

## RESOLUTION NO. FA2016-02

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ELK GROVE FINANCE AUTHORITY CONFIRMING APPROVAL OF THE ISSUANCE OF SPECIAL TAX REVENUE BONDS AND INCREASING THE AUTHORIZED AMOUNT THEREOF, AND APPROVING AND AUTHORIZING AN OFFICIAL STATEMENT AND BOND PURCHASE AGREEMENT IN CONNECTION THEREWITH, FOR CITY OF ELK GROVE COMMUNITY FACILITIES DISTRICT NO. 2005-1 (LAGUNA RIDGE) AND APPROVING RELATED AGREEMENTS AND ACTIONS

**WHEREAS**, the Elk Grove Finance Authority (the "Authority") is a joint exercise of powers authority duly organized and existing under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations and for financing and refinancing public capital improvements of member entities of the Authority and other local agencies; and

**WHEREAS**, the City Council of the City of Elk Grove (the "City") has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Mello-Roos Act"), to form Community Facilities District No. 2005-1 (Laguna Ridge) (the "CFD"), to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes, for the purpose of financing certain public improvements and related expenses for the CFD; and

**WHEREAS**, the City has determined in its Resolution No. 2016-112, adopted June 8, 2016 (the "Resolution of Issuance"), that it is in the best financial interests of the City and the CFD to refinance all or a portion of bonds issued for the CFD in 2007 by issuing refunding bonds for the CFD and to finance an additional portion of the facilities authorized to be financed by the CFD, and to authorize a series of special tax bonds as refunding bonds for the CFD designated City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds Series 2016 (the "CFD Bonds") and in connection therewith the City Council approved certain documents related to the CFD Bonds; and

**WHEREAS**, the City wishes to sell the CFD Bonds to the Authority, and for the purpose of purchasing the CFD Bonds, the Board of Directors of the Authority has determined in its Resolution No. 2016-001, adopted June 8, 2016 (the "Resolution of Issuance"), to issue its Special Tax Revenue Bonds, Series 2016 (the "Bonds") pursuant to the Bond Law; and

**WHEREAS**, Bonds in an amount not to exceed \$115 million were authorized in the Resolution of Issuance; subsequent to the date of adoption of the Resolution of

Issuance the City has requested that the authorization be increased to \$135 million, and the Authority desires to facilitate such increase; and

**WHEREAS**, the Authority proposes to sell the Bonds to Piper Jaffray & Co. (the "Underwriter") pursuant to the terms of a Bond Purchase Agreement by and between the city and the Underwriter, and the Underwriter proposes to offer the Bonds to the investing public by means of a Preliminary Official Statement describing the Bonds and containing material information relating to the Bonds, and there has been filed with the Secretary of this Board a form of both of those documents, which the Board desires to approve for execution as described herein.

**NOW, THEREFORE, BE IT RESOLVED** By the Board of Directors of the Elk Grove Finance Authority as follows:

**Section 1. Increased Bond Authorization; Bond Issuance.** The authorized amount of Bonds authorized to be issued is increased to \$135 million. With this increase amending the authorized amount, this Board hereby confirms its findings and approvals contained in the Resolution of Issuance and all other terms of its authorization, and confirms that the President, Vice President, Administrator or Treasurer (each, an "Authorized Officer"), each acting alone, are authorized to execute the documents approved therein and carry out the actions described therein.

**Section 2. Official Statement.** The form of the Preliminary Official Statement presented at this meeting is hereby approved and the Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by an Authorized Officer, to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, including, but not limited to, such additions and changes as are necessary to incorporate the terms of any municipal bond insurance for the Bonds and make the information therein accurate and not misleading. Each Authorized Officer is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by an Authorized Officer, or his or her designee, to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the Authority, which execution by an Authorized Officer is hereby approved.


**Section 3. Sale of the Bonds.** The Board hereby approves the sale of the Bonds by negotiation with the Underwriter and pursuant to the Bond Purchase Agreement. The form of the Bond Purchase Agreement, providing for the sale of the Bonds by the Authority to the Underwriter presented at this meeting is hereby approved in substantially the form attached as Exhibit A, together with any changes therein or additions thereto approved by, and the execution thereof by, an Authorized Officer shall be conclusive evidence of such approval of any such changes or additions. The Bond

Purchase Agreement shall be executed in the name and on behalf of the Authority by an Authorized Officer upon submission of a proposal by the Underwriter to purchase the Bonds, which offer is consistent with the following requirements: the amount of Underwriter's discount shall be not more than 1% of the par amount thereof (not taking into account any original issue discount on the sale thereof), the true interest cost shall not be in excess of 4.0% and the aggregate principal amount of the Bonds shall not be in excess of \$135 million. The Board hereby authorizes and directs an Authorized Officer to execute, and the Secretary to attest and affix the seal of the Authority to, the final form of the Bond Purchase Agreement for and in the name of the Authority. The Board hereby authorizes the delivery and performance of the Bond Purchase Agreement.

