

**BOND PURCHASE AGREEMENT**

\$(PAR)  
Finance Authority of Long Beach  
Lease Revenue Refunding Bonds, Series 2016B  
(Rainbow Harbor Refinancing Project)

July [\_\_], 2016

Finance Authority of Long Beach  
333 West Ocean Boulevard  
Long Beach, CA 90802

City of Long Beach, California  
333 West Ocean Boulevard  
Long Beach, CA 90802

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “*Underwriter*”), hereby offers to enter into this bond purchase agreement (this “*Bond Purchase Agreement*”) with the Finance Authority of Long Beach (the “*Authority*”) and the City of Long Beach, California (the “*City*”). Upon the acceptance hereof by the Authority and the City, this offer will be binding upon the Authority, the City and the Underwriter. This offer is made subject to (a) the written acceptance hereof by the Authority and the City, and (b) withdrawal by the Underwriter upon written notice (given electronically or otherwise) delivered to the Authority and the City at any time prior to the acceptance hereof by each of the Authority and the City.

The City and the Authority acknowledge and agree that: (a) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction among the City, the Authority and the Underwriter and the Underwriter has financial and other interests that differ from those of the City and the Authority; (b) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City or the Authority and has not assumed any advisory or fiduciary responsibility to the City and the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or the Authority on other matters); (c) the only obligations the Underwriter has to the City and the Authority with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (d) the City and the Authority have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

The Authority and the City hereby acknowledge receipt from the Underwriter of disclosures required by Municipal Securities Rulemaking Board (“**MSRB**”) Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012)), relating to disclosures concerning the Underwriter’s role in the transaction, disclosures concerning the Underwriter’s compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

**Section 1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase on the Closing Date (as hereinafter defined), and the Authority hereby agrees to sell and deliver to the Underwriter on the Closing Date, the \$[PAR] aggregate principal amount of Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2016B (Rainbow Harbor Refinancing Project) (the “**Bonds**”).

The Bonds shall be dated their date of delivery, and shall mature on the dates and in the principal amounts, bear interest at the rates, have reoffering yields and prices, and be subject to redemption, as shown on Exhibit A hereto.

The purchase price to be paid by the Underwriter for the Bonds is hereby agreed to be \$[\_\_\_\_\_], which amount represents the principal amount of the Bonds of \$[PAR], less \$[\_\_\_\_\_] representing the Underwriter’s discount, plus \$[\_\_\_\_\_] representing [net] original issue premium (the “**Purchase Price**”). Such payment and delivery of the Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery being herein sometimes called the “**Closing**” and the date on which they are to occur being sometimes called the “**Closing Date**.”

The Bonds are being issued pursuant to the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6584) of the California Government Code, a resolution of the Authority authorizing the issuance of the Bonds, adopted on July 11, 2016 (the “**Authority Resolution**”), and an Indenture of Trust, dated as of August 1, 2016 (the “**Indenture**”), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”).

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement (as hereinafter defined).

The Bonds are being issued by the Authority to (a) current refund and defease all of the outstanding Long Beach Bond Finance Authority Lease Revenue Refunding Bonds, 2006 Series A (Rainbow Harbor Refinancing Project) (the “**Refunded Bonds**”), and (b) pay costs of issuance of the Bonds.

The Bonds are limited obligations of the Authority payable from Revenues consisting primarily of lease payments (the “**Lease Payments**”) payable by the City under a Lease Agreement, dated as of August 1, 2016 (the “**Lease Agreement**”), between the Authority, as lessor, and the City, as lessee.

Under the Lease Agreement, the City is required to make the Lease Payments from legally available funds in amounts calculated to be sufficient to pay principal of and interest on

the Bonds when due, subject to abatement. All of the Authority's right, title and interest in and to the Lease Agreement (except for the right to receive Additional Payments to the extent payable to the Authority and certain rights to indemnification), including the right to receive Lease Payments under the Lease Agreement, are assigned to the Trustee under the Indenture for the benefit of the Owners of the Bonds.

A preliminary official statement of the Authority and the City, dated July [\_\_\_], 2016 (together with the Appendices thereto and any supplements or amendments thereto, the "**Preliminary Official Statement**"), has been prepared for use in marketing the Bonds. The Authority and the City will prepare a final official statement to be dated the date hereof (together with the Appendices thereto, and any supplements or amendments thereto, the "**Official Statement**"). The Official Statement shall be in substantially the form of the Preliminary Official Statement, with only such changes and amendments thereto as are necessary to reflect the terms of this Bond Purchase Agreement or as may be mutually agreed upon by the Underwriter, the Authority and the City.

