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, May 19, 2026 at 8:00 AM.

PRESIDING:	Ms. Kathleen Waldron
PRESENT:	Kathleen Waldron – Chairperson Jim Reynolds – Vice Chairperson Phil Tremonti – Treasurer Jesse Gage - Secretary Roy Starr – Board Member
Staff Present:	Darron Anglin – District Manager Traci Coronado – Executive Assistant James Drye – Operations Supervisor 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. Discussion of the District's proposed budget and proposed rates, fees and charges for the fiscal year beginning July 1, 2026. Request for adoption of Resolution No. 26-01 (a) establishing the District's proposed rates, fees and charges applicable beginning July 1, 2026; (b) establishing the District's proposed budget for the fiscal year beginning July 1, 2026; (c) authorizing notifying the Mayor and Council of the City of Apache Junction of the proposed rates, fees and charges and the proposed budget for the fiscal year beginning July 1, 2026; and (d) establishing a date, time and place for a public hearing on the District's adoption of its (i) rates, fees and charges applicable beginning July 1, 2026, and (ii) the District's final budget for the fiscal year beginning July 1, 2026.

Mr. Anglin stated that the revenues and expenses were reviewed at the previous meeting and that the identified corrections were incorporated into the proposed FY27 budget. He explained that connection fees are reflected at the full FY27 amount for transparency purposes, although a portion has already been received. Mr. Anglin reported that the proposed FY27 budget includes approximately $19 million in total revenues.

Ms. Zagar provided the revisions to the proposed budget, including reclaimed water sales to the

Apache Junction Water District, adjustments to connection fee revenue, updates to the reserve fund summary, and additions to capital projects. She explained that existing and proposed capital projects remain fully funded while maintaining a minimum reserve balance of $500,000.

Mr. Drye stated additional capital expenditures include replacement of a leaking biosolids mixing pipe and a replacement pump for the biosolids filtrate system. Ms. Zagar also reviewed implementation costs associated with a future accounting software conversion.

Mr. Anglin advised the Board that Republic Services has requested modifications to the District's screening and grit disposal process that could increase annual costs by approximately $6,000. He also said staff is negotiating with Republic Services and will report back to the Board as additional information becomes available.

There was additional discussion that included projected growth, connection fee revenues, debt service payments, reserve funding, and the District's strategy for utilizing WIFA loan proceeds and connection fee revenues to fund the WRF Expansion project.

MOTION made by Mr. Reynolds to adopt Resolution No. 26-01(a) establishing the District's proposed rates, fees and charges applicable beginning July 1, 2026; (b) establishing the District's proposed budget for the fiscal year beginning July 1, 2026; (c) authorizing notifying the Mayor and Council of the City of Apache Junction of the proposed rates, fees and charges and the proposed budget for the fiscal year beginning July 1, 2026; and (d) establishing a date, time and place for a public hearing on the District's adoption of its (i) rates, fees and charges applicable beginning July 1, 2026 and (ii) the District's final budget for the fiscal year beginning July 1, 2026; seconded by Mr. Gage.

Yes (5): Board Member Starr, Board Member Tremonti, Vice Chairperson Reynolds, Board Member Gage, Chairperson Waldron

No (0): None

MOTION CARRIED

4. Approval of the Minutes of the April 22, 2026 Regular Meeting and Work Session.

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

5. Monthly Disclosure Report for April 2026.

Mr. Anglin reported that staff added reclaimed water data to the monthly report, along with the reclaimed water revenues. Mr. Gage asked whether the District had exceeded its previous treatment capacity. Mr. Anglin stated that he believed it had and would verify the information and report back to the Board.

Mr. Tremonti asked whether staff measures the flows received from the Superstition Vistas Community. Mr. Anglin responded that flow meters are used to monitor the flows and reported that the community is currently averaging approximately 250,000 gallons per day, with flows continuing to increase as development progresses.

There was discussion regarding A+ reclaimed water quality standards and future potable reuse opportunities.

6. Monthly Project Status Report for April 2026.

Mr. Anglin informed the Board that scheduling adjustments have been made to the onsite reclaimed water system improvement projects. He stated that improvements serving the existing treatment plant have been rescheduled to September, while the relocation of the generator is scheduled to occur in July.

Mr. Tremonti asked whether the BFL bond replacement was solely a performance bond. Mr. Anglin confirmed that it was and stated that a different bond form was being used. Mr. Cassidy explained that the District has utilized its own one-page bond form for many years. He further stated that the contractor requested permission to use an American Institute of Architects (AIA) bond document instead, and that the document was being reviewed to ensure it provided equivalent coverage and protections as the District's existing bond form.

7. Discussion and update on the Solar installation project.

Mr. Cassidy provided an update regarding the contractor's Chapter 11 bankruptcy proceedings. He reported that the contractor has filed a motion to assume the District's contract through the bankruptcy process, which is generally considered a positive indication that the contractor intends to continue performing under the contract.

There was discussion regarding the potential impacts of the bankruptcy proceedings on construction activities, project completion, warranties, and ongoing system monitoring services. Mr. Anglin stated staff is closely monitoring the situation to ensure the District's interests remain protected. Mr. Cassidy further noted that the performance bond remains in effect and is not voided by the contractor's bankruptcy proceedings.

Mr. Reynolds asked whether the project and equipment deliveries remain on schedule. Mr. Anglin responded that construction is on schedule and reported that project equipment is expected to arrive in preparation for upcoming construction activities.

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

Ms. Latimer stated that construction activities continue including excavation for the UV facility, effluent splitter structure and continued progress on the headworks facilities.

Ms. Latimer reported that the Operations and Maintenance Building is progressing and that coordination with contractors remains ongoing. Ms. Latimer stated the project remains on schedule.

9. District Manager's Report for April 2026.

Mr. Anglin reported on agrivoltaics research requested by the Board and explained that while the concept is innovative, it is not currently a practical fit for the District's solar project due to site constraints and operational considerations including the small size of the solar array.

Mr. Anglin reported that he, Ms. Latimer, and Mr. Drye attended the Arizona Water Conference, where the District was recognized with the "Wastewater System Project of the Year" award for the Williams Field Lift Station project. He stated that receiving the award was a significant achievement for the District. Mr. Anglin also noted that the conference was well attended and provided valuable educational and networking opportunities. Mr. Anglin also noted they he along with the Stantec and Archer Western presented on the District's WRF Expansion project.

Mr. Anglin reported one safety incident with no lost work time.

10. 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 at this meeting to comment.

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

Mr. Tremonti requested staff continue working on the 20-year cash flow forecast for the District. He also requested staff research potential artificial intelligence (AI) applications within District operations and provide quarterly updates regarding AI initiatives and implementations by other agencies, including the City of Mesa.

Mr. Starr requested that staff investigate battery backup systems associated with solar energy facilities.

12. Adjournment.

There being no further business, the meeting was adjourned at 9:16 AM.

APACHE JUNCTION SEWER DISTRICT
RECLAIMING WATER FOR THE FUTURE

Board of Directors
Regular Meeting
Guest Sign-In

	Name	Representing
1.	Christa Rizzi	Self
2.	Robert [illegible]	Self
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