



**UTAH TELECOMMUNICATION OPEN
INFRASTRUCTURE AGENCY**

FINANCIAL STATEMENTS

JUNE 30, 2009

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
TABLE OF CONTENTS

Independent Auditor’s Report 1

Management Discussion and Analysis 2

Financial Statements:

 Statement of Net Assets 6

 Statement of Revenues, Expenses, and Changes in Fund Net Assets 8

 Statement of Cash Flows 9

Notes to Financial Statements 11



INDEPENDENT AUDITOR'S
REPORT

Jensen & Keddington, P.C.

Certified Public Accountants

Board of Directors
Utah Telecommunication Open Infrastructure Agency
West Valley City, Utah

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

We have audited the accompanying basic financial statements of Utah Telecommunication Open Infrastructure Agency (UTOPIA), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of UTOPIA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of UTOPIA, as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 23, 2009 on our consideration of UTOPIA's internal control over financial reporting and on our tests of compliance with certain provisions of laws and regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Jensen & Keddington

November 23, 2009

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The following is a discussion and analysis of the Utah Telecommunication Open Infrastructure Agency (UTOPIA) financial activities for the fiscal year ending June 30, 2009.

Description of Business

Fourteen Utah cities created UTOPIA, which constructs and operates a wholesale fiber telecommunications infrastructure, as a way to promote economic development and to improve the quality of life for their residents. The system is an open access network, which means private providers of retail digital services use the network to reach customers in UTOPIA member cities. Two additional cities (Washington City and the town of Vineyard) joined UTOPIA in December, 2007.

Eleven of the current UTOPIA member cities pledged sales tax revenues as partial loan guarantees in order to secure financing for the network. UTOPIA is currently in the process of constructing a wholesale advanced communications network within its Member cities. The Network is being built with fiber-optic technology, which transmits information at speeds that are significantly faster than existing copper, cable, wireless or satellite systems. Fiber is currently used for the backbone of the Internet and other high-demand applications, but has not been widely implemented over “the last mile” into homes and businesses. UTOPIA is laying the fiber-optic cable necessary to connect each Member city and the homes and businesses within each city. UTOPIA’s fiber-optic cable is laid both underground and above ground, according to existing utilities infrastructure. Other elements of the Network include conduits, innerducts, fiber strands, splices, switches, transmitters, terminals, internal power sources and all other items necessary to operate the Network.

Highlights

As of the end of June, 2009, more than 1,600 miles of fiber cable (and associated duct) have been placed within the boundaries of the eleven members cities. Within the 66 production footprints there are a total of 62,000 addresses, of which 48,646 are able to receive services at the decision of the household or business (marketable). The remaining addresses are located in apartment buildings, condominium developments, or in areas isolated by right-of-way or pole access issues. Eight service providers—XMission, Veracity, Nuvont, Prime Time, FuzeCore, Fibernet, Integra Telecom and Mozy—were actively marketing at least some of their services and a total of 8,009 homes and businesses had subscribed to services by fiscal year end. These subscribers selected services as indicated in Figure 1. On June 2, 2008, UTOPIA entered into a new financing transaction (Series 2008 Bonds). The transaction was designed to provide funds to (i) pay and cancel the outstanding bonds; (ii) pay and cancel the debt obligation to RUS, but not release any claims for damages as a result; (iii) pay outstanding construction contracts that had been approved by RUS but remained unfunded due to unilateral transaction modifications by RUS; (iv) provide two years of capitalized interest and LOC payments (v) provide operational and construction funds, and (vi) pay the costs of issuing the Series 2008 Bonds.

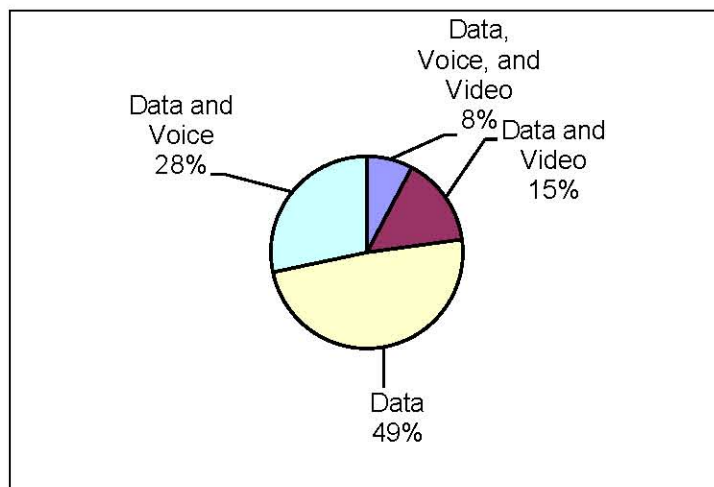


Figure 1
Chart showing breakdown of subscribers at June 30, 2009 by type of service selected.

In conjunction with the refinancing, UTOPIA determined that operational changes were necessary. Contracts with external parties to manage the network and oversee construction were cancelled, and resources were hired to bring these functions in-house. This has enabled the Agency to manage priorities, control expenses and move the project forward more effectively. In addition, the Agency has recognized the need to increase communication about the network and the benefits of fiber-to-the-premise connections. Fiber awareness efforts are currently underway to improve customer awareness of the network.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In conjunction with these organizational changes, UTOPIA launched a six-phase strategy to move the Agency forward. That strategy includes:

- Refinance (which was completed in June, 2008)
- Create a baseline
- Operational Readiness
- Operation Prime
- Alternative Funding
- Full Deployment

The first three phases were completed rather quickly, and in October, 2008, Operation Prime was launched in Tremonton. The Tremonton Project included using new fiber awareness techniques to improve awareness of the open service provider model and the benefits of a truly fiber-optic network. In particular, the UTOPIA model provides consumers with the power of choice, a key differentiator emphasized in messaging to UTOPIA markets. UTOPIA's fiber awareness efforts are highly targeted, ensuring the most effective tactics and messaging are used only in those areas that need it.

After a successful launch in Tremonton, Operation Prime continued forward with rollouts in portions of Layton, Brigham City and West Valley. The Agency is now engaged in the final two phases of the strategy. Over the past year, several new service providers have been added to the network, including Prime Time Communication's recent MStar acquisition. The Agency will continue to focus on attracting and adding service providers as the network expands.

Overview of Financial Statements

The financial statements included in this report have been prepared in compliance with generally accepted accounting principles. The balance sheet provides information about the Agency's resources and obligations at year end. The statement of revenues, expenses, and changes in net assets presents the results of business activities during the course of the year. The statement of cash flows presents changes in cash and cash equivalents, resulting from operational and investing activities. Notes to the financial statements provide required disclosures and other information that are essential to the full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances, obligations, commitments, contingencies and subsequent events.

As expected, the financial statements reflect conditions typical of a capital-intensive start-up enterprise in the first years of its existence. Operating revenue increased 4.4% over the prior fiscal year but did not cover operating expenses. UTOPIA's fiber awareness efforts continuously add new subscribers to the network and increase the Agency's gross revenues. An operating deficit is projected to continue for another year.

Operating revenues for the fiscal year fell short of anticipated results (\$3,341,431 actual vs. \$4,740,000 budget. Operating expenses (expenses excluding interest and depreciation) exceeded projections (\$6,190,026 actual vs. \$5,089,537 budget). Depreciation and amortization expense were at projected levels.

**UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Table 1 - Summary of the Agency's Statement of Net Assets.

	2009	2008
Current and other assets	\$ 22,409,938	\$ 48,397,197
Capital assets	87,908,146	87,921,279
Total Assets	<u>110,318,084</u>	<u>136,318,476</u>
Long-term liabilities outstanding	234,505,561	208,787,445
Other Liabilities	2,244,514	2,741,878
Total Liabilities	<u>236,750,075</u>	<u>211,529,323</u>
Invested in net capital assets, Net of related debt	(21,835,947)	(15,797,814)
Unrestricted	<u>(104,596,044)</u>	<u>(59,413,033)</u>
Net Assets	<u>\$ (126,431,991)</u>	<u>\$ (75,210,847)</u>

Table 2 - Summary of the Agency's Statement of Revenues, Expenses and Changes in Fund Net Assets

	2009	2008
Revenues:		
Operating revenues	\$ 3,341,807	\$ 3,201,987
Non-operating revenues	-	980,854
Interest income	539,236	405,788
Total Revenues	3,881,043	4,588,629
Expenditures:		
General and administrative	4,020,349	1,510,207
Network	1,511,202	3,163,284
Depreciation	6,038,132	5,402,635
Bond interest and fees	41,575,495	28,626,401
Other expenses	1,957,009	3,163,020
Total Expenditures	<u>55,102,187</u>	<u>41,865,547</u>
Change in net assets	(51,221,144)	(37,276,918)
Total net assets, beginning of year	(75,210,847)	(37,933,929)
Total net assets, end of year	<u>\$ (126,431,991)</u>	<u>\$ (75,210,847)</u>

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Capital Assets and Debt Administration

UTOPIA's investment in capital assets, net of depreciation, was \$87.9 million at year end. Types of assets include outside plant (fiber and conduit), inside plant (electronics), customer premise equipment, construction in progress and other miscellaneous assets.

As of June 30, 2009, UTOPIA's outstanding debt amounted to \$185.8 million. The majority of this debt (revenue bonds payable) is secured by the 11 pledging members' sales tax pledges.

	2009	2008
Construction in progress	\$ 9,193,504	\$ 18,575,158
Outside plant	71,422,648	57,877,849
Inside plant	4,394,781	2,461,804
Customer premise equipment	838,907	7,111,727
Intangible right	1,448,441	1,508,533
Office furniture and equipment	430,688	253,231
Vehicles	179,177	132,977
	<u>\$ 87,908,146</u>	<u>\$ 87,921,279</u>

	2009	2008
Revenue bonds payable	\$ 185,000,000	\$ 185,000,000
Capital leases	623,598	750,797
Notes payable	135,750	135,750
	<u>\$ 185,759,348</u>	<u>\$ 185,886,547</u>

Final Comment

UTOPIA member cities launched the wholesale network project to facilitate economic development and to improve the quality of life for their residents. The telecommunication industry could replace its current copper wire and coaxial cable networks with a virtually unlimited-capacity fiber optic infrastructure, but business imperatives keep them from doing so. UTOPIA believes that the long-term return on such an investment would not meet investors' short-term profit demands. As a municipality, on the other hand, UTOPIA believes that the long-term needs of their constituents are their first priority. UTOPIA expects that it can build and maintain the infrastructure that private companies have, thus far, been unwilling to do. This will provide the "pipe" through which private companies can provide the latest, most competitive services to consumers.

Since construction of the network has begun, there is evidence that these objectives are being served. Business location and expansion decisions have been influenced for the benefit of UTOPIA cities by the imminent availability of world-class connectivity. Competition for customers has prompted heavy marketing from incumbent providers and reductions in overall subscription rates for consumers. Market acceptance of the services that are available over the network is very positive.

