

**MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
JULY 27, 2007**

The meeting of the Finger Lakes Regional Telecommunications Development Corporation (TDC) was called to order by Darlys McDonough at 10:00 a.m. in the Economic Development Conference Room.

In attendance were:

Members:

Mike Bell, Consultant
Edward Hemminger, Chief Information Officer, Ontario County
Wayne Houseman, Vice Chairman, Ontario County Board of Supervisors
Mike Manikowski, Ontario County Economic Developer
Darlys McDonough, Deputy County Administrator
David R. Smith, CEO, Infotonics
Camille Sorensen, Wayne Finger Lakes BOCES

Guests:

Kurt Litzelfelner and Timothy McNamara, EFP Group

Absent:

Geoffrey Astles, Ontario County Administrator
Doug Mossbrook, Eagle Mountain, Inc.
Robert Seem, Cornell Ag & Food Tech Park

APPROVAL OF MINUTES –June 22, 2007

A motion was made to approve the minutes of the June 22, 2007 meeting by Wayne Houseman who advised that on page 3, under new business, 3rd line down, the word “interest” should be “interested”. Mike Manikowski seconded the motion with the amendment. Motion carried.

UPDATE – PILOT FUNDING

Mike Manikowski advised that the Empire Pipeline closing was held on July 26, 2007 and \$9 million over a 25-year period would be received and applied to the Telecommunication Development Corporation (TDC). Ed Hemminger noted that the project is now fully funded. Quarterly payments to the TDC would begin in September of 2009. By having an unconditional guarantee of the funds from National Fuel Gas, borrowing for construction costs would most likely be favorably impacted in the fall when approaching banks. Mike Manikowski reminded all that the pilot would be null and void if even a single payment were missed.

Mike Manikowski advised that the only thing still changing was the need to wait 98 days to see if the Federal Energy Regulatory Commission (FERC) made any changes, and he stated that they needed to be contacted for amendment approval because of the financing, and they have 98 days from July 26th to get the FERC approved. Ed Hemminger stated that design and engineering services for the remaining 144 miles should begin in the first part of 2008.

ACCOUNTING SERVICES UPDATE

1) HOSTING AGREEMENT WITH BONADIO

Ed Hemminger advised that he signed the contract with Bonadio and it is now at their office. Bonadio will work with EFP next week in setting up the chart of accounts in QuickBooks, and as discussed, records would be maintained separately by Bonadio and by EFP so everything flowed easily, and hopefully auditing costs would be lessened.

2) REVIEW OF BANK ACCOUNTS AND DAILY ACCOUNTING ISSUES

Ed Hemminger reviewed the FLRTDC Project Summary noting that everything was in good shape with regard to accounts receivable/payable. He also reviewed the balance sheet showing revenue and expenses from February 2007 to present showing a current balance of \$2,318,645.12 on the books, and anticipated expenses of \$732,522.67 from July – December 2007.

Ed Hemminger reported on the status of CD's and earnings and mentioned possibly depositing \$2 million in a 90-day CD upon maturity on 8/13/07 where they are currently earning 5.2%. Balance in the checking account as of 7/13/07 was \$89,838.81. Members questioned the rates being paid through CNB.

3) UPDATING THE BUSINESS PLAN FINANCIAL DATA

Kurt Litzelfelner from the EFP Group reported on the "Draft" historical and projected financial statements dated June 30, 2007 and December 31, 2007, 2008, 2009, 2010, 2011, 2012. He noted that the document, along with the business plan and guarantee from National Fuel Gas, would be the basis for payment of revenue bonds on the project. Some of the items specifically mentioned are noted below:

