



Quarterly Newsletter

February 2007

"Providing world class services that exceed customer expectations while promoting opportunity for growth in a stable, challenging and rewarding environment."

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From the Desk of Bill Arterburn Chief Executive Officer

"If you love what you do, you'll never work another day in your life."

I am not sure who that quote is attributed to, but it surely illustrates that it is all a matter of your perspective, and how you look at things. The daily grind around here brings lots of frustrating and complicated situations. We don't ask for these situations, they are just a part of the process of people and systems together that are imperfect, and working in an imperfect world. It has also been said a carelessly planned project will take three times longer to complete; but that a carefully planned project will take only twice as long. Probably it is the same for your BSE workplace, or any workplace you have experienced. I like to think that it's what we do in response to situations and frustrations, that will define BSE, and its success.

Consider for a moment that BSE is in an awkward stage in its corporate life. We have just transitioned out of the 8(a) program, a privileged and somewhat favored status in the world of federal contracts. Now that we are just one of many thousands of contractors seeking a place in the world, we are finding that much of what we do, or seek to do, seems to involve new costs, new challenges, and the need for better collaboration.

better focus, better communication, and bringing a better sense of purpose to the job on a daily basis. We need all of that, and we also need a superior proposal, or the best price.

Taken together these obstacles, at times, appear as "mission impossible." As I watched the members of the management and proposal team struggle with assembling two complicated work proposals over the past few months, it struck me that we could easily experience disappointment on the efforts. There are other competitors out there just as capable as we, and some who have more resources and skilled human capital to bring to the effort. But our group was not dissuaded or hindered in its effort, because we realized that should we fail we might be disappointed and discouraged, but that we were doomed completely if we didn't try at all. One of those is already lost as I write (we were not the low bidder), but we are still waiting hopefully on the other more extensive effort.

Matters not in either case, provided we take something away from the process that strengthens us, and makes us a better team for the next one. And there will be other ones. My wish is that even in failure, or those little temporary setbacks in daily work, that all BSE employees are bringing an attitude to their workplace that we will be responsive and keep working on those problems, be they little or small, and that our efforts will continue until we have overcome the obstacle, and can move on to the next one. That is what will make us a successful company!

Bill Arterburn, CEO

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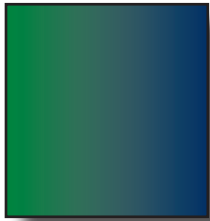
BSE Newport News, City Center Office Opens



The new office houses the combined talents of the Training and UXO Services Divisions. Located near the newly developed "City Center at Oyster Point" Business Community in Newport News Virginia. City Center at Oyster Point is a community of luxurious apartments, distinctive condominiums, modern office buildings, and unique retail shops in the heart of Newport News.

This new 2,200 sq ft office will give BSE the room to grow within the Government Services and General Contract markets and allow for work on many contracts with a central location for important contacts for troubleshooting various issues.

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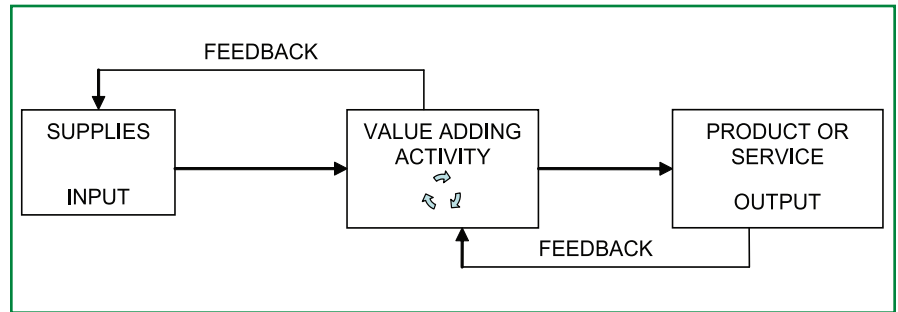
Know Your Process

James Storch, Quality Manager

We all have a process. A process is the series of steps we follow to provide our product or service.

Each process should have a beginning point and an ending point, and it should be defined to list what happens between the start and end points. A quality process has the right inputs and performs the right actions to produce outputs that consistently meet the needs of the customer.

