MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 24, 2017:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, July 24, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Marco Henriquez, Chair	Mike Williams, Finance Manager
Robert Alvarado, Committee Member	Tim Moore, Facilities Manager
	Judy Shay, Public Affairs Director
	Bob Egan, Financial Advisor (via Skype)
	Danielle Henry, Administrative Assistant
	1 member 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 June 26, 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 June 26, 2017, as written.

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

Financial Advisor Egan reviewed the investment funds report as of May, 2017 including the increase in cash due to the receipt of assessments and redevelopment agency funds, CDs, and remaining 2013A Water Revenue Bond funds and then provided an overview of the cash flow statement including assessments and redevelopment agency funds, Capital Improvement Fees, water sales, the upcoming Butte payments, and projected 2017 year-end cash followed by discussion of budgeted capital improvement fees.

General Manager LaMoreaux then recommended Agenda Item No. 5.1 be considered.

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 June, 2016 through May, 2017 is 1.51 and meets the required Debt Service Coverage.

Chair Henriquez then stated that Agenda Item No. 4.3 will now be considered.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for May, 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 May, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 42% followed by discussion of water sales, water use, and permit fees.

Chair Henriquez then acknowledged and welcomed Palmdale Recycled Water Authority Director Helen Velador to the meeting.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Finance Manager Williams)

Finance Manager Williams 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 along with an update on the Water Revenue Bond Series 2013A Bond funds and payments to date.

4.5) Discussion of Budget for a Preventative Maintenance Program. (Facilities Manager Moore/Project Manager Thompson)

Facilities Manager Moore stated that a summary of expenditures for emergency repairs for 2016 and 2017 to date, along with a budget for critical projects and the maintenance program, will be presented to the full Board at the August 23, 2017 Regular Board Meeting.

4.6) Discussion of the Value of Lost Water and the Cost of Improvements for Palmdale Ditch as Part of Preventative Maintenance. (Committee Member Alvarado/Facilities Manager Moore)

Facilities Manager Moore stated that water is lost in Palmdale Ditch at a rate of 35% due to saturation and areas of older structure; that $10,000.00 per year is budgeted for Ditch repairs; and then reviewed repairs to the Ditch and losses due to water flow followed by discussion of diversion rights from Littlerock Reservoir, increasing the annual budget for Ditch repairs, repair methods, development fees for Ditch enclosures, and signage along the Ditch.

4.7) Consideration and Possible Action to Authorize Staff Review of Director Expense Reports for Compliance with Article 4.07.4 – Director Expenses as Amended by Board Action on May 24, 2017.

General Manager LaMoreaux reviewed District policy for review and approval of staff expenditures and recommended Financial staff review Director expenditures, and after a brief discussion of Directors' expenses, it was moved by Committee Member Alvarado and seconded by Chair Henriquez to authorize Financial staff to review Director expenditures.

Helen Velador then inquired about the time frame for submitting expenditures, and after a further discussion of District policy for Directors turning in expenditures

and detailed receipts within one month of the expense and reminders to Directors if the time frame is not met, the motion was unanimously carried by all members of the Committee present at the meeting.

5) Information Items.

5.2) Other.

General Manager LaMoreaux reviewed a proposed amendment to Kennedy/Jenks Consultants' contract for soil column testing and water quality testing for the Palmdale Regional Groundwater Recharge and Recovery Project in the approximate amount of $250,000 and stated that this amendment will be presented to the Board for consideration at a future meeting and that this amount is reimbursable through the state loan for this Project.

Finance Manager Williams stated that the final conversion to the new billing software will occur this weekend with the new software system live July 31, 2017 followed by discussion of contract work with the existing software provider.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

Committee Member Alvarado requested "Update on the value of lost water and the cost of improvements for Palmdale Ditch as part of preventative maintenance" be placed on the next agenda.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held August 17, 2017 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:34 p.m.

Chair