

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the “Purchase Agreement”), dated as of the purchase date (the “Purchase Date”) specified in Exhibit A attached hereto and made a part hereof, entered into by and between the signatory local agency designated in Exhibit A (the “Local Agency”) and the California Statewide Communities Development Authority (the “Authority”), for the sale and delivery of the principal amount specified in Exhibit A of the Local Agency’s 2012 Tax and Revenue Anticipation Notes, which may be issued in one or more series with varying maturities (the “Notes”) which may be issued in conjunction with the notes of other Issuers (as hereinafter defined) participating in the Program (as hereinafter defined), as determined in the Pricing Confirmation (as hereinafter defined), and which may be pooled with notes of other Issuers and assigned to secure a series (the “Series”) of bonds (the “Bonds”) designated in Exhibit A;

WITNESSETH:

WHEREAS, local agencies are authorized by Sections 53850 to 53858, both inclusive, of the Government Code of the State of California (the “Act”) (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

WHEREAS, the legislative body of the Local Agency (the “Legislative Body”) has heretofore adopted its resolution finding that the Local Agency needs to borrow funds in its fiscal year ending June 30, 2013 (“Fiscal Year 2012-2013”) in the principal amount set forth in Exhibit A and that it is necessary that said sum be borrowed at this time by the issuance of a note therefor in anticipation of the receipt of taxes, income, revenue, cash receipts and other moneys to be received or accrued by the Local Agency and provided for or attributable to Fiscal Year 2012-2013;

WHEREAS, the Local Agency has adopted a resolution or resolutions (collectively or singularly, as applicable, the “Resolution”) authorizing the issuance and sale of the Notes in the name and on behalf of the Local Agency;

WHEREAS, the Local Agency has determined that it is in the best interests of the Local Agency to participate in the California Communities Cash Flow Financing Program (the “Program”), whereby participating local agencies (collectively, the “Issuers”) may jointly issue tax and revenue anticipation notes, or alternatively, each may issue its note on a stand-alone basis, dependent on market conditions;

WHEREAS, the Authority, in consultation with Bando Public Finance LLC, as financial advisor for certain of the Issuers (the “Financial Advisor”) and _____, as (the “Purchaser”), will form one or more pools of notes (the “Pooled Notes”) and assign each note to a particular pool, including a single note to a particular pool (the “Pool”), and sell a series (the “Series”) of bonds, which may include with respect to a single Pool, a series of senior bonds and a series of subordinate bonds (the “Bonds”) secured by each Pool pursuant to an indenture (the “Indenture”) between the Authority and Wilmington Trust, N.A., as trustee (the “Trustee”), and each Series distinguished by whether or what type(s) of Credit Instrument (as hereinafter defined) secures such notes that are part of each Series, by the principal amounts of the notes assigned to the Pool, by whether interest on the Series of Bonds is a fixed rate of interest or a variable rate of

interest swapped to a fixed rate by the Authority, by whether interest on the series of Bonds is includable in gross income for federal income tax purposes, or by other factors, all of which the Local Agency hereby acknowledges and approves the discretion of the Authority to assign the Notes to such Pool and such Indenture as the Authority, in consultation with the Financial Advisor and the Purchaser may determine;

WHEREAS, if so indicated in Exhibit A, the payment by the Local Agency of its Notes will be secured in whole or in part (jointly, but not severally, with notes of the other participating Issuers assigned to the same Series of Bonds, if any) by a letter of credit, policy of insurance or other credit instrument (collectively, the “Credit Instrument”) to be issued by the entity or entities designated in Exhibit A as the credit provider (the “Credit Provider”);

WHEREAS, such Credit Instrument, if any, may be issued pursuant to a reimbursement agreement, commitment letter, indenture or other agreement (the “Credit Agreement”) as identified in Exhibit A;

WHEREAS, in order to participate in the Program, the Local Agency has agreed to be responsible for its share of the fees and expenses of the Trustee, and, if applicable, the Credit Provider, and the costs of issuing the Bonds, and the costs, if applicable, of issuing the Credit Instrument, which anticipated fees, expenses and costs of issuance will be deducted from the purchase price set forth in Exhibit A and which unanticipated fees, expenses and costs of issuance will be billed to the Local Agency as the same may arise;

WHEREAS, the costs of issuance which will be deducted from the purchase price set forth in Exhibit A for the Local Agency shall not exceed one percent (1%) of the principal amount of the Notes; and

WHEREAS, pursuant to the Program, the Authority is submitting this offer to purchase the Notes pursuant to this Purchase Agreement;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Obligation to Purchase. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority shall purchase from the Local Agency, and the Local Agency shall sell to the Authority, the Notes, as described herein and in the Resolution.

