

## Proposal To Serve As Underwriter

### GENERAL INFORMATION

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Snyderville Basin Water Reclamation District (the “District”) seeks to engage a qualified underwriter to market its Series 2023 Sewer Revenue Bonds (the “Bonds”) in the amount of approximately \$130,000,000. The District was organized in 1973 and provides wastewater collection and treatment services in western Summit County, Utah. The District issued bonds in 2015, which are rated the “AA” by S&P. The new Bonds will be on a parity with the 2015 bonds.

The District will use the proceeds from the Bonds to expand its East Canyon Water Reclamation Facility, which will expand District treatment capacity to allow for growth that is both in process and anticipated. The underwriter will work closely with the District, the Municipal Advisor, Zions Public Finance, Inc.; and Bond Counsel. While this solicitation will provide some basic information on the District and its bonds, we would refer you to the District’s annual continuing disclosure filing (dated 7/11/23) for historical revenues and coverage and more detailed information.

### PROPOSAL SUBMISSION REQUIREMENTS

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**Proposals will be received up to but no later than 4:00 p.m., (Mountain Time) on Friday, September 29, 2023.** E-mailed proposals are required. It is anticipated that the Underwriter selection committee will make a decision within two weeks. Brief responses are requested, and lengthy or extensive presentations are discouraged. Your proposal will be limited to not more than 6 pages (excluding appendices).

Please send your proposal via email to:

Brian Baker, Vice President  
Zions Public Finance, Inc.  
[Brian.Baker@zionsbank.com](mailto:Brian.Baker@zionsbank.com)  
Cell: 801-369-4093

Bryan Steele, Finance Manager  
Snyderville Basin Water Reclamation District  
[BSteele@sbwrld.org](mailto:BSteele@sbwrld.org)  
Office: 435-214-5225

Any questions regarding the RFP should be directed to Mr. Baker.

### THE SEWER REVENUE BONDS

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**Sewer Revenue Bonds:** The District, as with its 2015 bonds, is pledging sewer and other available revenues, and largely expects bond repayment to come from estimated impact fees based on growth over the coming years. The District has also run stress tests in the case where growth is lower than forecast, and would be able to service the debt with modest annual increases to its current user rate structure. The District has completed rate studies and an engineering study for the project and has recently raised its impact fees. The District anticipates a January 17, 2024 bid opening, with onsite work beginning in the Spring of 2024.

**Bank Qualification:** No

**Anticipated Bond Sale/Pricing:** November/December 2023

**Closing:** December 2023

**Security and Source of Payment:** The security is the Net Revenues of the District after payment of O&M expenses. The repayment is anticipated to come from impact fees related to new growth within the District boundaries.

**Outstanding Parity Bonds:** Series 2015 bonds, currently outstanding in the amount of \$14,005,000.

### TERM OF ENGAGEMENT

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The term of this engagement is for this specific financing only.

## Proposal To Serve As Underwriter

### SCOPE OF WORK

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The scope of services requested by this RFP is to provide the following:

1. Provide input regarding the structure and terms of the proposed bond issue, including timing;
2. Provide input regarding the District's official statement, to be drafted by either Zions or bond counsel;
3. Develop a marketing plan for the bonds to obtain pricing that will help the District achieve optimal rates and terms;
4. Aggressively engage in pre-sale marketing efforts;
5. Be willing to underwrite unsold balances;
6. Execute a definitive bond purchase contract.

### SELECTION CRITERIA AND PROCESS

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The District will evaluate all proposals and select the underwriter. In considering your firm's proposal, the evaluation team will make recommendations based on the following criteria:

1. Experience of your firm and team with both the District and with Utah utility revenue bonds.
2. Capability to market and take down bonds.
3. Structuring ideas and analysis.
4. Underwriting fees and expenses.
5. Availability and other factors.

The District reserves the right to waive any irregularity in any proposal and to accept or reject any or all proposals.

### CONTENT OF PROPOSAL

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Your proposal must include responses to the following:

#### **(1) Firm Description (15%)**

- a. Please provide a brief resume for the banker who will serve as your firm's lead contact.
- b. Please provide a brief resume for the individual who will serve as your firm's lead underwriter.

#### **(2) Experience and Underwriting Capability (35%)**

- a. Provide, in an appendix, a list of Utah utility revenue bond issues for which your firm has acted as lead underwriter since July 1, 2020. Include both the ratings and the par amount of each issue. Please total the column detailing the par amounts. Please also include a brief description of your firm's utility revenue bond underwriting outside of Utah.
- b. Please include three examples from the last year of your firm's willingness to put your capital at risk by underwriting unsold balances and the unsold percentage of bonds.

**Proposal To Serve As Underwriter****(3) Market and Bond Structure Recommendations (30%)**

- a. The District would like to sell its bonds in late November or early December, 2023. Please discuss any concerns or suggestions you may have regarding the timing of the sale.
- b. The District is planning to issue the bonds with a term of 20 years and level debt service following several years of capitalized interest. Please provide your insight into the current market and ideas and suggestions for a successful sale.
- c. Because the project is expected to be funded by new growth through impact fees, please discuss any ideas for the District that would be a benefit if there is a steep drop in impact fees for a year or two. This wouldn't impact coverage, but would make it difficult to not burden existing rate payers with debt payments that are intended to be funded by impact fees.
- d. Please provide your estimate of coupons and yields for this issue under a traditional tax-exempt, non-BQ structure as of Thursday, September 7, 2023. Include the spread to the September 7, 2023, end of day AAA MMD scale on a maturity-by-maturity basis. Assume a rating of AA with principal payments due on September 15<sup>th</sup> of each year.
- e. It is anticipated that the District will be in the "AA" range when it goes to receive its rating from S&P. Would there be any benefit for the District to go to more than one rating agency? (Currently planning to use just S&P)

**(4) Pricing and Fees (15%)**

- a. Provide your proposed underwriter's fees per \$1,000 for an estimated \$130,000,000 bond issue.
- b. Please indicate whether or not your firm will require the use of underwriter's or disclosure counsel, and if you will require a 10 b 5 opinion.

**(5) Other (5%)**

- a. Please indicate the general availability of key team members from September through November.
- b. Please identify known transactions your firm is scheduled to price in October.