

## **MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, OCTOBER 12, 2020:**

*A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, October 12, 2020, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office and via teleconference. President, Vincent Dino, called the meeting to order at 6:00 p.m.*

### **1) Pledge of Allegiance/Moment of Silence.**

At the request of President Dino, Director Alvarado led the pledge of allegiance followed by a moment of silence.

### **2) Roll Call.**

#### **Attendance:**

Vincent Dino, President  
Kathy Mac Laren, Vice President (via teleconf.)  
Gloria Dizmang, Treasurer  
Don Wilson, Secretary  
Robert Alvarado, Assistant Secretary

#### **Others Present:**

Dennis LaMoreaux, General Manager  
Eric Dunn, General Counsel (via teleconf.)  
Adam Ly, Assistant General Manager  
Mike Williams, Finance Manager (via teleconf.)  
Judy Shay, Public Affairs Director  
Jennifer Emery, Human Res. Dir. (via teleconf.)  
Chris Bligh, Facilities Manager  
Scott Rogers, Eng./Grant Mngr. (via teleconf.)  
Dawn Deans, Executive Assistant (via teleconf.)  
1 member of the public

### **3) Adoption of Agenda.**

It was moved by Director Alvarado, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to adopt the agenda, as written:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

### **4) Public Comments for Non-Agenda Items.**

There were no public comments for non-agenda items.

**5) Presentations:**

**5.1) None at This Time.**

There were no presentations.

**6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item on the Consent Calendar as the Consent Calendar is Considered Collectively by the Board of Directors Prior to Action Being Taken.)**

**6.1) Approval of Minutes of Regular Board Meeting Held September 28, 2020.**

**6.2) Payment of Bills for October 12, 2020.**

**6.3) Approval of Resolution No. 20-14 Being a Resolution of the Board of Directors of the Palmdale Water District Amending the Conflict of Interest and Disclosure Code for the Palmdale Water District. (No Budget Impact – General Manager LaMoreaux)**

**6.4) Approval of Updated Job Descriptions for Construction Inspectors. (No Budget Impact – Human Resources Director Emery/Personnel Committee)**

**6.5) Approval of Absence of Director Wilson From September 28, 2020 Meeting Due to Illness. (General Counsel Dunn)**

President Dino announced the items included in the Consent Calendar after which it was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve those items included in the Consent Calendar:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

Resolution No. 20-14 is hereby made a portion of the minutes of this meeting.

**7) Action Items - Action Calendar (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)**

**7.1) Consideration and Possible Action on Approval of Resolution No. 20-15 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/Finance Committee)**

Assistant General Manager Ly provided an overview of Resolution No. 20-15 and proposed revisions to Appendix M, and after a brief discussion of these revisions, it was moved by Director Dizmang, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve Resolution No. 20-15 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:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

Resolution No. 20-15 is hereby made a portion of the minutes of this meeting.

**7.2) Consideration and Possible Action on Resolution No. 20-16 Being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance of Not to Exceed \$21 Million in 2020 Water Revenue Refunding Bonds (Federally Taxable) and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters. (Non-Budgeted – Finance Manager Williams/Mark Northcross of NHA Advisors/Finance Committee)**

Finance Manager Williams provided an overview of Resolution No. 20-15, Mr. Mark Northcross, NHA Advisors, provided an overview of the District's recent S&P bond rating, and after a brief discussion of this rating and of the savings to the District from refunding bonds, it was moved by Director Dizmang, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the

meeting on the following roll call vote to approve Resolution No. 20-16 Being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance of Not to Exceed \$21 Million in 2020 Water Revenue Refunding Bonds (Federally Taxable) and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

Resolution No. 20-16 is hereby made a portion of the minutes of this meeting.

**7.3) Adjourn to Public Financing Authority Board Meeting. (President Dino)**

At 6:19 p.m., President Dino adjourned the Regular Board Meeting to the Public Financing Authority Board Meeting. He reconvened the Regular Board Meeting at 6:26 p.m.

**7.4) Consideration and Possible Action on Authorizing Staff to Enter Into a Contract for the 3M Booster Pump Station Upgrade With P2S Engineering, Inc. (\$62,815.00 – Budgeted – Work Order No. 20-610 – Engineering/Grant Manager Rogers)**

Engineering/Grant Manager Rogers provided an overview of the work proposed under this contract, and after a brief discussion of the work, it was moved by Director Wilson, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to authorize staff to enter into a contract for the 3M Booster Pump Station Upgrade with P2S Engineering, Inc. in the not-to-exceed amount of \$62,815.00:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

**7.5) Consideration and Possible Action on Authorizing Staff to Enter Into a Contract for Well No. 7A Rehabilitation for Construction Inspection and Oversight**



**Services With Kyle Groundwater, Inc. (\$37,973.50 – Budgeted – Work Order No. 20-601 – Engineering/Grant Manager Rogers)**

Engineering/Grant Manager Rogers provided an overview of the work proposed under this contract, and after a brief discussion of the inability to perform this work in-house, it was moved by Director Alvarado, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to authorize staff to enter into a contract for Well No. 7A Rehabilitation for Construction Inspection and Oversight Services with Kyle Groundwater, Inc. in the not-to-exceed amount of \$37,973.50:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

**7.6) Consideration and Possible Action on District Membership in the California Foundation on the Environment and the Economy (CFEE) Tabled From September 28, 2020 Regular Board Meeting. (\$21,000 or \$38,000 – Non-Budgeted – General Manager LaMoreaux/Outreach Committee)**

General Manager LaMoreaux provided an overview of District membership in CFEE, the cost, and the term of membership, and after a brief discussion of this item not being budgeted, of the COVID-19 pandemic, of building reserves, and of the benefits of membership and access to area legislators, it was moved by Director Alvarado, seconded by Director Mac Laren, and carried by the Board of Directors present at the meeting on the following roll call vote to approve District membership in the California Foundation on the Environment and the Economy (CFEE) in the not-to-exceed amount of \$21,000.00:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – no  
Director Wilson – no  
Director Alvarado – aye

