

§ _____
DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY
2017 REFUNDING LEASE REVENUE BONDS

BOND PURCHASE AGREEMENT

_____, 2017

Desert Hot Springs Public Financing Authority
65950 Pierson Boulevard
Desert Hot Springs, California 92240
Attention: Executive Director

City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, California 92240
Attention: City Manager

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Desert Hot Springs Public Financing Authority (the “**Authority**”) and the City of Desert Hot Springs (the “**City**”). This offer is made subject to the Authority’s and the City’s acceptance by execution of this Purchase Agreement and delivery of the same to the Underwriter on or before 11:59 p.m. on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the City at any time prior to such acceptance. Upon the Authority’s and the City’s acceptance hereof, the Purchase Agreement will be binding upon the Authority, the City and the Underwriter. Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings given to such terms in the Indenture (as such term is defined below).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriter agrees to purchase from the Authority, and the Authority agrees to sell and deliver to the Underwriter, all (but not less than all) of the \$_____ Desert Hot Springs Public Financing Authority 2017 Refunding Lease Revenue Bonds (the “**Bonds**”) at a purchase price of \$_____ (being an amount equal to the principal amount of the Bonds plus a net original issue premium of \$_____ and less an Underwriter’s discount of \$_____). The obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be conditioned on the sale and delivery of all of the Bonds by the Authority to the Underwriter at Closing (as such term is defined herein).

Section 2. Bond Terms; Authorizing Instruments. (a) The Bonds shall be dated their date of delivery and shall mature and bear interest as set forth on Exhibit A. The Bonds shall be as described in, and shall be issued and secured under, an Indenture of Trust (the “**Indenture**”), dated as of _____ 1, 2017, by and between the Authority and Wells Fargo Bank, National Association, as

trustee (the “**Trustee**”). The Bonds are payable and subject to redemption as provided in the Indenture and as described in the Official Statement (as such term is defined herein).

(b) The Bonds will be issued pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584, and are payable from and secured by the Authority’s pledge of “Revenues” under and as defined in the Indenture, consisting primarily of Lease Payments to be made by the City to the Authority pursuant to a Lease Agreement, dated as of _____ 1, 2017 (the “**Lease**”), by and between the Authority and the City.

(c) The net proceeds of the sale of the Bonds will be used: (i) to refinance the outstanding Certificates of Participation (Interim Cash Flow Financing) (the “**2004 Certificates**”) and the Judgment Obligation Bonds of the City (the “**2004 Bonds**,” and together with the 2004 Certificates, the “**Prior Obligations**”); (ii) to finance improvements to the City Hall; (iii) to make a payment into a debt service reserve fund [or to pay the premium of a debt service reserve policy for the Bonds (the “**Reserve Policy**”) to be issued by _____ (the “**Insurer**”)]; and (iv) to pay costs incurred in connection with the issuance of the Bonds [including the premium for a bond insurance policy (the “**Insurance Policy**”).

Section 3. Public Offering. The Underwriter agrees to make an initial bona fide public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Exhibit A. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter. The City and the Authority acknowledge and agree that: (a) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction among the City, the Authority and the Underwriter, and the only obligations that the Underwriter has to the City and the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; (b) 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 such term is defined in Section 15B of The Securities Exchange Act of 1934, as amended) to the City or the Authority; (c) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or the Authority 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 City or the Authority on other matters); (d) the Underwriter has financial and other interests that may differ from and be adverse to those of the City or the Authority; and (e) the City and the Authority have consulted their own legal, financial, accounting, tax and other advisors to the extent that they have deemed appropriate.

Section 4. Official Statement; Continuing Disclosure. (a) The Authority and the City have delivered to the Underwriter the Preliminary Official Statement dated _____, 2017 (the “**Preliminary Official Statement**”) and will deliver to the Underwriter the final Official Statement dated the date of this Purchase Agreement (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Agreement, the “**Official Statement**”) within seven business days.

(b) The Authority and the City authorize the use of the Official Statement and the information contained therein by the Underwriter in connection with the public offering and the sale of the Bonds. The Authority and the City consent to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Underwriter agrees that it will not send any confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the

Official Statement. The Underwriter agrees: (i) to provide the Authority with final pricing information on the Bonds on a timely basis prior to the Closing; and (ii) to take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”) governing the offering, sale and delivery of the Bonds to ultimate purchasers.