The beginning trigger starts when someone acts upon an input; this can be from another work group, vendor, or person. The input can be a request form, a part, or a craving for ice cream. The ending trigger is when the result of the process is passed on to the customer; again, it can be another work group, person, or outside customer. Between those points each step in your process should add value to the proceeding steps. Feedback is essential



to assess, confirm, and improve efforts along the way.

The added value includes all the activities performed by each department, group, or person involved in the process. Activities are the major "works" that transform an input into an output. The output can be an end product or service, such as a clear pipe, a digital document, a new or refurbished building, or an ice cream sundae. Your process is incomplete without the feedback necessary to assess, adjust, and improve.

We all have roles...

- We fill the role of customer where we receive an input trigger; this can be either external or internal
- We ensure the process operates consistently (transforming inputs to outputs) to deliver optimal value
- We fill the role of supplier where we pass the result on to a customer; this can also be either external or internal
- We recognize improvement opportunities and recommend improvement methods

What's your Process?

"AANG" (Aleut for Welcome)

BSE would like to take this opportunity to welcome all of its new employees that have joined our team these last few months. We appreciate you and your services as we grow as a world class service company



Security Awareness

BSE's Security Program

Elary Gromoff, Executive Vice President/Corporate Facility Security Officer

It has come to my attention that I need to emphasize the important of BSE's Security Program.

Besides my position as the Executive Vice-President, I am your Corporate Facility Security Officer (FSO). This position is mandated by the President of the United States through an Executive Order 12829 which establishes the National Industrial Security Program (NISP).

The NISP is a partnership between the federal government and private industry to safeguard classified information. As BSE's FSO, I am required to ensure that BSE adheres to the policies, practices, and procedures of the NISP.

On September 2001, BSE entered into an agreement with the Department Of Defense (DOD) which made BSE eligible for a Facility Clearance Level (FCL), which was granted the following month. This FCL was requested by Air Combat Command which is our User Agency.

So far, we have seen that there is a mutually beneficial relationship between

the government and industry. The government receives essential goods and services, and the industry profits from the exchange. User Agencies (Army, Navy, Air Force, in fact, all DOD components) that need these goods and services, which involve classified information, sponsors industrial firms to become cleared contractors as result of their need. It is important to know that BSE's FCL is critical to BSE future opportunities to get contracts with other User Agencies and it is important that we don't loose this eligibility.

For this reason, I want to emphasize the fact that how important the FSO's role is in the corporation and that includes the role of Rodney Rush as our Security Manager.

A summary of these duties are as follows:

- Establish a security/awareness program which includes training
- Conduct self-inspections using risk management and NISP requirements
- Review and monitor all BSE contracts which might affect BSE's FCL
- Conduct security interviews with employees that have eligibility
- Monitor and oversee all personnel clearances per NISP requirements
- Provide required reports to the FBI and Cognizant Security Agency
- Keep all eligible employees aware of security changes to the NISP
- Supervise and direct all security requirements for the NISP as mandated



Rodney Rush, Security Manager

The success of BSE's Security Program requires the support of both the Key Management Personnel (KMP) and the eligible employees. Key Management Personnel include our Chief Executive Officer, Board Members, and Corporate Management to include myself. I want to thank all those involved in our security program and for maintaining our security awareness which has contributed to our great performance rating from our Client.



Primary Training Range & P5CTS Updates

BT Smith, Training Services Director

On 29 November, after 40 days of preparation, our 140+ page proposal for the Primary Training Range (PTR) was submitted to Air Combat Command. It required the expertise of individuals from several divisions within BSE. Without question this was the most extensive proposal BSE has ever submitted, at least in the Prime Contractor roll. At one point we had over a dozen personnel working on the proposal, first from Mike Taylor's hotel room and then from our new Oyster Point/City Center offices, which are located in Newport News Virginia. It was a ginormous (gigantic & enormous combined, my job description allows me to make up words) effort in which our proposal team learned much which will be beneficial in preparing and writing future proposals. Additionally, we re-connected with Mr. Neil Emiro, who left our site at Cannon AFB two years ago for Boeing and was instrumental in preparing the maintenance section of our Technical Proposal. I am not sure I am ready to say it was fun, but it was very intense and, again the final product was outstanding. I want to thank those who participated, Wayne Supplee, Kenny Potters, James Storch, Randy Smith, Barry Merrill, Rodney Rush, Dan Skrobialowski, Brian Robinson, and Dean Hughes all from BSE.

