

## NOTE PURCHASE CONTRACT

\$ \_\_\_\_\_  
**KING CITY UNION SCHOOL DISTRICT**  
**2014-2015 TAX AND REVENUE ANTICIPATION NOTES**

\_\_\_\_\_, 2014

County of Monterey  
168 West Alisal Street, First Floor  
Salinas, California 93901

King City Union School District  
435 Pearl Street  
King City, California 93930

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Note Purchase Contract (the "Purchase Contract") with the County of Monterey (the "County") and the King City Union School District (the "District"). The offer made hereby is subject to acceptance by the County and the District by execution and delivery of this Purchase Contract (the "Purchase Contract") to the Underwriter at or prior to 11:59 p.m., California time, on the date hereof, but it shall be irrevocable until such time as it is sooner accepted or rejected by the County and the District. Upon acceptance of this offer by the County and the District in accordance with the terms hereof, this Purchase Contract will be binding upon the County, upon the District and upon the Underwriter.

**1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations, covenants and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the County for offering to the public, and the County hereby agrees, on behalf of the District, to sell to the Underwriter for such purpose, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the District's King City Union School District 2014-2015 Tax and Revenue Anticipation Notes (the "Notes") at the purchase price of \$\_\_\_\_\_ (representing the principal amount of \$\_\_\_\_\_, plus original issue premium of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_). The true interest cost for the Notes is \_\_\_\_\_%.

The County and the District acknowledge and agree that the purchase and sale of the Notes pursuant to this Note Purchase Contract is an arm's-length commercial transaction among the County, the District and the Underwriter, and the Underwriter is acting solely as an underwriter and principal in connection with the matters contemplated by and with respect to all communications under this Note Purchase Contract and is not acting as the agent or fiduciary of the County or the District or the County's or the District's advisor in connection with the matters contemplated by this Note Purchase Contract.

**2. The Notes.** The Notes shall be issued pursuant to Sections 53850 to 53858, both inclusive, of the California Government Code (being Article 7.6 of Chapter 4 of Part 1 of Division 2 of Title 5 of said Code, and in accordance with Resolution No. \_\_\_\_\_ of the Board of Supervisors of the County, adopted on September 16, 2014 (the "County Resolution"), and with Resolution No. \_\_\_\_\_ of the Board of Trustees of the District, adopted on September 5, 2014 (the "District Resolution" and, together with the County Resolution, the "Resolutions"). The Notes shall conform in all respects to the terms and provisions set forth in the Resolutions. U.S. Bank National Association has been appointed to act as the initial paying agent and registrar (the "Paying Agent") with respect to the Notes pursuant to the County Resolution.

A single maturity of Notes shall be issued, dated the date of Closing (as defined herein), and the Notes shall mature on \_\_\_\_\_, 20\_\_\_\_, without possibility of prior redemption. The Notes shall bear interest at the rate of \_\_\_\_\_% per annum. The Notes shall otherwise be as described in the Official Statement of the District with respect to the Notes, dated \_\_\_\_\_, 2014.

As security for the payment of the principal of and interest on the Notes, the District covenants to deposit in trust for the registered owners of the Notes in a special account designated as the "King City Union School District 2014-2015 Tax and Revenue Anticipation Note Repayment Account" (the "Repayment Account") [(a)] an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the principal amount of the Notes [and the interest thereon] from the first Unrestricted Revenues (as defined in the District Resolution) to be received by the District during the period commencing on \_\_\_\_\_ and ending on \_\_\_\_\_[, (b) an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the principal amount of the Notes [and the interest thereon] from the first Unrestricted Revenues to be received by the District during the period commencing on \_\_\_\_\_ and ending on \_\_\_\_\_] [and (c) an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the principal amount of the Notes and the interest thereon from the first Unrestricted Revenues to be received by the District during the period commencing on \_\_\_\_\_ and ending on \_\_\_\_\_]. In the event that there have been insufficient Unrestricted Revenues received by the District by the end of any such period, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from the first Unrestricted Revenues thereafter received by the District.

A single certificate for the Notes shall be prepared and delivered as described in Section 9 hereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY ("DTC"), and shall be made available to the Underwriter for inspection at such place as may be mutually agreed to by the Underwriter and the District, not less than one business day prior to the Closing. The Underwriter shall order CUSIP identification numbers and the District shall cause such CUSIP identification numbers to be printed on the Notes, but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Notes in accordance with the terms of this Purchase Contract.

**3. Offering.** The Underwriter agrees to make a bona fide public offering of all the Notes. The County hereby ratifies, approves, and confirms the distribution of the County Resolution, and the District hereby ratifies, approves, and confirms the distribution of the Preliminary Official Statement of the District with respect to the Notes, dated \_\_\_\_\_, 2014 (together with

the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the public offering and sale of the Notes by the Underwriter. The District hereby agrees to deliver or cause to be delivered to the Underwriter, within seven business days after the date hereof, copies of the Official Statement, consisting of the Preliminary Official Statement with such changes as may be made with the approval of the District and the Underwriter (the "Official Statement"), in such reasonable quantity as the Underwriter shall request.

The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement, and agrees that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Notes during the underwriting period (as such term is defined in MSRB Rule G-11), and to deliver a copy of the Official Statement to a national repository on or before the date of Closing, and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Notes, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

The Underwriter hereby agrees that prior to the time the final Official Statement is available, the Underwriter will send to any potential purchaser of the Notes, upon request, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

**4. Representations and Agreements of the County.** The County represents to and agrees with the Underwriter that, as of the date hereof and as of the date of the Closing:

(a) The County is a political subdivision duly organized and validly existing under the Constitution and general laws of the State of California.