(c) In connection with the issuance of the Bonds, and in order to assist the Underwriter in complying with the provisions of SEC Rule 15c2-12 (“**Rule 15c2-12**”), the City will execute and deliver a Continuing Disclosure Certificate on behalf of itself and the Authority (the “**Continuing Disclosure Undertaking**”) dated the date of the Closing, under which the City will undertake to provide certain financial and operating data as required by Rule 15c2-12. The form of the Continuing Disclosure Undertaking is attached as an appendix to the Preliminary Official Statement.

Section 5. Representations, Warranties and Covenants of the Authority. The Authority hereby represents, warrants and agrees with the Underwriter that:

(a) The Board of Directors (the “**Board**”) of the Authority has taken official action by resolution (the “**Authority Resolution**”) adopted by a majority of the members of the Board at a regular meeting that was duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of: (i) the Indenture; (ii) the Lease; (iii) the Site Lease, dated as of _____ 1, 2017 (the “**Site Lease**”), between the City and the Authority; (iv) this Purchase Agreement; (v) the Assignment Agreement, between the Authority and the Trustee, dated as of _____ 1, 2017 (the “**Assignment Agreement**” and collectively, the “**Authority Agreements**”) and (vi) the Official Statement, and the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions that are contemplated hereby.

(b) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “**State**”) and has all necessary power and authority to adopt the Authority Resolution and to enter into and perform its duties under the Authority Agreements.

(c) By all necessary official action, the Authority has: (i) duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement; (ii) duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Bonds and the Authority Agreements; and (iii) duly authorized the consummation by the Authority of all other transactions contemplated by the Authority Resolution, the Authority Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered, the Authority Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the Authority’s acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Official Statement under the caption “THE AUTHORITY” does not and will not contain any untrue statement of a

material fact or omit to state a material fact that is 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.

(e) As of the date hereof, except as described in the Preliminary Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body that is pending against, and notice of which has been served on and received by, the Authority, or, to the best knowledge of the Authority, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of the Authority Agreements or the Bonds or the exclusion of the interest on the Bonds from taxation; or (iii) in any way question or affect the Purchase Agreement or the transactions contemplated by the Purchase Agreement, the Official Statement, or any other agreement or instrument to which the Authority is a party relating to the Bonds.

(f) There is no consent, approval, authorization or other order of, filing or registration with, or certification by, any regulatory authority having jurisdiction over the Authority that is required for the execution and delivery of this Purchase Agreement and the other Authority Agreements or the consummation by the Authority of the other transactions contemplated by the Official Statement or the Authority Agreements.

(g) Any certificate that is signed by any official of the Authority who is authorized to do so shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(h) The Authority is not in default, and at no time has the Authority defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) If any event occurs of which the Authority has knowledge between the date of this Purchase Agreement and the date of the Closing that might or 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 that is 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, the Authority shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate with the Underwriter in causing the Official Statement to be amended or supplemented in a form and in a manner approved by the Underwriter. All expenses thereby incurred will be paid by the Authority, and the Underwriter will file, or cause to be filed, the amended or supplemented Official Statement with the MSRB's Electronic Municipal Market Access database ("EMMA").

(j) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions. The Authority will not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction.

(k) The Authority is not in any material respect in breach of or default under: (i) any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either; (ii) any applicable judgment or decree; or (iii) any loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the Authority is a party, which breach or default has or may have an adverse effect on the ability of the Authority to perform its obligations under the Authority Agreements, 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 adoption, execution and delivery of the Authority Agreements, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the Authority is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Agreements.

(l) Except as set forth in the Official Statement under the caption "CONTINUING DISCLOSURE," the Authority has complied in all material respects with its continuing disclosure undertakings in the past five years.

(m) The Authority will refrain from taking any action, or permitting any action to be taken, with regard to which the Authority may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

Section 6. Representations, Warranties and Covenants of the City. The City hereby represents, warrants and agrees with the Underwriter that:

(a) The City Council (the "**City Council**") of the City has taken official action by Resolution (the "**City Resolution**") adopted by a majority of the members of the City Council at a meeting that was duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of: (i) the Lease; (ii) the Continuing Disclosure Undertaking; (iii) the Site Lease; (iv) the Escrow Agreement, dated as of _____ 1, 2017 (the "**Escrow Agreement**"), by and between the City and Wells Fargo Bank, National Association, as escrow agent (the "**Escrow Agent**"); (v) this Purchase Agreement; (collectively, the "**City Agreements**") and (vi) the Official Statement and the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions that are contemplated hereby.

