MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 24, 2018:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, May 24, 2018, 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	Bob Egan, Financial Advisor via Skype
	Laura Gallegos, Public Affairs Specialist
	Dawn Deans, Executive Assistant
	0 members of the public

2) Adoption of Agenda.

Chair Henriquez requested Agenda Item No. 5.3 be tabled to the next Finance Committee meeting after which 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 amended, removing Agenda Item No. 5.3.

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 April 26, 2018.

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 April 26, 2018, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of April 2018. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of April 2018, including the balance increase due to assessments and interest income and then reviewed maturing CDs, the Rate Stabilization Fund, and the cash flow statement, including assessments received, a Department of Water Resources refund, and the projected year-end balance.

Chair Henriquez then requested the prior year's balances be shown on the investment funds report for future Board presentations.

Chair Henriquez then stated that Agenda Item No. 5.1 will now 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 May 2017 through April 2018 is 1.83 and meets the required Debt Service Coverage.

Chair Henriquez then stated that Agenda Item No. 5.2 will now be considered.

5.2) Status on 2018 Water Revenue Bonds for Construction of Grade Control Structure for the Littlerock Sediment Removal Project and Other Capital Projects. (Finance Manager Williams/Financial Advisor Egan)

Finance Manager Williams stated that recent ratings calls were held to increase the District's bond ratings with S & P and Fitch; that legal documents for the 2018 Water Revenue Bonds are included in the agenda packet for the May 29, 2018 Regular Board Meeting; and that the District's issuance cost for the bonds is $380,000.00 followed by discussion of the professionalism of the District's bond team, the final audit, the potential interest rate for the bonds, and the upcoming bid conference and bid date for construction of the grade control structure.

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 April 2018. (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 April 2018 and stated that most departments are operating at or below the targeted expenditure percentage of 33% and then provided an overview of the improved bad debt collection process available through the District's new billing software.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Williams)

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2018 Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and available funding sources.

4.5) Discussion of Increasing Deposits to the District's Rate Stabilization Fund. (Chair Henriquez/Finance Manager Williams)

Finance Manager Williams reviewed the District's Rate Stabilization Fund balance and the purpose of this Fund and stated that there is no benefit from increasing deposits to this Fund followed by discussion of considering this item later in the year for an update.

4.6) Consideration and Possible Action to Treat Littlerock Creek Irrigation District Emergency Repair Consistent With Billing Agreement With Antelope Valley State Water Contractors Association. (General Manager LaMoreaux)

General Manager LaMoreaux recommended that a future Mutual Aid Agreement be developed and circulated among the local water agencies and that the District charge Littlerock Creek Irrigation District only for time and materials for the District's assistance with their recent emergency repair consistent with the billing agreement with the Antelope Valley State Water Contractors Association, and after a further discussion of this option, 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 charge Littlerock Creek Irrigation District for time and materials only for the District's assistance with their recent emergency repair in the amount of $17,700.00.

General Manager LaMoreaux then recommended that the Antelope Valley State Water Contractors Association consider the development of a Mutual Aid Agreement or amend the existing Billing Agreement at a future meeting.

5) Information Items.

5.3) Other.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

Agenda Item No. 5.3) Sections 10.02: Application for Service and 10.03: Establishment of Credit of the District's Rules and Regulations. (Chair Henriquez/Finance Manager Williams) was tabled to the next Finance Committee meeting.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held June 21, 2018 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:20 p.m.

Chair