

**MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
NOVEMBER 30, 2007**

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, 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.
Robert Seem, Cornell Ag & Food Tech Park
David R. Smith, CEO, Infotonics
Camille Sorensen, Wayne Finger Lakes BOCES
Mike Ward, Info Service Director, Ultralife Batteries

Guests:

Joe Starks, ECC Technologies
James Townsend, Esq., Remington, Gifford, Williams & Colicchio
Linda Wiener, Bonadio & Co.
Kim Allen & Jessica Savage, Dixon Schwabl

MINUTES –October 26, 2007

Board was advised that the minutes of October 26 were unavailable, but would be voted upon at the January meeting along with the minutes from November 30.

BOARD MEMBER RESIGNATION

Board acknowledged the resignation of Mike Bell. Bob Seem made a motion to have Ed Hemminger prepare a resolution thanking Mike for the time and effort he put forth in helping to get the TDC organized and formulated. The motion was seconded by Mike Manikowski, and carried.

PUBLIC RELATIONS – DIXON SCHWABL

Mike Manikowski introduced Kim Allen and Jessica Savage from Dixon Schwabl who would present a proposal for the Board's consideration and approval.

Mike spoke of a public relations event to launch the start of the construction of the fiber ring project, which would be a way to gain attention and inform business of the unique project that the County has undertaken to attract and retain business in the community.

Kim spoke of two separate events with the first to take place in December or January. This event would be planned as a more intimate event with a focus on economic development. It would be a breakfast, lunch, or after hours event with well informed leaders. Dixon Schwabl would handle press materials, media relations, VIP letters, and event coordination. The cost of \$2,500 (plus out of pocket expenses for the facility, food, materials and supplies, and postage) would include a total of 20 public relation hours.

The second event would be planned for March or April and would include a press conference and community event to open up the initial 40-mile phase. Cost would be \$4,375 plus any out of the pocket expenses to include facility cost, audio visual requirements, event invitation creative development, print production, postage, and the such, to include 35 public relations hours.

Mike spoke of regional awareness for the project, and of national and state-wide newspaper and magazine coverage. He also stated that members of the Board of Supervisors and Industrial Development Board should be invited to see their hard work come to fruition, as well as key people in the community, and Melodie Mayberry-Stewart who is the Chief Information Officer of the State of New York.

Discussion was held with regard to the proposal and it was felt that the first event should be held in January at which time the City of Canandaigua and the Hopewell Complex should be connected. The second event would be in March or April when the 40-mile stretch would be ready for use.

Mike Manikowski, David R. Smith, and Ed Hemminger volunteered to work with Dixon Schwabl on the details of the event, and to seek the assistance of Corning, if desired. Ed advised that since there would not be a meeting in December, the first event would be held before the Board met again. Because of that, updates on the plan would be distributed to the Board by Ed Hemminger, and Board feedback was encouraged. Also mentioned was a formal report to the Ontario County Board of Supervisors from the TDC.

David R. Smith made a motion to have Ed Hemminger prepare the necessary documents to contract with Dixon Schwabl, seconded by Wayne Houseman. Ed Hemminger stated that both phases would cost \$6,875 plus expenses incurred by Dixon Schwabl and the LDC in arranging the event which would need to be paid with TDC funds. Motion carried.

REPORT – JIM TOWNSEND

Jim Townsend spoke of the year-end meeting in January, and some of the items that would be required like status reports showing accomplishments, financial reports, Board appointments, budgets, etc. With the extent of activity planned for January, he wondered if the meeting date should be moved up since there wasn't a meeting scheduled in December. No action taken on changing the meeting date. Note: Meeting date is now set for January 18th.

Jim advised that the Empire Pipeline amendment had been executed and FERC (Federal Energy Regulatory Commission) approval was received thus the agreement is good to go. Empire funding would begin in September 2009, and liability would start in about one-year. The guarantee is provided by National Fuel Gas. Banks would now need to be approached to convert the guaranteed revenue into cash to build the remainder of the ring.

With regard to additional legal activities, Jim stated that he didn't anticipate any, but spoke of updating the financial and business plan, and regulatory filings that would need to be done by year-end, which he and Joe Starks would need to handle. Ed Hemminger did note that the contract for Mr. Townsend's services would need to be renewed in January.

Jim stated that the ECC contract for phase I design and engineering was ready for Joe Stark's signature, and the contract with Syracuse Utilities and the maintenance contract had already been completed. Also, requests have been submitted to New York State for the sales tax relief documents that would be necessary for tax exemption status.

FINANCE

Linda Wiener advised that \$9.3 million (funds from Empire Pipeline) were booked as a receivable and revenue, which is not in accordance with normal accounting principles, yet it is a way to show banks what funds are reserved for the project. She also advised that disbursements related to construction were reclassified from expenses to fixed assets.

CD's were just rolled over at 4.43% for the larger one and 4.4% for the smaller one. An evaluation on what other banks have to offer will be conducted.

