

MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION

November 7, 2008

Board Members:

David R. Smith, Ontario County Citizen
James Fralick, Ontario County Citizen
Wayne Houseman, Ontario County Board of Supervisors
Mike Manikowski, Ontario County Economic Developer
Mike Ward, UltraLife Corporation
Robert Seem, Cornell Ag & Food Tech Park

Staff:

Edward Hemminger, Chief Information Officer, Ontario County
James Townsend, Esq., Remington, Gifford, Williams & Colicchio
Linda Wiener, The Bonadio Group

Absent:

Camille Sorensen, Wayne Finger Lakes BOCES
Geoff Astles, Ontario County Administrator
Doug Mossbrook, Eagle Mountain Inc.

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

APPROVAL OF SEPTEMBER 26 AND OCTOBER 3, 2008 MINUTES:

Wayne Houseman made a motion to approve the minutes of the September 26 and October 3, 2008 meeting, seconded by James Fralick. Motion Carried.

AUDIT COMMITTEE REPORT:

Jim Fralick reviewed the minutes from the Audit Committee meeting held October 31, 2008 (see attached).

RESOLUTION:

The board approved the Audit Committee Charter document (with recommended changes related to dating and typos). Motion made by Wayne Houseman and seconded by Mike Ward. Motion Carried.

RESOLUTION:

Motion was made that the Chair of the Audit Committee be the Corporation Compliance Officer. Offered by Mike Manikowski and seconded by Bob Seem. Motion Carried.

Three audit proposals reviewed by the committee. The committee recommends Mengel Metzger Bar to conduct the 2008 Audit of the FLRTDC and to prepare the 990. Also noted was that the committee had prepared a decision analysis for selecting the audit firm.

RESOLUTION:

Motion was made to accept the proposal from Mengel Metzger Bar and authorize them to prepare the 990 as the board finds that it is appropriate for them to do so in an amount not to exceed \$8,950. Offered by David R. Smith and seconded by Bob Seem. Motion Carried.

Jim Fralick reported that the Audit Committee had reviewed and approved the following procedures: Cash Receipts, Cash Disbursements, Bank Statement Reconciliation and Cash Management and Investment. The committee also reaffirmed the Purchasing Policy.

Committee recommended holding the collateralization until the end of the year when the corporation will know the amount needed to fund immediate projects and the market settles. The collateralization CDs are for 3 months.

ACCOUNTING SERVICES UPDATE:

Linda Wiener reviewed the September financial reports. Ed Hemminger quickly reviewed the cash spreadsheet.

GOVERNANCE COMMITTEE REPORT:

Bob Seem reported that the committee had reviewed and were putting the final edits on the following policies: Code of Ethics, Conflict of Interest and Whistleblower. The committee will finish the edits and email them to the board. Policies will be discussed and voted on at the next board meeting. There were discussions that the next policies needed to be completed are document retention and Board review and signing of the 990. Non policies are discrimination and hiring policies which we will create and implement when the corporation hires employees.

DESIGN, ENGINEERING AND CONSTRUCTION STATUS:

Ed Hemminger reviewed the project. Phase 1 is still open as there could be some additional make ready invoices. Phase 2 Fishers Lateral is on schedule for completion by the end of the year. Phase 2 Backbone and Laterals design work is going well with an anticipated completion date of April 2009.

LEGAL UPDATE:

Jim Townsend discussed the Master Agreements. Many are very close to signing. We have signed a Master Agreement with Wavhost and Finger Lakes Technology Group. Based on the recommendations of the Audit Committee we are using 7% as the interest rate on lateral builds.

NEW BUSINESS:

None

Being no further business to come before the board, David R. Smith made a motion to adjourn at 10:40 a.m., seconded by Mike Ward. Motion Carried.

