

MINUTES
FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORPORATION
DbA AXCESS ONTARIO
BOARD OF DIRECTORS MEETING
November 21, 2014

Members Present:

John Sheppard, Chairman
John Garvey
Ed Hemminger
Michael Manikowski
Doug Mossbrook
Camille Sorensen
David Smith
Johnny Walker

Members Absent:

Geoff Astles
John Dorak
Robert Seem
Mark Tolbert
Sean Barry, CIO

Others Present:

Terry Phillips, Bonadio & Co. (by phone)
Helen Zamboni, Underberg & Kessler
Joe Starks, Andy Lukasiewicz (by phone) and Jeff Gasper, ECC Technologies
Megan Connor Murphy, Dixon Schwabel

The November 21, 2014 meeting of the Board of Directors of the Finger Lakes Regional Telecommunications Development Corporation, dba Axxcess Ontario was called to order in the Ontario County Economic Development Conference Room, Mezzanine Level, County Municipal Building, 20 Ontario Street, Canandaigua, NY by John Sheppard at 1:30 p.m.

APPROVAL OF THE MINUTES:

The minutes of the October 17 board meeting were approved following a motion by John Garvey, seconded by Ed Hemminger.

FINANCIAL UPDATE:

Terry Phillips the financial results through September 30, and indicated that nothing has occurred to change materially the 2014 year end projection.

Terry then discussed the work needed to make an application to the NYS Office of Real Property Tax Services to reduce the assessment of Axxcess Ontario's network on the basis of

obsolescence, driven by underutilization. He supports the proposal made by ECC to develop a GIS data set for the network to allow for support of the case to ORPTS. Andy Lukasiewicz stated that the GIS data set would also assist in responding to customer queries and outage notifications. He said that it would take about ten weeks to do this work.

Helen Zamboni relayed to the board the substance of her conversation with Sam Papa at ORPTS earlier in the week, and his invitation to meet with representatives from Axxess Ontario to discuss a potential application and give guidance. He indicated that to date ORPTS had not granted any such applications for networks engineered and constructed with “current” technology and that the underutilization rationale for approval was developed to address the significant overbuilding of fiber networks in the early days of their deployment before the advent of current “lighting” technology. The Board directed Helen to contact Mr. Papa to seek a meeting in December if at all possible.

SALES AND OPERATIONS:

At 2:02p.m, a motion was offered by Mike Manikowski, seconded by Doug Mossbrook, to go into executive session for the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale of exchange of securities held by such public body but only when publicity would substantially affect the value thereof. Motion carried.

At 2:18 p.m., a motion was offered by Ed Hemminger, seconded by Mike Manikowski to leave executive session. Motion carried.

STN BOARD MEETING:

John Sheppard reported on the STN Board meeting he attended recently. His observation is that with the exception of real property tax expense (STN takes the position that it is exempt and therefore does not pay real property taxes), the financials and prospects of STN and Axxess Ontario are remarkable similar. Both have low revenue, high depreciation expense and substantial underutilization. At the meeting, the STN Board approved an extension of its network into Broome County, to reach Binghamton, presumably to connect to the carrier hotel there. Yates County has approached STN to build its network. STN apparently will not grant Yates County any representation to the STN Board. Yates County offered to pay up to a fixed amount (approximately \$127,000, as John recalled) for sustainability costs. Negotiations are still ongoing. John assured STN that there is no animosity between Axxess Ontario and STN or Yates County resulting from the breakdown of negotiations between Axxess Ontario and Yates County.

At 2:29p.m, a motion was offered by Doug Mossbrook, seconded by Ed Hemminger, to go into executive session for the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale of exchange of securities held by such public body but only when publicity would substantially affect the value thereof. Motion carried.

At 2:38 p.m., a motion was offered by Mike Manikowski, seconded by Johnny Walker to leave executive session. Motion carried.

Johnny Walker reported on a meeting held by the Finance Committee with Joe Starks to discuss performance-based compensation going forward, and a better and more meaningful method of tracking ECC's activities on behalf of Axxess Ontario. It was agreed that there should be a joint Executive and Finance Committee meeting soon to discuss this further. Meanwhile, as it was noted that the original plan at the time of Axxess Ontario's inception was to have the Ontario County Planner capture the network data in the County's GIS system. That plan fell by the wayside and in any event the County's GIS system at the time was probably not capable of dealing with a fiber network's data. John Garvey agreed that Sean Barry should look into this now and report back to the Board. It was also determined that no decision should be made on ECC's GIS proposal till Sean could advise and until after the meeting with ORPTS that Helen will schedule.

Ed Hemminger reported that he and Joe Starks attended a presentation by the NYS Broadband Task Force in Albany on November 20. It is still not clear how the announced \$500M in funding for broadband deployment will be allocated. One thing that everyone in attendance was united on was the negative impact of real property tax expense on the financial viability of any network. Hopefully policymakers will get that message and have the issue addressed by the legislature and/or the Governor's budget.

A motion was offered by Doug Mossbrook, seconded by Johnny Walker to adjourn at 3:12 p.m. The motion passed.

Distribution:

All Board Members, present and absent
Ontario County Board of Supervisors
Clerk's Office, Board of Supervisors
John Garvey, County Administrator
Daryls McDonough, Deputy County Administrator
John Park, County Attorney
Cathy Bentzoni, County Finance Officer
Michael Wojcik, Economic Development