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**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF DESERT HOT SPRINGS  
2017 SUBORDINATE TAX ALLOCATION REFUNDING BONDS**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2017

Successor Agency to the Redevelopment Agency  
of the City of Desert Hot Springs  
65950 Pierson Blvd.  
Desert Hot Springs, California 92240  
Attention: Executive Director

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the “Agency”) which will be binding upon the Agency and the Underwriter upon the acceptance hereof by the Agency. This offer is made subject to its acceptance by the Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 p.m., California time, on the date hereof. All terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Indenture (as such term is defined herein).

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds (defined below) pursuant to this Purchase Agreement is an arm’s length commercial transaction between the Agency 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 not as agent, fiduciary or Municipal Advisor (as such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended) of the Agency; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Agency 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 Agency on other matters); (iv) the Underwriter has financial interests that may differ from and be adverse to those of the Agency; and (v) the Agency has consulted with its own legal and financial advisors to the extent that it has deemed appropriate.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Agency for offering to the public, and the Agency hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the Agency’s 2017 Subordinate Tax Allocation Refunding Bonds (the “Bonds”), at a purchase price equal to \$\_\_\_\_\_ (being the aggregate principal amount thereof, less an Underwriter’s discount of \$\_\_\_\_\_ and plus a net original issue premium of \$\_\_\_\_\_). As

an accommodation to the Agency, the Underwriter shall pay from the purchase price of the Bonds, by wire transfer, the amount of \$ \_\_\_\_\_ to the Insurer (as such term is defined herein) to pay the premium for the Policy and the Reserve Policy (as such terms are defined herein). Such payment and the other actions contemplated hereby to take place at the time of such payment are herein sometimes called the "Closing."

2. The Bonds and Related Documents. The Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of an Indenture of Trust, dated as of May 1, 2017 (the "Indenture"), by and between the Agency and [Wilmington Trust, N.A.], as trustee (the "Trustee"), pursuant to Section 34177.5 of the California Health and Safety Code (the "Law") and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and Resolution No. SA-2017-\_\_\_\_\_ of the Agency adopted on February 21, 2017 (the "Agency Resolution"). The Bonds were approved by the Oversight Board for the Successor Agency by Resolution No. OB-2017-\_\_\_\_\_ adopted on March 1, 2017 (the "Oversight Board Resolution"). The Bonds shall be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement").

A municipal bond insurance policy (the "Policy") and a debt service reserve insurance policy (the "Reserve Policy") for the Bonds shall be purchased from \_\_\_\_\_ (the "Insurer").

The net proceeds of the Bonds will be used to currently refund the following three series of outstanding bonds (collectively, the "Prior Bonds") issued by the former Redevelopment Agency of the City of Desert Hot Springs (the "Former Agency"):

- (i) \$7,025,000 original principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Refunding Bonds, Series 2006 (the "2006 Bonds");
- (ii) \$15,870,000 original principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-2 (the "2008A-2 Bonds");
- (iii) \$5,635,000 original principal amount Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Issue of 2009 (the "2009 Bonds").

The Bonds will be secured by a pledge of, and lien on, Tax Revenues (defined in the Indenture) on a subordinate basis to the pledge and lien of the Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-1, currently outstanding in the aggregate principal amount of \$11,815,000.

The Agency will undertake pursuant to the provisions of a Continuing Disclosure Certificate, dated as of \_\_\_\_\_, 2017 (the "Disclosure Certificate") and executed by the Agency, to provide certain annual information and notices of the occurrence of certain enumerated events. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Indenture, the Disclosure Certificate, [one or more] Escrow Deposit and Trust Agreement[s], dated as of May 1, 2017, by and between the Agency and [Wilmington Trust, N.A.], as escrow agent (the “Escrow Agent”), relating to the Prior Bonds (the “Escrow Agreement”), and this Purchase Agreement are sometimes collectively referred to herein as the “Agency Legal Documents.”

3. Offering. It shall be a condition to the Agency’s obligations to sell and to deliver the Bonds to the Underwriter and to the Underwriter’s obligations to purchase, to accept delivery of and to pay for the Bonds that the entire \$\_\_\_\_\_ aggregate principal amount of the Bonds shall be issued, sold and delivered by the Agency and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the initial public offering prices or yields set forth in Exhibit A hereto and on the inside front cover page of the Official Statement. The Underwriter reserves the right to change, subsequent to the initial public offering, such initial offering prices as it shall deem necessary in connection with the marketing of the Bonds.