(b) The City is a charter city and municipal corporation that is duly organized and existing under the Constitution and laws of the State, and the City has all necessary power and authority to adopt the City Resolution and to enter into and perform its duties under the City Agreements.

(c) By all necessary official action, the City has: (i) duly adopted the City Resolution; (ii) duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement; (ii) duly authorized and approved the execution and delivery of, and the performance of its obligations under, the City Agreements; and

(iv) duly authorized the consummation by it of all other transactions contemplated by the City Resolution, the City Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered, the City Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto, as applicable) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the City's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Official Statement (other than under the caption "THE AUTHORITY") does not and will not contain any untrue statement of a material fact or omit to state a material fact that is 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 (except that no representation is made with respect to information relating to DTC (as such term is defined herein), DTC's book-entry system, [the Insurer, the Insurance Policy or the Reserve Policy]).

(e) As of the date hereof, except as described in the Preliminary Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body that is pending against, and notice of which has been served on and received by, the City or, to the best knowledge of the City, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of the City Agreements or the Bonds or the exclusion of the interest on the Bonds from taxation; (iii) in any way question or affect the Purchase Agreement or the transactions contemplated by the Purchase Agreement, the Official Statement, or any other agreement or instrument to which the City is a party relating to the Bonds; or (iv) have a material adverse effect on the ability of the City to make Lease Payments when due.

(f) There is no consent, approval, authorization or other order of, filing or registration with, or certification by, any regulatory authority having jurisdiction over the City that is required for the execution and delivery of this Purchase Agreement and the City Agreements or the consummation by the City of the other transactions contemplated by the Official Statement or the City Agreements.

(g) Any certificate that is signed by any official of the City who is authorized to do so shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(h) The City is not in default, and at no time has the City defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i) If any event occurs of which the City has knowledge between the date of this Purchase Agreement and the date of the Closing that might or 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 that is 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, the City shall notify the Underwriter and, if in the opinion of the Underwriter, such event requires the preparation and

publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in causing the Official Statement to be amended or supplemented in a form and in a manner approved by the Underwriter. All expenses thereby incurred will be paid by the City, and the Underwriter will file, or cause to be filed, the amended or supplemented Official Statement with EMMA.

(j) Except as set forth in the Official Statement under the caption “CONTINUING DISCLOSURE,” the City has complied in all material respects with its continuing disclosure undertakings in the past five years.

(k) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order: (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions. The City will not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction.

(l) The City is not in any material respect in breach of or default under: (i) any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either; (ii) any applicable judgment or decree; or (iii) any loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party, which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the City Agreements, 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 adoption, execution and delivery of the City Agreements, if applicable, and compliance with the provisions on the City’s part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the City Agreements.

(m) The financial statements relating to the receipts, expenditures and cash balances of the City as of June 30, 2016 attached as an appendix to the Official Statement fairly represent the receipts, expenditures and cash balances of the City as of such date. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the City or in its operations since June 30, 2016 and there has been no occurrence, circumstance or combination thereof that is reasonably expected to result in any such materially adverse change.

(n) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the Bonds.

Section 7. The Closing. (a) At 8:00 A.M., Pacific Standard Time, on _____, 2017, or on such earlier or later time or date as may be agreed upon by the Underwriter, the Authority and the City (the “**Closing**”), the Authority shall deliver or cause to be delivered to the Trustee, the Bonds in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“**DTC**”) (so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC’s FAST procedures). Prior to the Closing, the Authority shall deliver, at the offices of Jones Hall, A Professional Law Corporation (“**Bond Counsel**”) in San Francisco, California, or such other place as is mutually agreed upon by the Underwriter and the Authority, the other documents described in this Purchase Agreement. On the date of the Closing, the Underwriter shall pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds to the order of the Trustee.

(b) The Bonds shall be issued in fully registered form and shall be prepared and delivered as one Bond for each maturity registered in the name of a nominee of DTC. It is anticipated that CUSIP identification numbers will be inserted on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

Section 8. Conditions to Underwriter’s Obligations. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the Authority and the City of their respective obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter’s obligations under this Purchase Agreement are and shall also be subject to the following conditions:

(a) The representations and warranties of the Authority and the City contained in this Purchase Agreement shall be true and correct in all material respects on the date of this Purchase Agreement and on and as of the date of the Closing as if made on the date of the Closing.

(b) As of the date of the Closing, the Official Statement shall not have been amended, modified or supplemented, except in any case as may have been agreed to by the Underwriter.