**Services With Kyle Groundwater, Inc. (\$37,973.50 – Budgeted – Work Order No. 20-601 – Engineering/Grant Manager Rogers)**

Engineering/Grant Manager Rogers provided an overview of the work proposed under this contract, and after a brief discussion of the inability to perform this work in-house, it was moved by Director Alvarado, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to authorize staff to enter into a contract for Well No. 7A Rehabilitation for Construction Inspection and Oversight Services with Kyle Groundwater, Inc. in the not-to-exceed amount of \$37,973.50:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

**7.6) Consideration and Possible Action on District Membership in the California Foundation on the Environment and the Economy (CFEE) Tabled From September 28, 2020 Regular Board Meeting. (\$21,000 or \$38,000 – Non-Budgeted – General Manager LaMoreaux/Outreach Committee)**

General Manager LaMoreaux provided an overview of District membership in CFEE, the cost, and the term of membership, and after a brief discussion of this item not being budgeted, of the COVID-19 pandemic, of building reserves, and of the benefits of membership and access to area legislators, it was moved by Director Alvarado, seconded by Director Mac Laren, and carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve District membership in the California Foundation on the Environment and the Economy (CFEE) in the not-to-exceed amount of \$21,000.00:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – no  
Director Wilson – no  
Director Alvarado – aye

**7.7) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2020 Budget:**

**a) None at This Time.**

There were no conferences, seminars, or training sessions to consider.

**8) Information Items:**

**8.1) Reports of Directors:**

**a) Meetings; Standing Committee/Assignment Reports; General Report.**

Director Alvarado reported that on September 29, he attended the Resource and Facilities Committee meeting; that on October 6, he attended a Fin and Feather Club briefing; and that on October 8, he attended a Board briefing with Assistant General Manager Ly.

Director Mac Laren reported that on September 29, she attended the Resource and Facilities Committee meeting and that on October 8, she attended the Antelope Valley State Water Contractors Association meeting where there was a presentation from the Department of Water Resources.

Director Dizmang reported that on September 28, she attended the Palmdale Water District Regular Board Meeting; that on September 30, she attended an Ad Hoc Committee meeting regarding the Employee Handbook; that on October 8, she attended a briefing; that on October 12, she is attending the Palmdale Water District Regular Board Meeting; and that the Personnel Committee meeting scheduled for October 14 has been cancelled.

Director Wilson reported that on September 30, he attended an Ad Hoc Committee meeting regarding the Employee Handbook; that on October 8, he attended the Antelope Valley State Water Contractors Association meeting where Jennifer Pierre gave an eye-opening presentation regarding the State Water Project; that also on October 8, he attended a Board briefing; and that on October 12, he is attending the Palmdale Water District Regular Board Meeting.

President Dino reported that on October 1, he attended an Agenda Review and Approval meeting; that on October 8, he attended a Board briefing; that also on October 8, he attended the Antelope Valley State Water Contractors Association Meeting; and that on October 12, he is attending the Palmdale Water District Regular Board Meeting.

**8.2) Report of General Manager.**

General Manager LaMoreaux clarified that Jennifer Pierre is the General Manager for the State Water Contractors and then stated that the October 19 Palmdale Recycled Water Authority Meeting has been cancelled, but the Authority will meet in November; that Open Enrollment information will be shared via teleconference tomorrow morning at 8:00 a.m., and the Board can contact Human Resources Director Emery to participate; and that the District's 2020 Strategic Plan brochure has been distributed.

**a) 2" Water Line Replacement at Leslie O. Carter Water Treatment Plant.  
(Assistant General Manager Ly)**

Assistant General Manager Ly provided an overview of the 2" water line replacement at the Leslie O. Carter Water Treatment Plant, including the need to outsource this work due to the risk and complexity of the job, the various underground facilities encountered, and District staff was already committed to other projects.

**8.3) Report of General Counsel.**

General Counsel Dunn reported that the District joined the State Water Contractors vs. the Department of Fish and Wildlife and the Department of Water Resources case regarding a Take Permit; that seven other cases have been filed under this same action; that the Department of Water Resources has been granted a motion to coordinate discovery in these cases; and that these cases are now named the CDWR Water Operations Cases.

**9) Board Members' Requests for Future Agenda Items.**

Director Alvarado requested that staff research a grant opportunity for the Deenergization Preparedness Program.

There were no further requests for future agenda items.



10) **Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 7:07 p.m.

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Secretary

## **RESOLUTION NO. 20-14**

### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AMENDING THE CONFLICT OF INTEREST AND DISCLOSURE CODE FOR THE PALMDALE WATER DISTRICT**

WHEREAS, the Political Reform Act (“Act”), Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes; and

WHEREAS, under the Act, the District must periodically review its internal organization to determine: (i) whether any position that has been added to the District constitutes a designated position under the District’s Conflict of Interest and Disclosure Code (“Code”); or (2) whether the duties of any existing position that is currently not a designated position have changed such that the position now constitutes a designated position under the District’s Code; and

WHEREAS, the District’s Code was last approved by the County of Los Angeles Board of Supervisors effective December 13, 2017; and

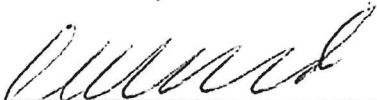
WHEREAS, Exhibit B of the District’s Code must be modified to revise the title of Water and Energy Resources Director to Resource and Analytics Director as reflected on the Palmdale Water District Organization Chart attached hereto as “Exhibit 1” and as shown on the revised Code attached hereto as “Exhibit 2” both incorporated herein by reference; and

WHEREAS, to meet the requirements of the Act, the District must amend its Conflict of Interest and Disclosure Code to reflect this change.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Palmdale Water District does hereby amend Exhibit B of its Conflict of Interest and Disclosure Code, setting forth the designated positions within the District and their disclosure obligations, as set forth on the attached “Exhibit 2.”