BASIC FINANCIAL STATEMENTS

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
STATEMENT OF NET ASSETS
June 30, 2009

Assets

Current Assets:

Cash		\$	122,303
Restricted investments			11,868,930
Receivables:			
Trade receivables, net	\$	1,422,002	
Interest receivable - restricted investments		<u>10,517</u>	
Total Receivables			1,432,519
Inventory			3,617,830
Prepaid expenses			2,272,709
Notes receivable			91,859
Deferred charges			<u>76,004</u>
Total Current Assets			<u>19,482,154</u>

Noncurrent assets:

Capital Assets:

Construction in progress			9,193,504
Property and equipment, net			
Fiber optic network	78,104,777		
Office furniture and equipment	430,688		
Vehicles	<u>179,177</u>		
Total Property and Equipment, net			<u>78,714,642</u>
Total Capital Assets			<u>87,908,146</u>

Other Assets:

Deposits	10,686		
Notes receivable	643,297		
Deferred charges	<u>2,273,801</u>		
Total Other Assets			<u>2,927,784</u>
Total Assets			<u>\$ 110,318,084</u>

The accompanying notes are an integral part of these financial statements.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
STATEMENT OF NET ASSETS (Continued)
June 30, 2009

Liabilities

Current Liabilities:

Accounts payable from restricted assets	\$ 641,927
Accrued liabilities	169,911
Compensated absences	67,649
Interest payable from restricted assets	1,226,397
Capital leases payable	138,630

Total Current Liabilities	2,244,514
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Noncurrent Liabilities:

Compensated absences	52,594
Note payable	135,750
Capital leases payable	484,968
Revenue bonds payable	185,000,000
Swaps liability	48,832,249

Total Liabilities	236,750,075
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Net Assets:

Invested in capital assets, net of related debt	(21,835,947)
Unrestricted deficit	(104,596,044)

Total Net Assets	(126,431,991)
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Total Liabilities and Net Assets	\$ 110,318,084
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The accompanying notes are an integral part of these financial statements.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For The Year Ended June 30, 2009

Operating Revenues	<u>\$ 3,341,807</u>
Operating Expenses:	
Payroll	2,225,198
Material and supplies	694,155
Professional services	1,100,996
Network	1,511,202
Bad debt expense	669,152
Depreciation	<u>6,038,132</u>
Total Operating Expenses	<u>12,238,835</u>
Operating Loss	<u>(8,897,028)</u>
Nonoperating Revenues (Expenses):	
Interest income	539,236
Bond interest and fees	(41,575,495)
Miscellaneous expense	(1,287,857)
Total Nonoperating Revenues (Expenses)	<u>(42,324,116)</u>
Change In Net Assets	(51,221,144)
Total Net Assets, Beginning of Year	<u>(75,210,847)</u>
Total Net Assets, End of Year	<u><u>\$ (126,431,991)</u></u>

The accompanying notes are an integral part of these financial statements.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2009

Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 2,710,937
Payments to suppliers	(5,629,708)
Payments to employees	<u>(2,135,709)</u>
Net cash used by operating activities	<u>(5,054,480)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of property and equipment	(2,898,759)
Proceeds from swap liability	153,450
Bond interest and fees	(15,771,392)
Cash paid for bond issuance costs	(220,565)
Principal paid on capital leases payable	(127,199)
Restricted cash - net increase	<u>23,172,302</u>
Net cash provided from capital and related financing activities	<u>4,307,837</u>
Cash Flows From Investing Activities:	
Principal received on notes receivable	14,844
Interest income	<u>599,048</u>
Net cash provided by investing activities	<u>613,892</u>
Net Decrease in Cash and Cash Equivalents	(132,751)
Cash and Cash Equivalents, Beginning of Year	<u>255,054</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 122,303</u></u>

The accompanying notes are an integral part of these financial statements.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
STATEMENT OF CASH FLOWS (Continued)
For The Year Ended June 30, 2009

Reconciliation of operating loss to net cash from operating activities:

Operating loss	\$ (8,897,028)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	6,038,132
Bad debt expense	669,152
(Increase) decrease in current assets	
Accounts receivable	(1,300,022)
Inventory	(709,356)
Prepaid expense	(47,420)
Increase (decrease) in current liabilities	
Accounts payable	(897,427)
Accrued liabilities	89,489
Net Cash Used by Operating Activities	<u><u>\$ (5,054,480)</u></u>

Supplemental Information

Noncash Investing, Capital, and Financing Activities:

Additions to outside plant includes \$270,688 of capitalized interest.

Interest expense of \$25,665,861 was added to the balance of swap liability.

The accompanying notes are an integral part of these financial statements.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Utah Telecommunication Open Infrastructure Agency (UTOPIA), a separate legal entity and political subdivision of the State of Utah, was formed on March 5, 2002, by an Interlocal Cooperative Agreement pursuant to the provisions of the Utah Interlocal Cooperation Act. UTOPIA's Interlocal Cooperative Agreement has a term of fifty years. During June 2004, the Board of Directors voted to amend the interlocal agreement with the member cities to allow pledging and non-pledging members. The pledging members were required to pledge sales tax revenue from their cities to partially guarantee payment of the bonds, and in return for the pledge, they would be the first to receive UTOPIA's services. The non-pledging cities did not pledge their sales tax revenue but their cities' network will be built when financing can be arranged that does not require a loan guarantee. There were 11 pledging members and 5 non-pledging members in UTOPIA at June 30, 2009. UTOPIA's purpose is to design, finance, build, operate, and maintain an open, wholesale, public telecommunication infrastructure that has the capacity to deliver high-speed connections to every home and business in the member communities.

Summary of Significant Accounting Policies

The accounting policies of UTOPIA conform to accounting principles generally accepted in the United States of America as applicable to government entities. UTOPIA applies all the pronouncements of the *Government Accounting Standards Board* (GASB), and in accordance with GASB Statement No. 20, UTOPIA applies all *Financial Accounting Standards Board Statements and Interpretations* issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements. UTOPIA has the option to apply FASB pronouncements issued after that date and UTOPIA has chosen to do so.

The following is a summary of the more significant policies.

The Reporting Entity

In evaluating how to define UTOPIA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether UTOPIA is able to exercise oversight responsibilities. UTOPIA does not have any component units, nor is it a component unit of any primary government.

Financial Statement Presentation and Basis of Accounting

UTOPIA prepares its financial statements on an enterprise fund basis, using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Financial Statement Presentation and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Restricted Assets

UTOPIA maintains investments held by Wells Fargo for safekeeping of funds relating to future construction, debt service reserves and costs of issuance. When both restricted and unrestricted assets are available, it is UTOPIA's policy to use restricted assets first, then unrestricted assets as they are needed.

Property and Equipment

Property and equipment are stated at cost, which includes capitalization of interest costs incurred during construction. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included as nonoperating revenues or expenses. Depreciation of property and equipment was computed using the straight-line method over the following estimated useful lives

Outside plant and certain customer premise equipment	25 years
Office furniture and equipment and vehicles	3-5 years
Intangible rights	25 years

Depreciation of inside plant and certain customer premise equipment was computed using an accelerated method over a 6 year life.

Retirement Plans

UTOPIA participates in three retirement plans. UTOPIA participates in a defined contribution plan, in the Utah Retirement System, and a union pension plan. Retirement plan costs are combined with employee benefits and are recorded on an accrual basis. It is UTOPIA's policy to fund the retirement plan costs as they are incurred.

Cash and Cash Equivalents

All non-restricted cash accounts are considered to be cash and cash equivalents for cash flow statement purposes.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is UTOPIA's best estimate of the amount of probable credit losses in the existing accounts receivable. UTOPIA has determined that no allowance for doubtful accounts is necessary for current accounts receivable.

Inventories

Inventories are stated at the lower of cost or market using the first-in first-out method. UTOPIA wrote down inventory in the amount of \$1,287,857, which is recorded in miscellaneous expense.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS

UTOPIA's deposit and investment policy is to follow the Utah Money Management Act. However, UTOPIA does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which UTOPIA is exposed.

Utah State law requires that UTOPIA's funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for UTOPIA and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2009, UTOPIA had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit	\$ 122,303
Investments in money market funds	11,868,930
	<u>\$ 11,991,233</u>

Cash on Deposit:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, UTOPIA's deposits may not be returned to it. As of June 30, 2009, \$0 of the \$152,241 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized. UTOPIA has no policy to manage this type of risk.

Investment in money market funds:

Interest rate risk. The risk that changes in the interest rate will have an adverse affect on the fair value of an investment. UTOPIA's investment in money market funds are not subject to interest rate risk.

Credit risk. This is the risk that an issuer or other counter party to an investment will not fulfill its obligations. As of June 30, 2009 the money market funds in which UTOPIA has investments were unrated.

Concentration of credit risk. This is the risk of loss attributable to the magnitude of UTOPIA's investment in a single issuer. UTOPIA's investment in money market funds is not subject to a concentration of credit risk.

Custodial credit risk – investments. This is the risk that, in the event of the failure of the counterparty to a transaction, UTOPIA will not be able to recover the value of its investments that are in the possession of an outside party. UTOPIA's investment in money market funds has no custodial credit risk.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 RESTRICTED INVESTMENTS

Restricted investments consist of the following:

Construction costs	\$ 1,960,920
Future interest payments on bonds	8,307,371
Required debt reserves	<u>1,600,639</u>
	11,868,930
Restricted investments - current	<u>(11,868,930)</u>
Noncurrent portion of restricted investments	<u><u>\$ -</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

The following summarizes UTOPIA's property and equipment as of June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 16,733,349	\$ 1,483,471	\$ (9,023,316)	\$ 9,193,504
Total capital assets, not being depreciated	<u>16,733,349</u>	<u>1,483,471</u>	<u>(9,023,316)</u>	<u>9,193,504</u>
Capital assets, being depreciated:				
Outside plant	63,235,906	9,322,317	-	72,558,223
Inside plant	9,651,825	3,888,342	-	13,540,167
Customer premise equipment	9,854,591	1,733,672	-	11,588,263
Intangible right	1,624,040	-	-	1,624,040
Office furniture and equipment	500,538	338,083	-	838,621
Vehicles	277,035	124,239	-	401,274
Total capital assets, being depreciated	<u>85,143,935</u>	<u>15,406,653</u>	<u>-</u>	<u>100,550,588</u>
Less accumulated depreciation:				
Outside plant	(5,358,057)	(2,690,952)	-	(8,049,009)
Inside plant	(7,190,021)	(1,955,365)	-	(9,145,386)
Customer premise equipment	(2,742,864)	(1,088,214)	-	(3,831,078)
Intangible right	(115,507)	(64,936)	-	(180,443)
Office furniture and equipment	(247,307)	(160,626)	-	(407,933)
Vehicles	(144,058)	(78,039)	-	(222,097)
Total accumulated depreciation	<u>(15,797,814)</u>	<u>(6,038,132)</u>	<u>-</u>	<u>(21,835,946)</u>
Total capital asset, net of accumulated depreciation	<u>69,346,121</u>	<u>9,368,521</u>	<u>-</u>	<u>78,714,642</u>
Property and Equipment, net	<u><u>\$ 86,079,470</u></u>	<u><u>\$ 10,851,992</u></u>	<u><u>\$ (9,023,316)</u></u>	<u><u>\$ 87,908,146</u></u>

Depreciation expense of \$6,038,132 was charged to operating expense for the year ended June 30, 2009. During the year, UTOPIA incurred interest expense of which \$270,688 was capitalized.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 LONG-TERM DEBT

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2009.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds					
2008 revenue bonds	\$ -	\$ 185,000,000	\$ -	\$ 185,000,000	\$ -
Total Revenue Bonds	-	185,000,000	-	185,000,000	-
Capital leases					
Equipment	407,099	-	(90,259)	316,840	97,537
Payson	184,815	-	(23,400)	161,415	24,337
Developer	158,883	-	(13,540)	145,343	16,756
Notes payable					
Members	135,750	-	-	135,750	-
Compensated absences	19,311	100,932	-	120,243	67,649
Total Long-Term Debt	<u>\$ 905,858</u>	<u>\$ 185,100,932</u>	<u>\$ (127,199)</u>	<u>\$ 185,879,591</u>	<u>\$ 206,279</u>

Revenue Bonds

Taxable Adjustable Rate Advanced Communications Special Revenue and Refunding Bonds, Series 2008, original issue of \$185,000,000, principal payments due in quarterly installments beginning December 2013, interest payments due monthly at LIBOR, which was 2.83% at June 30, 2009, with the final payment due June 2040. The bonds were issued to finance UTOPIA's infrastructure construction and retire the Series 2007, 2006, and 2004 Revenue Bonds.

	<u>\$ 185,000,000</u>
Total Revenue Bonds	185,000,000
Less current portion	<u>-</u>
Noncurrent portion	<u>\$ 185,000,000</u>

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 LONG-TERM DEBT (Continued)

The following summarizes UTOPIA's revenue bonds debt service requirements as of June 30, 2009:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ -	\$ 10,614,197	\$ 10,614,197
2011	-	10,614,197	10,614,197
2012	-	10,614,197	10,614,197
2013	-	10,614,197	10,614,197
2014	5,000.00	10,614,030	10,619,030
2015-2019	3,930,000	52,689,232	56,619,232
2020-2024	13,225,000	50,339,072	63,564,072
2025-2029	26,645,000	44,734,083	71,379,083
2030-2034	46,050,000	34,577,109	80,627,109
2035-2039	75,520,000	17,472,283	92,992,283
2040	19,625,000	614,954	20,239,954
	<u>\$ 185,000,000</u>	<u>\$ 253,497,551</u>	<u>\$ 438,497,551</u>

Capital Leases

Capital leases consist of the following:

UTOPIA is obligated under a lease for the purchase of vehicles and equipment from a financing institution. Because the terms and options contained in the lease have effectively created a financing arrangement, UTOPIA is required to record this transaction as a capital lease. Lease payments are \$9,897 each including imputed interest at 7.78%. The capitalized cost of vehicles and equipment was \$661,783 with accumulated depreciation of \$344,127.

