

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

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, March 19, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:37 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Diana Gunn, Accounting Supervisor
Judy Shay, Public Affairs Director
Cynthia Sanchez, Committee Member Alternate
Danielle Henry, Executive Assistant
1 member 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 February 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 February 20, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of February 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 February 2024, including account transfers, assessments received, interest and market values, scheduled payments, capital improvement funds, water transfer revenue, and the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for February 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 February 2024 and stated that operating revenues are above the historical trend average at 14.5%, that expenses are below the historical trend average at 12.7%, and that four departments are above the traditional budgetary percentage of 16.7% primarily due to the annual front loading of employer contributions for Health Spending Accounts and telecommunication, equipment and supply costs followed by a brief discussion of the meter exchange project and the 2024 Budget.

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

Finance Manager Hoffmeyer provided a detailed 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 February 2024.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer provided an overview of outstanding balances of amounts greater than \$50.00 for each account type at sixty and ninety days past due and stated that as of February 29, there are thirteen payment arrangements totaling \$15,942.15 with \$8,833.59 collected to date.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is behind projections by approximately \$96,331 as of February 29 and that rainy weather conditions in February contributed to the decrease in customer usage.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for March 2023 to February 2024 is 1.40 and remains strong.

5.3) Other.

Finance Manager Hoffmeyer reported that staff attended a meeting with Standard & Poor regarding the District's credit ratings in anticipation of the 2024 Subordinate Bonds and WIFIA Loan; that a printed presentation on the 2024 Subordinate Bonds was distributed for review and will be presented at the March 25 Regular Board Meeting; and that the 2024 Rate Study is out for bid and a recommendation will be presented to the full Board for consideration at the April 22 Regular Board Meeting.

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 April 16, 2024 at 10:00 a.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:23 p.m.



Chair