

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JUNE 20, 2011:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, June 20, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Godin called the meeting to order at 5:15 p.m.

1) Roll Call.

Attendance:

Finance Committee:
Linda Godin, Chair
Gordon Dexter, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Mike Williams, Finance Manager
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meetings Held April 25, 2011 and June 13, 2011.

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to approve the minutes of the meetings held April 25, 2011 and June 13, 2011, as written.

4.2) Discussion of Status of the District's Investments. (Financial Advisor Egan/UBS Financial Services, Inc.)

Mr. Michael Giordano, Investment Manager Analyst and Institutional Consultant for UBS Financial Services, Inc., reviewed his history with the District and gave an update on the District's investments including the objective of the District's Investment Policy for

safety, liquidity, and yield; the decision to hire Financial Counselors, Inc. to manage the District's investment portfolio; and the balances, returns, funds and maturities, and liquidity of this portfolio.

Chair Godin then stated that Mr. Giordano will present this information to the full Board at the August 10 regular Board meeting.

4.3) Discussion of Status Report on Cash Report at May 31, 2011 and Cash Flow Report Through December 31, 2011. (Financial Advisor Egan)

Financial Advisor Egan reviewed the May 31 cash report and items involved with the aggregate cash increase of about \$62,000 and stated that the managed account referred to by Mr. Giordano increased due to interest received and market value change; that restricted cash increased \$10,000 and is reflected on the cash flow report; and then reviewed the District's Capital Improvement Fee account, the payback to the general fund from this account, and the increased adjudication fees, which could reduce aggregate cash to \$6.893 million at year end.

4.4) Discussion of Status Report on Financial Statements and Departmental Budget Reports for May 2011. (Finance Manager Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year and month-to-month revenue and expense analysis, individual departmental reports through May 2011 and stated that the target expenditure percentage should be at or below 42%; that overall, departments are at or below this expenditure; and then provided specific detail on these reports and individual budget line items over-budget as well as the graphs for these reports.

4.5) Discussion of Status Report on Engineering Department Contractual Commitments and Projected Payout Schedule. (Finance Manager Williams)

Finance Manager Williams stated that the Contractual Commitments and Projected Payout Schedule has been updated through May 2011 revising Specification No. 0903 to reflect the correct amount to be paid by year-end due to an unexpected increase in Capital Improvement Fees received.

4.6) Consideration and Possible Action on Lease Purchase Agreement Between the Palmdale Water District and GoWest Leasing. (Finance Manager Williams)

Finance Manager Williams stated that GoWest Leasing has offered to enter into a Lease Purchase Agreement for information technology equipment in the not-to-exceed amount of \$893,000 with a 60-month payment option; that the leasing documents have been reviewed by legal counsel; and that staff recommends General Manager LaMoreaux be authorized to sign leasing documents with GoWest Leasing on behalf of the District, and after a brief discussion of the background and financial impact of the Lease Purchase Agreement, it was moved by Committee Member Storm, seconded by Chair Dexter, and unanimously carried to approve the Lease Purchase Agreement between the District and GoWest Leasing and that this item be presented to the full Board for consideration at the next regular meeting.

5) Information Items.

Finance Manager Williams stated that the cost for processing rejected payments was recently discussed and then informed the Committee that the District charges \$25.00 per rejected payment based on the civil code and that an analysis of actual staff time is \$26.13 per rejected payment not including the bank fee, which is \$10.00 for paper checks and \$3.50 for electronic payments.

He then informed the Committee that the District's Standard and Poor's credit rating has been upgraded to BBB as of May 6, 2011 with a stable outlook; that the District was on credit watch in June, 2009; and that a statement has been included in the credit rating report that the District's credit rating could change based on the outcome of the lawsuits.

There were no further information items to discuss.

6) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

7) Closed Session Under Government Code Section 54957, Personnel Matters: Financial Advisor Evaluation.

At 5:55 p.m., Chair Godin called for a closed session pursuant to Government Code Section 54957, Personnel Matters: Financial Advisor Evaluation. She reconvened the Committee meeting at 6:13 p.m.

8) Public Report of Any Action Taken in Closed Session.

Chair Godin reported that a closed session had been held under Government Code Section 54957, Personnel Matters: Financial Advisor evaluation and that no action reportable under the Brown Act was taken in closed session on this matter.

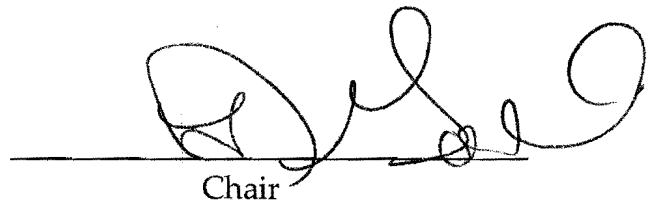
9) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

The next Finance Committee meeting was then scheduled for July 25, 2011 at 5:15 p.m.

10) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 6:15 p.m.



Chair