It shall be a condition to the Authority's obligation to sell and to deliver the Bonds to the Underwriter and to the obligation of the Underwriter to purchase, to accept delivery of and to pay for the Bonds that the entire \$[PAR] aggregate principal amount of the Bonds, as authorized by the Indenture, shall be sold and delivered by the Authority and accepted and paid for by the Underwriter at the Closing. The obligation of the Authority to sell and deliver the Bonds to the Underwriter shall also be conditioned upon the delivery by Quint & Thimmig LLP, Bond Counsel ("**Bond Counsel**"), of its approving legal opinion with respect to the Bonds.

The Authority and the City hereby authorize the Underwriter to use and distribute the Lease Agreement, the Indenture, the Preliminary Official Statement and the Official Statement and the information contained in such documents in connection with the public offering and sale of the Bonds. The Authority and the City have authorized the use of the Preliminary Official Statement in connection with the public offering of the Bonds by the Underwriter prior to the date hereof.

The Underwriter agrees to make a bona fide public offering of the Bonds at prices not in excess of the initial offering prices or at yields not less than the yields set forth on the inside cover page of the Official Statement; provided, however, the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds, and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter, at prices lower than the public offering prices or yields, or greater than the yields, set forth therein.

**Section 2. The Bonds.** The Bonds will be issued, executed and delivered pursuant to the Indenture. The City Council of the City adopted a resolution on July 19, 2016, relating to the Lease Agreement and the Bonds (the "**City Resolution**"). This Bond Purchase Agreement, the Lease Agreement, the Site and Facility Lease, dated as of August 1, 2016 (the "**Site and Facility Lease**"), by and between the City, as lessor, and the Authority, as lessee, the Escrow Agreement, dated the Closing Date (the "**Escrow Agreement**"), by and between the City and U.S. Bank National Association, as escrow bank (the "**Escrow Bank**"), and the Continuing Disclosure

Certificate (as hereinafter defined), are collectively referred herein to as the “*City Documents*.” This Bond Purchase Agreement, the Indenture, the Site and Facility Lease and the Lease Agreement are collectively referred to herein as the “*Authority Documents*.”

### **Section 3. Official Statement, Continuing Disclosure.**

(a) The Authority and the City represent that they have deemed the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “*Rule*”).

(b) The Authority agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the final Official Statement relating to the Bonds as the Underwriter shall reasonably request as necessary to comply with the Rule, MSRB Rules G-32 and G-36 and all other applicable rules of the MSRB. The Authority agrees to deliver such Official Statements within seven business days after the execution hereof, and in any event not later than two business days before the Closing Date. The Underwriter agrees to give notice to the Authority on the date after which the Underwriter shall no longer be obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule, which date shall be no earlier than 25 days after the “end of the underwriting period,” as determined in accordance with Section 12 hereof.

(c) The City agrees that, for a period between the date hereof and the date which is 25 days after the “end of the underwriting period” (as defined in the Rule), if any event of which it has actual knowledge occurs as a result of which the information in the Official Statement as then in existence would include any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the City shall promptly prepare, or cooperate in the preparation of, an amendment or supplement to the Official Statement which will correct such statement or omission. The City shall advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and shall effect such amendment or supplement in a form reasonably approved by the Underwriter. The Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading. The City shall promptly advise the Underwriter of the commencement of any action, suit, proceeding, inquiry or investigation seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(d) The City hereby covenants and agrees that it will, on or prior to the Closing Date, enter into the continuing disclosure certificate in the form attached as Appendix E to the Official Statement (the “*Continuing Disclosure Certificate*”).

(e) The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system or as otherwise provided by the Securities and Exchange Commission or the MSRB within one business day after receipt thereof from the City, but in no event later than the Closing Date.

**Section 4. Representations, Warranties and Agreements of the City.** The City represents and warrants to, and agrees with the Authority and the Underwriter, as follows:

(a) The City is a municipal corporation and chartered city duly organized and validly existing under the Constitution and laws of the State of California (the “*State*”).

(b) The City has full legal right, power and authority (i) to enter into, execute and deliver the City Documents; and (ii) to carry out and consummate the transactions on its part contemplated by the City Documents and the Official Statement.

(c) By all necessary official action, the City has duly authorized and approved the City Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and approved the distribution thereof, has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents, and the consummation by it of all other transactions on its part contemplated by the City Documents, all pursuant to the City Resolution adopted at a meeting duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the members of the City Council of the City was continuously present. The City Resolution has not been modified, amended or rescinded since the date of its adoption.

(d) The City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the City Documents) or other instrument to which the City is a party which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the City Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery by the City of the City Documents, and compliance with the provisions on the City’s part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as provided by the City Documents.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having

jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents or the consummation by it of all other transactions on its part contemplated by the City Documents have been duly obtained, except for such approvals, consents and orders as may be required under the “blue sky” or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the City Documents have been duly obtained.

