

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 19, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, November 19, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:00 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Maureen Sabino, Accounting Supervisor
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 October 22, 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 October 22, 2024, as written.

4.2) Consideration and Possible Action on Approval of Minutes of Special Meeting held November 6, 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 Special Finance Committee meeting held November 6, 2024, as written.

4.3) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of October 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 October 2024, including account transfers, assessments received, capital improvement funds, interest and market values, scheduled payments and the projected year-end balance followed by a brief discussion of District investments, interest earnings, water transfer sales, and anticipated Prop. 1A grant funding.

4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for October 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 October 2024, including scheduled payments, long-term liabilities, and continued water sale increases and stated that operating revenues are above the historical trend average at 87.7%, that expenses are below the historical trend average at 73.1%, and that most departments are at or below the traditional budgetary percentage of 84.4% followed by a brief discussion of below budgeted capital improvement fees, personnel costs, increased chemical and electrical expenses, Customer Care staff-related expenses, and consultant costs.

4.5) 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 October 2024, and stated that the final payment was made for the Advanced Metering Infrastructure (AMI) system equipment; that the first construction invoice was received for the Pure Water AV Demonstration Facility; that the final payment was made for the DUO Multi-Factor Authentication; that grant funding and Palmdale Recycled Water Authority (PRWA) cost-sharing funds are anticipated for the Avenue Q Recycled Water Pipeline project; and that staff consulted with UBS Financial regarding 2024 Water Revenue Bond interest earnings.

4.6) Discussion and Possible Recommendation on Purchase of FP&A Reporting Software. (\$52,000.00 – Non-Budgeted – Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the benefits and features of FP&A reporting software, and after a brief discussion of the lack of support for the outdated software currently used by staff, of the vendor proposals received, of the associated costs, and of the compatibility and reporting features offered through the recommended Vena Professional platform, 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 recommend the purchase of FP&A reporting software in the amount of \$52,000.00 and that this item be presented to the full Board for consideration at the November 25, 2024 Regular Board 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 October 31, there are twenty-two payment arrangements totaling \$25,636.09 with \$6,285.51 collected to date and that arrangements related to high water use from leaks 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 \$432,406.88 as of October 31.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for November 2023 to October 2024 is 2.48 and remains healthy and then highlighted the positive increases to the District's Rate Stabilization Fund after which Finance Manager Hoffmeyer stated that the District is in a positive position to make an additional transfer before the end of 2024.

5.3) Other.

There were no further reports.

6) Board Members' Requests for Future Agenda Items.

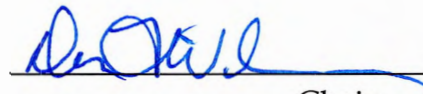
There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Finance Committee meeting will be held December 17, 2024 at 2:00 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:20 p.m.


Chair