

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 19, 2019:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, November 19, 2019, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:

Committee:

Gloria Dizmang, Chair

Don Wilson, 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 Supervisor

Bob Egan, Financial Advisor

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 on Non-Agenda Items.

There were no public comments on 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 October 22, 2019.

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 Financial Health and Stability Committee meeting held October 22, 2019.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of October 2019. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the Investment Funds Report through October 2019, including capital improvement fees received and interest income, and then reviewed the cash flow statement and decrease in cash, including scheduled significant disbursements, receipts, October water receipts, November assessments, capital improvement fees, a Department of Water Resources refund, and the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for October 2019. (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 October 2019 and stated that most departments are operating at or below the targeted expenditure percentage of 83%, with the exception of Engineering due to SCADA-Watch, Operations due to chemical costs, and Human Resources due to education reimbursements and training expenditures, followed by discussion of Directors' budgets and expenditures.

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 summary of Water Revenue Bond Series 2018A payouts through October 2019.

4.5) Consideration and Possible Action on a Recommendation Regarding the 2020 Budget. (Finance Manager Williams)

Finance Manager Williams and Financial Advisor Egan reviewed the 2020 Budget, which is based on the 2019 Water Rate Study and five-year Water Rate Plan approved by the Board of Directors, and after a brief discussion of the 2020 Budget and several line items, grant funding, and payouts on annual projects to maintain year-end

cash flow, the Committee concurred that the proposed 2020 Budget is consistent with the 2019 Water Rate Study and five-year Water Rate Plan; that the Committee has no recommendation on the 2020 Budget; and then requested that a Budget Workshop be scheduled at the December 16, 2019 Regular Board Meeting to provide the Board with a detailed overview of how the 2020 Budget ties into the 2019 Water Rate Study and five-year Water Rate Plan.

4.6) Consideration and Possible Action on a Recommendation Regarding Resolution No. 19-17 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (Financial Advisor Egan/Finance Manager Williams)

Financial Advisor Egan provided an overview of Resolution No. 19-17, and after a brief discussion of the Investment Policy, it was moved by Director Wilson, seconded by Chair Dizmang, 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. 19-17 being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy and that this Resolution be presented to the full Board for approval at the November 25, 2019 Regular Board Meeting.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the Debt Service Coverage for the period of November 2018 through October 2019 is 1.58.

A transfer of \$250,000.00 to the Rate Stabilization Fund was then discussed.

5.2) Other.

There were no other information items.

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 in February 2020.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:52 p.m.


Chair