\$ 316,841

UTOPIA is obligated to pay a developer for outside plant construction. Because the terms and options contained in the lease have effectively created a financing arrangement, UTOPIA is required to record this transaction as a capital lease. Lease payments are \$20 a month for each unit built in the subdivision. Interest is charged at 7.00% annual rate. The capitalized cost of outside plant construction was \$159,257 with accumulated depreciation of \$6,383.

145,343

UTOPIA is obligated under a lease for the use of a fiber optic network from Payson City. Because the terms and options contained in the lease have effectively created a financing arrangement, UTOPIA is required to record this transaction as a capital lease. Lease payments are \$30,792 each year including imputed interest at 4%. The capitalized cost of fiber optic network was \$259,739 with accumulated depreciation of \$26,852.

161,414

623,598

Less current portion

(138,630)

Noncurrent portion

\$ 484,968

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 LONG-TERM DEBT (Continued)

Minimum lease payments for the years ending June 30 are as follows:

Equipment Lease	
2010	\$ 175,950
2011	175,950
2012	175,950
2013	57,192
2014	57,192
2015	<u>82,938</u>
Total minimum lease payments	725,172
Less amount representing interest	<u>(101,574)</u>
Present value of net minimum lease payments	<u><u>\$ 623,598</u></u>

Note Payable

The note payable consists of the following:

Amounts owed to non-pledging members. These amounts will be paid when UTOPIA begins to build the network in the respective member's city. Management does not anticipate making any payments in the next fiscal year.	<u>\$ 135,750</u>
Total Note Payable	135,750
Less current portion	<u>-</u>
Noncurrent portion	<u><u>\$ 135,750</u></u>

NOTE 6 RETIREMENT PLANS

Plan Description

UTOPIA contributes to the Local Governmental Noncontributory Retirement System which is a cost sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 RETIREMENT PLANS (Continued)

Funding Policy

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. UTOPIA is required to contribute 11.62% of the covered salary to the Noncontributory System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

UTOPIA's contribution to the Noncontributory System for the years ending June 30, 2009, 2008 and 2007 were \$147,985, \$35,267, and \$32,000, respectively. The contributions were equal to the required contributions for each year.

UTOPIA is legally obligated to contribute to the retirement systems as long as they have employees meeting membership requirements.

UTOPIA contributes to a non-contributory defined contribution retirement benefit plan covering substantially all employees. Currently all of the assets and income of the 457 Plan are held in trust by the plan administrator for the exclusive benefit of the participants or their beneficiaries rather than as assets of UTOPIA. Employer contributions under this plan during the years ended June 30, 2009, 2008 and 2007, were \$97,613, \$23,484 and \$49,418, respectively.

UTOPIA contributes to a union pension plan. Contributions are based upon hours worked by employees covered under an agreement and are funded on a current basis. Employer contributions to the plan during the year ended June 30, 2009, 2008, and 2007 was \$163,324, \$248,937 and \$132,225, respectively.

NOTE 7 OPERATING LEASE

UTOPIA has entered into various operating leases to secure network operations facilities, office space and equipment. The current year's expense related to operating leases was \$518,887. These leases range from 3 years to 20 years, with renewal options up to 23 years. Total remaining minimum lease payments at June 30, 2009 are as follows:

2010	\$ 515,918
2011	342,137
2012	293,111
2013	300,147
2014	307,465
2015-2019	511,010
2020-2024	61,010
2025-2026	15,253
	<hr/>
	\$ 2,346,051
	<hr/>

NOTE 8 COMMITMENTS AND CONTRACTS

In conjunction with the 2008 Special Revenue and Refunding Bonds issued, UTOPIA was required to obtain a letter of credit. UTOPIA pays an annual fee for this letter of credit, which is 1.25% of the outstanding principal of the 2008 Special Revenue and Refunding Bonds. The unused letter of credit is \$186,773,973 at June 30, 2009.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 PLEDGING MEMBERS LIABILITY

The 11 Pledging Member's of UTOPIA have pledged sales and use tax revenues to partially guarantee payment of UTOPIA's Revenue bonds. In return for the pledge, these members will be among the first cities to receive UTOPIA's services. In June of 2008, UTOPIA issued an \$185,000,000 revenue bond. The first two years of bond payments will be made from a debt service reserve fund, funded by the debt. From that point on, until the bonds are due in June 2040, net revenues from UTOPIA will reimburse the debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, 10 Pledging Members are required to reimburse the UTOPIA debt service reserve fund of any shortfall by their respective percentages of ownership up to a specific dollar amount and one Pledging Member is required to reimburse the UTOPIA debt service reserve fund a specific amount. The Pledging Member's percentage of the debt service reserve shortfall is listed below, with a corresponding annual maximum liability. Any amounts paid by Pledging Members to UTOPIA to reimburse the debt service reserve fund will be a loan to be repaid by UTOPIA.

At June 30, 2009, the Pledging Member's had on deposit with the UTOPIA 2008 Debt Service Reserve Account the amounts specified below. These funds will remain on deposit until the bonds are retired. The debt service fund is required to increase June 1st of each year by 1.82% compounded annually until it reaches approximately \$23,300,000.

Pledging Member	Share of Total Pledge	Amount on Deposit	Maximum Pledge *
Brigham City	3.33%	\$ 343,463	\$ 389,500
Centerville City	3.31%	341,592	387,378
Layton City	16.61%	1,714,438	1,944,240
Lindon City	3.05%	315,578	357,878
Midvale City	6.03%	621,930	705,293
Murray City	12.24%	1,262,634	1,431,877
Orem City	21.70%	2,238,630	2,538,695
Payson City	2.58%	265,728	259,920
Perry City	0.82%	84,255	95,549
Tremonton City	2.51%	259,138	293,872
West Valley City	27.82%	2,869,718	3,254,373
	<u>100.00%</u>	<u>\$ 10,317,104</u>	<u>\$ 11,658,575</u>

* These amounts are the fiscal year 2009 maximum debt service that can be required of the Pledging Members.

UTAH TELECOMMUNICATION OPEN INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 DERIVATIVE ARRANGEMENTS

UTOPIA has two derivative contracts that attempt to fix the interest rate so that an interest rate payment is known.

The terms, fair values, and credit ratings of counterparties for the various swap agreements at June 30, 2009 are summarized in the following table:

Interest Rate Swaps

Outstanding Notional Amount	Fixed Rate Paid by UTOPIA	Variable Rate ¹ Received by Counterparty	Fair Value	Swap Termination Date	Counterparty Credit Rating		
					S&P	Moody's	Fitch
\$ 110,000,000	5.787%	LIBOR-.046%	\$ (29,879,898)	July 1, 2040	A-	A1	A-
75,000,000	5.665%	LIBOR-.044%	(18,952,351)	July 1, 2040	A+	Aa3	A+

¹ Three month U.S. Dollar London Interbank Offered Rate.

The notional amounts of the swaps match the principal amounts of the associated debt. The swap agreements contain scheduled reduction in notional amounts that follow scheduled amortization of the associated debt.

BTOP Comprehensive Community Infrastructure Detailed Budget

Please complete the General Budget Overview and Detailed Project Costs worksheets.

Please refer to the Comprehensive Community Infrastructure Grant Guidance for detailed instructions on the completing this upload.

Applicants are required to provide this upload as an Excel file, and not to convert it to a PDF prior to upload. Applicants should not alter the layout of the provided templates, except to insert additional line-items as needed in the Detailed Project Costs worksheet.

General Budget Overview

Budget	Federal Funding Request	Matching Funds (Cash)	Matching Funds (In-Kind)	Budget TOTAL	Last Mile Allocation	Middle Mile Allocation	Allocated TOTAL
Network & Access Equipment (switching, routing, transport, access)		\$1,171,670		\$1,171,670		\$1,171,669.88	\$1,171,670
Outside Plant (cables, conduits, ducts, poles, towers, repeaters, etc.)	\$16,064,066			\$16,064,066		\$16,064,066.30	\$16,064,066
Buildings and Land – (new construction, improvements, renovations, lease)		\$4,196,640		\$4,196,640		\$4,196,640.00	\$4,196,640
Customer Premise Equipment (modems, set-top boxes, inside wiring, etc.)	\$57,275	\$12,000	\$69,125	\$138,400		\$138,400.00	\$138,400
Billing and Operational Support Systems (IT systems, software, etc.)			\$5,925	\$5,925		\$5,925.00	\$5,925
Operating Equipment (vehicles, office equipment, other)		\$62,651		\$62,651		\$62,651.00	\$62,651
Engineering/Professional Services (engineering design, project management, consulting, etc.)	\$0	\$1,869,358	\$410,000	\$2,279,358		\$2,279,358.00	\$2,279,358
Testing (network elements, IT system elements, user devices, test generators, lab furnishings, servers/computers, etc.)	\$107,980			\$107,980		\$107,980.00	\$107,980
Site Preparation				\$0			\$0
Other		\$45,000		\$45,000		\$45,000.00	\$45,000
TOTAL BROADBAND SYSTEM:	\$16,229,321	\$7,357,319	\$485,050	\$24,071,690	\$0	\$24,071,690	\$24,071,690
Cost Share Percentage:	67.42%	30.56%	2.02%				

DETAIL OF PROJECT COSTS

PLEASE COMPLETE THE TABLE BELOW FOR THE DIFFERENT CATEGORIES OF EQUIPMENT THAT WILL BE REQUIRED FOR COMPLETING THE PROJECT. EACH CATEGORY SHOULD BE BROKEN DOWN TO THE APPROPRIATE LEVEL FOR IDENTIFYING UNIT COST

