

MINUTES OF UTOPIA REGULAR BOARD MEETING – March 17, 2004

THE UTOPIA BOARD OF DIRECTORS HELD A REGULAR MEETING ON WEDNESDAY, MARCH 17, 2004 AT *THE NAGANO/SARAJEVO ROOM, E CENTER OF WEST VALLEY CITY*, 3200 DECKER LAKE DRIVE. THE MEETING WAS CALLED TO ORDER BY CHAIR DAN SNARR.

MEMBERS PRESENT: LouAnn Christensen, Brigham City
Jim Allan, Cedar City
Brad Sears, Cedar Hills
David Gill, Centerville
Alex Jensen, Layton
Ott Dameron, Lindon
Lee King - Midvale
Dan Snarr – Murray
Jim Reams - Orem
Paul Recanzone, Payson
Ed Skrobiszewski, Perry
Mark Cram, Riverton
Christopher Davis - Roy
Rocky Fluhart, Salt Lake City
Janice Auger, Taylorsville
Richard Woodworth, Tremonton
Wayne Pyle, West Valley City

MEMBERS ABSENT: None

OFFICERS PRESENT: Paul Morris, Executive Director
Roger Black, Chief Operating Officer; Treasurer
David Shaw, General Counsel

Chair Dan Snarr called the meeting to order and turned the time over to Executive Director, Paul Morris.

1. Introductions. Executive Director Paul Morris stated that there was no change in the Board and introductions were not needed at this meeting.
2. Approval of January 26, 2003 Board Meeting Minutes. Chair Snarr asked if there was a motion to approve the minutes of the January 26th Board Meeting. Board Member Ott Dameron of Lindon made a motion to approve the minutes. Board Member LouAnn Christensen seconded the motion. A vote was taken; it was unanimous.

3. UTOPIA Status Report. Paul Morris stated that UTOPIA began with 18 member cities. One has withdrawn (South Jordan). 17 cities have held their public hearings. Ten cities have pledged:

Tremonton	Perry
Brigham City	Layton
Centerville	West Valley City
Murray	Midvale
Lindon	Orem

Two cities have indicated an interest in membership without a pledge:

Taylorville	Cedar Hills
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Four cities have held hearings and the vote is pending:

Salt Lake City – April 6	Cedar City – tonight, March 17
Payson – April 7	Cedar Hills – waiting for non-pledge reso.

Two cities have upcoming hearings:

Riverton March 24	Roy April 6
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One city has proceeded without a hearing: South Jordan

Senate Bill 66

Mr. Morris went on to rehearse the provisions of Senate Bill 66 (SB66) and noted that it allowed UTOPIA to go forward under a grandfathering position, and cities had to make their decision by April 15th. UTOPIA also needs to evaluate the AT&T contract in light of the provisions of SB66.

Provo operated under HB149 and issued bonds one month ago for \$39.5 million. They wanted 6.2% but got 5.1%. In order for Provo to go it alone, they must back sales tax 100%. They have done very well in the market.

UTOPIA Financing

The Legislature this year caused a delay for UTOPIA. When SB66 was pending, it froze UTOPIA's finance progress. The emphasis now is putting together the financing. The bill changes the structure of the financing.

Mr. Morris directed Board Members to his handout on financing, "Financing under the Interlocal Cooperation Act, the Municipal Bond Act, SB66, and the Interlocal Agreement Creating UTOPIA." He explained each point:

1. The issue of “Grandfathering” under SB 66 has already been addressed.
2. The Parameters Resolution starts the pledging process using the highest numbers, but does not bind the cities. Approval of the revised Interlocal Agreement will bind the pledging cities.
3. Size of Sales Tax Pledge has already been discussed.
4. The Final Financing Plan was explained. The financing plan must be a public document. If adopted by the Board, there is a 30 day period for comment before it can be approved by the cities.
5. Final Public Hearing on Financing Plan. Each city must hold a public hearing to consider whether it adopts the revised Interlocal Agreement and continues in UTOPIA. No special notice is required except to those who specifically requested it.
6. After the hearing, then the cities vote either to approve the revised Interlocal Agreement or withdraw. The UTOPIA Board must adopt a final bond resolution approving the sale of the bonds.

Board Member Brad Sears asked if there was an idea of the time frame involved. The Executive Director replied that the financing plan comes back to the Board in May, possibly late April. It is hoped that the last hearing will be held at the end of May or beginning of June. The bond resolution should be adopted in mid-June and then bond in June/July.

Board Member Brad Sears continued with a plea for middle ground of the non-pledging cities so they would not be “punished” for not pledging. Time is needed to issue the revenue bonds and get a “track record” that proves it was feasible to put in the network, that it made sense to build it. For the cities who take the risk, they get the benefits. Mr. Morris said that UTOPIA management is still committed to finding a way to build in the non-pledging cities eventually. They will still be founding members. They still get the network. They will get eventual reimbursement.

Discussion then ensued regarding the importance of having a track record backed by actual data and not projections. It takes time to show if people really wanted it built.

Another discussion then took place between Mr. Sears and Mr. Morris regarding the reimbursement for the feasibility study. Mr. Morris stated that decision on when non-pledging cities will be reimbursed is a function of the lenders. Board Member Janice Auger stated that her city was fine waiting for the reimbursement.

A question was posed by Board Member Chris Davis from Roy regarding the opportunity for a city to change its mind. He asked if it was a possibility for a city to pledge down the road. Paul said he would check on it. SB66 changed new member’s definition. If a non-pledging city wants to become a pledging city, it will have to be evaluated.

Board Member Ott Dameron asked about due diligence payment. Paul Morris said that none of it has been committed and it is dependent upon how we move ahead with the financing.

4. Resolution 04-03: A resolution authorizing the issuance and sale of not more than \$540,000,000 aggregate principal amount of Telecommunications Revenue Bonds, Series 2004, of the Utah Telecommunication Open Infrastructure Agency; fixing the maximum aggregate principal amount of the bonds, the maximum number of years over which the bonds may mature, the maximum interest rate which the bonds may bear, and the maximum discount from par at which the bonds may be sold; providing for the publication of a Notice of Bonds to be issued; providing for the running of a contest period; and related matters. Executive Director Paul Morris stated that this was a parameters resolution. Jim Matsumori of George K. Baum, Laura Lewis of Lewis Young, and Blaine Carlton of Ballard Spahr, all clarified and agreed that the 12% interest rate parameter was a maximum rate and not an average.

Board Member Paul Recanzone asked questions about the 30 day contest period. Paul Morris replied that no protest had been filed.

Brad Sears made a motion to adopt Resolution 04-03 with an amendment to reflect that the maximum rate should not exceed 12% fixed. Board member Alex Jensen of Layton seconded the motion. A vote was taken. During the vote, Board Members Mark Cram of Riverton, Chris Davis of Roy, and Janice Auger of Taylorsville stated that the record should reflect that they were voting as members of the Board and not expressing the opinion of their communities. The vote was unanimous in favor of adopting the resolution.

Paul Morris announced next Board Meeting was scheduled for April 12th, but would need to be postponed until after April 15th, when all cities have voted and it is known who is in for the finance structure. There will be no Board Meeting on April 12th.

Board member Ott Dameron of Lindon made a motion to adjourn the meeting.