

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE
WATER DISTRICT, JUNE 18, 2020:**

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, June 18, 2020, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order at 1:09 p.m.

1) Roll Call.

Attendance:

Committee:

Gloria Dizmang, Chair (via teleconference)

Don Wilson,

Committee Member (via teleconference)

Others Present:

Dennis LaMoreaux, General Manager (via teleconference)

Adam Ly, Assistant General Manager (via teleconference)

Mike Williams, Finance Manager (via teleconference)

Judy Shay, Public Affairs Director (via teleconference)

Bob Egan, Financial Advisor (via teleconference)

Dawn Deans, Executive Assistant

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Wilson, seconded by Chair Dizmang, 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 May 21, 2020.

It was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held May 21, 2020.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of May 2020. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the Investment Funds Report through May 2020, including the reduction in cash due to the anticipated payment for the Amargosa Creek Recharge Project and lower than anticipated assessments received followed by discussion of a 4% reduction in water sales due to delayed payments as a result of COVID-19.

He then reviewed the cash flow statement, including receipts for water sales and RDA pass-through funds, and recommended the delay of capital projects to ensure year-end reserves remain at \$10 million after which Finance Manager Williams informed the Committee that the anticipated Butte County payment is higher than anticipated due to additional water purchases.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 2020. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement and trends, and revenue and expense analysis reports for the period ending May 2020 and stated that most departments are operating at or below the targeted expenditure percentage of 42% after which Financial Advisor Egan stated that the District's ratio of current assets versus current liabilities is 2:1 and is a very healthy position for the District.

Committee Member Wilson then requested a list of consultants paid to date and requested a meeting with Finance Manager Williams to gain a better understanding of the financial reports presented.

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 May 2020.

5) Reports.

5.1) Finance Manager Williams:

a) Effect of COVID-19 Event.

Finance Manager Williams stated that due to COVID-19 events, collection efforts were stopped March 17, 2020; that as of June 9, 2020, staff resumed sending late notice reminder bills with no shut-off dates; that there will be no disconnections for non-payment of bills; that there is no end date to the moratorium on shut-offs, but it will be required to be lifted when the state of emergency is lifted; that as of May 31, approximately \$95,805 in penalties have been deferred, and there are 823 accounts with a balance of \$50 or more and over sixty days past due; and that cash is coming in but at a 4% to 6% slower pace.

b) Revenue Projections.

He then stated that revenue through May is ahead of projections by approximately \$230,000.00.

General Manager LaMoreaux then provided an overview of the District's Reserve Policy relative to concerns expressed regarding cash flow, a potential new policy regarding the effects of COVID-19, and the effect of sending late notices.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for the period of June 2019 through May 2020 is 1.63.

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 July 23, 2020 at 1:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 1:55 p.m.



Chair