

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, SEPTEMBER 17, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, September 17, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:03 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Scott Rogers, Acting Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Cynthia Sanchez, Committee Member Alternate
Danielle Henry, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Kellerman, 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 August 20, 2024.

It was moved by Committee Member Kellerman, 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 August 20, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of August 2024. (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 August 2024, including account transfers, assessments received, capital improvement funds, interest and market values, and scheduled payments and then stated that the projected year-end balance is very healthy.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for August 2024. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Profit and Loss Statement, the departmental budgets versus actual, and individual departmental reports for the period ending August 2024, including construction progress payments and anticipated grant funding, and stated that operating revenues are above the historical trend average at 67.2%, that expenses are below the historical trend average at 57.5%, and that most departments are at or below the traditional budgetary percentage of 66.7% followed by a brief discussion of continued water sale increases, of chemical and management expenses for Palmdale Lake, of increased staff expenses for Customer Care, of the status of 2023 and 2024 Meter Exchange Projects, and of water supply.

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

Finance Manager Hoffmeyer provided a brief 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 August 2024 and stated that grant funding is anticipated for the Avenue Q Recycled Water Pipeline project

4.5) Discussion and Possible Action to Create New Bank Account for Cash Flow Payments Related to the Pure Water AV Demonstration Facility and Palmdale Ditch Enclosure Federal and State Grant Programs. (Finance Manager Hoffmeyer/Financial Advisor Egan)

Finance Manager Hoffmeyer provided an overview of the invoicing received for these projects, the grant funding reimbursement process, and staff's recommendation to establish a new bank account in anticipation of future invoicing, and after a brief discussion of financial institution options and project payout amounts, it was moved by Committee Member Kellerman, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to authorize staff to create a new bank account for cash flow payments related to the Pure Water AV Demonstration Facility and Palmdale Ditch Enclosure Federal and State Grant Programs.

4.6) Discussion and Possible Action on a Recommendation for Performing a WIFIA Loan Interest Rate Reset through Re-Execution of the Loan Agreement. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided a brief overview of the District's current WIFIA Loan rate and the opportunity to take advantage of declining loan rates through a rate reset, and after a brief discussion of potential interest savings and the contributing factors of decreasing rates, it was moved by Committee Member Kellerman, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the recommendation for performing a WIFIA Loan Interest Rate Reset through re-execution of the Loan Agreement and that this item be presented to the full Board for consideration at a future Board Meeting.

4.7) Consideration and Possible Action on a Recommendation to Approve Computer Equipment Leasing Program. (Up to \$250,000.00 – Budgeted – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the proposed Computer Leasing Program with First American, including the lease period options, the equipment covered, and the disposal of old equipment, and after a brief discussion of District equipment and the process for requesting equipment purchases through the Program, it was determined to table this item to the next Finance Committee Meeting.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided a brief update on outstanding balances for accounts 60 days delinquent and stated that as of August 31, there are thirty-one payment arrangements totaling \$12,261.08 with \$3,464.19 collected to date and that arrangements related to leak applications continue to increase.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is ahead of projections by approximately \$126,593.00 as of August 31.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for September 2023 to August 2024 is 2.11 and remains very strong after which Finance Manager Hoffmeyer stated that a transfer can now be made to the District's Rate Stabilization Fund with very minimal impact.

5.3) Other.

Finance Manager Hoffmeyer stated that staff is preparing the 2025 Budget and that a draft may be presented at the next Committee Meeting.

6) Board Members' Requests for Future Agenda Items.

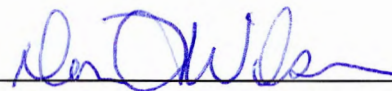
There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held October 22, 2024 at 2:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:25 p.m.



Chair