(f) There is no action, suit, proceeding, inquiry or investigation, notice of which has been duly served on the City, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the City executing this Bond Purchase Agreement, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Bonds pursuant to the Indenture, or contesting or affecting as to the City the validity or enforceability of the Bonds or the City Documents, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the City to cause the execution and delivery by the City of the City Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the officer of the City executing this Bond Purchase Agreement, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Bonds or the authorization, execution, delivery or performance by the City of the City Documents.

(g) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and the Underwriter shall bear all costs in connection with the foregoing.

(h) As of the date thereof and at all times up to the City’s acceptance of this Bond Purchase Agreement, the Preliminary Official Statement (other than information relating to the Underwriter and DTC and its book-entry system) did not, except for the omission of certain information permitted to be omitted in accordance with the Rule,

contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) At the time of the City's acceptance hereof, and (unless an event occurs of the nature described in Section 4(k) hereof) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than information relating to the Underwriter and DTC and its book-entry system) did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) If the Official Statement is supplemented or amended pursuant to Section 4(k) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than information relating to the Underwriter and DTC and its book-entry system) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 12 hereof) any event shall occur affecting the City which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter thereof, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense prepare and furnish to the Underwriter a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form reasonably approved by the Underwriter and the Authority.

(l) Any certificate signed by any officer of the City and delivered to the Underwriter pursuant to the City Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(m) So long as any of the Bonds are outstanding, the City will not issue or sell, or cause to be issued or sold, any bonds or other obligations, other than the Bonds delivered thereunder, the interest on and premium, if any, or principal of which will be payable from Lease Payments.

(n) The City shall honor all covenants on its part contained in the Lease Agreement.

(o) In the last five years, the City has not failed to comply in all material respects with any undertaking of the City pursuant to the Rule.

(p) The audited financial statements of the City appended to the Official Statement for the City's fiscal year ended September 30, 2015, and any stub financial information presented in the body thereof, fairly present the financial position and results of the City as of the dates and for the periods set forth therein. Prior to the Closing Date, there will have been no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the City. The City is not a party to any litigation or other proceeding pending with respect to which the City has been served with process, or to the knowledge of the officer of the City executing this Bond Purchase Agreement, threatened, which if, decided adversely to the City, would have a materially adverse effect on the financial condition of the City.

**Section 5. Representations, Warranties and Agreements of the Authority.** The Authority represents warrants to, and agrees with the City and the Underwriter, as follows:

(a) The Authority is a joint exercise of powers entity duly organized and validly existing under the laws of the State pursuant to a Joint Exercise of Powers Agreement, dated as of December 8, 2015 (the "*JPA Agreement*"), by and between the City and the Housing Authority of the City of Long Beach.

(b) The Authority has full legal right, power and authority (i) to enter into, execute and deliver the Authority Documents and to sell and deliver the Bonds to the Underwriter as provided herein; and (ii) to carry out and consummate the transactions on its part contemplated by the Authority Documents and the Official Statement.

(c) By all necessary official action, the Authority has duly authorized and approved the issuance of the Bonds and the execution and delivery by it of the Authority Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement and approved the distribution thereof, has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations in connection with the execution and delivery of the Bonds on its part contained in the Bonds and the Authority Documents, and the consummation by it of all other transactions on its part contemplated by the Authority Documents in connection with the execution and delivery of the Bonds, all pursuant to the Authority Resolution adopted at a meeting of its Board of Directors duly called and held in accordance with the requirements of all applicable laws and at which a quorum of the Board of Directors of the Authority was continuously present. The Authority Resolution has not been modified, amended or rescinded since the date of its adoption and each Authority Document is the valid and binding obligation of the Authority.

(d) The Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or the JPA Agreement, or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Authority Documents) or other

instrument to which the Authority is a party which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under the Bonds or the Authority Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery by the Authority of the Bonds and the Authority Documents, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Authority Documents.

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations in connection with the execution and delivery of the Bonds under the Authority Documents or the consummation by it of all other transactions on its part contemplated by the Authority Documents have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Bonds and the Authority Documents have been duly obtained.

(f) The Bonds, when executed, issued, authenticated and delivered in accordance with the Indenture, and sold to the Underwriter as provided herein, will be validly executed and outstanding limited obligations of the Authority, entitled to the benefits of the Indenture, and upon such execution and delivery, the Indenture will provide, for the benefit of the Owners from time to time of the Bonds, the legally valid and binding security interest it purports to create.

(g) There is no action, suit, proceeding, inquiry or investigation, notice of which has been duly served on the Authority, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the Authority executing this Bond Purchase Agreement, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance, execution or delivery of the Bonds pursuant to the Indenture, or contesting or affecting as to the Authority the validity or enforceability of the Bonds or the Authority Documents,

or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Authority to cause the execution and delivery of the Bonds, or the execution and delivery or adoption by the Authority of the Authority Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the officer of the Authority executing this Bond Purchase Agreement, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Bonds or the authorization, execution, delivery or performance by the Authority of its obligations under or with respect to the Bonds or the Authority Documents.

