



CEOCFO

Interviews & News!

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Blue Valley Ban Corp. has differentiated itself from standard banks by going beyond traditional banking hours and focusing on being customer friendly



**Financial
Regional –Midwestern Banks
(BVBC-OTC: BB)**

Blue Valley Ban Corp.

**11935 Riley
Overland Park, KS 66213
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**Robert D. Regnier
Chairman, President and CEO**

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

BIO:

Robert D. Regnier

Chairman, President and CEO

Bob Regnier is the Chairman, President & CEO of Bank of Blue Valley and Chairman, President & CEO of Blue Valley Ban Corp (the Company). He began his banking career with the Boatmen's

Bank organization in 1970 as a Safe Deposit Clerk. During his eighteen year career with that organization, Bob advanced to Teller, Posting Clerk, Assistant Branch Manager, Commercial Officer, Senior Vice President and Executive Vice President, Division Head, responsible at various times for Operations, Administration, Correspondent Department, International Department, New Business Development, Secretary to the Board, Chief Operating Officer, Compliance, Funds Management, Cash Management, Mortgage Loans, Installment Loans, Commercial Lending, Personnel and Retail.

In 1989, Bob left Boatmen's with the dream of starting a bank to offer community banking to Johnson County, Kansas and to the Kansas City metropolitan area. His vision was one of a community bank that would provide banking services to closely-held businesses, their owners, professionals and individuals as well as small to mid-sized commercial borrowers.

Bob was responsible for the organizing and development of investors for the newly chartered bank for which he was responsible for the charter application, selection and acquisition of the initial location and staffing. The Company was initially capitalized at \$2,150,000 with approximately 50 shareholders. The Company initiated a secondary offering in 1993 raising an additional \$2,000,000 to assist in the construction of our principal building location at 119th & Metcalf.

Over the succeeding years the Company has successfully issued two trust preferred offerings totaling \$18,000,000. The total capital of the Company has expanded from its \$2,150,000 initial capital base to in excess of \$56,000,000. In 2000, in

conjunction with its first trust preferred offering, the Company became an SEC reporting company. In July of 2002 the Company's common stock was listed on the Over the Counter Bulletin Board under the symbol BVBC.

Company Profile:

Blue Valley Ban Corp. is a bank holding company that, through its subsidiaries, provides banking services to business, their owners, professionals and individuals in Johnson County, Kansas. In addition, the Company originates residential mortgages nationwide through its InternetMortgage.com website.

Interview conducted by:

**Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Thompson, what was your vision when you founded Towerstream and where are you today?

Mr. Thompson: "Our vision was that we wanted to be one of the leaders in a new space. We wanted to start a company that was in the telecom business that had monthly recurring revenue and did not depend in any way on some other phone company to be a successful business. We needed a technology and a business model that would completely avoid the phone companies, but let us replicate what they do and try to do it better. That was back in 2000 – today we are well on our way to getting our wish of being one of the leaders in this space and having a business model with very high margins that does not depend on the phone companies."

CEOCFO: 2007 has started out as a very big year for Towerstream; would you tell us about becoming a public company?

Mr. Thompson: “We have proven our business model in very large markets, including Boston and New York. If we were able take the model that we used in Boston and New York and replicate it across 10, 20 or 30 new markets, we will have a very large company very quickly. But to expand into these markets, we need the capital to do so. Therefore, that is why we went out and raised our first \$15 million to become a public company in January 2007. It was very well received when we were out there on the road show, so we are very excited to have access to the capital market now, to actually be a public company and recruit good employees to help build the company.”

CEOCFO: How do you decide where to establish the networks, and where are you going next?

Mr. Thompson: “Right now, we are in the top markets in the United States -- New York, Los Angeles, Chicago, San Francisco, Miami, Seattle, Boston, Providence and Newport. We look at markets that have lots of businesses and that are growing the number of businesses. Not only would there be a huge potential for us to get work with current business customers in that market, but we also want to make sure there are new customers coming into that market. Therefore, instead of taking them away from AT&T Inc (T-NYSE) and Verizon Communications (VZ-NYSE), we can get them before they go to the legacy providers.”

CEOCFO: Do you tend to get a larger percentage of newer companies; are they willing to try something outside of the norm?

