

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 21, 2021:

A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, April 21, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 3:00 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Mike Williams, Finance Manager

Judy Shay, Public Affairs Director

Dennis Hoffmeyer, Accounting Spvsr.

Bob Egan, Financial Advisor

Dawn Deans, Executive Assistant

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held March 17, 2021.

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held March 17, 2021.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of March 2021. (Financial Advisor Egan)

Finance Manager Williams and Financial Advisor Egan provided an overview of the 2021 1st Quarter and February to March 2021 Major Account Activity Reports including assessments received, interest, transfers, capital improvement fees received, and bond interest payments; the March 2021 Investment Funds Report; and the March 2021 Cash Flow Statement, including water purchases, sediment removal from Littlerock Reservoir, additional payrolls, Department of Water Resources' refunds, reduced costs to the Palmdale Recycled Water Authority, and the projected year-end balance followed by discussion of bond principal and interest payments and potential grant funds.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for March 2021. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement and trends, quarter to quarter comparisons, and revenue and expense analysis reports for the period ending March 2021 and stated that most departments are operating at or below the targeted expenditure percentage of 25%.

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

Finance Manager Williams provided an overview of the Contractual Commitments and Needs 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 the payout summary for the Water Revenue Bond Series 2018A through March 2021.

4.5) Consideration and Possible Action on a Recommendation on Resolution No. 21-9 Being a Resolution of the Board of Directors of the Palmdale Water District Regarding its Intention to Seek Reimbursement in Connection With the Issuance of Tax-Exempt Water Revenue Bonds by the Palmdale Water District Public Financing Authority. (Potential Revenue Through Reimbursement of Loans – Finance Manager Williams)

Finance Manager Williams provided an overview of Resolution No. 21-9, and after a brief discussion, it was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the

meeting that the Committee concurs with staff's recommendation to approve Resolution No. 21-9 being a Resolution of the Board of Directors of the Palmdale Water District Regarding its Intention to Seek Reimbursement in Connection With the Issuance of Tax-Exempt Water Revenue Bonds by the Palmdale Water District Public Financing Authority and that Resolution No. 21-9 be presented to the full Board for consideration at the April 26, 2021 Regular Board Meeting.

5) Reports.

5.1) Finance Manager Williams:

a) The Effect of COVID-19 Event.

Finance Manager Williams stated that due to COVID-19 events, as of March 31, 2021, there were 1,619 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$846,200 compared to 1,534 accounts at December 31, 2020 with an outstanding balance of \$764,226 and 513 accounts at March 31, 2020 with an outstanding balance of \$119,478 and that cash received for March 2021 was \$141,901 more than February 2021, \$108,327 higher than January 2021, and \$365,920 higher than March 2020 followed by discussion of selling more water, when the District may be able to turn water off for non-payment, and the effect on the reserve fund.

b) Revenue Projections.

He then stated that 2021 revenue is ahead of projections by approximately \$290,000 as of March 31, 2021.

c) Payment Transactions by Type.

He then stated that there is a reduction in total payments of 2,500 for the first quarter of 2021 compared to 2020 but an increase in electronic payments of 7,500 followed by discussion of fees for electronic payments.

d) Accounts Receivable Aging Report.

He then stated that receivables at March 31, 2021 are approximately \$731,000 higher than March 31, 2020, but there is an increase in 120-day delinquencies of approximately \$283,000 compared to 2020.

e) Financing Schedule for New 2021 Bond Issue.

He then stated that the new 2021 Bond Issue will be presented to the Finance Committee in May.

e) Rate Assistance Program.

He then stated that as of March 31, 2021, there were 599 participants in the Rate Assistance Program with 302 seniors, 13 veterans, and 284 low income.

f) Status on 2020 Audit.

He then stated that the 2020 Audit has begun; that documents are being uploaded to the Auditor's portal as requested; and that a draft audit is anticipated by May.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for April 2020 to March 2021 is 1.80 and remains strong followed by discussion of the District's bond rating for the 2021 Bond Issue.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held May 19, 2021 at 1:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 4:00 p.m.


Chair