

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MARCH 27, 2025:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, March 27, 2025, at 2029 East Avenue Q, Palmdale, CA 93550. Committee Member Kellerman called the meeting to order at 1:00 p.m.

1) Roll Call.

Attendance:

Committee:
Scott Kellerman,
Committee Member
Cynthia Sanchez,
Committee Member Alternate

Don Wilson, Chair
--Absent

Others Present:

Dennis LaMoreaux, General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Danielle Henry, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Sanchez, seconded by Committee Member Kellerman, 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 February 18, 2025.

It was moved by Committee Member Sanchez, seconded by Committee Member Kellerman, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held January 21, 2025, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 2025. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through February 2025, including account transfers, assessments received, capital improvement funds, interest and market values, investments, and scheduled payments, and stated that the year-end balance is very healthy followed by a brief discussion of received and anticipated capital improvement funds and the increase effective April 1, 2025.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February 2025. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Profit and Loss Statement, the departmental budgets versus actual, the projected year-end interest earnings, and the individual departmental reports for the period ending February 2025, including capital improvement funds received, water transfer and solar payments received, scheduled payments, and the continued increase in water sales and stated that operating revenues are above the historical trend average at 16.8%; that expenses are below the historical trend average at 13.7%; and that most departments are above the traditional budgetary percentage of 16.7% due to the front-loading of employee Health Savings Accounts (HSA) followed by a brief discussion of the improved water-use accuracy as a result of the Meter Exchange Project and the longevity of the new meters.

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

Finance Manager Hoffmeyer 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 projects paid out through the 2023A and 2024A Series Water Revenue Bonds in February 2025, and after discussion of pending projects and future reporting, it was determined that staff will prepare and present an alternative report for consideration at the next Finance Committee Meeting.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

He then provided a brief update on outstanding balances for accounts 60 days delinquent and stated that as of February 28, there are twenty-four payment arrangements totaling \$10,834.80 with \$5,216.26 collected to date and that the increase in outstanding balances for irrigation accounts is related to the timing of account payments, and after a brief discussion of the history of this reporting and the focus of future reporting, it was determined that staff will provide these reports quarterly.

Grant reimbursement reporting was then briefly discussed.

b) Revenue Projections.

He then stated that based on selling 15,000 AF of water, 2025 revenue is ahead of projections by approximately \$637,053.00 as of February 28 followed by a brief discussion of regulations related to Making Conservation a Way of Life.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for March 2024 to February 2025 is very healthy at 3.55 and that this coverage will continue to remain strong after accounting for the current transfer to the Rate Stabilization Fund.

5.3) Other.

Finance Manager Hoffmeyer provided an update on the 2024 audit reports for the District, the Antelope Valley State Water Contractors Association (AVSWCA), and the Palmdale Recycled Water Authority (PRWA).

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 April 22, 2025 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:21 p.m.

A handwritten signature in blue ink, appearing to be "R. O. W.", is written over a horizontal line.

Chair