

**UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY (UTOPIA)**

**BOARD MEETING MINUTES**

APRIL 12, 2021

10:00 AM

UTOPIA FIBER OFFICES

5858 SOUTH 900 EAST

MURRAY, UTAH 84121

**Board Members Present:** Meeting conducted electronically

**Board Members Joining  
Electronically:**

Wayne Pyle – Chair, West Valley City  
Councilmember Jeffrey Lambson – First Vice Chair, Orem City  
Adam Cowie – Second Vice Chair, Lindon City  
Shawn Warnke – Fourth Vice Chair, Tremonton City  
Councilmember Thomas Peterson, Brigham City  
Mayor Blair Camp – Murray City  
Councilmember Clint Morris – Layton City  
Jason Sant – Payson City  
Todd Christensen – Perry City

**Officers Joining  
Electronically:**

Roger Timmerman – UTOPIA Executive Director  
Laurie Harvey – UTOPIA Chief Financial Officer  
Christa Evans – UTOPIA Secretary  
Joshua Chandler – UTOPIA General Counsel  
Aaron Leach – UTOPIA Chief Operations Officer  
Kim McKinley – UTOPIA Chief Marketing Officer

**Others Joining  
Electronically:**

Jason Roberts – Alternate, Brigham City  
Matt Dahl – UIA Board Member, Midvale City

**1. WELCOME AND INTRODUCTIONS**

The UTOPIA Board of Directors held an electronic board meeting on April 12, 2021. The meeting was live streamed to allow public viewing. UTOPIA Chair, Wayne Pyle (West Valley City) called the meeting to order at 10:03 AM.

UTOPIA Votes Present: 404

UTOPIA Majority Vote: 279

UTOPIA 2/3 Vote: 371

**2. APPROVAL OF MINUTES – FEBRUARY 8, 2021**

Mr. Adam Cowie, Lindon, suggested some minor changes to the minutes.

April 12, 2021

**ACTION: Adam Cowie (Lindon City) MOVED to approve the minutes as corrected from the UTOPIA board meeting held February 8, 2021. Jason Sant (Payson City) SECONDED the motion. A voice vote was taken - vote was unanimous with one abstention from Todd Christensen due to his absence from the February 8, 2021 meeting.**

**3. CONSIDER APPROVAL OF RESOLUTION UT 21-01: ADOPTION OF TENTATIVE BUDGET FOR FISCAL YEAR 2022 FOR UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY AND SETTING TIME AND PLACE FOR PUBLIC HEARING REGARDING THE BUDGET (JUNE 14, 2021)**

Ms. Laurie Harvey, UTOPIA Chief Financial Officer, stated the board is required to adopt a tentative budget before the next regularly scheduled meeting in May. The Executive team will review requests before budget adoption in June. Revenues for UTOPIA are increasing \$2.6 million for a total of \$31.6 million. Most is from UIA fees which is increased by \$2.3 million. The management fee UIA pays to UTOPIA was put in place three years ago at the request of the auditors. Payroll comes out of UTOPIA, UIA has no paid employees, although staff spends a considerable amount of time on UIA projects. The auditors stressed that UTOPIA should be reimbursed for some of those costs so that is \$400,000 of the increase. The larger part of the increase is related to the service contract. UIA pays \$6.50 per month for each active connection and an increase to \$7.65 is proposed. For Provisioning, each UIA connection pays a one-time fee of \$14.30 and an increase to \$15 is proposed. For Field Maintenance, UIA pays \$1.20 per month for addresses passed and an increase to \$2 is proposed. Twenty thousand additional addresses are anticipated which is the largest part of the increase. The shelter maintenance fee is \$400 annually per UIA hut/cabinet. Changes were mostly due to an increase in Network Engineering costs for UTOPIA. Network Engineers have been added, the amount of time the OSP staff spends on the network and the number of employees has increased. These fees have not been adjusted for several years and as the salaries and benefits increase so does the cost to UIA and UTOPIA. She reviewed each department's budget in UTOPIA and analyzed costs that should be shared with UIA. These fees were last adjusted two years ago. It moves more money to UTOPIA but also supports the numbers. One of UTOPIA's functions is to operate the UIA network. It is always a balancing act but staff has no issue moving more money from UIA to UTOPIA. There are healthy cash reserves in UIA and staff would like the pledge payments UTOPIA cities are paying to remain static. Administration costs is budgeted at \$2.5 million; some software costs have been added into this. The Billing Supervisor left and UTOPIA hired a Controller and there is a salary differential. The Network Operating Center is budgeted slightly less than the previous year. There have been personnel changes; some more experienced employees have moved to different departments and entry level employees have been brought in. Outside Plant Engineering and Construction is proposed at \$2.9 million. As the network grows, more repair and maintenance work is needed. Many times those costs can be recaptured if it was a contractor that caused the damage by cutting through a marked line. The Blue Stakes Locating budget is staying at about \$1.2 million. Field Services is proposed to decrease because there is currently COVID differential pay which will be ending before FY 2022. Operations Management increased because some Smart City Engineering positions were reclassified from Network Engineering into this budget. Network Engineering has a slight increase. The interconnect of \$400,000 is paid out of here for co-locations and easements. Marketing is staying about the same. Some savings in this area is due to replacing a Sales Director position with a current salesman and hiring an administrative position. A customer service position

