

SOUTHERN TIER NETWORK, INC.
Minutes of Initial Board Meeting
February 24, 2011
8 Denison Parkway East, Suite 310

ATTENDANCE

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

Alternates: Michael Krusen, Jack Wheeler

Guests: Joseph Starks, Andrew Lukasiewicz, Jennifer Starks, James Townsend

Prior to the official call to order and start of the meeting, Marcia Weber reviewed the history of attempts to improve fiber access and broadband services in the region served by Southern Tier Central Regional Planning and Development Board (STC). Planning funds had been obtained for studies of the needs through the Appalachian Regional Commission, and the project had made it through two rounds of review for ARRA funding before it was turned down in September 2010. Fortunately, new funding has been found, and the project will proceed.

Call to Order: The meeting was called to order by James T. Townsend, Esq. who had acted as incorporator and stated that the first order of business was to recognize the board as set forth in the certificate of incorporation and to elect a Chair to assume control of the meeting.

Upon a motion duly made (Mark Rogus/Tim O'Hearn) and carried, Marcia Weber was elected Chair of Southern Tier Network, Inc. Mark Rogus was elected Treasurer upon a motion duly made (Mike Krusen/Mark Middaugh) and carried. James T. Townsend would continue to act as assistant secretary for the purpose of supporting the record keeping and certifying resolutions of the action taken at the meeting.

By-laws: A draft of the by-laws as prepared by counsel was presented to the meeting. There were four areas of concern and change. The annual meeting would be held before the end of January each year and board meetings would be scheduled monthly. Removal of directors would be by the vote in person by a majority of the board of directors. Also, after a lengthy discussion about its composition and responsibility, the sense of the board was to eliminate for now the creation of an executive committee. With those changes, upon motion duly made (Dave Hopkins/Mark Rogus) and carried the bylaws were adopted.

ECC Presentation: Joe Starks, President of ECC Technologies, Inc., consultant to the STC Planning Board on the project, introduced himself and his team and reviewed the role of each. Andy Lukasiewicz will oversee operations and sales and marketing of services; Jen Starks will handle the relations with the carriers and utilities.

Joe stressed that the project will require collaboration and integration among telecoms, energy companies, health, education, and business concerns so that no one's investment would be devalued and all would operate in a "friction-free" environment. Expansion of the project will be driven by customer demand. Build-out is planned for a

30 month schedule. In the near term the counties' contributions would be used to carry the maintenance and operation of the project until significant revenues are received from the users of the network.

Joe explained the terminology and concept of dark fiber and that the actual communication services would come from the commercial carriers.

D&O Insurance: Joe reported that he had obtained an application from First Niagara (broker) for general liability and Directors and Officers insurance. He agreed to give the information to Mark Rogus, who would follow up and make a recommendation to the board.

Banking Relationship: There was a general discussion of the need for a bank with regional presence to handle the project funds and expenses. Mark R. suggested M&T. Upon motion duly made (Mark R/Mark A) and carried, it was resolved to establish a banking relationship with M&T and to adopt as the resolution of this board the form of resolution prepared and used by M&T for commercial banking accounts subject to the review by counsel.

Ethics and Conflicts of Interest: Jim Townsend presented an overview of the state laws and general duties that guide governing bodies of Local Development Corporations. He stressed that he is available to answer questions of this nature on an on-going basis. He presented a policy for the board's consideration governing the ethical duties of board members and answered questions from the board about its contents. Upon a motion duly made (Mark Alger/Steve Manning) and carried the policy on ethics and conflicts of interest was adopted and would be transmitted to the Authorities Budget Office by counsel.

Proposals for Professional Services: Jim Townsend presented a letter agreement for his law firm's (Remington, Gifford, Williams & Colicchio) services regarding the organization of STN and proposal for ongoing services. The proposal was approved upon a motion made (Tim/Mark R.) and carried.

The ECC proposal was reviewed and discussed at length. ECC has submitted a plan to be compensated for its planning work and services preparing the project for funding; these services have all been rendered before this meeting. Upon motion duly made (Tim/Mark R.) and carried, ECC's invoices for prior services were approved for payment.

There was a lengthy discussion of ECC's proposals for future design, regulatory and bid phase services; the proposal referred to Part A (design, engineering, and construction management services) and Part B (professional services). The Part B services were accepted and approved at the proposed rate of \$125/hour in an amount not to exceed \$75,000 on an annual basis by a motion duly made (Tim/Steve) and carried.

The Part A services required more information about the general cost structure in relation to other projects of this type and the financial health of ECC. ECC agreed to provide its most recent financials to the Treasurer on a confidential basis; the Treasurer will review and report his opinion to the board. The board then discussed various ways to test the cost structure of Part A of the ECC proposal. It was agreed on a motion duly

made (Mark R/Mike Krusen) and carried to engage Bonadio & Co., the accounting firm for the Ontario County project, to examine/compare Part A services, at an amount not to exceed \$2000 and a completion time within ten days. Pending a satisfactory assessment, the board approved the use of ECC for Part A.

CPCN: Joe and Jim reviewed the need and timing for obtaining a Certificate of Public Convenience and Necessity for the PSC. Its primary purpose is to document the right to attach to other utilities' poles and disclose the nature of the services and cost basis for them. There is a public comment period that makes it important to begin the process. Upon motion made (Dave/Mark) and carried, Marcia Weber was authorized to submit the application as prepared by ECC and reviewed by counsel.

Staffing: There was a discussion of the need for executive, finance, and support services for the entity. The sense of the board was that there was not enough information before it to determine the best way to obtain these services, and given the early start-up nature of the activities at this time, the discussion was postponed to a later meeting.

Next Meeting: The Board announced the next meeting would be March 23, 2011 at 10:00 a.m. in the same location. A regular schedule would be considered at that time.

Prepared by James T. Townsend, Esq, Acting and Asst. Secretary.