BE IT FURTHER RESOLVED, that individuals holding newly-designated positions shall file Statements of Economic – Assuming Office Statements with the District General Manager or his designee, as required under the District’s Code. All other individuals holding designated positions shall file Statements of Economic Interests as required by law and the District’s Code. Within five days of receipt of the Statements filed by the Directors and by the General Manager, the District shall make and retain copies and forward the originals of these statements to the Los Angeles County Board of Supervisors. Statements for all other designated individuals will be retained by the District.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the  
Palmdale Water District held on October 12, 2020.

  
\_\_\_\_\_  
Vincent Dino, President

ATTEST:

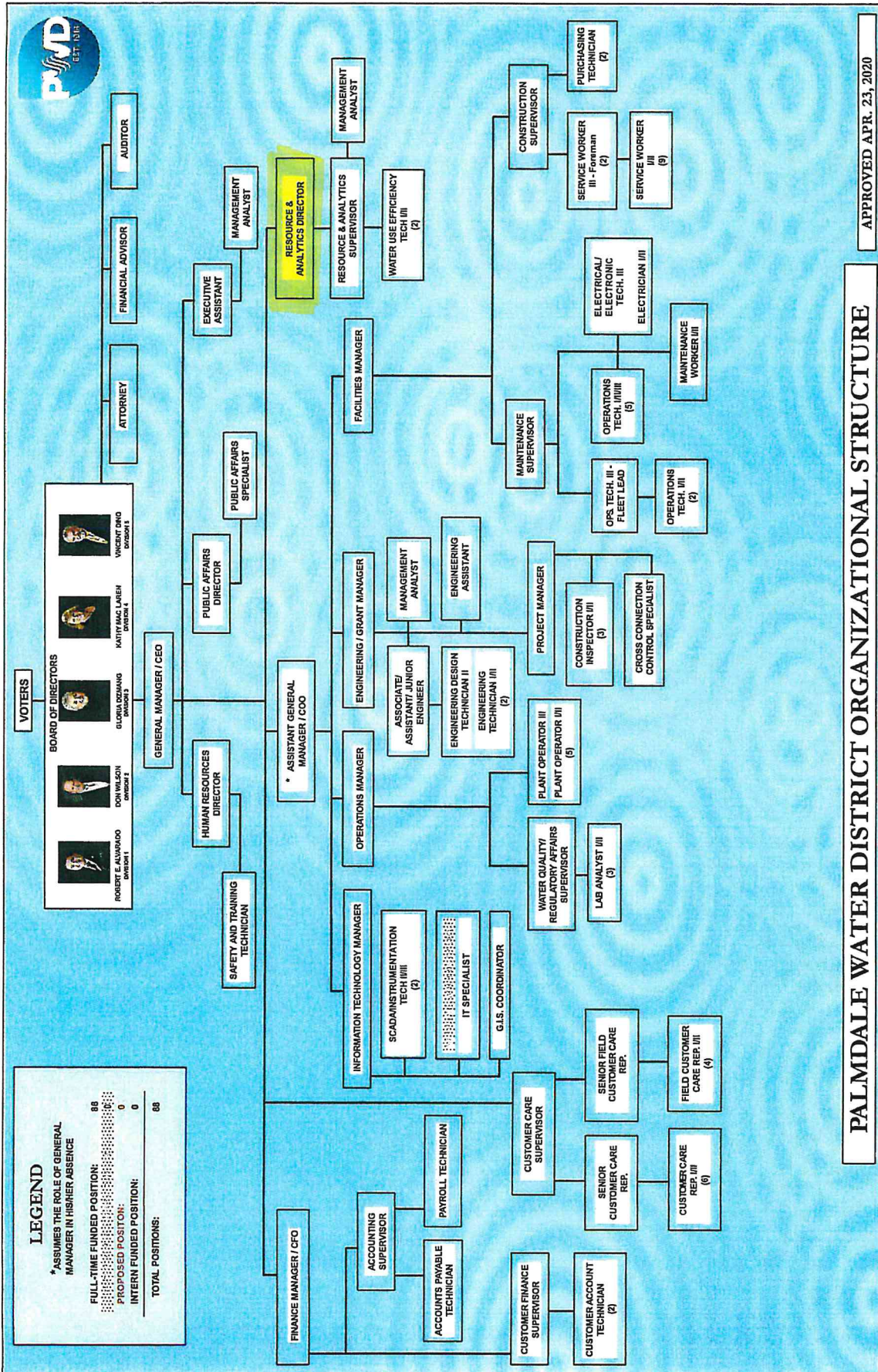
  
\_\_\_\_\_  
Don Wilson, Secretary

APPROVED AS TO FORM:

BY:   
\_\_\_\_\_  
Aleshire & Wynder, LLP, General Counsel



# EXHIBIT 1



PALMDALE WATER DISTRICT ORGANIZATIONAL STRUCTURE

APPROVED APR. 23, 2020



Conflict of Interest Code  
of the

**PALMDALE WATER DISTRICT**

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations, Section 18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

Place of Filing of Statements of Economic Interests

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head; or his or her designee. The agency shall make and retain a copy of all statements filed by its Board of Directors, General Manager/CEO, and forward the originals of such statements to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

## **PALMDALE WATER DISTRICT**

### **EXHIBIT "A"**

#### **CATEGORY 1**

Persons in this category shall disclose, in accordance with this Code, all interest in real property within the District, except personal residences or property used primarily for personal recreational purposes. Real property shall be deemed to be within the jurisdiction of the District if the property or any part of it is located within or not more than two miles outside the boundaries of the District or within two miles of any land owned or used by the District.