4. Use and Preparation of Documents. The Agency has caused to be prepared and delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official Statement dated \_\_\_\_\_, 2017, relating to the Bonds (the “Preliminary Official Statement”), which was approved by Resolution No. SA-2017-\_\_\_\_\_ of the Agency adopted on [April 18, 2017] (the “Agency OS Resolution”). The Agency ratifies, confirms and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Agency has previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12.

The Agency hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, but not less than one (1) business day prior to Closing, an electronic version of the Official Statement and a sufficient number of physical copies of the final Official Statement relating to the Bonds, dated the date hereof, which includes all information permitted to be omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Agency and the Underwriter to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending 25 days after the End of the Underwriting Period (as such term is defined herein). The Agency hereby approves of the use and distribution (including the electronic distribution) by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offer and sale of the Bonds. The Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit B. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

5. Representations, Warranties and Agreements of the Agency. The Agency hereby represents and warrants to and agrees with the Underwriter as follows:

(a) The Agency is a public entity existing under the laws of the State of California, including the Law.

(b) The Agency has full legal right, power and authority to enter into the Agency Legal Documents and carry out and consummate the transactions on its part contemplated by the Agency Legal Documents.

(c) By all necessary official action of the Agency prior to or concurrently with the acceptance hereof, the Agency has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Agency Legal Documents and the performance by the Agency of all transactions on its part contemplated by the Agency Legal Documents; and as of the Closing the Agency Legal Documents will constitute legal, valid and binding obligations of the Agency, enforceable against the Agency 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 limiting creditors' rights generally.

(d) The Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party or to which the Agency or any of its property or assets 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 such a default or event of default under any such instrument; and the execution and delivery of the Agency Legal Documents, and compliance with the provisions on the Agency's part contained therein, will not conflict 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 Agency is a party or to which the Agency or any of its property or assets is otherwise subject, 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 Agency or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Indenture and the Escrow Agreement.

(e) 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 Agency of its obligations under the Agency Legal Documents have been duly obtained.

(f) Between the date of this Purchase Agreement and the date of the Closing, the Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Agency.

(g) To the best knowledge of the officer of the Agency executing this Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending with respect to which the Agency has been served with process or threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or

affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the Indenture or the collection of the Tax Revenues or contesting or affecting, as to the Agency, the validity or enforceability of the Agency Legal Documents or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Agency or which might materially adversely affect the Tax Revenues of the Agency; nor, to the best knowledge of the Agency, is there any known 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 authorization, execution, delivery or performance by the Agency of the Agency Legal Documents.

(h) As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Agency superior to or on a parity with the lien provided for in the Indenture on the Tax Revenues, other than the Redevelopment Agency of the City of Desert Hot Springs Merged Redevelopment Project Tax Allocation Bonds, Series 2008A-1 and as disclosed in the Official Statement.

(i) As of the time of acceptance hereof and as of the date of the Closing, the Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law.

(j) As of the date thereof, the Preliminary Official Statement did 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 (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system, the Insurer or the Reserve Policy).

(k) As of the date hereof and at all times subsequent hereto up to and including the date which is 25 days following the End of the Underwriting Period for the Bonds, the Official Statement will 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 (except that this representation does not include information relating to The Depository Trust Company, the book-entry-only system, the Insurer or the Reserve Policy).

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Agency, or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will cooperate in the preparation of such amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Agency will furnish such

information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term “End of the Underwriting Period” means the later of such time as: (i) the Agency delivers the Bonds 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. Notwithstanding the foregoing, unless the Underwriter gives written notice to the contrary, the “End of the Underwriting Period” shall be the date of Closing.

(m) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (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 date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system), the Insurer or the Reserve Policy.

(n) After the Closing, the Agency will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter.

(o) Any certificate signed by any officer of the Agency and delivered to the Underwriter shall be deemed a representation by the Agency to the Underwriter as to the statements made therein.

(p) The Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement.