(h) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and the Underwriter shall bear all costs in connection with the foregoing.

(i) As of the date thereof and at all times up to the Authority’s acceptance of this Bond Purchase Agreement, the information regarding the Authority in the Preliminary Official Statement was true and correct and did not, except for the omission of certain information permitted to be omitted in accordance with the Rule, contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make the statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading.

(j) At the time of the Authority’s acceptance hereof, and (unless an event occurs of the nature described in Section 5(l) hereof) at all times subsequent thereto up to and including the Closing Date, the information regarding the Authority in the Official Statement was and will be true and correct and did not and will not contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make the statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading.

(k) If the Official Statement is supplemented or amended pursuant to Section 5(l) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the information regarding the Authority in the Official Statement as so supplemented or amended will be true and correct and will not contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make the statements therein with

respect to the Authority, in the light of the circumstances under which they were made, not misleading.

(l) If between the date of this Bond Purchase Agreement and that date which is 25 days after the end of the underwriting period (as determined in accordance with Section 12 hereof) any event shall occur affecting the Authority which might adversely affect the marketability of the Bonds or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will, at the expense of the City, cooperate with the City in the preparation of, and furnish to the Underwriter a reasonable number of copies of, such supplement to, or amendment of, the Official Statement in a form reasonably approved by the Underwriter and the City.

(m) Any certificate signed by any officer of the Authority and delivered to the Underwriter pursuant to the Authority Documents or any document contemplated thereby shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(n) The Authority will cause the proceeds from the sale of the Bonds to be paid to the Trustee or the Escrow Bank, as applicable, for the purposes specified in the Indenture and the Official Statement. So long as any of the Bonds are outstanding and except as may be authorized by the Indenture, the Authority will not issue or sell any Bonds or other obligations, other than the Bonds delivered thereunder, the interest on and premium, if any, or principal of which will be payable from the Revenues.

(o) The Authority shall honor all covenants on its part contained in the Indenture and the Lease Agreement.

**Section 6. Closing.** At [8:00] a.m., California time, on August 25, 2016, or on such other date and time as may be mutually agreed upon by the Authority, the City and the Underwriter (the “*Closing Date*”), the Authority will, subject to the terms and conditions hereof, deliver to the Underwriter, through the facilities of The Depository Trust Company (“*DTC*”), the Bonds in definitive, fully registered form (one Bond for each maturity of the Bonds), duly executed and registered in the name of Cede & Co. as nominee of DTC; and, subject to the terms and conditions hereof, the Underwriter shall wire to the Trustee Federal Reserve Bank Funds in the amount of the Purchase Price. Physical delivery of the Bonds shall be made to the Trustee, as agent for DTC under the Fast Automated Securities Transfer System.

**Section 7. Closing Conditions.** The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the City of their obligations hereunder, both as of the date hereof and as of the

Closing Date. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Authority and the City of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements made by the officers and other officials of the Authority and of the City, Bond Counsel, the Trustee, the Escrow Bank, and counsel to the Authority and the City in any certification or other documents furnished pursuant to the provisions hereof, and shall also be subject to the following additional conditions:

(a) The respective representations and warranties of the Authority and the City contained herein shall be true and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date.

(b) At the time of Closing, the City Documents and the Authority Documents shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter.

(c) All necessary official action of the Authority and the City relating to the City Documents and the Authority Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(d) Subsequent to the date hereof, there shall not have occurred any change in or affecting particularly the Authority, the City or the Bonds, as the foregoing are described in the Official Statement, which in the reasonable opinion of the Underwriter materially impairs the investment quality of the Bonds.

(e) At or prior to the Closing Date, the Underwriter shall have received each of the following documents:

- (i) specimen copies of the Bonds;
- (ii) the Official Statement and each supplement or amendment, if any, thereto, executed by authorized officers of the Authority and the City;
- (iii) a copy of the Indenture, executed by the parties thereto;
- (iv) a copy of the Site and Facility Lease, executed by the parties thereto;
- (v) a copy of the Lease Agreement, executed by the parties thereto;
- (vi) a copy of the Escrow Agreement, executed by the parties thereto;
- (vii) a copy of the Continuing Disclosure Certificate, executed by the City;

- (viii) a certified copy of the JPA Agreement;
- (ix) a receipt from the Trustee for the proceeds of the Bonds;
- (x) a certificate or certificates of the City, dated the Closing Date, to the effect that:

(A) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the City has complied with all of the terms and conditions of this Bond Purchase Agreement required to be complied with by the City at or prior to the Closing Date;

(B) none of the proceedings or authority for (1) the authorization, sale, execution and delivery of the Bonds; (2) the adoption of the City Resolution; or (3) the execution and delivery by the City of the City Documents and performance of its obligations thereunder, has been repealed, modified, amended, revoked or rescinded;