**Section 4. Official Actions.** Each Authorized Officer and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of the documents approved herein, any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Bonds and any of the other transactions contemplated by the Resolution of Issuance and the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable. All actions to be taken by an Authorized Officer, as defined herein, may be taken by such Authorized Officer or any designee, with the same force and effect as if taken by the Authorized Officer.

**Section 5. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.


**PASSED AND ADOPTED** by the Board of Directors of the Elk Grove Finance Authority this 13<sup>th</sup> day of July 2016.

  
\_\_\_\_\_  
GARY DAVIS, PRESIDENT of the  
ELK GROVE FINANCE AUTHORITY

ATTEST:

  
\_\_\_\_\_  
JASON LINDGREN, SECRETARY

APPROVED AS TO FORM:

  
\_\_\_\_\_  
JONATHAN P. HOBBS,  
LEGAL COUNSEL

**EXHIBIT A**

*Stradling Yocca Carlson & Rauth  
Draft dated 5/27/2016*

§ \_\_\_\_\_  
**ELK GROVE FINANCE AUTHORITY  
SPECIAL TAX REVENUE BONDS  
SERIES 2016**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2016

Elk Grove Finance Authority  
8401 Laguna Palms Way  
Elk Grove, California 95758

Ladies and Gentlemen:

Piper, Jaffray & Co., as underwriter (the "Underwriter"), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Elk Grove Finance Authority (the "Authority"), which upon acceptance will be binding upon the Underwriter and the Authority. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Authority purchasing from the City of Elk Grove (the "City") its City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Bonds, Series 2016 (the "Special Tax Bonds") in the aggregate principal amount of \$ \_\_\_\_\_, and upon the Authority and the City satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Authority's acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 8:00 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Indenture of Trust, dated as of \_\_\_\_\_ 1, 2016 (the "Indenture"), between the Authority and U.S. Bank National Association ("U.S. Bank"), as trustee (the "Trustee"). The Special Tax Bonds are being issued pursuant to a separate Fiscal Agent Agreement dated as of \_\_\_\_\_ 1, 2016 (the "Fiscal Agent Agreement") between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent").

I. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority and the Authority hereby agrees to sell to the Underwriter all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal amount of the Elk Grove Finance Authority Special Tax Revenue Bonds, Series 2016 (the "Bonds"), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$ \_\_\_\_\_ (being 100% of the aggregate principal amount thereof plus a net original issue premium of \$ \_\_\_\_\_ and less an Underwriter's discount of \$ \_\_\_\_\_). From the proceeds of the Bonds, the Authority agrees to purchase the Special Tax Bonds from the City

pursuant to the terms of the CFD Bond Purchase Agreement (the “2016 CFD Bond Purchase Agreement”), by and between the City and the Authority.

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds will be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Revenues as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Marks-Roos Local Bond Pooling Act of 1985, as amended, being Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Bond Law”). The issuance of the Bonds has been duly authorized by the Authority pursuant to a resolution of the Authority adopted by the Board of Directors of the Authority on June 8, 2016 and a resolution of the Authority adopted by the Board of Directors of the Authority on June 22, 2016 (together, the “Authority Resolutions”). The net proceeds of the Bonds will be used to purchase the Special Tax Bonds.

The Special Tax Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from Special Taxes (as such term is defined in the Fiscal Agent Agreement) pledged thereto as provided in the Fiscal Agent Agreement.

The Special Tax Bonds are issued under the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Community Facilities District Act”). The issuance of the Special Tax Bonds have been duly authorized by the City Council of the City of Elk Grove (the “City Council”) as the legislative body for City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) (the “Community Facilities District”), pursuant to Resolution No. \_\_\_\_ adopted by the City Council on June 8, 2016 and Resolution No. \_\_\_\_ adopted by the City Council on June 22, 2016 (together, the “Community Facilities District Resolutions of Issuance”). The Purchase Agreement, the 2016 CFD Bond Purchase Agreement and the Preliminary Official Statement have been duly authorized by the City Council pursuant to the Community Facilities District Resolutions of Issuance.

The net proceeds of the Special Tax Bonds will be used, as indicated in the Fiscal Agent Agreement, for the following purposes: (1) refunding and defeasing the City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) Special Tax Refunding Bonds, Series 2007 (the “Prior CFD 2005-1 Bonds”) in accordance with an Escrow Agreement dated as of \_\_\_\_\_ 1, 2016 (the “Escrow Agreement”) among the City, the Authority and U.S. Bank National Association, as escrow bank thereunder (the “Escrow Bank”); (2) providing funds for the acquisition and/or construction of certain public facilities; (3) funding the Reserve Requirement for the Special Tax Bonds; and (4) funding the costs of issuance of the Bonds and the Special Tax Bonds.

