

BOND PURCHASE AGREEMENT

**§ _____
MILPITAS MUNICIPAL FINANCING AUTHORITY
2019 WASTEWATER REVENUE BONDS**

_____, 2019

Milpitas Municipal Financing Authority
455 E. Calaveras Blvd.
Milpitas, CA 95035

City of Milpitas, California
455 E. Calaveras Blvd.
Milpitas, CA 95035

Ladies and Gentlemen:

BofA Securities, Inc. (the “**Underwriter**”), hereby offers to enter into this bond purchase agreement (this “**Bond Purchase Agreement**”) with the Milpitas Municipal Financing Authority (the “**Authority**”) and the City of Milpitas, 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 Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended; (b) 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; (c) 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); (d) 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 (e) the City and the Authority have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent they have 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.

The Issuer hereby acknowledges and agrees that BofA Securities, Inc. will transfer by assignment all of its rights and obligations under this Purchase Agreement to BofA Securities, Inc., a registered municipal securities dealer with the Municipal Securities Rulemaking Board.

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, all of its Milpitas Municipal Financing Authority \$_____ 2019 Wastewater Revenue Bonds (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 \$_____, 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 on _____, 2019, 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. The Bonds are also being issued pursuant to a resolution of the Authority, adopted on _____, 2019 (the "**Authority Resolution**"), and an Indenture of Trust, dated as of _____, 2019 (the "**Indenture**"), by and between the Authority and U.S. Bank National Association, as trustee (the "**Trustee**").

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The Bonds are being issued by the Authority to provide funds to (i) assist the City with financing certain improvements to the City's wastewater system, including the City's share of the capital improvement costs of the San Jose/Santa Clara Water Pollution Control Plant, and (ii) pay the costs of issuing the Bonds.

The Bonds are limited obligations of the Authority payable solely from and secured by the "Revenues" pledged under the Indenture, which consist primarily of installment payments (the "**Installment Payments**") payable by the City to the Authority under the Installment Sale Agreement, dated as of _____, 2019 (the "**Installment Sale Agreement**") pursuant to which the City is purchasing the Wastewater System Improvements being financed.

Under the Installment Sale Agreement, the City has irrevocably pledged, charged and assigned all of the Net Revenues of the Wastewater System to the punctual payment of the Installment Payments. Under the Indenture, the Authority has irrevocably transferred, assigned,

and set over to the Trustee, without recourse to the Authority, all of its rights in the Installment Sale Agreement (excepting only the Authority's rights relating to indemnification and related matters), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments for the benefit of the Owners of the Bonds.

A preliminary official statement of the Authority and the City, dated _____, 2019 (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 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 Jones Hall, A Professional Law Corporation, Bond Counsel ("**Bond Counsel**"), of its approving legal opinions with respect to the Bonds.

The Authority and the City hereby authorize the Underwriter to use and distribute the Installment Sale 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.

Section 2. Offering; Establishment of Issue Price. The Underwriter agrees to make an initial bona fide public offering of the Bonds at a price or prices not in excess of the initial offering price or prices or yields not less than the yields set forth in Exhibit A hereto, which prices may be changed from time to time by the Underwriter after such initial offering as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds (but in all cases subject to the requirements of this Section 2), 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 greater than the yields set forth in Exhibit A (but in all cases subject to the requirements of this Section 2). The Underwriter agrees to assist the Authority and the City in establishing the issue price of the Bonds and shall execute and deliver to the Authority and the City at Closing an "issue price" certificate, together with supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

[Except as otherwise set forth in Exhibit A attached hereto,] [T]he Authority and the City will treat the first price at which 10% of each maturity of Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Authority and the City the price or prices at which the Underwriter has sold to the public each maturity of Bonds. For purposes of this Section, if the Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has been satisfied (the “10% Test Maturities”). Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied (the “Hold-the-Price Maturities”) and for which the Authority, the City and the Underwriter, agrees that the restrictions set forth in the next sentence shall apply, which will allow the Authority and the City to treat the initial offering price to the public of each such Hold-the-Price Maturities as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Hold-the-Price Maturities of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority and the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.]

