

MINUTES OF UTOPIA REGULAR BOARD MEETING -FEBRUARY 13, 2003

THE UTOPIA BOARD OF DIRECTORS HELD A REGULAR MEETING ON THURSDAY, FEBRUARY 13, 2003, AT 10 A.M. AT *THE NAGANO 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  
Lee King - Midvale  
Dan Snarr - Murray  
John Park - Orem  
*Diana Erb, Payson (Substitute)*  
Ed Skrobiszewski, Perry  
Mark Cram, Riverton  
Christopher Davis, Roy  
Matt Shipp, South Jordan  
Janice Auger, Taylorsville  
Richard Woodworth, Tremonton  
Keith Morey, West Valley City

MEMBERS ABSENT: Brad Sears, Cedar Hills  
Todd Wilson, Payson (Diana Erb - substitute)

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

OFFICER ABSENT: Dean Nickels, Treasurer

1. Approval of January 13, 2003, Board Meeting Minutes. Executive Director Paul Morris presented draft minutes of the January 13, 2003 board meeting. Board Member Joe Melling motioned to approve the minutes as written. Board Member Christopher Davis seconded the motion. A vote was taken; it was unanimous.
2. Consideration of Resolution No. 03-05: A resolution authorizing UTOPIA's Executive Committee to finalize the Master Services Agreement with DynamicCity. Executive Director Paul Morris stated that attorney Val Antczak will arrive later so this will be addressed later in the meeting.

3. Consideration of Resolution No. 03-07: A resolution amending the agreement with Morris and Dredge for increased space and equipment. Executive Director Paul Morris stated that UTOPIA's home office location is an ongoing concern. After several alternative housing options, it has been decided that the least expensive, most conservative option is to remain at Morris and Dredge. The firm of Morris and Dredge has offered to vacate entirely the room UTOPIA is using, providing privacy and more space, while still offering use of the amenities in place currently. Another work station will be made available. The monthly payment of \$700 will now be paid, an increase from \$300. The source is the funds from West Valley City for the rest of the fiscal year. At the time of bonding, the housing situation will be re-visited. Board Member LouAnn Christensen made a motion to approve Resolution 03-07. Board Member Lee King seconded the motion. A vote was taken; it was unanimous.
  
4. Consideration of Resolution No. 03-07: A resolution authorizing UTOPIA to move its headquarters to 678 E. Vine Street, Suite #11, Murray, Utah 84107. Executive Director Paul Morris stated that UTOPIA's official address has been West Valley City Hall's address and a change is in order. The interlocal agreement states that the Board can change UTOPIA's address "from time to time." He recommends that the Board change UTOPIA's address to reflect the temporary housing address of 678 E. Vine Street, #11, Murray, Utah 84107. This will offer better clarification and more efficient delivery of mail. Board Member Joe Melling made a motion to approve Resolution 03-07. Board Member Janice Auger seconded the motion. A vote was taken; it was unanimous.
  
5. UTOPIA Status Report:
  - A. RFP for Electronics -

Executive Director Paul Morris stated that the RFP for electronics is going out soon. The TAC Committee wants three members to help evaluate the RFP's. It will take several weeks to participate in this process and Director Morris recommends that members of the Executive Committee consider their availability to be the Board representatives. It will take time to read and evaluate and listen to presentations and then help make a decision. If any one besides Executive Committee Members, is interested and available, they are to notify Paul of their willingness to serve in that capacity.
  
  - B. Wireless -

Paul Morris stated that some cities use wireless systems in their police, fire, ordinance enforcement, building inspectors, etc. If any cities are interested, it may become prudent to create a sub-group of UTOPIA to do wireless for public safety use. Paul identified members of UTOPIA that may be interested; West Valley City, Midvale, Layton, Orem, South Jordan and Murray. UTOPIA may do an RFP for wireless and issue a short term bond secured by payments cities are currently making

for wireless connections. The wireless service being contemplated would provide drastically faster service.