The amounts deposited in the Escrow Fund created under the Escrow Agreement will be applied, in accordance with the Escrow Agreement, to refund the outstanding amounts of the Prior CFD No. 2005-1 Bonds.

Prior to the acceptance of this Purchase Agreement by the Authority, the Authority shall have caused to be delivered to the Underwriter the Letter of Representations of the City (the "City Letter of Representations") in substantially the form set forth in Exhibit B hereto.

A. The Authority acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations and agreements made by the Authority herein and by the City in the City Letter of Representations of the City, and the Authority shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation or agreement made by the Authority herein is incorrect in any material respect.

The Authority acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Authority and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority or the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the City on other matters); and (iv) the Authority and the City have consulted their own legal, financial and other advisors to the extent that they have deemed appropriate.

B. Pursuant to the authorization of the Authority, the Underwriter has distributed copies of the Preliminary Official Statement dated \_\_\_\_\_, 2016, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the "Preliminary Official Statement." By its acceptance of this Purchase Agreement, the Authority hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Authority agrees to execute a final official statement relating to the Bonds (the "Official Statement") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Jones Hall, A Professional Law Corporation, the City and the Authority's Bond Counsel ("Bond Counsel") and Disclosure Counsel ("Disclosure Counsel"), and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 2(O) hereof. The Authority hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Authority further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Fiscal Agent Agreement, this Purchase Agreement, the 2016 CFD Bond Purchase Agreement, the Escrow Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Authority or the City to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), the City will undertake for and on behalf of the Authority pursuant to the Continuing Disclosure Certificate, in the form attached to the Official Statement as Appendix \_\_ (the "Continuing Disclosure Certificate"), to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Authority may otherwise agree, the Authority will deliver to the Underwriter, at the offices of Bond Counsel in San Francisco, California, or at such other location as may be mutually agreed upon by the Underwriter, the City and the Authority, the documents hereinafter mentioned; and the Authority will deliver to the Underwriter through the facilities of The Depository Trust Company (“DTC”) in New York, New York, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Authority and authenticated by the Trustee in the manner provided for in the Indenture and the Bond Law at 8:00 a.m. California time, on \_\_\_\_\_, 2016 (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Representations and Covenants of the Authority. The Authority represents and covenants to the Underwriter that:

A. The Authority is a joint exercise of powers authority, duly organized and existing under the Constitution and laws of the State of California (the “State”), and formed pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code (the “JPA Act”), with full right, power and authority: (i) to enter into this Purchase Agreement; (ii) to enter into the Indenture; (iii) to adopt the Authority Resolutions authorizing the issuance of the Bonds and entry into this Purchase Agreement and the Indenture and to take all other actions on the part of the Authority relating thereto (the “Authority Proceedings”); (iv) to issue, sell and deliver the Bonds to the Underwriter as provided herein; (v) to purchase the Special Tax Bonds; and (vi) to carry out and consummate the transactions on its part contemplated by this Purchase Agreement, the Indenture and the Official Statement.

The Indenture, the Bonds, the 2016 CFD Bond Purchase Agreement, the Escrow Agreement and this Purchase Agreement are collectively referred to herein as the “Authority Documents.”

B. By all necessary official action of the Authority, the Authority has duly authorized and approved the execution and delivery by the Authority of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents, and has approved the use by the Underwriter of the Preliminary Official Statement and the Official Statement and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable upon the Authority in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. The Authority has complied, and will at the Closing Date be in compliance in all respects, with the terms of the Authority Documents that are applicable to the Authority.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Authority and the Bonds (other than statements pertaining to the book-entry system, as to which no view is expressed), does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances

under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be a written notice delivered to the Authority and the City at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

E. As of the time of acceptance hereof and as of the Closing Date, except as otherwise disclosed in the Official Statement, the Authority is not, and as of the Closing Date, will not be, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject; 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 event of default under any such instrument; which breach, default or event could have an adverse effect on the Authority's ability to perform its obligations under the Authority Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and compliance by the Authority with the provisions of each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery 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 its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

F. At the time of acceptance hereof there is, and as of the Closing Date, there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the Authority or the City) or to the knowledge of the Authority threatened, in which any such Action: (i) in any way questions the corporate existence of the Authority, the City or the titles of the officers of the Authority and the City to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the



Bonds, the Special Tax Bonds, or the payment or collection of Revenues (as defined in the Indenture), the Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds or the Special Tax Bonds, or in any way contests or affects the validity of the Authority Documents, the City Documents (as defined herein), or the consummation of the transactions on the part of the Authority contemplated thereby; (iii) contests the exclusion of the interest on the Bonds from federal or state income taxation or contests the powers of the Authority or the City which may result in any material adverse change relating to the financial condition of the Authority; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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; and, as of the time of acceptance hereof, there is, and as of the Closing Date, there will be no known basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

G. The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of 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 will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

H. The Authority Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement. The Authority represents that the Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Authority, entitled to the benefits of the Indenture. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to the Indenture, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

I. [Reserved.]

J. The Authority has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Authority is a bond issuer whose arbitrage certifications may not be relied upon.

