

**MINUTES**  
**FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORP.**  
**dba AXCESS ONTARIO**  
**BOARD OF DIRECTORS MEETING**  
**March 26, 2021**

Members Present:

Don Culeton (term expires Annual Meeting 2022)  
Chris DeBolt (*ex officio*)  
Michael Manikowski (*ex officio*)  
Bob Seem (term expires Annual Meeting 2023)  
John Sheppard (term expires Annual Meeting 2022)  
Andrew (Drew) Wickham (*ex officio*)

Members Absent:

John Dorak (term expires Annual Meeting 2022)  
Bob Lowenthal (term expires Annual Meeting 2023)

Others Present:

Sean Barry, CEO  
Terry Phillips, CFO, Bonadio  
Gary Edom, Flaherty Salmin  
Peter Fairweather, Ontario County Economic Development

The March 26, 2021 meeting of the Board of Directors of the Finger Lakes Regional Telecommunications Development Corp., dba Axxcess Ontario, was called to order on a Webex teleconference at 2:03 p.m. by Chairman Bob Seem.

**APPROVAL OF MINUTES:**

A motion was made by Drew Wickham, seconded by John Sheppard, to approve the minutes of the board meeting on October 30, 2020. Discussion ensued about the comment in these minutes about how continued payment of the Empire Pipeline PILOT payments would create unrelated business income for AO. Terry indicated that this was an issue that has been discussed with counsel, but she is not present today to respond. He will follow up with Helen later. Motion carried. A motion was made by Drew Wickham, seconded by John Sheppard, to approve the minutes of the board meeting on January 28, 2021. Motion carried.

**AUDIT PRESENTATION:**

Bob Seem introduced Gary Edom, CPA, from Flaherty Salmin. Gary presented the results of the audit of Axxcess Ontario's 2020 financial statements. He noted that 2020 was a "boring" year; there were not many changes from 2019. The decline in interest rates have caused the swap liability to increase. Terry pointed out that there are two more years to go in the Empire Access lease, and with the purchase price we will be able to pay off the Citizen's debt. The issue will be payment of the County debt. Cash increased by \$152,000 over 2019. Most of the footnotes have not changed, other than referring to the extension of the maturity date of the Citizen's loan to December 31, 2025. Gary pointed out that the Lease to Purchase Agreement with Empire Long Distance that closed in early 2018 effected several changes in the financial results,

as in the 2019 audit report. There is a note addressing the impact of Covid-19 on AO's financial results going forward under Organization. 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. Gary reviewed the letters that are included with the statements (management representation and internal controls letters). Gary then reviewed the draft 990. This is the first year that the 990 is ready for review with the board now. It's due with the IRS by May 15, so Terry recommends the board review it in more depth before then so it can be filed without extension. Gary then asked for board approval of the audited financials, so that the letters may be dated today and signed, and the audit filed on PARIS. With that, John Sheppard moved, seconded by Don Culeton, that the audit report be accepted. Motion carried. Gary was then excused.

### **STRATEGIC DISCUSSION:**

Bob Seem asked if there is any way we can demonstrate the benefit Axxess Ontario has brought to the County as we wind down. Mike Manikowski then introduced the topic of the County's Economic Development strategic plan and the importance of broadband access. Mike suggested that AO do a new SWOT analysis and to assist the county in regaining its leadership position in deployment of broadband. Mike introduced Peter Fairweather to review the backdrop against which Axxess Ontario was founded and some options for the future. Peter stated that fiber to the premises is the current need for businesses and residences, mentioning the USDA Reconnect Program as one that is now underway. Another effort elsewhere is Tax Increment Financing based on creation of tax districts like those done for water and sewer districts. Bonding for construction is paid by revenues from the broadband activity. Another method to pay for expansion of broadband is to conduct reverse auctions – to award the right to construct broadband networks to those who show the lowest need for government support/subsidy. Perhaps there is a way to incentivize developers of new structures to bring in fiber as part of their local development approval process or establishing a fund created by the county's share of real estate transfer tax to be available for broadband network construction. Peter suggested that AO could act as a clearinghouse or advocate for any of these efforts.

Sean pointed that AO needs to be careful about the fact that Empire Access is buying our ring and we should not be incentivizing other carriers to compete with Empire until we've closed the sale.

Don suggested that there might be a role for AO, as there are other carriers deploying fiber in the area.

Mike wants to know what Empire has done in the county, where the gaps still are for coverage. Mike also needs to know what the carriers have deployed in the county so that he can respond to businesses looking to locate or expand in the county.

Drew talked about his conversations with Jim Baase. There are some large farms in his town that need broadband. There are continued frustrations about getting information from the carriers about where the fiber is.

Mike thinks AO should retain someone to get the information from the carriers.

Bob Seem pointed out that there may be new technologies that allow broadband access other than fiber (e.g., 5G). Should we focus on that?

Don pointed out that the AO charter would need to be changed, as the focus would be more advisory and less operational.

Mike suggested that AO has the financial resources to do this; he thinks it might take \$20,000-\$25,000. Terry agreed that AO has operating funds to pay for this. The question is whether the board wants to do it.

Bob Seem recognized that this would take time and commitment of the board. Bob asked Mike to take the initiative on this, and Mike said he could, with Sean's assistance.

Chris DeBolt said that he is not overly enthusiastic about the continuation of AO beyond the sale of the network to Empire Access and could not support it, even during the remaining two years of the Empire lease. Sean also pointed out that his paid job and the IT department are too demanding and he isn't really available to assist much.

Bob said that an outside organization could be found to help, and Mike concurred. From an economic development perspective, Mike still needs to know where the gaps are and recognized that the AO board wants to complete the privatization of the network and dissolve.

It was decided to schedule the next board meeting to approve the proposed budget in the October timeframe.

At 3:15 p.m., a motion was made by Drew Wickham, seconded by Don Culeton, to adjourn. Motion carried. Terry asked for the board to review and sign off on the 990 so it may be filed.

Distribution:

All Board Members, present and absent  
Ontario County Board of Supervisors  
Kristin Mueller, Clerk to the Board of Supervisors  
Chris DeBolt, County Administrator  
Brian Young, Deputy County Administrator  
Holly Adams, County Attorney  
Mary Gates, Director of Finance  
Michael Manikowski, Economic Developer