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

(r) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order 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 of America as the Underwriter may designate; provided, however, that the Agency 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.

(s) The Agency will refrain from taking any action with regard to which the Agency may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the Bonds or State of California income tax purposes of the interest on the Bonds.

(t) Except as disclosed in the Official Statement, neither the Agency nor the Former Agency has failed to comply in all material respects with any prior continuing disclosure undertaking in regard to Rule 15c2-12 within the previous five years.

(u) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions on the part of the Agency described in the Official Statement.

(v) The Department of Finance of the State (the “Department of Finance”) has issued a letter, dated \_\_\_\_\_, 2017, approving the Oversight Board Resolution. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions on the part of the Agency described in the Official Statement. Except as disclosed in the Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

6. Closing. At 8:00 A.M., California time, on \_\_\_\_\_, 2017, or on such other date or at such other time as may be mutually agreed upon by the Agency and the Underwriter, the Agency will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds. Sale, delivery and payment as aforesaid shall be made at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California (“Bond Counsel”), or such other place as shall have been mutually agreed upon by the Agency and the Underwriter, except that the Bonds (with one certificate for each maturity of each series and otherwise in a form suitable for the book-entry system) shall be delivered to the Underwriter in New York, New York, through the book-entry system of The Depository Trust Company (“DTC”). Unless the DTC Fast Automated Securities Transfer (“FAST”) is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Agency 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 Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter’s obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Agency of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The Underwriter shall receive copies of the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements thereto as have been approved by the Underwriter as required by Section 4 hereof).

(b) The representations and warranties of the Agency contained herein shall be true and correct on the date hereof and on and as of the date of the Closing, as if made on the date of

the Closing, and the statements of the officers and other officials of the Agency made in any certificate or other document furnished pursuant to the provisions hereof are accurate.

(c) At the time of the Closing, the Agency Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the governing body of the Agency as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions on the part of the Agency contemplated hereby.

(d) At the time of the Closing, all necessary official action of the Agency relating to the Official Statement and the Agency Legal 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.

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

(1) Bond Counsel Opinion. The approving opinion of Bond Counsel to the Agency, dated the date of the Closing and substantially in the form included as Appendix B to the Official Statement.

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing, stating that the Underwriter may rely on the opinions of Bond Counsel described in paragraph (1) above as if such opinions were addressed to the Underwriter and to the following effect:

(i) this Purchase Agreement has been duly executed and delivered by the Agency and (assuming due authorization, execution and delivery by and validity against the Underwriter) constitutes the valid and binding agreement of the Agency, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles;

(ii) the statements contained in the Official Statement under the captions "INTRODUCTION," "REFUNDING PLAN," "THE 2017 BONDS," "SECURITY FOR THE 2017 BONDS," "TAX MATTERS," and in Appendices A and B, are accurate insofar as such statements expressly summarize certain provisions of the Indenture, the Escrow Agreement or the opinion of Bond Counsel;

(iii) 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; and

(iv) the Agency has taken all actions required to defease the Prior Bonds and the Prior Bonds are no longer outstanding under the terms of the indentures of trust, as amended, pursuant to which they were issued.



(3) Financial Advisor Certificate. A certificate, dated the date of Closing, signed by a duly authorized official of Urban Futures, Inc., the Agency's Financial Advisor (the "Financial Advisor") addressed to the Underwriter and the Agency to the effect, that, in connection with its participation in the preparation of the Official Statement and without undertaking any independent investigation and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, nothing has come to the attention of the Financial Advisor that would lead it to believe that the statements and information contained in the Official Statement as of the date thereof and the date of the Closing, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein as necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(4) Fiscal Consultant's Certificate. A certificate of Urban Futures, Inc., the Agency's Fiscal Consultant (the "Fiscal Consultant"), dated the date of the Closing, addressed to the Agency and the Underwriter, in form and substance acceptable to the Underwriter: (i) certifying as to the accuracy of the Fiscal Consultant's Report set forth in Appendix \_\_\_ to the Official Statement and the information in the Official Statement attributable to the Fiscal Consultant; (ii) consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement; and (iii) stating that, to the best of the Fiscal Consultant's knowledge, but without having conducted any investigation with respect thereto, nothing has come to the Fiscal Consultant's attention between the date of such report and the date of the Closing which would materially alter any of the conclusions set forth in such report.