(C) subsequent to September 30, 2015, and prior to Closing, there has been no material adverse change in the financial position of the City;

(D) no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect;

(E) the information and statements contained in the Official Statement (other than information relating to the Underwriter and DTC and its book-entry system) do not contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements therein, in the light of the circumstances under which they were made, not misleading; and to the best knowledge of the officers of the City executing the certificate after reasonable investigation, the City is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which would have a material adverse impact on the City's ability to perform its obligations under the City Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(F) no consent is required for the inclusion of the City's audited financial statements for the Fiscal Year ending September 30, 2015 in the Preliminary Official Statement and the Official Statement;

(G) the City is in compliance in all material respects, with the terms of the City Documents;

(H) the Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS" and the proceeds of sale of the Bonds will be applied as described in the Official Statement under the captions "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING"; and

(I) there is no lawsuit, regulatory or other action now pending with respect to which the City has been given notice, or, to the best knowledge of the officer of the City executing the certificate, threatened, to attempt to limit, enjoin or otherwise restrict or prevent the City from making the Lease Payments under the Lease Agreement;

(xi) a certificate or certificates of the Authority, dated the Closing Date, to the effect that:

(A) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the Authority has complied with all of the terms and conditions of this Bond Purchase Agreement required to be complied with by the Authority at or prior to Closing Date;

(B) none of the proceedings or authority for (1) the authorization, sale, execution and delivery of the Bonds; (2) the adoption of the Authority Resolution; or (3) the execution and delivery by the Authority of the Authority Documents, has been repealed, modified, amended, revoked or rescinded;

(C) no event affecting the Authority has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein with respect to the Authority not misleading in any material respect; and

(D) the information and statements contained in the Official Statement with respect to the Authority do not contain any untrue statement of a material fact with respect to the Authority or omit to state a material fact necessary to make such statements therein with respect to the Authority, in the light of the circumstances under which they were made, not misleading; and to the best of the knowledge of the officer of the Authority executing the certificate after reasonable investigation, the

Authority is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(xii) an opinion, dated the Closing Date and addressed to the Underwriter and the Authority, of the City Attorney, to the effect that:

(A) the City is a municipal corporation and chartered city duly organized and validly existing under the Constitution and laws of the State;

(B) the City Documents have been duly approved by the City Resolution which City Resolution was adopted at a meeting duly called and held in accordance with the requirements of all applicable laws, with all public notice required by law, and at which a quorum of the members of the City Council of the City was continuously present and the City Resolution has not been modified, amended or rescinded since the date of its adoption;

(C) except as described in the Official Statement, there is no litigation, inquiry, or investigation pending with respect to which the City has been served with process or to the best of such counsel's knowledge after due inquiry, threatened, which: (1) challenges the right or title of any member of the City Council of the City or officer of the City to hold his or her office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds or the City Documents; (3) seeks to restrain or enjoin the sale of the Bonds or the execution and delivery by the City of, or the performance by the City of its obligations under, the City Documents or in which a final adverse decision could materially adversely affect the operations of the City; or (4) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, nor, to the best of such counsel's knowledge, is there any basis therefor;

(D) the execution and delivery by the City of, and the performance by the City of its obligations under, the City Documents, do not conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the City is a party or by which it is bound and of which such counsel has knowledge;

(E) the City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery of the City Documents by the other parties thereto, the City Documents constitute legal, valid and binding agreements of the City, enforceable against the City in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, or by the application of equitable principles if equitable remedies are sought;

(F) except as may be required under the "blue sky" or securities laws of the United States or any state, there is no authorization, approval, consent or other order of, or filing with, or certification by, the State or any other governmental authority or agency within the State having jurisdiction over the City required for the issuance of the Bonds or the consummation by the City of the transactions on its part contemplated by the Official Statement and the City Documents; and

(G) based on the information made available to the City Attorney, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to his attention which would lead him to believe that the Official Statement as of its date and as of the date of Closing (excluding therefrom the financial and statistical data and forecasts included therein, and the information with respect to the Underwriter or DTC and its book entry system as to all of which no opinion is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) an opinion or opinions, dated the Closing Date and addressed to the Underwriter, of the City Attorney in his capacity as counsel for the Authority, to the effect that:

(A) the Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State pursuant to the JPA Agreement;

(B) the Authority Documents have been duly approved by the Authority Resolution which was adopted at a meeting of the Board of Directors of the Authority duly called and held in accordance with the requirements of all applicable laws, with all public notice required by law, and at which a quorum of the members of the Board of Directors of the Authority was continuously present and the Authority Resolution has not been modified, amended or rescinded since the date of its adoption;

