
REQUEST FOR BIDS

South Davis Sewer District, Utah Combined Utility System Revenue Bonds Series 2024 (\$30,085,000*)

To: Prospective Purchasers
From: South Davis Sewer District
Date: October 15, 2024
Re: Combined Utility System Revenue Bonds, Series 2024

South Davis Sewer District, Utah (the “District”) is soliciting bids from interested parties to purchase Combined Utility System Revenue Bonds (the “2024 Bonds” or the “Bonds”) that it will issue to finance the acquisition, construction, and completion of improvements to the District’s north sewer treatment and disposition plant and various other improvements to the District’s system for collection, treatment, and disposition of sewage and pay costs of issuance.

The Bonds will be payable and secured solely by a pledge and assignment of the Revenues from the System and monies on deposit in the funds and accounts held by the Trustee. The Bonds are payable on parity with the District’s other outstanding bonds issued under the Master Resolution (defined below). The Revenues of the System may be applied to pay the Operation and Maintenance Expenses of the System, to the extent needed, before applied to pay principal and interest on the 2024 Bonds. The expected closing date is to be on or about Tuesday, November 26, 2024.

Parties interested in bidding on the District’s 2024 Bonds should submit either a completed Bid Sheet (see pages 15 and 16) and/or a term sheet (containing the requested information on the Bid Sheet) no later than **11:00 AM Mountain Time on Friday, November 1, 2024**. The District expects to award the bid by the following business day. Please email an electronic copy to the following:

Matt Myers, General Manager

Re: Combined Utility System Revenue Bonds
South Davis Sewer District
mmyers@sdsd.us

(Note: It is the responsibility of the bidder to confirm that the bid has been received by the District.)

The winning bidder will be required to deliver a certificate or Investor Letter at closing, in a form acceptable to the District (example included as Exhibit A), its municipal advisor, and its counsel which confirms, among other representations, that the bidder (a) is a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; (b) has the present intent to hold the Bonds to maturity or earlier redemption or mandatory tender; (c) acknowledges that no official Statement is being prepared; and (d) that it has taken an independent review of the credit and been provided all information necessary to purchase the 2024 Bonds.



South Davis Sewer District
1800 West 1200 North
West Bountiful, UT 84087

To assist with credit review, this document contains information relative to the District, the proposed terms and structure of the 2024 Bonds, and the required Bid Response Sheet. Only firm rates will be accepted, and all credit approvals should be completed prior to submitting a bid.

Questions pursuant to this Request for Bids can be submitted to mmyers@sdsd.us. The District's municipal advisor is Stifel, Nicolaus & Company, Incorporated. The District's bond counsel is Chapman and Cutler, LLP.

Initially capitalized terms used and not otherwise defined herein shall have the meanings assigned such terms in the District's Master Resolution No. 163 Providing for the Issuance of Combined Utility System Revenue Bonds, adopted April 20, 2017, as heretofore amended and supplemented (the "Master Resolution"). A copy of the Master Resolution may be obtained from the District by emailing mmyers@sdsd.us.

The District reserves the right to reject any and all bids as necessary. No contact should be made with any member of the Board or any other District official. Non-compliance with this or any other condition of this proposal may result in disqualification.



INFORMATION ON THE SOUTH DAVIS SEWER DISTRICT, UTAH

GENERAL DESCRIPTION

In 1959, the South Davis Sewer District (the “District”) was organized by Davis County as an independent special district to service and provide wastewater services to the south half of Davis County; consisting of Bountiful, Centerville, North Salt Lake, West Bountiful, Woods Cross, and the unincorporated areas south of Lund Lane. The District currently serves a total population of approximately 90,000 with two treatment plants: The North Plant is located at 1800 West 1200 North in West Bountiful, and the South Plant located at 1380 West Center Street in North Salt Lake. The North Plant can treat up to 12 million gallons per day (MGD) of wastewater per day, and the South Plant can treat up to 4 million gallons of wastewater per day. In addition to the treatment plants, the District owns and operates a collection system made up of 370 miles of sewer lines, 8,565 manholes and 10 lift stations.

FORM OF GOVERNMENT

A seven-member Board of Trustees governs the District. One trustee is appointed from each of the participating cities. An additional two trustees are elected at large. The Board exercises all powers and duties in the operation of the properties of the District as are ordinarily exercised by the governing body of a political subdivision.

FINANCIAL INFORMATION

The District prepares annual financial reports and budgets that can be found at the Utah State Auditor’s website: <https://reporting.auditor.utah.gov/searchreports/s/>.

CONTINUING DISCLOSURE UNDERTAKING

The District has Continuing Disclosure requirements for certain Combined Utility System Revenue Bonds which can be found on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website (“EMMA”): <https://emma.msrb.org>. ***Bidders are encouraged to visit EMMA to view financial reports, operating information, and notices regarding recent rating changes, event notices, and other information relative to the District, Alpro LLC, and the Wasatch Resource Recovery Project.***

SECURITY

The Bonds will be payable and secured solely by a pledge and assignment of the Revenues from the Combined Utility System and monies on deposit in the funds and accounts held by the Trustee under the Resolution, subject only to: (1) the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution; (2) the application of the Revenues from any Additional Facility as provided in the Project Agreements and the Supplemental Resolution relating to such Additional Facility; and (3) any required rebate of investment earnings to the United States of America pursuant to the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended. The Project Operating Agreement provides for the application of all revenues and income derived from the Resource Recovery Project and the pledge and lien of the Resolution is subject to the application of the Revenues attributable to the District’s interest in the Resource Recovery Project as provided in the Project Operating Agreement.

