

MINUTES OF UTOPIA REGULAR BOARD MEETING – DECEMBER 8, 2003

THE UTOPIA BOARD OF DIRECTORS HELD A REGULAR MEETING ON MONDAY, DECEMBER 8, 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: *Paul Larsen, Brigham City (substitute)*
 Brad Sears, Cedar Hills (*later arrival*)
 David Gill, Centerville
 Alex Jensen, Layton
 Ott Dameron, Lindon
 Lee King, Midvale
 Dan Snarr – Murray
 Jim Reams – Orem
 Ed Skrobiszewski, Perry
 Mark Cram, Riverton
 Christopher Davis - Roy
 Rocky Fluhart, Salt Lake City
 Matt Shipp, South Jordan
 Janice Auger, Taylorsville (*later arrival*)
 Richard Woodworth, Tremonton
 Paul Isaac, West Valley City (substitute)

MEMBERS ABSENT: LouAnn Christensen (*substitute*)
 Jim Allan, Cedar City (*excused*)
 Todd Wilson, Payson (*excused*)
 Wayne Pyle, West Valley City (*substitute*)

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

At 10:10 AM, Chair Dan Snarr called the meeting to order and turned the time over to Executive Director, Paul Morris.

1. Introductions: Paul Morris welcomed everyone to the meeting and stated there were no introductions to be made on the Board. He commented that Payson's board member, Todd Wilson, has been called to active duty and will be leaving for Iraq at the end of the year. Payson will get a new representative for UTOPIA's Board.
2. Approval of October 6, 2003 Board Meeting Minutes: Executive Director Paul Morris presented a draft of the minutes of the October 6, 2003 Board Meeting. Chair Dan Snarr called for a motion on the minutes. Board Member David Gill of Centerville

motioned to approve the minutes as written. Board Member Ed Skrobiszewski from Perry seconded the motion. A vote was taken; it was unanimous.

3. Consideration of Resolution 03-20: A resolution confirming the Executive Director's appointment of Roger Black as the Deputy Director of UTOPIA. Paul Morris stated that according to the adopted Interlocal Agreement, certain positions, including the Deputy Director, are appointed by the Executive Director with the advice and consent of the Board. Dave Shaw has been the Deputy Director, but the last several months he has been extremely busy with UTOPIA's legal work. Roger has been functioning as deputy director in Paul's absences. Board Member Ott Dameron from Lindon made a motion to approve Resolution 03-20. Board Member substitute Paul Isaac from West Valley City seconded the motion. A vote was taken; it was unanimous.

4. Consideration of Resolution 03-21: A Resolution approving an amendment to UTOPIA's budget to reflect payments made now to bond insurance companies and rating agencies with reimbursement coming from the bond proceeds at closing, and to accept assessments from member cities for their proportionate share of these costs. Deputy Director Roger Black introduced the amendment to the budget. Its purpose is to adjust some numbers in the budget and to address one item for financing. The bond insurers must do their due diligence to determine the parameters of UTOPIA's financing. These are up-front costs that must be paid. Usually these costs come out of the financing at closing costs, but UTOPIA's funding, because of its uniqueness, is now being treated more like a private financing. These costs are approximately \$250,000 and will be proportionate to each city.

Paul Morris explained that by adopting this resolution or the next resolution, board members are not binding their cities to pay the new assessment. This resolution adopts the budget. The next resolution requests payment from the cities.

There was some discussion on this issue. Board Member Chris Davis from Roy asked what would happen if the request was denied. He responded that it would be difficult to finalize the funding. Paul Morris said we were getting four more independent studies. Board Member Lee King from Midvale asked about the timing of the insurer agencies. Roger Black answered that they will proceed with their due diligence if UTOPIA makes payment. Laura Lewis added that she has advised the executive committee that she will meet with the insurer before the next step of bond insurance is taken. Meetings are set up with two bond rating agencies on December 18th. They will take a week after that to consider UTOPIA. UTOPIA needs an investment grade rating. They will evaluate the risks, and give an idea on the rating. The bond insurer needs to give us a good sense of the feasibility of their backing the project before we pay them.

Laura continued that they have a good sense that the financing is structured to receive the rating. Jim Matsumori from George K. Baum stated that the insurers understand UTOPIA's strategy as they have already done weeks and weeks of due diligence.

Board Member Rocky Fluhart asked if the money then was not needed until February. The answer was that it was needed, but if it is pledged in mid-January, it would be due by February 1st. Laura Lewis stated that not getting the money until February delays the financing only for a few weeks and is satisfactory. Rocky Fluhart wanted clarification that the cities have until February 1st to decide whether or not they will pledge the backing. Laura said yes, that was the case.

Without further discussion, Chair Dan Snarr called for a motion. Board Member Lee King made a motion to pass Resolution 03-21. Board Member Brad Sears from Cedar Hills seconded the motion. A vote was taken. It passed with a majority vote. Board Members Matt Shipp and Janice Auger voted “Nay.”

5. Consideration of Resolution 03-22: A resolution expressing support for finalizing a financing plan to fund the construction of the project and requesting that the member cities advance their pro rata share of the bond insurer due diligence costs to UTOPIA. As this was explained in conjunction with the previous resolution, Chair Dan Snarr asked for a motion. Board Member David Gill from Centerville made a motion to pass Resolution 03-22. Board Member Brad Sears from Cedar Hills seconded the motion. A vote was taken. It passed with a majority vote. Board Members Chris Davis, Matt Shipp and Janice Auger voted, “Nay.”

6. UTOPIA Status Report: Paul Morris stated that with the upcoming meetings, the next several weeks will be used to get everything in order for the finance process.

7. DynamicCity Status Report: Keith Wilson, CEO of DynamicCity, stated that everything right now revolves around the finance piece. They have combined Salt Lake’s figures into the overall feasibility study so that Laura Lewis can have the integrated material. Dean & Company also added figures on the feasibility study. Board Member Brad Sears asked about the overall effect of the Salt Lake figures. Keith Wilson stated that it adds to the construction costs, but it is less expensive to build in high density populated areas. Salt Lake’s figures had a positive effect overall.

8. Financing Status Report: Laura Lewis said she was pleased to report that things were going well on the financing side. The bond insurer has spent hours and hours evaluating the project, and they have given the yellow light to proceed. It has gone to the highest level of financing. The easy answer was “No” but they have taken it into consideration and they are not lacking for projects to evaluate. She sees that as a positive sign. They are familiar with the telecom industry, so their willingness to evaluate is a positive factor.

It is a complex project and it is not unusual to take some time for study. She continued by saying that even though the cities are asked to back it and take some proportional risk, the insurers must back it 100% and take all the risk. Their analysis is critical as they are evaluating for full risk. The “yellow light” is seen as a positive position. Jim Matsumori

stated that in fact a yellow light means they have given the okay to proceed, so it is really a green light.

Board Member Rocky Fluhart, Salt Lake City, asked if there are going to be two bonds or one. Laura Lewis stated that two were needed so as to not have too much negative arbitrage.

Board Member substitute from Brigham City, Paul Larsen, asked when we can expect the bonds to be issued. Laura Lewis explained that if the cities do not make payments to the bond insurer until February 1st, then the insurers will need a full two months (all of February and March) to evaluate, then the bonds would be issued in early April.

Jim Woolley, an employee of Extreme Networks, stood and made a comment. His comment was not responded to by the Board.

Chair Dan Snarr said the business of the meeting was concluded. Board Member Brad Sears made a motion to adjourn the meeting. Board Member David Gill seconded the motion. A vote was taken; it was unanimous.