(c) (i) As of the date of the Closing, the Authority Resolution, the City Resolution, the Authority Agreements and the City Agreements shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority, the City and the Underwriter; (ii) the Authority shall perform or shall have performed all of its obligations that are required under or specified in the Authority Resolution, the Authority Agreements and this Purchase Agreement to be performed at or prior to the date of the Closing; and (iii) the City shall perform or shall have performed all of its obligations that are required under or specified in the City Resolution, the City Agreements and this Purchase Agreement to be performed at or prior to the date of the Closing.

(d) As of the date of the Closing, all necessary official action of the Authority relating to the Authority Agreements, the Authority Resolution and the Official Statement, and all necessary official action of the City relating to the City Agreements, the City Resolution, and the Official

Statement, shall have been taken, shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(e) Subsequent to the date of this Purchase Agreement, up to and including the date of the Closing, there shall not have occurred any change in the financial affairs of the Authority or the City, as described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Bonds.

(f) As of or prior to the date of the Closing, the Underwriter shall have received each of the following documents:

(A) Certified copies of the Authority Resolution and the City Resolution.

(B) Duly executed copies of the Authority Agreements and the City Agreements.

(C) The Preliminary Official Statement and the Official Statement, with the Official Statement duly executed on behalf of the Authority and the City.

(D) An approving opinion of Bond Counsel, dated the date of the Closing, as to the validity of the Bonds and the exclusion of interest on the Bonds from federal and State income taxation, addressed to the Authority and the City, substantially in the form attached as an appendix to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter.

(E) A supplemental opinion or opinions of Bond Counsel, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(1) The Purchase Agreement, has been duly executed and delivered by the Authority and the City and (assuming due authorization, execution and delivery by and enforceability against the Underwriter) is valid and binding upon the Authority and the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(2) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) The statements contained in the Official Statement on the cover and under the captions "INTRODUCTION" (excluding therefrom the statements pertaining to DTC or contained under the subcaption "—Form of Bonds; Book-Entry Only"), "THE FINANCING PLAN," "THE BONDS" (excluding therefrom the statements pertaining to DTC or contained under the subcaption "—Book-Entry Only System"), "SECURITY FOR THE BONDS" and "TAX MATTERS," and in Appendices __ and __, 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 Bonds, the Indenture, the Lease, the Site Lease and the form and content of Bond Counsel's final approving opinion, are accurate in all material respects;

(4) The 2004 Certificates have been defeased according to the trust agreement pursuant to which they were executed and delivered; and

(5) The 2004 Bonds have been defeased according to the indenture pursuant to which they were issued.

(F) An opinion, dated the date of the Closing addressed to the Authority, the City and the Underwriter, of Nixon Peabody LLP, disclosure counsel, to the effect that based upon their participation in the preparation of the Official Statement as Disclosure Counsel to the Authority and without having undertaken to determine independently the accuracy or completeness of the contents in the Official Statement, such counsel has no reason to believe that the Official Statement, as of its date (excluding any CUSIP numbers; Appendices __ through __; financial and statistical data or graphs; forecasts, projections, estimates, assumptions, and expressions of opinions; any determinations regarding valuation, appraisals, real estate, and environmental matters, or any basis therefor; and information related to [the Insurance Policy, the Reserve Policy or the Insurer]) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(G) An opinion of General Counsel to the Authority and City Attorney to the City, dated the date of the Closing, addressed to the Authority, the City and the Underwriter, substantially in the form attached hereto as Exhibit E.

(H) An executed Rule 15c2-12 certificate of the Authority and the City, dated the date of the Preliminary Official Statement, substantially in the form attached hereto as Exhibit B.

(I) An executed closing certificate of the Authority, dated the date of the Closing, substantially in the form attached hereto as Exhibit C.

(J) An executed closing certificate of the City, dated the date of the Closing, substantially in the form attached hereto as Exhibit D.

(K) The opinion of counsel of the Trustee, addressed to the Authority, the City and the Underwriter, substantially to the effect that:

(1) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America, having full powers and authority and being qualified to enter into, accept and administer the trust created under the Indenture and to enter into the Indenture; and

(2) The Indenture has been duly authorized, executed and delivered by the Trustee, and, assuming due authorization, execution and delivery by the other parties thereto, the Indenture constitutes the legal, valid and binding agreement of the Trustee enforceable in accordance with its terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(L) The opinion or opinions of counsel to the Escrow Agent, addressed to the City, the Authority and the Underwriter, substantially to the effect that:

(1) The Escrow Agent is a national banking association that is duly organized, validly existing and in good standing under the laws of the United States of America,

having full powers and authority and being qualified to enter into, accept and administer the trust created under the Escrow Agreement and to enter into the Escrow Agreement; and

(2) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Agent and, assuming due authorization, execution and delivery by the City, the Escrow Agreement constitutes the legal, valid and binding agreement of the Escrow Agent, enforceable in accordance with its respective terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(M) A certificate or certificates, dated the date of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer of officers of the Trustee to the effect that the Trustee has accepted the duties imposed by the Indenture and is authorized to carry out such duties and that the Trustee has duly authenticated the Bonds.