(C) except as described in the Official Statement, there is no litigation, inquiry, or investigation pending with respect to which the Authority has been served with process or to the best of such counsel's knowledge after due inquiry, threatened, which: (1) challenges the right or title of any member of the Board of Directors of the Authority or officer of the Authority to hold his or her office or exercise or perform the powers and duties pertaining thereto; (2) challenges the validity or enforceability of the Bonds or the Authority Documents; (3) seeks to restrain or enjoin the sale of the Bonds or the execution and delivery by the Authority of, or the performance by the Authority of its obligations under, the Authority Documents or in which a final adverse decision could materially adversely affect the operations of the Authority; or (4) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, nor, to the best of such counsel's knowledge, is there any basis therefor;

(D) the execution and delivery by the Authority of, and the performance by the Authority of its obligations under, the Authority Documents, do not conflict with, violate or constitute a default under any provision of any law, court order or decree or any contract, instrument or agreement to which the Authority is a party or by which it is bound and of which such counsel has knowledge;

(E) the Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Authority Documents by the other parties thereto, the Authority Documents constitute legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights and remedies in general, or by the application of equitable principles if equitable remedies are sought;

(F) except as may be required under the "blue sky" or securities laws of the United States or any state, there is no authorization, approval, consent or other order of, or filing with, or certification by, the State or any other governmental authority or agency having jurisdiction over the Authority required for the issuance of the Bonds or the consummation by the Authority of the transactions on its part contemplated by the Official Statement and the Authority Documents; and

(G) based on the information made available to counsel to the Authority, and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement under the captions entitled "INTRODUCTION—The Authority," "THE AUTHORITY" and "LITIGATION," nothing has come to such counsel's attention that would

lead such counsel to believe that the statements contained under the above-referenced captions as of the date of the Official Statement and as of the date of Closing contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiv) an opinion, dated the Closing Date and addressed to the Authority, of Bond Counsel, substantially in the form set forth in Appendix D to the Official Statement, together with a letter from such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion was addressed to the Underwriter;

(xv) a supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that:

(A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) the Bond Purchase Agreement has been duly executed and delivered by the Authority and the City and is a valid and binding agreement of the Authority and the City, subject to customary exceptions;

(C) the Escrow Agreement has been duly executed and delivered by the City and is a valid and binding agreement of the City, subject to customary exceptions; and

(D) the statements contained in the Official Statement under the captions “THE BONDS,” “SECURITY FOR THE BONDS” and “TAX MATTERS,” and in “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS” and “APPENDIX D—PROPOSED FORM OF BOND COUNSEL OPINION,” are accurate insofar as such statements expressly summarize certain provisions of the Indenture, the Lease Agreement, certain tax matters relating to the Bonds and the final opinion of Bond Counsel;

(xvi) an opinion of Bond Counsel addressed to the City and the Underwriter to the effect that all remaining lease payments due under the lease agreement, dated as of April 1, 2006 (the “*2006 Lease Agreement*”), by and between the Authority, as lessor, and the City, as lessee, which was entered into in connection with the issuance of the Refunded Bonds, have been prepaid in full, and the City’s obligations under the 2006 Lease Agreement have ceased and terminated as of the Closing Date;

(xvii) a letter, dated the Closing Date and addressed to the Authority and the Underwriter of Stradling Yocca Carlson & Rauth, a Professional Corporation,

Disclosure Counsel (“*Disclosure Counsel*”), to the effect that based upon its participation in the preparation of the Official Statement as Disclosure Counsel, without assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement nor making any representation regarding independent verification of the accuracy, completeness or fairness of any of the statements contained in the Official Statement, such counsel advises that during the course of such representation of the City and the Authority as disclosure counsel on this matter, no information came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date or as of the Closing Date (except for any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the information in Appendices A, B, C, D and F to the Official Statement or any information about book-entry or DTC included therein, as to which no opinion or view is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xviii) an opinion of Kutak Rock LLP, Underwriter’s counsel, satisfactory to the Underwriter;

(xix) a certificate of an authorized officer of the Trustee satisfactory to the Underwriter and the City, certifying substantially as follows:

(A) the Trustee is a national banking association duly organized and in good standing under the laws of the United States of America and has all necessary power and authority to enter into the Indenture and to perform its duties under the Indenture;

(B) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriter pursuant to the terms of the Indenture and, when executed by the Authority, the Indenture will constitute a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms;

(C) the Bonds have been duly authenticated and delivered to the Underwriter pursuant to direction from the Authority;

(D) the Trustee is not in breach of or default under any law or administrative rule or regulation of the State or of any department, division, agency or instrumentality thereof, of any applicable court or administrative decree or order, or any other instrument to which the Trustee is a party or is otherwise subject or bound and which would materially impair the ability of the Trustee to perform its obligations under the Indenture;

(E) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the execution, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture;

(F) the execution and delivery of the Indenture will not conflict with or constitute a breach of or default under the Trustee's duties under such documents, or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Trustee is subject or by which it is bound; and