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

#### **CATEGORY 2**

Persons in this category shall disclose in accordance with this Code, all income (including receipt of gifts, loans and travel payments) from, investments in, and business positions with in businesses that produce products or provide services of a type utilized by the District, including the following areas:

- Office equipment and supplies
- Banks and savings and loans institutions
- Securities dealers and underwriters
- Real property
- Public utilities
- Financial audit services
- Insurance services
- Computer equipment, services, and supplies
- Printing, reproduction, or photographic equipment, services and supplies
- Periodicals, books, newspapers
- Chemicals
- Motor vehicles and specialty vehicles, parts and supplies
- Construction and maintenance equipment, services and supplies and building materials
- Petroleum products
- Transportation and lodging services
- Safety equipment and supplies
- Security services
- Food services and supplies
- Communication services

**PALMDALE WATER DISTRICT**

**EXHIBIT "A" (Cont'd)**

**CATEGORY 2 (Cont'd)**

Water quality testing equipment, supplies and services

Cathodic protection equipment, services and supplies

Engineering services

Employment / temporary help agencies

Educational equipment, services and supplies

Medical supplies, services and informational materials

Landscape services and supplies

Typographical services

4-color separations

General and specialty equipment rentals

Consulting Services: legal, energy and power, engineering, soils testing, water treatment, advertising, communications, design, art work, audio/visual, movie productions, planning, water pricing and demand, economists, desalting, environmental, appraisers, real estate sales, and investment services.

## PALMDALE WATER DISTRICT

### EXHIBIT "B"

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Members of Board of Directors	1, 2
General Manager/CEO	2
Assistant General Manager/COO	2
<del>Water and Energy Resources Director</del> Resource and Analytics Director	2 TITLE CHANGE
Operations Manager	2
Facilities Manager	2
Finance Manager/CFO	2
Engineering/Grant Manager	2
Human Resources Director	2
Information Technology Manager	2
Public Affairs Director	2
Consultants/New Positions*	

\*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations:

The General Manager/CEO or his or her designee may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager/CEO or his or her designee's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

Individuals who perform under contract the identical duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interests in the categories assigned to that designated position.

**EFFECTIVE DATE:**



**RESOLUTION NO. 20-15**  
**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**

**WHEREAS**, Appendix M, Bid Procurement and Change Order Policy, of the Palmdale Water District's Rules and Regulations establishes the manner of calling for bids and letting contracts for the performance of work for the District or the acquisition of materials or equipment; and

**WHEREAS**, pursuant to Appendix M, the General Manager shall have the authority to authorize all contracts for any work or unit of work and all acquisitions of materials or equipment estimated to cost or to have a value when completed of less than \$10,000.00; and

**WHEREAS**, in accordance with said December 2019 CCI as reported by the ENR and as stated in said Appendix M, the appropriate Board Committee shall have the authority to authorize all contracts for any work or unit of work and all acquisitions of materials or equipment having been submitted by either informal or formal bids estimated to cost or to have a value when completed of more than \$10,000.00, but no more than \$50,000.00; and

**WHEREAS**, the Palmdale Water District ("District") desires to update Appendix M, the Bid Procurement and Change Order Policy, of the District's Rules and Regulations to update approval limit comparable to other water agencies and current Construction Cost Index (CCI) as reported by the Engineering News Record (ENR) by the percentage increase of the indexes from December 1990 and December 2019; and

**WHEREAS**, the District also desires to clarify the delegation of authority regarding requisitions and invoice approval for work and acquisition of materials or equipment budgeted in the annual budget process and change the policy's name to Procurement and Purchasing Policy to reflect this addition.

**NOW THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** Notwithstanding any contrary provision in Article 17 of the Palmdale Water District's Rules and Regulations, approval authorities are updated and added to Appendix M, as set forth in Exhibit "A" to this Resolution.

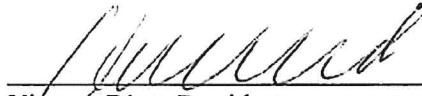
**SECTION 2.** The District shall rename said Appendix M to Procurement and Purchasing Policy.

**SECTION 3.** Upon the effective date of this Resolution, adopted herein, the Resolution shall supersede any and all prior resolutions adopted that are in conflict with this Resolution.

**SECTION 4.** If any provision in this Resolution, or the application thereof to any person or circumstances, is for any reason held invalid, the validity of the remainder of this Resolution, or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution, and each provision thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.


**SECTION 5.** This Resolution shall become effective upon the date of adoption as set forth herein.

**PASSED, APPROVED AND ADOPTED** on this 12<sup>th</sup> day of October 2020 by the Board of Directors of the Palmdale Water District.

  
\_\_\_\_\_  
Vincent Dino, President  
Board of Directors  
Palmdale Water District

  
\_\_\_\_\_  
Don Wilson, Secretary  
Board of Directors  
Palmdale Water District

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Aleshire & Wynder, LLP  
Eric Dunn, District General Counsel

**EXHIBIT “A”**  
**APPENDIX M**  
**PROCUREMENT AND PURCHASING POLICY**

## **PROCUREMENT AND PURCHASING POLICY**

### **I. Statement of Policy**

This statement of policy establishes the guideline for purchasing approval and letting contracts for the performance of work for the District or the acquisition of materials or equipment. It is the policy of the District to ensure the maximum use of fair and open competition to obtain goods and services for operation at the lowest possible overall cost. However, notwithstanding this statement, all contracts for work and for acquisition of materials and equipment, may be made or entered into upon such terms and conditions and in such manner as the Board may determine is in the best interest of the District.

### **II. Principles**

#### **A. The following apply to all purchases made by the District, unless otherwise exempted as set forth herein:**

1. No purchase will be approved or undertaken unless it has been budgeted for, either through the adopted annual budget or Board approval of additional appropriations. It is the responsibility of the Department Manager to maintain control of their departmental budgets.
2. Emergency: The determination of the existence of an emergency condition shall be at the direction of the General Manager or his designated representative. In the event of an emergency, the General Manager or his designated representative may negotiate and award contracts for construction of work to prevent damage or repair damaged works without advertising for bids and expend any sum reasonably required in the emergency as outlined in Section 4.03.3(b) of the District's Rules and Regulations. The General Manager shall report to the Board of Directors, at its next meeting, the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.
3. All purchases shall be of the quality deemed necessary to meet District standards.
4. Competitive offer requirements are set out in subsequent sections of this policy and are established based on type of purchase and/or established dollar limits.