The Revenues may be applied, to the extent necessary, to pay the Operation and Maintenance Expenses of the System before being applied to pay principal and interest on any Bonds. The District has covenanted in the Resolution that it will apply the proceeds of the tax levied by the District pursuant to Section 17B-1-1002(1)(e), Utah Code, to pay the Operation and Maintenance Expenses to the extent of such proceeds.



Revenues includes (all revenues, fees, income, rents and receipts derived by the District from or attributable to the Sewer System, the Series 2024 Project and any other Additional Facilities that may be undertaken by the District pursuant to the Resolution. Revenues also include: (a) the proceeds of any insurance covering business interruption loss and any insurance resulting from casualty damages to the assets of the Combined Utility System; (b) proceeds from the sale of any property of the Combined Utility System permitted under the Resolution or any lease or contractual arrangement with respect to the use of the Combined Utility System or the services, capacity or output thereof; (c) all interest, profits or other income derived from the investment of any moneys held pursuant to the Resolution and required to be paid into the Revenue Fund, and (d) the proceeds of any interest subsidy with respect to the Bonds paid for or for the account of the District by any governmental body or agency. Revenues do not include: (a) proceeds received on insurance resulting from casualty damage to assets of the Combined Utility System; (b) the proceeds of sale of Bonds, notes or other obligations issued for Combined Utility System purposes; (c) the proceeds of the tax levied by the District pursuant to Section 17B-1-1002(1)(e), Utah Code, or any other ad valorem property taxes levied by the District, if any; (d) connection or impact fees collected by the District that are required to be applied to the payment of future capital improvements to or extensions of the Sewer System pursuant to the Impact Fees Act, Title 11, Chapter 36a, Utah Code (the “Impact Fees Act”); or (e) moneys received under any Security Instrument or any Reserve Instrument.

The Series 2024 Bonds and the District’s other outstanding bonds are special limited obligations of the District payable from the Revenues of the Combined Utility System. The District’s bonds (including the Series 2024 Bonds) are not a general obligation of the District, the State or any agency, instrumentality or political subdivision thereof. Neither the full faith and credit nor the taxing authority of the District, the State or any agency, instrumentality or political subdivision thereof is assigned or pledged for payment of the Series 2024 Bonds. The District has not mortgaged or granted a security interest in the Combined Utility System to secure payment of the Series 2024 Bonds or other outstanding bonds.

RATE COVENANT

The District covenants and agrees to establish, fix, prescribe and collect rates, charges and fees for the sale or use of the services or capacity of the Sewer System are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. “Net Revenues” means, for any period, the Revenues during such period less any transfers from the Revenue Fund to pay the Operation and Maintenance Costs during such period (after taking into account the application of proceeds of any taxes collected or to be collected by the District to pay Operation and Maintenance Costs). The term “Rate Covenant Requirement” means an amount of Net Revenues which is at least equal to (i) 125% of the Annual Aggregate Debt Service excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (ii) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year, and (iii) 100% of the amounts, if any, required by the Resolution to be deposited by the District into the Debt Service Reserve Account during the forthcoming Fiscal Year.

DEMOGRAPHIC AND ECONOMIC STATISTICS

The following table shows the estimated population for Davis County, Utah, for years 2019-2023:

Year	Population	Growth
2023	377,380	2.01%
2022	369,948	2.00%
2021	367,446	1.31%
2020	362,679	2.02%
2019	355,481	1.25%

Source: US Census Bureau; Utah Department of Workforce Services



OUTSTANDING BONDED INDEBTEDNESS (AS OF JUNE 1, 2024)

The District’s outstanding bonded indebtedness is summarized as follows:

Series	Purpose	Original Amount	Final Maturity Date	Current Balance
2024*	Revenue	\$30,085,000*	TBD	\$ 30,085,000*
2021	Revenue	\$10,000,000	December 1, 2024	9,580,000
2019	Revenue	\$12,179,000	December 1, 2039	11,108,000
2017A	Revenue	\$21,195,000	December 1, 2037	17,845,000
Total Combined Utility System Revenue Bonded Indebtedness				\$ 68,618,000*

**preliminary; subject to change. Assumes Series 2024 Bonds are Issued and outstanding.*

FUTURE PROJECTS AND CAPITAL PLANS

The 2024 Bonds are the first series of bonds to be issued in conjunction with certain upgrades to the District’s north sewer treatment plant. The District plans on issuing approximately \$90,000,000 in total for the project over the next three years.

