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

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, July 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	Matt Knudson, Engineering Manager
	Peter Thompson II, Operations Manager
	Amanda Williams, Water Quality Supervisor
	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 June 12, 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 June 12, 2013.

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

Finance Manager Williams reviewed the investment funds report as of May 31, 2013 and stated that total cash is reduced by approximately $50,000; that investments increased $567,000 due to the receipt of property tax assessments; that the 2013 bond proceeds are now included in the investment funds report; that everything looks good on the cash flow report; that year-end cash flow projections are $2.2 million over budget; and that the cash flow report includes $485,000 for the state grant reimbursement for water main replacements.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for May 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 May 31, 2013 and stated that the 2013 bond proceeds have been included on the balance sheet; that revenue and expenses and water expenses continue to look good; and that all departments are operating at or below the targeted expenditure percentage of 41.6% or less and continue to keep expenses down and under control.

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

Engineering Manager Knudson reviewed payments included in the Committed Contracts and Payout Schedules for capital projects, projects funded by the Water Quality Fee, and projects funded from the Water Revenue Series 2013A Bonds.

Operations Manager Thompson II and Water Quality Supervisor Williams then provided an overview of the GAC pilot projects and stated that a full report will be provided to the Board in January, 2014.

4.5) Discussion and Overview of Reserve Policy. (Chair Dizmang/Financial Advisor Egan/Finance Manager Williams)

Chair Dizmang requested the District's Reserve Policy be revised to conform to the California Special Districts Association's uniform format, and after a brief discussion of the District's current and past policies, policies from other agencies, and potential updates

for the District's Reserve Policy, it was determined that staff develop an updated draft Reserve Policy for consideration at the next Committee meeting.

5) Information Items.

General Manager LaMoreaux informed the Committee that a question was asked at today's all-hands meeting regarding lifting the freeze on merit, bonus, and cost-of-living adjustments now that the District's financial condition is improving and that he informed staff he would mention this question at the Finance and Personnel Committee meetings followed by discussion of the District's merit increase process and requirements for an increase.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

It was determined that "Consideration and possible action on Reserve Policy" will be included on the next agenda and the September Finance Committee meeting will include discussions on the 2014 budget.

There were no further requests for future agenda items.

The next Finance Committee meeting was then scheduled for August 14, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair