

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JANUARY 16, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, January 16, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:33 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Kathy Mac Laren-Gomez,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Judy Shay, Public Affairs Director
Diana Gunn, Accounting Supervisor
Danielle Henry, Executive Assistant
Patricia Guerrero, Management Analyst
2 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Mac Laren-Gomez, 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 December 19, 2023.

It was moved by Committee Member Mac Laren-Gomez, 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 December 19, 2023, as written.

4.2) Presentation on 2024 Subordinate Bonds and the Funding Strategy for Pure Water AV. (Mr. Mark Northcross, NHA Advisors)

Mr. Mark Northcross, of NHA Advisors, provided a detailed presentation on the Financing Plan for 2024 Subordinate Water Bonds and Funding Strategy for Pure Water Antelope Valley (AV), including the participants, the identified projects and costs, the sources and uses of funds, the debt structure, the covenants to bond owners, the minimized impact on rate payers, and the projected timeline.

General Manager LaMoreaux then stated that the Programmatic Environmental Impact Report (EIR) for the 2023 Strategic Water Resources Plan is currently in process and will establish the basis for future development fees which will be an additional funding source for bond payments followed by discussion of water rate increases, of the 2024 Water Rate Study, and of grant funding opportunities.

The Committee Members then thanked Mr. Northcross for the presentation.

4.3) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of December 2023. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the Quarterly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through December 2023, including account transfers, assessments received, interest and market values, scheduled payments, capital improvement funds, water transfer revenues, and the year-end balance and then commended Finance Manager Hoffmeyer on the profitable investments made on behalf of the District.

4.4) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for December 2023. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Balance Sheet Annual Quarterly Comparison Report, the Profit and Loss Statement, the Profit and Loss Quarterly Comparisons, the departmental budgets versus actual, and individual departmental reports for the period ending December 2023 and stated that operating revenues are below the historical trend average at 97.5%, that expenses are below the historical trend average at 97.7%, and that most departments operated at or

near the traditional budgetary percentage of 100% followed by a brief discussion of accounts over this percentage.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that he must excuse himself from this meeting for another appointment and reported that the Debt Service Coverage for January 2023 to December 2023 is 1.60 and remains healthy.

4.5) 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 2021A and 2023A Series Water Revenue Bonds through December 2023.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided a detailed overview of outstanding balances of amounts greater than \$50.00 for each account type at sixty and ninety days past due and stated that the increase in single family residential accounts is due to the delay of disconnections during the District's holiday closure.

He then stated that as of December 31, there are ten payment arrangements totaling \$11,841.62 with \$7,711.92 collected to date.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2023 revenue is behind projections by approximately \$1,731,525 as of December 2023 followed by a brief discussion of customers' water usage.

c) Payment Transactions by Type.

He then stated that electronic payments continue to be the leading payment type with 220,917 of 296,257 payments being electronic in 2023.

d) Billing and Collection Statistics.

He then reviewed the Billing and Collections Statistics through December 2023.

5.3) Other.

The District's Debt Service Coverage was briefly discussed.

There were no other items to report.

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 February 20, 2024 at 1:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:56 p.m.



Chair