Respectfully submitted,

Edward E. Hemminger, Chief Executive Officer

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

Finger Lakes Regional Telecommunications Development Corporation
Audit/Finance Committee
Agenda
10/31/08

1. Audit Committee Role and Responsibilities
2. Interest Rates (Ed)
3. Auditor Selection – review of RFPs
 - a. EFP
 - b. Salmon – Gary Edom 279-0120 x 234
 - c. MMB – Ray Jacobi 672-1842
4. Policies and Procedures
 - a. Cash Receipts
 - b. Cash Disbursements
 - c. Cash Management and Investment
 - d. Purchasing Policy and Procedures Manual – adopted from Ontario County

Finger Lakes Regional Telecommunications Development Corporation
Audit Committee Meeting Minutes
10/31/08

In Attendance: Jim Fralick, David R. Smith, Michael Ward,
Others: Ed Hemminger, Linda Wiener, Jim Townsend

The meeting was called to order at 1:05 pm by Jim Fralick.

The committee requested that the annual disclosure form include the Code of Conduct and that there is an indication in the code of conduct that it is distributed and acknowledged by each Board member annually.

Compliance officer – discussion regarding the appointment of a compliance officer and that the chair of the Audit Committee be the compliance officer. A recommendation will be made to the board at the next meeting.

Audit committee – discussion as to whether the committee is the Audit and Finance Committee or the Audit Committee. Based on the size of the organization it was suggested that the committee be the Audit Committee and at this time there will be no Finance Committee as the Board is reviewing the financial information monthly.

Audit Committee Charter – The committee discussed the composition and qualifications section of the charter and recommended that the wording “At least one member of the committee must have accounting or related financial management expertise” be changed to “at least one member of the committee must be the Audit Committee financial expert. If there are no members with financial expertise, the board of the FLRTDC will explain why it does not have a financial expert on the Audit Committee”. In addition, the Committee recommended changing the wording “have such financial/accounting literacy or expertise” under composition and qualifications to “have financial/accounting literacy”. These recommended changes were unanimously approved by the audit committee to be presented for to the Board for approval at the 11/7/08 meeting.

Interest Rates – discussion regarding interest rate to be used be used for contract purposes with a specific customer. The Committee recommended and unanimously approved that 7% is a fair rate to be charged.

Auditor Selection – The Committee reviewed the proposals received from 3 firms – EFP Group; Salmin Celona, Wehrle and Flaherty and Mengel Metzger Barr (MMB). Discussion focused on each firm’s expertise in not for profit and telecommunications accounting and various aspects using a decision analysis format. MMB was selected unanimously by the Board members to conduct the 2008 audit and complete the 990 and CHAR. Linda and Ed are to follow-up with Ray Jacobi of MMB and discuss fees to determine if they can be lowered. The Committee will request approval of MMB as FLRTDC auditors for 2008 to the Board at the 11/7/08 meeting.

Policies and Procedures –

1. Cash receipts procedure – The Committee reviewed and unanimously approved the cash receipts procedure.
2. Cash Disbursements procedure – The Committee reviewed and unanimously approved the cash disbursements procedure.

3. Bank Statement Reconciliation – The Committee reviewed and unanimously approved the bank reconciliation procedure.
4. Cash Management and Investment Policy – This is an existing policies previously approved by the Board. The Committee reviewed the policy and unanimously reaffirmed the policy.

Collateralization of Cash at CNB – CNB has offered an alternative to collateralization whereby CNB will spread out the funds held in their bank among 3-4 other banks to assure that the funds are secure under FDIC. Under this arrangement, the cash will be tied up for a minimum of 3 months. Upon finalization of the contract with a major vendor, the amount of funds needed to complete construction and timing will be determined along with the determination of the amount of cash that can be placed into this arrangement with CNB. At that time, staff will arrange to move the cash accordingly.

Purchasing policy – The purchasing policy that was previously adopted by the Board was distributed and reviewed. No changes were recommended to the policy at this time.

Additional policies – Jim Townsend and Linda Wiener will continue to review the 990 requirements and determine if all requirements are being met. At this time FLRTDC needs to develop a document retention policy and a policy regarding the review and signing of the 990. It was suggested that policies be drafted and presented to the full Board on 11/7/08.

Nondiscrimination policy – FLRTDC follows general nondiscrimination protocols and because there are no employees who will benefit from this policy at this time, the FLRTDC policy will be to adopt a policy when the corporation has employees.