

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE
WATER DISTRICT, AUGUST 17, 2017:**

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, August 17, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:

Finance Committee:

Marco Henriquez, Chair

Robert Alvarado, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager

Mike Williams, Finance Manager

Judy Shay, Public Affairs Director

Danielle Henry, Administrative Assistant

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments on Non-Agenda Items.

There were no public comments on non-agenda items.

4) Action Items:

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting
Held July 24, 2017.**

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held July 24, 2017, as written.

**4.2) Discussion and Overview of Cash Flow Statement and Current Cash
Balances as of June, 2017. (Financial Advisor Egan)**

Finance Manager Williams reviewed the investment funds report as of June, 2017 including the purchase of government securities, transfers for the Butte payment, maturing and replacement CDs, and decrease in 2013A Water Revenue Bond funds and

then provided an overview of the cash flow statement including increased water sales, the Butte payment, a Department of Water Resources' refund, capital expenditures, and projected 2017 year-end cash followed by discussion of interest rates and capital improvement fees received.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for June, 2017. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending June, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 50% followed by discussion of water sales, water use, and permit fees.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Finance Manager Williams)

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2017 capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, a summary of committed and projected capital expenditures, and available funding sources along with an update on the Water Revenue Bond Series 2013A Bond funds and payments to date followed by discussion of the security system at the Leslie O. Carter Water Treatment Plant.

4.5) Discussion of Future Meter Purchases (Cost of Non-Moving Parts). (Chair Henriquez)

Chair Henriquez inquired about alternatives for non-moving parts for water meters and requested this be researched and the information presented at a future meeting followed by discussion of the Request for Proposals resulting in the use of Zenner meters, the benefit, cost, and performance of this meter, completing the remainder of meter replacement projects with Zenner meters, and researching meters with non-moving parts for future replacement projects.

Chair Henriquez then requested a price comparison of alternatives to the Zenner meters and this item remain on the agenda for the next Finance Committee meeting.

4.6) Discussion on Availability of Funds to Repair/Paint Exterior of Headquarters Building Due to Age and 100 Year Anniversary Events. (Chair Henriquez)

Chair Henriquez inquired about repairing/painting the exterior of the headquarters building due to age after which General Manager LaMoreaux referred to the budget line item for this work and stated that \$13,000.00 of the \$25,000.00 budget has been spent but that Facilities Manager Moore can obtain quotations for repairing/painting the exterior of the headquarters building followed by discussion of funding the repairs.

4.7) Discussion of 2018 Budget. (Chair Henriquez/Finance Manager Williams)

Finance Manager Williams presented a timeline for the 2018 budget process with tentative adoption of the 2018 budget in November, 2017.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Finance Manager Williams stated that the Debt Service Coverage for the period of July, 2016 through June, 2017 is 1.62 and meets the required Debt Service Coverage.

5.2) Monthly Service Charge Regarding Compound Meters. (Finance Manager Williams)

Finance Manager Williams reviewed the purpose of and monthly meter charge for compound meters and stated that several compound meters have been replaced with single component Octave meters and that these meters will have a flat fee based on the meter size followed by discussion of the financial impact, the reliability of Octave meters, the customers served by compound meters, and notification to customers as the need arises to replace compound meters.

5.3) Upcoming Priorities and Strategic Plan Update. (Finance Manager Williams)

General Manager LaMoreaux stated that all Committees will be discussing the Strategic Plan update and recommending initiatives based on the Committee's viewpoint; that Dr. Mathis has offered to meet with individual Directors to discuss initiatives; and that a workshop regarding the Strategic Plan will be scheduled in October with Dr. Mathis facilitating the workshop.

5.4) Other.

Finance Manager Williams stated that the new TruePoint software system went live July 31, 2017; that the success rate was 80%; and that TruePoint rapidly addressed any issues followed by discussion of staff's response to the new software.

He then informed the Committee that he will be on vacation next week and Accounting Supervisor Hoffmeyer will provide all financial reports at the August 23, 2017 Regular Board Meeting.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

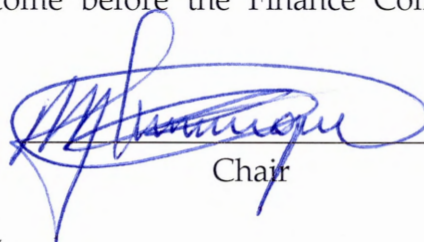
It was stated that "Discussion of Future Meter Purchases (Cost of Non-Moving Parts). (Chair Henriquez)" will be placed on the next agenda.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held September 25, 2017 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:37 p.m.


Chair