Section 2. Purchase Price. The purchase price of the Notes shall be the purchase price set forth in the pricing confirmation attached hereto as Exhibit A (the “Pricing Confirmation”). The Notes shall bear interest at interest rate(s) per annum set forth in the Pricing Confirmation, which is hereby agreed to by and between the Authority and the Local Agency by its duly authorized representative executing this Purchase Agreement on behalf of the Local Agency.

Section 3. Adjustments to Principal Amount of Notes and Purchase Price. The Authority and the Local Agency hereby agree that the principal amount of the Notes

purchased by the Authority and sold to the Authority by the Local Agency pursuant to this Purchase Agreement may be reduced, as determined by the Authority and each Local Agency, based upon the advice of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), in order that the proceeds produced from such sale of such Notes will be an amount which will not be subject to either (i) yield restriction (in order for interest to be excluded from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)) or (ii) a rebate requirement (under Section 148 of the Code). The Authority and the Local Agency hereby further agree that the purchase price of the Notes shall be reduced as a result of any reduction of the principal amount of the Notes required by this section.

Section 4. Delivery of and Payment for the Notes. The delivery of the Notes (the “Closing”) shall take place at 8:00 a.m., California time, on the closing date set forth in the Pricing Confirmation or at such other time or date as may be mutually agreeable to the Local Agency, the Authority and the Purchaser, at the Los Angeles office of Orrick, Herrington & Sutcliffe LLP or such other place as the Local Agency, the Authority and the Purchaser shall mutually agree. At the Closing, the Local Agency shall cause the Notes to be delivered to the Authority, duly executed and authenticated, together with the other documents hereinafter mentioned, and the proceeds of the purchase price of the Notes set forth in the Pricing Confirmation shall be deposited in an amount indicated in the Pricing Confirmation as the Deposit to Proceeds Fund which shall be held by the Trustee for the Local Agency and the remainder in the Costs of Issuance Fund held thereunder.

If at any time prior to 90 days after the Closing Date, any event occurs as a result of which information relating to the Local Agency included in the official statement of the Authority relating to the Series of Bonds to which the Notes are assigned (the “Official Statement”) contains an untrue statement of a material fact 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, the Local Agency shall promptly notify the Authority and the Purchaser thereof, and if, in the opinion of the Authority or the Purchaser, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Local Agency shall cooperate with the Authority and the Purchaser in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Authority and the Purchaser, and all reasonable expenses incurred thereby shall be paid by the Local Agency.

Section 5. The Notes. The Notes shall be issued in substantially the form set forth in the Resolution, without coupons in the full principal amount set forth in Exhibit A.

Section 6. Representations and Warranties of the Local Agency. The Local Agency represents and warrants to the Authority and the Purchaser that:

(a) All representations and warranties set forth in the Resolution are true and correct on the date hereof and are made for the benefit of the Authority and the Purchaser as if set forth herein.

(b) The information relating to the Local Agency included in the Preliminary Official Statement and the Official Statement does not contain any untrue statement of a material

fact or omit to state any material fact necessary to make the statements therein in light of the circumstance under which they were made not misleading.

(c) A copy of the Resolution has been delivered to the Authority and the Purchaser, and the Resolution will not be amended or repealed without the consent of the Authority and the Purchaser, which consent will not be unreasonably withheld.

(d) The Local Agency acknowledges that the Authority is authorized to execute the Indenture, to assign the Notes to the Trustee under the Indenture and to issue the Series of Bonds pursuant to the Indenture.

Section 7. Conditions Precedent to the Closing. Conditions precedent to the Closing are as follows:

(a) The execution and delivery of the Notes consistent with the Resolution.

(b) Delivery of a legal opinion addressed to the Local Agency (with a reliance letter addressed to the Authority and the Purchaser), dated the date of closing of Bond Counsel with respect to the validity of the Bonds in form and substance acceptable to the Authority and the Purchaser.

(c) Delivery of a legal opinion, dated the date of Closing, of counsel to the Local Agency, with respect to the due authorization, execution and delivery of the Notes, in form and substance acceptable to Bond Counsel.

(d) Delivery of each certificate, document, instrument and opinion required by the agreement between the Authority and the Purchaser for the sale by the Authority and purchase by the Purchaser of the Series of Bonds to which the Pooled Notes are assigned.

(e) Delivery of such other certificates, instruments or opinions as Bond Counsel may deem necessary or desirable to evidence the due authorization, execution and delivery of documents pertaining to this transaction and the legal, valid and binding nature thereof or as may be required by the Credit Agreement, as well as compliance of all parties with the terms and conditions thereof.

