MINUTES OF INFORMATIONAL MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 22, 2017:

An informational meeting of the Finance Committee of the Palmdale Water District was held Monday, May 22, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Committee Member Alvarado began the meeting at 4:50 p.m.

1) Roll Call.

Attendance:	**Others Present:**
Finance Committee:	Dennis LaMoreaux, General Manager
Marco Henriquez, Chair -- EXCUSED ABSENCE	Matt Knudson, Assistant General Manager
Robert Alvarado, Committee Member	Mike Williams, Finance Manager
	Jim Riley, Engineering/Grant Manager
	Laura Gallegos, Public Affairs Specialist
	Dennis Hoffmeyer, Accounting Supervisor
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	1 member of the public

2) Adoption of Agenda.

The agenda was not adopted.

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 25, 2017.

There was no action taken on this item.

4.2) Presentation, Consideration, and Possible Action on Receiving and Filing of 2016 Audit and Management Report. (The Pun Group/Financial Advisor Egan/Finance Manager Williams)

Mr. Paul Kaymark, of The Pun Group, provided a detailed overview of the District's Annual Financial Report for the Years Ended December 31, 2016 and 2015

including the District's net financial position, strong assets, non-cash pension liability, water sales, monthly meter charges, capital projects and depreciation, debt administration, profit and loss for the year, and participation in the Palmdale Recycled Water Authority and State Water Project and stated that the auditor's opinion is that financial information presented is materially correct followed by discussion of funding an irrevocable trust for pension liability.

Committee Member Alvarado then requested funding an irrevocable trust for OPEB be considered at the next Finance Committee meeting.

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

Financial Advisor Egan reviewed the investment funds report as of March, 2017 including the decrease in cash due to the bond principal and interest payments, transfers for operating expenses, and CDs and then provided an overview of the cash flow statement including the projected 2017 year-end cash and stressed the importance of keeping a close eye on the cash balance.

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

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 April, 2016 through March, 2017 is 1.48 and meets the required Debt Service Coverage.

Committee Member Alvarado then stated that Agenda Item No. 4.4 will now be reviewed.

4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for March, 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 March, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 25%.

He then provided a detailed overview of customer care statistics including collection activities, the continued increase in electronic payments and decrease in front counter and mail payments, customer calls and front counter activity by quarter, and customer activity between 5 p.m. and 6 p.m.

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

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 and an update on the Water Revenue Bond Series 2013A Bond funds and payments to date.

4.6) Discussion of Summary of Expenditures for Emergency Repairs for 2016 and 2017 to Date. (Committee Member Alvarado/Facilities Manager Moore/Project Manager Thompson)

There was no update on this item, and it was requested that this item remain on the agenda for discussion at the next meeting.

5) Information Items.

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

General Manager LaMoreaux stated that additional confirmation on the $75,000.00 grant has been received, and customers continue to receive payment for Cash for Grass Program participation.

It was requested that this item remain on the agenda for discussion at the next meeting.

5.3) Status on Funding Options for Construction of Littlerock Dam Sediment Removal Project Grade Control Structure. (Engineering/Grant Manager Riley/Finance Manager Williams)

Engineering/Grant Manager Riley stated that the design for the grade control structure will be considered by the Board at the next Regular Board Meeting; that the Record of Decision will be signed in the next few months; that construction is anticipated in 2018; and that staff recommends this item remain on the agenda to consider funding options.

Ensuring the District and future Boards are committed to the continued removal of sediment from Littlerock Dam on annual basis along with these costs was then discussed, and it was determined that this Project be presented to the full Board after Forest Service approval of the Record of Decision.

5.4) Other.

Finance Manager Williams stated that the new kiosk is in place and has the ability for customers to look up their account through address and last name; that the IVR project has been delayed due to sound quality issues; that problems with Starnik have created an overage in hours for the transition to the TruePoint billing software; that TruePoint has agreed to only bill for half these hours; that an amendment to the TruePoint agreement for $25,000.00 for these hours will be presented at the June 14, 2017 Regular Board Meeting for consideration; and that the go-live date for TruePoint is scheduled for August 1, 2017.

Committee Member Alvarado requested the issue with Starnik be discussed at a future Committee meeting.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

It was determined that "Discussion of summary of expenditures for emergency repairs for 2016 and 2017 to Date (Committee Member Alvarado/Facilities Manager Moore/Project Manager Thompson)" and "Status on grant applications for Cash for Grass Program (Chair Henriquez)" and "Status on funding options for construction of Littlerock Dam Sediment Removal Project grade control structure (Engineering/Grant

Manager Riley/Finance Manager Williams)" will remain on the agenda for the next meeting.

Committee Member Alvarado then requested "Discussion of funding an irrevocable trust for OPEB" and "Discussion of Starnik issues" be placed on the next agenda.

There were no further requests for future agenda items.

7) Adjournment.

There being no further business to come before the Informational Finance Committee meeting, the meeting was adjourned at 4:30 p.m.

Chair