

## MINUTES OF SPECIAL MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 4, 2021:

*A special meeting of the Finance Committee of the Palmdale Water District was held Thursday, November 4, 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

Dennis Hoffmeyer, Finance Manager

Bob Egan, Financial Advisor

Danielle Henry, Management Analyst

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 a Recommendation on the 2022 Budget. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided a detailed overview of the 2022 Budget, including projected water sales based on the 2019 Water Rate Study, projected operating revenue and expenses, anticipated personnel expenses, departmental expenses, and projected year-end cash.

He then reviewed the parameters for consideration of a reduced water rate under Section 4 of Resolution No. 19-15 adopting the 2019 Water Rate Study and stated that a “yes” answer for any four of the six parameters allows for the consideration of a reduced

water rate adjustment provided the reduced water rate adjustment continues to satisfy the same “yes” parameters and that staff’s analysis of these parameters is as follows:

- a. Do the District’s projected reserves at the end of the year meet or exceed the target reserve level of \$16.4M as stated in the 2019 Water Rate Plan for the end of year?

*Projected 2021 – No; Proposed 2022 – No*

- b. Are projects funded at a level that is equal to the year’s depreciation while maintaining a minimum reserve level of \$10.0M as presented in the 2019 Water Rate Plan?

*Projected 2021 – No; Proposed 2022 – No*

- c. Has an annual Rate Stabilization Fund contribution been made that is equal to or greater than one percent (1%) of the prior year’s total revenue?

*No – 1% would be \$275,532 for 2021.*

- d. Is the projected Debt Coverage Ratio for the subject year and each of the remaining years adequate to meet current and proposed bond covenants?

*Yes – Our current bond covenants are at 1.1x and we are presently at 2.75x.*

- e. Has the District’s bond rating been re-evaluated to and maintained at AA or higher by either Standard & Poor’s or Fitch rating agencies?

*No – Currently we are still below the AA requirement.*

- f. Has the District’s outstanding debt been reduced as follows (all three must be met):

1. 2017 Capital Lease – In Entirety:

*No, last payment will be made January 2022.*

2. 2012 Private Placement – In Entirety:

*No, last payment will be made in 2024.*

3. Series 2013A Revenue Bond Issue:

*No*


After a brief discussion of water purchases, increased construction and supply costs, and unpaid water bills due to COVID-19, 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 approve the 2022 Budget and that this item be presented to the full Board for consideration at the November 8, 2021 Regular Board Meeting.

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

There were no requests for future agenda items.

**6) Adjournment.**

There being no further business to come before the Finance Committee, the special meeting was adjourned at 2:34 p.m.

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Chair