

SOUTH DAVIS SEWER DISTRICT  
BOARD OF TRUSTEES  
SPECIAL MEETING  
30 October 2019

The Board of Trustees of the South Davis Sewer District, Davis and Salt Lake Counties, met in special session at 6:30 p.m. at the District Office located at 1800 West 1200 North, West Bountiful, Utah, with the following members present:

Dee Hansen	Chairman (Arrived 6:40 pm)
Howard Burningham	Vice-Chairman
John Davies	Trustee
Randy Lewis	Trustee-via Teleconference
Mark Preece	Trustee
Len Arave	Trustee
Ryan Westergard	Trustee

Others meeting with the Board:

Dal Wayment	General Manager/Treasurer
Mark Katter	Accounting Manager/Clerk
Susanne Monsen	Administrative Asst/Asst Clerk
Matt Myers	District Engineer
Marcus Keller	Zions Public Finance
Jim Burr	Chapman and Cutler
Preston Kirk	Stifel Public Finance
Matt Dugdale	Stifel Public Finance

1. OPEN MEETING:

The meeting was called to order at 6:33 p.m. by the Vice-Chairman.

2. CONSIDERATION OF A PROPOSAL TO PURCHASE THE DISTRICT'S COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2019, AND RELATED MATTERS:

Mr. Preston Kirk of Stifel Public Finance, the District's financial advisor, reviewed the bonding process in general and discussed the current bond market. He then reviewed the term sheet of an offer by Zions Bank for the direct purchase of bonds in the amount of \$12,179,000. The proposed interest rate is 15 years fixed at 2.05% and an additional five years at a variable rate. The variable rate is set at the one-year lending rate of the Federal Home Loan Bank of Des Moines (FHLB). There would be no fees to establish the loan and the bonds could be redeemed at any time without penalty. Mr. Kirk discussed the FHLB rate history. This index is consistent and at the low end of the bond market. The Board discussed at length the potential impacts of the variable rate. Mr. Kirk was queried as to current market interest rates. He indicated that the 2.05% is a very good interest rate.

Mr. Jim Burr of Chapman and Cutler, the District's bond counsel, reviewed the need for a public hearing. The Intent to Issue Bonds will be advertised next week. The Board's next regularly scheduled meeting on November 21<sup>st</sup>, will be a Public Hearing. The sale of the bonds can be formalized at that time.

Motion was made by Mr. Len Arave seconded by Mr. Ryan Westergard to accept the proposal from Zions Bank for the 20-year loan (15 year fixed rate/5 year variable rate). Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

3. RATE STUDY PRESENTATION FROM ZIONS PUBLIC FINANCE:

Mr. Marcus Keller of Zions Public Finance is in charge of a rate study for the District. The District has two projects which will cost approximately \$56 million. They will be designed and constructed within the next 48 months. The 2019 bonds will cover the first 12-18 months of construction and engineering. The District has been authorized a 1.5% interest loan under the State of Utah, Division of Water Quality Revolving Loan Fund. This loan would fund the bulk of the second project. The District will then require a small bond issue to complete the project. Mr. Keller reviewed six scenarios requested by the District utilizing different combinations of these funding sources seeking the most efficient option. The funding study will determine what the District will

have to do with its rates to provide adequate revenue for operations and maintenance and for debt service. The study should be completed by next Board Meeting for a formal presentation.

4. REVIEW TENTATIVE 2020 BUDGET:

Hold until next meeting.

5. REVIEW WASATCH RESOURCE RECOVERY BUDGET:

Hold until next meeting.

6. REPORT ON ODOR INCIDENT AT THE SOUTH PLANT:

On 10/21/19 the District began receiving phone calls and text messages of significant odors in the Foxboro area. The residents description was of a very putrid dirty diaper or forest service outhouse smell. This is not typical of anything at the South Plant or at Wasatch Resource Recovery (WRR). We didn't seem to have any odor out of the ordinary at the plants. We spent a couple of days visiting streets where the residents indicated there were odors, brought in Aqua Engineering and our staff went all over the plant looking for issues. It occurred to Eric Nemcek, Plant Superintendent, that the tank holding filtrate from the dewatered biosolids had an open top. However, there was no particular odor in the vicinity of this tank. Utilizing our man-lift he was able to get above the tank elevation and down wind and the odor was extremely strong and very putrid as described by residents. We have installed a temporary blue-tarp cover over the tank which seems to have sealed it off quite well. We are working with the tank manufacturer on ways and means to install a more permanent cover on this tank.

7. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 21 November 2019, 5:00 p.m.

8. DISMISSAL:

The meeting ended at 8:04 p.m.

  
Assistant Clerk

  
Chairman, Board of Trustees