(5) Agency Counsel Opinion. An opinion of the City Attorney, acting as counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter, to the following effect:

(i) the Agency is a public body, corporate and politic, duly organized and existing under the laws of the State, with full right, power and authority to execute, deliver and perform its obligations under the Agency Legal Documents;

(ii) the Agency Resolution and the Agency OS Resolution were duly adopted at meetings of the Agency called and held pursuant to law, with all public notice required by law and at which quorums were present and acting throughout; and the Agency Resolution and the Agency OS Resolution are in full force and effect and have not been modified amended or rescinded since their respective adoption date;

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

(iv) the execution and delivery of the Agency Legal Documents and the Official Statement and compliance with the provisions of the Agency Legal Documents, under the circumstances contemplated thereby: (1) do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other

instrument to which the Agency is a party or by which it is bound; and (2) do not and will not in any material respect constitute on the part of the Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Agency is subject;

(v) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served upon the Agency, or threatened, challenging the creation, organization or existence of the Agency, or the validity of the Bonds or the Agency Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to issue, sell and deliver the Bonds, to enter into the Indenture or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues; and

(vi) based upon such counsel's participation as counsel to the Agency in the preparation of the Official Statement, and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, Agency Counsel has no reason to believe that, as of its date and as of date of Closing, the information in the Official Statement relating to the Agency, the Tax Revenues and the Project Area (as such term is defined in the Indenture) (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) 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) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter and the Agency, to the effect that:

(i) the Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture and the Escrow Agreement;

(ii) the Indenture and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and the Indenture and the Escrow Agreement constitute the legal, valid and binding obligation of the Trustee, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought; and

(iii) except as may be required under Blue Sky or other securities laws of any state, 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 execution and delivery by the Trustee of the Indenture or the Escrow Agreement, or the consummation of the transactions on the part of the Trustee contemplated by the Indenture and the Escrow Agreement.

(7) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by a duly authorized officer of the Agency, to the effect that:

(i) the representations and warranties of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) the Agency is not, in any material respect, 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 Agency is a party or is otherwise subject, which would have a material adverse impact on the Agency's ability to perform its obligations under the Agency Legal 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 event of default under any such instrument.

(8) Trustee's Certificate. A certificate of the Trustee, dated the date of the Closing, signed on behalf of the Trustee by a duly authorized officer of the Trustee, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee has full power, authority and legal right to comply with the terms of the Indenture and the Escrow Agreement and to perform its obligations stated therein; and

(iii) the Indenture and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and (assuming due authorization, execution and delivery by the Agency) constitute legal, valid and binding obligations of the Trustee in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(9) Documents. Executed copies of the Agency Legal Documents and the Official Statement and a copy of the Preliminary Official Statement.

(10) Rating Letter. A letter from Standard & Poor's Credit Ratings Services ("S&P") to the effect that the Bonds have been assigned an insured rating of "\_\_\_," which rating shall be in effect as of the date of the Closing.

(11) Disclosure Letter. A letter of Nixon Peabody LLP ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter and the Agency, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the appendices thereto and information relating to

DTC, the Insurer, the Policy and the Reserve Policy, as to which no advice need be expressed) 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.

(12) Agency Resolutions. A copy of the Agency Resolution and the Agency OS Resolution, together with a certificate of the Secretary of the Agency to the effect that the Agency Resolution and the Agency OS Resolution remain in full force and effect, and have not been amended, rescinded or otherwise modified since their respective dates of adoption.

(13) Oversight Board Resolution. A copy of the Oversight Board Resolution.

(14) Oversight Board Certificate. A certificate of the Clerk of the Oversight Board to the effect that the Oversight Board Resolution remains in full force and effect and has not been amended, rescinded or otherwise modified since its date of adoption.

(15) Verification Report. A report, dated the date of the Closing, of Causey Demgen & Moore P.C., independent certified public accountants (the "Verification Agent"), to the effect that it has verified the accuracy of the mathematical computations of the adequacy of the deposits in the escrow funds for the Prior Bonds for the full and timely payment of all principal (including premium, if any) and interest due on the Prior Bonds as contemplated by the Escrow Agreement.

