UTAH INFRASTRUCTURE AGENCY (UIA)
BOARD MEETING AND PUBLIC HEARING MINUTES
February 11, 2019
8:30 AM
UTOPIA OFFICES
5858 SOUTH 900 EAST
MURRY, UTAH 84121

Board Members Present: Bryce Haderlie – Midvale City
Danyce Steck – Murray City

Joining Electronically: Alex Jensen – Chairman, Layton City
Jason Roberts – First Vice Chair, Brigham City
Sam Lentz – Third Vice Chair, Orem City
Paul Isaac – West Valley City
Clark Wilkinson – Centerville City
Mark Sorenson – Alternate, Payson City
Kimberly McKinley – UTOPIA Marketing Director

Officers Present: Roger Timmerman – UIA Chief Executive Director
Laurie Harvey – UIA Secretary/Treasurer
Joshua Chandler – UIA General Counsel

Others Present: Jack Walkenhorst – All West
Laura Lewis – Lewis Young Robertson, Financial Advisor
Blake Wade – Gilmore & Bell, Representative
Kane Loader – UTOPIA Midvale Board member
Kellie Jeffrey – UTOPIA Board Secretary

1. WELCOME AND INTRODUCTIONS
The UIA Board of Directors held a regular board meeting and a public hearing on Monday, February 11th, 2019. UIA Chairman Alex Jensen (Layton) called the meeting to order at 8:37 AM. The weather caused traffic delays, so most board members were in attendance by phone. He welcomed all attendees.

UIA Total Votes Present: 428
UIA Majority Vote: 215
UIA 2/3 Vote: 286

2. APPROVAL OF MINUTES – DECEMBER 10, 2018 AND JANUARY 22, 2019
There was no discussion on the minutes.
ACTION: Paul Isaac (West Valley City) MOVED to approve the minutes from the UIA board meetings held December 10, 2018 and January 22, 2019. Danyce Steck (Murray City) SECONDED the motion. A roll call vote was taken - the vote was unanimous.

3. PUBLIC HEARING – BONDS TO BE ISSUED

Laurie Harvey, UIA Treasurer, addressed the parameters of the proposed bond. The requested amount to build out Morgan City is $2.7 million. The bond term as proposed is 25 years, with capitalized interest for 2 years. The payments will be approximately $175,000-$185,000/year. Sam Lentz (Orem) asked for clarification that the bond payments would be paid using revenues from the connection fee from Morgan network. If revenue falls short, Morgan would back it with 50% sales tax revenue and 50% electrical fee revenue. Mrs. Harvey confirmed. If costs end up being higher than anticipated for construction, Roger noted that UIA has some risk and would eat that cost. However, there was a buffer included in the estimate so as not to exceed costs. Construction will start after contestability time and we anticipate it being completed late this summer. It should move quickly.

The meeting was opened for a public hearing. A couple of minutes was allotted, however there were no comments from the public related to the proposed bond.

ACTION: Jason Roberts (Brigham City) MOVED to close the public hearing. Paul Isaac (West Valley City) SECONDED the motion. A roll call vote was taken - the vote was unanimous.

4. CONSIDER APPROVAL OF RESOLUTION 19-04: APPOINTMENT OF GENERAL COUNSEL

Mr. Timmerman recommended to the board that UIA may want to assign a general counsel position. He noted that it makes sense to have that appointment now in case of future needs.

ACTION: Clark Wilkinson (Centerville) MOVED to approve resolution 19-04 appointing Joshua Chandler as General Counsel for UIA. Paul Isaac (West Valley City) SECONDED the motion. A roll call vote was taken – the vote was unanimous.

5. CONSIDER APPROVAL OF RESOLUTION 19-05: PTIF DESIGNATION, ADDING LAURIE HARVEY

As Laurie Harvey is the new Treasurer for UIA, part of her duties includes overseeing PTIF accounts. For her to be granted that permission, the board must approve it by resolution, for purposes of the State Treasurers office.

ACTION: Bryce Haderlie (Midvale) MOVED to approve resolution 19-05, authorizing Laurie Harvey as UIA's designee for PTIF related accounts, previously done by Kirt Sudweeks. Clark Wilkinson (Centerville) SECONDED the motion. A roll call vote was taken – the vote was unanimous.
6. FINANCIAL UPDATE (DECEMBER 2018)

Laurie Harvey, UIA’s Secretary/Treasurer, presented an overview of the December 2018 UIA financials.

