MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 8, 2013:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, May 8, 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:	Tim Moore, Facilities Manager
Gloria Dizmang, Chair	Mike Williams, Finance Manager
Steve Cordova, Committee Member	Bob Egan, Financial Advisor
	Matt Knudson, Engineering Manager
	Dennis Hoffmeyer, Senior Accountant
	Dawn Deans, Executive Assistant
	0 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 April 10, 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 April 10, 2013.

4.2) Presentation, Consideration, and Possible Action on Acceptance and Filing of 2012 Audit and Management Report. (Charles Z. Fedak & Company, CPAs/Financial Advisor Egan/Finance Manager Williams)

Financial Advisor Egan stated that the audit is as expected, a few items have been addressed, and the draft audit was critical in upgrading the District's bond rating after which Finance Manager Williams stated that page 3 summarizes the District's finances.

It was then moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to present the 2012 Audit and Management Report to the full Board at the May 8, 2013 Board meeting.

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

Financial Advisor Egan reviewed the investment funds report and cash flow statement as of March 31, 2013 and stated that cash has decreased $1,554,000 due to the semi-annual principal and interest bond payment; that water sales and assessments are higher than anticipated for the first three months; that projected year-end cash is $2,000,000 over budget; and that he is very optimistic about the District's financial condition.

4.4) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for March 31, 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 March 31, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 25% or less, with the exception of Engineering, which is due to the implementation of the GIS project.

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

Engineering Manager Knudson reviewed the Projected Payout Schedule for Committed Contracts through May 2013 and stated that the purchase agreement for tax-defaulted property was received and will be paid out this month; that the final payment will be made for the water main replacement project near Sumac Avenue; that GAC

change-outs will occur over the next several months; and that if the water revenue bond is successful, staff hopes to fill in the schedule with contracts.

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

Financial Advisor Egan stated that today the District's bond rating from Standard and Poor's was upgraded to an A- from a BBB rating; that the Fitch rating remained an A+ rating; and that the bond financing is scheduled to close at the end of this month after which Finance Manager Williams stated that the next step is pre-pricing of the bonds.

Financial Advisor Egan then stated that accounting for the District's tax and assessment monies was reviewed as part of the rating process; that a separate account tracking these monies may need to be established; and then requested approval to open this account after which the Committee recommended this be presented to the full Board through Chair Dizmang's Committee report.

4.7) Discussion and Possible Action on Reducing the Various Costs Associated With Cash Payments. (Finance Manager Williams)

Finance Manager Williams provided an overview of staff's analysis on the District's costs and fees for all types of water bill payments and stated that the perception was that cash was the most expensive type of payment but that cash is actually the least costly of all payment methods.

Senior Accountant Hoffmeyer then provided an overview of Customer Service Representative overtime costs and the average number of customers helped after 5:00 p.m. followed by discussion of lobby hours, the heaviest lobby traffic days, door-tags, and staggered work hours.

5) Information Items.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

The next Finance Committee meeting was then scheduled for June 12, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair