

**MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
JANUARY 18, 2008**

The meeting of the Finger Lakes Regional Telecommunications Development Corporation (TDC) was called to order by Geoff Astles at 10:07 a.m. in the Economic Development Conference Room.

In attendance were:

Members:

Geoff Astles, Ontario County Administrator
Edward Hemminger, Chief Information Officer, Ontario County
Wayne Houseman, Vice Chairman, Ontario County Board of Supervisors
Mike Manikowski, Ontario County Economic Developer
Doug Mossbrook, Eagle Mountain, Inc.
Camille Sorensen, Wayne Finger Lakes BOCES
Mike Ward, Information Service Director, Ultralife Batteries

Guests:

Joe Starks, ECC Technologies
James Townsend, Esq., Remington, Gifford, Williams & Colicchio
Linda Wiener, Bonadio & Co.

Absent:

Robert Seem, Cornell Ag & Food Tech Park
David R. Smith, CEO, Infotonics

MINUTES –October 26, 2007 and November 30, 2007

Wayne Houseman made a motion to approve the minutes of October 26, 2007 and November 30, 2007. Motion was seconded by Doug Mossbrook, and carried.

Ed Hemminger advised that the official launch date of the fiber optic project would be February 6th at the Steamboat Landing in Canandaigua, and the Chief Information Officer for the State of New York, Melodie Mayberry-Stewart would be on hand as the keynote speaker as long as her schedule allowed. The breakfast meeting would be held from 8:00 – 9:30, and would include an approximate 30 minute presentation by Ms Mayberry-Stewart followed by an update from Ed Hemminger on the corporation and activities. The breakfast meeting is being planned by Dixon Schwabl for key customers. (Mike Manikowski advised that he would be out of town on the 6th.)

Ed Hemminger spoke of the interest being shown in the installation of the fiber by the press, and advised that photos were scheduled to be taken on Tuesday at 10:00 a.m. should anyone be interested in participating.

FINANCIAL REPORTS

Linda Wiener advised that it appeared all data had been recorded for the balance sheet and the profit and loss statement for year ended 12/31/07. She advised that Eldredge, Fox & Porretti (EFP Group) would receive a copy. In response to Geoff Astles, Linda advised that she would provide all members with a cash flow statement, and Ed Hemminger advised that he would provide a cost breakdown showing project to operations costs—a project summary.

Linda advised that the books would look different at year end 12/31/08 because both income and revenue would be recorded.

Ed Hemminger gave an update on the CD's advising that the one for \$200,000 had been rolled back to the checkbook and would be used to pay fiber expenses and invoices received from Syracuse Utilities. He also advised that there was \$15,000 in the checking account and the balance was in money markets earning interest. Ed advised that Linda was still looking into collateralization of funds and would provide an update at the February meeting.

The Board was advised that the price for the audit had been renegotiated from \$8,000 to \$6,500 with the EFP Group. All data requested was forwarded except for the December minutes. Doug Mossbrook made a motion to contract for auditing services with the EFP Group, seconded by Mike Manikowski.

Jim Townsend advised that EFP's proposal as presented included preparation of tax returns, which he didn't think was going to be one of their duties, as the requirement was for auditing and accounting/taxes to be separate. Ed Hemminger advised that he would contact EFP about deleting tax preparation from their scope of services, and renegotiating the price accordingly.

Doug Mossbrook amended his motion to include Geoff Astles and Ed Hemminger working with the EFP Group to renegotiate the price of the contract, and to have the final version reviewed by Jim Townsend before formally adopting. The amended motion was seconded by Mike Manikowski, and carried.

Linda Wiener advised that the accounting policy procedures should be drafted by June. With the tax season now underway, Linda advised that she would distribute sections for review by the Board as she writes them with the goal for the draft manual to be completed by June.

Discussion was held on loan securitization rates and of the bond rate being at a low 3.66 for 10-years. Ed Hemminger mentioned the Board's new member Jim Fralick who has a banking background. Mr. Fralick had informed Ed that the LDC was in a good financial position being backed by a guaranteed revenue stream and a billion dollar company. Ed relayed that Jim mentioned hiring a bond underwriter and looking at some 25-year bonds. Mike Manikowski also mentioned eligibility for civic facility bonds.

Ed Hemminger advised that April or May would most likely be the time frame for hitting the market, as after completion of the first 40 miles, funds would be needed for the following phase, and he would know more following his lunch time meeting with officials from HSBC. Ed will also seek a comparison between conventional financing and bond financing.

PROJECT UPDATE

Ed Hemminger advised that the project was "on budget", and the first 50 miles of "make ready costs" would be about \$250,000, which is less than the \$6,300 estimate per mile figure in the business plan, and could help bring the project in under budget. In addition, the raw cost of fiber is \$1 per foot, which is better than the unit bid price. Ed Hemminger mentioned some unplanned issues that had occurred like hitting a sewer line.

Joe Starks and Ed Hemminger advised that they were pretty much done with the business plan, but that they were still meeting with a few groups, like the group from HSBC later in the day.

JIM TOWNSEND

Discussion was held on renewing the contract for legal services with Jim Townsend. Compensation would remain the same (monthly retainer of \$1,000 allowing for almost unlimited access), with additional costs based upon an hourly wage or a transaction rate, being assessed for special projects (like the 501(c)(3) filing). Mike Manikowski made a motion to renew the contract, seconded by Doug Mossbrook, and carried.

Jim Townsend advised of a few things that needed to be done.

