

**MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
JANUARY 28, 2009**

Members Present:

Geoff Astles, Ontario County Administrator
James Fralick, Ontario County Citizen
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.
Robert Seem, Cornell Ag & Food Tech Park
David R. Smith, Ontario County Citizen
Mike Ward, Vice President Information Technology, Ultralife

Members Absent:

Camille Sorensen, Wayne Finger Lakes BOCES

Others Present:

Joe Starks, ECC Technologies
James Townsend, Esq., Remington, Gifford, Williams & Colicchio

The meeting of the Finger Lakes Regional Telecommunications Development Corporation (TDC) was called to order by Geoff Astles at 10:05 a.m. in the Economic Development Conference Room.

MINUTES

Wayne Housemen pointed out a spelling error to be corrected then Jim Fralick made a motion to approve the minutes, seconded by Doug Mossbrook, and carried.

GOVERNANCE COMMITTEE UPDATE

Bob Seem presented the Governance Committee Report dated January 28, 2009. The report notes that David R. Smith and Douglas Mossbrook were nominated to serve on the Board to January 2012. Also, it nominated the following officers for reappointment:

Chairman*	Geoff Astles
Vice Chairman*	David R. Smith
Secretary*	Camille Sorenson
Treasurer*	Doug Mossbrook
Plus1*	Wayne Houseman
Chairman of the Audit and Finance Committee:	James Fralick
Chairman of the Governance Committee:	Robert Seem

*Constitutes membership in the Executive Committee.

Bob Seem moved that the nominations noted above be approved, seconded by Mike Manikowski, and carried.

ANNUAL DISCLOSURES

Board members were asked to update the annual disclosure forms and return to Ed Hemminger. Ed was advised that the form needed to be updated to Year 2009.

BONDING DISCUSSIONS

Ed Hemminger distributed the DRAFT Letter of Credit for up to \$5 million and up to \$1.2 million line/term loan, which he received just prior to the meeting, and hadn't had a chance to review. It was noted that a correction was necessary to the clause dealing with the use of the proceeds on page two. Within the draft document, it stated the "Limits and Allowances" as Limitations and allowances with respect to the Borrower and the Project including, but not limited to other indebtedness, capital expenditures, granting of liens, guarantees and lease payments. Provided that the Borrower is not in default and subject to all other covenants, terms, and conditions, Borrower may incur up to \$100,000 in additional debt, if the DSCR, on a pro forma basis including the additional debt, is in excess of 1.30 times. Additional indebtedness in excess of \$100,000 may be approved by the Bank."

Ed advised that the biggest change over the previous commitment was the increased fee in the letter of credit to 2.5% from 1.5%, but the bank would review the condition on a six month basis. He stated that by borrowing \$4.4 million now before any substantial revenues are received, he would anticipate about \$1.5 million in the bank by the end of the project

Ed Hemminger advised that all documents he receives would be forwarded to the Board, and the Board would reconvene in about one month, hopefully allowing time to read the revised document prior to the actual meeting. Mike Manikowski made a motion to continue negotiations with Citizen Bank and to have the Legal, Governance, and Audit Teams report back to the Board before any action is taken, and to pay Citizen Bank the commitment fee of up to \$12,500 to move the closing of the loan to the next step. Ed advised that a formal commitment letter is expected to be received prior to the next Board meeting.

Ed advised that he and Joe Starks and Terry Phillips from Bonadio were working with the number given to Citizen Bank. He stated that originally the \$7.5 million project was for 180 miles of fiber, and it is now down to 164 miles of fiber, and the cost is more like \$5.8 million.

Mike Manikowski wondered what might happen if the Board decided to wait 60 – 90 days before taking any action, considering the economic stimulus package might be a potential funding source. Jim Fralick expressed concern that the interest rate might increase, and Joe Starks felt the stimulus package would have no effect on construction, but it might have an impact on Phase II, and he deferred to someone with more financial marketing experience. Ed was concerned with the uncertainty of waiting, and the major consequences that could occur as a result of delaying the project, and he predicted it could be one year before obtaining stimulus monies. Doug Mossbrook stated that options should be left open for grant monies.

David R. Smith made a motion in support of proceeding with the bonding, seconded by Doug Mossbrook, and carried.

CEO UPDATE – Ed Hemminger

MASTER AGREEMENT – Ed advised that there were three Master Agreements.

2009 BUDGET – Ed advised that there were no unusual expenses or issues to bring before the Board.

US BROADBAND COALITION – Ed advised that the Coalition was a good national group, and he distributed information about them.

PROJECT SUMMARY - Ed distributed FLRTCD Project Summary sheets dated 1/26/09.

2009 OPERATING BUDGET – Ed presented the budget for 2009 showing operating funds at \$1,121,565, operating expenses at \$170,670, and infrastructure projects at \$684,523.

ACCOUNTING SERVICES UPDATE

The Balance Sheet as of December 31, 2008, and the Statement of Cash Flows showing January through December 2008 were given to the Board members. Total assets, and liabilities & equity were at \$2,335,073.86, and cash at end of period was \$1,092,705.66. On the Profit and Loss Statement from January through December 2008, which was also presented, it showed a Net Income of -\$72,445.39.

DESIGN, ENGINEERING AND CONSTRUCTION UPDATE

Joe Starks gave an update on the design, engineering and construction of the project, handing out a Build Status Report dated 1/26/09. He stated that Phase II construction was moving forward, on time, and under budget.

Joe also distributed a map showing the placed fiber, the Phase II “in progress” fiber, and future fiber placement.

Joe provided an update on the temporary attachments that were installed on 40 poles about 6 months ago. The authorization for temporary attachment installations allowed the TDC to build at a faster pace, especially in the more rural areas.

Joe advised that they are in the design phase for the Marcus Whitman School District project and hope to be done in June or July. Negotiations were taking place with regard to a performance bond. The LDC was awarded the backbone piece and Billitier had the contract to take the fiber into the building.

The Board was advised that the LDC may be required to obtain a performance bond with Syracuse Utilities as a condition with Citizen Bank.

Reported that Ontario and Trumansburg Telephone companies and Verizon are customers of the LDC, and revenues will begin to be received in the summer months.

OLD BUSINESS

UTILITY “MARK OUT” SERVICE - Joe advised that he was trying to get three proposals from companies that perform utility markings.

ANNUAL REPORT TO COUNTY - Jim Townsend advised of the categories that should be in the annual report to the County.

It was decided to hold the next meeting on February 27th (Doug Mossbrook and Jim Fralick will be unable to attend.) The alternate date would be March 6th (Mike Ward will be unable to attend.)

Being no further business to come before the Board, the meeting adjourned at 11:00 A.M..

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., County Attorney
Maureen Duggan, Economic Development

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