5. A purchase, including capital projects, shall not be split to avoid required procedures or established dollar limits.

6. No purchase shall be made without authorized requisition, Purchase Order (PO), contract or agreement unless exempted in these guidelines. The following purchases are exempt from these procedures:

- i. Utilities
- ii. Insurance premiums
- iii. Membership renewals and subscriptions
- iv. Postage and mailing services
- v. Certain employee expense reimbursements
- vi. Tuition reimbursements
- vii. Conferences, seminars, and training expenses
- viii. Travel expenses
- ix. In emergency situations where time is of the essence

7. Authorized requisition process and approval rules are detailed in the District's Requisition/PO procedures. Any changes or modifications to the procedures must be approved by the General Manager.

8. No District employee or Board member shall have a direct or indirect financial interest in any contract or purchase of goods or services entered into by the District, or shall derive any personal benefit that violates California law as a result of the District's purchase of goods and services.

9. Any District employee or Board member failing to follow the procurement policy and procedures may incur personal liability or financial obligation to the vendor.

B. Exceptions to Competitive Offer Requirements

As applicable in Section III through V, the informal offers and the formal bidding process may be bypassed with General Manager approval in the following instances:

1. In emergency situations where time is of the essence, pursuant to the principles in Section II(A)(2).
2. Where a single source of sole source purchase is justified.
3. When there exist other governmental contracts that were competitively bid within the last year that the District is eligible to use and would result in a lower price to the District.
4. When an item has been previously bid and the price has not changed by more than three percent (3%).
5. When it is not possible, practical, or cost effective to continue soliciting offers to meet minimum of three (3) bids provided that staff will use its best efforts to obtain competitive offers.

### **III. General Supplies, Materials and Equipment**

General supplies, materials and equipment shall consist of any and all tangible items necessary for day-to-day operations, excluding goods purchased as part of a Construction Contract or Professional Agreement (Section IV). These purchases are included in the annual budget. All purchases must be approved through the District's Requisition/PO process unless otherwise specified.

- A. General Purchase  $\leq$  \$10,000 – Purchases of \$10,000 or less do not require competitive offers. Use of a Request for Quote (RFQ) or Request for Proposal (RFP) is encouraged when appropriate but not required.
- B. General Purchase  $>$  \$10,000 to \$50,000 – Purchases between \$10,000 and \$50,000 must be approved by the Finance Manager or Assistant General Manager. The Department Manager should make a reasonable attempt to obtain at least two written quotes. The use of RFQ or RFP is strongly encouraged but not required.
- C. General Purchase between \$50,001 and \$100,000 – Purchases between \$50,001 and \$100,000 must be approved by the General Manager. Where practical, formal bidding should be used to assure that the District is getting the best value. The Department Manager shall evaluate the quotes/proposals (formal or informal) received and determine the best value.

- D. General Purchase over \$100,001 – Purchases above \$100,001 shall be formally bid when practical. The formal process generally takes more time and expense than informal quotes. In some instances, it may not be the most cost-effective approach. Exceptions to the formal bid process are considered on a case by case basis.

#### **IV. Construction Contract and Professional Agreement**

##### **A. Work Cost More Than \$50,000**

1. Except as otherwise provided in this statement of policy, all contracts for any improvement, job, construction project or unit of work (herein referred to as work), and all acquisitions of material or equipment, estimated to cost or to have a value when completed in excess of Fifty Thousand Dollars (\$50,000) shall be competitively bid and awarded to the lowest responsible bidder in the manner hereinafter provided.
2. The Contract documents shall be prepared utilizing the District's standard forms with such modification as may be appropriate for the particular work or unit of work, or the acquisition of materials or equipment. The documents to be prepared shall ordinarily include the Notice Inviting Bids, Instructions to Bidders, the Proposal for submission by the bidder, the Information Required of Bidder, setting forth the equipment and material source and other required information, Contractor's Licensing Statement, List of Subcontractors, Bid Security Form, Agreement, Faithful Performance Bond, Payment Bond, Non-Collusion Affidavit, Notice to Proceed, General Provisions, Special Provisions, and Plans and Specifications.
3. Unless otherwise required by the provisions of the Public Contract Code, the District may advertise either electronically via a web base bidding service or in printed publications, for inviting proposals for furnishing labor for or materials or supplies for use or incorporation in, the proposed work or unit of work, or for providing materials or equipment. To the extent applicable to a specific work or acquisition, the notice calling for bids shall contain the information specified in Section 20564 of the Public Contract

Code. In the event that the construction of works is to be paid for with the proceeds of the sale of bonds or a limited assessment, the District shall give said notice by publication once a week for three (3) successive weeks in a newspaper of general circulation published in the District as specified in Section 20563 of the Public Contracts Code.

4. All bids shall be presented on forms furnished by the District either electronically or sealed bid, and it shall be accompanied by one of the following forms of bidder's security: (1) cash, (2) a cashier's check made payable to the District, (3) a certified check made payable to the District, or (4) a bidder's bond executed by an admitted surety insurer made payable to the District.
5. At the time, place appointed, and set forth in the Notice Inviting Bids, the bids shall be available either on the bidding service website or opened in public.
6. The District shall assign a five (5) percent contract bid reduction to a bidder which is a "Local Contractor or Vendor" as defined in (13)(i).
7. The Board may reject any and all proposals or bids should it deem it to be for the public good, or may award the contract for the work or unit of work, or materials or equipment, to the lowest responsible bidder at the prices named or specified in the bid or proposal subject however to Paragraph 8.
8. Once all bids have been opened or received electronically through a web based bidding service, the bids of those bidders which are "Local Contractors or Vendor" shall be reduced by five percent (5%) for purposes of determining the lowest responsible bidder. If the bid of a Local Contractor or Vendor, after applying the contract bid reduction provided for in Paragraph 6, is then the lowest responsible bid, that Local Contractor or Vendor shall be awarded the contract at the amount of its bid without regard to any contract bid reduction, subject to the remaining provisions of this policy.
9. The District or its agents may refuse to award a contract under Paragraph 8 to a Local Contractor or Vendor if it makes a determination that the products purchased or work



provided by a bidder cannot be provided within a timely manner for the performance of the contract or a determination the Local Contractor or Vendor cannot meet specified quality performance standards or experience requirements.