Section 8. Events Permitting the Authority to Terminate. The Authority may terminate its obligation to purchase the Notes at any time before the Closing if any of the following occurs:

(a) Any legislative, executive or regulatory action (including the introduction of legislation) or any court decision which, in the judgment of the Authority, casts sufficient doubt on the legality of obligations such as the Notes, and the tax-exempt status of interest on obligations such as the Bonds, so as to impair materially the marketability or to reduce materially the market price of such obligations;

(b) Any action by the Securities and Exchange Commission or a court which would require registration of the Notes, the Bonds or any instrument securing the Notes or Bonds under the Securities Act of 1933, as amended, in connection with the public offering thereof, or

qualification of the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended;

(c) Any restriction on trading in securities, or any banking moratorium, or the inception or escalation of any war or major military hostilities which, in the judgment of the Authority, substantially impairs the ability of the Purchaser to market the Bonds; or

(d) The Purchaser terminates its obligation to purchase the Series of Bonds to which the Notes are assigned pursuant to its agreement with the Authority for the purchase of such Series of Bonds.

Neither the Purchaser nor the Authority shall be responsible for the payment of any fees, costs or expenses of the issuance, offering and sale of the Local Agency's Notes except the Purchaser shall be responsible for California Debt and Investment Advisory Commission fees and for its own internal costs. The fees, costs and expenses that are categorized in the "Costs of Issuance" definition in the Indenture shall be paid from the Costs of Issuance Fund. The Local Agency shall pay any additional costs attributable to it as set forth in the Resolution other than the fees, costs and expenses so payable from the applicable Costs of Issuance Fund.

Section 9. Indemnification. To the extent permitted by law, the Local Agency agrees to indemnify and hold harmless the Authority and the Purchaser and each person, if any, who controls (within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Act of 1934, as amended) the Authority or the Purchaser, and the officers, directors, agents and employees of the Authority and the Purchaser against any and all losses, claims, damages, liabilities and expenses arising out of any statement or information in the Preliminary Official Statement or in the Official Statement regarding the Local Agency that is untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information regarding the Local Agency that should be stated therein or that is necessary to make the statements and information therein not misleading in any material respect.

Section 10. Credit Agreement. The Local Agency shall comply with all lawful and proper requests of the Authority in order to enable the Authority to comply with all of the terms, conditions and covenants binding upon it under the Credit Agreement.

Section 11. Notices. Any notices to be given to the Purchaser under the Purchase Agreement shall be given in writing to [Citigroup Global Markets Inc., Public Finance, 444 S. Flower Street, 27th Floor, Los Angeles, California 90071, Attention: _____]. Any notices to be given to the Authority under the Purchase Agreement shall be given in writing to the Authority, 1100 "K" Street, Suite 101, Sacramento, CA 95814, Attention: Secretary.

Section 12. No Assignment. The Purchase Agreement has been made by the Local Agency and the Authority, and no person other than the Local Agency and the Authority or their successors or assigns and the Purchaser shall acquire or have any right under or by virtue of the Purchase Agreement. All of the representations, warranties and agreements contained in the Purchase Agreement shall survive the delivery of and payment by the Authority for the Notes and any termination of the Purchase Agreement.

Section 13. Applicable Law. The Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Section 14. Effectiveness. The Purchase Agreement shall become effective upon the execution hereof by the Authority and execution of the Pricing Confirmation by the Local Agency, and the Purchase Agreement, including the Pricing Confirmation, shall be valid, binding and enforceable from and after the time of such effectiveness.

Section 15. Severability. In the event any provision of the Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16. Headings. Any headings preceding the text of several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 17. Execution in Counterparts. This Purchase Agreement may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be executed by their duly authorized representatives as of the Purchase Date set forth in Exhibit A attached hereto and incorporated herein.

**CALIFORNIA STATEWIDE
COMMUNITIES DEVELOPMENT
AUTHORITY**

By: _____
Authorized Signatory

EXHIBIT A

Pricing Confirmation Supplement

County of Monterey

Pricing Information

Principal Amount of Series A Notes:	\$ _____
Interest Rate on Series A Notes:	____%
Re-Offering Yield:	____%
Purchase Price	____%
Default Rate:	____%
Purchase Price:	\$ _____
Less: Cost of Issuance: ____%	()
Credit Enhancement: ____%	()
Deposit to Note Proceeds Account:	\$ _____

Important Dates

Resolution Date of Local Agency:	
Purchase Date:	
Closing Date:	
Maturity Date:	
Interest Payment Date(s):	
Note Payment Deposit Date:	
First Pledge Month Ending:	\$ _____
Pledge Amount:	____%
Pledge Percentage:	
Second Pledge Month Ending:	\$ _____
Pledge Amount:	____%
Pledge Percentage:	

Investment Agreement Information

GIC Provider	
Long Term Ratings (S&P/Moody's)	
Short Term Credit Ratings (S&P/Moody's)	
Interest Rate on GIC	____%

IN WITNESS WHEREOF, the Purchase Agreement, including this Pricing Confirmation, is agreed and accepted to on the Purchase Date set forth above.

COUNTY OF MONTEREY

By: _____
Authorized Representative

Print Name of Person Signing