SERVICE AREA or COMMON NETWORK FACILITIES:		Match (Cash/In-kind)	Unit Cost	No. of Units	Total Cost	Last Mile Allocation	Middle Mile Allocation	Allocated Total	SF 424C Budget Category	Support of Reasonableness
NETWORK & ACCESS EQUIPMENT					\$1,171,670	\$0	\$1,171,670	\$1,171,670		
Switching					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
Routing					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
Transport	Alcatel 7450 Chassis	Cash Match	\$24,000.00	2	\$48,000		\$48,000.00	\$48,000	10. Equipment	Competitive Bidding Process
	Alcatel 7450 10Gbps XFP	Cash Match	\$2,000.00	6	\$12,000		\$12,000.00	\$12,000	10. Equipment	Competitive Bidding Process
	Alcatel 7450 10Gbps MDA	Cash Match	\$22,500.00	2	\$45,000		\$45,000.00	\$45,000	10. Equipment	Competitive Bidding Process
	Alcatel 7450 IOM	Cash Match	\$10,000.00	12	\$120,000		\$120,000.00	\$120,000	10. Equipment	Competitive Bidding Process
	Alcatel 7450 10-port GigE MDA	Cash Match	\$6,000.00	16	\$96,000		\$96,000.00	\$96,000	10. Equipment	Competitive Bidding Process
	GigE SFP LR	Cash Match	\$698.25	320	\$223,440		\$223,440.00	\$223,440	10. Equipment	Competitive Bidding Process
	SmartOnline 5000VA	Cash Match	\$2,393.34	2	\$4,787		\$4,786.68	\$4,787	10. Equipment	Competitive Bidding Process
	Valere DC Rectifier	Cash Match	8,788	2	\$17,576		\$17,576.00	\$17,576	10. Equipment	Competitive Bidding Process
Access	Alcatel OS-6400-U24	Cash Match	\$998.00	160	\$159,680		\$159,680.00	\$159,680	10. Equipment	Competitive Bidding Process
	Stacking Cable	Cash Match	\$78.00	160	\$12,480		\$12,480.00	\$12,480	10. Equipment	Competitive Bidding Process
	GigE SFP LR	Cash Match	\$698.25	320	\$223,440		\$223,440.00	\$223,440	10. Equipment	Competitive Bidding Process
Other	IP Video Surveillance	Cash Match	\$400.00	80	\$32,000		\$32,000.00	\$32,000	10. Equipment	Competitive Bidding Process
	Terminal Server	Cash Match	\$360.00	80	\$28,800		\$28,800.00	\$28,800	10. Equipment	Competitive Bidding Process
	Alcatel OS6400-BP-SHLF	Cash Match	\$10.00	160	\$1,600		\$1,600.00	\$1,600	10. Equipment	Competitive Bidding Process
	Alcatel OS6400-BP	Cash Match	\$198.00	160	\$31,680		\$31,680.00	\$31,680	10. Equipment	Competitive Bidding Process
	Cyberpower OL2000RML2U	Cash Match	\$719.92	160	\$115,187		\$115,187.20	\$115,187	10. Equipment	Competitive Bidding Process
					\$0		\$0.00	\$0		
OUTSIDE PLANT					\$16,064,066	\$0	\$16,064,066	\$16,064,066		
Underground	Middle Mile Backbone Construction		\$ 13.70	298173	\$4,084,970		\$4,084,970.10	\$4,084,970	9. Construction	Competitive Bidding Process
	Middle Mile Backbone Splicing and Testing		\$ 0.53	298173	\$158,032		\$158,031.69	\$158,032	9. Construction	Competitive Bidding Process
	Middle Mile Backbone Materials		\$ 3.97	298173	\$1,183,747		\$1,183,746.81	\$1,183,747	9. Construction	Competitive Bidding Process
	Middle Mile Laterals Construction		\$ 14.94	286109	\$4,274,468		\$4,274,468.46	\$4,274,468	9. Construction	Competitive Bidding Process
	Middle Mile Laterals Splicing and Testing		\$ 1.07	286109	\$306,137		\$306,136.63	\$306,137	9. Construction	Competitive Bidding Process
	Middle Mile Laterals Materials		\$ 5.01	286109	\$1,433,406		\$1,433,406.09	\$1,433,406	9. Construction	Competitive Bidding Process
	Middle Mile Lateral Drop Construction		\$ 5.40	96600	\$521,640		\$521,640.00	\$521,640	9. Construction	Competitive Bidding Process
Overhead	Middle Mile Backbone Construction		\$ 2.66	311658	\$829,010		\$829,010.28	\$829,010	9. Construction	Competitive Bidding Process
	Middle Mile Backbone Splicing and Testing		\$ 0.53	311658	\$165,179		\$165,178.74	\$165,179	9. Construction	Competitive Bidding Process
	Middle Mile Backbone Materials		\$ 2.30	311658	\$716,813		\$716,813.40	\$716,813	9. Construction	Competitive Bidding Process
	Middle Mile Laterals Construction		\$ 4.34	317418	\$1,377,594		\$1,377,594.12	\$1,377,594	9. Construction	Competitive Bidding Process
	Middle Mile Laterals Splicing and Testing		\$ 1.07	317418	\$339,637		\$339,637.26	\$339,637	9. Construction	Competitive Bidding Process
	Middle Mile Laterals Materials		\$ 2.04	317418	\$647,533		\$647,532.72	\$647,533	9. Construction	Competitive Bidding Process
	Middle Mile Lateral Drop Construction		\$ 1.85	14000	\$25,900		\$25,900.00	\$25,900	9. Construction	Competitive Bidding Process
Ducts					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
Poles					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
Towers					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
Repeaters					\$0			\$0		
					\$0			\$0		

					\$0			\$0		
Other					\$0			\$0		
					\$0			\$0		
					\$0			\$0		

COMMON		Match	Unit Cost	No. of	Total Cost	Last Mile	Middle Mile	Allocated Total	SF-424C Budget	Support of Reasonableness
BUILDINGS					\$4,196,640	\$0	\$4,196,640	\$4,196,640		
New Construction	Site Prep	Cash Match	\$ 2,500.00	80	\$200,000		\$200,000	\$200,000	7. Site work	Competitive Bidding Process
	Concrete Pad	Cash Match	\$ 10,000.00	80	\$800,000		\$800,000	\$800,000	7. Site work	Competitive Bidding Process
					\$0		\$0	\$0		
Pre-Fab Huts	ADS Aggregation Point	Cash Match	\$ 23,499.00	79	\$1,856,421		\$1,856,421	\$1,856,421	2. Land, structures	Multiple Vendor Quotes
	DCS Aggregation Point	Cash Match	\$ 23,499.00	1	\$23,499		\$23,499	\$23,499	2. Land, structures	Multiple Vendor Quotes
					\$0		\$0	\$0		
Improvements &	200 Amp Power Service	Cash Match	\$ 2,500.00	80	\$200,000		\$200,000	\$200,000	7. Site work	Competitive Bidding Process
	On-site 25 KW Generac Generator	Cash Match	\$ 9,459.00	80	\$756,720		\$756,720	\$756,720	10. Equipment	Multiple vendor quotes
	Natural gas service	Cash Match	\$ 4,500.00	80	\$360,000		\$360,000	\$360,000	7. Site work	Competitive Bidding Process
Other					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
CUSTOMER PREMISE EQUIPMENT					\$138,400	\$0	\$138,400	\$138,400		
Fiber Access Portal	NID Allied Telesis iMG606BD	In-kind Match	\$ 175.00	395	\$69,125		\$69,125	\$69,125	10. Equipment	Competitive Bidding Process
	100 Mbps BiDi optic		\$ 90.00	395	\$35,550		\$35,550	\$35,550	10. Equipment	Competitive Bidding Process
					\$0		\$0	\$0		
Set Top Boxes					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Inside Wiring	Connection from NID to Electronics	Cash Match	\$ 80.00	150	\$12,000		\$12,000	\$12,000	9. Construction	Competitive Bidding Process
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Other	Cyber Power UPS		\$ 55.00	395	\$21,725		\$21,725	\$21,725	10. Equipment	Competitive Bidding Process
					\$0		\$0	\$0		
					\$0			\$0		
BILLING SUPPORT AND OPERATIONS SUPPORT SYSTEMS					\$5,925	\$0	\$5,925	\$5,925		
Billing Support	Prepare billing for new Customers	In-kind Match	3	395	\$1,185		\$1,185	\$1,185	1. Admin and Legal	UTOPIA performs
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Customer Care					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Other Support	Provisioning of Customer devises	In-kind Match	12	395	\$4,740		\$4,740	\$4,740	1. Admin and Legal	UTOPIA performs
					\$0		\$0	\$0		
					\$0			\$0		

COMMON		Match	Unit Cost	No. of	Total Cost	Last Mile	Middle Mile	Allocated Total	SF-424C Budget	Support of Reasonableness
OPERATING EQUIPMENT					\$62,651	\$0	\$62,651	\$62,651		
Vehicles	2010 Dodge Pickup	Cash Match	18000	3	\$54,000		\$54,000	\$54,000	9. Construction	State Contract Competitive Bidding process
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Office Equipment /	HP Design Jet 500 42" Plotter	Cash Match	2489	1	\$2,489		\$2,489	\$2,489	10. Equipment	State Contract Competitive Bidding process
	Toshiba E-Studio 283 Copier	Cash Match	6162	1	\$6,162		\$6,162	\$6,162	10. Equipment	State Contract Competitive Bidding process
					\$0		\$0	\$0		
Other					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
PROFESSIONAL SERVICES					\$2,279,358	\$0	\$2,279,358	\$2,279,358		
Engineering	Engineering	Cash Match	1	1213358	\$1,213,358		\$1,213,358	\$1,213,358	4. Architectural and engr.	Multiple vendor quotes
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Project	Legal Expenses	In-kind Match	10000	1	\$10,000		\$10,000	\$10,000	1. Admin and Legal	Hitorical Legal Expensaes
	Construction Management	In-kind Match	200000	2	\$400,000		\$400,000	\$400,000	6. Inspection fees	Industry standard wages
	Project Management	Cash Match	240000	1	\$240,000		\$240,000	\$240,000	6. Inspection fees	Industry standard wages
	Project Inspectors	Cash Match	52000	8	\$416,000		\$416,000	\$416,000	6. Inspection fees	Industry standard wages
Consulting					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Other					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
TESTING					\$107,980	\$0	\$107,980	\$107,980		
Network	EXFO FIP 400 Scope Kit		1950	2	\$3,900		\$3,900	\$3,900	10. Equipment	Multiple Vendor Quotes
	EXFO FIP 400 tips and adapters		460	2	\$920		\$920	\$920	10. Equipment	Multiple Vendor Quotes
	EXFO FTB-8510G		33,500.00	2	\$67,000		\$67,000	\$67,000	10. Equipment	Multiple Vendor Quotes
	EXFO FTB-500		8,000.00	2	\$16,000		\$16,000	\$16,000	10. Equipment	Multiple Vendor Quotes
	EXFO FTB-85902		4,800.00	2	\$9,600		\$9,600	\$9,600	10. Equipment	Multiple Vendor Quotes
	EXFO FTB-85901		1,500.00	2	\$3,000		\$3,000	\$3,000	10. Equipment	Multiple Vendor Quotes
	ESFO TK-200		3,780.00	2	\$7,560		\$7,560	\$7,560	10. Equipment	Multiple Vendor Quotes
					\$0		\$0	\$0		
IT System					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
User Devices					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Test Generators					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Lab					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		
Servers/Computers					\$0		\$0	\$0		
					\$0		\$0	\$0		
					\$0		\$0	\$0		

COMMON		Match	Unit Cost	No. of	Total Cost	Last Mile	Middle Mile	Allocated Total	SF-424C Budget	Support of Reasonableness
OTHER UPFRONT COSTS					\$45,000	\$0	\$45,000	\$45,000		
Site					\$0			\$0		
					\$0			\$0		
					\$0			\$0		
Other	Application expenses	Cash Match	45000	1	\$45,000		45000	\$45,000	1. Admin and Legal	Actual list of expenses
					\$0			\$0		
					\$0			\$0		
PROJECT TOTAL:					\$24,071,690	\$0	\$24,071,690	\$24,071,690		

SF-424C Cross-check Totals	
1. Admin and Legal	\$60,925
2. Land structures	\$1,879,920
3. Relocation expenses	\$0
4. Architectural and engr.	\$1,213,358
5. Other archit. and engr.	\$0
6. Inspection fees	\$1,056,000
7. Site work	\$1,560,000
8. Demolition/removal	\$0
9. Construction	\$16,130,066
10. Equipment	\$2,171,421
11. Misc.	\$0

Matching Contribution Cross-check Totals	
0.25%	Federal Funding Request \$16,229,321
7.81%	Cash Match Contribution \$7,357,319
0.00%	In-kind Match Contribution \$485,050
5.04%	
0.00%	
4.39%	
6.48%	
0.00%	
67.01%	
9.02%	
0.00%	

31.19%

32.58%

Income Statement

	Forecast Period							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenues								
Broadband Offerings								
Wholesale Data	\$ 22,686	\$ 220,698	\$ 710,304	\$ 871,977	\$ 958,329	\$ 992,901	\$ 998,628	\$ 998,628
Retail Data	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dark Fiber	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (list specific services)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Network Driven Revenues								
Video Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Voice Services (local/toll/long distance)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (list specific services)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Universal Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installation Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ 9,365,255	\$ 6,864,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 9,387,941	\$ 7,084,764	\$ 710,304	\$ 871,977	\$ 958,329	\$ 992,901	\$ 998,628	\$ 998,628
Expenses								
Backhaul	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Network Maintenance/Monitoring	\$ 1,124	\$ 66,992	\$ 152,309	\$ 170,621	\$ 180,575	\$ 185,237	\$ 186,046	\$ 186,046
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leasing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales/Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Care	\$ 401	\$ 5,411	\$ 20,381	\$ 26,921	\$ 30,476	\$ 32,141	\$ 32,430	\$ 32,430
Billing	\$ 80	\$ 1,082	\$ 4,076	\$ 5,384	\$ 6,095	\$ 6,428	\$ 6,486	\$ 6,486
Corporate G&A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,605	\$ 73,485	\$ 176,766	\$ 202,926	\$ 217,146	\$ 223,806	\$ 224,962	\$ 224,962
EBITDA	\$ 9,386,336	\$ 7,011,279	\$ 533,538	\$ 669,051	\$ 741,183	\$ 769,095	\$ 773,666	\$ 773,666
Depreciation	\$ 488,507	\$ 1,218,267	\$ 1,169,497	\$ 1,055,483	\$ 1,055,483	\$ 971,083	\$ 885,203	\$ 885,203
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Before Interest and Taxes	\$ 8,897,829	\$ 5,793,012	\$ (635,959)	\$ (386,432)	\$ (314,300)	\$ (201,988)	\$ (111,537)	\$ (111,537)
Interest Expense	\$ -	\$ 220,720	\$ 220,720	\$ 211,932	\$ 202,881	\$ 193,558	\$ 183,955	\$ 174,064
Income Before Taxes	\$ 8,897,829	\$ 5,572,292	\$ (856,679)	\$ (598,364)	\$ (517,181)	\$ (395,546)	\$ (295,492)	\$ (285,601)
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 8,897,829	\$ 5,572,292	\$ (856,679)	\$ (598,364)	\$ (517,181)	\$ (395,546)	\$ (295,492)	\$ (285,601)

Balance Sheet

	Forecast Period							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Assets								
<i>Current Assets</i>								
Cash	\$ 195,828	\$ 19,207	\$ 134,734	\$ 20,086	\$ 16,887	\$ 119,653	\$ 333,414	\$ 592,613
Marketable Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	\$ 7,569	\$ 31,228	\$ 66,465	\$ 75,449	\$ 81,310	\$ 83,219	\$ 83,219	\$ 83,219
Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ 292,917	\$ 93,734	\$ 58,584	\$ 35,148	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Prepayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 496,314	\$ 144,169	\$ 259,783	\$ 130,683	\$ 123,197	\$ 227,872	\$ 441,633	\$ 700,832
<i>Non-Current Assets</i>								
Long-Term Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortizable Asset (Net of Amortization)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plant in Service	\$ 16,505,386	\$ 24,071,690	\$ 24,071,690	\$ 24,071,690	\$ 24,071,690	\$ 24,071,690	\$ 24,071,690	\$ 24,071,690
Less: Accumulated Depreciation	\$ (488,507)	\$ (1,706,774)	\$ (2,876,271)	\$ (3,931,754)	\$ (4,987,237)	\$ (5,958,320)	\$ (6,843,523)	\$ (7,728,726)
Net Plant	\$ 16,016,879	\$ 22,364,916	\$ 21,195,419	\$ 20,139,936	\$ 19,084,453	\$ 18,113,370	\$ 17,228,167	\$ 16,342,964
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 16,513,193	\$ 22,509,085	\$ 21,455,202	\$ 20,270,619	\$ 19,207,650	\$ 18,341,242	\$ 17,669,800	\$ 17,043,796
Liabilities and Owners' Equity								
<i>Liabilities</i>								
<i>Current Liabilities</i>								
Accounts Payable	\$ 258,045	\$ 460,925	\$ 335,925	\$ 280,925	\$ 240,925	\$ 90,925	\$ 45,462	\$ 45,463
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -	\$ 220,720	\$ 441,439	\$ 211,932	\$ 16,906	\$ 16,130	\$ 15,330	\$ 14,505
Total Current Liabilities	\$ 258,045	\$ 681,645	\$ 777,364	\$ 492,857	\$ 257,831	\$ 107,055	\$ 60,792	\$ 59,968
<i>Long-Term Liabilities</i>								
Long Term Notes Payable	\$ 7,357,319	\$ 7,357,319	\$ 7,064,396	\$ 6,762,684	\$ 6,451,922	\$ 6,131,837	\$ 5,802,149	\$ 5,462,570
Other Long Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Liabilities	\$ 7,357,319	\$ 7,357,319	\$ 7,064,396	\$ 6,762,684	\$ 6,451,922	\$ 6,131,837	\$ 5,802,149	\$ 5,462,570
Total Liabilities	\$ 7,615,364	\$ 8,038,964	\$ 7,841,760	\$ 7,255,541	\$ 6,709,753	\$ 6,238,892	\$ 5,862,941	\$ 5,522,538
<i>Owner's Equity</i>								
Capital Stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Paid-In Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ 8,897,829	\$ 14,470,121	\$ 13,613,442	\$ 13,015,078	\$ 12,497,897	\$ 12,102,350	\$ 11,806,859	\$ 11,521,258
Total Equity	\$ 8,897,829	\$ 14,470,121	\$ 13,613,442	\$ 13,015,078	\$ 12,497,897	\$ 12,102,350	\$ 11,806,859	\$ 11,521,258
Total Liabilities and Owner's Equity	\$ 16,513,193	\$ 22,509,085	\$ 21,455,202	\$ 20,270,619	\$ 19,207,650	\$ 18,341,242	\$ 17,669,800	\$ 17,043,796

Statement of Cash Flows

	Forecast Period							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Beginning Cash	\$ -	\$ 195,828	\$ 19,207	\$ 134,734	\$ 20,086	\$ 16,887	\$ 119,653	\$ 333,414
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net Income	8,897,829	5,572,292	(856,679)	(598,364)	(517,181)	(395,546)	(295,492)	(285,601)
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>								
Add: Depreciation	488,507	1,218,267	1,169,497	1,055,483	1,055,483	971,083	885,203	885,203
Add: Amortization	-	-	-	-	-	-	-	-
<i>Changes in Current Assets and Liabilities:</i>								
Marketable Securities	-	-	-	-	-	-	-	-
Accounts Receivable	(7,569)	(23,659)	(35,237)	(8,984)	(5,861)	(1,909)	-	-
Inventory	(292,917)	199,183	35,150	23,435	10,148	-	-	-
Prepayments	-	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-	-
Accounts Payable	258,045	202,880	(125,000)	(55,000)	(40,000)	(150,000)	(45,462)	-
Other Current Liabilities	-	220,720	220,719	(229,507)	(195,026)	(777)	(800)	(824)
Net Cash Provided (Used) by Operations	\$ 9,343,895	\$ 7,389,683	\$ 408,450	\$ 187,063	\$ 307,563	\$ 422,851	\$ 543,449	\$ 598,778
CASH FLOWS FROM INVESTING ACTIVITIES:								
Capital Expenditures	(16,505,386)	(7,566,304)	-	-	-	-	-	-
Amortizable Asset (Net of Amortization)	-	-	-	-	-	-	-	-
Long-Term Investments	-	-	-	-	-	-	-	-
Net Cash Used by Investing Activities	\$ (16,505,386)	\$ (7,566,304)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CASH FLOWS FROM FINANCING ACTIVITIES:								
Notes Receivable	-	-	-	-	-	-	-	-
Notes Payable	7,357,319	-	-	-	-	-	-	-
Principal Payments	-	-	(292,923)	(301,711)	(310,762)	(320,085)	(329,688)	(339,579)
New Borrowing	-	-	-	-	-	-	-	-
Additional Paid-in Capital	-	-	-	-	-	-	-	-
Additions to Patronage Capital Credits	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-
Net Cash Used by Investing Activities	\$ 7,357,319	\$ -	\$ (292,923)	\$ (301,711)	\$ (310,762)	\$ (320,085)	\$ (329,688)	\$ (339,579)
Net Increase (Decrease) in Cash	\$ 195,828	\$ (176,621)	\$ 115,527	\$ (114,648)	\$ (3,199)	\$ 102,766	\$ 213,761	\$ 259,199
Ending Cash	\$ 195,828	\$ 19,207	\$ 134,734	\$ 20,086	\$ 16,887	\$ 119,653	\$ 333,414	\$ 592,613

NPV/IRR Table

	Net Present Value	Internal Rate of Return
Without BTOP Funding	-\$17,213,379.50	-18.72%
With BTOP Funding	-\$3,879,459.46	-1.55%

Revenue Assumptions		
Factor	Specific Metric Used in Analysis	Rationale (Cite Basis)
Customers Passed		
Anchor Institutions - Segment A	395	Counted from expressed interest
Businesses	1254	Counted from parcel data provided by the cities
Households	5001	Based on existing wholesale rates and product mix. \$20 for data; \$23 for double; \$28 for triple
Last Mile Providers	N/A	
Other	N/A	
Take Rate (should likely vary across 8-Year Forecast)		
Anchor Institutions - Segment A	100%	Counted from expressed interest
Businesses	Year 1 - 15%; year 2 - 18%; year 3+ - 20%	Based on performance in other comparable service areas
Households	Year 1 - 20%; year 2 - 25%; year 3+ - 30%	Based on performance in other comparable service areas
Last Mile Providers		
Direct Customer Connections		
Customer Segment A		All customers are assumed to be wholesale customers
Other		
Average Revenue per User (may vary across 8-year forecast)		
Anchor Institutions - Segment A	\$67.50 ARPU	Anchor institutions are assumed to have the same wholesale ARPU as standard businesses the matching fund loan. With the exception that about 25% of the anchor institutions receive service in exchange for
Businesses	\$90 ARPU	Based on existing wholesale rates
Households	\$25 ARPU	Based on existing wholesale rates and product mix. \$20 for data; \$23 for double; \$28 for triple
Last Mile Providers	N/A	
Other	N/A	

Expense Assumptions		
Factor	Specific Metric Used in Analysis	Rationale (Cite Basis)
Network Expenses		
Backhaul	\$0	The UTOPIA core is robust enough for the middle mile connections. Retail service providers provide their own Internet connections.
Maintenance	\$14.40 / household passed / year	Based on existing similar infrastructure
Utilities	\$0	Included in maintenance
Leasing	\$0	Included in maintenance
Depreciation		
Other		
Sales & Marketing		
Advertising	\$0	Sales and marketing is performed by retail service providers
Commissions	\$0	Sales and marketing is performed by retail service providers
Salaries	\$0	Sales and marketing is performed by retail service providers
Other	\$0	Sales and marketing is performed by retail service providers
Customer Care & Billing		
Systems	Included in Personnel	

Personnel	\$10 per each new connect and \$60 per year per sub	Based on existing similar infrastructure
Other		
General & Administrative		
Professional Services	\$0	G&A expenses are assumed to be absorbed by the existing organization. (see Note 1 below)
Insurance	N/A	G&A expenses are assumed to be absorbed by the existing organization. (see Note 1 below)
Non-Network Utilities	N/A	G&A expenses are assumed to be absorbed by the existing organization. (see Note 1 below)
Travel	N/A	G&A expenses are assumed to be absorbed by the existing organization. (see Note 1 below)
Supplies	N/A	G&A expenses are assumed to be absorbed by the existing organization. (see Note 1 below)
Miscellaneous	N/A	G&A expenses are assumed to be absorbed by the existing organization. (see Note 1 below)
Interest Expenses		
Debt Instrument A		Interest rate agreed upon with the cities.
Taxes		
Federal Tax Rate	State agency	As an agency of the state, UTOPIA does not pay federal taxes.
Other Tax Rates	State agency	As an agency of the state, UTOPIA does not pay other taxes.

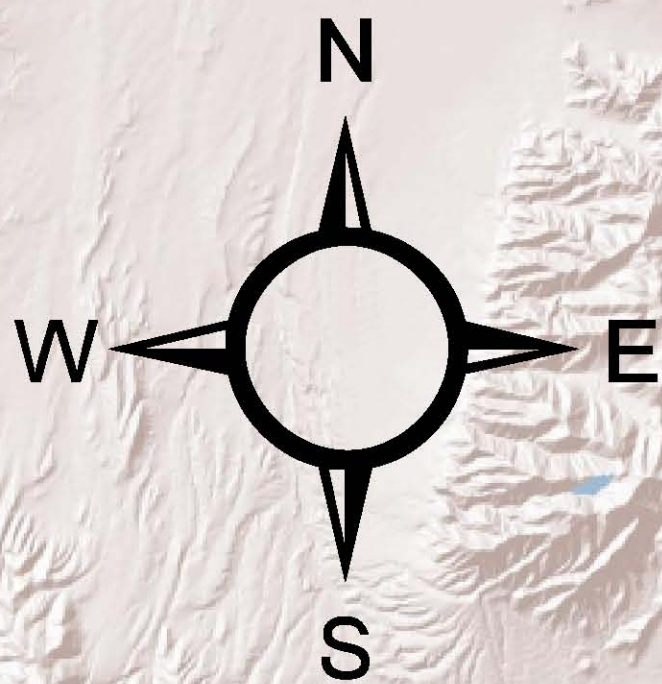
Note 1: Because many of the G&A expenses are not incremental to the project, but are being absorbed by the organization, the resulting EBITDA reflects a higher margin than might be expected.

Network Diagram and
Proposed Funded Service Area

utopia™

CHOOSE • CONNECT • EXPLORE

- Legend**
- Central Office
 - Point of Interconnection
 - Other Interconnect Fiber
 - Utopia Fiber
 - Proposed Backbone Interconnect
 - Centracom Fiber
 - FTV Fiber
 - Spanish Fork Fiber
 - Integra Fiber
 - Proposed Funded Service Area
 - World Shaded Relief



0 2 4 8 12 16 20 Miles

8 Pages

Withheld in their entirety
pursuant to FOIA Exemption 4
(5 U.S.C. § 552 (b)(4))

BTOP Comprehensive Community Infrastructure Project Plan and Build-out Timeline

Please complete the Project Plan and Build-out Timeline templates below. Note that these templates may be modified by applicants in order to provide the most effective presentation of the data for their specific project. Applicants should ensure, however, that they provide at least as much detail as the provided templates require.

