

**MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
MARCH 28, 2008**

In attendance were:

Members:

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
David R. Smith, CEO, Infotonics

Guests:

Joe Starks, ECC Technologies
James Townsend, Esq., Remington, Gifford, Williams & Colicchio
Linda Wiener, Bonadio & Co.
Louis J. Camarella, Jr., CPA, Partner, EFP Group
Christopher Johnston, CPA, EFP Group
Jennifer Arbore, CPA, EFP Group

Absent:

Mike Manikowski, Ontario County Economic Developer
Doug Mossbrook, Eagle Mountain, Inc.
Robert Seem, Cornell Ag & Food Tech Park
Camille Sorensen, Wayne Finger Lakes BOCES
Mike Ward, Information Service Director, Ultralife Batteries

The meeting of the Finger Lakes Regional Telecommunications Development Corporation (TDC) was called to order by Geoff Astles at 10:10 a.m. in the Supervisors' Conference Room. As there wasn't a quorum present, no action was taken.

AUDIT PRESENTATION – *EFP Group*

Christopher Johnston reviewed the SAS 114 letter, the draft financial statements, and the SAS 112 letter with the Board.

- SAS 114 Letter – In accordance with professional standards, Christopher Johnston spoke of required information he needed to point out in relation to the audit. He advised that three adjusting journal entries were required.
- Draft Financial Statements – After reviewing the report and addressing the issue of whether the LDC is a component unit, the Board was advised that EFP is waiting for a determination from Ray Wager on the component unit issue, and when received it will be taken into consideration in making the final decision, along with the fact that the LDC is a 501 (c) (3) organization, which will be reflected in the final report.
 - Board asked that the paragraph addressing the Empire State Pipeline agreement be identified with a separate heading, and that the relationship with the company be disclosed.

- Jim Townsend spoke of the feasibility of the organization being nearly assured with regard to the future revenue stream, and Joe Starks stated that although the books reflect negative balances, there is a 25 year guaranteed revenue stream that hasn't kicked in yet.
 - Ed Hemminger noted that the \$3,000 shown under "security deposits" had been returned to the County.
 - Ed Hemminger and Joe Starks will quantify the benefits Ontario County has received for their investment in the project.
 - Jim Fralick stated that the IRU rates should be disclosed within the financial statement notes.
 - Auditors noted that significant events that have occurred since the financial statements were prepared should be included as part of the final report (i. e., report showing the customer status, miles completed, and operational and related costs, etc).
- SAS 112 Letter – Board was given the definitions of a control deficiency, significant deficiency, and material weakness. Christopher Johnston reported on some significant deficiencies in internal controls that would be included in the final report filed with the State Controller's Office, and he reported that no material weaknesses were found. He also noted that certain operational matters would be presented for future consideration under the category of "other comments and recommendations." With regard to the significant deficiencies, Board members advised that they had already been identified and corrected. Auditors advised that the corrective action taken would be so noted in the final document, and will show as resolved in next year's audit report.

In speaking of the policies required to be in place, it was noted that the Administration Policy manual should be completed during the summer months. Linda Wiener mentioned that all policies identified in the audit report, plus a few others will all be in place by the end of the year. Jim Townsend mentioned the importance of having a Disaster Recovery Plan, and that he would be following up on the discrimination policy. It was also noted that since the LDC had no employees, certain policies weren't really necessary at the present time, but were still in the development stages.

Management was excused from the meeting so that Board members could meet independently with the auditors to ask questions or raise any issues of concern. During this period, Jim Fralick noted that he had resigned from the Board at CNB so he had no conflict with serving on the LDC. Jim also spoke of the importance of having the Audit and Finance Committee meet, as in the future the auditors would meet with that committee when presenting the results of their audit. The Audit and Finance Committee is chaired by Jim Fralick and includes Mike Ward and David R. Smith.

