

SOUTHERN TIER NETWORK, INC.

Minutes

April 13, 2011

8 Denison Parkway East, Suite 310, Corning, NY

ATTENDANCE

Board Members: Mark Alger, David Hopkins, Mark Middaugh, Timothy O'Hearn, Mark Rogus, Marcia Weber

Alternates: Michael Krusen, Jack Wheeler

Absent: Steven Manning

Guests: Joseph Starks, James Townsend

Call to Order: The meeting was called to order at 10:10 a.m. by Chair Marcia Weber in the conference room at the STC office.

1. Approval of Minutes – March 23, 2011 – Upon a motion duly made (Mark Alger/Mark Rogus) and carried, the minutes of the March 23, 2011 meeting were approved as written.

The format of the minutes was discussed. In order to keep them concise, direct attribution will not always be used. Anyone wanting something in the minutes should state that he/she wants the minutes to reflect his/her view.

2. Finances –The STN board will have to approve the capital structure needed for the build-out (laterals): bond; commercial bank financing, which Mark Rogus is exploring with M&T Bank; New Market Tax Credits; or a combination of the above. Joe Starks has been contacted by M&T with questions, and he will forward future questions to the entire board. At its next meeting, the board will receive information to enable them to put the options in priority order.

M. Weber received a call from Kevin McLaughlin, Regional Director of Empire State Development and an expert in New Market Tax Credits. A senior vice president at ESD has an interest in the Corning Inc. project, and Kevin asked about the possibility of STN's submitting an NMTC application by September. This will be discussed at the next STN meeting.

3. Insurance - Mark Rogus briefly described to the board the quotes he had received for Directors and Officers insurance. The Chubb policy, which appears to be the best, is being reviewed by Corning Inc. insurance experts and by Jim Townsend. M. Rogus is also getting quotes for liability insurance, which needs to be in place for the regulatory work. Upon a motion duly made (M. Alger/M. Krusen) and carried, the board delegated authority to M. Weber and M. Rogus to review and sign the D&O insurance policy.

4. Review and Approval of Services Agreements

- a) ECC proposal referred to as Part A: design, engineering, construction management services. Joe Starks left the room while the board discussed the ECC contract.

It was reported that the STN costs are in line with those of Ontario County's project. After discussion, a motion was duly made (Tim O'Hearn/Dave Hopkins) and carried to accept the ECC proposal in its entirety.

On his return, J. Starks presented an overview of the services that ECC will provide. He described the project's expected in-kind services, design services, and unit pricing.

- b) Bonadio Proposal for Services. Mark Rogus has determined that STN can engage Bonadio for tax preparation services as well as third party accounting services without creating a conflict of interest. An audit committee needs to be formed by the end of the year to approve the engagement.

J. Townsend stated that it is important to constitute the committees. Expanding the board membership is also necessary, since the audit and governance committees need independent member control, and most current board members are associated with government. Additional expertise needed on the board includes: finance, legal, community activities, public relations, human resources, engineering, insurance, procurement, and business.

Names of potential board members should be sent to Marcia, who will circulate the list; the expectation is that new board members will be in place by July.

5. ECC Activities

- a) Certificate of Public Convenience (CPCN) to be filed with PSC. The CPCN is ready and will be filed electronically with the PSC April 14.
- b) Pole Attachment and Right-of-Way Agreements with Utilities. J. Starks described different cables and their installation requirements. He summarized the tariff setting process and will send tariff information to the board before he sends it to the Public Service Commission.

6. Discussion of agreements to establish indefeasible rights of use (IRU) for participating counties – Discussion is ongoing with the three counties regarding what they will receive for their commitments to the project. IRUs will be established for the counties with input from ECC, J. Townsend, and county administrators and attorneys.

The board discussed variations in the amount of in-kind that the counties could give; when they would pay; and whether they will get dedicated strands or fiber to specific locations. The counties can all have different agreements. It is expected

that it will take a few months to develop the agreements, and they will be brought to the board for approval.

7. Correspondence/Invitations/Public Information – Marcia will speak about the STN at the May meeting of the Corning Rotary. Tompkins County representatives contacted both Marcia and Joe about helping to shape county policy regarding the extension of high speed access to all parts of Tompkins County. Also, the National Public Radio story that was developed in Rochester about the STN was released nationally.
8. Other –Joe distributed several possible designs for the website and asked for suggestions for logos for STN. The board considered hiring someone to develop a logo; M. Rogus will check with the Corning Inc. communication department to see if they could do it. If an outside agency will be hired, it will be approved by the Board.
9. Next meeting – The next meeting will be Thursday, May 12, 2011 at 10:00 a.m. in the STC conference room. It was noted that Mark Rogus will not be able to attend, but he will circulate information ahead of time and hopes to call in with his report.

The meeting adjourned at 12:40 p.m. on a motion duly made (M. Krusen/M. Alger) and carried.

Respectfully submitted,
Susan M. Cratsley, Recording Secretary