ethanol facilities to support proposed production increases, initial compliance testing, installation of new equipment, modifications to construction and operation permits, compliance demonstrations, recordkeeping, and reporting requirements. Based out of our Rochester, MN office, Ryan's focus is air permitting, air emission reporting, air emissions dispersion modeling, strategic regulatory analysis and negotiations, stack test management, and industrial environmental compliance.

GREGORY J. GLITTO, PE joined Pinnacle in early 2006



as Senior Project Manager of Geotechnical Engineering. Greg has a Bachelor of Science degree in Civil Engineering from Iowa State University, and 18+ years experience working with project owners, design and engineering firms, and contractors on a variety of residential, commercial, and public projects. Greg has particular experience in deep foundations and piling analysis, and wind turbine foundations. His consulting engineering and reporting experience include many large projects including the Target Center Arena, Dain Rauscher Plaza, Leamington Parking Transit Hub, Seagate Wafer Manufacturing Facility, Bearpath residential development, Mayo Clinic addition, A.S. King Combined Cycle Power Plant, Roadway and Railway bridges.

MATT WITZEL became a part of our staff in late



2005. A recent college grad, he has been a great addition to the environmental staff. His mechanical aptitude and skills make him a highly sought after field technician for a variety of industrial and environmental projects.

### Related Information:

Schulta Quoted in Reedsburg Times - Press.....Reedsburg Biofuels, Inc. see: <http://www.wiscnews.com/rtp/news/113495>

Study warns of ethanol's effect on corn prices.... See: <http://www.earth-policy.org/Updates/2007/Update63.htm>

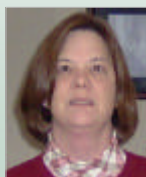
Soaring demand for corn to make ethanol could trigger higher U.S. food prices and riots in low-income countries as grain supplies tighten, according to a report released in early January.

## CHANGES AND ADDITIONS TO OUR ADMIN STAFF

CHRISTAL NELSON has been with Pinnacle since March of 2005. Recently she has taken on a new position in client support and contract services. Her main objective is to keep in touch with our clients. She will provide general client assistance, manage contracts and budgets, as well as collect client feedback and database information.



HOLLY KUKOWSKI has been with Pinnacle since September 2006. She handles our receptionist and office administration duties, and keeps tabs on who is coming and going.



BONNIE LUTZI is our receptionist and administrative assistant for our Rochester office. She is our newest addition, joining us in November. As the first support staff in this office, she has become a tremendous support to our operation.

## EPA REGULATORY UPDATES

### FINAL RULING DEFINING "ALL APPROPRIATE INQUIRY"

Effective: November 1, 2006

The new American Society for Testing and Materials (ASTM) Practice E 1527-05: "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process" took effect on November 1, 2006, replacing ASTM E 1527-00. The new standard is required when a landowner is applying for CERCLA liability protection. Under the former standard (E 1527-00), the user will no longer qualify for the innocent landowner defense to CERCLA liability.

The new standard is designed to meet the criteria mandated by Congress for "all appropriate inquiry" as to the environmental condition of a property. The final "All Appropriate Inquiries" requirements are applicable to any party who may potentially claim protection from CERCLA liability as an innocent landowner, a bona fide prospective purchaser, or a contiguous property owner. In addition, parties who receive grants under the EPA's Brownfields Grant program to assess and characterize properties must comply with the *All Appropriate Inquiries* standards.

The scope of effort for the new standard, Phase I Environmental Site Assessment ASTM E 1527-05, consists of a more refined and expanded review process. It includes all of the task requirements of the former standard, but adds more rigorous research into historical property usage, extended interviews with parties that have information regarding the past and current property usage, additional regulatory record review, and an expansion of the visual inspection of the site to include nearby properties.

Keep in mind, as well, that parties seeking to obtain liability protection by conducting AAI Rule compliant site assessments must be diligent in complying with all post-acquisition obligations imposed as a continuing condition for liability protection under CERCLA.

Contact Mike Hultgren at 763-315-4501 with any questions.



### EPA EXPANDS ELIGIBILITY OF SHORTER TRI FORM Encourages reduced emissions

Dec 18, 2006 - Facilities that completely eliminate releases of persistent, bioaccumulative, and toxic chemicals (PBTs), and recycle and treat no more than 500 pounds of such chemicals, can report using a shorter form.

The final TRI Rule announced December 18, 2006 expands eligibility for use of the Form A Certification Statement (Form A) in lieu of the more detailed Form R. This rule provides incentives for facilities to improve environmental performance by eliminating or reducing releases and managing remaining wastes using preferred methods such as recycling and treatment.

For additional information, contact Kris Luneau in our Industrial Services Division at 763-315-4501.

## OSHA UPDATE

### FINAL RULING ON HEXAVALENT CHROMIUM STANDARD

Effective: November 29, 2006

OSHA has settled the Surface Finishing Industry Council's (SFIC) legal challenge to the hexavalent chromium standard. To implement the settlement, OSHA amended the compliance date provision of its hexavalent chromium standard for general industry, (71 FR 63238, (2006, October 30)).

The Agreement with SFIC creates an optional, alternative compliance timetable for metal and surface finishing operations at eligible facilities.

Contact Kris Luneau in our Industrial Services Division at 763-315-4501 with any questions.

## Outdoor Excursions



## Halloween 2003



Guess Who's ...  
having a little too much fun at the office!

## THANK YOU to our loyal clients!

Pinnacle would like to thank those clients that have been with us through the years. We appreciate your business and continued support, and welcome the opportunities to provide single-source solutions to the environmental issues you face.

We look forward to the future as we continue to solidify our business partnerships.

## PINNACLE CONTINUES PERMITTING ASSISTANCE FOR ETHANOL CLIENTS

**Council Bluffs Ethanol, Inc.** - 110 MMGal/yr ethanol facility permitted 12/18/2006 - Council Bluffs, Iowa

**Red Oak Ethanol, Inc.** - 110 MMGal/yr ethanol facility permitted 12/20/2006 - Red Oak, Iowa

**Indiana Biofuels, Inc.** - Draft Permit acquired 01/04/2007, to be submitted for 30-day public comment period during week of 01/08/2007

### BIODIESEL continued from page 1

those who aren't producing biodiesel that meets the existing standard," he added.

In some states where testing is done, plants have been shut down for quality problems. The biodiesel board favors penalties for such plants, including its own members. Currently, only 10 states run specific tests on biodiesel, according to the biodiesel board. The list includes Minnesota, where all diesel fuel now contains 2% biodiesel. After much testing and analysis, the Minnesota biodiesel system seems to be working well this winter. State officials recently sampled fuel

from various sources and found that it was in compliance with a national standard.

"Ultimately, the market place will sort out the poor performers. But we don't want to wait that long because it could cause problems for consumers. That's not acceptable," said Jenna Higgins, biodiesel board spokeswoman. Consumers should stick with experienced, reputable fuel dealers, according to Higgins. The national association has asked the Internal Revenue Service for help with the fuel quality issue because biodiesel plants, by law, are supposed to meet a minimum standard

before they are eligible for tax breaks.

"This is such a new area that the regulatory component isn't well defined," said Gar Radloff, director of policy and communications for the Department of Agriculture, Trade and Consumer Protection. What does this mean? Most likely a more refined set of rules and regulations for the industry will follow.

Did you know? - Biodiesel can be made from a variety of ingredients, including animal fat and restaurant fryer grease.



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