

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 13, 2013:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, November 13, 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:

Finance Committee:
Gloria Dizmang, Chair
Steve Cordova, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Vincent Dino, PWD Director-Elect
Mike Williams, Finance Manager
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 October 9, 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 October 9, 2013, as written.

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

Financial Advisor Egan reviewed the investment funds and cash flow reports as of September 30, 2013, including the decrease in cash due to the bond principal and interest payments, and stated that previously restricted accounts have been moved to the investment accounts; that grant funds are now anticipated for receipt in 2014; that year-end cash is now anticipated approximately \$1 million over budget; and that based on the upcoming Reserve Policy, it is important that budgeting does not decrease cash but maintains or increases it.

Methods for increasing funds and ensuring there is no decrease in cash through the budget process were then discussed.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for September 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 September 30, 2013 and stated that all departments, with the exceptions of Operations, Engineering, and Finance are operating at or below the targeted expenditure percentage of 75% or less and then reviewed the line items over budget.

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 and then informed the Committee of upcoming water main replacement projects.

4.5) Discussion and Review of 2014 Budget. (Finance Manager Williams)

Finance Manager Williams reviewed the 2014 budget projections and stated that salary and benefit costs, capital expenditures, rate changes, and departmental accomplishments and goals need to be finalized and that staff anticipates a final budget to be provided at the November 27, 2013 Board meeting for informational purposes with a budget workshop and potential adoption of the budget scheduled for December 11, 2013.

Potential rate increases for 2014 and the effect on the budget, the ratepayers, and reserves were then discussed after which Financial Advisor Egan recommended a 3% rate increase be included in the 2014 budget.

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

General Manager LaMoreaux stated that a Request for Proposals is in the draft stage and recommended that the Request for Proposals be reviewed by legal counsel and sent prior to Committee review due to the timing of the next Committee meeting and that the Request for Proposals will include a section for the financial analysis, projections, and changes to the water budget rate structure and a section for assistance with public information on the process of the rate study.

5) Information Items.

There were no further information items.

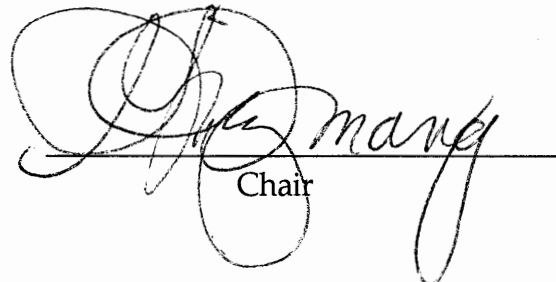
6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Adjournment.

Committee Member Cordova then stated that this is his last meeting and that it has been a pleasure working with each and every member of staff and Financial Consultant Egan.

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


Chair