MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 21, 2011:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, November 21, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Godin called the meeting to order.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Linda Godin, Chair	Mike Williams, Finance Manager
Gordon Dexter, Committee Member	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 Meeting Held October 24, 2011.

It was moved by Committee Member Dexter, seconded by Chair Godin, and unanimously carried to approve the minutes of the meeting held October 24, 2011, as written.

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

Financial Advisor Egan reviewed the investment funds report through October 31, 2011, including assessments and capital improvement funds received, anticipated funds to be received by year-end, and long-term investments.

4.3) Discussion of Status Report on Financial Statements and Departmental Budget Reports for October, 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, and individual departmental reports through October 2011, along with the graphs for these reports, and stated that the target expenditure percentage should be at or below 83%; that departments are at or below this expenditure; and then reviewed specific detail for these reports.

Chair Godin then requested that adjudication costs be listed separately on next month's Administration Department report as this department is under budget without this expense.

Water purchases were then discussed.

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

Finance Manager Williams reviewed projected engineering payments through June, 2012 along with the Contractual Commitments and Projected Payout Schedule, which includes all payments projected through June, 2012.

4.5) Consideration and Possible Action on Proposals Received for Preparation of the District's Annual Audit for Years 2011, 2012, and 2013. (Financial Advisor Egan)

Financial Advisor Egan reviewed the proposals received for providing the District's auditing services for 2011, 2012, and 2013 and then recommended the firm of LSL Certified Public Accountants based on their proposal, qualifications, and cost.

After a brief discussion, the Committee concurred with Financial Advisor Egan's recommendation and stated that this item will be presented to the full Board for consideration at the next meeting.

4.6) Consideration and Possible Action on Draft 2012 Budget. (Finance Manager Williams)

Finance Manager Williams reviewed staff's approach and summary of revenues and expenditures for the 2012 Budget and stated that this draft does not include any rate increase and water sales are projected lower for 2012 than for 2011 followed by a brief discussion of staff's approach.

4.7) Consideration and Possible Action on Financial Advisor Egan Contract. (Chair Godin)

Chair Godin stated that the District is examining additional ways to cut costs and with staff's growing expertise, the Committee will now explore the potential termination of the contract with Financial Advisor Egan.

The cost of Financial Advisor Egan's contract, the amount of the District's investments, the outcome of Financial Advisor Egan's recent review, retribution, and incoming Board members were then discussed.

Ms. Gloria Dizmang, Director-elect, stated that a big issue in the campaign was definitely money; that she feels it is a bad idea to terminate the agreement; and that other areas can be cut.

Chair Godin then stated that this item will be presented to the full Board for consideration at their next meeting.

5) Information Items.

General Manager LaMoreaux informed the Committee that AVEK authorized their General Manager to sign the 2 for 1 water banking agreement Friday afternoon and that water is now flowing into the bank.

Financial Advisor Egan then requested a word-for-word transcription of Agenda Item No. 4.7.

There were no further information items to discuss.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned.

President