



**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, March 26, 2024 at 8:00 AM.**

**PRESIDING:** Ms. Kathleen Waldron

**PRESENT:** Kathleen Waldron – Chairperson  
Jim Reynolds – Vice Chairperson  
Jesse Gage – Treasurer  
Phil Tremonti – Secretary

**Staff Present:** Darron Anglin – District Manager  
Traci Coronado – Executive Assistant  
Andrea Dominguez – Utility Services Supervisor  
James Drye – Operations Supervisor  
Paul Gonzales – Collection System Supervisor  
Kathy Huckfeldt – Management Analyst  
Anne Latimer – District Engineer  
Maria Zagar – Financial Services Supervisor

**Others Present:** Jason Cassidy – District Counsel  
Zach Sakas – District Special Counsel (Greenberg Traurig)  
Bill Davis – District Financial Advisor (Piper Sandler)

**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.

**3. PUBLIC HEARING to invite comment (i) on, the question of authorizing the Board of Directors to incur a loan from the Water Infrastructure Finance Authority of Arizona Clean Water State Revolving Fund Program to provide monies for public infrastructure purposes consistent with the District's general plan, and (ii) on, and to consider and review a feasibility report relative to, a proposed project to be financed by loan proceeds from the Water Infrastructure Finance Authority of Arizona Clean Water State Revolving Fund Program.**

Ms. Waldron opened the public hearing and invited members of the public to comment on the District’s Board of Directors to incur a loan from the Water Infrastructure Finance Authority of Arizona Clean Water State Revolving Fund Program.

No members of the public were present and no written comments from the public were received.

Ms. Waldron asked Mr. Anglin if he had any discussion during the public hearing. Mr. Anglin stated that the amount on page 1-1 of the Feasibility Report is incorrect and should read \$110,000,000.

There was no further discussion, and the public hearing was concluded.

- 4. Consideration of Resolution 24-01 approving the prior giving of notice of a public hearing with respect to a feasibility report relating to the acquisition and financing of certain improvements benefitting the District; approving the feasibility report; approving the form and authorizing the execution and delivery of a loan agreement with the Water Infrastructure Finance Authority of Arizona from its Clean Water State Revolving Fund Program; delegating the determination of certain matters relating thereto to the Chairperson of the District's Board of Directors and the District Manager of the District; providing for the transfer of certain moneys and making certain covenants and agreements with respect thereto; declaring, for purposes of Section 1.150-2 of the Federal Treasury Regulations, official intent to be reimbursed in connection with certain capital expenditures; adopting Tax Compliance Procedures; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such loan agreement and this resolution.**

There was discussion regarding what the final interest rate for the loan would be. Mr. Sakas stated that the Water Infrastructure Finance Authority of Arizona (WIFA) does not lock the interest rate until two days prior to the closing date and that the rate referenced in the resolution was the maximum rate that could be charged according to WIFA's Standard Terms and Conditions. Mr. Davis said that the rate assumption that the District had been using was approximately 3.5%, which is a subsidized rate by WIFA.

Mr. Gage asked what the definition of a "qualified person" was as referenced in the Feasibility Report. Mr. Sakas stated that the Feasibility Report is not a WIFA requirement and that the District is simply fulfilling a requirement per A.R.S. Title 48 specific to Community Facilities Districts. He further stated that the report was prepared in collaboration with the District's Financial Advisor, Special Council, and District staff which met the requirements of a "qualified person"

Mr. Sakas stated that the documents presented for the Board's review were only drafts, that comments had been submitted to WIFA and outstanding items were being reviewed.

There was discussion regarding the requirement for the District to comply with the Build America, Buy America Act. Ms. Huckfeldt stated that the requirement had been waived because design of the project was started before May 2022, which was the implementation date of the Act.

The terms and requirements of the loan were discussed including tax compliance, environmental assessment and completing a revised rate study to determine financial feasibility.

MOTION made by Mr. Reynolds to adopt Resolution 24-01 as amended approving; the prior giving of notice of a public hearing with respect to a feasibility report relating to the acquisition and financing of certain improvements benefitting the District; approving the feasibility report, as amended with the corrections identified during the public hearing; approving the form and authorizing the execution and delivery of a loan agreement with the Water Infrastructure Finance Authority of Arizona from its Clean Water State Revolving Fund program; delegating the determination of certain matters relating thereto to the Chairperson of the District's Board of Directors and the District Manager of the District; providing for the transfer of certain moneys and making certain covenants and agreements with respect thereto; declaring, for purposes of Section 1.150 2 of the Federal Treasury Regulations, official intent to be reimbursed in connection with certain capital expenditures; adopting Tax Compliance Procedures; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such loan agreement and this resolution; seconded by Mr. Gage.

Yes (4): Board Member Tremonti, Board Member Gage, Board Member Reynolds, and Chairperson Waldron

No (0): None

MOTION CARRIED

[The regular meeting was recessed at 9:19 AM]

[The regular meeting was reconvened at 9:25 AM]

**5. Approval of the Minutes of the January 23, 2024 Work Session and the February 27, 2024 Regular Meeting and Executive Session.**

The January 23, 2024 Work Session Minutes were accepted as corrected.