The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 3. The Bonds. The Bonds will be issued, executed and delivered pursuant to the Indenture. The City Council of the City adopted a resolution on _____, 2019, relating to the Bonds and approving the form and authorizing the execution of related documents, including the Installment Sale Agreement (the “**City Resolution**”). This Bond Purchase Agreement, the Installment Sale Agreement and the Continuing Disclosure Certificate (as hereinafter defined), are collectively referred herein to as the “**City Documents**.” This Bond Purchase Agreement, the Indenture and the Installment Sale Agreement are collectively referred to herein as the “**Authority Documents**.”

Section 4. 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 any information that is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “**Rule**”), including 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 the Rule.

(b) The Authority agrees to deliver to the Underwriter, at such addresses as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with the Rule, MSRB Rule G-32 and all other applicable rules of the MSRB. The Authority agrees to deliver the Official Statement 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 the 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 13 hereof.

(c) The Authority and the City agree 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 they have 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 Authority and 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 Authority and 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 Authority and 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) In order to assist the Underwriter in complying with the Rule, the City hereby covenants and agrees that it will, on or prior to the Closing Date, enter into a continuing disclosure certificate for the Bonds to provide annual financial and operating information and notices of the occurrence of specified events in the forms attached as Appendix C to the Official Statement (the “*Continuing Disclosure Certificate*”).

(e) The Underwriter agrees to file the Official Statement with the MSRB through the MSRB’s 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 Authority and the City, but in no event later than the Closing Date.

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

(a) The City is a municipal corporation and general law 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, the Preliminary Official Statement 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 has executed and delivered, or will execute and deliver on or before the Closing Date, each of the City Documents. Each of the City Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the City enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Each of the City Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) As of the date thereof and at all times up to the City’s acceptance of this Bond Purchase Agreement, the information in the Preliminary Official Statement (other than information relating to the Underwriter and DTC and its book-entry system, as to which no representation is made) was and is true and correct, and the Preliminary Official Statement (other than information relating to the Underwriter and DTC and its book-entry system, as to which no representation is made) did not and does 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.

(j) At the time of the City’s acceptance hereof, and (unless an event occurs of the nature described in Section 5(k) hereof) at all times subsequent thereto up to and including the Closing Date, the information in the Official Statement (other than information relating to the Underwriter and DTC and its book-entry system, as to which no representation is made) is and will be true and correct, and the Official Statement (other than information relating to the Underwriter and DTC and its book-entry system, as to which no representation is made) does 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.

(k) If the Official Statement is supplemented or amended pursuant to Section 5(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.

(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 13 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.

(m) 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.

(n) 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 the interest on or principal of which will be payable in priority out of the Gross Revenues over the Installment Payments.

(o) The City shall honor all covenants on its part contained in the Installment Sale Agreement.

(p) Except as otherwise described in the Preliminary Official Statement 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.

(q) The audited financial statements of the City appended to the Preliminary Official Statement and the Official Statement for the City's fiscal year ended June 30, 2018, 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 6. 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 March 1, 2016 (the “*JPA Agreement*”), by and between the City and the City of Milpitas Housing Authority.

(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, the Preliminary Official Statement 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 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 Resolutions 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 Resolutions have not been modified, amended or rescinded since the date of their 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 Indenture and the Bonds conform to the descriptions thereof contained in the Official Statement and 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) The Authority has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Authority Documents. Each of the Authority Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Authority enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. Each of the Authority Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(h) 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.

(i) 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.

(j) 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 and is 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.

(k) At the time of the Authority’s acceptance hereof, and (unless an event occurs of the nature described in Section 6(l) hereof) at all times subsequent thereto up to and including the Closing Date, the information regarding the Authority in the Official Statement is and will be true and correct and does 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.

(l) If the Official Statement is supplemented or amended pursuant to Section 6(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.