(N) A certificate or certificates, dated the date of the Closing, in form and substance acceptable to the Underwriter, of an authorized officer of officers of the Escrow Agent to the effect that the Escrow Agent is duly authorized to enter into the Escrow Agreement, has accepted the respective duties imposed by the Escrow Agreement and is authorized to carry out such duties.

(O) Evidence of required filings with the California Debt and Investment Advisory Commission.

(P) A copy of the executed Blanket Issuer Letter of Representations by and between the Authority and DTC relating to the book-entry system.

(Q) A title insurance policy insuring the Leased Property (as such term is defined in the Lease).

(R) Evidence (including a certificate of an appropriate City official) that the City maintains standard commercial general liability, casualty and rental interruption insurance for the Leased Property meeting the requirements set forth in the Lease.

(S) An executed verification report relating to the Prior Obligations, among other matters.

(T) Evidence that the ratings assigned to the Bonds as of the date of the Closing are as set forth in the Preliminary Official Statement.

(U) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture and the authentication and delivery of the Bonds by the Trustee.

(V) A certified copy of the general resolution of the Escrow Agent authorizing the execution and delivery of certain documents by certain officers of the Escrow Agent, which resolution authorizes the execution and delivery of the Escrow Agreement.

(W) An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriter, addressed to the Underwriter and in form and substance satisfactory to the Underwriter.

(X) A Tax Certificate with respect to maintaining the tax-exempt status of the Bonds, duly executed by the City and the Authority.

(Y) [Evidence satisfactory to the Underwriter of the issuance of the Reserve Policy by the Insurer.]

(Z) [Evidence satisfactory to the Underwriter of the issuance of the Insurance Policy by the Insurer.]

(AA) [An opinion of counsel to the Insurer, in form and substance satisfactory to the Underwriter and Bond Counsel, with respect to, among other matters, the Insurance Policy and the Reserve Policy.]

(BB) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Authority and the City with legal requirements, the truth and accuracy, as of the date of the Closing, of the representations of the Authority and the City contained herein and of the Official Statement and the due performance or satisfaction by the Authority and the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City.

All of the opinions, letters, certificates, instruments and other documents that are mentioned in this Purchase Agreement shall be deemed to be in compliance with the provisions of this Purchase Agreement if, but only if, they are in form and substance satisfactory to the Underwriter. If the Authority and the City are unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds as set forth in this Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter, the Authority nor the City shall be under further obligations hereunder, except that the respective obligations of the Authority, the City and the Underwriter set forth in Section 12 of this Purchase Agreement shall continue in full force and effect.

Section 9. Conditions to Authority's and City's Obligations. The performance by the Authority and the City of their respective obligations under this Purchase Agreement are conditioned upon: (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the Authority and the City of opinions addressed to the Authority and the City, receipt by the Underwriter of opinions addressed to the Underwriter and the delivery of certificates on the date of the Closing by persons and entities other than the Authority and the City.

Section 10. Termination Events. The Underwriter shall have the right to terminate the Underwriter's obligations under this Purchase Agreement to purchase, accept delivery of and pay for the Bonds by notifying the Authority and the City of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

(A) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially and adversely affected by any decision that is issued by a court of the United States (including the United States Tax Court) or of the State, by any ruling or regulation (final, temporary or proposed) that is issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State by the Governor of the State in an executive communication, affecting the tax status of the Authority or the City, their property or income, their debt or contractual obligations (including the Bonds) or the interest thereon or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended;

(B) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs, or a local, national or international calamity or crisis occurs, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds;

(C) there occurs a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York or State authorities;

(D) a stop order, ruling, regulation or official statement by, or on behalf of, the SEC is issued or made to the effect that the issuance, offering or sale of the Bonds or obligations similar to the Bonds is or would be in violation of any provision of the Securities Act of 1933, as then in effect, the Securities Exchange Act of 1934, as then in effect, or the Trust Indenture Act of 1939, as then in effect;

