

MINUTES
FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORPORATION
dba AXCESS ONTARIO
BOARD OF DIRECTORS MEETING
MAY 6, 2011

Members Present:

Geoff Astles, Ontario County Administrator
Michael Manikowski, Ontario County Economic Developer
Doug Mossbrook, Eagle Mountain, Inc.
Robert Seem, Cornell Ag & Food Tech Park
John Sheppard, Supervisor, Town of Seneca
Camille Sorensen, Wayne Finger Lakes BOCES
Mike Ward, Vice President Information Technology, Ultralife

Members Absent:

David R. Smith, Ontario County Citizen
Steve Von Berg, Pervasive Solutions

Others Present:

John Garvey, Incoming Ontario County Administrator
Edward Hemminger, Chief Information Officer, Ontario County
James Townsend, Esq., Remington, Gifford, Williams & Colicchio
Margaret Cooper, Recording Secretary

The meeting of the Board of Directors of the Finger Lakes Regional Telecommunications Development Corporation, dba Axxcess Ontario was called to order in the conference room of the Ontario County Economic Development Office by Chairman Michael Ward at 9:02 a.m.

John Sheppard made a motion to approve the minutes from the March 25th, 2011 Board Meeting as presented, seconded by Mike Manikowski, and carried.

Board members received a copy of the combined April 11th & 20th, 2011 Board Minutes. In discussing the minutes, it was noted that the compensation for Mr. Hemminger was not outlined in the minutes. Counsel stated that no formal action had been taken on that subject and it should be formalized and noted in the minutes for today's meeting. A motion was made by Geoff Astles to adopt the minutes of the combined April 11th and 20th, 2011 meeting as presented, seconded by John Sheppard, and carried.

CEO COMPENSATION

With regard to the compensation for Edward Hemminger as Executive Director/CEO of Axxcess Ontario, a motion was made by Doug Mossbrook to accept Ed Hemminger's proposal to be paid \$125 per hour for 8 hours per week for 4 weeks per month, not to exceed a total of \$4,000 per month for the period June 3 through December 31, 2011. The motion was seconded by Geoff Astles, and carried by unanimous vote.

If a project were to occur that would increase the hours required by the CEO, then the CEO would address the project/compensation with the Board, although Mr. Hemminger indicated that he didn't expect to be paid more than the agreed upon figure, but noted it could be trued up at the end of the year. No further action was taken on any adjustments to Mr. Hemminger's compensation.

REVIEW OF CEO JOB DESCRIPTION

In reviewing the job description, Ed Hemminger was advised that the CEO was responsible to the corporation for the work done by the CFO.

UPDATES BY CEO

Ed Hemminger reviewed his handout of business priorities for 2011. He mentioned the need for a succession plan should he ever need to be replaced as CEO for any reason.

Ed Hemminger advised that finances looked good and the procedures policy is straight. From an operations standpoint, he advised that the fiber was working extremely well, as is operations and maintenance. Construction is moving along as projected, and he is working heavily on that with ECC. He noted there was an issue with Segment 14 which would be addressed later in the meeting.

Ed Hemminger advised that the new website should be available at the middle/end of May for viewing. He also advised that he would provide a report of his activities to the Board, much like the format provided by Dixon-Schwabl.

The Annual Report to the County was filed on April 1, 2011.

SALES & MARKETING PLAN

Ed Hemminger advised that he and ECC were continuing their focus on sales and marketing, and he mentioned "partnering" in different areas. Doug Mossbrook addressed the issue of the need for a clear and formal sales and marketing plan with goals, and Ed noted that only a handful of companies could be targeted. Doug noted that the ultimate success of the system is by reaching through providers and customers for residential/regional business access. Ed stated that the ring was built for business purposes and was never constructed for the residential component.

Ed stated that there was an earlier version of a sales and marketing plan, and he was asked to revisit that plan. Again Doug stressed the need to provide projections for meeting financial commitments. For example, the money will come from this source and here is the time frame, which Geoff Astles stated could be elaborated on with line graphs. Such a layout would create milestones for performance measures. The plan should also contain contingencies if revenues don't meet projections. Ed will present the plan at the June meeting.

Ed spoke of doing cost budget analysis for different builds, and some discussion was held on funding sources, and Ed was advised to be on the look out. Although a funding source cannot be guaranteed (possibly a source for a rural town, communications grants, etc.), it would be a bonus. John Garvey stated that he would be interested in a profit plan proforma with the sales and marketing plan.

CONTRACT WITH ECC

Extensive discussion was held on the proposed contract with ECC, and although Board members felt the contract language was very clear, they wished to have certain issues addressed, but approved going forth with the operating proposal without the construction piece.