(16) Policy; Reserve Policy. The executed Policy and the executed Reserve Policy issued by the Insurer.

(17) Insurer Certificate. A certificate of the Insurer as to the accuracy of the information in Official Statement relating to the Insurer, the Policy and the Reserve Policy.

(18) Insurer Counsel Opinion. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the Agency in form and substance acceptable to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the state of its incorporation; and (ii) the Policy and the Reserve Policy constitute the legal, valid and binding obligations of the Insurer enforceable in accordance with their respective terms, subject to enforcement, bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity principles.

(19) DTC Letter of Representations. The executed Blanket Letter of Representations of the Agency.

(20) CDIAC Forms. A report of proposed debt issuance, acknowledgement thereof and final report to the California Debt and Investment Advisory Commission with respect to the Bonds.

(21) Tax Certificate. A no arbitrage certificate with respect to the Bonds in a form acceptable to Bond Counsel.

(22) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this 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 the Underwriter.

If the Agency 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 Purchase Agreement, if the Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State which if enacted and effective would impose additional limitations or burdens on the Agency by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, 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 Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter shall be under no further obligation hereunder; except that Section 9 hereof shall remain in effect in any event.

8. Termination. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Agency if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation 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 the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation 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 any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in

the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds;  
or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) 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 which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(f) a general banking moratorium shall have been established by federal or State authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 5(g) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(j) there shall be in force a general suspension of trading on the New York Stock Exchange.

9. Expenses. The Agency will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to: (a) the cost of the preparation and printing or other reproduction of the Agency Legal Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, counsel to the Agency and any other experts or other consultants retained by the Agency; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the date of the Closing; (f) the cost of the printing or other

reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses incurred with the financing; (h) the fees of [Lumesis, Inc.] for a continuing disclosure undertaking compliance review; and (i) expenses (included in the costs to be paid from the Underwriter's Discount) incurred on behalf of the City's or the Agency's employees which are incidental to implementing this Purchase Agreement and the rating presentation.

The Underwriter will pay the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds and the fees and disbursements of Underwriter's Counsel. The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. The Agency acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding the fact that such fees are solely the legal obligation of the Underwriter, the Agency agrees to reimburse the Underwriter for such fees.

10. Notices. Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing at the Agency's address set forth above; Attention: Executive Director, and to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 South Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: John Kim.

11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Agency and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Agency contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

12. Effectiveness and Counterpart Signatures. This Purchase Agreement shall become effective upon the execution of the acceptance by an authorized officer of the Agency and shall be valid and enforceable at the time of such acceptance and approval. This Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.

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

14. Governing Law. This Purchase Agreement shall be construed in accordance with the laws of the State.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

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

Accepted as of \_\_\_\_\_ p.m.:

SUCCESSOR AGENCY TO THE REDEVELOPMENT  
AGENCY OF THE CITY OF DESERT HOT SPRINGS

By: \_\_\_\_\_  
Executive Director



**EXHIBIT A**

**MATURITY SCHEDULE**

**\$ \_\_\_\_\_**  
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY**  
**OF THE CITY OF DESERT HOT SPRINGS**  
**2017 SUBORDINATE TAX ALLOCATION REFUNDING BONDS**

<i><b>Maturity Date</b></i> <i><b>(September 1)</b></i>	<i><b>Amount</b></i>	<i><b>Coupon</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>
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\* Term Bond.

<sup>c</sup> Priced to the first optional redemption date of September 1, 20\_\_\_\_ at par.

**EXHIBIT B**

§ \_\_\_\_\_ \*

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF DESERT HOT SPRINGS  
2017 SUBORDINATE TAX ALLOCATION REFUNDING BONDS**

**RULE 15c2-12 CERTIFICATE**

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that the undersigned is a duly appointed and acting officer of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the "Agency") authorized to execute this Certificate, and further hereby certifies and confirms on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Agency's 2017 Subordinate Tax Allocation Refunding Bonds (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated \_\_\_\_\_, 2017, setting forth information concerning the Bonds and the Agency, as issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF  
DESERT HOT SPRINGS

By \_\_\_\_\_  
Authorized Officer

\* *Preliminary, subject to change.*