SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
16 July 2026

The Board of Trustees of the South Davis Sewer District, Davis and Salt Lake Counties, met in regular session at 5:00 p.m. at the District Office located at 1800 West 1200 North, West Bountiful, Utah, with the following members present:

Howard Burningham	Chair
Ryan Westergard	Vice-Chair
Len Arave	Trustee
Gina Hirst	Trustee (arr. 5:04 pm)
Ken Romney	Trustee (arr. 5:07 pm; exc. 7:10 pm)
Brian Horrocks	Trustee
Matt Murri	Trustee (exc. 6:55 pm)

Others meeting with the Board:

Matt Myers	General Manager/Treasurer
Lanese Hendrickson	Assistant General Manager
Susanne Monsen	Asst Gen Manager/Asst Clerk
Candice Venn	Acting Accountant/Clerk
Andy Robbins	Meeder Investment Management
Ron Mortensen	Resident, Bountiful

1. <u>OPEN MEETING</u>:

The Chair called the meeting to order at 5:00 p.m.

2. <u>PUBLIC COMMENTS</u>:

None.

3. <u>APPROVAL OF MINUTES:</u>

The Chair asked for comments of the regular Board Meeting held 18 June 2026. After consideration motion was made by Len Arave seconded by Matt Murri to accept the Minutes as presented. Motion carried with Trustees Burningham, Westergard, Arave, Horrocks and Murri voting "aye".

4. <u>BUDGET REPORT</u>:

The unaudited Budget Report ending June/2026 was presented for review. The combined Revenue Budget has received 44% in revenues. The Collection System is 43% expended; Treatment Plants are 38% expended; Industrial Pretreatment is 47% expended; Capital Expansion is 27% expended; Water Quality Group (JR/FB) is 25% expended; OU2 Remediation is 35% expended; Water Quality Group (UT LK) is 30% expended; and General & Admin is 47% expended. The budget ratio to calendar months is 50%.

5. <u>INVESTMENT REPORT</u>:

Current investments (June/2026) are maintained by Zions Bank, Public Treasurers Investment Fund (PTIF) and Meeder Investment Management. Zions Trust held approximately $22.2 million at an interest rate of 3.8905% (funds are with PTIF); PTIF held approximately $19.0 million at an interest rate of 3.8905%; and Meeder held approximately $2.1 million at an interest rate of 4.0130%.

A. REVIEW DISTRICT INVESTMENT POLICY.

A review of the District's Investment Policy was completed in accordance with the Money Management Act. According to Andy Robbins with Meeder Investment Management, the District's policy is up to date with one exception. Certificates of Deposit (CD's) should be included in the policy under Item D. as follows with the revised policy effective on July 16, 2026:

SOUTH DAVIS SEWER DISTRICT
Investment Policy

SCOPE

This policy establishes an effective delineation of responsibilities and internal controls for the safekeeping and investment of South Davis Sewer District (District) monies.

STANDARD OF CARE

In accordance with the Prudent Person Rule of the Utah Money Management Act (Utah Code 51-7-14(1)(a) which states: Investments shall be made with the exercise of that judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

All officers and employees of the District that engage in financial transactions shall act in accordance with the highest ideals of honor, integrity and ethics. Officers and employees shall act in strict accordance with State Statutes governing ethics and conflicts of interest with the District's investment program and requires the disclosure of any financial interest officers and employees may have in the financial institutions the District is working with or instruments the District is investing in.

OBJECTIVES

All funds will be invested in accordance with most recent revision of the Utah Money Management Act. The primary objectives of investment activities in order of priority shall be safety, liquidity and yield:

- Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- Yield: Return on investment is of secondary importance compared to safety and liquidity objectives described above.

ETHICS

Officers and employees of the District involved in the investment process shall refrain from engaging in personal business activities affected by their duties and responsibilities as investors of public funds, that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Officers and employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the entity.

CONTROLS

A. Allowable Investments

The following list constitutes current legal investments under the Utah Money Management Act. Credit Ratings for the purchase of any security must have a minimum of single A or its equivalent or better by two or more public rating agencies at the time of purchase. Short term credit ratings for commercial paper must be top tier A1/P1/F1 by two of the three credit rating agencies at the time of purchase.

B. Diversification

The District will diversify its investments in order to avoid risks in specific instruments, individual financial institutions or maturities. The current diversification requirements are as follows:

INVESTMENT INSTRUMENT	MAXIMUM IN ANY SINGLE ISSUER
T-bills	100%
T-Notes	100%
PTIF Local Government Pools	100%
Corporate Bonds	5%
U.S. Government Agency Securities	100%
Federal Farm Credit Bank (FFCB)	50%
Federal Home Loan Bank (FHLB)	50%
Federal Home Loan Mortgage Corporation (FHLMC)	50%
Federal National Mortgage Association (FNMA)	50%
Other Obligations (revenue bonds of any county, city, or any taxing district of the State of Utah)	5%
Certificates of Deposit in Utah State Depositories	FDIC limit
Commercial Paper	5%

No single issuer or guarantor, other than the United States Treasury and Federal Agencies or the Public Treasurers Investment Fund (PTIF), may represent more than the percentage listed in this table at the time of purchase of the total value of holdings of the District.

