

MINUTES
FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORPORATION
dba AXCESS ONTARIO
BOARD OF DIRECTORS MEETING
March 24, 2016

Members Present:

Don Culeton
John Dorak
Michael Manikowski
Bob Seem
John Sheppard
David Smith
Mark Tolbert

Members Absent:

Mary Krause
Doug Mossbrook
Camille Sorensen
Johnny Walker
Andrew (Drew) Wickham

Others Present:

Sean Barry, CEO
Gary A. Edom, CPA, Flaherty Salmin
Andy Lukaszewicz, Ed Hemminger and Mike Kenyon, ECC Technologies
Helen Zamboni, Underberg & Kessler
Terry Phillips, The Bonadio Group

The March 24, 2016 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 at 3:30 p.m. by Chairman Mark Tolbert.

APPROVAL OF THE MINUTES:

Approval of the minutes of the February 25, 2016 meeting was moved by Don Culeton, seconded by John Dorak. Motion carried.

AUDIT PRESENTATION:

Terry Phillips introduced Gary Edom, CPA, from Flaherty Salmin. Gary presented the results of the audit of Axxcess Ontario's 2015 financial statements. He noted that the auditors have issued a "clean" opinion, that in the process of conducting the audit no journal entries or adjustments were made to the financials, and that there were no difficulties in conducting the audit or disagreements with management. Following Gary's presentation, the board was given an

opportunity to have an executive session without management, which was not felt to be necessary. John Sheppard moved, and Mike Manikowski seconded, a motion to approve the audited 2015 financials as presented. The motion carried unanimously. The audit will now be finalized and will be ready to load into the PARIS system and posted to Axxess Ontario's website.

FINANCIAL UPDATE:

The financial statements as of January 31, 2016 were briefly reviewed. Construction costs have increased over the same period last year and will be increased over the next several months as the Rte. 14 build is now underway for the connection of the Axxess Ontario network to that being construction by Southern Tier Networks for Yates County. In general, we are on budget.

Terry noted that Axxess Ontario will once again file for an extension of time to complete and file the 990 return for 2015 with the IRS, moving the date from May 15 to August 15. The target will be to have this done and circulated to the board in time for their review prior to the June board meeting, now scheduled for June 23.

TAX REPORT:

General Counsel Helen Zamboni reported that ECC has completed its analysis of the elements of the network dedicated to Ontario County, FLCC, Thompson Health and Marcus Whitman Schools (Wayne Finger Lakes BOCES), and has confirmed that the data include only network in the public way. Research in Article 4 of the Real Property Tax Law establishes that any real property (which includes fiber optic cables) owned by the state or any of its instrumentalities (in our case, FLCC, which is a part of SUNY) is wholly exempt; real property owned by any municipality within its borders (in our case, Ontario County) is wholly exempt and if owned outside its borders, so long as used for certain purposes, is also exempt; real property owned by a school district or BOCES district used for educational purposes is wholly exempt; and real property owned by a not-for-profit corporation and used for non-profit activities is wholly exempt. The request for exemption is to be filed by May 2, when the annual filing with ORPTS is also due.

Ed Hemminger said he has heard "through the grapevine" that STN has received a communication from ORPTS that it will be treated as exempt from real property taxation. STN has taken the position that it is exempt, and has not filed any information with ORPTS that would allow ORPTS to place assessed values for tax purposes. Terry Phillips said he would contact STN's CFO to have a conference call with him and Helen Zamboni to determine if that is true.

SALES AND OPERATIONS:

At 4:29 p.m., a motion was offered by John Sheppard, seconded by John Dorak, to go into executive session for the discussion of the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by the Corporation as publicity would substantially affect the value thereof. Motion carried. At 5:19 p.m., a motion was offered by John Dorak, seconded by Bob Seem, to leave executive session. Motion carried.

A motion was made by John Sheppard, seconded by Bob Seem, to release the request for proposal for Full-Service Open-Access Fiber Network Technical/Business Support as soon as a list of prospective bidders is developed (target April 15). Bidders will have 60 days to respond. Motion unanimously approved,

At 5:28 p.m., a motion was made by John Sheppard, seconded by Don Culeton, to adjourn. The motion passed.

REMINDER: NEXT BOARD MEETING IS APRIL 28 AT 3:30 P.M.

Distribution:

All Board Members, present and absent
Ontario County Board of Supervisors
Clerk's Office, Board of Supervisors
Mary Krause, County Administrator
Mary Gates, Deputy County Administrator
Gary L. Curtiss, County Attorney
Cathy Bentzoni, County Finance Officer
Michael Wojcik, Economic Development