- There is an unaudited asset balance of \$2,297,376 as of 6/30/07.
- Consideration might be given to a short-term loan for construction financing, but further evaluation is needed to discuss both short-term and long-term financing. Per Mike Manikowski the depreciation schedule will be 25-years, which is the industry standard for dark fiber.
- Long-term liabilities showed \$1.5 million from Ontario County as of 6/30/07, and \$6.2 million in revenue bonds projected as of 12/31/07.
- In speaking of administrative cost of the TDC, Mike Manikowski stated that he felt a position(s) of COO and Administrative Assistant should be considered as part of the cost to work with vendors and other TDC contacts. Presently there is a cost of \$66,478 projected as of 12/31/07.
- Losses are projected until 12/31/11 when a profit of \$113,889 is projected, and \$242,865 as of 12/31/12, but during the whole time frame, operating capital is there.
- In the Income Statement, there are four main revenue sources outside of the Empire Pipeline guarantee:
 - 1) Carrier leases; 2) Carrier maintenance; 3) Enterprises leases; 4) Enterprises maintenance.
 - A. Mike Manikowski spoke of having multiple carriers for competition purposes and Ed Hemminger advised that he would speak with Joe Starks about his assumptions for that. EFP stated that there were no cost increases figured for the carriers.
 - B. The full year revenue figure of \$316,031 for Empire Pipeline guarantee payments would need to be adjusted.

Mike Manikowski suggested a subcommittee of the Board to work with the EFP Group.

OLD BUSINESS**1) UPDATE FROM JIM TOWNSEND ON THE 501c (3) APPLICATION**

Ed Hemminger advised that the application was disapproved because of being a government entity. He advised that the issue would be pursued further by making additional contacts to provide more answers to questions being raised.

2) CONTRACT SIGNING WITH SYRACUSE UTILITIES AND ECC TECHNOLOGIES FOR PHASE 1

Ed Hemminger advised that the contracts are in the completion stages, and when finalized by Jim Townsend, they will be forwarded to Tom Rauscher to double check that nothing was excluded. At present, no work has been done by Syracuse Utilities, but ECC has already begun design work, even though the contract has not been finalized.

In speaking of Syracuse Utilities, Ed Hemminger advised that construction had not yet begun, but possibly by the end of the year. When underway, the company indicated that they could construct any area that was ready, even in 2-mile lengths. Ed also spoke of the need for a staging area for the company to be addressed as well as right-of-way issues. He spoke of the key being the “make ready” staff getting things going then Syracuse Utilities will buy fiber and begin construction.

3) FILLING OF VACANT BOARD POSITIONS

Wayne Houseman, as a member of the Governance Committee, advised that he had forwarded his two recommendations to Bob Seem.

OPEN DISCUSSION

Ed Hemminger advised of the status of the routing and pole analysis, stating that all sections except for the City of Canandaigua were complete and the City of Canandaigua should be completed next week.

Ed Hemminger advised that ECC and Syracuse Utilities are scheduled to meet with RG&E and Frontier Communications on August 7th to discuss “make ready poles”. There is also a meeting scheduled with a company from Rochester to discuss wireless deployment, which may or could include a pilot for wireless internet services to the general population in a remote area.

Ed Hemminger advised of the interest shown by Dr. Melodie Mayberry-Stuart, the New York State Chief Information Officer. He spoke of the broadband initiative she started in Cleveland, Ohio, and how her knowledge could benefit the TDC mission.

Ed Hemminger advised that he was appointed to the Broadband Strategy Initiative Team to make recommendations to the Governor on Broadband initiatives in the State of New York. He advised that, as far as he knew, he was the only local official appointed to the Team. He noted that the Team would be involved in replacing the State Police network, which was a \$1.6 billion project. Ed mentioned the possibility of the TDC working with the State in accommodating their fiber needs for the State Police network in Ontario County.

David R. Smith advised that he was in communications with Corning indicating the TDC’s desire to work with them as a fiber supplier. He advised that he anticipated contact from corporate management within the next few days, and he would arrange a future meeting to include Mike Manikowski, Joe Starks, Geoff Astles, himself, and Corning corporate management.

Mike Manikowski advised that he and Ed Hemminger would be speaking to the Economic Development Council in August.

Ed Hemminger advised that the Investment Policy would be on the agenda for approval at the next meeting.

Being no further business to come before the Board, the meeting adjourned at 10:55 a.m. following a motion made by Mike Manikowski, seconded by David R. Smith, 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
Roberta Hutchinson, Asst. Economic Developer
Mary Gates, Economic Development Office

John Park, County Attorney
Board of Supervisors Office
Cathy Bentzoni, County Finance Officer
Kristen Thorness, Esq.