K. Any certificate signed by any authorized officer of the Authority and delivered to the Underwriter in connection with the issuance and sale of the Bonds shall be deemed to be a representation and covenant by the Authority to the Underwriter as to the statements made therein.

L. The Authority will apply the proceeds of the Bonds in accordance with the Indenture.

M. Between the date of this Purchase Agreement and the Closing Date, the Authority will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

N. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Authority will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

O. The Preliminary Official Statement was deemed final by a duly authorized officer of the Authority prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Authority hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Authority shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

The Authority hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Authority hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Authority to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Authority shall constitute a representation to the Underwriter that the representations contained in this Section 2 are true as of the date hereof.

3. [Reserved].

4. [Reserved].

5. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations on the part of the Authority contained herein and of the City in the City Letter of Representations, to the accuracy in all material respects of the statements of the officers and other officials of the Authority made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Authority of its obligations to be performed hereunder at or prior to the Closing Date and, to the following additional conditions:

A. At the Closing Date, the Authority Resolutions, the Community Facilities District Resolutions of Issuance, the Authority Documents and this Purchase Agreement, the Fiscal Agent Agreement, the 2016 CFD Bond Purchase Agreement, the Special Tax Bonds, the Escrow Agreement and the Continuing Disclosure Certificate (the "City Documents") shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Special Tax Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as was described in the Preliminary Official Statement, the Authority shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, and the performance by the Authority of its obligations under the Authority Documents, the Authority Resolutions and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the Authority of its obligations under the Authority Documents or the Authority Resolutions.

C. [Reserved]

D. At the Closing Date, except as described in the Preliminary Official Statement, the City shall not be, in any respect material to the transactions referred to in the City Letter of Representations or contemplated therein, in breach of or in default under, any law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance by the City of its obligations under its Special Tax Bonds, the Community Facilities District Resolutions of Issuance, the City Documents, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the City of its obligations under the City Documents, the Special Tax Bonds or the performance of the conditions precedent to be performed by the City under the City Documents.

E. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit 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.

F. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Authority terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or the Special Tax Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture or the Fiscal Agent Agreement is not exempt from qualification under or other requirements of the Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds or the Special Tax Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A general suspension of trading in securities on the New York Stock Exchange, or a general banking moratorium declared by Federal, State of New York or State officials authorized to do so;

4. The introduction, proposal or enactment of any amendment to the Federal or State Constitution or any action by any Federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority or the City, their property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of the Authority to purchase any Special Tax Bonds as contemplated by the Official Statement;

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a 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;

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, the Special Tax Bonds or obligations of the general character of the Bonds or the Special Tax 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;

7. There shall have occurred any material outbreak or escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it impracticable, in the judgment of the Underwriter, following consultation with the Authority, to sell the Bonds;

8. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the City or the Authority; or

9. The filing or threat of an Action described in Section 2(k) hereof or in Section (k) of the City Letter of Representations.

G. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Authority by its Treasurer or other authorized officer;

2. The Authority Documents, duly executed and delivered by all parties thereto;

3. The Authority Resolutions, together with a certificate of the Secretary of the Authority, dated as of the Closing Date, to the effect that such resolution is a true, correct and complete copy of the resolution duly adopted by the Board of Directors of the Authority;

4. The Community Facilities District Resolutions of Issuance, together with a certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions of Issuance is a true, correct and complete copy of the one duly adopted by the City Council;

5. The City Documents duly executed and delivered by all parties thereto;

6. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Authority, of Bond Counsel, in substantially the form included as Appendix \_\_ to the Official Statement;

7. A supplemental opinion or opinions, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit C;

8. [Reserved]

9. A certificate, dated the Closing Date and signed by the Treasurer of the Authority or other authorized officer, to the effect that: (i) the representations of the Authority contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose 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; and (iii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the Authority Documents and the Authority Resolutions at or prior to the Closing Date;

10. A certificate dated the Closing Date and signed by an authorized representative of the City or an authorized designee, on behalf of the City to the effect that: (i) the representations made by the City contained in the City Letter of Representations are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, provided that any references as to the Preliminary Official Statement shall be deemed to be to the Official Statement; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose 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; and (iii) the City has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the City Documents prior to the Closing Date;

11. [Reserved];

12. An opinion of the City Attorney of the City, as counsel to the Authority, dated the date of Closing and addressed to the Underwriter, the Authority and the Community Facilities District, to the effect that:

(i) The Authority is a public body, corporate and politic, duly organized and validly existing as a joint powers authority under the laws of the State of California;