(G) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication and delivery of the Bonds, the execution and delivery of the Indenture, the performance of the Trustee's duties under the Indenture or the consummation by the Trustee of the other transactions contemplated by the Indenture, except as such may be required under the state securities or "blue sky" laws in connection with the distribution of the Bonds by the Underwriter;

(xx) a certificate of an authorized officer of the Escrow Bank satisfactory to the Underwriter and the City, certifying substantially as follows:

(A) the Escrow Bank is a national banking association duly organized and in good standing under the laws of the United States of America and has all necessary power and authority to enter into the Escrow Agreement and to perform its duties under the Escrow Agreement;

(B) the Escrow Bank is duly authorized to enter into the Escrow Agreement and when executed by the City, the Escrow Agreement will constitute a legal, valid and binding obligation of the Escrow Bank enforceable in accordance with its terms;

(C) the Escrow Bank is not in breach of or default under any law or administrative rule or regulation of the State or of any department, division, agency or instrumentality thereof, of any applicable court or administrative decree or order, or any other instrument to which the Escrow Bank is a party or is otherwise subject or bound and which would materially impair the ability of the Escrow Bank to perform its obligations under the Escrow Agreement;

(D) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Escrow Bank or the titles of its directors or officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Escrow Agreement;

(E) the execution and delivery of the Escrow Agreement will not conflict with or constitute a breach of or default under the Escrow Bank's duties under such documents, or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Escrow Bank is subject or by which it is bound; and

(F) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement, the performance of the Escrow Bank's duties under the Escrow Agreement or the consummation by the Escrow Bank of the other transactions contemplated by the Escrow Agreement;

(xxi) an opinion of counsel to the Trustee in form and substance acceptable to the Underwriter and Bond Counsel;

(xxii) an opinion of counsel to the Escrow Bank in form and substance acceptable to the Underwriter and Bond Counsel;

(xxiii) 15c2-12 certificates, dated the date of the Preliminary Official Statement, of the City and the Authority;

(xxiv) certified copies of the City Resolution and the Authority Resolution;

(xxv) evidence that Fitch Ratings and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, have assigned ratings of ["AA-"] and "[AA-]", respectively, to the Bonds;

(xxvi) an Arbitrage Certificate relating to the Bonds in a form satisfactory to Bond Counsel;

(xxvii) evidence satisfactory to Bond Counsel and the Underwriter, of the insurance, including a CLTA title insurance policy, required to be obtained pursuant to the Lease Agreement;

(xxviii) a copy of the Blanket Letter of Representations from the Authority to DTC;

(xxix) a transcript of the proceedings relating to the authorization, issuance, execution and delivery of the Bonds; and

(xxx) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the City's and the Authority's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City and the Authority on or prior to the date of the Closing of all the agreements then to be performed and conditions then to be satisfied by each of them.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to Bond Counsel, Disclosure Counsel and the Underwriter.

If the Authority and the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriter, the Authority or the City shall be under any further obligation hereunder.

**Section 8. Termination.** The Underwriter shall have the right to terminate its obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority and the City in writing, of its election to do so, if, after the execution hereof and prior to the Closing:

(a) an amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation

shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the City or the Authority or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the City, the Authority, its property or income, their securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

(b) legislation shall have been introduced in or enacted, resolution passed, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bonds, including any underlying obligations, or the Indenture, as the case may be, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(e) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(f) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(g) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Authority or the City; or

(h) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(i) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(j) the rating on the Bonds or on any other bonds, notes or other obligations of the City, shall have been placed on review, downgraded, suspended, withdrawn or changed to negative watch in credit watch status by a national rating service which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(k) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City or the Authority, or their property, income, or securities (or interest thereon); or

(l) any event shall occur, or information become known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(m) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement; or

(n) there shall have occurred any materially adverse change in the affairs or financial condition of the City, other than as disclosed in the Official Statement; or

(o) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided, shall be prohibited by any applicable law, governmental authority, board, agency or commission.

If this Bond Purchase Agreement shall be terminated pursuant to Section 7 hereof or this Section 8, or if the purchase of the Bonds provided for herein is not consummated because any condition to the Underwriter's obligations hereunder is not satisfied or because of any refusal, inability or failure on the part of the City or the Authority to comply with any of the terms or to fulfill any of the conditions of this Bond Purchase Agreement, or if for any reason the City or the Authority shall be unable to perform all of its respective obligations under this Bond Purchase Agreement, none of the City or the Authority shall be liable to the Underwriter for damages on account of loss of anticipated profits arising out of the transactions covered by this Bond

Purchase Agreement. The Underwriter may, in its sole discretion, waive any of the conditions set forth in Section 7 hereof or this Section 8.

