MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, DECEMBER 6, 2018:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, December 6, 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	Adam Ly, Assistant General Manager
Robert Alvarado, Committee Member	Don Wilson, PWD Director-elect
	Mike Williams, Finance Manager
	Judy Shay, Public Affairs Director
	Bob Egan, Financial Advisor
	Danielle Henry, Management Analyst
	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.

Chair Henriquez welcomed Director-elect Wilson to the meeting.

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 October 25, 2018.

4.2) Consideration and Possible Action on Approval of Minutes of Special Meeting Held November 7, 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 October 25, 2018 and the Special Finance Committee meeting held November 7, 2018, as written.

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

At 4:35 p.m., Chair Henriquez called for a five-minute recess. He reconvened the Committee meeting at 4:40 p.m.

Financial Advisor Egan provided an overview of the quarterly Investment Funds Report through September 30, 2018, including the increases and decreases between the quarters due to bond payments, capital expenditures, and State Water Project scheduled payments, and then reviewed the cash flow statement, including bond interest and principal payments, anticipated assessments, and the projected year-end balance.

4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for September 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 September 2018 and stated that most departments are operating at or below the targeted expenditure percentage of 75%.

4.5) 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.

4.6) Consideration and Possible Action on Resolution No. 18-15 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 provided an overview of staff's recommendation to approve Resolution No. 18-15, 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 approve Resolution No. 18-15 being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy and that Resolution No. 18-15 be presented to the full Board for consideration at the December 10, 2018 Regular Board Meeting.

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 October 2017 through September 2018 is 1.11 and meets the required Debt Service Coverage followed by discussion of unanticipated items over budget, withdrawals from the Rate Stabilization Fund, potential higher water sales, and potential higher year-end assessments.

5.2) Other.

Finance Manager Williams provided an overview of payouts to date for the Water Revenue Bonds – Series 2018A, water sales through November 2018 and projected water sales through December 2018, accounts receivables, the number of participants in the Rate Assistance Program and amount of assistance provided, and annual bond reporting requirements.

General Manager LaMoreaux stated that SB998 establishing criteria and state law for water service disconnections due to non-payment was passed and signed by the Governor this year with an implementation date of January 2020; that policy revisions will be presented to the Committee and Board to address the criteria of the bill; and that ACWA's legislative staff are working to revise the criteria or delay its implementation.

Public Affairs Director Shay provided an overview of tentative outreach plans for the 2019 Proposition 218 process followed by discussion of the previous Proposition 218 process.

At the request of Chair Henriquez, General Manager LaMoreaux then reported that precipitation levels to date are .96 inches.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

Committee Member Alvarado requested Public Affairs Director Shay share the participation information for the District's Rate Assistance Program.

There were no requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held either January 24, 2019 at 4:30 p.m. or February 21, 2019 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:38 p.m.



Chair