WASATCH RESOURCE RECOVERY

In 2017, the District entered into a joint venture with ALPRO SD, LLC (“ALPRO”), a Utah limited liability company to construct a project that would be jointly owned by the District and ALPRO. The District and ALPRO each own a 50 percent investment in the Resource Recovery Project as tenants in common. Operations of the jointly owned project are managed by Wasatch Resource Recovery, LLC (“WRR”), a Utah limited liability company. The District has a 50 percent member interest in WRR, which is currently in operation.

The District’s 2017 Combined System Utility Bonds (on parity with the 2024 Bonds and the District’s other outstanding bonds) were issued for the District’s portion of WRR.

As mentioned previously, additional information, financial updates, operating information, notices regarding recent rating changes, event notices, and other information relative to the District, ALPRO LLC, and the Wasatch Resource Recovery Project can be found on EMMA.

MORAL OBLIGATION

In 2017, the District entered into a loan agreement with ALPRO pursuant to the issuance of the Taxable Resource Recovery Revenue Bonds (ALPRO SD, LLC Resource Recovery Project), Series 2017 (“ALPRO Bonds”). While the ALPRO Bonds are not a direct obligation of the District, the ALPRO Bonds include a “Debt Service Reserve Advance” provision in which the District receives notice from the trustee of any deficiencies in the Debt Service Reserve Fund and directs its budget officer to submit an appropriation request from the District’s governing body. More information can be found in the Official Statement for the ALPRO Bonds on EMMA:

<https://emma.msrb.org/ER1057586-ER828378-ER1229357.pdf>



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table summarizes the District's statement of revenues, expenses and changes in net position from 2019 through 2023:

	Calendar Year Ended December 31,				
	2023	2022	2021	2020	2019
Operating Revenues:					
Sewer Service Fee	\$ 10,102,357	\$ 9,999,186	\$ 8,093,281	\$ 5,199,732	\$ 5,082,655
Special Treatment Fees	758,029	658,907	652,034	404,955	383,725
Inspection & Project Fees	26,096	63,660	85,118	68,800	113,135
Other	1,582,337	95,982	711,947	523,785	464,083
	<u>12,468,819</u>	<u>10,817,735</u>	<u>9,542,380</u>	<u>6,197,272</u>	<u>6,043,598</u>
Operating Expenses:					
Operating Expenses	5,407,171	4,962,536	3,670,645	3,560,469	2,931,114
Salaries & Benefits	5,271,400	3,488,946	3,585,016	4,011,242	3,778,279
Depreciation	278,459	292,788	467,448	458,530	279,873
Total Operating Expenses	<u>10,957,030</u>	<u>8,744,270</u>	<u>7,723,109</u>	<u>8,030,241</u>	<u>6,989,266</u>
Non-Operating Revenue (Expense)					
General Property Tax	4,620,695	4,838,069	3,448,081	2,304,411	2,272,062
Impact Fees	177,018	353,562	778,076	903,643	624,221
Interest Income	667,840	273,562	50,435	186,855	184,810
Interest Expense	(1,199,911)	(1,234,371)	(1,158,733)	(1,101,213)	(914,791)
Intergovernmental Contributions	800,000	804,000	800,000	800,700	933,285
Project Grants	1,000,000				
Gain/(Loss) on Disposal of Assets	112,280	48,615	38,463	24,552	98,114
Unrealized Gain/(Loss) on Investments	92,192	5,568	(8,438)	34,304	144,118
Contributions to Other Governments	(232,574)	(163,918)			
Impairment Loss		(2,500,000)			
Equity in Earnings (Loss)	<u>(1,581,444)</u>	<u>(2,337,907)</u>	<u>(1,293,403)</u>	<u>(1,957,333)</u>	<u>(1,046,350)</u>
Total Non-Operating Income	<u>4,456,096</u>	<u>87,180</u>	<u>2,654,481</u>	<u>1,195,919</u>	<u>2,295,469</u>
Increase in Net Position Before Capital Contributor	5,967,885	2,160,646	4,473,752	(637,051)	1,349,801
Capital Contributions	<u>1,407,967</u>	<u>2,093,844</u>	<u>318,187</u>	<u>2,026,283</u>	<u>1,239,606</u>
Increase in Net Position	7,375,852	4,254,490	4,791,939	1,389,232	2,589,407
Net Position at Beginning of Year	98,316,452	94,061,962	89,270,023	87,880,791	85,291,384
Net Position at End of Year	<u>\$ 105,692,304</u>	<u>\$ 98,316,452</u>	<u>\$ 94,061,962</u>	<u>\$ 89,270,023</u>	<u>\$ 87,880,791</u>

Statements extracted from the District's financial reports.



STATEMENT OF ASSETS AND LIABILITIES

The following table summarizes the District's statement of assets and liabilities from 2019 through 2023:

	Calendar Year Ended December 31,				
	2023	2022	2021	2020	2019
Assets:					
Current Assets:					
Cash and Cash Equivalents	\$6,911,703	\$4,339,529	\$3,100,811	\$2,527,102	\$5,112,279
Investments	1,918,066	1,834,385	1,828,724	1,822,779	1,775,472
Receivables:					
Sewer service charges	686,878	607,775	361,911	293,741	265,172
Property taxes	1,043,760	1,382,994	1,003,609	579,900	594,708
Special treatment charges	135,520	110,887	103,019	41,800	35,725
Leases	247,551	250,769			
Other	65,641	54,461	228,362	278,428	300,963
Inventory	47,378	16,104	13,752	14,164	13,742
Prepaid expenses		22,341	9,367	10,484	24,578
Total Current Assets	11,056,497	8,619,245	6,649,555	5,568,398	8,122,639
Capital Assets:					
Land, construction in progress, sewer treatment facility and collection system	115,143,470	109,432,746			
Machinery and equipment, mobile equipment, and office furniture and collection system, net	9,554,549	9,505,561			
Net capital assets	124,698,019	118,938,307			
Other Assets:					
Restricted cash and cash equivalents	5,737,027	8,651,079	15,386,548	12,105,663	12,741,484
Investment in WRR, LLC	2,770,346	2,491,555	2,998,125	1,344,043	488,921
Reimbursable costs	20,685	27,068	33,914	30,092	34,798
Nondepreciable capital assets, net			101,908,085	94,721,237	92,641,227
Depreciable capital assets, net			8,974,912	9,065,451	9,035,766
Net pension asset		3,035,089	386,029	0	0
Total other assets	8,528,058	14,204,791	129,687,613	117,266,486	114,942,196
Total assets	144,282,574	141,762,343	136,337,168	122,834,884	123,064,835
Deferred Outflows of Resources:					
Deferred Outflows of Resources Relating to:					
Pension	1,240,960	913,405	745,609	707,206	1,208,371
Total Assets and Deferred Outflows of Resources	\$145,523,534	\$142,675,748	\$137,082,777	\$123,542,090	\$124,273,206

Statements extracted from the District's financial reports.



STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)

The following table summarizes the District’s statement of assets and liabilities from 2019 through 2023:

	Calendar Year Ended December 31,				
	2023(1)	2022	2021	2020	2019
Liabilities:					
Current Liabilities:					
Current portion of bonds payable	\$1,919,000	\$1,869,000	\$1,836,000	\$1,610,000	\$825,000
Accounts payable	1,342,751	1,574,679	391,181	310,908	1,082,109
Construction retention payable	124,700	120,600			
Accrued salaries and related benefits	118,456	99,587	62,833	51,220	139,634
Accrued interest	97,518	97,518	25,580	13,344	23,424
Accrued bond interest payable			99,448	87,294	89,117
Performance deposits and retainage			144,600	139,400	170,400
Current portion of compensated absences	120,000	50,000	35,000	35,000	45,000
Total Current Liabilities	3,722,425	3,811,384	2,594,642	2,247,166	2,374,684
Long-Term Liabilities:					
Bonds payable	34,496,526	36,384,967	38,222,320	29,795,616	31,371,886
Compensated Absences Payable	657,724	708,401	648,657	653,628	535,553
Net pension liability	699,890	0	110,823	868,395	2,071,915
Total long-term Liabilities	35,854,140	37,093,368	38,981,800	31,317,639	33,979,354
Total Liabilities	39,576,565	40,904,752	41,576,442	33,564,805	36,354,038
Deferred Inflows of Resources:					
Related to pensions	7,114	3,174,929	1,444,073	707,262	38,377
Leases	247,551	250,769	-	-	-
Total Deferred Inflows of Discount	254,665	3,425,698	1,444,073	707,262	38,377
Net Position:					
Net Investments in Capital Assets	93,270,182	88,632,423	76,143,162	74,410,887	71,496,313
Restricted for:					
Net pension asset		3,035,089			
Capital projects			10,068,063	10,075,848	10,725,278
Debt service			2,029,815	2,029,815	2,016,206
Unrestricted	12,442,122	6,648,940	5,820,922	2,753,473	3,642,994
Total Net Position	\$105,692,304	\$98,316,452	\$94,061,962	\$89,270,023	\$87,880,791

Unaudited summaries; Statements extracted from the District's financial reports.

OUTSTANDING DISTRICT RATINGS

The District’s outstanding bonds are rated ‘BBB+’ by S&P. On July 30, 2024, S&P affirmed its ‘BBB+’ rating on the District and removed it from CreditWatch with developing implications. More information relative to S&P’s July 30, 2024 report can be found here:

<https://emma.msrb.org/P11770732-P11360164-P11797326.pdf>

No rating has been applied for, nor will a rating be requested, for the 2024 Bonds.



PRINCIPAL EMPLOYERS IN DAVIS COUNTY

Department of Defense	Intermountain Health Care, Inc.
Davis County School District	Davis County Government
Northrop Grumman Corp.	Tanner Memorial Clinic
Smiths Food and Drug Centers, Inc.	Farmington Health Center
Lifetime Products, Inc.	Davis Hospital & Medical Center, Lp
Wal-Mart Associates, Inc.	Utility Trailer Manufacturing Company
Helpside Id, LLC	AAA NCNU
Lagoon Corporation, Inc.	State of Utah
Fedex Ground Pkg System, Inc.	Helpside Lw, Inc.

Source: Utah Department of Workforce Services.