For system stability reasons, it is recommended that you provide these documents in PDF format when submitting a copy of your application on an appropriate electronic medium, such as a DVD, CD-ROM, or flash drive. There is no need to provide this instruction page.

PROJECT PLAN

- Use the following table to list the major network build-out phases and milestones that can demonstrate that your entire project will be substantially complete by the end of Year 2 and fully complete by the end of Year 3. This is to be done at the aggregate level (combining all proposed funded service areas.)
- Indicated how the milestones listed below will demonstrate these completion objectives. The applicant should consider such project areas as: a) network design; b) securing all relevant licenses and agreements; c) site preparation; d) inside plant deployment; e) outside plan deployment; f) deployment of business & operational support systems; g) network testing; f) network operational. The applicant may provide any other milestones that it believes showcase progress.
- Project inception (Year 0) starts at the date when the applicant receives notice that the project has been approved for funding.
- In the table, provide any information (e.g., facts, analysis) to: a) demonstrate the reasonableness of these milestones; b) substantiate the ability to reach the milestones by the quarters indicated.

Time Period	Quarter	Milestones	Support for Reasonableness/Data Points
Year 0	-	<ul style="list-style-type: none"> • Have all RFP's issued • Receive Bids for proposed projects • Funding for Match Secured • Network Design Complete for Murray, Perry, Payson and Centerville 	<ul style="list-style-type: none"> • Outside Plant Network Design and Engineering Standards document is complete and UTOPIA can immediately start engineering middle mile infrastructure • UTOPIA has issued a RFQ for OSP Engineering and has qualified multiple contractors to participate in the competitive bidding process. All other RFP's are ready for release.
Year 1	Qtr. 1	<ul style="list-style-type: none"> • Award Proposed Project Contracts • Place an order for materials • Engineering to begin in Layton City, Orem City, West Valley City, Midvale City proposed service areas • Construction begins in Centerville, Perry, Murray and Payson 	<ul style="list-style-type: none"> • Material vendors have been secured for the competitive bidding process • Cities have worked closely with UTOPIA in providing support with regards to construction deployment • All contracts are in place for work to begin
	Qtr. 2	<ul style="list-style-type: none"> • Walkouts for Engineering complete for all areas • Hut locations are secured • Site Prep and installation of Huts will begin • Middle Mile construction complete in Murray • Anchors in Murray are connected 	<ul style="list-style-type: none"> • Engineering contractors can produce up at least 3 miles of walkout engineering as this will give us sufficient time to complete early in Qtr. 2 • We are using government owned property to place the Huts, this will make securing rights of way and easements a clean and quick process • Anchor construction schedule assumes that we can install 3 anchors a day
	Qtr. 3	<ul style="list-style-type: none"> • Network Designs are completed for Midvale and Orem • Middle Mile construction complete in Perry, Payson and Centerville • Anchors in Perry and Payson are connected 	<ul style="list-style-type: none"> • Anchor construction schedule assumes that we can install 3 anchors a day • Middle Mile construction schedule assumes that crews can complete 15,000 feet aerial and 10,000 feet of

		<ul style="list-style-type: none"> Construction Begins in Orem and Midvale 	underground a week
	Qtr. 4	<ul style="list-style-type: none"> Middle Mile construction complete in Midvale Network designs complete for West Valley Middle Mile construction begins in West Valley Anchors in Centerville are connected 	<ul style="list-style-type: none"> Anchor construction schedule assumes that we can install 3 anchors a day Middle Mile construction schedule assumes that crews can complete 15,000 feet aerial and 10,000 feet of underground a week
Year 2	Qtr. 1	<ul style="list-style-type: none"> Orem Middle Mile construction completed Anchors in Midvale are connected Network Designs complete for Layton 	<ul style="list-style-type: none"> Anchor construction schedule assumes that we can install 3 anchors a day Middle Mile construction schedule assumes that crews can complete 15,000 feet aerial and 10,000 feet of underground a week
	Qtr. 2	<ul style="list-style-type: none"> Anchors in Orem are connected Middle Mile construction complete in West Valley 	<ul style="list-style-type: none"> Anchor construction schedule assumes that we can install 3 anchors a day Middle Mile construction schedule assumes that crews can complete 15,000 feet aerial and 10,000 feet of underground a week
	Qtr. 3	<ul style="list-style-type: none"> Middle Mile construction complete in Layton Anchors in West Valley are complete 	<ul style="list-style-type: none"> Anchor construction schedule assumes that we can install 3 anchors a day Middle Mile construction schedule assumes that crews can complete 15,000 feet aerial and 10,000 feet of underground a week
	Qtr. 4	<ul style="list-style-type: none"> Anchors in Layton are connected Project Complete 	<ul style="list-style-type: none"> Anchor construction schedule assumes that we can install 3 anchors a day Our current and historical performance shows that we can complete 15,000 feet of aerial a week with 4 crews 5 Underground crews can complete 10,000 feet a week
Year 3	Qtr. 1	<ul style="list-style-type: none"> List all relevant milestones 	<ul style="list-style-type: none">
	Qtr. 2	<ul style="list-style-type: none"> List all relevant milestones 	<ul style="list-style-type: none">
	Qtr. 3	<ul style="list-style-type: none"> List all relevant milestones 	<ul style="list-style-type: none">
	Qtr. 4	<ul style="list-style-type: none"> List all relevant milestones 	<ul style="list-style-type: none">

BUILD-OUT TIMELINE

Complete the following schedule for *each* Last Mile or Middle Mile Service Area to note the degree of build-out, based on: a) infrastructure funds awarded; b) entities passed (households, businesses, and community anchor institutions.). In addition, please complete a schedule that aggregates the build-out timeline across all of the Proposed Funded Service Area.

Service Area	Aggregate Middle Mile Proposed Funded Service Area												
	YE R 0	YEAR 1				YEAR 2				YEAR 3			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Infrastructure Funds													
Infrastructure Funds Advanced (estimate)		\$1,390,000	\$2,175,000	\$2,755,000	\$2,895,000	\$2,205,000	\$1,605,000	\$1,605,000	\$905,000				
Percentage of Total Funds	0	9%	13%	14%	17%	18%	14%	10%	6%				
Entities Passed & %													
Households			227	321	533	283	813	1543	1261				
Percentage of Total Households			5%	6%	11%	6%	16%	31%	25%				
Businesses			129	95	66	81	182	316	385				
Percentage of Total Businesses			10%	8%	5%	6%	15%	25%	31%				
Community Anchor Institutions			37	20	26	30	58	109	115				
Percentage of Total Institutions			9%	5%	6%	8%	15%	28%	29%				

Service Area	Payson												
	YEAR 0	YEAR 1				YEAR 2				YEAR 3			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Infrastructure Funds													
Infrastructure Funds Advanced (estimate)		280k	280k	265k									
Percentage of Total Funds		34%	34%	32%									
Entities Passed & %													
Households				265									
Percentage of Total Households				5%									
Businesses				89									
Percentage of Total Businesses				7%									
Community Anchor Institutions				19									
Percentage of Total Institutions				5%									
Service Area	Orem												
	YEAR 0	YEAR 1				YEAR 2				YEAR 3			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Infrastructure Funds													
Infrastructure Funds Advanced (estimate)		70k	380k	400k	900k	900k	605k						
Percentage of Total Funds		2%	12%	12%	28%	28%	19%						
Entities Passed & %													
Households							813						
Percentage of Total Households							16%						
Businesses							182						
Percentage of Total Businesses							15%						
Community Anchor Institutions							58						
Percentage of Total Institutions							15%						

[illegible]

Service Area	West Valley City												
	YEAR 0	YEAR 1				YEAR 2				YEAR 3			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Infrastructure Funds													
Infrastructure Funds Advanced (estimate)		110k	600k	600k	1m	1.1m	900k	805k					
Percentage of Total Funds		2%	12%	12%	20%	22%	18%	16%					
Entities Passed & %													
Households								1543					
Percentage of Total Households								31%					
Businesses								316					
Percentage of Total Businesses								25%					
Community Anchor Institutions								109					
Percentage of Total Institutions								28%					
Service Area	Centerville												
	YEAR 0	YEAR 1				YEAR 2				YEAR 3			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Infrastructure Funds													
Infrastructure Funds Advanced (estimate)		500k	410k	350k	355k								
Percentage of Total Funds		31%	25%	22%	22%								
Entities Passed & %													
Households					533								
Percentage of Total Households					11%								
Businesses					66								
Percentage of Total Businesses					5%								
Community Anchor Institutions					26								
Percentage of Total Institutions					6%								

BTOP CCI Service Area Template

Title: **Utah Open Infrastructure Open Agency Community Partnership Project**
Easy Grants ID: **5714**

Service Area Name	Tract or Block Group #
Layton	49011125103
Layton	49011125801
Layton	49011125905
Layton	49011125906
Layton	49011125904
Layton	49011126000
Layton	49011125804
Layton	49011125806
Layton	49011125404
Layton	49011125102
Layton	49011125805
Layton	49011125204
Layton	49011126104
Layton	49011126101
Layton	49011125403
Layton	49011125200
West Valley	49035111500
West Valley	49035113304
West Valley	49035113305
West Valley	49035113306
West Valley	49035113307
West Valley	49035113308
West Valley	49035113406
West Valley	49035113407
West Valley	49035113408
West Valley	49035113409
West Valley	49035113410
West Valley	49035113411
West Valley	49035113412
West Valley	49035113413
West Valley	49035113505
West Valley	49035113509
West Valley	49035113517
West Valley	49035113519
West Valley	49035113520
West Valley	49035113525
West Valley	49035113526
West Valley	49035113529
West Valley	49035113901
Orem	49049000703
Orem	49049000704
Orem	49049000705
Orem	49049000706
Orem	49049000707
Orem	49049000801
Orem	49049000802
Orem	49049000901
Orem	49049000903
Orem	49049000904
Orem	49049001001
Orem	49049001002
Orem	49049001101
Orem	49049001103
Orem	49049001104
Orem	49049001201
Orem	49049001202
Orem	49049001300
Orem	49049001401
Orem	49049001501
Orem	49049002201
Orem	49049010207
Orem	49025130100
Orem	49025130200
Orem	49015976300
Centerville	49011972300

Service Area Name	Tract or Block Group #
Centerville	49011975400
Centerville	49011976300
Centerville	49011126306
Centerville	49011126304
Centerville	49011126305
Centerville	49011126303
Centerville	49011126402
Centerville	49039126600
Centerville	49041126202
Centerville	49015126500
Payson	49017000200
Payson	49017000300
Payson	49005001500
Payson	49049003403
Payson	49049010600
Payson	49021110100
Murray	49035111101
Murray	49035111102
Murray	49035111103
Murray	49035111600
Murray	49035111901
Murray	49035111902
Murray	49035112000
Murray	49035112100
Murray	49035112201
Murray	49035112202
Murray	49035112301
Murray	49035112302
Murray	49035112401
Murray	49035112915
Murray	49035113512
Murray	49035113514
Murray	49035113515
Murray	49035113533
Midvale	49035111202
Midvale	49035112401
Midvale	49035112402
Midvale	49035112501
Midvale	49035112502
Midvale	49035112503
Midvale	49035112610
Midvale	49035112919
Perry	49003960801
Perry	49003960802
Perry	49003960500



CENTERVILLE CITY

250 North Main • Centerville, Utah 84014-1824 • (801) 295-3477 • Fax: (801) 292-8034

Incorporated in 1915

Mayor

Ronald G. Russell

City Council

Justin Y. Allen

Ken S. Averett

Paul A. Cutler

Sherri L. Lindstrom

Lawrence Wright

City Manager

Steve H. Thacker

Secretary Gary Locke

U.S. Department of Commerce

1401 Constitution Ave., NW

Washington, DC 20230

To Whom It May Concern:

As we consider economic development in our city, it is clear to us that larger economic change – recovery in our country – is driven by cities. As we begin to see the real impact of declining income, sales and property taxes, it is increasingly important for us to find and consider new approaches to city governance and administration. Telecommunications will be the key for future growth and standard of living in our community. For this reason, we celebrate the opportunity to partner with the Utah Telecommunication Open Infrastructure Agency (UTOPIA) in requesting additional funding for fiber-to-the-premise infrastructure through the BTOP program. We're committed to support, use, and provide matching funds of \$498,000.00 to directly connect anchor institutions and facilities to the UTOPIA network. Without this additional funding, our city's ability to provide the infrastructure for necessary services to our facilities will be significantly hampered.