10. If any federal or state statute or regulation precludes the granting of federal or state assistance or reduces the amount of that assistance for a particular public works project because of a preference awarded according to the terms of this policy, this policy shall not apply insofar as its application would preclude or reduce federal or state assistance for that work.
11. In the case of work to be performed for the District, the District shall require the successful bidder or bidders to file with the Board good and sufficient bonds, to be approved by the Board, conditioned upon the faithful performance of the contract and upon payment of all claims for labor and materials in connection therewith.
12. In the case of work to be performed from the District, the District shall require the successful bidder or bidders to carry public liability and property damage insurance, workers' compensation insurance, and other insurance, in the amounts and under the terms stipulated in the Contract documents.
13. The following terms shall have the following meanings:
  - i) "Local Contractor or Vendor" means a contractor or vendor whose principal place of business as reflected in official records is located in the area shown on the Local Contractor and Vendor Boundary Map attached hereto. Those claiming to be Local Contractors and Vendors shall submit proof of their principal place of business with their bid.
  - ii) "Lowest Responsible Bidder" shall mean a person who submits the lowest monetary bid, taking into account the contract bid reduction provided for in paragraph g, and which responds to the terms upon which bids were requested, and who has the capacity, integrity, and ability to perform the particular requirements of the contract.

Factors which may be considered in determining the "lowest responsible bidder" include, but are not limited to, all of the following:

- a) The contractor's prior record of performance on other public works projects, if any, including timely completion of performance, quality of work, and completion of projects within project budget or bid amount submitted.
- b) The contractor's involvement in any ongoing litigation or contract disputes with the awarding authority which could impair satisfactory performance on the contract to be awarded.
- c) The contractor's history of noncompliance with occupational safety and health requirements, labor statutes and regulations, and other local, state, and federal laws.

**B. Work or Acquisitions Costing More Than \$10,000, But Not More than \$50,000**

All contracts for any work or unit of work, and all acquisitions of materials or equipment, having been submitted either by informal or formal bids in accordance with this statement of policy and having a value in excess of Ten Thousand Dollars (\$10,000), but not more than Fifty Thousand Dollars (\$50,000), shall be reviewed and recommended by a Committee of the Board, and the Board shall concur by majority vote. In the event no formal competitive bids are solicited, the Board may also give local contractors and vendors a preference.

**C. Work or Acquisitions Costing Less Than \$10,000**

All contracts for any work or unit of work, and all acquisitions of materials or equipment, estimated to cost or to have a value when completed that is less than Ten Thousand Dollars (\$10,000), may be authorized by the District's General Manager without compliance with any formal competitive bidding procedure or prior Board approval, and in any such case he may authorize the work or unit of work or acquire the materials or equipment, by informal bidding or quotations or by purchase on the open market without advertising. The District's General Manager may give local contractors and vendors a preference.

**D. Change Order Policy**

All change orders occurring during the performance of a contract shall be reported to the Board. Change order amounts which are less than ten percent (10%) of the original contract amount up to a maximum amount of Fifty Thousand Dollars (\$50,000) may be authorized by the District's General Manager; however, change order amounts greater than Fifty Thousand Dollars (\$50,000) or greater than ten percent (10%) of the original contract amount shall be approved by the appropriate committee or full Board of Directors.

**V. Electronic Bidding**

- A. Notwithstanding any contrary provision in Appendix M, the use of electronic media is authorized for any formal and informal bidding process pursuant to Appendix M, including without limitation submission, identification, opening and reporting of bids electronically ("electronic bidding"; "E-Bid"), provided that it be in accordance with state law. Electronic bidding shall include measures as the District deems appropriate for security of the bidding, approval and award processes and accurate retrieval or conversion of electronic information into a medium which permits inspection and copying. All electronic bids shall be submitted in a manner set forth in the Notice Inviting Bids and/or the bid instructions.
- B. The District may, in its sole discretion, require electronic bidding for any informal and formal bids authorized under Appendix M. If the District elects to use electronic bidding, then all bids must be submitted electronically consistent with the Notice Inviting Bids and/or bid instructions. If electronic bidding is not selected, then no bids may be submitted electronically and will be submitted sealed bid at a date, time and place.

**VI. Exceptions to Statement of Policy**

The policy specified in this statement shall not apply in the following cases or circumstances:

- (1) A contract for the acquisition or disposal of any real property.
- (2) A contract for the leasing of any personal property or the acquisition of personal property other than materials and equipment for use in construction activities.

