MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, AUGUST 14, 2013:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, August 14, 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
	Dennis Hoffmeyer, Senior Accountant
	Bob Egan, Financial Advisor
	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 July 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 July 10, 2013.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of June 30, 2013. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of June 30, 2013, recommended an account change based on market value and to eliminate the need for

an investment manager, and stated that there is little change from last month; that July's report will include a payment to the Department of Water Resources, which are fixed charges and can be included in the calculation for annual assessment rates; that anticipated Butte payments will also be in July's report; that water sales are up slightly and tracking nicely going forward; that assessments received are higher than anticipated; that these are positive signs; and that year-end shows a positive increase in cash of approximately $2 million over budget.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for June 30, 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 June 30, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 50% or less and continue to keep expenses down and under control and that overall we are stable and continue to operate very efficiently.

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.

4.5) Consideration and Possible Action on Reserve Policy. (Chair Dizmang/Financial Advisor Egan/Finance Manager Williams)

Finance Manager Williams reviewed a proposed Reserve Policy, and after a brief discussion of the proposed policy, of reserves for special projects and future expenditures, the District's financial recovery, the upcoming budget process, and of maintaining transparency, staff was directed to revise the proposed Reserve Policy, have Mr. Steve Perez, General Manager for Rosamond Community Services District, review the Reserve Policy, and present the revised Reserve Policy to the Committee for consideration at the next meeting.

4.6) Consideration and Possible Action on Setting Palmdale Water District's Assessment Rates for Fiscal Year 2013-2014 and Adoption of Resolution No. 13-11 Regarding Said Rates. (Financial Advisor Egan)

Financial Advisor Egan reviewed the process for setting the District's annual assessment rates, and after a brief discussion of the District's fixed costs included in the annual assessment rates and of past assessment rates, it was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to recommend approval of Resolution No. 13-11 setting the Palmdale Water District's Assessment Rates for Fiscal Year 2013-2014 and that Resolution No. 13-11 be presented to the full Board for consideration at their next regular meeting.

5) Information Items.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

General Manager LaMoreaux recommended that "Consideration and possible action on Request for Proposals for auditor" and "Consideration and possible action on Request for Proposals for preparing a rate study" be included on the next agenda and that "Consideration and possible action on 2014 budget" be included on the October agenda.

The Proposition 218 water rate process was then briefly discussed.

There were no further requests for future agenda items.

The next Finance Committee meeting was then scheduled for September 11, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair