**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 9, 2013:**

*A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, October 9, 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 | 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 September 11, 2013.**

It was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the Finance Committee meeting held September 11, 2013, as written.

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

Financial Advisor Egan reviewed the investment funds and cash flow reports as of August 31, 2013 including the increase in cash due to assessments and capital improvement fees received and stated that bond funds are as expected; that the

numbers are tracking as anticipated; that expected principal and interest payments will occur in September with the next three months anticipated low cash months; that assessments are expected in December; and that the reports look good.

**4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for August 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 August 31, 2013 and stated that all departments, with the exceptions of Operations and Engineering are operating at or below the targeted expenditure percentage of 66% or less; that the major expense category of Water Purchases is also above the 66% target; and then reviewed the line items over budget followed by discussion of staff's efforts to ensure these line items remain under budget in the future.

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

General Manager LaMoreaux 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) Discussion and Review of 2014 Budget. (Finance Manager Williams)**

Finance Manager Williams reviewed staff's budgeting process, the current budget summary, proposed Edison rate increases, proposed 2014 budget projections, which include funds available for reinvestment in the District's projects and infrastructure and a 1.3% rate increase for inflationary factors, and the next steps in the budget process.

After a brief discussion of the proposed 2014 budget, placeholder personnel costs, and staff's efforts to keep expenses at a minimum, Finance Manager Williams stated that the budget detail pages will be provided at the next Committee meeting.

Financial Advisor Egan then stated that the proposed budget is cash neutral; that he strongly recommends that all things, such as Edison rate increases, be considered in terms of the overall budget; and that the Committee keep in mind that in terms of the Reserve Policy, the District's funds are low.

**4.6) Consideration and Possible Action on Reserve Policy. (Chair Dizmang)**

After a brief discussion of the draft Reserve Policy and of the proposed establishment of a Water Supply Fee, the Committee concurred with the revised Reserve Policy, and it was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to present the revised Reserve Policy to the full Board for consideration subject to the adoption of the proposed Water Supply Fee.

**4.7) Consideration and Possible Action on Request for Proposals for Auditor. (Financial Advisor Egan)**

Financial Advisor Egan stated that Requests for Proposals for auditing services were received from Brown Armstrong Accountancy Corporation, Fritz Russell, CPAs, Burkey Cox Evans & Bradford Accountancy Corporation, and Charles Z. Fedak & Company, CPAs; that the proposal from Charles Z. Fedak & Company, CPAs is the lowest proposal at $18,250 per year for the next three-years; and that he met with staff and there was concurrence that the proposal from Charles Z. Fedak & Company, CPAs is acceptable after which the Committee discussed the proposals, and it was moved by Committee Member Cordova, seconded by Chair Dizmang, and unanimously carried to present the proposal from Charles Z. Fedak & Company, CPAs for auditing services to the full Board for consideration at the next regular Board meeting.

**4.8) Consideration and Possible Action on Request for Proposals for Preparing a Rate Study. (General Manager LaMoreaux)**

General Manager LaMoreaux stated that a list of firms for preparing a rate study and for providing public relations assistance for the rate study have been developed and that the best option for the District is to issue a Request for Proposals describing both scopes of work with firms submitting proposals on one or both scopes of work after which the Committee concurred with this option.

**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 November 13, 2013 at 5:00 p.m.

**7) Adjournment.**

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



Chair