INCOME AND WAGES

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Davis County									
Median Household Income	N/A	N/A	\$92,765	\$92,253	\$87,610	\$84,381	\$80,433	\$77,096	\$72,268
Per Capita Income	N/A	N/A	\$54,820	\$51,852	\$48,432	\$46,281	\$43,944	\$42,762	\$40,799
Average Monthly Wage	\$4,710	\$4,537	\$4,323	\$4,275	\$3,924	\$3,802	\$3,662	\$3,561	\$3,398

SALES AND BUILDING

Davis County							
		New		Additions, Alterations and Repairs		Total Construction	
Year	Number Dwelling Units	Residential Value (\$000)	Non-Residential Value (\$000)	Residential Value (\$000)	Non- Residential Value (\$000)	Value (\$000)	% Change from Prior Period
2023*	513	\$148,473.2	\$104,120.5	\$40,011.2	\$60,502.1	\$353,107.0	N/A
2022	2,359	\$569,388.8	\$260,591.8	\$86,384.0	\$119,071.3	\$1,035,435.9	(12.40)
2021	4,008	\$828,372.5	\$230,147.9	\$65,091.4	\$58,550.8	\$1,182,162.7	69.5%
2020	1,992	\$464,234.3	\$167,460.4	\$31,024.0	\$34,596.5	\$697,315.0	0.42
2019	1,689	\$412,402.3	\$111,759.0	\$33,180.0	\$64,186.6	\$621,527.9	(12.40)

LABOR FORCE

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Davis County					
Labor Force	190,367	184,178	179,229	175,905	173,800
Employed	185,764	180,239	174,865	168,737	169,589
Unemployed	4,603	3,939	4,364	7,168	4,211
Rate	2.40%	2.10%	2.40%	4.10%	2.40%

Source: Utah Department of Workforce Services.



INFORMATION ON THE SYSTEM

GENERAL DESCRIPTION

The purpose of the District is to provide public sanitary sewer service, including the collection and treatment of wastewater, to properties located within the District's boundaries. The Combined Utility System is comprised of the Sewer System, the Series 2017 Project and any other Additional Facilities that may be undertaken by the District pursuant to the Resolution. Additional Facilities include a Nutrient Removal Facility, a Resource Recovery Facility and any other facility or project, in each case together with any extensions thereof or additions thereto, that (1) the District is authorized by law to own, operate or undertake, (2) is determined by the Board to supplement, enhance or utilize the Sewer System or the services and capabilities of the District and (3) is designated as a Project and a part of the Combined Utility System by Supplemental Resolution. A Nutrient Removal Facility is a facility for the removal of nutrients from either raw or treated wastewater and the processing, handling and sale of nutrients or by-products of the nutrient removal process, including (i) all improvements, extensions, and additions thereto which may be made while any of the Bonds remain Outstanding, and (ii) all property, real, personal and mixed, appurtenances and related facilities, of every nature now or hereafter owned or operated by the District and used or useful in the operation of a Nutrient Removal Facility.

CAPACITY AND UTILIZATION

The Sewer System currently consists of two treatment plants: the North Plant located in West Bountiful, Utah and the South Plant in North Salt Lake, Utah together with approximately 370 miles of sewer lines, 8,565 manholes and 11 lift stations.

TOTAL PLANT FLOW

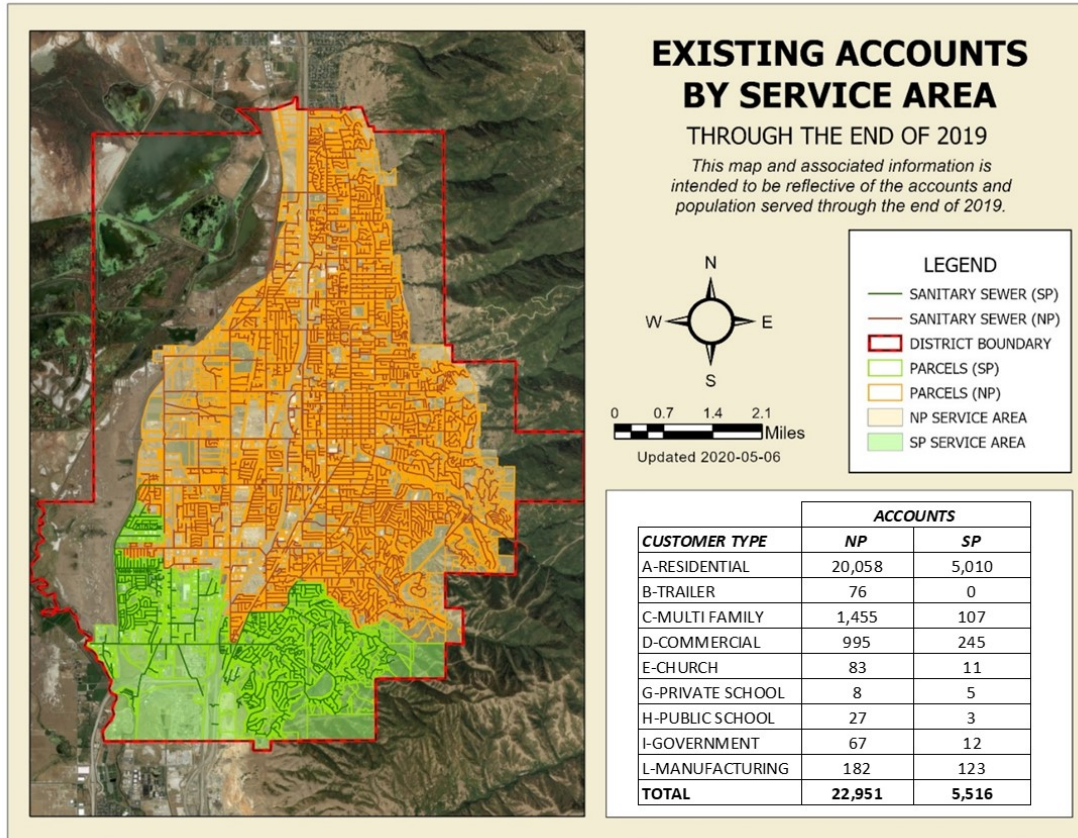
Year Ending April 1 ⁽¹⁾	Total Plant Flow in Millions of Gallons
2023	6,741
2022	6,486
2021	6,901
2020	7,584
2019	7,235