(ii) The Authority has full legal power and lawful authority to enter into the Authority Documents and to carry out the transactions contemplated under the Authority Documents;

(iii) The Authority Resolutions were duly adopted at regular meetings of the governing body of the Authority, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolutions are in full force and effect and have not been modified, amended, rescinded or repealed since the dates of their adoption;

(iv) The Authority Documents have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(v) To the best knowledge of such counsel, the execution and delivery of the Authority Documents and the Official Statement and compliance with the provisions thereof under the circumstances contemplated thereby: (a) do not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound; and (b) do not and will not in any material respect or constitute on the part of the Authority a violation, breach of or default under any court order or consent decree to which the Authority is subject;

(vi) The Authority Documents and the Official Statement have been duly authorized by the Board of Directors of the Authority and executed on its behalf by an authorized officer of the Authority;

(vii) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the Authority) or, to the City Attorney's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the Authority, or the titles of its members and officers to their respective offices; (b) enjoin or restrain the issuance, sale and delivery of the Bonds, the collection of the Revenues or the pledge thereof; (c) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the Revenues or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds; (d) in any way question or affect any authority for the issuance of the Bonds, or the validity or enforceability of the Bonds; or (e) in any way question or affect the Authority Documents or the transactions contemplated by the Authority Documents, the Official Statement, or any activity regarding the Bonds;

13. An opinion of the City Attorney of the City, dated the date of Closing and addressed to the Underwriter, the Authority and the City, to the effect that:

(i) The City is a municipal corporation and general law city, corporate and politic, duly organized and existing under the Constitution and laws of the State of California;

(ii) The Community Facilities District Resolutions of Issuance has been duly adopted at a meeting of the City Council, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolutions of Issuance is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(iii) The City Documents and the Official Statement have been duly authorized, executed and delivered by the City and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases;

(iv) Except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City) or, to such counsel's knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City, or the titles of its members and officers to their respective offices; or (b) affect the validity of the City Documents or restrain or enjoin the repayment of the Special Tax Bonds or in any way contest or affect the validity of the City Documents or contest the authority of the City to enter into or perform its obligations under any of the City Documents or under which a determination adverse to the City would have a material adverse affect upon the financial condition or the revenues of the City, questions the right of the City to use Special Taxes levied within the Community Facilities District for the repayment of the Special Tax Bonds or affects in any manner the right or ability of the City to collect or pledge the Special Taxes levied within the Community Facilities District for the repayment of the Special Tax Bonds; and

(v) I have reviewed the claim filed by Reyner & Bardas which was received by the City Clerk on May 4, 2016 and have determined that such claim is without merit;

14. A transcript of all proceedings relating to the authorization, issuance, sale and delivery of the Bonds and the Special Tax Bonds, including certified copies of the Indenture, the Fiscal Agent Agreement and all resolutions of the City and the Authority relating thereto;

15. A certificate dated the Closing Date from NBS addressed to the Authority, the City and the Underwriter to the effect that: (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Community Facilities District as of the Closing Date would generate at least 100% of Priority Administration and the maximum Special Taxes net of Priority Administration will generate at least 110% of the annual debt service payable with respect to the related issue of Special Tax Bonds, based on such assumptions and qualifications as shall be acceptable to the Underwriter; and (ii) the statements in the Official Statement provided by NBS concerning the Special Taxes and the Rate and Method of Apportionment of the Special Taxes of the Community Facilities District and all information supplied by it for use in the Official Statement as of the date of the Official Statement and as of the Closing Date did not and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

16. Certified copies of the general resolution of U.S. Bank authorizing the execution and delivery of certain documents by certain officers of U.S. Bank, which resolution authorizes the execution of the Indenture, the Fiscal Agent Agreement, the Escrow Agreement and the authentication of the Bonds and the Special Tax Bonds;

17. A certificate of U.S. Bank, addressed to the Underwriter, the Authority and the City dated the Closing Date, to the effect that: (i) U.S. Bank is authorized to carry out corporate trust powers, and have full power and authority to perform its duties under the Indenture, the Fiscal Agent Agreement and the Escrow Agreement; (ii) U.S. Bank is duly authorized to execute and deliver the Indenture, the Fiscal Agent Agreement and the Escrow Agreement, to accept the obligations created by the Indenture, the Fiscal Agent Agreement and the Escrow Agreement and to authenticate the Bonds and the Special Tax Bonds pursuant to the terms of the Indenture and the Fiscal Agent Agreement, respectively; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over U.S. Bank that has not been obtained is or will be required for the authentication of the Bonds or the Special Tax Bonds



or the consummation by U.S. Bank of the other transactions contemplated to be performed by U.S. Bank in connection with the authentication of the Bonds and the Special Tax Bonds and the acceptance and performance of the obligations created by the Indenture, the Fiscal Agent Agreement and the Escrow Agreement; and (iv) to the best of its knowledge, compliance with the terms of the Indenture, the Fiscal Agent Agreement and the Escrow Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, trust agreement, bond, note, resolution or any other agreement or instrument to which U.S. Bank is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties;