(E) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America is rendered, or a ruling or regulation by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter is made or proposed to the effect that the Bonds are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(F) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions that are not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(G) the Office of the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increases materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of the Underwriter;

(H) a general banking moratorium is established by federal, New York or State authorities;

(I) any legislation, ordinance, rule or regulation is introduced in or enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the reasonable opinion of the Underwriter, after consultation with the Authority and the City, materially adversely affects the market price of the Bonds;

(J) any federal or State court, authority or regulatory body takes action materially and adversely affecting the collection of Revenues under the Indenture;

(K) any rating of the Bonds is downgraded, suspended or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the marketability or market price of the Bonds;

(L) an event occurs which in the reasonable opinion of the Underwriter requires a supplement or amendment to the Official Statement and: (i) the Authority or the City refuses to prepare and furnish such supplement or amendment; or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Bonds or renders the enforcement of the sale contracts of the Bonds impracticable;

(M) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the SEC, or any other governmental authority having jurisdiction of the subject matter, to the effect that: (i) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended; or (ii) the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(N) additional material restrictions that are not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Bonds; or

(O) the commencement of any action, suit or proceeding described in Section 5(e) or Section 6(e).

Section 11. Changes in Official Statement. After the Closing, neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within 90 days after the Closing or within 25 days following the “end of the underwriting period” (as such term is defined below), whichever occurs first, if any event relating to or affecting the Bonds, the Trustee, the City or the Authority occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time that it is delivered to a purchaser, the Authority will

forthwith prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time that the Official Statement is delivered to a purchaser, not misleading. The City and the Authority will cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the MSRB. As used herein, the term “**end of the underwriting period**” means the later of such time as: (i) the Authority 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 notice to the contrary, the “end of the underwriting period” will be the date of the Closing. Any notice delivered pursuant to this provision will be written notice delivered to the Authority at or prior to the date of the Closing and will specify a date (other than the date of the Closing) to be deemed the “end of the underwriting period.”

Section 12. Payment of Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall pay the following expenses incident to the performance of the Authority’s and the City’s obligations hereunder:

- (i) the fees and disbursements of Bond Counsel and disclosure counsel;
- (ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 11 of this Purchase Agreement);
- (iii) the fees and disbursements of accountants, advisors and any other experts or consultants retained by the Authority or the City, including the City Attorney; and
- (iv) any other expenses and costs of the Authority and the City that are incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses and regulatory expenses, reimbursement to the Underwriter for any meals and travel for Authority or City employees or officers that were paid for by the Underwriter and any other expenses agreed to by the parties.

(b) The Underwriter shall pay all expenses incurred by it in connection with the public offering and distribution of the Bonds including, but not limited to:

- (i) all advertising expenses in connection with the offering of the Bonds; and
- (ii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds (including, without limitation, the fees and expenses of its counsel and MSRB, CUSIP Bureau, California Debt and Investment Advisory Commission and California Public Securities Association fees, if any), except as provided in clause (a) above or as otherwise agreed to by the Underwriter and the City.

Section 13. Notices. Any notice or other communication to be given to the Authority or the City under this Purchase Agreement may be given by delivering the same in writing to the Authority and the City at the addresses set forth on the first page of this Purchase Agreement, and

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:

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071
Attention: John Kim

Section 14. Survival of Representations, Warranties, Agreements. All of the Authority's and the City's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this Section and in Section 12 shall survive any termination of this Purchase Agreement.

Section 15. Benefit; No Assignment. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Agreement are not subject to assignment by the Underwriter, the Authority or the City without the prior written consent of the other parties hereto.

Section 16. Severability. In the event that any provision of this Purchase Agreement is held to be invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Agreement.

Section 17. Counterparts. This Purchase Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Agreement by signing any such counterpart.

Section 18. Governing Law. This Purchase Agreement shall be governed by the laws of the State.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Section 19. Effectiveness. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the Authority and the City, and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Title: Authorized Officer

Accepted:

CITY OF DESERT HOT SPRINGS

By: _____
Title: City Manager

Time of Execution: _____ Pacific Time

DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY

By: _____
Title: Executive Director

Time of Execution: _____ Pacific Time

EXHIBIT A

**\$ _____
DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY
2017 REFUNDING LEASE REVENUE BONDS**

MATURITY SCHEDULE

<i>Principal Payment Date (March 1)</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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* Term Bond.

^C Priced to first optional redemption date of March 1, 20__ at par.

