MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 19, 2018:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, July 19, 2018, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:32 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	Bob Egan, Financial Advisor via Skype
	Judy Shay, Public Affairs Director
	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 May 24, 2018.

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 May 24, 2018, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of May 2018. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of May 31, 2018, including the balance increase due to assessments, interest income, and capital improvement fees and then reviewed the cash flow statement, including assessments received, a Department of Water Resources refund, new bond payments due in September, expenditures, and the projected year-end balance.

Chair Henriquez then stated that Agenda Item No. 5.1 will now be considered.

5) Information Items.

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

Financial Advisor Egan stated that the Debt Service Coverage for the period of June 2017 through May 2018 is 1.47 and meets the required Debt Service Coverage and that various rating agencies are impressed with the District's debt coverage ratios.

Chair Henriquez then stated that Agenda Item No. 5.2 will now be considered.

5.2) Status on 2018 Water Revenue Bonds for Construction of Grade Control Structure for the Littlerock Sediment Removal Project and Other Capital Projects. (Finance Manager Williams/Financial Advisor Egan)

Finance Manager Williams stated that the Water Revenue Bonds 2018A issue was successful; that funds are in the escrow account for disbursement followed by discussion of the projects to be constructed; and that other funding options are being considered for construction of other needed projects.

Chair Henriquez then stated that Agenda Item No. 4.3 will now be considered.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for May 2018. (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 May 2018 and stated that most departments are operating at or below the targeted expenditure

percentage of 42% and then stated that recycled water facilities have now been assigned to the District from the Palmdale Recycled Water Authority and are shown as an asset.

General Manager LaMoreaux then stated that the wind turbine has saved the District 32% in electricity costs compared to last year.

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

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2018 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 available funding sources.

5) Information Items.

5.3) Other.

Finance Manager Williams stated that uncashed warrants will be advertised July 22 and 29, and the total amount of these warrants is $34,000.

He then reviewed Payment Transactions by Type through June with the trend continuing of an increase in electronic payments, a decrease in counter and mail payments, and a slight increase in payments by telephone with a live Customer Care Representative.

He then reviewed updated revenue projections versus actual revenue and provided updates on the collection process and aging accounts receivable, the efficiency of the District's collection efforts, and closed accounts with outstanding balances.

He then stated that the District's final audit report has been delayed due to the transfer of the Palmdale Recycled Water Authority asset and that staff anticipates the District's final audit can be presented at the next Committee meeting and then to the full Board for receipt and filing.

There were no further 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 August 23, 2018 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:24 p.m.

Chair