1. Define what is an engineer's actual rate as opposed to design services rates.
2. How were numbers derived?
3. What are build costs, i.e. Geneva.? What are build costs now as opposed to later? Will costs be incurred using the monthly fee or engineering (page 16 of Operating Plan Proposal)? Needs a clear distinction as to who does what and at what rate.
4. Wants more clarity as part of sales and marketing.
5. Be specific in defining what it will cost to get where we want to be.
6. Length of contract – Would like to obtain a price for shorter periods of time – 6 months, 18 months, 24 months, and 36 months, along with the engineering rate for those time frames. The information received would allow for evaluation of short/long term costs.

Some discussion was held on whether an RFP should be done in the future. Although Ed spoke of ECC being extremely unique in their experience, the Board felt the need to exert due diligence to explore potential alternatives in making the final decision. It was questioned if various vendors could participate in creating the whole package needed. Ed noted that if an RFP were endorsed, no current customers would be eligible to submit a proposal, and Jim Townsend said that an outside firm would need to be hired to write and review the RFP's.

Board members noted that having financial projections (as discussed for the sales and marketing plan) would enable comparisons between costs and revenues, which would provide a better picture of the overall financial health of the corporation.

At this time, Geoff Astles and John Garvey left the meeting.

GOVERNANCE COMMITTEE

John Sheppard made a motion to approve Steve Von Berg as the Chair of the Audit Committee and Compliance Officer. The motion was seconded by Camille Sorensen, and carried.

Bob Seem, as Chairman of the Governance Committee, advised that he would bring back a proposal at the June meeting for refilling the vacancy on the Audit Committee.

LEGAL UPDATE – Jim Townsend

Jim Townsend advised that he was still waiting for a disclosure form from David R. Smith and Bob Seem.

Jim Townsend advised that May 24 is Grievance Day for property tax assessments and that if the Board wished to rebut its assessment, a legal argument would need to be prepared and presented to all municipal grievance boards, which would be altered slightly depending on the number of fiber strands in that particular municipality. He noted that the corporation is tax exempt and has exempt entities on its fiber ring, but it also leases to for-profit organizations. Total tax burden to the corporation is about \$100,000 per year, based on construction costs. He also stated that these factors have been reviewed by courts and that the decisions have recently been adverse to the position he has been urging. There are enough dissimilarities to warrant a good-faith argument that the unused fiber and that leased to non-profits should enjoy tax-exempt status.

John Sheppard raised the point that if the municipalities choose, they could ask the County to help represent them in assessment challenges and the County would be paying 25% of the overall cost to challenge an assessment. Bob Seem talked about the tax monies being used in the local municipalities for development purposes. Mike Manikowski mentioned the idea of creating a pilot from an LDC standpoint through Economic Development, but no action was taken.

Doug Mossbrook made a motion not to challenge the assessment at the municipal level. The motion was seconded by Camille Sorensen, and carried unanimously.

INCOME TAX – FORM 990

Ed Hemminger advised that Form 990 hadn't been distributed yet as he was waiting for approval, otherwise he would need to file for an extension. Jim Townsend advised that the notes on page three were the same as the previous year, and Mike Manikowski made a motion to approve Form 990 and have Ed put the final version on the website. The motion was seconded by John Sheppard, and carried.

SEGMENT 14

Ed Hemminger advised that Segment 14C from Gorham to Stanley has an outrageous cost and he proposed keeping it on the books as "under construction", but leave it in hiatus until the price is more affordable or until there is business on the line that could justify the cost. This would allow the corporation to save the expense now. He stated that most likely it would be looked at again in 2012. He noted that Marcus Whitman Schools get service, but just aren't on a segment that is ringed. John Sheppard supported Ed's recommendation and made a motion to put 14C on hold until a more cost effective build can be arranged and to use the money for the built in pursuit of revenue sources. The motion was seconded by Doug Mossbrook, and carried.

PUBLIC RELATIONS

The Board received the Public Relations Task Force Status Report dated May 4, 2011. Report noted that the new website would go live in late May.

Ed Hemminger advised that Axxess Ontario was named a Laureate in the 2011 Computerworld Honors Program and was invited to join the black tie awards event in Washington, D.C. on June 20th. Additional awards will be presented on the day of the ceremony. No action taken.

Ed Hemminger advised that Ontario County was selected as honoree for CIO Magazine's 24th annual CIO 100 Awards. On August 14-16, 2011, there will be a black-tie awards dinner and a ceremony in Colorado Springs, Colorado, which Ed indicated he was interested in attending. No action taken.

OLD BUSINESS

The Board received copies of the financial statements dated 3/31/11. No action taken.

At 11:10 a.m., John Sheppard made a motion to adjourn, which was seconded by Camille Sorensen, and carried. As the May meeting falls on the Memorial Day weekend, it was decided to cancel that meeting and meet again at the regularly scheduled June 24th meeting. Next meeting will be held on June 24th at 10:00 a.m.

Distribution:

All attendees, present and absent
Ontario County Board of Supervisors
Clerk's Office, Board of Supervisors
Darlys McDonough, Deputy County Administrator

John Garvey, Successor to Geoff Astles
John Park, County Attorney
Cathy Bentzoni, County Finance Officer
Michael Wojcik, Economic Development

