



MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE APACHE JUNCTION SEWER DISTRICT (the “District”) held in the District’s Board Room, 5661 S. Ironwood Drive, Apache Junction, Arizona 85120 on Tuesday, September 26, 2023 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

PRESENT: Kathleen Waldron – Chairperson
Jim Reynolds – Vice Chairperson
Jesse Gage – Treasurer
Phil Tremonti – Secretary
Terry Dunn – Board Member

Staff Present: Darron Anglin – District Manager
Karen Brenden – Accounting Technician II
Traci Coronado – Executive Assistant
Andrea Dominguez – Utility Services Supervisor
James Drye – Operations Supervisor
Marco Halal – Collection System Technician II
Kathy Huckfeldt – Management Analyst
Anne Latimer – District Engineer
Tonia Weinmann – Purchasing Officer

Others Present: John Lemaster– District Legal Counsel
Zach Sakas – Greenberg Traurig, LLP

1. Call to Order.

Ms. Waldron called the meeting to order at 8:00 AM.

2. Invocation and Pledge of Allegiance.

Mr. Reynolds gave the Invocation.

Mr. Tremonti led the Pledge of Allegiance.

[Agenda rearranged to accommodate recognition of staff.]

10. District Manager’s Report for August 2023.

Mr. Anglin recognized staff member Marco Halal for five years of employment with the District and thanked him for his service and presented Mr. Halal with a gift card and service certificate.

Ms. Waldron stated that the remainder of the District Manager’s report would be presented and discussed in the order indicated on the Notice and Agenda.

3. Request for authorization and approval of the engagement of Greenberg Traurig, LLP to represent the District as special counsel in connection with the execution and delivery of the loan agreement between the District and the Water Infrastructure Finance Authority of Arizona, as provided in the engagement letter dated September 21, 2023.

Ms. Huckfeldt provided an overview of the engagement letter and the role between Greenberg Traurig, LLP, and the District. She also stated that when the District was in the process of submitting the design loan application to WIFA, the District engaged with Greenberg Traurig, LLP to be the District's bond counsel which they have assisted staff with completing the application package, the bond resolution, closing documents and issued an opinion letter as required by WIFA. Ms. Huckfeldt stated Greenberg Traurig, LLP will also help with the construction loan process.

Ms. Waldron asked if the "issuer", as stated in the engagement letter, is WIFA. Mr. Sakas said that although WIFA is issuing the District a loan, under federal tax law, the District is issuing tax-exempt debt as the borrower, so the District is referred to as the issuer.

There was discussion regarding the conditions of WIFA issuing loans based on the project's priority. Ms. Huckfeldt stated that WIFA's mission is to assist smaller and disadvantaged agencies and communities, and the District has to meet their criteria to qualify.

MOTION made by Mr. Reynolds to authorize and approve the engagement of Greenberg Traurig, LLP to represent the District as special counsel in connection with the execution and delivery of the loan agreement between the District and the Water Infrastructure Finance Authority of Arizona, as provided in the engagement letter dated September 21, 2023; seconded by Mr. Dunn.

Yes (5): Board Member Dunn, Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

4. Request for adoption of Resolution No. 23-04 authorizing the District to pursue and apply for financial assistance from the Water Infrastructure Finance Authority of Arizona from its Clean Water State Revolving Fund, in substantially the form presented at this meeting.

There was discussion regarding the process if the District would need to ask for more funds from WIFA. Mr. Sakas stated that a loan amendment could be utilized to obtain additional funds. It was his recommendation to ask for additional funds that may be needed for the project rather than seeking those funds later.

MOTION made by Mr. Tremonti to adopt Resolution 23-04 authorizing the District's application for a Clean Water State Revolving Fund Loan from the Water Infrastructure Finance Authority of Arizona; seconded by Mr. Reynolds.

Yes (5): Board Member Dunn, Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

5. Approval of the Minutes of the September 26, 2023 Regular Meeting.

Ms. Waldron asked if there were any additions or corrections to the Meeting Minutes; there were none and the Minutes were accepted as presented.

6. Monthly Disclosure Report for September 2023.

Ms. Waldron asked if staff had found the reason for the unfavorable variance in disinfection chemicals last month. Mr. Anglin stated that an accounting error was caught and amended by accounting, and the District is on track with the budget.

