



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, October 22, 2024 at 8:00 AM.

PRESIDING: Ms. Kathleen Waldron

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

Staff Present: Darron Anglin – District Manager
Traci Coronado – Executive Assistant
Paul Gonzales – Collection System Supervisor
Kathy Huckfeldt – Management Analyst
Corina Jimenez – Utility Services Supervisor
Anne Latimer – District Engineer
Maria Zagar – Financial Services Supervisor

Others Present: Jason Cassidy – District Counsel

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. Gage led the Pledge of Allegiance.

3. Approval of the Minutes of the September 24, 2024 Regular Meeting.

Mr. Tremonti requested that the last sentence of the second paragraph under agenda item number 4 be corrected.

The minutes were accepted as corrected.

4. Monthly Disclosure Report for September 2024.

Mr. Reynolds inquired about the unfavorable variance in revenues. Ms. Zagar explained that a number of permits for Superstition Vistas were refunded due to construction in certain areas being paused. She also said the issuance of connection fee permits has slowed down, although it is expected to pick up again soon.

Mr. Anglin stated that the permits were refunded due to some of the lots being located in a flood zone. The developer submitted an application to the Federal Emergency Management Agency (FEMA) to correct the issue and is awaiting approval. He also noted that there were issues with the easements for some of SRP's lines that resulted in a pause in construction.

There was discussion regarding legal fees for the month of September.

Mr. Reynolds noted that septage volume received was lower in September and asked if that was due to the loss of customers. Mr. Anglin stated that it seemed to be a normal seasonal fluctuation and that volume was likely to increase in the coming months.

5. Monthly Project Status Report for September 2024.

There was discussion regarding whether the funding for budgeted capital projects would be sufficient to complete them.

Mr. Anglin stated that the east aeration basin liner replacement was in process and that targeted completion would be in two to three weeks. Mr. Gage asked if the testing results were favorable. Mr. Anglin said that all samples were within permit limits. The cause of the damage was discussed.

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

Ms. Latimer presented a summary of the 60% cost model for the expansion. She stated that due to value engineering and significant review by staff, the costs were much closer to budget than they had been. She added that staff would continue to review the model to further reduce costs.

There was discussion regarding the contractor's overhead and owner's contingency.

7. District Manager's Report for September 2024.

Mr. Anglin stated that City Council had appointed Dr. Roy Starr to the District's Board and that he would attend the November meeting.

Ms. Huckfeldt provided an update regarding the fiber internet connection project, stating that she had been receiving weekly updates and that Lumen had submitted a survey to the Arizona State Land Department which was one of the outstanding requirements to receive an easement and begin construction.

There was discussion regarding the agreement with Lumen and the District's concern with the continued delay of the installation. The District's alternatives for internet service were also discussed.

Mr. Cassidy recommended that the issue be discussed further in an executive session after the remaining agenda items had been addressed.

New and ongoing development within the City was discussed.

8. **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 congratulated Ms. Zagar and her team for their achievement and thanked them for their hard work.

9. **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 appeared.

7. **Discussion of the fiber connection update provided in the District Manager’s Report for September 2024. The Board will first consider this matter as an executive session that will not be open to the public, pursuant to Arizona Revised Statutes § 38-431.03.A.4.**

MOTION made by Mr. Reynolds to recess the regular meeting and reconvene in executive session to consult with and instruct the District’s attorney regarding the District’s position regarding contract negotiations for fiber connection services and action as determined pursuant to Arizona Revised Statutes § 38-431.03.A.4; seconded by Mr. Tremonti.

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

No (0): None

MOTION CARRIED

[The regular meeting was recessed at 8:49 AM]

[The regular meeting was reconvened at 9:08 AM]

Direction was given to staff and legal counsel to draft and send a letter to Lumen Technologies Group as discussed during the executive session.

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

The Board of Directors directed staff to add an agenda item to the next agenda to discuss the outcome of the letter to be sent to Lumen.

Mr. Tremonti requested that an agenda item be added to discuss solar energy to be used on the Water Reclamation Facility site. He also requested a reconciliation of the June 2024 Disclosure Report to the fiscal year 2024 audited financial statements.

11. **Adjournment.**

There being no further business the meeting was adjourned at 9:14 AM.