MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 12, 2016:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, April 12, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 3:35 p.m.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Matt Knudson, Assistant General Manager
Marco Henriquez, Chair	Kathy Mac Laren, PWD Director
Robert Alvarado, Committee Member	Mike Williams, Finance Manager
	Mike McNutt, PIO/Conservation Director
	Dennis Hoffmeyer, Accounting Supervisor
	Gene Taylor, Customer Finance Supervisor
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, 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 November 4, 2015.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried to approve the minutes of the Finance Committee meeting held November 4, 2015, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February, 2016. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of February, 2016 detailing each of the accounts, their purpose, interest rates, liquidity of accounts, capital improvement fees, the increase in cash, and bond funds remaining.

He then provided an overview of the cash flow report including actual and projected revenue and expenses, clarification of bond payments and when these payments are due, and projected year-end cash and then stressed the importance of maintaining year-end cash balances.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February, 2016. (Finance Manager Williams)

Finance Manager Williams reviewed in detail 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 February, 2016 including new pension activity reporting requirements and other non-operating revenue and funding for the Rate Assistance Program and stated that most departments are operating at or below the targeted expenditure percentage of 16.6%.

Chair Henriquez then requested percentages on the Cash Operating Expense charts be shown in decimals rather than rounded numbers and the prior two years be included on the Profit and Loss Statement.

The Directors' budget, staying within budget, and ensuring funds are available to attend conferences and meetings were then discussed in detail.

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

Assistant General Manager Knudson reviewed the purpose and status of the Committed Contracts and Payout Schedule, which includes approved 2016 engineering projects, projects contractually committed, budgeted but not yet committed projects listed in order of priority, and payments for projects funded from the Water Revenue Series 2013A Bonds.

Committee Member Alvarado then requested a detailed list of the age of the District's pipelines, anticipated water main replacement projects, and anticipated meter

replacement projects after which Financial Advisor Egan stated that the District's funds are limited and not all needed projects can be completed and stressed the importance of annual rate adjustments to cover not only operating expenses but funding for future infrastructure projects including the Littlerock Reservoir Sediment Removal Project and the Palmdale Regional Groundwater Recharge and Recovery Project.

5) Information Items.

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

Financial Advisor Egan stated that the District's required Debt Service Coverage is 1.1, the District meets this Coverage, and a written report on this Coverage will be provided at the next meeting.

5.2) Update on Request for Proposals Process for CIS. (Customer Finance Supervisor Taylor)

Customer Finance Supervisor Taylor provided a detailed overview of staff's process for determining the need for a new Customer Information System including the number of vendors providing bids for this system, staff's process for evaluating vendors, and the further evaluation process after which Finance Manager Williams stated that final data will be evaluated to determine if it is more cost effective to retain the current Customer Information System software or to move forward with the purchase of a new system.

The District's current interactive app for water bill payments was then discussed.

5.3) Other.

Finance Manager Williams stated that a Special Finance Committee meeting is scheduled for April 25, 2016 at 3:30 p.m. to present the audit with the audit then presented to the full Board for consideration at the April 27, 2016 Regular Board Meeting.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

It was stated that the detailed list of the age of the District's pipelines, anticipated water main replacement projects, and anticipated meter replacement projects requested by Committee Member Alvarado will be presented at the next Committee meeting.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held May 10, 2016 at 4:00 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:43 p.m.

Chair