18. An opinion of counsel to U.S. Bank, dated the Closing Date, addressed to the Underwriter, the Authority and the City to the effect that U.S. Bank is a national banking association duly organized and validly existing under the laws of the United States having full power and being qualified to enter into, accept and agree to the provisions of the Indenture, the Fiscal Agent Agreement and the Escrow Agreement, and that each of such documents has been duly authorized, executed and delivered by U.S. Bank and, assuming due execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of U.S. Bank enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought;

19. A certificate of the Authority dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

20. An opinion of Stradling Yocca Carlson & Rauth, counsel to the Underwriter ("Underwriter's Counsel"), dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

21. A letter addressed to the Authority and the City, dated the date of the Closing, from \_\_\_\_\_ verifying the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of the government obligations, together with other moneys, if any, to be deposited in the Escrow Fund and the accounts therein established under the Escrow Agreement to pay when due pursuant to the stated maturity or call for redemption the principal of and interest and premium with respect to the Prior CFD No. 2005-1 Bonds;

22. An opinion of Bond Counsel addressed to the Underwriter, in form and substance satisfactory to the Underwriter as to the enforceability of the Escrow Agreement and the defeasance of Prior CFD No. 2005-1 Bonds;

23. A certificate of SeEVERS Jordan Ziegenmeyer, Rocklin, California in the form attached hereto as Exhibit D, along with a copy of its appraisal report in the form attached to the Official Statement as Appendix \_\_; and

24. 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 Closing Date, of the material representations of the Authority contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority and the City at or prior to the Closing of all agreements

then to be performed and all conditions then to be satisfied by the City and the Authority in connection with the transactions contemplated hereby and by the Fiscal Agent Agreement, the Indenture, the Escrow Agreement and the Official Statement.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Authority nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Authority set forth in Section 6 hereof shall continue in full force and effect.

6. Conditions to the Obligations of the Authority.

A. The obligations of the Authority shall be subject to the satisfaction of the conditions contained in Section 5 of this Purchase Agreement.

B. If the Authority shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Special Tax Bonds contained in the 2016 CFD Bond Purchase Agreement, or if the obligations of the Authority to purchase, accept delivery of and pay for the Special Tax Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Authority nor the City shall be under any further obligation hereunder, except that the obligations of the Authority set forth in Section 7 hereof shall continue in full force and effect.

7. Expenses. Whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Authority shall pay only from the proceeds of the Bonds, or cause the City to pay out of the proceeds of the Special Tax Bonds or any other legally available funds of the City, the Community Facilities District or the Authority, but only as the Authority and such other party providing such services may agree, all expenses and costs of the Authority incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, printing costs, rating agency fees and charges, initial fees of the U.S. Bank, including fees and disbursements of their counsel, if any, fees and disbursements of Bond Counsel, Disclosure Counsel and other professional advisors employed by the Authority, costs of preparation, printing, signing, transportation, delivery and safekeeping of the Bonds and for expenses (included in the expense component of the spread) incurred by the Underwriter on behalf of the Authority's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees. The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including fees of its counsel.

8. [Reserved]

9. Notices. Any notice of other communication to be given to the Community Facilities District or the Authority under this Purchase Agreement may be given by delivering the same in

writing to the City of Elk Grove, 8401 Laguna Palms Way, Elk Grove, California 95758 Attention: Director of Finance and Administrative Services; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Piper Jaffray & Co, 8880 Cal Center Drive, Suite 400, Sacramento, California 95826, Attention: Dennis McGuire.

10. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

11. Survival of Representations. The representations of the Authority under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Authority and regardless of delivery of and payment for the Bonds.

12. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable as of the time of such acceptance.

14. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Authority.

15. Governing Law. This Purchase Agreement shall be governed by the laws of the State.

16. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority and the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

PIPER JAFFRAY & CO.

