APPROVED BY BOARD OF TRUSTEES – October 8, 2024

ADMINISTRATIVE POLICIES AND PROCEDURES
TITLE 3 – CHAPTER 8
ANNEXATION POLICY

3.8.1 PURPOSE

The Board of Trustees, (the "Board") of the Kearns Improvement District (the "District") has concluded that it may not be fair to District customers that pay property taxes to the District for the District to serve customers that are not located within the District and, consequently, do not pay property taxes to the District. The purpose of this Annexation Policy (the "Policy") is to protect the interests of owners of real property in and residents of the District by generally requiring areas served by the District that are not part of the District to annex into the District as a condition for the District to serve, or continue to serve, the extra-territorial area.

3.8.2 GOAL

The goal of the Policy is to set forth reasonable annexation requirements that will enable the District to annex areas that are not currently part of the District but receive, or would like to receive, culinary water and/or sanitary sewer service from the District while, at the same time, protecting legitimate interests of owners of real property in and residents of the District.

A. **Equitable Considerations:** It may be inequitable to the owners of real property and residents already within the District for the District to serve areas that are not part of the District unless those areas are annexed into the District or are required to pay a higher service fee that is designed to offset property taxes that otherwise would be paid to the District by the owners of such property.

3.8.3 POLICY

Except in de minimis areas and areas that are within the boundary of an adjoining improvement district that provides the same service as the District, it shall be the general policy of the District not to provide culinary water and/or sanitary sewer service to the area unless the owner annexes, or commits to annex, the land into the District or a service fee is paid that is higher than the service fee that otherwise would be collected to offset property taxes that will not be received by the District from the owner of the property. If the adjoining area is part of an improvement district and the improvement district provides either culinary water or sanitary sewer service, but not both, to the property and the property owner and the adjoining improvement district request that the District provide a service that is not being provided by the adjoining improvement district, the District may, in its discretion, consent to supply the requested service in accordance with Title 3, Chapter 2 of the District's Administrative Policies

and Procedures Manual without requiring the area to be annexed into the District. Otherwise:

A. New Service: Except as otherwise provided in the Policy, the District will not knowingly connect an area to the District's culinary water system or sanitary sewer system, or provide culinary water and/or sanitary sewer service to the area, if the areas lies outside of the District's boundaries unless the owner of the subject property has submitted an annexation petition to the District that meets all statutory requirements and the Board determines it to be in the best interest of the District, as a whole, to approve the annexation. Notwithstanding the foregoing, however, a landowner and the District may enter into an agreement pursuant to which the District will provide culinary water and/or sanitary sewer service to the area before the area is annexed into the District or without requiring the area to be annexed into the District, subject to the payment of service fees and other requirements that, in the judgment of the Board, will offset any detriment to other customers of the District.

B. Existing Connections: The District may notify any customer that is receiving culinary water and/or sanitary sewer service from the District for real property, all or part of which is located outside the District's boundary, and request that the property owner submit an annexation petition to the District and otherwise pursue the annexation of the subject property into the District pursuant to the requirements of Title 17B, Chapter 1, Part 4 of the Utah Code. In the alternative, the District may impose an enhanced service fee to serve the subject property, which fee is intended to offset property taxes that would be paid to the District if the area were part of the District.

C. Twelve Months Continuous Service: Notwithstanding anything to the contrary in the Policy or any other enactment of the Board, the Board may, at any time after the District has provided culinary water and/or sanitary sewer service for at least twelve consecutive months to an area that is not located in an adjoining improvement district that provides the same service as the District, adopt a Resolution to initiate an annexation proceeding as authorized by Utah Code Ann. § 17B-1-403(3)(b) and thereafter proceed as provided in Title 17B, Chapter 1, Part 4 of the Utah Code.

D. Development Agreements: The requirement that an area be annexed into the District may be stated in a Development Agreement executed by the District and the landowner or other interested person deemed competent and reliable by the District. The Development Agreement will contain such terms, conditions and requirements as may be negotiated by the District and the other contracting party or parties.

E. No Moratorium: While the District is not declaring a moratorium on new annexations, no new annexations will be approved by the Board unless the annexation complies with the requirements of the Policy and Title 17B, Chapter 1, Part 4 of the Utah Code. Nothing in the Policy binds, or shall be deemed to bind, the

Board to approve any particular annexation.

Adopted and approved on the 8th day of October, 2024 by the Board of Trustees of the Kearns Improvement District.

_____

Gregory R. Christensen, Chair

_____

F. Greg Anderson – General Manager/CEO

4875-5856-3812, v. 6