

MINUTES
FINGER LAKES REGIONAL TELECOMMUNICATIONS DEVELOPMENT CORP.
dba AXCESS ONTARIO
BOARD OF DIRECTORS MEETING
March 25, 2019

Members Present:

John Dorak
Mary Krause
Bob Lowenthal
Michael Manikowski
Bob Seem
John Sheppard (by phone)
Andrew (Drew) Wickham

Members Absent:

Don Culeton

Others Present:

Sean Barry, CEO
Gary Edom, Flaherty Salmin
Terry Phillips, Bonadio
Helen Zamboni, Underberg & Kessler

The March 25, 2019 meeting of the Board of Directors of the Finger Lakes Regional Telecommunications Development Corp., dba Axxcess Ontario, was called to order in the Ontario County Economic Development Conference Room, County Municipal Building, 20 Ontario Street, Canandaigua, NY at 3:05 p.m. by Chairman Bob Seem.

APPROVAL OF MINUTES:

A motion was made by Bob Lowenthal, seconded by John Sheppard, to approve the minutes of the board meeting on January 18, 2019. Motion carried.

AUDIT PRESENTATION:

Bob Seem introduced Gary Edom, CPA, from Flaherty Salmin. Gary presented the results of the audit of Axxcess Ontario's 2018 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. 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. Notes 1 and 3 address these. For example, deferred revenue is now zero, and as payments on the Empire lease are received, Axxcess Ontario realizes interest income. This is the appropriate accounting treatment, though counterintuitive.

In addition, an accounting change mandated for other not-for-profits became effective for Axxcess Ontario in 2018; this is addressed in Note 2.

Long term debt was reduced, as the Citizens loans associated with the Verizon laterals were paid in order for Axxess Ontario to be able to transfer the Verizon contracts and the underlying fiber to Empire free and clear of liens. The swap liability is also lower than at year end 2017 due to increases in interest rates. Following Gary's presentation, the board was given an opportunity to have an executive session without management. No one felt that an executive session was needed. Mike Manikowski then moved, and John Dorak seconded, a motion to approve the audited 2018 financials and the management letters 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.

The tax return (Form 990) will be prepared, but as in the past, Axxess Ontario will request an extension.

REAL PROPERTY TAXES:

Terry and Helen then explained that there are likely to be increases in Axxess Ontario's real property tax expense, due to a decision of the Court of Appeals in 2018. The decision held that fiber on private property is subject to real property taxation, like that on public property. This does not affect the special franchise tax component of the total real property tax expense, however, as that is only on utility facilities located in the public way.

LIABILITY DISCUSSION:

At 3:49 p.m., a motion was offered by John Dorak, seconded by Mary Krause, 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 of exchange of securities held by the Corporation as publicity would substantially affect the value thereof. Motion carried. At 3:55 p.m., a motion was offered by Mary Krause, seconded by Drew Wickham, to leave executive session. Motion carried.

At 4:00 p.m., a motion was made by Drew Wickham, seconded by Mary Krause, to adjourn. Motion carried.

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