

## **MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, SEPTEMBER 24, 2020:**

*A meeting of the Finance Committee of the Palmdale Water District was held Thursday, September 24, 2020, via teleconference. Chair Dizmang called the meeting to order at 1:00 p.m.*

### **1) Roll Call.**

#### **Attendance:**

Committee:

Gloria Dizmang, Chair (via teleconf.)

Don Wilson, Committee

Member (via teleconf.)

#### **Others Present:**

Dennis LaMoreaux, General Manager (via teleconf.)

Adam Ly, Assistant General Manager (via teleconf.)

Mike Williams, Finance Manager (via teleconf.)

Judy Shay, Public Affairs Director (via teleconf.)

Tara Rosati, Customer Care Spvrs. (via teleconf.)

Bob Egan, Financial Advisor (via teleconf.)

Dawn Deans, Executive Assistant (via teleconf.)

0 members of the public (via teleconf.)

### **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 August 20, 2020 and of Special Meeting Held September 3, 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 August 20, 2020 and of the special meeting held September 3, 2020.

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

Financial Advisor Egan provided an overview of the Major Account Activity Report and Investment Funds Report through August 2020, including the increase in ending cash due to assessments received and interest; reviewed the Cash Flow Statement, including anticipated assessments, Capital Improvement Fees, and the projected year-end balance; and then emphasized the need for year-end cash to remain above \$10 million.

**4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for August 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 August 2020 and stated that all departments are operating at or below the targeted expenditure percentage of 67%.

**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 August 2020.

**4.5) Consideration and Possible Action on Approval of Resolution No. 20-14 Being a Resolution of the Board of Directors of the Palmdale Water District Adopting an Amendment to Appendix M, Bid Procurement and Change Order Policy, of the Palmdale Water District's Rules and Regulations. (No Budget Impact – Assistant General Manager Ly)**

Assistant General Manager Ly provided an overview of the proposed revisions to Appendix M, and after discussion of the revisions, the current policy, and of the District's Rules and Regulations and revisions over the years, it was moved by Chair Dizmang, seconded by Committee Member Wilson, 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. 20-14 being a Resolution of the Board of Directors of the Palmdale Water District Adopting an Amendment to Appendix M, Bid

Procurement and Change Order Policy, of the Palmdale Water District's Rules and Regulations and that this item be considered by the full Board at the October 12, 2020 Regular Board Meeting.

**5) Reports.**

**5.1) Finance Manager Williams:**

**a) Effect of COVID-19 Event.**

Finance Manager Williams stated that due to COVID-19 events, as of August 31, there were 971 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$383,388 compared to 870 accounts at July 31 with an outstanding balance of \$313,404; that there is an increase in 90+ day delinquencies; that cash received for August 2020 was \$172,537 higher than July 2020 consistent with increased water sales; and that cash received September 1 – 14, 2020 is \$116,043 higher than the same 14 day period in August 2020 followed by discussion of water sales, cash collections, revenues, and comparisons with 2019.

**b) Revenue Projections.**

He then stated that revenue is ahead of projections by approximately \$825,000.00.

**c) Status of Refunding 2020A Series Taxable Water Bonds.**

He then stated that \$17.4 million in 2013A outstanding bonds are proposed to be refunded as they can currently produce a present value savings of 5% or more; that legal documents for this refunding will be presented to the full Board for consideration at the October 12, 2020 Regular Board Meeting with a target sale date of October 20 contingent upon the market remaining under current conditions; and that a credit review call is scheduled for later today.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan stated that the Debt Service Coverage for the period of September 2019 through August 2020 is 1.83 and that the District's historic Debt Service

Coverage will be considered by the credit reviewing agency later today with an anticipated positive result.

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 October 22, 2020 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