DynamicCity hopes to get out an RFP in the next few weeks. Payson's attending representative expressed interest in going wireless. Board Member Lee King declared a conflict, as a member of VECC and also expressed his fear that UTOPIA was branching out into the retail wireless business and wondered if UTOPIA has the resources to go both directions. Director Morris stated that he thought UTOPIA is safe in exploring the possibility that wireless is complimentary to fiber and that under House Bill 149, a focus on public safety is allowed. UTOPIA would not provide retail service and would stay focused on public safety. This is an appropriate and allowed use to save taxpayers money. Board Member Keith Morey compared this to infrastructure and Board Member Dan Snarr said the need for wireless has already been established. Director Morris also stated that UTOPIA has extensive in-house wireless expertise in both Ernesto Lazalde and Jonathan Wesley. It is noted that any use of wireless would stay true to the UTOPIA model. Roger Black will be in touch with Terry Ingram of VECC and explain UTOPIA. There is also a possibility that UTOPIA may be able to obtain federal grant money to build a wireless system.

C. Legislation -

There are currently two bills before Utah's legislature that may affect UTOPIA. House Bill 242 sponsored by Greg Curtis allows the use of certain RDA tax increment monies for telecommunications. Senate Bill 184 sponsored by Karleen Walker changes the municipal special improvements districts act to allow a district to fund telecommunications in compliance with House Bill 149. Paul thinks both bills may be helpful to UTOPIA in the future and encourages support on both pieces of legislation.

D. Dean & Company -

Dean & Company does a lot of work with DynamicCity on a regular basis. They want to make a report to the Executive Committee on April 7, which conflicts with City Manager meetings in St. George. It was suggested that perhaps Dean and Company could do the presentation to them in St. George. Paul will follow up on that suggestion.

E. Rural broadband -

Paul stated that there may be a way to access money to help certain UTOPIA members put in rural broadband outside of the Wasatch Front. This would enhance the entire project. By connecting Tremonton, Perry and Brigham City to Salt Lake, the fiber would pass Roy, Layton and Centerville, etc. Paul is aware of a consultant

out of Texas who specializes in these kind of applications. The estimated cost is \$30,000. If we can obtain a \$20 - 30 million 4.5 - 5% loan, it would be money well spent in his opinion. It will be a voting item on March's agenda.

The point was raised that this money cannot be allowed to interfere with the general financing package, and UTOPIA must be able to pay it back. Paul Morris stated that these monies could help the entire group, perhaps by funding a head-end where UTOPIA will eventually need one. When UTOPIA's finance package is completed, it will show how this fits into the big picture. It is Paul's desire that the Board be in agreement about whether or not to risk the money to apply.

6. Financial Team Status Report. Scott Robertson made a brief statement about the continuing work on the financial package for UTOPIA. He jokingly guaranteed that any monies acquired will be greater than 4.5% interest. The service provider contracts are necessary and progress is ongoing. They are waiting on more numbers from DynamicCity and he hopes to be able to report more next month.
7. DynamicCity Status Report: Keith Wilson stated that Dean & Company reported to the Finance Team and the first (UTOPIA) project must be "stand alone" supportable. The feasibility report will be delivered at the end of March or in April. Service providers are a top priority. They are interested in UTOPIA and the interest level is growing.

DynamicCity is beginning on the RFP's and collecting final numbers for financing. The TAC Committee is finalizing the electronics RFP and they will go out under Roger's approval in April.

Keith mentioned that a student housing project is going in near UVSC in Orem for 600 students and the builders want to offer high speed connections. This could be UTOPIA's first customer. This benefits UTOPIA by putting this project on the fast track since a service provider is guaranteed customers. Service providers will want a signed contract with UTOPIA. August is when the service is needed.

8. Internal Financial Report: Roger Black distributed a handout, "UTOPIA's Financial Position, Budget vs. Actual for FY 2002 - 2003," which is a statement of UTOPIA's cash position as of yesterday. The bottom line is that UTOPIA is in good shape and will end the fiscal year with some surplus cash. Paul Morris added that Roger is doing a great job. He has researched and documented every penny spent by UTOPIA and will report to the Board each month.