(m) 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 13 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.

(n) 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.

(o) The Authority will cause the proceeds from the sale of the Bonds to be paid to the Trustee 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.

(p) The Authority shall honor all covenants on its part contained in the Indenture and the Installment Sale Agreement.

Section 7. Closing. At 8:00 a.m., California time, on 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 each series 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 8. 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, 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 Installment Sale Agreement, executed by the parties thereto;
- (v) a copy of the Continuing Disclosure Certificate, executed by the City;
- (vi) a certified copy of the JPA Agreement;
- (vii) a receipt from the Trustee for the proceeds of the Bonds;
- (viii) 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 June 30, 2018, 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 June 30, 2018 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 2019 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 “FINANCING PLAN”; 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 Installment Payments under the Installment Sale Agreement;

(ix) 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;

(x) 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 general law 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 their 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;

(xi) 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 and the City," "THE AUTHORITY AND THE CITY – The Authority" and "NO MATERIAL 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;

(xii) opinions, dated the Closing Date and addressed to the Authority, of Bond Counsel, substantially in the forms set forth in Appendix E 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 opinions may be relied upon by the Underwriter to the same extent as if such opinions were addressed to the Underwriter;

(xiii) 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 are 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 statements contained in the Official Statement under the captions “THE 2019 BONDS,” “SECURITY FOR THE 2019 BONDS,” “TAX MATTERS,” and in “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS” and “APPENDIX E – FORM OF OPINION OF BOND COUNSEL,” are accurate in all material respects insofar as such statements expressly summarize certain provisions of the Indenture, the Installment Sale Agreement, certain tax matters relating to the Bonds and the final opinion of Bond Counsel;

(xiv) a letter, dated the Closing Date and addressed to the Authority and the Underwriter of Jones Hall, A Professional Law 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, D, E 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;

(xv) an opinion of Nixon Peabody LLP, Underwriter's counsel, satisfactory to the Underwriter;

(xvi) 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 material 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) to the knowledge of the Trustee, there is no action, litigation, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending and served on or threatened against or affecting the existence of the Trustee, seeking to restrain or enjoin the authentication of any of the Bonds by the Trustee, or contesting or affecting the powers of the Trustee or its authority to execute, deliver, enter into and perform its obligations under the Indenture to which it is a party or its authority to authenticate the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds or the Indenture to which it is a party;

(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, articles of association, bylaws or other material 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;

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

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

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

(xx) evidence that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, have assigned a rating of "[]" to the Bonds;

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

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

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

(xxiv) 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 9. 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 or escalation of hostilities or any national or international calamity or crisis, including a financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; 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) a rating on the Bonds or on any other general fund secured bonds or 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 8 hereof or this Section 9, 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 8 hereof or this Section 9.

Section 10. 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; 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 10(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 11. 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: Milpitas Municipal Financing Authority
455 E. Calaveras Blvd.
Milpitas, CA 95035
Attention: Treasurer/Auditor

to the City: City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035
Attention: Treasurer

to the Underwriter: BofA Securities, Inc.
555 California Street, Suite 1160
San Francisco, California 94104
Attention: Holly Vocal,

Section 12. 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 13. 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 14. 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 15. 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 16. 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 17. 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 18. 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,

BOFA SECURITIES, INC., as Underwriter

By _____
Authorized Representative

Accepted by:

MILPITAS MUNICIPAL FINANCING AUTHORITY

By _____
Walter Rossman, Treasurer

CITY OF MILPITAS, CALIFORNIA

By _____
Walter Rossman, Director of
Financial Services

[Signature page to Bond Purchase Agreement]

EXHIBIT A

\$ _____
Milpitas Municipal Financing Authority
2019 Wastewater Revenue Bonds

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

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Met	[Subject to Hold- the- Price Rule]
	\$	%	%	%		

^c [Priced to par call on November 1, 20__.]

