

**MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
JUNE 27, 2008**

Members:

Geoff Astles, Ontario County Administrator (Chairman)
James Fralick, Ontario County Citizen
Wayne Houseman, Vice Chairman, Ontario County Board of Supervisors
Michael Manikowski, Ontario County Economic Developer
Doug Mossbrook, Eagle Mountain, Inc.
Robert Seem, Cornell Ag & Food Tech Park
Camille Sorensen, Wayne Finger Lakes BOCES

Staff:

Edward Hemminger, Chief Information Officer, Ontario County
James Townsend, Esq., Remington, Gifford, Williams & Colicchio
Linda Wiener, Bonadio & Co.
Joe Starks, ECC Technologies
Kurt Frenzel, ECC Technologies

Absent:

David R. Smith, Ontario County Citizen (Vice Chairman)
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 Economic Development Conference Room.

APPROVAL OF MAY 23, 2008 MINUTES

Jim Fralick made a motion to approve the minutes of the May 23, 2008 meeting, seconded by Wayne Houseman, and carried.

ACCOUNTING SERVICES UPDATE

The Board was advised that Eldridge, Fox and Porretti conducted the annual audit at year end 2007, but would be unable to perform updates needed to the Business Plan financials needed by Zions Bank. As a result, Bonadio was hired to redo the financials for the bank, which set the process back two to three weeks. The goal at present is to get a firm schedule on when a proposal will be presented, and hopefully more information will be available at the July 25 meeting. Ed Hemminger advised that he was aware of a bank that was interested in backing the Letter of Credit, which would be a key piece of the funding issue. Geoff Astles advised that when financing is in place, a determination on repaying the county and paying down loans would need to be made.

Some discussion was held on the fact that Eldridge, Fox and Porretti were unable to assist in preparing the required financial data for the bank, and some wondered who actually maintained ownership of the data used in developing the business plan financial documents.

MONTHLY REPORTS

- Balance Sheet 5/31/08 – Showed total assets/liabilities and equity of \$2,423,403.04. This included \$1,573,565.99 at Canandaigua National Bank.
- Statement of Cash Flows Jan.-May 2008 – Showed cash at the end of the period at \$1,573,565.99.
- Profit and Loss Statement – Linda noted the \$3,500 in accounting fees.

PROJECTED 2008 BUDGET UPDATE - Linda Wiener reviewed the operating budget for 2008 which showed 2007 actual revenues at \$2,409,308 in comparison to the 2008 Budget revenues at \$2,305,891. Actual expenses in 2007 were \$203,417, in comparison to those in the 2008 Budget at \$1,786,155. She noted an increase in insurance cost in 2008 because of infrastructure coverage and substantial increases due to Phase 1 construction-design-and make ready costs. Ed Hemminger also stated that 2008 costs included Phase 2 construction-design-and make ready costs, if it were decided to move forward. Doug Mossbrook made a motion to approve of the financial reports, seconded by Robert Seem, and carried.

POLICIES & PROCEDURES UPDATE

Spoke of the new 990 policy requirements and how it would be tied into the existing policy. As the Governance Committee oversees policy, but this particular policy deals with finance, it was felt a joint meeting should be held in the near future.

PHASE I DESIGN, ENGINEERING AND CONSTRUCTION UPDATE

CONSTRUCTION COSTS – Members were advised that the actual cost per mile for installing fiber was \$32,550 as compared to the \$40,000 that was budgeted per mile.

Fiber should be installed in Flint on Routes 5 & 20 and Pre-Emption Road in Geneva within the next two weeks, and by the end of July, from the Ag –Tech Park to Eastview should be completed. Agreements are currently being negotiated which would get the fiber near the VA and the airport. Work is proceeding with the Canandaigua School District to over lash some of their fiber along the route from Main Street down Buffalo Street then on Pearl Street. The arrangement will be less expensive for the TDC to build as well as give us more access to other areas where the school has fiber. We included in the agreement that we will maintain both our fiber as well as the school fiber.

With regard to vendors using the fiber ring for testing, Ed Hemminger offered that there should be no charge for testing from point A to point B, which would be considered “Technical Testing”. Should someone have revenue paying customers which would be paying during a “testing period,” that would not be permissible as that would be called “Market Testing” and require a TDC contract.

CELL PHONE COMPANY - Board was advised that a cell phone company gave verbal approval for connecting 12 cell tower sites, four of which would be in the northern ring by the end of 2008, and the remaining by the end of 2009. Discussion was held on whether the lateral connections to the towers would be built and leased back to the carrier, or whether the carrier would be responsible for the building phase. A joint press release will be held in the near future.

LATERAL BUILD UPDATE – Members were advised that Fishers is being designed now.

Joe Starks advised that four to six wireless providers have expressed an interest in working with the corporation.

It was noted that a customer has the option to build the lateral themselves and to pay for it and control it, but the TDC would maintain ownership of the lateral, an item which will need to be spelled out in the contract. For the next meeting, Geoff Astles asked for financial and legal information on the construction of laterals.

At present, three different pricing strategies or models are being considered:

- 1) \$2,000 plus \$500 per location per month.
- 2) Fiber Mile – cost is based on miles of fiber used.
- 3) Variations of \$2,000 per month, plus \$500 per location.

Also mentioned was an incentive or revenue sharing model for rural areas, and Jim Townsend said that the TDC would want to be specific so as not to run into any problems with its 501-C-3 status.

Board was advised that future discussions would be held with regard to constructing four laterals. Bonding for September or October would be desirable, with a 90 day commitment for closing.

MASTER AGREEMENT UPDATE

Board received a “DRAFT” copy of the FLRTDC Master Agreement – Terms & Conditions for their review, which included the “Fiber Leasing Addendum” and the “FLRTDC Customer Service Level Agreement”. Extensive discussion was held on early termination, section 28, which read:

“If the Customer’s dark fiber service is terminated by the customer before the end of the committed Term, Customer will pay an early termination charge equal to fifty percent of its subscribed monthly connection charges multiplied by the number of months remaining in the Term: the Customer shall also be liable for all of the lateral build charged to its location, if any.....”

Members present endorsed Jim Townsend to move forward with the “Early Termination” clause as identified above.

ECONOMIC DEVELOPMENT UPDATE

Mention was made of companies wanting to move to Ontario County because of the fiber ring, and having that data to share would be good for economic development.

OTHER BUSINESS

Ed Hemminger invited those interested to a meeting on Friday, July 18th, with a group of investors who were looking at the fiber optic ring.

Mention was made that the Audit Committee should schedule a meeting before September.

Being no further business to come before the Board, Wayne Houseman made a motion to adjourn at 11:25 a.m., seconded by Mike Manikowski, and carried.

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