

MINUTES OF UTOPIA SPECIAL REGULAR BOARD MEETING - July 28, 2003

THE UTOPIA BOARD OF DIRECTORS HELD A SPECIAL REGULAR MEETING ON MONDAY, JULY 28, 2003, AT *THE CALGARY 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
Joe Melling, Cedar City
David Gill, Centerville
Alex Jensen, Layton
Ott Dameron, Lindon
Laurie Harvey - Midvale (*substitute*)
Jim Reams - Orem
Todd Wilson, Payson
Ed Skrobiszewski, Perry
Mark Reid, Riverton (*substitute*)
Steven Whittaker, Salt Lake City (*substitute*)
Matt Shipp, South Jordan (*later arrival*)
Janice Auger, Taylorsville (*later arrival*)
Richard Woodworth, Tremonton
Paul Isaac, West Valley City

MEMBERS ABSENT: Brad Sears, Cedar Hills (*excused*)

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

Chair Dan Snarr called the meeting to order and turned the time over to Paul Morris who then introduced the substitutes.

1. Consideration of Resolution 03 - 19: A resolution authorizing the submission of the broadband loan application to the Rural Utilities Service of the U.S. Department of Agriculture. Executive Director Paul Morris reviewed the history of UTOPIA's eligibility to apply for a RUS loan and reported that the RUS had ruled that we could submit an application and it will be considered. The resolution is necessary to authorize him to move ahead with the application for a loan. UTOPIA is requesting consideration of \$33 million, which will build out Brigham City and Perry, fund a head-end in Brigham City, and pay for a line to Utah County. The entire UTOPIA concept will be submitted with the application, and will be considered on its merits.

2. Financing Discussion

Paul Morris introduced the discussion by presenting UTOPIA's present financing concept, which included several chicken/egg problems. He presented a short history of the financing progress and

where we are today. He emphasized that what was being discussed is preliminary and may very well change as we work through the financing details. He reiterated that UTOPIA was never presented as a money-maker, but rather as a boost to economic development and to enhance the quality of life. But one of its other underlying principles is that we should move forward only if the model shows that it will pay for itself without a taxpayer subsidy. After looking at several scenarios that did not involve any member city backing, it was concluded that in order to maintain control of the network, insure that it serves its public policy purposes, and that any future excess revenues go back to the communities, some backing of the UTOPIA bonds by member cities would be prudent. Backing the bonds also benefits the project by reducing the interest rate. It does not change the model which still shows that the backing should never actually be needed. He stressed the importance of knowing where each city stood on the issue of putting some skin into the game to increase financing opportunities. Therefore, the purpose of today's discussion was to give the background and learn where each city stands in reference to backing UTOPIA. He emphasized that any preliminary indication by board members regarding their cities possible future backing was in no way a commitment. It just gives staff and the finance team some understanding of how to proceed.

After much discussion between the board, the finance team and staff regarding the nature of the backing, how it might work and the possible risks and benefits, the board members gave staff an indication of how their city might respond. The meeting was then adjourned.

After discussion and clarification, a silent vote was suggested. Members represented as best they could, where they stood on this issue. The votes were collected and the meeting was adjourned, after all were invited to participate in lunch.