

## **MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 19, 2021:**

*A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, May 19, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 1:30 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

1 member 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 April 21, 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 April 21, 2021.

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

Financial Advisor Egan provided an overview of the Investment Funds Report through April 2021; the detailed March to April 2021 Major Account Activity Report, including assessments received, interest, capital improvement fees received, and transfers; and the April 2021 Cash Flow Statement, including the deletion of the Palmdale Recycled Water Authority payment and the projected year-end balance followed by discussion of additional capital improvement fees received and Department of Water Resources' refunds.

**4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 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 April 2021 and stated that most departments are operating at or below the targeted expenditure percentage of 33%.

**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 April 2021.

**4.5) Presentation on 2021 Bond Issue. (Finance Manager Williams/Financial Advisor Egan/Mark Northcross, NHA Advisors)**

Mr. Mark Northcross, NHA Advisors, provided an overview of the proposed 2021 bond issue, including capital projects proposed through 2024 and potential completion dates for these projects, issuing a \$10 million bond in 2021 and a \$10 million bond in 2023 based on the timeline for these projects, structuring the new debt to minimize ratepayer impact, the payback timeline, projected Debt Service Coverage through 2025, the District's credit rating, delinquency rates of other agencies compared to the District's due to COVID-19, and the proposed bond schedule.

**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 April 30, 2021, there were 1,546 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$852,624 compared to 1,619 accounts at March 31, 2021 with an outstanding balance of \$846,200 indicating the number of delinquent accounts may be stabilizing and 806 accounts at April 30, 2021 with an outstanding balance of \$194,890 and that cash received for April 2021 was \$115,303 less than March 2021, \$26,597 higher than February 2021, and \$291,781 higher than April 2020.

**b) Revenue Projections.**

He then stated that 2021 revenue is ahead of projections by approximately \$541,000 as of April 30, 2021.

**f) Status on 2020 Audit.**

He then stated that staff continues to upload the requested documents for the 2020 Audit and that the estimated completion date for the Audit is June 15, 2021.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan stated that the Debt Service Coverage for May 2020 to April 2021 is 2.12.

**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 June 17, 2021 at 4:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:16 p.m.

  
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Chair