But, as a city, we know that economic development comes from supporting the roles of community leaders outside the public sector, promoting their efforts to innovate and think outside the box and to provide opportunities to grow. Residents and organizations have expressed a demand or need for significantly upgraded or new broadband connections. Because of this, emergency services, public safety agencies, libraries, community outreach organizations, non-profits, and other anchor institutions throughout our city about their needs and the solutions that can be provided by critical fiber infrastructure. Letters of support from the public and private sector entities we've talked to, including their level of commitment to partner with UTOPIA and expressions of the need for fiber broadband infrastructure are attached.

Each story has a common thread, we don't have ready access to the required broadband services at reasonable prices; it's literally impossible to find the connectivity we need everywhere in our city. For example, our city offices currently has a T-1 (1.5 mb) service provided by Integra. We suffer from significant challenges and constraints based purely on our inability to use some of today's time- and resource-saving technologies. We're unable to share and transfer information quickly, to use video conferencing or training, to manage or monitor facilities remotely,



efficiently provide emergency services and public protection, or to implement today's "smart" facilities and utilities management systems. The citizens of our community bear the burden of these restrictions in many ways: from long wait times to higher costs and other inefficiencies.

The fiber-to-the-premise technology on UTOPIA provides solutions and opportunity in literally every part of our city's operations. For example, our culinary water distribution system is reliant on a series of remote motoring devices to assure distribution and storage of sufficient resources, and safety of the system. Currently, wireless devices are used. The current system is slow and many times unreliable. On behalf of the many organizations with which we've spoken, and with the full support of our city, we look forward to increased connectivity from UTOPIA, commit our support to the network, and ask that you do the same by giving serious consideration to their stimulus grant applications.

Sincerely,

A handwritten signature in blue ink that reads "Blaine L. Lutz". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

Blaine L. Lutz

Asst. City Manager/Economic Development



• **Council Members** •

Michael J. Bouwhuis
Joyce F. Brown
Barry T. Flitton
Scott Freitag
F. Renny Knowlton

March 11, 2010

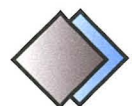
Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

RE: Layton City Commitment Letter

To Whom It May Concern:

As we consider economic development in our city, it is clear to us that larger economic change – recovery in our country – is driven by cities. As we begin to see the real impact of declining income, sales and property taxes, it is increasingly important for us to find and consider new approaches to city governance and administration. For this reason, we celebrate the opportunity to partner with the Utah Telecommunication Open Infrastructure Agency (UTOPIA) in requesting additional funding for fiber-to-the-premise infrastructure through the BTOP program. We're committed to support, use, and provide matching funds of \$2,201,000.00 to directly connect anchor institutions and facilities to the UTOPIA network. Without this additional funding, our city's ability to provide the infrastructure for necessary services to our facilities will be significantly hampered.

But, as a city, we know that economic development comes from supporting the roles of community leaders outside the public sector, promoting their efforts to innovate and think outside the box and to provide opportunities to grow. Residents and organizations have expressed a demand or need for significantly upgraded or new broadband connections. Because of this, we've spoken to schools, universities, hospitals, clinics, emergency services, public safety agencies, libraries, community outreach organizations, non-profits, and other anchor institutions throughout our city about their needs and the solutions that can be provided by critical fiber infrastructure. A list and numerous letters of support from the public and private sector entities we've talked to, including their level of commitment to partner with UTOPIA and expressions of the need for fiber broadband infrastructure are attached.



Current telecommunications providers in the community have had trouble meeting the needs of a growing City. As a result of insufficient services, many people, businesses and organizations in the City do not have telecommunications services that are typical of more urban areas.

In the 2000 census, Layton's population was estimated at 58,474. Compared with today's estimated population of over 71,000, Layton's population has grown significantly.

Telecommunications service providers have struggled to keep up with growth. As a result, many are faced with high priced services due to few choices for telecommunications services.

A principal at a local elementary school best identified the problems with existing telecommunications services:

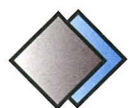
- High speed broadband service not readily available
- Budget constraints due to the high cost of existing broadband services
- Limited or no distance learning capabilities
- Limited or no remote access capabilities for Parents, Students and Staff
- Limited speeds for online reporting requirements
- Limited or no opportunities for video conferencing and online training
- Limited remote capabilities for management of IT systems

Current telecommunications services in the proposed funded service area are not adequate to meet the full demand and needs in the area. We have previously worked with providers to get their infrastructure to areas in the City only to be told that we or new customers would have to pay the total cost of installation. This response has been frustrating to those who have experienced high cost with subpar service. Layton City has been in contact with anchor institutions, residences and businesses in the area and we have discovered significant inefficiencies with current telecommunications services. By reducing telecommunications costs and providing better services, UTOPIA will significantly improve the quality of lives and connectivity of those in the funded service area.

Layton City has identified multiple "Title 1" schools, non-profit organizations, businesses and residences that currently have substandard telecommunications services. Providing the UTOPIA network to these facilities will provide underprivileged and underserved groups in the funded area the advantages that come with improved telecommunications services.

Elementary schools have been the most vocal in their support for enhanced telecommunications services through UTOPIA. Many of these schools, particularly low income schools, are often passed over for funding improvements and they struggle to give their students the quality education that will help them stay competitive in an ever changing world. UTOPIA would give these students these needed skills and advantages to help them stay competitive.

Each story has a common thread, we don't have ready access to the required broadband services at reasonable prices; it's literally impossible to find the connectivity we need everywhere in our



city. We suffer from significant challenges and constraints based purely on our inability to use some of today's time- and resource-saving technologies. We're unable to share and transfer information quickly, to use video conferencing or training, to manage or monitor facilities remotely, efficiently provide emergency services and public protection, or to implement today's "smart" facilities and utilities management systems. The citizens of our community bear the burden of these restrictions in many ways: from long wait times to higher costs and other inefficiencies.

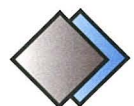
The fiber-to-the-premise technology on UTOPIA provides solutions and opportunity in literally every part of our city's operations. For example, the Layton City Parks and Recreation Department would greatly benefit from UTOPIA as they look to monitor and enhance City parks. Also, the Layton Fire Department would also like to do teleconferencing between fire stations.

On behalf of the many organizations with which we've spoken, and with the full support of our city, we look forward to increased connectivity from UTOPIA, commit our support to the network, and ask that you do the same by giving serious consideration to their stimulus grant applications.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Stephen Curtis". The signature is fluid and cursive, with a long horizontal line extending from the end.

J. Stephen Curtis
Layton City Mayor





MIDVALE CITY

655 West Center Street
Midvale, UT 84047
Phone (801) 567-7200
Fax (801) 567-0518

March 18, 2010

Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, DC 20230

Secretary Locke:

We represent Midvale City. We are located in Utah and are engaged in aggressive economic development efforts that showcase the redevelopment of two prior EPA Super Fund sites comprising about twenty percent of our city during these hard economic times. As we do so, we have recognized the importance of providing our residents, businesses, and facilities with fiber optic infrastructure. We believe this will further assist us in our overall economic development activities. For this reason, we look forward to the opportunity to partner with the Utah Telecommunication Open Infrastructure Agency (UTOPIA) in requesting additional funding for fiber-to-the-premise infrastructure through the BTOP program. We are committed to support, use, and provide matching funds of \$574,000 to directly connect numerous facilities to the UTOPIA network. Without this additional funding, our city's ability to provide the infrastructure for necessary services to our facilities will be significantly hampered.

Our efforts in obtaining this vital infrastructure supports the roles of community leaders and leads to the promotion of their efforts to innovate, think outside the box, and provide opportunities to grow. Residents and organizations have expressed demand and our need for significantly upgrading our broadband connections has never been greater. The requested facilities all serve our rapidly growing population and would assist us in increasing our capacity to serve them as well as future economic developments. We recognize the needs and understand the solutions this grant would provide to our community's infrastructure needs. Please see the other supporting letters of support and understand our level of commitment to partner with UTOPIA and our expressions of the need for fiber broadband infrastructure.

The ability for us to connect our public facilities, non-profits, and utilities all require broadband services and will enable us to deliver smart technologies where we can transfer information quickly, manage or monitor facilities remotely for security, deliver public protection, and deliver efficient utilities management systems as part of our aggressive economic development. The citizens of our community lack the technology needed to enhance community services to attract business and residential growth. Hence, we seek your support through the BTOP program and partnership with UTOPIA.

Sincerely,

Kane Loader, Midvale City Manager

JoAnn B. Seghini, Midvale City Mayor



MURRAY CITY CORPORATION
OFFICE OF THE MAYOR

Daniel C. Snarr, Mayor

Jan Wells, Chief of Staff

801-264-2600 FAX 801-264-2608

Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

March 18, 2010

Dear Application Reviewers,

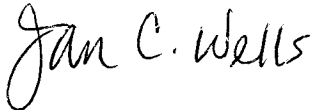
As we consider economic development in our city, it is clear to us that larger economic change – recovery in our country – is driven by cities. As we begin to see the real impact of declining income, sales and property taxes, it is increasingly important for us to find and consider new approaches to city governance and administration. For this reason, we celebrate the opportunity to partner with the Utah Telecommunication Open Infrastructure Agency (UTOPIA) in requesting additional funding for fiber-to-the-premise infrastructure through the BTOP program. We're committed to support, use, and provide matching funds of \$708,000.00 to directly connect anchor locations and facilities to the UTOPIA network. Without this additional funding, our city's ability to provide the infrastructure for necessary services to our facilities will be significantly hampered.

But, as a city, we know that economic development comes from supporting the roles of community leaders outside the public sector, promoting their efforts to innovate and think outside the box and to provide opportunities to grow. Residents and organizations have expressed a demand or need for significantly upgraded or new broadband connections. Because of this, we've spoken to schools, universities, hospitals, clinics, emergency services, public safety agencies, libraries, community outreach organizations, non-profits, and other anchor institutions throughout our city about their needs and the solutions that can be provided by critical fiber infrastructure.

A list and numerous letters of support from the public and private sector entities we've talked to, including their level of commitment to partner with UTOPIA and expressions of the need for fiber broadband infrastructure are attached. Each story has a common thread, 'we don't have ready access to the required broadband services at reasonable prices' and 'it's literally impossible to find the connectivity we need everywhere in our city.'

The fiber-to-the-premise technology on UTOPIA provides solutions and opportunity in literally every part of our city's operations. We are much more efficient in any of our day to day computer work, our emergency response capabilities are enhanced, and the ability to problem solve with our utilities is much better with this technology. On behalf of the many organizations with which we've spoken, and with the support of our city, we look forward to increased connectivity from UTOPIA, commit our support to the network, and ask that you do the same by giving serious consideration to their stimulus grant applications.

Sincerely,

A handwritten signature in black ink that reads "Jan C. Wells". The signature is written in a cursive, flowing style.

Jan C. Wells
Chief of Staff
Murray, Utah



MURRAY CITY CORPORATION
OFFICE OF THE MAYOR

Daniel C. Snarr, Mayor

Jan Wells, Chief of Staff

801-264-2600 FAX 801-264-2608

The Office of Secretary Gary Locke
U. S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

February 24, 2010

Dear Proposal Reviewers,

It is my honor to write a letter in support of our City broadband efforts. Murray City, Utah, is actively participating with other cities in the state in an effort to provide telecommunications infrastructure to our residents and businesses. The cities have banded together and formed an entity called the Utah Telecommunications Open Infrastructure Agency (UTOPIA) to lay fiber so any provider may offer services to those in our cities.

I believe this technology is important in allowing us to compete with world wide interests and markets. Having information travel at the speed of light lets us to be part of countless opportunities. We are looking at a wide variety of ways to help residents and business have the chance to connect to this service. Your support of our application will open many doors as we are able to offer choices to them.

Letters are attached from other members of my staff who can provide more detailed information on how helpful funding would be for this technological advance. Thank you for your time and consideration.

Sincerely,

Daniel C. Snarr
Mayor

CC: Murray City Council Members



CITY OF OREM
OFFICE OF THE MAYOR

March 15, 2010

The Office of Secretary Gary Locke
US Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

To Whom It May Concern:

Along with the Utah Telecommunications Open Infrastructure Agency (UTOPIA), the City of Orem is applying for grant funding through the Broadband Technologies Opportunities Program (BTOP). We ask for your support of our application to address the underserved needs in our community.