11:20 AM Break for Lunch

11:45 Am Reconvene

2. Consideration of Resolution No. 03-05: A resolution authorizing UTOPIA's Executive Committee to finalize the Master Services Agreement with DynamicCity. (See handouts with Issue Paper and Resolution, including draft agreement) Deputy Director Dave Shaw introduced the handout schematic diagram describing the Master Services Agreement between DynamicCity and UTOPIA. He stated that DynamicCity was given the first rights of refusal on the asset management and procurement management of the relationship, and mentioned that DynamicCity is shouldering a large part of the risk of UTOPIA. Dave introduced attorney Val Antczak, who is UTOPIA's counsel for this agreement.

Val Antczak said the Master Services Agreement is a roll-up for four contracts into one between UTOPIA and DynamicCity. It sets up the matrix for ongoing business with DynamicCity. It addresses the four different aspects of ongoing business; procurement, professional services, asset management and implementation, while preserving the provisions of the current agreement between the two firms.

Val further explained that UTOPIA is a vision, that DynamicCity is providing working capital to make it work, and terms must be documented now to answer future questions. Business points such as royalties and future cash shares must be addressed. It is a unique relationship. Only if UTOPIA is successful will DynamicCity be successful.

Chief Operating Officer, Roger Black, stated that the contract follows the provisions of the procurement policy.

Keith Wilson offered an explanation of what may seem to be stupidity to others viewing this relationship. He said DynamicCity is excited about the project. They have not found another organization willing to provide the wholesale model concept on this scale. Other communities will want to follow suit. DynamicCity is in a unique position to make this offer because UTOPIA is a unique customer. They see UTOPIA as a partner. Another reason for DynamicCity's interest in funding the project now is that the work cannot wait for financing. Work must continue while financing is processing. He said the agreement is fair and DynamicCity is excited to participate. They are willing to sign the agreement with UTOPIA.

Dave Shaw stated that the network will need 50 people to operate it, so UTOPIA will have need for experts. Paul Morris stated that the UTOPIA staff will be small. They will steer the ship but not row it. Key positions need to be held by UTOPIA staff, but which positions have yet to be decided.

Dave Shaw summarized by saying this is the Master Services Agreement in a nutshell. The Board of Directors needs to approve the concept of the agreement today and authorize the Executive Committee to sign it at a Special Executive Committee to be held probably in the week after next. Discussion then ensued about the complicated nature of this contract. Board Member Lee King stated that the Executive Committee was overwhelmed at first, but after several meetings he is getting a sense of the document and will be at a level of comfort to sign it after the next Special Executive Committee Meeting. Board Member Janice Auger

suggested that Board Members receive a “red-lined” copy of the agreement 24 hours after the special meeting and have an opportunity to email feedback. Paul Morris acknowledged the suggestion as a valid one and will see to it that the Board receives the agreement at least 24 hours prior to it being signed.

Board Member David Gill shared a sociology story about a gorilla on a basketball court and asked what the gorillas were in this contractual arrangement with DynamicCity. Board Member Richard Woodworth spoke of his adversarial approach at first. Upon study of the issues, seeing the relationship and where the risks are placed, he has come to realize that UTOPIA and DynamicCity are inseparable. UTOPIA will be DynamicCity’s “poster child.” DynamicCity will pay royalties to market this model.

Board Chair Daniel Snarr stated his agreement with Richard. It is a win-win situation. DynamicCity has the resources to help the project along, belief in the concept and willingness to back it. It is unique.

Board Member Lee King raised his earlier hesitation in justifying UTOPIA’s sole source selection of DynamicCity. Roger’s submitted justification satisfied him in all areas. Paul Morris added that DynamicCity is simply the best qualified to do this job for UTOPIA. Dave Shaw added that the wholesale model goes back four years. He has had many contacts and DynamicCity has depth of expertise heretofore unseen. The remaining big issue continues to be the financing of the project. Board Member Christopher Davis made a motion to approve Resolution 03-05, with the added suggestion of Board Member Janice Auger, that the Board receive a red-line copy at least 24 hours before it is signed. Board Member Mark Cram seconded the motion. A vote was taken; it was unanimous.

9. The meeting was adjourned.