

## **MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 23, 2021:**

*A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, November 23, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 2:00 p.m.*

### **1) Roll Call.**

#### **Attendance:**

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

#### **Others Present:**

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Judy Shay, Public Affairs Director

Diana Gunn, Accounting Supervisor

Bob Egan, Financial Advisor

Dawn Deans, Executive Assistant

0 members of the public

### **2) Adoption of Agenda.**

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

### **3) Public Comments for Non-Agenda Items.**

There were no public comments for non-agenda items.

### **4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)**

#### **4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held October 19, 2021.**

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held October 19, 2021, as written.

**4.2) Consideration and Possible Action on Approval of Minutes of Special Meeting Held November 4, 2021.**

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Special Finance Committee meeting held November 4, 2021, as written.

**4.3) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of October 2021. (Financial Advisor Egan)**

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, Investment Funds Report, and Cash Flow Statement through October 2021, including capital improvement fees received, a DWR refund, upcoming water costs, anticipated assessments, and the projected year-end balance followed by discussion of DWR refunds.

**4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for October 2021. (Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement and trends, quarter to quarter comparisons, and revenue and expense analysis reports for the period ending October 2021 and stated that departments are operating at or near the targeted expenditure percentage of 83% followed by discussion of electricity costs, water quality fees, State Water Project costs, Palmdale Recycled Water Authority activities, budget adjustments, and Governmental Accounting Standards Board (GASB) 45.

**4.5) Discussion and Overview of Committed Contracts Issued. (Finance Manager Williams)**

Finance Manager Hoffmeyer provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and the payout summary for the 2018A Series and 2021A Series Water Revenue Bonds through October 2021 followed by discussion of compliance with bond requirements.

**4.6) Consideration and Possible Action on a Recommendation Regarding Resolution No. 21-26 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (No Budget Impact – Finance Manager Hoffmeyer/Financial Advisor Egan)**

Finance Manager Hoffmeyer and Financial Advisor Egan provided an overview of Resolution No. 21-26, including the Investment Policy's objectives of safety, liquidity, and return on investments, after which it was moved by Chair Wilson, seconded by Committee Member Dizmang, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to approve Resolution No. 21-26 Establishing the District's Investment Policy with no changes from the prior year and that this item be presented to the full Board for consideration at the December 13, 2021 Regular Board Meeting.

**4.7) Consideration and Possible Action on a Recommendation Regarding the District's Auditing Services for Years 2021, 2022, and 2023. (\$ - To Be Determined – Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer provided an overview of staff's recommendation to award a contract to Nigro & Nigro for conducting the District's auditing services for years 2021, 2022, and 2023 after which it was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to award a contract to Nigro & Nigro for conducting the District's auditing services for years 2021, 2022, and 2023 with an option for 2024 and 2025 and that this item be presented to the full Board for consideration at the December 13, 2021 Regular Board Meeting.

**5) Reports.**

**5.1) Finance Manager Hoffmeyer:**

**a) The Effect of COVID-19 Event.**

Finance Manager Hoffmeyer stated that due to COVID-19 events, as of October 31, 2021, there were 1,930 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$1.25 million compared to 1,770 accounts at September 30, 2021 with an outstanding balance of \$1.15 million and 1,274 accounts at October 31, 2020 with an outstanding balance of \$562,554 and that cash received for

October 2021 was 6.60% less than September 2021, 1.48% less than August 2021, and 4.08% higher than October 2020.

He then stated that the District is receiving \$757,000 from the state to cover past due bills due to COVID-19 from March 4, 2020 through June 15, 2021 leaving an outstanding past due bill balance of approximately \$600,000 followed by discussion of issuing delinquent notices, offering special payment arrangements for delinquent customers, SB 998, and implementing shutoffs in February 2022.

**b) Revenue Projections.**

He then stated that 2021 revenue is ahead of projections by approximately \$754,000 as of October 31, 2021.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan stated that the Debt Service Coverage for November 2020 to October 2021 is 2.33.

**6) Board Members' Requests for Future Agenda Items.**

There were no requests for future agenda items.

**7) Date of Next Committee Meeting.**

It was determined that the next Finance Committee meeting will be held January 25, 2022 at 2:00 p.m. and that November reports will be sent to the Committee in December.

**8) Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:21 p.m.

  
Chair