- (1) Although the District serves the Cities of Bountiful, Centerville, North Salt Lake, West Bountiful and Woods Cross, the District operates completely independently from the cities. This includes billing and management services. The District operates on a calendar year fiscally as opposed to the cities which operate on fiscal years primarily.



EXISTING ACCOUNTS BY SERVICE AREA

In 2019, the District complete a Land Use and Population Projection study. The map and table below summarize the District’s accounts by service area through the end of 2019. While this study has not been updated, the number of new accounts has not drastically increased from the date of the study:



PLANT FLOWS (MG)

The table below summarizes annual flow data for the District in Million Gallons:

YEAR	NORTH PLANT (MG)	SOUTH PLANT (MG)	TOTAL (MG)
2023	2,829	1,223	4,052
2022	2,519	1,387	3,906
2021	2,489	1,285	3,774
2020	2,811	1,241	4,052
2019	2,847	1,240	4,087

LARGEST WASTEWATER USERS

The following depicts the District’s four largest wastewater users for 2023, which accounts for 18% of the total usage:

1. HF Sinclair Woods Cross Refining, LLC = 422 MG (10.4%)
2. Big West Oil, LLC = 196 MG (4.8%)
3. Silver Eagle Refining = 70 MG (1.7%)
4. Intermountain Health Laundry = 43 MG (1.1%)



PRO FORMA/RATE STUDY

The figures below are based on historical financial reports and the District’s internal rate study. The internal rate study analyzes various negotiation and operating outcome scenarios. As provided in the disclosures available on <https://emma.msrb.org>, the District and ALPRO are currently in negotiations with a third party that would transfer ALPRO’s ownership of WRR. The Projected figures below assume a successful ownership transfer of WRR.

	ACTUAL			PROJECTED						
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
TOTAL OPERATING REVENUES (1)	\$ 9,542,380	\$ 10,817,735	\$ 12,468,819	\$ 14,885,363	\$ 17,061,635	\$ 18,797,876	\$ 19,376,624	\$ 19,376,624	\$ 19,955,371	\$ 19,955,371
TOTAL OPERATING EXPENSES (2)	\$ 7,723,109	\$ 8,744,296	\$ 10,957,030	\$ 12,746,300	\$ 12,534,185	\$ 13,233,332	\$ 13,685,239	\$ 14,200,407	\$ 14,737,611	\$ 15,297,841
OPERATING INCOME	\$ 1,819,271	\$ 2,073,439	\$ 1,511,789	\$ 2,139,063	\$ 4,527,449	\$ 5,564,545	\$ 5,691,384	\$ 5,176,216	\$ 5,217,760	\$ 4,657,531
PROPERTY TAXES	\$ 3,448,081	\$ 4,838,069	\$ 4,620,695	\$ 6,172,373	\$ 6,172,373	\$ 7,715,466	\$ 7,715,466	\$ 8,487,012	\$ 8,487,012	\$ 8,487,012
OTHER NON-OPERATING REVENUES (EXPENSES) (3)	\$ 365,130	\$ (3,352,600)	\$ 1,166,886	\$ 164,983	\$ 164,983	\$ 164,983	\$ 164,983	\$ 164,983	\$ 164,983	\$ 164,983
CASH FLOW AVAILABLE FOR DEBT SERVICE	\$ 6,099,930	\$ 3,851,696	\$ 7,577,829	\$ 8,476,418	\$ 10,864,805	\$ 13,444,994	\$ 13,571,833	\$ 13,828,212	\$ 13,869,756	\$ 13,309,526
BOND DEBT SERVICE **										
Series 2017A	\$ 1,639,013	\$ 1,638,513	\$ 1,637,263	\$ 1,638,013	\$ 1,636,625	\$ 1,638,025	\$ 1,636,956	\$ 1,639,469	\$ 1,640,125	\$ 1,638,925
Series 2019	788,516	788,650	788,560	788,244	788,703	787,915	788,902	788,623	788,097	788,326
Series 2021	-	613,611	613,390	613,842	614,109	614,191	614,089	613,803	613,332	613,676
Series 2024 - North Plant (preliminary)	-	-	-	-	2,407,278	2,407,278	2,407,278	2,407,278	2,407,278	2,407,278
Series 2025 - North Plant (preliminary)	-	-	-	-	1,203,639	2,407,278	2,407,278	2,407,278	2,407,278	2,407,278
Series 2026 - North Plant (preliminary)	-	-	-	-	-	2,407,278	2,407,278	2,407,278	2,407,278	2,407,278
Total Debt Service	\$ 2,427,529	\$ 3,040,774	\$ 3,039,213	\$ 3,040,098	\$ 6,650,353	\$ 10,261,964	\$ 10,261,781	\$ 10,263,727	\$ 10,263,387	\$ 10,262,760
Debt Service Coverage Ratio	2.51	1.27	2.49	2.79	1.63	1.31	1.32	1.35	1.35	1.30
Debt Service Coverage Ratio without Impact Fees	2.19	1.15	2.44	2.73	1.61	1.29	1.31	1.33	1.34	1.28
The following projected debt service coverage figures are provided for illustrative purposes and in conjunction with the information provided on Page 3 under "Moral Obligation".										
Series 2017 - ALPRO Bonds	\$ 2,286,444	\$ 2,284,506	\$ 2,286,256	\$ 2,286,206	\$ 2,289,244	\$ 2,285,156	\$ 2,289,156	\$ 2,288,563	\$ 2,284,031	\$ 2,285,563
Debt Service Coverage Ratio (Including ALPRO Bonds)				1.59	1.22	1.07	1.08	1.10	1.11	1.06