EXHIBIT B

\$ _____ *

**DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY
2017 REFUNDING LEASE REVENUE BONDS**

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents that the undersigned is the duly appointed and acting representative of the City of Desert Hot Springs (the “**City**”) and the Desert Hot Springs Public Financing Authority (the “**Authority**”), and is duly authorized to execute and deliver this Certificate on behalf of the City and the Authority, and further hereby certifies and reconfirms on behalf of the City and the Authority as follows:

(1) This Certificate is delivered in connection with the offering and sale of the above captioned bonds (the “**Bonds**”) in order to enable the underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “**Rule**”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds, the Authority and the City (the “**Preliminary Official Statement**”).

(3) As used herein, “**Permitted Omissions**” means 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, 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 the information therein is accurate and complete except for the Permitted Omissions.

Dated: _____, 2017

CITY OF DESERT HOT SPRINGS

By: _____
City Manager

** Preliminary; subject to change.*

DESERT HOT SPRINGS PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

EXHIBIT C

§ _____
DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY
2017 REFUNDING LEASE REVENUE BONDS

CLOSING CERTIFICATE OF THE AUTHORITY

The undersigned hereby certifies and represents that the undersigned is the duly appointed and acting representative of the Desert Hot Springs Public Financing Authority (the “**Authority**”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Authority as follows:

(i) The representations, warranties and covenants of the Authority contained in the Bond Purchase Agreement, dated _____, 2017 (the “**Purchase Agreement**”), by and among the Authority, the City of Desert Hot Springs and Stifel, Nicolaus & Company, Incorporated, as underwriter, are true and correct and in all material respects on and as of the date of the Closing, with the same effect as if made on the date of the Closing.

(ii) The Authority Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented, except as agreed to by the Authority and the Underwriter.

(iii) The Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or prior to the date of the Closing, as set forth in the Purchase Agreement.

(iv) The statements and descriptions in the Official Statement pertaining to the Authority do not contain any untrue or misleading statement of a material fact and do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given to such terms in the Purchase Agreement.

Dated: _____, 2017

DESERT HOT SPRINGS PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

EXHIBIT D

\$ _____
DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY
2017 REFUNDING LEASE REVENUE BONDS

CLOSING CERTIFICATE OF THE CITY

The undersigned hereby certifies and represents that the undersigned is the duly appointed and acting representative of the City of Desert Hot Springs (the “**City**”), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the City as follows:

(i) The representations, warranties and covenants of the City contained in the Bond Purchase Agreement, dated _____, 2017 (the “**Purchase Agreement**”), by and among the City, the Desert Hot Springs Public Financing Authority, and Stifel, Nicolaus & Company, Incorporated, as underwriter, are true and correct and in all material respects on and as of the date of the Closing, with the same effect as if made on the date of the Closing.

(ii) The City Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented, except as agreed to by the City and the Underwriter.

(iii) The City has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or prior to the date of the Closing, as set forth in the Purchase Agreement.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of this certificate, there has been no adverse change in the condition (financial or otherwise) of the City, whether or not arising in the ordinary course of operations, as described in the Official Statement that would materially and adversely affect the Bonds or the City’s performance under the City Agreements.

(v) The Official Statement (other than under the caption “**THE AUTHORITY**”) does not contain any untrue or misleading statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given to such terms in the Purchase Agreement.

Dated: _____, 2017

CITY OF DESERT HOT SPRINGS

By: _____
City Manager

EXHIBIT E

_____, 2017

Desert Hot Springs Public Financing Authority
65950 Pierson Boulevard
Desert Hot Springs, California 92240

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

City of Desert Hot Springs
65950 Pierson Boulevard
Desert Hot Springs, California 92240

Opinion of City Attorney and Authority Counsel

with reference to

§ _____
**DESERT HOT SPRINGS PUBLIC FINANCING AUTHORITY
2017 REFUNDING LEASE REVENUE BONDS**

Ladies and Gentlemen:

In my capacity as the General Counsel to the Desert Hot Springs Public Financing Authority (the “**Authority**”) and the City Attorney of the City of Desert Hot Springs (the “**City**”), in connection with the issuance by the Authority of the above-referenced bonds (the “**Bonds**”), I have examined such documents, certificates and records as I have deemed relevant and necessary as the basis for the opinion set forth herein. Capitalized terms used and not otherwise defined herein shall have the same meanings as assigned to them in the Bond Purchase Agreement, dated _____, 2017 (the “**Purchase Agreement**”), by and among Stifel, Nicolaus & Company, Incorporated, as underwriter, the City and the Authority.