C. Guidelines for Deposits with Financial Institutions

The maximum unsecured deposits invested with any one Utah Bank shall be limited to 5% of that bank's capital and deposit base.

D. Maturity Schedule

Investment maturities for operating funds (short term funds) will be scheduled to coincide with cash flow needs, taking into account routine expenditures as well as anticipated revenue. Maximum Maturity for any single issuer will follow the Utah Money Management Act guidelines. For U.S. Government Treasuries, Certificates of Deposits and Agencies, the maximum allowed maturity is five (5) years.

E. Performance Evaluation

The investment portfolio will be managed in accordance with the parameters specified within this policy. The PTIF shall be the benchmark against which the investment portfolio performance shall be compared on a regular basis.

F. Reporting

The District shall prepare an investment report annually that will include the following:

- Listing of individual securities held at the end of the reporting period.
- Weighted average yield to maturity for the investment portfolio
- Listing of investments by maturity date.
- Percentage of total portfolio that each type of investment represents.

Investment Advisors will prepare and submit monthly reports to the District Treasurer or other finance staff that will include monthly performance, current credit mix, maturity distribution and compliance to the Utah Money Management Act and the Investment Policy.

The District Treasurer shall meet quarterly with its Investment Advisor to discuss investments reports, recent interest rate conditions, economic developments and anticipated cash needs of the District.

SELECTION OF INVESTMENT ADVISOR AND/OR BROKER

The credibility of brokers, dealers and banks will be checked and analyzed. Selection will be from Advisors or Brokers included on the Utah Money Management Council's Certified Dealer List or Certified Investment Advisor List. The District will invest with those financial institutions that meet the above criteria.

SAFEKEEPING

All investments must be held in custody for safekeeping by a bank or trust company with a minimum of single A as determined by any two of the three major rating agencies; Standard & Poor's, Moody's or Fitch Group.

EFFECTIVE DATE OF POLICY

This policy is effective on July 16, 2026.

Motion was made by Gina Hirst seconded by Ryan Westergard to update the District's Investment Policy with the addition of Certificates of Deposit. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst, Horrocks, Murri and Romney voting "aye".

B. CONSIDER MOVING RESERVE FUNDS FROM PUBLIC TREASURERS INVESTMENT FUND (PTIF) TO MEEDER INVESTMENT MANAGEMENT.

Andy Robbins with Meeder Investment Management presented the Board with information on investment strategies in light of current economic conditions, including changes in the Treasury yield curve and potential benefits of moving additional funds into longer-term investment vehicles not available through PTIF. No decision was made at this time.

C. CONSIDER UPDATE OF AUTHORIZED SIGNERS ON DISTRICT FINANCIAL ACCOUNTS.

With the retirement of Mark Katter, the District's Accounting Manager, the District's financial accounts and checking accounts require new authorized signers.

Motion was made by Brian Horrocks seconded by Gina Hirst to approve Matt Myers, Candice Venn, Howard Burningham and Ryan Westergard as authorized signers on the financial accounts for the District. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst, Horrocks, Murri and Romney voting "aye".

6. <u>APPROVAL OF DISBURSEMENTS</u>:

Trustees reviewed Zions Bank check numbers 37652, 37678, 37684-37709 and 37743. After further consideration motion was made by Brian Horrocks seconded by Ken Romney to accept the Disbursements as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Romney, Horrocks, Murri and Westergard voting "aye".

7, <u>APPROVAL OF SEWER LINE AGREEMENTS</u>:

SUPPLEMENTAL LIFT STATION AGREEMENT

A. VILLAGE STATION AT EAGLEWOOD 2ND AMENDMENT - PROJECT NO. 13-25.

Matt Myers recommended the Supplemental Lift Station Agreement for Village Station At Eaglewood 2nd Amendment located at 445 South Orchard Drive in North Salt Lake, be accepted.

Motion was made by Gina Hirst seconded by Matt Murri to authorized the Chair to sign the Supplemental Lift Station Agreement for Village Station At Eaglewood 2nd Amendment. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst, Horrocks, Murri and Romney voting "aye".

8. APPROVAL OF SEWER LINE DEEDS:

A. PORTER LANE ESTATES PDO SUBDIVISION - PROJECT NO. 12-25.

The Deed for Porter Lane Estates PDO Subdivision, located at 525 West Porter Lane in Centerville, has been received. The total sewer costs for this development are $58,200.00.

Motion was made by Gina Hirst seconded by Len Arave to accept the Deed for Porter Lane Estates PDO Subdivision. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst, Horrocks, Murri and Romney voting "aye".