By: \_\_\_\_\_  
Its: Authorized Officer

ELK GROVE FINANCE AUTHORITY

By: \_\_\_\_\_  
Its: Treasurer

**EXHIBIT A**

**ELK GROVE FINANCE AUTHORITY  
SPECIAL TAX REVENUE BONDS  
SERIES 2016**

**Schedule of Bond Maturities, Principal Amounts, Interest Rates and Yield**

<i>Maturity Date</i> (____ 1)	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
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## EXHIBIT B

### LETTER OF REPRESENTATIONS OF THE CITY

Piper Jaffray & Co.  
8880 Cal Center Drive, Suite 400  
Sacramento, California 95826

Re: *City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge)  
Special Tax Bonds, Series 2016*

Ladies and Gentlemen:

In connection with the proposed offer and sale of the above-referenced bonds (the "Special Tax Bonds"), the City of Elk Grove hereby represents and covenants to Piper Jaffray & Co., as underwriter (the "Underwriter") of the Elk Grove Finance Authority Special Tax Revenue Bonds, Series 2016 (the "Bonds"), as follows:

A. The City is duly organized and validly existing as a municipal corporation and general law city under the Constitution and laws of the State of California, and has duly authorized the formation of the Community Facilities District pursuant to resolutions and ordinances duly adopted by the City Council (collectively, the "Community Facilities District Formation Resolutions" and, together with the Community Facilities District Resolutions of Issuance the "Community Facilities District Resolutions") and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Resolutions, and has caused to be recorded in the real property records of the County of Sacramento, a notice of special tax lien for CFD No. 2005-1 (the "Notice of Special Tax Lien") (the Community Facilities District Formation Resolutions and Notice of Special Tax Lien being collectively referred to herein as the "Formation Documents"). Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The City has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Fiscal Agent Agreement, the Indenture, the Escrow Agreement and the 2016 CFD Bond Purchase Agreement, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver its Special Tax Bonds to the Authority; (iii) to enter into the Continuing Disclosure Certificate; and (iv) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Fiscal Agent Agreement, the Indenture, the 2016 CFD Bond Purchase Agreement, the Special Tax Bonds, the Escrow Agreement, the Purchase Agreement and the Official Statement.

This Purchase Agreement, the Fiscal Agent Agreement, the Escrow Agreement, the 2016 CFD Bond Purchase Agreement, the Special Tax Bonds and the Continuing Disclosure Certificate are collectively referred to herein as the "City Documents."

B. The City has complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the City Documents, and any immaterial noncompliance by the City, if any, will not impair the ability of the City to carry out, give effect to or

consummate the transactions contemplated by the foregoing. From and after the date of issuance of its Special Tax Bonds, the City will continue to comply with the covenants of the City contained in the City Documents.

C. Except as described in the Preliminary Official Statement, the City is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, and the performance of its obligations under the City Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the City pursuant to the City Documents, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound, in any manner that would materially and adversely affect the performance by the City of its obligations under the City Documents or the performance of the conditions precedent to be performed by the City pursuant to the City Documents.

D. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the City of its obligations under the City Documents, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

E. The City Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

F. The Special Tax Bonds are payable from the Special Taxes, as set forth in the Fiscal Agent Agreement, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Taxes within the Community Facilities District will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the applicable Special Tax Bonds when due and payable, all as provided in the Fiscal Agent Agreement. The City has covenanted to cause the Special Taxes to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes.

G. The Fiscal Agent Agreement creates a valid pledge of, first lien upon and security interest in, the Special Taxes, and in the moneys in the Special Tax Fund established pursuant to the Fiscal Agent Agreement, on the terms and conditions set forth in the Fiscal Agent Agreement.

H. Except as disclosed in the Preliminary Official Statement, there are, to the best of the City’s knowledge, no entities with outstanding assessment liens against any of the properties within the Community Facilities District or which are senior to or on a parity with the Special Taxes referred to in paragraph (G) hereof.

I. The information contained in the Preliminary Official Statement and in the Official Statement (other than statements therein pertaining to the Authority, DTC and its book-entry system as to which no view is expressed) does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the Underwriting Period (as defined in paragraph (J) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

J. Up to and including 25 days after the End of the Underwriting Period, the City will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The City will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be a written notice delivered to the City and the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "End of the Underwriting Period."

K. At the time of acceptance hereof there is and as of the Closing there will be no action pending (notice of which has been served on the City) or to the best knowledge of the City threatened, in which any such action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the City to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the Special Tax Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Special Tax Bonds or the Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City contemplated thereby; (iii) contests the exemption of interest on the Special Tax Bonds from federal or State income taxation or contests the powers of the City or Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

L. Any certificate signed on behalf of the City by any officer or employee of the City authorized to do so shall be deemed a representation by the City to the Authority and the Underwriter on behalf of itself and the City as to the statements made therein.



M. At or prior to the Closing, the City will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as Appendix \_\_ to the Official Statement. Except as disclosed in the Preliminary Official Statement, the City has not failed to comply in all respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events in the last five years.

N. The City will apply the proceeds of its Special Tax Bonds in accordance with the Fiscal Agent Agreement.

O. Between the date of the Purchase Agreement and the date of Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Bond Purchase Agreement by and between the Authority and the Underwriter.