P5CTS/P4RC Employee of the Quarter



Timothy Bondy
Computer Operator
Shaw AFB, SC

Timothy Bondy was awarded the Employee of the Quarter for his above and beyond performance this past quarter. His work with P4RC ICADS system troubleshooting was exceptional. He also improved mission feedback with the development of a Website on the Shaw AFB server to provide easy access to the 20FW for its mission debrief forms, pod status reports and BSE ICADS smart cards for system operations. He continues to provide system training to pilots operating the ICADS debriefing system and assists with Pod Loading and PMI's of the P4RC ACMI Pods. His contribution to the company didn't stop with his job description duties, he has also assisted our Information Technology Manager with various research material to help with a web hosting limitation issue. Job Well Done Mr. Bondy.

P5CTS Update

Eglin AFB has finally, after almost a year and half delay, received the first P5CTS system in early January. During system testing aircraft were tracked at over 120 miles from the single Range Remote Unit, which sets in Panama City Florida and is used by aircraft flying in the Gulf of Mexico. Additionally, aircraft could relay an additional 100+ miles allowing us to track aircraft throughout the Gulf. The 33FW is very excited about this new capability as training on the system continues and aircrews finally get their hands on the system. We are anticipating about the same system usage as the P4RC system, but due to the increase system complexity it will require additional maintenance efforts and capabilities, which we are currently developing.

With the installation at Eglin and final security testing we are now anticipating our Seymour Johnson site will receive the system in March and Langley in April and will be adding additional personnel to support the system.

P5CTS/P4RC Employee of the Year



Jeffrey Aiken
Pod Load Technician
Mt. Home AFB, ID

Jeffrey Aiken was awarded the Employee of the year for the P5CTS/P4RC Contract for his outstanding work at the ACMI facility at Mt. Home AFB. His critical role as Pod Load Technician and Rotational Pod Loader have assisted with not only his home base reaching remarkable sortie rates, but he has also provided exceptional last minute support at Cannon AFB NV when a employee became seriously ill. Mr. Aiken also plays a vital role at his base by conducting load training as a certified trainer of several variations of the F-15 & F-16 fighter aircraft. By training military load crews, in addition to BSE personnel, Mr. Aiken's efforts allow the 366FW to always have experienced personnel available before, during, and after BSE's contracted work shift.

Mr. Aiken continues to make efforts to improve himself by furthering his education while working towards his degree in Electronics. If that wasn't enough Mr. Aiken also volunteers with his local Boy Scout Troop 157 as Fund Raising Chairman. Congratulations Mr. Aiken.

FYI



Important Reminders

Constance St. John,
Human Resources

BSE employees are required to obtain written approval from their supervisor before participating in outside work activities. Approval will normally be granted unless the activity conflicts directly with BSE's interests or the interests of our customer(s). For more details see our employee handbook.

Incidents or injuries need to be reported IMMEDIATELY!

Site Managers and Supervisors please remember to turn in copies of any incident/injury reports to the HR Department.

Last but not least, the phones have been ringing on how to access ADP information so here is a quick walk thru:

How to Register on ADP iPayStatements

1. Go to <https://paystatements.adp.com>.
2. Click on "Register Now".
3. Enter the Self Service Registration Pass Code: BERINGSEA-ANCHORAGE
4. Select iPayStatements as the self-service Product.
5. From your most recent pay statement, enter the following information:

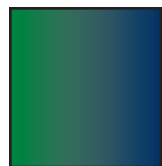
Company Code
File Number
Social Security number
Pay Date or Advice Date
Check/Voucher or Advice Number

You will then be prompted to complete a registration process during which you must answer a few security questions and select a password. Your password must contain between 8 to 20 characters and at least one alpha and one numeric character. You will be assigned a system generated User ID. The security questions will be used to verify your identity if you ever forget your user ID or password.