Linda advised of an issue related to collateral for the CD's, and noted CNB is conducting an investigation to see if it is necessary. If so, the bank would be responsible for the charges.

Currently, Bonadio is writing policies and procedures, and the draft will be ready for the February meeting.

Linda advised that Jerry Archibald recommended having the books audited as banks will want that done when considering financing. She noted that EFP gave a quote of \$16,000 - \$20,000, which she thought was based on their assumption that there would have been more activity on the books than there had been. She stated that she would ask them to reconsider a price between \$3,000 - \$6,000.

Ed Hemminger updated the Board on his accounting activities:

- Payment of \$1,000 was made for legal services
- Payment for miscellaneous filing costs was made.
- Payment was made to Bonadio.
- ECC has been paid for about half of Phase I design services.

JOE STARKS UPDATE

Joe Starks advised that the design work was about 80% complete, and he anticipated the Hopewell to Canandaigua phase would be completed by the end of December.

Extensive discussion was held on an indemnity clause being required by the insurance carrier for Syracuse Utilities, which Jim Townsend felt would be covered by the following wording, "the Board authorizes an addendum to the contract to require Syracuse Utilities to provide additional insurance coverage from its insurance company to support its clear cut indemnity for their contract obligation under their agreement with the LTC". David R. Smith made a motion in support of Jim Townsend's statement, and to authorize Ed Hemminger to sign the contract when it is ready. The motion was seconded by Doug Mossbrook, and carried.

Joe advised of a fiber swapping agreement with Ontario Trumansburg that is now being worked on. He also spoke of working with school districts that have fiber capacity, hoping to take over the excess capacity and operations and maintenance, which would save in capital costs for the project. Cost saving measures will continue and will be on-going by Joe and Ed Hemminger.

With regard to property tax, Ed Hemminger advised that the Corporation's fiber infrastructure will probably be assessed by NY State and property tax will be required to be paid. It is anticipated the taxes will run 20% of the annual budget or nearly \$100,000.

Mike Manikowski spoke of a "sale - lease back", which is due to expire at the end of January, but since all municipalities would have to hold a public hearing before it could take effect, there wouldn't be enough time to get it done. He did, however, mention that traditionally the NY State Legislature would reinstate an authorization for some program in the late summer timeframe.

Geoff asked for Ed and Jim to track the progress being made in the community.

With regard to construction, Joe advised that work could proceed all year long, but that frost would halt the underground work, and an ice storm would probably delay the project, but snow shouldn't cause a problem.

SYRACUSE UTILITIES

Geoff Astles advised that an arrangement is being proposed for Syracuse Utilities to lease a portion of the Saltonstall Street Highway Garage for \$1,000 per year, plus incidentals. This arrangement would provide them with three full bays inside, and a parking area outside for storage. Geoff advised that a resolution and agreement would be necessary as well as insurance which would indemnify the County from liability issues. Doug Mossbrook made a motion to proceed with the resolution and agreement, seconded by Bob Seem, and carried.

MARKETING

Joe Starks presented a chart showing marketing efforts and Geoff asked to have line colors identify those that have been secured. With actual construction about to begin, Joe advised that he is now being approached by vendors who are interested in committing to the ring.

Ed Hemminger spoke of the three types of carriers (Service Providers, Wireless Providers and Infrastructure Users). The most critical to the Corporation are the "service and wireless carrier groups" as they provide the services to customers that connect to the fiber.

Ed Hemminger mentioned the development of marketing and public relations plans, and spoke of the concept of branding to be used in letterhead, logos, etc. He also advised that the public relations RFP had been completed and he would look for feedback from all via email. The tentative release date was December 7 followed by vendor responses, interviews, recommendations, etc. Geoff Astles felt that the December 7 date was too aggressive and Ed was asked to provide an update of the document at the next meeting for final review.

GOVERNANCE COMMITTEE

With the resignation of Mike Bell, Bob Seem spoke of the opening on the Board. To fill the opening, he suggested appointing Jim Fralick who has worked at Morgan Stanley and the Maxwell School at Syracuse University as a professor of economics. Both Wayne Houseman and Doug Mossbrook endorsed the suggestion. Wayne Houseman made a motion to appoint Mr. Fralick to the Board, seconded by David R. Smith, and carried.

OTHER BUSINESS

Ed Hemminger reminded the Board of the next training session for public authority members, which would be held on December 7 from 9:00 – 1:00 in the 3rd floor conference room of the County Municipal Building. Ed asked to be notified if attending.

Ed Hemminger advised that an 800 number would be needed to attach to the fiber tags. Calls received on that number would be diverted to ECC for now. David R. Smith made a motion to have Ed Hemminger move forward with obtaining an 800 number, seconded by Bob Seem, and carried.

Ed Hemminger advised that he recently had to review some documents for the Governor's Broadband Initiative, and he expected that he would go to Albany the following week as part of the kick off events, which then starts the formal process of providing \$5 million in grants.

Being no further business to come before the Board, the meeting adjourned at 11:17 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.
Office of Economic Development

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