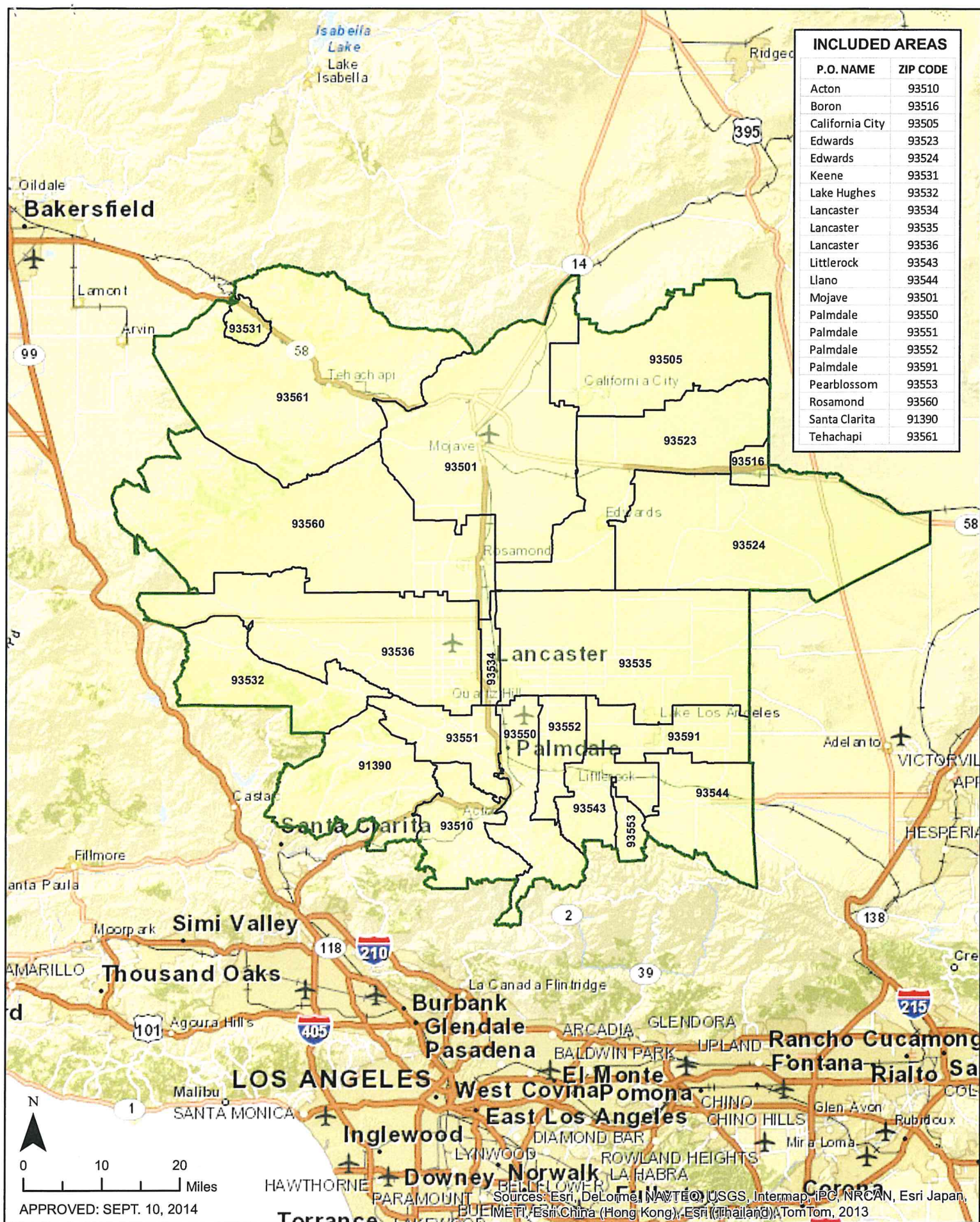
- (3) A contract for the purchase of water or water rights.
- (4) A contract for the repair of District equipment.
- (5) A contract for legal, engineering and other professional services.
- (6) The repair, alteration, addition, or the making of improvements, by force account.
- (7) Work related to and in furtherance of the purposes of the District, or materials or equipment acquired for such purposes, where such work is to be performed or such materials or equipment are to be acquired, for the account of other persons or entities. ,  
An example of such work is construction of a water pipeline for a developer and done at the developer's expense.
- (8) A contract for the performance of work or acquisition of materials in instances where work and materials are regularly and periodically required and work and materials for the repair or replacement of prior works or materials relating to the following:

a) Asphalt and concrete patching;	i) Online analyzers
b) Janitorial supplies;	j) Treatment chemicals
c) Office supplies;	k) Laboratory supplies and testing equipment
d) Aggregate (sand, base and similar materials);	l) Landscape services
e) Cold mix asphalt;	m) Janitorial services
f) Data mailers;	n) Printing services
g) Water meters;	o) Answering services
h) Pumps and Motors	p) Pest control services

**BID PROCUREMENT POLICY APPROVED AND ADOPTED AT A REGULAR BOARD MEETING OF THE PALMDALE WATER DISTRICT BOARD OF DIRECTORS HELD APRIL 19, 1990**

Revised 1-14-92  
Revised 9-15-92  
Revised 4-25-94  
Revised 11-10-97  
Revised 2-24-2020  
Revised 10-12-2020





**PALMDALE WATER DISTRICT RULES AND REGULATIONS APPENDIX "M"**  
**LOCAL CONTRACTOR AND VENDOR BOUNDARY MAP**



**RESOLUTION NO. 20-16**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
PALMDALE WATER DISTRICT AUTHORIZING THE  
ISSUANCE OF NOT TO EXCEED \$21,000,000 2020 WATER  
REVENUE REFUNDING BONDS (FEDERALLY TAXABLE)  
AND APPROVING THE EXECUTION AND DELIVERY OF  
CERTAIN DOCUMENTS IN CONNECTION THEREWITH  
AND CERTAIN OTHER MATTERS**

WHEREAS, the Palmdale Water District (the "District"), an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the "State"), proposes to undertake the refinancing of certain facilities that were financed with the proceeds of the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2013A (the "2013 Bonds"); and

WHEREAS, in connection with the issuance of the 2013 Bonds, the District executed an Installment Purchase Agreement (the "2013 Installment Purchase Agreement") by and between the District and the Palmdale Water District Public Financing Authority (the "Authority") pursuant to which the District is obligated to make certain installment purchase payments to the Authority as security for the 2013 Bonds; and

WHEREAS, the District is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including but not limited to Section 53583, to issue bonds for the purpose of refunding any evidences of indebtedness of the District, including its obligations under the 2013 Installment Purchase Agreement; and

WHEREAS, this Board of Directors (the "Board") has determined that it is in the best interest of the District to issue the Palmdale Water District 2020 Water Revenue Refunding Bonds (Federally Taxable) (the "Bonds") to effect such refinancing by defeasing and redeeming all or a portion of the outstanding 2013 Bonds (the "Refunded Bonds"); and

WHEREAS, this Board desires to approve various documents and authorize certain actions to be taken in order to issue the Bonds and defease and redeem the Refunded Bonds; and

WHEREAS, the defeasance of the Refunded Bonds will require that the Authority and the District enter into a Second Amendment to Installment Purchase Agreement (the "Second Amendment") for the purpose of amending the installment purchase payment schedule set forth in the 2013 Installment Purchase Agreement; and

NOW, THEREFORE, the Board of Directors of the Palmdale Water District does hereby resolve as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. The Indenture of Trust, in substantially the form on file with the Board, is hereby approved. Each of the Board President, the Board Vice President, the General Manager of the District and the Chief Financial Officer of the District and their written designees (each an

“Authorized Officer” and, collectively, the “Authorized Officers”), acting alone, is hereby authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Bond Counsel (“Bond Counsel”), and approved by the Authorized Officer or Authorized Officers executing the same, said execution being conclusive evidence of such approval.