Relying on my examination described above and pertinent law and subject to the limitations and qualifications set forth hereinafter, I am of the following opinion:

1. The City is a charter city and municipal corporation and duly organized and validly existing under the Constitution and laws of the State of California.

2. Resolution No. _____ of the City Council of the City (the “**City Resolution**”) has been duly adopted at a meeting of the City Council that was duly called and held on _____, 2017 pursuant to law, with all required public notice and at which a quorum was present and acting throughout. The City Resolution is in full force and effect and has not been amended or repealed.

3. The City has duly authorized, executed and delivered the City Agreements and the Official Statement. Assuming due authorization, execution and delivery by the other parties thereto, as necessary, the City Agreements constitute legal, valid and binding agreements of the City enforceable against the City in accordance with their terms, except as the enforceability thereof may

be limited by applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and limitations on remedies against public agencies.

4. Except as disclosed in the Official Statement, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been accomplished on the City) or, to the best of my 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 officers to their respective offices; (b) in any way question or affect the validity or enforceability of the City Agreements or the Bonds; (c) render illegal, invalid or unenforceable the City Agreements or the transactions contemplated thereby, or any other agreement or instrument related to the issuance of the Bonds to which the City is a party; or (d) have a material adverse effect on the ability of the City to make Lease Payments (as such term is defined in the Lease) when due.

5. The execution and delivery of the City Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the City is a party, and compliance with the provisions of each of the City Agreements 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 or any department, division, agency or instrumentality of either thereof, any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, trust agreement, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound in a manner that would materially adversely affect the City's performance under the City Agreements.

6. The Authority is a joint exercise of powers authority organized and validly existing under the laws of the State of California.

7. Resolution No. 2017-_____ of the Authority (the "**Authority Resolution**") has been duly adopted at a regular meeting of the Commission of the Authority that was duly called and held on _____, 2017 pursuant to law, with all required public notice and at which a quorum was present and acting throughout. The Authority Resolution is in full force and effect and has not been amended or repealed.

8. The Authority has duly authorized, executed and delivered the Official Statement, and the Authority Agreements. Assuming due authorization, execution and delivery by the other parties thereto, as necessary, the Authority Agreements constitute legal, valid and binding agreements of the Authority enforceable against the Authority in accordance with their terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, debt adjustment, fraudulent conveyance or transfer, moratorium, reorganization or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and limitations on remedies against public agencies.

9. The execution and delivery by the Authority of the Authority Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the

Authority is a party, and compliance with the provisions of each of the Authority Agreements, 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 or any department, division, agency or instrumentality of either thereof, any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, trust agreement, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound in a manner that would materially adversely affect the Authority's performance under the Authority Agreements.

10. There is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been accomplished on the Authority) or, to the best of my 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 officers to their respective offices; (b) in any way question or affect the validity or enforceability of the Authority Agreements or the Bonds; or (c) render illegal, invalid or unenforceable the Authority Agreements or the transactions contemplated thereby, or any other agreement or instrument related to the issuance of the Bonds to which the Authority is a party.

11. The Bonds are payable from and secured by a valid lien on and pledge of the Lease Payments (as such term is defined in the Lease) and other amounts in the manner and to the extent provided in the Indenture. The City is duly authorized to make, and the Authority is duly authorized to pledge, such Lease Payments and other amounts, and no further action on the part of the City, the Authority or any other party is required to perfect the same or the interest of the Bondowners therein.

This opinion is based on such examination of the laws of the State of California as I have deemed relevant for the purposes of this opinion. I have not considered the effect, if any, of the laws of any other jurisdiction upon matters covered by this opinion. I have assumed the genuineness of all documents and signatures presented to me. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. I express no opinion as to the status of the Bonds or the interest thereon, the Authority Agreements or the City Agreements under any federal securities laws or any state securities or "Blue Sky" law or any federal, state or local tax law. Without limiting any of the foregoing, I express no opinion as to any matter other than as expressly set forth above.

I am furnishing this opinion as General Counsel to the Authority and City Attorney to the City. Except for the Authority and the City, no attorney-client relationship has existed or exists between me and the addressees hereof in connection with the Bonds or by virtue of this opinion. This opinion is rendered solely in connection with the financing described herein, and may not be relied upon by you for any other purpose. I disclaim any obligation to update this opinion. This opinion shall not extend to, and may not be used, quoted, referred to, or relied upon by any other person, firm, corporation or other entity without my prior written consent.

Respectfully submitted,