

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 29, 2021:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, July 29, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 1:00 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Mike Williams, Finance Manager

Dennis Hoffmeyer, Accounting Spvrs.

Bob Egan, Financial Advisor

Danielle Henry, Management Analyst

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 June 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 June 17, 2021.

4.2) Consideration and Possible Action on Approval of Minutes of Meeting Held June 29, 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 June 29, 2021.

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

Financial Advisor Egan provided an overview of the monthly and quarterly Major Account Activity Reports, Investment Funds Report, and the Cash Flow Statement through June 2021, including assessments received, capital improvement fees, transfers, DWR refunds, water receipts, and the projected year-end balance.

4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for June 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 June 2021 and stated that departments are operating at or below the targeted expenditure percentage of 50%.

4.5) 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 June 2021.

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 June 30, 2021, there were 1,575 single family accounts with a balance of \$50 or more and over sixty days

past due with a total past due amount of \$919,061 compared to 1,619 accounts at March 31, 2021 with an outstanding balance of \$846,200 and 653 accounts at June 30, 2020 with an outstanding balance of \$220,780 and that cash received for June 2021 was 22% higher than May 2021, 24% higher than April 2021, and 17.8% higher than June 2020.

b) Revenue Projections.

He then stated that 2021 revenue is ahead of projections by approximately \$711,000 as of June 30, 2021.

c) Payment Transactions by Type (Attachment).

He then stated that there is a slight reduction in total payments from 2020 as of the second quarter but a large increase in electronic payments.

d) Accounts Receivable Aging Report.

He then stated that the aging report shows receivables as of June 30, 2021 are approximately \$789,000 higher than June 30, 2020 with an increase of 120+ day delinquencies of approximately \$339,000 compared to June 30, 2020.

e) Rate Assistance Program Status.

He then stated that as of June 30, there were 702 participants in the Rate Assistance Program with 350 seniors, 14 veterans, and 338 low income.

f) Billing and Collection Statistics.

He then stated that as of May 2021, there was a slight increase in the number bills issued due to an increase in the number of accounts but a slight decrease in notices mailed compared to May 2019 and 2020.

g) Status on 2021 Bond Issue.

He then stated that the District's 2021 Bond Issue closed on July 20, 2021 with \$10 million in proceeds at a net interest cost of 2.732% followed by discussion of increasing funding for the Rate Assistance Program.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for July 2020 to June 2021 is 2.65.

Accounting Supervisor Hoffmeyer and Mr. Mark Northcross, of NHA Advisors, then informed the Committee of a bond refunding opportunity for the District's 2013 Bonds through private placement at a savings of approximately \$100,000 per year, and after a brief discussion of this opportunity, it was determined that this item be placed on the next Finance Committee agenda for a recommendation.

6) Board Members' Requests for Future Agenda Items.

It was determined that an item will be placed on the next agenda for "Consideration and possible action on a recommendation regarding refunding 2013 bonds."

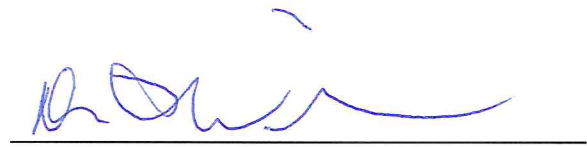
There were no further requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held August 17, 2021 at 1:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:00 p.m.


Chair