Mr. Gage said that the fiscal year to date under the effluent recharge and disposal, he needs to remember why the increase in the budget. Mr. Anglin stated it was increased to put more boreholes into the ground, which is completed yearly to ensure the recharge keeps operating. Mr. Drye said it is usually completed at the fiscal year's end; it is a maintenance item. He also stated that previously, staff used hydrogen peroxide treatment on the old vadose zone wells to clear out the growth and algae, but now staff complete gravel columns for the new recharge area.

Mr. Tremonti said the District has the requirement for the debt coverage ratio and asked if the bond ratio has to be met monthly or annually. Mr. Anglin stated that it is reported monthly but annually when the audit is issued. There was additional discussion regarding the requirement for the debt ratio.

Mr. Dunn asked if the variance increase in revenue was based on connections only. Ms. Latimer said it was the connections with the Havenly and Superstition Vista communities.

Mr. Dunn asked about the unfavorable variance with the process equipment and structures and whether it was on a repair item or a new purchase. Mr. Drye said the District purchased a new effluent flow meter and a turbidity meter that is required for the Effluent A+ water. He also stated that a flow meter display was purchased and replaced on the honey monster at septage receiving. Mr. Reynolds asked if the turbidity meter automatically reads hourly or daily. Mr. Drye stated that the readings are continuous, and staff will set the interval of how often they want them to be reported to the SCADA. He also said that in the future, to meet requirements, the settings will be set for alarms that will send alerts to staff's phones and emails.

7. Recognition of the efforts of the Financial Services staff which resulted in the issuance of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the fiscal year ended June 30, 2023.

Mr. Anglin said the Government Finance Officers Association reviewed the District's annual comprehensive financial report for fiscal year 2022, and it met their standards for the award, making it the 14th year in a row. He also thanked and recognized the accounting department for their hard work.

8. Monthly Project Status Report for August 2023.

Mr. Dunn said the accounting software is the same software that needs an update from 2002 or is this just an update. Mr. Anglin stated that the accounting software has only been updated but needs to be replaced, which is why it is still on the report. Mr. Dunn said it is hard to distinguish the verbiage from updated to replaced and thought the software was already replaced.

Ms. Huckfeldt stated that the customer billing software in utility services was replaced last year, and the accounting software is going to be replaced.

Mr. Gage asked if there are any updates on the WRF rerating. Mr. Anglin said that the completion date is still February 2024 and the electrical is still delayed, the blowers are scheduled to be delivered in November and some additional parts will be coming in. Mr. Gage asked if the tertiary filter will also be completed in January 2024. Mr. Anglin said the tertiary filter is on schedule for January.

Mr. Dunn asked if there was any update on the new utility carts. Ms. Latimer said that staff will start looking at different manufacturers as the current vendor is not communicating any updates on the timeframe for receiving the carts. Ms. Weinmann stated that the current manufacturer overextended their commitment to the size of the motor used in that model, which has delayed their delivery dates.

Mr. Tremonti asked in the summary of projects for the capital improvement projects, why isn't the design work added to the total cost for the headworks restructuring. Mr. Anglin stated it is listed in the project activity report, including the design cost. Mr. Tremonti asked what the reasons for categorizing projects as capital improvements. Ms. Huckfeldt said she would take Mr. Tremonti's question to Maria and have her address the board in a follow-up email. Mr. Tremonti said he would like staff to add the project's total cost to the summary of the projects report.

Ms. Waldron asked how the clarifier cover works and if staff see an improvement. Mr. Drye stated that it is working good, and you can see a notable difference with the algae compared to Clarifier 2, which currently does not have a cover. Mr. Dunn asked if the cover was utilized to keep the UV out. Mr. Drye stated that it protects the weir from the UV under the cover, where the effluent leaves, and it also helps minimize the algae from forming and getting into the filter. He said that the connections and maintenance staff currently clean clarifiers monthly, and staff would like to change to quarterly. Mr. Drye also said that staff have talked to the manufacturer to make modifications to help staff maneuver the cover a little easier, as it takes two staff members to open and close it.

9. Discussion and update of the Water Reclamation Facility (WRF) Expansion and action as determined.

Mr. Gage said he would like staff to add a schedule of activities to this update so the Board can track the progress. Mr. Anglin stated Archer Western Construction is working with Stantec Consulting on making a schedule and staff will be sure to add it to the WRF report. Mr. Gage asked about the mapping that was completed due to permit requirements and wanted more information. Mr. Anglin said it was the application fee to FEMA for review of the District's flood plain map revision. The historical water flow has been broken for years from the dam the flood control district installed, and FEMA will not unilaterally change the flood plain without being requested. He also said that staff has been working with TY Lin and FEMA to get this completed.