Upon completing the registration process, you may access your pay statements at <https://paystatements.adp.com>.

St. Paul Island Report

Bill Arterburn, Chief Executive Officer



As an update to last quarterly report, work has continued by BSE throughout the fall on the lead based paint and asbestos removals, and restoration of certain dwellings and buildings formerly owned by The National Oceanic & Atmospheric Administration (NOAA) on St. Paul Island. BSE crews have worked thru the available funding for such activities and are presently stood down, awaiting to see if NOAA will find additional funds to complete the work.

The onset of unusually severe winter weather in the form of high snow

accumulations and wind driven snowdrifts, have made much of the island incapable of being accessed. The island entities,



Tunnels cut through the snow on St. Paul Island

corporation, tribe and municipality, are working jointly to keep the airport open and main thoroughfares passable. BSE workers have had difficulty reaching the Intertribal Information Technology Corporation (IITC) laboratory on several occasions during the past two months, and the quantity of work on contracts is diminished by the need to maintain access for men and equipment. Air access, the lifeline of the island, has been severely restricted, as well, which has a compounding affect on the community's ability to function normally. After several warm winters in a row in the Bering Sea, we were bound to pay a price and see a winter more like those of the past. This is why we prefer to get the work done in the summer months.

BSE was unsuccessful in its bid to construct the new Loran Station Building for the USCG on St. Paul Island. IITC Lab has an opportunity to present capabilities to Jacobs Engineering for a digitization project it has planned.

Hawaii Safety Introduction

Victor Melovidov, Safety Officer



Aloha from Hawaii. My name is Victor Melovidov and I am the Safety Officer for BSE Operations – Hawaii. I am an Alaskan Aleut from the island of St. Paul and moved to Hawaii in 2004. I worked as a laborer on

BSE Hawaii jobs and learned our operations from the ground up. As the Safety Officer, my goal is to provide quality work with no injuries. While this sounds easy enough, it takes hard work and constant training for not only the employees, but for me as well.



In Hawaii, BSE performs mostly industrial and environmental work, which includes;

- Tank cleaning, repair, and maintenance
- Oil spill response and clean up work
- Industrial high pressure cleaning of steam plants, cooling tunnels
- Vacuum truck operations
- Oil and waste product trucking operations
- Hauling daily supply of LSO fuel to downtown Honolulu power plant
- Support to Bering Sea Environmental Specialty Welding Division

This listing is just a sampling and there are many more dangerous and sensitive tasks that are preformed here in the hot humid climate.

Some of my responsibilities include providing safety orientations, update and issue all personal protective equipment, conduct safety meetings, coordinate all 8 and 40 hour HAZWOPR training, calibrate air monitors, attend safety council meetings with our top clients, and travel from job site to job site to monitor our employees as they work.

We work in very hazardous industrial locations on these islands, and my job is to keep all my employees safe. It can be a tough job, but here in Hawaii BSE has great employees!

Aloha!

CR3F

Don Lee, Project Manager



The Centralized Range Reside Recycling Project (CR3F) is a three year, three million dollar project funded by U.S. Army Corps of Engineers; (USACE). BSE and Science Applications International Corporation (SAIC) are supporting USACE in their ordnance and explosives environmental cleanup of formerly active and inactive DoD sites, by developing documentation for assessing the feasibility of placing a CR3F facility on selected tribal lands. A screening methodology was adopted and approved, and work has progressed to identifying approximately 6 final candidates. BSE and SAIC staff are hard at work trying to complete the fact gathering portion of the project by early March 2007.



*Native Dance Performance
seen while on a site survey*

In the process, site visits were made to each of the qualified tribal entities, first by USACE to explain the project then by BSE and SAIC staff to visit possible CR3F sites and gather in-depth details about the area, and get a feel for the tribe's ability to undertake this project.

A tremendous amount of work has gone into the project. Overall design of a model plan to handle Military scrap requires more than

your normal recycling facilities safety and protocols. Approximately 150 different types of munitions would be considered; different procedures would be required for different groups of munitions, as well as different types of equipment and trained workers. Under ideal situations a CR3F site would employ about 30 full time workers.



*Site Survey with BSE and SAIC staff
of a possible CR3F Site*