Section 3. The Board hereby authorizes the preparation, sale and delivery of the Bonds in an aggregate principal amount not to exceed \$21,000,000 (except that such amount may be increased with the approval of the General Manager to provide for original issue discount to the extent that such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds) in accordance with the terms and provisions of the Indenture of Trust.

Section 4. The Bond Purchase Agreement (the “Purchase Agreement”) by and between the District and Piper Sandler & Co. (the “Underwriter”), as underwriter for the Bonds, in substantially the form on file with the Board, is hereby approved. The Authorized Officers are each hereby authorized and directed to execute and deliver the Purchase Agreement with such changes, insertions and omissions as may be recommended by the General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$21,000,000 (except that such amount may be increased with the approval of the General Manager to provide for original issue discount to the extent that such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds), nor shall the underwriting discount for the Bonds exceed 0.70% of the aggregate principal amount of the Bonds, nor shall the Bonds be issued unless such issuance produces at least 5% net present value savings when comparing the debt service on the Bonds to the debt service on the Refunded Bonds, and the final maturity of the Bonds may not be later than the final maturity of the Refunded Bonds.

Section 5. The preparation and distribution of the Preliminary Official Statement, in substantially the form presented to the Board, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and is further authorized and directed to execute, approve and deliver the Official Statement substantially in the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be recommended by General Counsel, the Chief Financial Officer or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval. The General Manager and the Chief Financial Officer are hereby authorized to cause copies of the Preliminary Official Statement to be provided to the Underwriter for distribution to persons who may be interested in the initial purchase of the Bonds and are directed to deliver copies of the final Official Statement to the Underwriter for distribution to all initial purchasers of the Bonds.

Section 6. The Continuing Disclosure Certificate relating to the Bonds, in substantially the form on file with the Board is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 7. The Bank of New York Mellon Trust Company, N.A. is hereby appointed to act as trustee under the Indenture of Trust.



Section 8. The Second Amendment, in substantially the form on file with the Board, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Second Amendment with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 9. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but are not limited to, obtaining legal services, municipal advisor services, trustee services and any other services deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other costs of issuance for the Bonds, from the proceeds of the Bonds, and to execute and any all agreements required to obtain such services.

Section 10. Each of the Authorized Officers, acting alone, is hereby authorized (a) to solicit bids on a municipal bond insurance policy and/or a reserve surety policy, (b) to negotiate the terms of such policy or policies, (c) to finalize the form of such policy or policies with a municipal bond insurer, and (d) to pay the insurance premium of such policy or policies from the proceeds of the sale of the Bonds if it is determined by an Authorized Officer that acquiring such policy or policies will result in debt service savings to the District which exceed the cost of acquiring the policy or policies.

Section 11. Each of the Authorized Officers, acting alone, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Purchase Agreement, the Continuing Disclosure Certificate, the Official Statement, the Second Amendment and this resolution, including but not limited to taking any and all actions to effect the issuance of the Bonds and the defeasance and refunding of the Refunded Bonds, including entering into an Escrow Agreement in connection with the Refunded Bonds.

Section 12. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture of Trust unless the context otherwise clearly requires.

Section 13. In accordance with Government Code section 5852.1, good faith estimates of the following have been obtained from the Municipal Advisor and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges to be paid to third parties with respect to the Bonds, including an estimate of the costs of issuance, (c) the amount of proceeds expected to be received in connection with the Bonds net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds from the Bonds, and (d) the sum total of all debt service payments due on the Bonds calculated through the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds from the Bonds. The Board finds and determines that the provisions of Government Code section 5852.1 have been satisfied with respect to the authorization of the Bonds.

Section 14. This resolution shall take effect immediately.



ADOPTED, SIGNED and APPROVED at a regular meeting of the District this 12<sup>th</sup> day of October, 2020.

  
\_\_\_\_\_  
President of the Board of Directors

Attest:

  
\_\_\_\_\_  
Secretary of the Board of Directors

STATE OF CALIFORNIA                    )  
  ) ss  
COUNTY OF LOS ANGELES            )


I, Don Wilson, Secretary of the Board of Directors of the Palmdale Water District, do hereby certify that the foregoing Resolution No. 20-16 was duly adopted by the Board of Directors of said District at a regular meeting thereof held on the 12<sup>th</sup> day of October, 2020, and that it was so adopted by the following vote:

AYES:           DIRECTORS: Dino, Mac Laren, Dizmang, Wilson, Alvarado

NOES:           DIRECTORS: None

ABSENT:        DIRECTORS: None

ABSTAIN:       DIRECTORS: None

  
\_\_\_\_\_  
Secretary of the Board of Directors  
of the Palmdale Water District

(SEAL)

STATE OF CALIFORNIA                    )  
  ) ss  
COUNTY OF LOS ANGELES            )

I, Don Wilson, Secretary of the Board of Directors of the Palmdale Water District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 20-16 of said Board, and that the same has not been amended or repealed.

DATED: October 12, 2020.

  
\_\_\_\_\_  
Secretary of the Board of Directors  
of the Palmdale Water District

(SEAL)

## **EXHIBIT A**

### **GOOD FAITH ESTIMATES**

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$14,625,000 (the "Estimated Principal Amount"). Based on the Estimated Principal Amount, the following good faith estimates are provided:

(a) True Interest Cost of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.60%.

(b) Finance Charge of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties, is \$415,458, of which \$196,592 is for costs of issuance to be paid from Bond proceeds, \$87,750 is Underwriter's discount and \$131,116 is for bond and reserve surety premiums.

(c) Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds paid from Bond proceeds, which amount is estimated to be \$14,209,542, and any reserves or capitalized interest to be paid or funded with proceeds of the Bonds, which is estimated to be \$0.00, is \$14,209,542.

(d) Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds as described in (b) above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$18,910,787 (\$0.00 of which will be paid for from capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the

Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.