Christopher Johnson advised that his firm would be finalizing the draft report, and a PDF version would be emailed to Board members upon completion. Upon completion, a copy will be filed with the State Controller's Office and Ontario County.

ACCOUNTING SERVICES UPDATE

Linda Wiener reported on the following:

- There was a cash balance of \$2,029,905, and on March 11, \$400,000 of the CD was rolled into the checking/savings account for operating funds. The remaining cash of \$1,836,969 plus interest was put into a renewable 30-day CD.
- There was an RFP mailing on 3/10/09 for banking services and a criteria will be created for when submissions are evaluated after they are returned on April 13th.
- Cash flow report for the months of January and February reflected a cash decrease of \$184,892.

In working to create a charter for the Finance Committee of the Board, David R. Smith advised that he would share the charter that was recently prepared at Infotonics.

CEO UPDATES

PROJECT FUNDING SUMMARY

The summary provides information on all checks written and vendor payments and balances. To date, \$595,485 in payments was issued, and \$1,070,932 is available as uncommitted. Ed advised that “make ready” costs for the first 40 miles have been below expectations.

KICKOFF EVENT REVIEW

Ed Hemminger spoke of the fiber optic project kick off breakfast which was held on February 6th. He spoke highly of Melodie Mayberry-Stewart who drove down from Albany for the event, and of the wonderful job that Dixon Schwable did in organizing the event.

PUBLIC RELATIONS EVENT UPDATE – RFP

Board received information on the three firms that had responded to the marketing RFP so that they could review the information which would be included as part of the agenda for the April 25 meeting.

ANNUAL REPORT TO COUNTY

Work is still progressing on the annual report.

MINUTES NOW POSTED ON WEBSITE

Ed Hemminger advised that the minutes for the 2006 and 2007 meetings were available on the web for public viewing. He also advised that there was a “quick” link from the Ontario County website to the Finger Lakes Regional Telecommunications Development Corporation website.

MEETING WITH FRONTIER

Ed advised that he received no feedback from Frontier on their recent meeting, but he advised that they have since scheduled another meeting with Geoff Astles and Board Chairman Ted Fafinski.

NY STATE BROADBAND COUNCIL UPDATE

Ed advised of the 2nd quarter meeting and of him being appointed to council and giving an update on what’s been happening in Ontario County, which was well received and peaked additional interest.

PHASE 1 DESIGN, ENGINEERING AND CONSTRUCTION UPDATE

CONSTRUCTION STATUS

Ed Hemminger advised that there would be overruns on the ECC design work, and he questioned if ECC could continue on without formal approval since there wasn’t a quorum present at the meeting. He advised that funds were available and the total cost of the project would not increase. Chairman Astles advised that if the contract was amended, then formal approval was necessary. It was agreed to arrange a conference call with Board members to obtain approval to amend the terms of the contract. Jim Townsend advised that the conference call would need an official set of minutes for the record. Formal approval would be part of the April Board Meeting.

Members received fiber installation status reports dated March 27, 2008 and were advised that the last piece is being held up because NYSEG had issue with placement of the lines on the utility poles. Ed Hemminger advised that the Public Service Commission was involved to help resolve the issue, which depending on how it was resolved, could further impact the corporation.

KEY CUSTOMER UPDATE

Joe Starks and Ed Hemminger updated the Board with the Sales Tracker Summary. At present, they anticipate annual revenue of at least \$500,000 which would cover operations and maintenance.

OTHER BUSINESS

Ed spoke of a new company that will be relocating to Fishers for several reasons, one of which was Ontario County had a tech (Ed) in the room when meeting with company officials to help answer questions from an IT standpoint. Other meetings have also been held with outside companies, of which Ed was included as a meeting participant.

Ed congratulated everyone on their contributions in helping to receive the “2007 Best of New York Award - Excellence in Technology”.

Jim Townsend advised that he would not be available to attend the April 25 meeting, but if he was needed, he would try to make himself reachable by phone, and he could always be contacted by email prior to the meeting with any questions or concerns.

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