

MINUTES
BOARD OF DIRECTORS
FINGER LAKES REGIONAL
TELECOMMUNICATIONS DEVELOPMENT CORPORATION
SEPTEMBER 26, 2008

Members:

Geoff Astles, Ontario County Administrator
James Fralick, Ontario County Citizen
Wayne Houseman, Ontario County Board of Supervisors
Mike Manikowski, Ontario County Economic Developer
Doug Mossbrook, Eagle Mountain Inc.
Mike Ward, UltraLife Corporation
David R. Smith, Ontario County Citizen

Staff:

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

Absent:

Camille Sorensen, Wayne Finger Lakes BOCES
Robert Seem, Cornell Ag & Food Tech Park

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

APPROVAL OF JULY 25, 2008 MINUTES:

Wayne Houseman made a motion to approve the minutes of the July 25, 2008 meeting, seconded by James Fralick.

ACCOUNTING SERVICES UPDATE:

Ed Hemminger talked to Citizen's Bank as well as other banks recently and there is literally no money to borrow. The bond market has closed. Banks are not lending any money to each other or anyone because of the instability of the economy right now. Hopefully, 30 days from now funds may start to free up to borrow from. Ed figures we will need about \$4.3 million to complete the last 140 miles of the fiber ring. Right now we will have to look at working with the funds we already have in the bank, which is about \$900,000 until we get more revenue from what has already been installed.

Geoff Astles mentioned about scaling down the project by building with fewer strands. We know the project has to be completed as a ring and this may save \$5000 to \$7000 from the costs. To scale back the size it would have to be at least 48 strands.

Geoff Astles asked Linda Weiner, Terry Phillips, Jim Townsend and Mike Manikowski to start talking with Empire Pipeline and National Fuel Gas to see if they could get the guaranteed

funding from them with different terms. Mike asked that the current contract be viewed to see if there are any problems with these discussions and making upgraded changes.

Canandaigua National Bank is currently holding \$1.2 million of TDC funds and is only FCIC insured at \$100k. Discussions were held from collateralization to safeguard the funds to putting the money in to twelve different accounts for FDIC coverage. Collateralization is not a requirement but after much discussion the board felt it was the wise thing to do especially when Geoff Astles brought up the fact that this money is the county's money, which is really public funds and should be protected. There is a fee to do this with CNB of about ½% of the balance, but this will be clarified. Most of the small banks are pretty sound in our environment right now but the board does not want to gamble with the funds.

Linda Weiner discussed taking the bank names out of the equation and have the board decide how to best protect the current funds and then talk to other banks to see where the best deal is. Ed was requesting the board decide to do a resolution today to protect the funds because current events is moving so fast we do not want to get caught in the backlash. The board decided to collateralize the funds at CNB and look again in the future whether to leave the money there or switch banks later.

RESOLUTION:

The board authorizes the CEO and CFO with legal council review to sign paperwork to collateralize the current funds at CNB. Motion made by Mike Manikowski and seconded by Doug Mossbrook. Jim Fralick recused himself from the discussion. Unanimous vote to approve.

PROJECT STATUS:

Ed Hemminger reviewed the project cost summary spreadsheet. When installing the lines at the Hopewell complex it was discovered time and time again that the current conduits had collapsed over time and the fiber could not be installed so they had to dig new trenches and lay new conduit for the fiber and bore new holes into the buildings to install the fiber. This was an additional \$200,000 cost that was not expected. Therefore, Ed requested a resolution to pay the contractors for the work they already accomplished. There were discussions about recouping some of this money from the County. One suggestion was to reduce the County contracts from 25 to 20 years. With these new conduits being installed this is also a benefit to the county for future uses for other underground wiring etc.

RESOLUTION:

The board authorized the CEO and CFO to pay bills to Syracuse Utilities for construction costs of \$182,726, ECC \$10,100 for 5&20 design costs and ECC for \$11,500 for Hopewell design services.

The board also requests in the future they should be notified of any modifications or unscheduled cost increases before work progresses forward. If change orders need to be done, the board needs to be aware of them. Motion made by Wayne Houseman, seconded by Mike Ward, unanimous vote to approve.

NEW BUSINESS:

Linda Weiner has sent out 5 letters to auditors for their recommendations to assist the FLRTDC. When they are received back the board will review them to pick an auditor. Linda also suggested a formal criteria list should be done for decision-making purposes.

Joe Starks has been talking with Verizon Wireless and has a verbal agreement with them to connect 12 towers within the next year. To obtain this agreement we will need to connect 4 towers now and this section of the fiber ring has to be completed. The other 8 towers will be connected later. If this cannot be accomplished they could sign with another fiber provider. If we can sign Verizon Wireless we could also be able to get other providers currently using the same towers. This is a vital customer we cannot afford to lose. Ed Hemminger and Joe will work up a cost analysis to put these 4 towers on line. Verizon Wireless wants to sign a contract now so the quicker this can be completed, the better. Mike Manikowski also requested this analysis include the benefits to the general public and local businesses in the county.

Joe Starks is also working with TW Telecom to build off our existing fiber.

Monroe County is working to connect up with our fiber ring to be completed sometime next year which will also connect with Verizon Wireless which would be a great benefit for both counties.

The next installation phase costs will be slightly higher only in material costs because of steel prices but not from labor costs.

NY State Broadband Grant money for 2008/9 has decreased from \$10 million to \$7.5 million.

Linda Weiner quickly reviewed the Code of Ethics policy, which was handed out. Linda also reviewed the 990 Policy along with the Cash Receipts Procedures that were handed out. She asked that the board review these procedures and they can be brought up for a vote at the next meeting.

On August 25th the corporation was approved for sales tax collection. Linda is looking further to see if these reports need to be done quarterly or annually.

A special meeting to discuss issues with the Phase 2 build and is tentatively set up for Thursday, October 2, 2008 at 3:00 p.m.

Being no further business to come before the board, Doug Mossbrook made a motion to adjourn at 11:55 a.m., seconded by Jim Fralick. Motion unanimously approved.

Respectfully submitted,

Deborah Henderson, Senior Typist Information Services

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