REDEMPTION PROVISIONS

Optional Redemption

The Bonds maturing on or before November 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after November 1, 20__, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and by lot within a maturity, at the option of the Authority, on any date on or after November 1, 20__, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Special Mandatory Redemption from Insurance and Sale Proceeds

The Bonds are subject to mandatory redemption, on any date, in whole, or in part on a pro rata basis among maturities, from the net proceeds of insurance, sale or condemnation credited towards the prepayment of the Installment Payments by the City under the Installment Sale Agreement, at a redemption price equal to the principal amount represented thereby to be prepaid, without premium, together with accrued interest represented thereby to the redemption date.

Mandatory Sinking Fund Redemption

The Bonds maturing on November 1, 20__ and November 1, 20__ (the “**2019 Term Bonds**”) are also be subject to redemption, by lot, on November 1 in each of the years as set forth in the following tables, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof may be purchased, in the aggregate respective principal amounts and on the respective dates as set forth in the following tables; provided, however, that if some but not all of the 2019 Term Bonds have been redeemed pursuant to paragraphs described above, the total amount of all future payments with respect to such 2019 Term Bonds shall be reduced by the aggregate principal amount of such 2019 Term Bonds so redeemed, to be allocated among such payments in integral multiples of \$5,000 as determined by the Authority (written notice of which determination shall be given by the Authority to the Trustee).

2019 Term Bonds Maturing November 1, 20__

Sinking Fund
Redemption Date
(November 1)

Principal
Amount To Be
Redeemed

2019 Term Bonds Maturing November 1, 20__

Sinking Fund
Redemption Date
(November 1)

Principal
Amount To Be
Redeemed

In lieu of mandatory sinking fund redemption of the 2019 Term Bonds, amounts on deposit in the Bond Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account pursuant to the Indenture during the current Bond Year) may also be used and withdrawn by the Authority, upon the Written Request of the Authority delivered to the Trustee, at any time for the purchase of such 2019 Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Authority may in its discretion determine. The par amount of any of such 2019 Term Bonds so purchased by the Authority in any twelve-month period ending on April 1 in any year shall be credited towards and shall reduce the par amount of such 2019 Term Bonds required to be redeemed pursuant to this provision on the next succeeding November 1.

EXHIBIT B

FORM OF ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of BofA Securities, Inc. or its affiliate (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the [\$_____ Milpitas Municipal Financing Authority 2019 Wastewater Revenue Bonds) (the “Bonds”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Tax Certificate relating to the Bonds, to which this certificate is attached.

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the [Bonds][General Rule Maturities], the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

[The Underwriter offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

As set forth in the Bond Purchase Agreement, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”) nor would they permit a related party to do so, and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreements, no Underwriter has offered or sold any unsold Bonds of any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

Defined Terms.

General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold the Offering Price Maturity.

Issuer means Milpitas Municipal Financing Authority.

Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2019.

Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

Other Certifications.

(a) The aggregate of the Initial Offering Prices of the Bonds is \$ _____.

(b) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the arbitrage yield with respect to the Bonds.

(c) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the weighted average maturity of the Bonds. We have performed this calculation using the following formula: we calculated the total number of bond years and divided that number into the total initial offering price of the bonds of the offering. For purposes of calculating the total bond years, we calculated the sum of the products of each respective maturity’s initial offering price and the number of years from the dated date to each respective maturity, doing so on a 12-month, 360-day year basis.

We express no view regarding the legal sufficiency of the above computations or the correctness of any legal interpretation made by Bond Counsel. Further, notwithstanding the Underwriter having performed the calculations as set forth in the Statistics using the DBC Software, we remind you that we are not accountants or actuaries, nor are we engaged in the practice of law.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones

Hall, A Professional Law Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

BOFA SECURITIES, INC., as Underwriter

By: _____
Authorized Representative

Dated: _____, 2019

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

MATURITY SCHEDULE

<u>Maturity Date</u> <u>(November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
	\$	%	%	%

[* General Rule Maturities

** Hold-the-Offering-Price Maturities]