**Combined recurring revenue** for December was $1.7 million. Compared to the previous fiscal year at the same time, revenue was about 19% higher. Revenue continues to grow about 2% a month, averaging an increase of about $24,000/month over the last 6 months. There is a considerable gap (on the provided financial graphs) between UIA revenue and the bond obligation, which is good. Combined **operating expense** totaled $1 million. There was a notable increase in network management fees, particularly related to utility locating fees. We issued an RFP for locating services and are now under a new contract with Stake Center Locating. Those costs have been tightened up substantially, and we will continue to watch those expenses. We realistically expect to see those increase as we connect more and more customers. **Operating profit** year-to-date was about $5.5 million.

Specifically, for UIA **recurring revenue** has been exceeding $1 million/month since August 2018. UIA revenue is growing at more than 2% per month. At mid-year, we are ahead of projected estimates and expect that to continue. **Operating expenses** are averaging close to $250,000/month, leaving net **operating income** at $750,000/month which is more than adequate to service the debt.

Mr. Jensen asked if there are any projections in the future that would suggest the trajectory we are currently on would adjust downward. Mr. Timmerman responded that every indication confirms it should only get better. Although we are adding areas to the network and growing there, we still see high take rates in original footprints. There are no indications that wouldn’t continue. Mr. Jensen wondered how the commercial side has been growing, since residential has been so successful. Commercial service continues to grow. Month over month, there is a steady rate of growth. We see a bigger swing on the business side because their circuits are larger. However, it’s more of a linear growth.

Mayor Wilkinson (Centerville) asked Laurie to send a current schedule on the long-term liability accounts (notes payable, bonds payable, etc). She will send that to the entire board.

7. ELECTION OF UIA BOARD OFFICERS

Our board is as follows: Alex Jensen (Layton) – Chair; Jason Roberts (Brigham City) – first vice chair; Phillip Hill (Midvale) – second vice chair, which is now vacant; and Sam Lentz (Orem) – third vice chair.

**ACTION:** Paul Isaac (West Valley City) MOVED to retain the current leadership, with the addition of Bryce Haderlie (Midvale) to replace Phillip Hill. Sam Lentz (Orem) SECONDED the motion. A roll call vote was taken - the vote was unanimous.
8. INFORMATION – UPDATE ON MORGAN SERVICES CONTRACT (EXHIBIT D)

In a previous meeting, while discussing the Morgan services contract, a question was raised in relation to the promissory note (exhibit D). Mr. Chandler, General Counsel, wanted to clarify that question, and confirm to the board the intent. He spoke with the city, the council, and several officials on the intent, which is that the payback would only come from revenues generated by the Morgan City project. Language will be added (although wording is not yet finalized) to the form promissory note to solidify that. Mr. Roberts (Brigham City) thanked Mr. Chandler for looking into that, as it was his concern in the previous discussions.

9. UIA UPDATE

Mr. Timmerman gave an update of the network(s). Things are going well in our member cities. We are seeing increased demand in other cities, for example, Woodland Hills and Morgan City. These partnerships set the stage for similar projects and similar structures in other cities, that have expressed interest. Those partnerships will be presented to the board for consideration, once they materialize to contractual discussions. We consider those that are mutually beneficial. Board members, Mr. Timmerman, and Chair Alex Jensen discussed more related to future projects.

Sam Lentz (Orem) apologized for not being present at the previous meeting. He was sad to hear that the vote from the Orem alternate representative was a “no”. He is supportive of bringing other cities onboard for mutually beneficial partnerships. However, he wants to make sure it does not deter progress from building out the existing member cities. Mr. Timmerman communicated we are ahead of schedule for completion of the member cities, without the other build projects distracting from that. Mr. Lentz would like to get some better timeframes for residents on build out schedule. Ms. McKinley is working to get a more solidified plan and more transparency for residents.

10. ADJOURN

Mr. Jensen thanked the staff and the board for their continued support and service.

There being no further business of the UIA Board of Directors, the meeting and public hearing held on Monday, February 11, 2019, was adjourned at 9:42 AM.

ACTION: Bryce Haderlie (Midvale) MOVED to adjourn the meeting. Paul Isaac (West Valley City) SECONDED the motion. A voice vote was taken - the vote was unanimous.

I hereby certify the foregoing to be a true and accurate record of the proceedings of this meeting of the UIA Board of Directors.

Laurie Harvey, UIA Secretary

Approved this 8 day of April, 2019