MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 25, 2017:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, April 25, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:35 p.m.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Marco Henriquez, Chair	Matt Knudson, Assistant General Manager
Robert Alvarado, Committee Member	Mike Williams, Finance Manager
	Jim Riley, Engineering/Grant Manager
	Linda Trevino, Water Conservation Aide
	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 by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments on Non-Agenda Items.

There were no public comments on non-agenda items.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held March 16, 2017.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held March 16, 2017, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February, 2017. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of February, 2017 including the increase in cash due to assessments and capital improvement fees and maturing and replacement CDs and then provided an overview of the cash flow statement including projected 2017 year-end cash, potential grant funding, Department of Water Resources' refunds and billings, capital improvement projects and ensuring the projects are not over-committed, reduced water sales, and market adjustments.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February, 2017. (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, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 16.6% followed by clarification of plant expenditures and a comparison of the individual Directors' budgets.

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

Assistant General Manager Knudson provided an overview of the updated Contractual Commitments and Needs for 2017 capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, a summary of committed and projected capital expenditures, and available funding sources and an update on the Water Revenue Bond Series 2013A Bond funds and payments to date followed by discussion of unbudgeted emergency projects and meeting the District's Reserve Policy.

4.5) Consideration and Possible Action on Funding Options for the Construction of the Littlerock Dam Sediment Removal Project Grade Control Structure. (Committee Member Alvarado/Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed projected costs for construction of the grade control structure, the anticipated start date of summer, 2018, 2017 design work paid through reserves, and seeking construction funding and reimbursement of design costs when a final construction cost estimate is received followed by discussion of grant and private placement funding.

5) Information Items.

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

Financial Advisor Egan stated that the Debt Service Coverage for the period of March, 2016 through February, 2017 is 1.50 and meets the required Debt Service Coverage.

5.2) Status on Grant Applications for Cash for Grass Program. (Chair Henriquez)

Engineering/Grant Manager Riley stated that the District was awarded a $75,000.00 grant from the Bureau of Reclamation for the District's Cash for Grass Program, and 75,000 square feet of grass must be removed for this grant.

Engineering/Grant Manager Riley was then commended for obtaining this grant.

5.3) Status on Cash for Grass Program Available Funds. (Chair Henriquez)

Water Conservation Aide Trevino reviewed the status and payout of Cash for Grass applications and stated that no new Cash for Grass applications have been accepted since July, 2016 and that the square footage of grass removed can be provided at the next Committee meeting followed by discussion of the Cash for Grass Program rules.

General Manager LaMoreaux then informed the Committee that Public Affairs Specialist Gallegos is researching the top 20 businesses and top 100 residential water savers during the mandatory conservation period for recognition by the District.

5.4) Other.

Chair Henriquez inquired about bond refunding after which Finance Manager Williams stated that there is no activity on the bond refunding as interest rates have risen and the required 5% savings cannot be achieved.

General Manager LaMoreaux reviewed Department of Water Resources' refunds, upcoming repairs to Oroville Dam, and funding for these repairs.

He then reviewed the details of his recent meeting with California Consulting, a grant writing and research firm, and recommended the District proceed with a Needs Assessment at a cost of $2,000.00 to determine the need for a contract with this firm, and after a brief discussion of the services provided by California Consulting, the Committee concurred with the recommendation from General Manager LaMoreaux.

Finance Manager Williams then provided an overview of the projects to be included in the Holman Capital lease and the reallocation of budget funds for other capital projects.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

Committee Member Alvarado requested "Summary of expenditures for emergency repairs for 2016 and 2017 to date" be placed on the next agenda.

Leasing the District's fleet vehicles was then discussed.

There were no further requests for future agenda items.

It was determined that the next Finance Committee meeting will be held May 22, 2017 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:53 p.m.

Chair