Notes:

- 1) Projected figures include \$8.00 treatment fee increase effective July 1, 2024 and other growth/increase assumptions based on the District's internal rate study.
- 2) Depreciation is added back to cash flows for calculating net revenue available for debt service.
- 3) 2021-2023 figures include grants and certain investment and impairment losses pertaining to WRR as further described in the District's financial statements.

****If the potential purchaser currently owns any of the District's outstanding bonds or may consider purchasing such outstanding bonds in the near future, such purchaser should consult with its own counsel prior to the purchase or sale of such bonds regarding the information contained in this pro forma/rate study section.****



PROPOSED BOND STRUCTURE

GENERAL INFORMATION

Par Amount: \$30,085,000*

Principal Due Dates: 20-year: December 1, 2025 – 2044

Interest Payment Dates: December 1 and June 1, commencing June 1, 2025

Delivery Date: November 26, 2024 (preliminary)

Bank Qualified: No

Debt Service Reserve Fund: Not currently contemplated with respect to the 2024 Bonds

Redemption: Please provide bids with an optional call provision for the 2024 Bonds

Bond Counsel: Chapman and Cutler LLP

Bond Rating: Bonds will be non-rated (no ratings applied for)

Preliminary Amortization:

Date	Principal	Date	Principal
12/01/2025	1,025,000	12/01/2035	1,445,000
12/01/2026	1,070,000	12/01/2036	1,510,000
12/01/2027	1,100,000	12/01/2037	1,580,000
12/01/2028	1,135,000	12/01/2038	1,655,000
12/01/2029	1,165,000	12/01/2039	1,735,000
12/01/2030	1,205,000	12/01/2040	1,830,000
12/01/2031	1,245,000	12/01/2041	1,925,000
12/01/2032	1,290,000	12/01/2042	2,030,000
12/01/2033	1,335,000	12/01/2043	2,145,000
12/01/2034	1,390,000	12/01/2044	2,270,000

*Preliminary, subject to change.

BID EVALUATION AND DEADLINE

Bid evaluation will take into account overall cost of capital, bid terms, and conditions, call options and financing structure. **Bids are due by 11:00 AM MT on Friday, November 1, 2024.** The award is expected the following business day. **(Only firm rates will be accepted.)** The winning bidder will be asked to sign a traditional investor letter (see form of Certificate of Purchaser included in Exhibit A).

COMPLIANCE WITH PUBLIC CONTRACT BOYCOTT RESTRICTIONS

The proposal submitted by the selected purchaser shall be deemed to be the written certification by the selected Purchaser, including any wholly-owned subsidiary, majority-owned subsidiary, parent company or affiliate of the selected purchaser (collectively, the “Purchaser”), that:

- (a) the Purchaser is not currently engaged in (i) a boycott of the State of Israel; or (ii) an economic boycott;
- (b) the Purchaser agrees not to engage in a boycott of the State of Israel for the duration of such contract; and



(c) the Purchaser agrees to notify the Issuer in writing if the Winning Bidder begins engaging in an economic boycott (which notice may be grounds for termination of the contract).

For purposes of this Request for Proposals:

(a) “*Boycott action*” means refusing to deal, terminating business activities, or limiting commercial relations.

(b) “*Boycott of the State of Israel*” means engaging in a boycott action targeting (i) the State of Israel; and (ii)(A) companies or individuals doing business in or with the State of Israel; or (B) companies authorized by, licensed by, or organized under the laws of the State of Israel to do business.

