MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, DECEMBER 11, 2017:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, December 11, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:31 p.m.

1) **Roll Call.**

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Marco Henriquez, Chair	Mike Williams, Finance Manager
Robert Alvarado, Committee Member	Judy Shay, Public Affairs Director
	Tim Moore, Facilities Manager
	Dennis Hoffmeyer, Accounting Supervisor
	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 November 16, 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 November 16, 2017, as written.

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

Finance Manager Williams reviewed the investment funds report as of October, 2017, including interest earned, maturing CDs, treasury notes, and remaining 2013A Water Revenue Bond funds and then provided an overview of the cash flow statement, including water receipts, DWR refund, budgeted capital expenditures, the upcoming Butte payment, and the projected 2017 year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for October, 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 October, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 83.3%.

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 Report for capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, available funding sources, and remaining Water Revenue Bond Series 2013A funds and payments to date followed by discussion of the status of the new billing software.

4.5) Discussion of Contribution to CalPERS California Employers Retiree Benefit Trust (OPEB) Account. (Chair Henriquez/Finance Manager Williams)

Finance Manager Williams reviewed the calculation for the OPEB account, the annual required contribution, the District's annual payment toward retirees, and staff's recommendation to not contribute towards the OPEB account at this time due to the State Revolving Loan for the Palmdale Recycled Water Authority, and after a brief discussion, the Committee concurred with staff's recommendation.

4.6) Consideration and Possible Action on Resolution No. 17-26 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (Financial Advisor Egan/Finance Manager Williams)

Finance Manager Williams reviewed Resolution No. 17-26, and after a brief discussion of the Investment Policy, it was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to adopt Resolution No. 17-26 being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy and to present this item to the full Board for consideration at the December 13, 2017 Regular Board meeting.

General Counsel Dunn's recommended revisions to next year's Investment Policy were then briefly discussed.

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 November, 2016 through October, 2017 is 1.42 and meets the required Debt Service Coverage.

5.2) Update on June 26, 2017 Summary of Expenditures for Emergency Repairs for 2016 and 2017 to Date. (Committee Member Alvarado/Facilities Manager Moore/Project Manager Thompson)

Facilities Manager Moore reviewed emergency repairs to facilities from May 1, 2017 through December 5, 2017, the cumulative amount for emergency repairs for the period of January 1, 2016 through December 5, 2017, and leaks during this period and stated that unexpected repair items average $1 million per year followed by discussion of presenting this information to the full Board and the need to have funds available through the Proposition 218 rate process for emergency items and repairs, and it was determined that two years of data on emergency repairs be analyzed and presented to the full Board by April, 2018.

5.3) Other.

Finance Manager Williams provided an update on payment types through September, 2017 and the increased use of the PayNearMe payment option and stated that electronic forms of payment are increasing and walk-in payments are decreasing.

Committee Member Alvarado stated that the District received the President's Award from ACWA/JPIA for low claims in the Property Insurance and Liability Insurance categories.

Chair Henriquez thanked staff for a job well done on managing the District's finances.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held January 22, 2018 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:32 p.m.

Chair