Orem is a community of approximately 94,000 residents and 3,941 businesses. Many of our businesses and residences have been anxiously waiting for the availability of high-speed Internet services that can be offered through a fiber-optic network. The City of Orem began investing in the creation of a fiber-to-the-home and business network 15 years ago, because we recognized that this advancement would have a tremendous impact on our community's ability to meet the needs of our many technology-based businesses, educational institutions, and residents. Over the years a network has been built to connect the traffic-signal system together and to control them from a single location. As the conduit was placed in the ground for the signal network, 12-16 conduits were buried for future use. In 2002, Orem joined the UTOPIA network to construct a fiber-to-the-home and business network throughout the entire community. Unfortunately, due to funding constraints, the network was only deployed through a portion of the community. We're committed to support, use, and provide matching funds of \$1,110,000.00 to directly connect anchor institutions and facilities to the UTOPIA network.

With assistance from the BTOP program, the City of Orem could take a major step towards completing the UTOPIA network. The completion of this project would allow for anxiously-awaited services in our community. The question that is asked most often to members of our City Council and management staff, is "When will the network be available in my neighborhood?" Residents have been very supportive of the development of UTOPIA, and as a City, we have supported the project with an annual pledge of up to \$2.5 million of sales tax revenue for UTOPIA bonds. The full availability of a fiber-optic network is one of the highest-priority needs in our community.

Orem has a long history of technology development through a number of private sector firms such as Novell, WordPerfect, Omniture, and Symantec. We currently have over 400 high-tech companies in our community—these businesses thrive here. This industry will continue to expand as companies are created to develop applications for the new social media networks. High-tech companies have relocated to Orem specifically to have access to the UTOPIA network. The network is currently not available in several of our business parks. Expanding UTOPIA to one of the larger business parks would provide enhanced Internet service to nearly 4,000 employees. Local employers are taking advantage of Internet opportunities as soon as they become available, utilizing such services as in web-based businesses, web-

application development, web commerce, and web meetings. All of these technological advances are making it possible for businesses to save both time and money. Our community is also seeing a substantial increase in home-based businesses. During these challenging economic times, we are anxious to provide all of the tools we possibly can to help local businesses.

Unfortunately during winter months and inversion conditions, the air quality in Utah Valley is considered among the worst in the entire country, dropping to levels that are unsafe for much of the population. One of the major ways that we must combat this worsening air quality is to compel people to drive less. Having the necessary infrastructure in place will allow local businesses to take full advantage of telecommuting and other no-travel solutions for employees.

Orem is also a regional center for jobs, shopping, professional services, and recreation. Most of our residents live in single-family homes. However, there is a large student population because of the presence of Brigham Young University and Utah Valley University. Combined these universities have over 50,000 students. The faculty, staff, and students of these local universities have access to high-speed networks on their campuses and desire the same level of service in their homes. Many students come to the Orem Library specifically to access high-speed Internet service, but there is a waiting list for the service approximately 25% of the time. Both travel and waiting time could be reduced if the UTOPIA network was fully deployed in our community to allow for quality access to the Internet from home. Distance learning has also become a major area of focus for both our local universities and high schools. Students are able to participate in college-level classes from their homes or high school classrooms. These innovations can continue to develop if the network grows to meet community needs.

Fiber-to-the-home and business is available to about one half of Orem. Some areas do not have access to any type of broadband service such as DSL or cable-modem service. The private sector has not been willing to invest in developing their networks in these areas. Deployment of the UTOPIA network is needed to cross the "digital divide" and provide high-speed Internet access (30 Megabits and above) to every resident and business in Orem. Home-based businesses can have a Gigabit of service if needed.

UTOPIA is a true open-access network. Currently, there are nine private service providers on the network giving customers a choice of Internet service providers (ISPs). Outside of the UTOPIA network, private service is not offered at the same magnitude, and the costs are very expensive. Residents and businesses are paying too much for inadequate service. Our community needs are not being met, and we hope that funding through BTOP will help to address this problem.

We ask for your favorable consideration of UTOPIA's stimulus grant application. We are ready and able to utilize this funding in our community, and we look forward to completing the goal of offering a full fiber-optic network to our residents, businesses, and critical institutions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jerry C. Washburn", with a stylized, flowing script.

Jerry C. Washburn
Mayor



March 18, 2010

Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

To Whom It May Concern:

As we consider economic development in our city, it is clear to us that larger economic change – recovery in our country – is driven by cities. As we begin to see the real impact of declining income, sales and property taxes, it is increasingly important for us to find and consider new approaches to city governance and administration. For this reason, we celebrate the opportunity to partner with the Utah Telecommunication Open Infrastructure Agency (UTOPIA) in requesting additional funding for fiber-to-the-premise infrastructure through the BTOP program. We're committed to support, use, and provide matching funds of \$364,000 based on funding availability based on connections to the service to be developed to directly connect 100% of the City's facilities to the UTOPIA network. Without this additional funding, our city's ability to provide the infrastructure for necessary services to our facilities will be significantly hampered.

But, as a city, we know that economic development comes from supporting the roles of community leaders outside the public sector, promoting their efforts to innovate and think outside the box and to provide opportunities to grow. Residents and organizations have expressed a demand or need for significantly upgraded or new broadband connections. Because of this, we've spoken to schools, universities, hospitals, clinics, emergency services, public safety agencies, libraries, community outreach organizations, non-profits, and other anchor institutions throughout our city about their needs and the solutions that can be provided by critical fiber infrastructure. A list and numerous letters of support from the public and private sector entities we've talked to, including their level of commitment to partner with UTOPIA and expressions of the need for fiber broadband infrastructure are attached.

Each story has a common thread, we don't have ready access to the required broadband services at reasonable prices; it's literally impossible to find the connectivity we need everywhere in our city. For example, our city offices currently have a 2 Mb service provided by Comcast for \$200 per month. We suffer from significant challenges and constraints based purely on our inability to

Payson City Corporation

439 West Utah Avenue, Payson, UT 84651 (801) 465-5200 Fax (801) 465-5208

use some of today's time- and resource-saving technologies. We're unable to share and transfer information quickly, to use video conferencing or training, to manage or monitor facilities remotely, efficiently provide emergency services and public protection, or to implement today's "smart" facilities and utilities management systems. The citizens of our community bear the burden of these restrictions in many ways: from long wait times to higher costs and other inefficiencies.

The fiber-to-the-premise technology on UTOPIA provides solutions and opportunity in literally every part of our city's operations. With this funding we could connect our city offices, library, fire station, ambulance, power department, shops, sewer plant and street department together. On behalf of the many organizations with which we've spoken, and with the full support of our city, we look forward to increased connectivity from UTOPIA, commit our support to the network, and ask that you do the same by giving serious consideration to their stimulus grant applications.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Nelson", with a stylized flourish at the end.

Richard Nelson
City Manager

PERRY CITY

3005 SOUTH 1200 WEST • PERRY, UTAH 84302

OFFICE • (435) 723•6461

FAX • (435) 723•8584

Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

To Whom It May Concern:

As we consider economic development in our city, it is clear to us that larger economic change – recovery in our country – is driven by cities. As we begin to see the real impact of declining income, sales and property taxes, it is increasingly important for us to find and consider new approaches to city governance and administration. For this reason, we celebrate the opportunity to partner with the Utah Telecommunication Open Infrastructure Agency (UTOPIA) in requesting additional funding for fiber-to-the-premise infrastructure through the BTOP program. We're committed to support, use, and provide matching funds of \$20,000.00 to directly connect anchor locations and facilities to the UTOPIA network. Without this additional funding, our city's ability to provide the infrastructure for necessary services to our facilities will be significantly hampered.

But, as a city, we know that economic development comes from supporting the roles of community leaders outside the public sector, promoting their efforts to innovate and think outside the box and to provide opportunities to grow. Residents and organizations have expressed a demand or need for significantly upgraded or new broadband connections. Because of this, we've spoken to schools, universities, hospitals, clinics, emergency services, public safety agencies, libraries, community outreach organizations, non-profits, and other anchor institutions throughout our city about their needs and the solutions that can be provided by critical fiber infrastructure. A list and numerous letters of support from the public and private sector entities we've talked to, including their level of commitment to partner with UTOPIA and expressions of the need for fiber broadband infrastructure are attached.

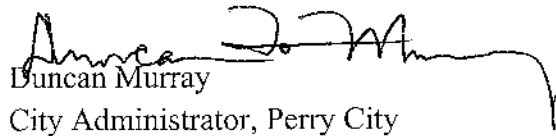
Each story has a common thread, we don't have ready access to the required broadband services at reasonable prices; it's literally impossible to find the connectivity we need everywhere in our city. We suffer from significant challenges and constraints based purely on our inability to use some of today's time- and resource-saving technologies. We're unable to share and transfer information quickly, to use video conferencing or training, to manage or monitor facilities remotely, efficiently provide emergency services and public protection, or to implement today's "smart" facilities and utilities management systems. The citizens of our community bear the

burden of these restrictions in many ways: from long wait times to higher costs and other inefficiencies.

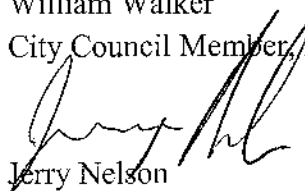
The fiber-to-the-premise technology on UTOPIA provides solutions and opportunity in literally every part of our city's operations. Specifically, we have long awaited being able to provide fiber optic services (internet, phone, and television, etc.), which are in high demand, to our residents and businesses. The money being requested will be used to complete the placement of fiber optic infrastructure for key commercial and residential neighborhoods in the northern part of Perry City (bordering Brigham City). It is our belief that this fiber optic placement project will allow for the additional incentives necessary to locate big box stores, restaurants, hotels, and other business in key commercial areas in Perry City, which will result in an increased tax base, needed services, and hundreds of new jobs.

On behalf of the many organizations with which we've spoken, and with the full support of our city, we look forward to increased connectivity from UTOPIA, commit our support to the network, and ask that you do the same by giving serious consideration to their stimulus grant applications.

Sincerely,


Duncan Murray
City Administrator, Perry City

William Walker
City Council Member, Perry City


Jerry Nelson
Mayor, Perry City



Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

To Whom It May Concern:

Economic development is the lifeblood of any city, and West Valley City has focused on diversifying and growing its economic development effort in its 30 years. Some years ago, West Valley City saw the vision of UTOPIA's goal, and realized the boon to economic development such a vision could bring about. Succeeding years have only validated the ongoing and increasing need for this fiber-to-the-premise network that incumbent providers have been unable to provide. For this reason we are supporting enthusiastically a partnership with UTOPIA to request additional funding to extend that infrastructure through the BTOP program. We're committed to supporting, using and providing \$2,086,000.00 matching funds to connect anchor institutions and local facilities to the network. Without this additional funding, our city's ability to provide necessary services in these facilities, especially given these difficult economic times, will be hampered.

As a city, we know that economic development comes from supporting the roles of community leaders outside the public sector, promoting their efforts to innovate and think outside the box and to provide opportunities to grow. Residents and organizations have expressed a demand or need for significantly upgraded or new broadband connections. Because of this, we've spoken to schools, universities, hospitals, clinics, emergency services, public safety agencies, libraries, community outreach organizations, non-profits, and other anchor institutions throughout our city about their needs and the solutions that can be provided by critical fiber infrastructure. A list and numerous letters of support from the public and private sector entities we've talked to, including their level of commitment to partner with UTOPIA and expressions of the need for fiber broadband infrastructure are attached.

These stories and many others that aren't shared here have a common thread, inability to access required broadband services at reasonable prices, or inability to access them at all. Many of our corporate citizens have met with us asking for ways to get connected to the UTOPIA network, but we have been unable to extend the backbone of the network that would allow them to do so. This leads to inability to share and transfer information at desired speed, inability to train using video conferencing, manage facilities remotely, etc. At a public level, we are losing out on better and safer emergency service capability and better management of utility systems.

Ultimately, the citizens of our community bear the burden of these restrictions in forms from higher costs to longer wait times for service. On behalf of the many organizations with which we've spoken, and with the full support of our city, we look forward to increased connectivity from UTOPIA, commit our support to the network, and ask that you do the same by giving serious consideration to their stimulus grant applications.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Winder".

Mike Winder
Mayor

A handwritten signature in blue ink, appearing to read "Wayne T. Pyle".

Wayne T. Pyle
City Manager, UTOPIA Board Member