(c) “*Boycotted company*” means a company that (i) engages in the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, mining, or agriculture; (ii) engages in, facilitates, or supports the manufacture, distribution, sale, or use of firearms; (iii) does not meet or commit to meet environmental standards, including standards for eliminating, reducing, offsetting, or disclosing greenhouse gas-emissions, beyond applicable state and federal law requirements; or (iv) does not facilitate or commit to facilitate access to abortion or sex characteristic surgical procedures.

(d) “*Economic boycott*” means, without an ordinary business purpose (i) engaging in a boycott action targeting (A) a boycotted company; or (B) another company because the company does business with a boycotted company; or (ii) taking an action intended to penalize, inflict economic harm to, or change or limit the activities of (A) a boycotted company; or (B) another company because the company does business with a boycotted company.

Certain other terms used herein and not otherwise defined have the meanings assigned such terms in Section 63G-27-102 of the Utah Code Annotated 1953, as amended (the “*Utah Code*”). At the request of the Issuer, the Purchaser agrees to execute such further written certification as may be deemed necessary or convenient for the Issuer to establish compliance with Title 63G, Chapter 27 of the Utah Code.



BID RESPONSE SHEETS

(Note: It is the responsibility of the bidder to confirm that the bid has been received by the District.)

Date	Principal*	Rate	Date	Principal*	Rate
12/01/2025	\$1,025,000		12/01/2035	\$1,445,000	
12/01/2026	1,070,000		12/01/2036	1,510,000	
12/01/2027	1,100,000		12/01/2037	1,580,000	
12/01/2028	1,135,000		12/01/2038	1,655,000	
12/01/2029	1,165,000		12/01/2039	1,735,000	
12/01/2030	1,205,000		12/01/2040	1,830,000	
12/01/2031	1,245,000		12/01/2041	1,925,000	
12/01/2032	1,290,000		12/01/2042	2,030,000	
12/01/2033	1,335,000		12/01/2043	2,145,000	
12/01/2034	1,390,000		12/01/2044	2,270,000	

Other Terms and Conditions	
Purchase fees / other fees	
Call provisions, if any	
Other terms / conditions (1)	
Alternative structure(s)	
Quote duration	

*Preliminary; subject to change

Note: Only firm rates will be accepted.



EXHIBIT A
FORM OF CERTIFICATE OF PURCHASER

DATED: [CLOSING DATE]

The undersigned is a duly authorized officer of _____ (the “Purchaser”), and is authorized to execute this Certificate on behalf of the Purchaser. The Purchaser is purchasing on this date the \$_____ aggregate principal amount of Combined Utility System Revenue Bonds, Series 202_, dated as of the date hereof (the “Bonds”), issued by the South Davis Sewer District, Utah (the “Issuer”), pursuant to that certain Master Resolution No. 163 Providing for the Issuance of Combined Utility System Revenue Bonds, adopted by the Board of Trustees of the Issuer on April 20, 2017, as heretofore amended and supplemented and as further supplemented by that certain Supplemental Resolution No. __ Authorizing the Issuance and Sale of the Bonds, adopted by the Board of Trustees on _____, 202_, [including as a part of such resolution that certain Certificate of Determination, dated _____, 202_] (collectively, the “Resolution”). In connection with its purchase of the Bonds, the Purchaser has reviewed all materials requested by it in conjunction with its purchase of the Bonds, including but not limited to, the Resolution and the Bonds. On behalf of the Purchaser, the undersigned does hereby further certify as follows:

1. The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended. The Purchaser is purchasing the Bonds for its own account to evidence an extension of its credit and with no present intention of distributing or selling the Bonds or any interest therein, except for a 100% participation interest in the Bonds that is being sold on the date hereof to an affiliate of the Purchaser. The Purchaser acknowledges that any distribution or sale of the Bonds after the date hereof may be made at the Purchaser’s own expense and only upon compliance with applicable state and federal securities laws and regulations.
2. The Purchaser acknowledges that no official statement has been prepared in connection with the issuance and sale of the Bonds and that in purchasing the Bonds the Purchaser is relying solely on the Purchaser’s own knowledge and investigation of the facts and circumstances relating to the purchase of the Bonds.
3. The Purchaser represents that it is a financial institution and that it regularly purchases tax-exempt obligations. The Purchaser has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing the Bonds.
4. The Purchaser has had access to all information, which the Purchaser as a reasonable lender has requested of the Issuer, as a result of it having attached significance thereto in making its lending decision, regarding the Issuer in connection with its



evaluation of and decision to purchase the Bonds, including but not limited to the information set forth in the Resolution and the Bonds.

5. The Resolution and other certificates, documents and opinions delivered in connection with the issuance of the Bonds contain terms and are in form acceptable to the Purchaser.

6. The Purchaser is not acting as a broker, dealer or municipal securities underwriter in connection with its purchase of the Bonds.

7. The Purchaser intends that the purchase of the Bonds be exempt from the requirements for CUSIP numbers under Municipal Securities Rulemaking Board Rule G-34. The Purchaser represents and warrants that (i) it is a bank or an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Purchaser is to hold the Bonds to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

(Signature page follows.)



IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Purchaser as of the day and year first above written.

By _____
Its _____