1. Provide a report to the entity that created the Authority.
2. Report to the County on operations – draft should be done by February meeting.
3. After the LDC has employees, it will be necessary to create a policy on whistle blowing, discrimination, and non disclosure.
4. Review the Code of Ethics report adopted in 2007, and have the LDC members file updated disclosure statements.
5. Review investment and cash policy.
6. Adopt budget for the coming year.
7. Review financial statements and report to management following the formal audit.
8. Update requirements to the Public Service Commission (if needed), and submit annual report.
9. Prepare policy on disposition of property (currently the LDC only has leased property).

Jim reminded all Board members that they were entitled to defense and indemnity for their official actions as Board members, and they should familiarize themselves with the bylaws.

WEB

Discussion was held on whether a monthly summary report or Board minutes should be posted on the LDC web pages. It was decided to have Ed Hemminger complete a summary report for the Board to review at the February 22 meeting. If approved, it would be posted on the web page along with the Board minutes.

ELECTION OF OFFICERS

Ed Hemminger advised that Bob Seem's term on the Board would expire at the end of the year and Jim Fralick was filling out the term of another former member. Mike Manikowski made a motion for both Bob Seem and Jim Fralick to be appointed to a three (3) year term, seconded by Doug Mossbrook and carried. It was noted that both should have the required public authority training.

Mike Manikowski spoke of hiring a COO for the organization to take over some of the many tasks currently handled by Ed Hemminger who also holds the full-time position of Chief Information Officer for Ontario County. He noted the importance of having someone responsible for current and future operations.

Discussion was held on the policy for Geoff and Ed to sign checks over \$10,000. The question was raised that since Geoff and Ed are both employees of Ontario County, should a non-county employee be the second signatory? Jim Townsend advised that he would seek an answer from EFP.

JOE STARKS - UPDATE

Joe Starks advised that the LDC was approached by representatives of Marcus Whitman School who have an interest in leasing fiber, and negotiations are currently underway. It is expected that this would be done by the end of summer 2008.

At this time, Doug Mossbrook made a motion to adjourn and reconvene in Executive Session for the purpose of discussing preliminary negotiation terms of a potential contract. The motion was seconded by Wayne Houseman and carried. Wayne Houseman made a motion to exit executive session and reconvene in regular session, seconded by Doug Mossbrook. No action was taken during executive session. Motion carried.

In discussing the continuation of marketing and other services provided by ECC Technologies, Mike Manikowski made a motion to renew the service contract with ECC Technologies for a not to exceed cost of \$49,000 for the 2008 year. The motion was seconded by Mike Ward, and carried.

Joe Starks advised that the design of Phase 1 was 90-95% complete. Construction at the Hopewell site is complete, and by Tuesday, the link between Canandaigua and Hopewell should be complete, and in less than two weeks the fiber should be in use. Geoff Astles suggested that a log be maintained showing the before/after differences of data transmissions.

Victor-Farmington will be the next phase of fiber installation, and "make ready" work is currently being done. At the current rate, Frontier is falling behind but they are providing for temporary attachments to the poles which can be fixed later. The contractor will return later to mold the wire at an estimated cost of \$175 per pole. No "make ready" issues are being expected when the Victor to Geneva installation is completed.

Joe reported that it appeared the project was under-budget in the area where it was felt the LDC would be hit the hardest.

SYRACUSE UTILITIES

Syracuse Utilities provides a 5-year workmanship and materials guarantee, and a 3-hour emergency response time. They can now be reached at the 800 number, and Joe advised that consideration is being given to electronic devices being set up in each town hall to monitor the fiber. Further discussion will be held between Ed Hemminger and Joe Starks

Board was advised that Syracuse Utilities is using the former Highway Garage on Saltonstall Street in Canandaigua through the end of the project.

MARKETING

Committee received an updated copy of the sales tracker summary sheet dated November 30, 2007 from Joe Starks. Geoff Astles asked to have a map available to show the status of the project (completed sections, etc.) The Planning Department will be contacted to assist in this portion of the project.

GOVERNANCE COMMITTEE

Joe Starks talked of double taxation on those that have both fiber and copper lines and noted that the copper lines cannot be removed at the current time. It was felt that the Governance Committee should review this item.

OTHER BUSINESS

Ed Hemminger advised that he submitted the LDC for the Best of New York Award, and Geoff Astles' name was given as the point of contact. He also advised that it appeared he is now a government expert contact for the CIO of the State of New York.

Ed advised that he submitted two proposals to ask for new state policies, one which requested that when a state road is reconstructed that conduit be installed at that time. The other is to develop a method to assist or make not-for-profit or new installations, property tax exempt for a period of time (like 5 years), and make the whole amount due at the end of a 10 year period.

Ed advised that he was on the Governor's Council which met recently. Six action teams were organized and he was appointed Vice President of the one dealing with applications, and was a member on another committee(s). Mike Manikowski was also appointed to the Economic Development and Workforce Committee and Joe Starks is on the Infrastructure Team.

Being no further business to come before the Board, Doug Mossbrook made a motion to adjourn, seconded by Wayne Houseman, and carried. The next meeting will be held on February 22, 2008 at 10:00 a.m. Agenda items for the next meeting should be forwarded to Ed Hemminger.

Respectfully submitted,

Margaret Cooper, Secretary to the County Administrator

Distribution:

All attendees, present and absent
Ontario County Board of Supervisors
Darlys McDonough, Deputy County Administrator
Kristen Thorness, Esq.
Office of Economic Development

John Park, County Attorney
Board of Supervisors Office
Cathy Bentzoni, County Finance Officer
Mary Gates, Economic Development Office