

Eagle Point Co-Founder Seeks Buyout; Latest Bid: Biver Seeks To Purchase Firm For More Than \$31 Million

M.D. Kittle // Telegraph Herald
March 8, 2001

Less than six months after being terminated from a top management position, one of the co-founders of Eagle Point Software Corp. has made a bid to buy out the company.

Dubuque-based Eagle Point on Tuesday received an acquisition proposal from an entity formed by John Biver, co-founder and current director of the company.

Under the single-step, cash-merger proposal, Biver would become chief executive officer of the company. He would pay \$6.40 per share of stock, which represents a premium of 75 percent over the average closing price for the 90-day period ended Monday.

The deal is estimated to be in excess of \$ 31 million.

Biver, who owns about 27 percent of Eagle Point's approximately 4.6 million shares of common stock. Other leading shareholders are Rod Blum, former chief executive, who owns 21 percent; and Dennis George, the company's vice president of finance, who owns more than 8 percent.

Biver, who has made a couple of offers in recent months to purchase the company, said his latest bid would include the sale of two of the company's existing divisions to Blum.

"We would be spinning off our building design and construction division and structural division to him," Biver said. "He will not be a part of Eagle Point. There will be no relationship."

The buyout plan will be reviewed by a special committee made up of members of the board of directors and must be voted on by the company's shareholders.

If all the steps in the acquisition plan are approved and the Security Exchange Commission gives its blessing, Biver estimated the deal could be closed in 60 to 90 days.

"No action has been taken. It's not anything that the company has agreed to," said George, adding that he could not comment on the specifics of the proposal.

Blum could not be reached for comment Wednesday.

The company has been in a state of flux since late last year.

Biver was terminated from his position as vice president-civil division in September; Blum resigned from his post as Eagle Point's president, chief executive officer and chairman of the board in November. The company has been searching for a new chief executive since Blum's departure.

Blum, who continues to serve as a director within the organization, faced his share of controversy during his managerial tenure with the company.

In 1997, the U.S. Department of Labor investigated the company for violation of the Fair Labor Standards Act. Eagle Point failed to record all hours worked, the department reported, resulting in failure to pay proper and correct overtime for all hours worked by non-exempt salaried staff.

Former employees also complained of adverse working conditions, with some saying they received profane e-mail messages and were the target of verbal abuse during company meetings.

Biver said he sees a lot of opportunities for the company he helped create in 1983.

While Eagle Point's segment of the software market slowed in the mid-1990s with the proliferation of Windows operating systems, Biver believes different avenues are opening up for the company.

"We will be looking at service-oriented software as opposed to pure software sales," he said. "Overall, it comes down to my belief in our ability to succeed."

Eagle Point's revenues have grown to \$ 17 million annually.

And Biver said he's excited to work with Eagle Point's approximately 200 employees, whom he calls "top professionals in their industry."

"I think the general consensus is that they hold respect for me and believe I have a good vision for this company," he said.

As for the future of Eagle Point's employees, Bivers said the entire company would be evaluated once the final transaction is made.

"Employment could increase or decrease depending on the decisions we make," he said.

Biver said as many as 35 employees could take positions with Blum's new company, formed by the spin-offs of the divisions.