The February 27, 2024 Regular Meeting and Executive Session Minutes were accepted as presented.

**6. Monthly Disclosure Report on Operations for February 2024.**

Mr. Tremonti asked about the unfavorable variance for employee expenses under Labor and Benefits. Ms. Zagar explained that a few items contributed to the variance, including the employee uniforms, holiday party, and employee work boots and that no additional expenses were anticipated for the rest of the year.

Mr. Tremonti inquired about the unfavorable variance with postage. Ms. Dominguez explained that for the new development down south, the title companies are not always alerting the District to new connections, so staff have to send out the service applications for the new customers.

There was additional discussion regarding the efforts of the District staff to encourage customers to switch from paper to electronic statements. Ms. Dominguez stated that many customers still prefer paper statements.

**7. Monthly Project Status Report for February 2024.**

Mr. Gage asked if the WRF Rerating was still on schedule to be completed by May 2024. Mr. Anglin said two of the three blowers are operational and the diffusers should be completed next week.

Mr. Tremonti asked about the District's entrance sign and why it was deferred due to property ownership. Mr. Anglin stated that the county still owns the frontage area up to the District entrance gate, and staff are working with the City staff to get this property transferred to the City.

There was additional discussion about the current and upcoming projects at the District.

Mr. Tremonti inquired whether the ongoing improvements would need additional electricity. Mr. Anglin stated that an electrical engineer reviewed the existing power requirements and indicated that only 2 of the 3 new blowers could be running simultaneously. He also stated that staff are working with SRP to possibly construct a power substation near our area for future expansion phases.

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

Mr. Anglin said staff and the District's engineer recently received the 30% cost model from the contractor. Based on the initial cost being higher than expected additional workshops were held to review scope of value engineering opportunities. After this review the District's engineer will proceed with the 60% design. Mr. Anglin also informed the Board that the new administration building has been removed from Phase 1 and staff is reviewing if the cost can be included as part of the District's capital plan over several years.

There was a discussion about the permits required for the WRF Expansion. Mr. Anglin informed the Board that staff will be meeting with ADEQ next week to discuss the pre-application process for the Aquifer Protection Permit (APP). He further added that staff will have more information, which will be presented to the Board in the upcoming May meeting.

**9. District Manager's Report for February 2024.**

Mr. Anglin said ADEQ has accepted and approved the new location of the well and that the drillers will be onsite next week to begin drilling the well. The new monitoring well is planned to be active by the end of April.

Mr. Anglin stated that he participated in the Citizen's Leadership Institute that is offered by the City of Apache Junction to residents that are interested in serving on future Boards

and Commissions. He further said that there was a good turnout, and a lot of information was shared.

Ms. Dominguez provided an update on the fiber connection and Lumen, stating that staff is aware that a permit has been issued for the installation but have not seen any construction. She also stated that the City is working with a contractor to install fiber along Ironwood Drive , and staff are looking at the possibility of using a portion of their fiber infrastructure.

Mr. Anglin reported there was one recordable safety incident in March.

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

**10. Authorization and approval for the District to purchase a backhoe loader at a cost not to exceed \$175,000 to be paid from the Capital and Replacement Fund.**

Mr. Anglin stated that staff had received a replacement quote and proposes to move forward with the purchase. Mr. Reynolds asked if the trade-in would be considered, to which Mr. Anglin affirmed that procurement would include the trade-in value in the contract.

There was discussion on scheduling training for the field staff to ensure that they are well-versed with the operation of the new piece of equipment.

MOTION made by Mr. Reynolds to authorize and approve the District to purchase a backhoe loader at a cost not to exceed \$175,000 to be paid from the Capital and Replacement Fund; seconded by Mr. Tremonti.

Yes (4): Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

**11. Discuss and approval of the District’s updated mission and vision statement as presented.**

Mr. Anglin stated that staff have revised the vision statement to include a culture of safety for District employees.

MOTION made by Mr. Gage to accept and approve the District’s updated mission and vision statement as presented; seconded by Mr. Reynolds.

Yes (4): Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

- 12. Call to 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 Ariz. Rev. Stat. Ann. §38-431.01.I.**

No one from the public appeared.

- 13. Authorization and approval of the adjusted rates proposed to the District by Clark Hill as presented in the letter dated March 11, 2024 for legal representation beginning with time incurred in March 2024.**

Mr. Anglin stated the increases have been split and the District will still receive the 10% discount on lead counsel time.

MOTION made by Mr. Reynolds to authorize and approve the adjusted rates proposed to the District by Clark Hill as presented in the letter dated March 11, 2024 for legal representation beginning with time incurred in March 2024; seconded by Mr. Gage.

Yes (4): Board Member Tremonti, Board Member Reynolds, Board Member Gage, and Chairperson Waldron

No (0): None

MOTION CARRIED

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

Mr. Tremonti asked if any changes are made to the WIFA loan agreement that they are provided to the Board to view.

- 15. Adjournment.**

There being no further business the meeting was adjourned at 10:10 AM.



**Guest Sign-In**

	<u>Name</u>	<u>Representing</u>
1.	ZACH SAKAS	GREENBERG TRAUZIG (DISTRICT SPECIAL COUNSEL)
2.	Bill Davis	Peter Sandles
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