Mr. Thompson: “Anyone that needs reliable broadband needs our product. A lot of people have been talking about WiMAX for the last 2 or 3 years. We were the first service provider to join the WiMAX Forum 4 years ago. It has a lot of momentum behind it by very large companies; all the top networking companies are part of the WiMAX Forum, whether it is CISCO Systems (CSCO-Nasdaq), NORTEL Networks (NT-NYSE) or Alcatel-Lucent (ALU-NYSE); the list goes on and on. People are not afraid of trying WiMAX at all. If it’s a small company,

we have a money back guarantee for the first 30 days, so there is no risk to try our products. In addition, we are less expensive than Legacy providers like AT&T and Verizon. We can give customers a product that is cheaper, bigger and faster, with a money back guarantee. Therefore, it’s not difficult to get customers, whether it is a large fortune 500 company or a small start-up. We have quite a range of customers that are using this technology now.”

CEOCFO: How do you reach potential customers?

Mr. Thompson: “There have been a lot of great networks in the past that have been built that went bankrupt. They had fantastic, high-tech, great technology, but they did not fill up their network of customers. We don’t talk about the technology that often. We think of WiMAX as a great tool to avoid the phone companies being in our business model, but more importantly allows us to have a 74% plus

“2006 was the best year in the history of the bank and we are looking forward to another strong year in 2007.” - Robert D. Regnier

gross margin that we had last year, which can trickle down into our EBITDA margins. How do we get to our customers? We have a centralized call center where we have sales people in each of the markets that we are in, all centralized in one location; one team calling Boston, one team calling New York, etc. We raised money and went public to fill up the rest of our markets with sales people. In the past they did not have sales people; it was all inbound sales. The sales people make ‘x’ amount of calls per day, typically 80 calls a day, they get through to ‘x’ amount of customers a day and it produced ‘x’ amount of installs per month. We proved that model in Boston and New York and we are going to prove that in the other markets as well.”

CEOCFO: In your sales approach, what is it that you say to encourage people to respond?

Mr. Thompson: “We get through the door because of our price. It is less expensive because we do not have to rent a wire from AT&T and Verizon. Every other phone company in the markets that we

are in, whether it’s a CLEC or BLEC, they have to get their last mile from someone and that is typically AT&T, Verizon or Quest Communications Inc (Q-NYSE.) Therefore, they have to go through those companies and it costs money to rent that circuit. We just cut that cost out. We get through the door with our price and that keeps people from hanging up on us, because everybody wants to save money. Once we get them to listen about our price, we tell them about all the features that are much better than a traditional legacy landline. What do I mean by that? Flexible bandwidth, we can turn it up and turn it down in a short amount of time. Our deliveries are measured in days where our peers measure theirs in months. We have quality of service in the last mile, meaning we can guarantee reliable internet access. We also have service level agreements that are some of the best in the industry. Last but not least, we have a money back guarantee. If you are a Towerstream customer, you get services that are more robust than what the legacy companies can offer. You get a better cost structure; it is more flexible and can be turned up or down and installed very quickly. And they have no risk because if they don’t like it they have a 30-day money back guarantee.”

CEOCFO: Is customer service an important feature for you and how do you differentiate yourself?

Mr. Thompson: “A lot of people try to do what they call the customer service sell. However, just bragging about your customer service that you are better than Verizon or AT&T is a tough sell to get a customer to listen to you. The best way to sell on having good customer service is that first time where they have an issue or they want more services from you and they have a smooth transaction. If service is very reliable, they shouldn’t need to call into our call center very often to ask for help. However, it is that one or two times that they have to do that or they want more service or want to upgrade and they can get through to a human quickly and get their problem resolved quickly. That is when our customers start telling their friends about our service.”

CEOCFO: Is your customer service U.S. based?

Mr. Thompson: “Yes our customer service is in the United States and it is in the same operations center as our sales team. Everyone in here is in sales and customer service.”

CEOCFO: How do you deal with changing technologies and trends in the industry?