**Section 9. Payment of Costs and Expenses.**

(a) All costs and expenses incident to the sale and delivery of the Bonds to the Underwriter shall be payable by the Authority from the proceeds of the Bonds, including, but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the fees and expenses of the City, its counsel, municipal advisor and consultants; (iii) the fees and expenses of the Authority, its counsel and consultants; (iv) the fees and expenses of Bond Counsel; (v) the fees and expenses of Disclosure Counsel; (vi) all expenses in connection with the preparation and printing of the Bonds; (vii) all expenses in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto; (viii) the initial fees and expenses of the Trustee, including the reasonable fees and expenses of its counsel; (ix) the initial fees and expenses of the Escrow Bank, including the reasonable fees and expenses of its counsel; and (ix) the fees and expenses of any rating agency rating the Bonds.

(b) The Underwriter shall pay all expenses incurred by it in connection with the public offering and distribution of the Bonds including, but not limited to: (i) the fees and disbursements of Underwriter's Counsel, and (ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds, including, air travel and hotel accommodations in connection with the pricing of the Bonds; investor meetings, rating agency trips and meetings; the Closing; meals and transportation for the City, the Underwriter and other working group personnel during rating agency, investor meetings; pricing and Closing trips; expenses related to attending working group meetings, such as parking, meals and transportation and any other miscellaneous costs associated with the Closing; (iii) all other expenses incurred by the Underwriter in connection with the public offering and distribution of Bonds, except as provided in Section 9(a) hereof or as otherwise agreed to by the Underwriter, the Authority and the City; and (iv) the fees of the California Debt and Investment Advisory Commission. Such items may be included as an expense component of the Underwriter's discount.

The Authority and the City acknowledge that they have had an opportunity, in consultation with such advisors as they may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

**Section 10. Notices.** Any notice or other communication to be given under this Bond Purchase Agreement to a party hereto may be given by delivering the same in writing:

to the Authority: Finance Authority of Long Beach  
333 West Ocean Boulevard, 6<sup>th</sup> Floor  
Long Beach, CA 90802  
Attention: Treasurer/Auditor

to the City: City of Long Beach  
333 West Ocean Boulevard, 6<sup>th</sup> Floor  
Long Beach, CA 90802  
Attention: Treasurer

to the Underwriter: Merrill Lynch, Pierce, Fenner & Smith, Incorporated  
333 South Hope Street, Suite 2310  
Los Angeles, CA 90071  
Attention: Jeffrey Bower, Managing Director

**Section 11. Parties in Interest.** This Bond Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's and the City's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriter, (b) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement, and (c) any termination of this Bond Purchase Agreement.

**Section 12. Determination of End of the Underwriting Period.** For purposes of this Bond Purchase Agreement, the end of the underwriting period for the Bonds shall mean the earlier of (a) the Closing Date unless the City and the Authority have been notified in writing by the Underwriter, on or prior to the Closing Date, that the "end of the underwriting period" for the Bonds for all purposes of the Rule will not occur on the Closing Date; or (b) the date on which notice is given to the City and the Authority by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City and the Authority pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the Closing Date, the Underwriter agrees to notify the City and the Authority in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule.

**Section 13. No Assignment.** This Bond Purchase Agreement is entered into among the City, the Authority and the Underwriter, and none of them shall assign any right or obligation hereunder without the prior written consent of the other parties hereto.

**Section 14. Effectiveness.** This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by an authorized representative of the City and an authorized representative of the Authority, and shall be valid and enforceable at the time of such acceptance.

**Section 15. Headings.** The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

**Section 16. Governing Law.** This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in California.

**Section 17. Counterparts.** This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page follows]

If the foregoing is in accordance with your understanding of this Bond Purchase Agreement please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the City, the Authority and the Underwriter in accordance with its terms.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED, as Underwriter

By \_\_\_\_\_  
Authorized Signatory

Accepted by:

FINANCE AUTHORITY OF LONG BEACH

By \_\_\_\_\_  
David S. Nakamoto, Treasurer/Auditor

CITY OF LONG BEACH, CALIFORNIA

By \_\_\_\_\_  
David S. Nakamoto, Treasurer

[Signature page to Bond Purchase Agreement]

**EXHIBIT A**

\$[PAR]  
Finance Authority of Long Beach  
Lease Revenue Refunding Bonds, Series 2016B  
(Rainbow Harbor Refinancing Project)

**MATURITY DATES, PRINCIPAL AMOUNTS,  
INTEREST RATES, YIELDS AND PRICES**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2017	\$	%	%	
2018				
2019				
2020				
2021				
2022				
2023				

**REDEMPTION PROVISIONS**

**No Optional Redemption**

The Bonds are not subject to optional redemption prior to their respective stated maturities.

**Special Mandatory Redemption From Insurance or Condemnation Proceeds**

The Bonds shall be subject to redemption as a whole or in part on any date, to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the City to be used for such purpose as provided in Section 5.06 of the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium.