

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 12, 2015:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, May 12, 2015, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order at 10:37 a.m.

1) Roll Call.

Attendance:

Finance Committee:
Gloria Dizmang, Chair
Vincent Dino, Committee
Member

Others Present:

Matt Knudson, Assistant General Manager
Dennis Hoffmeyer, Accounting Supervisor
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dino, 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 March 23, 2015.

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the Finance Committee meeting held March 23, 2015, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of April, 2015. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of April, 2015, including called securities, cds, assessments, reduced water sales projected through the end of the year, and the projected year-end balance and then emphasized the importance of not using reserves for capital expenditures and

recommended a re-prioritization of projects and an analysis of operational cuts after which the Committee requested Financial Advisor Egan present this same information at the May 13, 2015 Board Meeting.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 30, 2015. (Finance Manager Williams)

Accounting Supervisor Hoffmeyer 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 April 30, 2015 and then stated that departments are operating at or below the targeted expenditure percentage of 33% followed by discussion of how mandatory conservation could affect revenue.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the status of approved 2015 engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed, budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of \$1.2 million in projects that are not contractually committed and could potentially be delayed.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the District's current Debt Service Coverage is 1.24; that 1.10 is the required Debt Service Coverage; that this number will fluctuate and is revenue dependent; and then again emphasized the importance of not using reserves for capital expenditures and recommended a re-prioritization of projects and an analysis of operational cuts followed by discussion of good management decisions by the Board.

5.2) Report of Banking Fees. (Chair Dizmang)

Chair Dizmang requested a review of the District's banking fees based on a recent personal experience and a recent Los Angeles Times article regarding high banking fees

after which Accounting Supervisor Hoffmeyer reviewed the fees of Citizens Business Bank and stated that staff is satisfied with the service and fees provided by Citizens Business Bank.

5.3) Other.

Accounting Supervisor Hoffmeyer stated that the Board will need to review the implementation of a Drought Surcharge Fee followed by discussion of a timeline for implementing the Drought Surcharge Fee.

It was determined that a tentative Finance Committee meeting will be held June 3, 2015 at 10:30 a.m. to discuss Drought Surcharge Fees with the next Finance Committee meeting scheduled for July 6, 2015 at 10:30 a.m. for reporting through May.

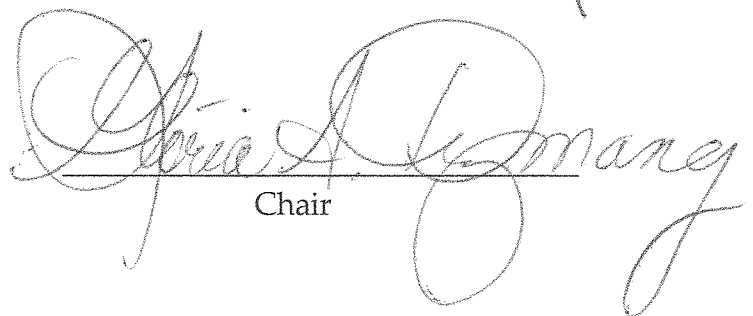
There were no additional information items.

6) Board Members' Requests for Future Agenda Items.

There were no further requests for future agenda items.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 11:41 a.m.


Chair