April 12, 2021

had to be added midyear due to the increase in connections and customer requests. Non-departmental increased by \$235,000. Of the Non-Departmental budget, \$15.3 million is for Debt Service which increases every year. Total expenses proposed is \$30 million. Revenue over expenditures is \$1.2 million due in large part to the service contract fee which allows the Executive Team to look at the staffing needs and requests from departments. Staff is trying to automate processes to keep the number of FTEs down. A 3% increase is proposed for salaries and 5% increase in health insurance. If the full amount is not required for increases and operations it will stay in UTOPIA and reduce the existing fund balance. There will be more clarity in the enhancements of the budget when the final is adopted in June.

Mr. Pyle asked if there is any further detail about how debt service will change this upcoming year.

Ms. Harvey stated the final OpEx advances from UIA will be paid off. Cities will receive a dividend that keeps UTOPIA debt service at the 2017 level. It will become a factor in the 2023 budget when the UIA OpEx is paid off. At that point either a portion of UTOPIA debt will be paid by UTOPIA or dividends will continue to be paid from UIA. There is a lot of thought that goes into how to responsibly get money from UIA to UTOPIA.

Mr. Adam Cowie, Lindon City, asked when evaluating the budget for locating, is staff able to separate the cost of bringing it in-house versus the cost increase due to network expansion.

Mr. Timmerman stated there was not a huge cost savings the first year because there was a lot of equipment needed to bring it in-house. Now cost is more incremental in that UTOPIA is only paying for the employees. There was a huge increase forecasted had UTOPIA continued using Stake Center Locating and this change flattened out the increase. There is still an increase in expense as the network expands but costs are kept under control. Another benefit is quality has increased; the number of damages and outages has decreased.

Mr. Aaron Leach, UTOPIA COO, stated even with all the changes initially there was a cost savings of about \$100,000 per year. With all the construction and growth right now, he feels the cost is proportional and the savings are still happening.

Mr. Todd Christensen, Perry City, asked if the potential of adding nine new positions has everything included such as vehicles, office equipment, computers etc. or if it just covers salary.

Ms. Harvey stated it is not that developed yet and the estimate is basically salary and benefits. There is \$500,000 budgeted for capital expenses which would be used for additional vehicles and equipment needed. The list of nine FTEs is the number of requests she is aware of but Executive Staff still needs to review it.

Mr. Timmerman stated the organization is growing and while there is good economy of scale some new employees must be added. The increase in the number of employees is far less proportionally than the increase in revenue. The actual number will be less than currently proposed.

Mr. Jeffrey Lambson, Orem, asked if the 3% proposed increase is for current employees only.

April 12, 2021

Mr. Timmerman stated the increase anticipated on July 1 is usually for all current employees but is also treated like a merit increase. If there are disciplinary actions needed for an employee, the increase may be withheld.

**ACTION: Councilmember Thomas Peterson (Brigham City) MOVED to approve Resolution UT 21-01 approving the FY 2022 Tentative Budget for UTOPIA and setting time and place for the public hearing (June 14, 2021). Adam Cowie (Lindon City) SECONDED the motion. A roll call vote was taken - vote was unanimous.**

#### **4. DISCUSSION OF UTOPIA'S FRAUD RISK ASSESSMENT**

Ms. Harvey explained the State Auditor's Office asked that a Fraud Risk Assessment be completed each year. The organization scored better this year than last year. One reason is because each board member completed online Introductory Training for Municipal Officials for Cities and Towns. Any new board members probably had to complete it for their city and they can provide their certificate to UTOPIA to help with the organization's score. The training is a one-time thing and needs to be done within four years of term appointment. The other reason the score increased was due to the formation of the Audit Committee which is the UIA / UTOPIA Finance Committee. There is not a formal internal audit function and it is unlikely one will be put in place anytime soon. There are many checks and balances and good separation of duties. At 355, UTOPIA scores in the very low risk range. This will be submitted to the State Auditor's Office and will be an annual process. There is not a specific deadline but she would like it done before the June 30, 2021 Audit.

Mr. Pyle asked who determines the score for this.

Ms. Harvey stated it is self-scored. It is more of a tool for local governments and entities to look at what is required and recommended and to strive to get all the functions in place.

#### **5. UTOPIA FINANCIAL UPDATE**

Ms. Harvey showed the combined recurring revenue for UIA and UTOPIA; UIA reached \$2 million and UTOPIA is about \$600,000.

Mr. Pyle likes to see the charts that show the history of UTOPIA back to 2012.

Ms. Harvey stated she can easily add that in because it is a fun picture to look at.

Mr. Pyle stated it could be helpful for the new board members to understand the variation in revenues over time.

Ms. Harvey showed the month over month increase in systemwide recurring revenue which is almost \$45,000.

Mr. Pyle remembers back in 2012/2013 when a recurring revenue increase of \$10,000 was considered amazing. To be at \$45,000 per month now is a dramatic statement.

April 12, 2021

Ms. Harvey displayed the chart showing UIA Revenue vs. the Bond Obligation. There is already a sizeable increase in the headroom since the 2021 bonds were sold; there is \$500,000 between monthly revenue and cumulative bond payments. The Morgan Cap I period ends soon but everything else is in the Cap I period. All partner cities that have been completed have met revenue requirements about a year ahead of schedule.

**6. UTOPIA NETWORK UPDATE**

Mr. Timmerman shared the availability and subscriber number charts. There were some changes made to how the numbers are reported. Idaho Falls is now included in the numbers. Total subscribers is just shy of 38,000; 1,000 of that is from Idaho Falls and is part of UIA. There has been a lot of fiber added in the ground but just has not been finished. There should be several thousand releases coming soon which will create a lot of growth. All UTOPIA cities should be finished within the next year and a half. There is a big opportunity for a new city partnership with Pleasant Grove City. It is scheduled for city council approval tomorrow evening. If it is approved by the city council, there will need to be a UIA special meeting Thursday, April 15, 2021 at 8:30 am to get board approval. Pleasant Grove would be the largest new city partnership for the organization. All new partnerships help with revenue growth. Other funding opportunities that may be available this year are the American Rescue Plan Act, the State Grant Program, and the new Broadband Act from the Federal Government. As things get better at UIA things will also get better at UTOPIA to relieve debt.

**7. ADJOURN**

There being no further business of the UTOPIA Board of Directors, the meeting on Monday, April 12, 2021, was adjourned at 10:46 AM.

---

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



**Christa Evans, UTOPIA Secretary**

**Approved this 14<sup>th</sup> day of June, 2021**