Mr. Gage said he would like a listing of all the permits that will be required for the WRF Expansion, so the Board knows if the permits have been received.

Mr. Tremonti stated he would like the legal cost for financing of the loan added to this report. Ms. Huckfeldt stated everything that is listed in this financial summary is what will be part of the WIFA loan and staff will add the legal cost.

10. District Manager’s Report for September 2023.

Mr. Anglin said the nitrates have been below permit limits for several months, and the District is recommending that the permit changes be combined with the APP amendment that will be submitted next year for the WRF Expansion. If in agreement, ADEQ will amend the consent order to include these timeline changes. Mr. Gage asked if the District received the amended consent order from ADEQ. Mr. Anglin stated they sent the amended version, but there was a mistake, and they are correcting it and will resend it.

Mr. Anglin provided an update on the progress of Superstition Vistas stating the 6 inch is up and running and construction continues on the permanent lift station.

Ms. Dominguez said the contractors from Lumen came onsite and reviewed the location of conduits. She also stated that she escalated up the chain to the ASLD to ask the status of the approval process. She also stated that a representative of ASLD is looking into the delay and will provide the District as soon as they find out. Ms. Dominguez said the secondary option for the fiber optic is to work with the Apache Junction Water District and their provider, Zayo, but there is still an uncertain timeline with that option. Mr. Anglin said that when the developer agreed to pay for the non-potable water station, that included a SCADA connection between the NPW and the water plant so they could control the pumps. As part of this connection there would be extra fiber lines, and the District could possibly utilize it.

There was discussion regarding the District’s contract with Lumen, and that they are beyond the dates in the contract. The possibility of a new agreement and negotiated rates was discussed.

Ms. Latimer provided updates on current and future developments around the City.

11. Request for authorization and approval increasing the budget for the Tomahawk Sewer Main Extension at a cost not to exceed \$650,000 to be paid from the Capital and Replacement Fund.

Mr. Anglin said the Residences at Apache Trail was the first development that the District approached to help pay for the sewer main extension on Tomahawk and Broadway, and they have agreed to pay \$75,000. He also stated that Blount Construction came to the District stating they would like the sewer main deeper, and staff informed them that this would increase the District’s costs, which Blount agreed to pay. Ms. Waldron asked if the District would send letters to other residents about connecting to the sewer line. Mr. Anglin said staff would send letters and get the word out.

MOTION made by Mr. Tremonti to authorize and approve increasing the budget for the Tomahawk Sewer Main Extension at cost not to exceed \$650,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Reynolds.

Yes (5): Board Member Dunn, Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

12. Request for authorization for the District to enter into a Professional Services Agreement with Carollo Engineers for Technical Design Review Assistance related to the WRF Expansion, at a cost not to exceed \$150,000 to be paid from the Operations and Maintenance Checking Account.

Ms. Latimer said with the larger projects, there are more technical items, and staff agreed to bring in a third party as the owner's representative. Mr. Anglin stated that staff would like a party to help ask questions that staff may not know to ask and ensure that the design is being completed correctly. Ms. Waldron asked if the amount stated is the total cost. Mr. Anglin stated that staff believes this will pay the cost of Carollo assisting with the technical design review.

MOTION made by Mr. Reynolds to authorize the District to enter into a Professional Services Agreement with Carollo Engineers for Technical Design Review Assistance related to the WRF Expansion, at a cost not to exceed \$150,000 to be paid from the Operations and Maintenance Checking Account; seconded by Mr. Dunn.

Yes (5): Board Member Dunn, Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

13. Call to the public. The Board will neither discuss nor take legal action on a matter raised during the call to the public but may refer the matter to the District staff for review or direct the matter to be put on a future agenda. Members of the Board may respond to matters raised as permitted by Arizona Revised Statutes § 38-431.

No one from the public was present.

14. Direction from the Board of Directors to staff regarding items to place on the next Regular Board Meeting agenda.

There were no items added to the next agenda by the Board of Directors.

15. Adjournment

There being no further business the meeting was adjourned at 9:35 AM.



APACHE JUNCTION SEWER DISTRICT

RECLAIMING WATER FOR THE FUTURE

Board of Directors Regular Meeting

	<u>Name</u>	<u>Representing</u>
1.	ZACH SAKAS	AJSD
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