9. CONSIDER REVISIONS TO RESOLUTION NO. 110-7 - SCHEDULE OF CHARGES & FEES:

The proposed revisions to this resolution would allow staff to adjust the application fee for new projects on an individual basis. The intent is to ensure that the fee more accurately reflects the District's actual in-house costs. Under the current fee structure based on number of dwelling units, the application fee may, in some cases, exceed the costs incurred by the District or, conversely, be insufficient to recover those costs. This revision also eliminates the septic tank loan program which was established in 2000 and is no longer being utilized.

Motion was made by Matt Murri seconded by Gina Hirst to adopt the revisions to Resolution No. 110-7, Schedule of Charges & Fees, as presented. Motion carried unanimously via a roll call vote with Trustees Burningham, Westergard, Arave, Hirst, Horrocks, Murri and Romney voting "aye".

10. CONSIDER AND DECLARE INTENT TO INCREASE 2027 PROPERTY TAXES:

Matt Myers reviewed the District's need to issue $25 million in additional construction bonds by March to fund the remaining North Plant construction. He explained that, in conjunction with projected increases in operating costs, additional revenue will be necessary to maintain the District's reserve targets and minimum debt service coverage ratios required for bonding.

Revenue can be increased by increasing property taxes, user fees or a combination of both. Should the Board wish to pursue a property tax increase, a Declaration of Intent to Raise Property Taxes must be submitted by the end of August. Based on an updated financial model, projected increases in operating costs and debt service total approximately $3 million annually. A 50% property tax increase would generate an estimated $3.28 million in additional annual revenue, which is anticipated to help defer or reduce future tax and rate increases while maintaining reserve levels and debt service coverage requirements.

The Board discussed opportunities to further refine the financial model by using actual 2025 expenses in place of budgeted 2026 expenses and deferring proposed future personnel increases until a demonstrated need exists. The Board also considered whether a smaller property tax increase, combined with a user fee increase, would provide a balanced approach to meeting the District's financial needs. Discussion further focused on generating sufficient revenue to support ongoing operations, maintain reserve targets and fund future capital improvements. The Board also considered the relative impacts of property tax and user fee increases, including previous discussions that property taxes may distribute costs more progressively, as well as the potential effects of each approach on residential and commercial property owners.

Motion was made by Ken Romney seconded by Gina Hirst to table this discussion until the next Board Meeting in August. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst, Horrocks and Romney voting "aye".

11. CONSIDER FILLING EAST PROPERTY PARCEL:

Matt Myers reviewed the history of the District's 5.958-acre parcel located on 1200 North just east of the Legacy Parkway. Wetlands on the property were originally delineated in 2010, but that determination expired after five years. Over the past decade, the District has made multiple attempts to complete an updated wetland delineation, but weather conditions have prevented successful sampling due to either insufficient or excessive precipitation.

The U.S. Supreme Court's 2023 decision in *Sackett v. EPA* significantly narrowed the definition of jurisdictional wetlands. Based on discussions with Frontier Corp and environmental counsel, staff believes the parcel no longer contains jurisdictional wetlands under the revised standard and could therefore be filled.

The Board discussed the matter and provided feedback. Any filling of the property would be limited to clean fill at no cost to the District. While filling the parcel could increase its value, the District has no plans to sell the property. Given the uncertainty surrounding the property's future use and the potential for future policy or regulatory changes, the Board suggested that it would be prudent to leave the property in its current condition at this time.

12. DISCUSS COMMITTEE MEETING SCHEDULE:

Matt Myers recommended that the Board's annual committee meetings be held on a separate day from the October Board Meeting rather than immediately beforehand. Holding the meetings in late September or early October would provide more time for detailed discussion and allow committee recommendations to be incorporated into budget assumptions and presented at the October 15th Board Meeting. The Board concurred with the proposed change.

13. NORTH PLANT REHABILITATION AND NUTRIENT REMOVAL PROJECT - REPORT:

Matt Myers presented photographs of construction on the new Digester, Primary Clarifier #4 and rehabilitation work on other clarifiers. The project is progressing swiftly.

14. GENERAL MANAGER'S REPORT:

A. QUARTERLY PROJECT MANAGEMENT COMMITTEE MEETING WITH OPAL FUELS.

Opal is searching for a new manager for the project and is working to transition existing employees to Opal fuels. Opal continues to work on capital projects.

B. PFAS QUARTERLY SAMPLING RESULTS.

Publicly Owned Treatment Works (POTWs) are concerned about third party liability surrounding PFAS. Utah POTWs are working with the Division of Water Quality on proposed rulemaking that will allow for POTWs to better regulate industrial wastewater sources, should the need arise.

15. NEXT MEETING SCHEDULED:

The next regular meeting has been scheduled for Thursday, 20 August 2026, 5:00 p.m.

16. DISMISSAL:

The Chair declared the meeting adjourned at 7:34 p.m.

Howard Bunnington

Chair, Board of Trustees

Candice Vann

Clerk