MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 13, 2013:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, March 13, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) **Roll Call.**

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Gloria Dizmang, Chair	Mike Williams, Finance Manager
Steve Cordova, Committee Member	Bob Egan, Financial Advisor
	Dennis Hoffmeyer, Senior Accountant
	Matt Knudson, Engineering Manager
	Dawn Deans, Executive Assistant
	3 members of the public

2) **Adoption of Agenda.**

It was moved by Committee Member Cordova, seconded by Chair Dizmang, 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 23, 2012.

After a brief discussion, it was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the meeting held October 23, 2012.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of January 31, 2013. (Financial Advisor Egan)

Financial Advisor Egan reviewed in detail the investment funds report and cash flow report as of January 31, 2013 and stated that assessments received through February

are higher than projected; that amounts going forward may also be higher than projected; that capital expenditures through the year are projected at nearly $800,000; that year-end cash at this time is anticipated at $9.391 million, which is higher than budgeted; that it is too early in the year to anticipate this higher amount will remain; but that all signs are positive.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for January 31, 2013. (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, water consumption comparison, and individual departmental reports through January 31, 2013 along with the graphs for these reports and a graph comparing personnel costs to operational costs, and stated that there are no significant changes for the month of January; that the target expenditure percentage is 8.3%; that all departments are at or below this expenditure; and then clarified the comparisons on the profit and loss statement.

4.4) Discussion and Overview of Committed Contracts Issued. (Engineering Manager Knudson)

Engineering Manager Knudson informed the Committee that the updated Committed Contracts schedule indicates payments that have been approved for various committed contracts and then reviewed these payments.

4.5) Discussion and Overview on Project Financing Options. (Financial Consultant Egan/Finance Manager Williams)

Financial Consultant Egan introduced Mr. Mark Northcross, Mr. Russ Reyes, and Mr. Tony Repista, the District's bond team, and then stated that the bond team has discussed refinancing the District's 2004 bonds as well as obtaining additional funding for capital District projects in the amount of $8.5 million; that rates are favorable; and that a callable feature can be built into this debt after which the bond team reviewed the details of the proposed refinancing and new bond issue including the combined savings to the District, the process for increasing the District's credit rating in order to obtain a lower interest rate, the timeline for Board approval of the refinance and new bond issue, and a callable feature for potential early payoff.

Increasing the District's reserves, cash flow, repaying the general fund from capital improvement fees, other financing options versus a special call feature, the cost of the special feature, the ability to prepay bonds after ten years with no penalties, and the total cost of the new money were then discussed, and staff was directed to research the cost of a five year callable feature and to assist the bond team with the process of increasing the District's credit rating.

5) Information Items.

General Manager LaMoreaux informed the Committee that the audit has begun and that staff anticipates presentation of the final audit to the full Board for consideration in April.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

After a brief discussion, it was determined that an item be placed on the next agenda for "Discussion and possible action on establishing a CalPERS trust fund for OPEB costs."

The CalPERS side fund was then briefly discussed.

There were no further requests for future agenda items.

The next Finance Committee meeting was then scheduled for April 10, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair