MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 10, 2013:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, April 10, 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
	Peter Thompson II, Operations Manager
	Dennis Hoffmeyer, Senior Accountant
	Dawn Deans, Executive Assistant
	1 member 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 March 13, 2013.

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 March 13, 2013.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 28, 2013. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report and cash flow statement as of February 28, 2013 and stated that cash has increased over $300,000, which

is approximately $1 million over last year; that conference calls were held today with the bond rating agencies regarding increasing the District's bond rating, and those agencies were impressed with the District's increased cash, debt service coverage, and water rate increase and should respond on the increase in the next two weeks; that January and February water sales and assessments increased; and that capital improvement fees were paid back at the request of a developer and then reviewed anticipated payments through year-end.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for February 28, 2013. (Finance Manager Williams)

Finance Manager Williams reviewed 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 February 28, 2013 and stated that accumulated depreciation is outpacing new assets and that all departments are operating at or below the targeted expenditure percentage of 16.6% and continue to keep expenses low and control costs.

Adjudication costs, overtime costs, and staffing issues were then discussed.

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

General Manager LaMoreaux reviewed the Projected Payout Schedule for Committed Contracts through April 2013 and stated that the majority of contracts are nearing the end; that additional projects will be added to this Schedule when the financing effort is successful; that bids were opened earlier today for the second half of the water main replacement project near Sumac Avenue; and that this project is ready to move forward when financing is set.

The status of the GAC coconut pilot project was then discussed.

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

Finance Manager Williams reviewed a cost comparison of new money options for the District separate from the refinance bond issue followed by discussion of cash flow and the option of early pay-off of the bonds.

4.6) Discussion and Possible Action on Resolution No. 13-7, a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Execution and Delivery of a Joint Exercise of Powers Agreement By and Between the Palmdale Water District and California Municipal Finance Authority Approving Membership in the Authority and Forming the Palmdale Water District Public Financing Authority. (Financial Advisor Egan/Finance Manager Williams)

General Manager LaMoreaux provided an overview of Resolution No. 13-7, and after a brief discussion of the Resolution and of the Public Financing Authority, the Committee recommended that Resolution No. 13-7 be presented to the full Board for consideration at the April 10, 2013 regular Board meeting.

4.7) Discussion and Possible Action on Survey Results for Implementing a Level Pay Program. (Director Dizmang/Finance Manager Williams)

Finance Manager Williams stated that 288 responses were received for the Level Pay Program survey; that the majority were in favor of a Level Pay Program but not in favor of paying a fee to participate in a Level Pay Program; and that based on the percentage of customers interested in a Level Pay Program, it is not cost effective to implement a Level Pay Program.

Chair Dizmang then requested a record of the Level Pay Program survey results be kept on file for future reference.

4.8) Discussion and Possible Action on Establishing a CalPERS Trust Fund for OPEB Costs. (Finance Manager Williams/General Manager LaMoreaux)

Finance Manager Williams informed the Committee of the District's OPEB reporting requirements and stated that CalPERS developed a trust fund for these future OPEB costs; that the District is meeting its reporting obligations on a pay-as-you-go basis; and that participation in this trust fund would restrict cash flow after which the District's cash flow, a future actuarial of OPEB costs, CalPERS interest rates, and reviewing the CalPERS Trust Fund in the future were discussed.

5) Information Items.

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 reducing the various costs associated with cash payments" after which Chair Dizmang requested staff present different scenarios for reducing the various costs.

There were no further requests for future agenda items.

The next Finance Committee meeting was then scheduled for May 8, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair