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SOUTHERN TIER NETWORK FINANCE COMMITTEE MEETING MINUTES

The Finance Committee of the Board of Directors of Southern Tier Network convened at 3:00 p.m., Tuesday, January 12, 2021 as a remote web-based video conference meeting.

Members Present:

Mark Rogus, Chair
Howard Zingler
Alan Eusden

Absent:

Tim O'Hearn
Judy McIntosh

Guest:

Rich Davis, EFPR

Others Present:

Steve Manning, CEO
Tony Marzolino, CFO
Jeff Gasper, Customer
Relations/Engineer

1. APPROVAL OF MINUTES – December 8, 2020 meeting minutes were approved on a motion by Howard Zingler and seconded by Alan Eusden.

2. AUDIT COMMITTEE: Start 3:02 PM

a. **Presentation by EFPR of 2020 Audit Process & Timeline** – Mr. Rogus introduced Mr. Rich Davis, EFPR, who reviewed the 2020 Audit Services with Committee members. Mr. Manning offered management to dismiss themselves from the meeting allowing for confidential talks to occur between Committee and EFPR; Committee members recognized the offer and did not feel a need to act.

Mr. Davis highlighted EFPR audit activities and responsibilities as well as those required of STN management. EFPR will focus audit efforts on revenue recognition and fraud risk. Mr. Rogus suggested EFPR review STN Controls considering the change in contractors that occurred in the 2020 fiscal year. Mr. Rogus volunteered to contact Ms. McIntosh for her input on other focus areas of the Audit. Mr. Davis offered the Committee to e-mail him any concerns or

additional areas to focus for the 2020 audit. Mr. Rogus requested to be copied on any Committee member emails to the auditors.

With a motion from Mr. Zingler, and seconded by Mr. Eusden, the Audit committee closed at 3:12p.

3 FINANCE COMMITTEE: Start at 3:13p

- a. Review Insurance Coverages – Mr. Marzolino provided an update on the Insurance RFP and related responses. He reviewed the differences between RFP responses and Insurance coverages. Via an electronic communication in mid-December, Management recommended moving from Chubb to Hartford services primarily due to additional coverages and lower costs . The Finance Committee unanimously approved managements recommendation. Mr. Marzolino also reported that Disability Insurance coverage changed from NYS to Hartford.
- b. Contract Renewal Discussion - Mr. Manning and Mr. Gasper reviewed pending customer contractual renewal information with Committee members. A lengthy discussion ensued, including customer usage of fibers, quantity and miles leased, amount of saturation of a particular fiber segment, term of renewal, along with consideration for operational costs. Committee members provided input and suggestions on renewal conditions and guidelines. Committee members also requested a summary report itemizing customer type, % of revenue type, renewal probability % by year. For the next Committee meeting Management will present this information along with a strategy for approaching customers. A summary of discussion items follows:
 - a. Price relative to contract term.
 - b. Consider staggering/laddering renewal dates.
 - c. Consider the segment or fiber path density/saturation.
 - d. Customer type and lease quantity.
 - e. Management propose ‘ground-rules’ for escalating contract renewal to board.

Mr. Zingler requested management provide an update on Investments during the February meeting.

With no other information being provided, on a motion duly made, Alan Eusden, seconded by Howard Zingler the meeting adjourned at 4:05 pm.

Mark Rogus Secretary