Mr. Thompson: “We look at WiMAX as a tool to avoid the phone companies. It is one of the first wireless last mile technologies that really has the quality, security, standardization and huge support from a large amount of companies. We have been using this equipment for five years and we know it works and that it’s reliable. Are there going to be newer technologies that are coming out? We hope so and if they do, we will use them. We are not tied to technology; we are tied to our customers and dedicated to giving them a good experience. If it is WiMAX now and super XMax next year, we can update our services much easier than the legacy folks, because the legacy folks have these old TDM and ATM networks, where we have a pure IP service offering. No part of our structure is legacy, non-IP infrastructure, so for us to add a newer technology is very simple and very smooth. As technologies get better, if it will give our customers a better experience, we will use them.”

CEOCFO: How long does it take you to get set up in a new city?

Mr. Thompson: “The tough part is real estate and that takes a very long time to get the real estate for our market. That is why we have been negotiating in a lot of markets for many years. Even if we are planning to go into a market in 2 years, we are planning the real estate now. This is because real estate is a huge game factor and there are a finite amount of buildings in each market that you really want to get first. Therefore, we have been trying to get as many of those in our real estate portfolio before anyone else. Having the best real estate in each one of the markets gives us an operational advantage over any future competitors, so that is the first step. The second step is building the network and that doesn’t take that long. It takes about six to eight weeks to

build out the network once all the leases are done. The key part is filling up our call center with another 20-30 sales reps; they are actually going to call into that market. That is what we have not been able to afford in the past, but the \$15 million that we raised is all geared towards sales and marketing. As a result, we are now penetrating our existing markets better and when we open new markets, we can fill them up with sales people right away.”

CEOCFO: Do you market the name Towerstream; is that part of your plan?

Mr. Thompson: “Branding is very expensive, but branding through your customers by giving them great experiences is not very expensive. We try to do a little bit of typical branding, but we are frugal on that side. By having a great product at a great price, word gets around very quickly. We do spend a little time on branding and because we are one of the first successful operators in this space, we have gotten a lot of press in the trade magazines. We have been very helpful in getting people educated on this space and doing a lot of tours of our facilities in New York. Intel Corp (INTC-Nasdaq) has a case study on their website about Towerstream and we have done a lot of initiatives with the WiMAX Forum for them. That included hosting visitors from other countries and hosting regulators of their spectrum from many other countries. Therefore, the Towerstream brand is getting well-known by being a first mover with a very successful business model.”

CEOCFO: What is the competitive landscape?

Mr. Thompson: “When we make a hundred phone calls a day, 80 or 90% of those phone calls are to AT&T and Verizon customers. Therefore, we are already competing with the toughest competitors probably in the world. We are used to having unique products that take advantage of the legacy physical problems of a large 800-pound gorilla like Verizon or AT&T. If you look at the rest of the competition, looking at companies like Towerstream, there were not many companies in this space from 2001 to 2004, because it was very difficult to get into substantial financing in the telecom meltdown. We

have a huge lead over anyone else and then we have thrown our real estate property that we have and that gives us another huge boost. We believe we have a two-year lead no matter what happens. If a company does come into this market today, they won’t have the base of experience that Towerstream has. There were a lot of models in the past and these companies had a lot of money, but their business models were not successful enough for them to survive. In addition, their operating processes were not efficient enough to make a high-growth, high-margin, profitable growth company. The Towerstream business model is probably unique because we did this through a bootstrap with our own friends and family money. We were not just throwing money at problems; we always spent the time to come up with the best networking solutions for our customers and those processes probably wouldn’t have been so perfect on if we had tons of money in the bank to start. We are taking that five years of experience that we had to make a profitable business model and now we have proven business processes and methods of delivering services.”

CEOCFO: Why should potential investors be interested and what might they miss when they first look at Towerstream?

Mr. Thompson: “We look at it as a very inexpensive way to get into the WiMAX field, if you want to invest in wireless or WiMAX technology. Some of our peers traded at much higher multiples than Towerstream. Therefore, we are an inexpensive way to get into the WiMAX space. We are a super high growth to very high margin business, which is very unique and we have a monthly recurring revenue model. Any Funds that like a recurring revenue model in a high growth, high market business, would want to invest in Towerstream. We are right at the beginning of this WiMAX run with a model that we have proven in Boston and New York and multiply that times the other markets where these markets are already adjusted EBITDA positive. You can see that we can approach 60% EBITDA margin in a market and that is unheard of in the telecom space.”

CEOCFO: What should people take away from this interview?

Mr. Thompson: "Towerstream has great solutions for customers. It is very early in

the WiMAX world, so join us for a fun ride."



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