CITY OF ELK GROVE

By: \_\_\_\_\_  
Its: Director of Finance and  
Administrative Services

## EXHIBIT C

### SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

Piper Jaffray & Co., as underwriter  
Sacramento, California

Re: Elk Grove Finance Authority  
Special Tax Revenue Bonds, Series 2016

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 5.G.7. of the Bond Purchase Agreement, dated \_\_\_\_\_, 2016 (the "Purchase Agreement"), between you and the Elk Grove Finance Authority (the "Authority"), providing for the purchase of \$\_\_\_\_\_ principal amount of Elk Grove Finance Authority Special Tax Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2016 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture or, if not defined in the Indenture, in the Purchase Agreement.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Agreement, the Indenture, the Tax Certificate, the Escrow Agreement, opinions of counsel to the Authority and the Trustee, certificates of the Authority, the Trustee, the special tax consultant and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Tax Certificate, the Escrow Agreement and the Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. We

express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), arbitration, judicial reference, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the plans, specifications, maps, financial report or other engineering or financial details of the proceedings, or upon each Rate and Method of Apportionment of the Special Tax for the Community Facilities District or the validity of the Special Tax levied upon any individual parcel.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Agreement has been duly executed and delivered by, and is a valid and binding agreement of, the Authority.

3. The statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR" and "LEGAL MATTERS—Tax Matters," and in Appendix \_\_—FORM OF BOND COUNSEL OPINION" and Appendix A—"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL DOCUMENTS," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indenture and the form and content of our Bond Opinion are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects in the printed version. In our capacity as bond counsel to the Authority in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the City of Elk Grove, the Authority, their counsel, the special tax consultant and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written statements and representations of the Authority, the City of Elk Grove, and others and on the records, documents, certificates and opinions herein mentioned (as set forth above), subject to the limitations on our role as bond and disclosure counsel to the Authority, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services in connection with such issuance which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, real estate or environmental matters, or any information about book-entry, DTC, ratings, rating agencies, underwriters, underwriting, and the information contained in Appendices \_\_\_\_\_ included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) 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. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity, or as

to any information from another document or source referred to by or incorporated by reference in the Official Statement.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds, is solely for your benefit as such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

JONES HALL, A PROFESSIONAL LAW CORPORATION

**EXHIBIT D**

**ELK GROVE FINANCE AUTHORITY  
SPECIAL TAX REVENUE BONDS  
SERIES 2016**

**CERTIFICATE OF APPRAISER**

The undersigned, on behalf of Seevers Jordan Ziegenmeyer (the "Appraiser"), has prepared an "Appraisal Report" dated \_\_\_\_\_, 2016 (the "Appraisal Report") regarding the value of parcels of real property and related improvements within the City of Elk Grove Community Facilities District No. 2005-1 (Laguna Ridge) (the "Appraised Property") that are subject to the levy of special taxes, and certifies that:

1. The assumptions made in the Appraisal Report are reasonable. The Appraisal Report fairly and accurately described, as of the stated date of value, the market values of the Appraised Property.
2. The Appraiser is not aware of any event or act that occurred since the date of the Appraisal Report which, in its opinion, would materially and adversely affect the conclusions as to the market value of the Appraised Property.
3. The Appraiser consents to the reproduction of the Appraisal Report as Appendix H to the Preliminary Official Statement dated \_\_\_\_\_, 2016 (the "Preliminary Official Statement"), and the Official Statement dated \_\_\_\_\_, 2016 (the "Official Statement"), each with respect to the above-referenced bonds, and to the references to the Appraiser and the Appraisal Report made in the Preliminary Official Statement and the Official Statement.
4. The Appraiser has reviewed the Preliminary Official Statement and the Official Statement, and the statements concerning the Appraisal Report and the value of the Appraised Property contained in the Preliminary Official Statement and the Official Statement are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
5. A true and correct copy of the Appraisal Report is attached as Appendix \_\_ to the Preliminary Official Statement and as Appendix \_\_ to the Official Statement.

6. The Appraisal Report complies with the Appraisal Standards for Land-Secured Financings issued by the California Debt and Investment Advisory Commission and dated July 2004.

Dated: [closing date]

SeEVERS Jordan Ziegenmeyer

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**CERTIFICATION**  
**ELK GROVE FINANCE AUTHORITY RESOLUTION NO. FA2016-02**

STATE OF CALIFORNIA        )  
COUNTY OF SACRAMENTO    )       ss  
CITY OF ELK GROVE         )

*I, Jason Lindgren, Secretary of the Finance Authority of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the Board of Directors of the Elk Grove Finance Authority at a regular meeting of the Elk Grove Finance Authority held on the July 13, 2016 by the following vote:*

**AYES:**        **BOARDMEMBERS:**        *Davis, Ly, Detrick, Suen*

**NOES :**       **BOARDMEMBERS:**        *None*

**ABSTAIN :**   **BOARDMEMBERS:**        *None*

**ABSENT:**   **BOARDMEMBERS:**        *Hume*

  
\_\_\_\_\_  
**Jason Lindgren, Secretary**  
**Elk Grove Finance Authority**