(b) The County is duly authorized and has full legal right, power and authority to issue, sell and deliver the Notes on behalf of the District, pursuant to the direction of the District contained in the District Resolution, and to provisions of the laws of the State of California.

(c) The County has the legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, and to observe and perform the covenants and agreements of this Purchase Contract and the County Resolution to be observed and performed by the County.

(d) The County has duly adopted the County Resolution in accordance with the laws of the State of California; the County Resolution is in full force and effect and has not been amended, modified or rescinded, and all representations of the County set forth in the County Resolution are true and correct on the date hereof; the County has duly authorized and approved the execution and delivery of, and the observance and performance by the County of its covenants and agreements contained in the Notes and this Purchase Contract required to have been observed or performed at or prior to the date of Closing; and the County has complied, and will at the Closing be in compliance in all

respects, with the obligations in connection with the issuance of the Notes on its part contained in this Purchase Contract, the County Resolution, and the Notes.

(e) The Preliminary Official Statement as of its date, and the Official Statement as of its date and as of the date of Closing, and if supplemented or amended, as of the date of any such supplement or amendment, solely with respect to the information contained therein describing the County's investment policy and current portfolio holdings (as they relate to funds of the District held by the Treasurer-Tax Collector of the County (the "Treasurer")), do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) To the best knowledge of the County, there is no litigation pending (with the County having received service of process) or threatened against the County concerning the validity of the Notes, the existence of the County or the entitlement of the respective officers of the County who shall sign any documents and certificates to be executed in connection with the delivery of the Notes, to their respective offices.

**5. Representations and Agreements of the District.** The District represents to and agrees with the Underwriter that, as of the date hereof and as of the date of the Closing:

(a) The District is a school district duly organized and validly existing under the Constitution and general laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Purchase Contract, to adopt the District Resolution, and to observe and perform the covenants and agreements of this Purchase Contract and the District Resolution required to be observed and performed by the District.

(c) The District has duly adopted the District Resolution in accordance with the laws of the State; the District Resolution is in full force and effect and has not been amended, modified or rescinded, and all representations of the District set forth in the District Resolution are true and correct; the District has duly authorized and approved the execution and delivery of, and the observance and performance by the District through its officers and agents of its covenants and agreements contained in the Notes and this Purchase Contract required to have been observed or performed at or prior to the date of Closing; and the District has complied, and will at the Closing be in compliance in all respects, with the obligations in connection with the issuance of the Notes on its part contained in this Purchase Contract, the District Resolution and the Notes.

(d) The Preliminary Official Statement was "deemed final" by the District as of the date thereof within the meaning of paragraph (a)(2) of Rule 15c2-12, except for the omission of some or all of such information the omission of which is permitted under Rule 15c2-12.

(e) The Preliminary Official Statement as of its date, and the Official Statement as of its date and as of the date of Closing, and if supplemented or amended, as of the date of any such supplement or amendment, do not and will not contain any untrue

statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; in each case excluding therefrom any information contained therein relating to DTC or its book-entry only system, information relating to the reoffering of the Notes provided by the Underwriter, or information describing the County's investment policy and current portfolio holdings, as to all of which the District expresses no view.

(f) The District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

(g) The District has, and has had, no financial advisory relationship with the Underwriter with respect to the Notes, nor with any investment firm controlling, controlled by or under common control with the Underwriter.

(h) [The District treats the June 2015 State revenue apportionments to be received by the District in \_\_\_\_ 2015 pursuant to Section \_\_\_\_ of the California Education Code as accrued in fiscal year 2014-15 for budgetary, financial reporting and all other relevant purposes.

(i) The District has not received a qualified or negative budget certification in Fiscal Year 2013-2014 or Fiscal Year 2014-2015.

(j) Unless otherwise described in the Official Statement, the District has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

**6. Representations and Agreements of the Underwriter.** The Underwriter represents to and agrees with the District and the County that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the County and the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District or the County with respect to the Notes and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(d) The Underwriter has reasonably determined that the District's undertaking pursuant to Sections 5(f) and 7(l) hereof to provide continuing disclosure with respect to the Notes is sufficient to effect compliance with Rule 15c2-12.

**7. Conditions to Closing.** At or before Closing, and contemporaneously with the acceptance of delivery of the Notes, and the payment of the purchase price thereof, the District will provide to the Underwriter:

(a) a certificate of the District, signed by an official of the District, dated the date of the Closing, to the effect that (i) as of the date of the Closing, all of the representations of the District contained in this Purchase Contract are true, and that the District Resolution is in full force and effect and has not been amended, modified or rescinded, (ii) as of the date of the Closing, there is no litigation pending or to the best of the knowledge of the District, threatened concerning the validity of the Notes, the corporate existence of the District, or the entitlement of the respective officers of the District who shall sign any documents and certificates to be executed in connection with the delivery of the Notes, to their respective offices, (iii) the Preliminary Official Statement as of its date, and the Official Statement as of its date and as of the date of Closing, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, excluding in any information contained in the Official Statement relating to DTC or its book-entry only system, information relating to the reoffering of the Notes provided by the Underwriter, and information contained therein describing the County's investment policy and current portfolio holdings, and (iv) since the date of this Purchase Contract, there has been no material adverse change in the financial condition or affairs of the District;

(b) a certificate of the County, signed by the appropriate officials of the County, dated the date of the Closing, to the effect that (i) all of the representations of the County contained in this Purchase Contract are true, and that the County Resolution is in full force and effect and has not been amended, modified or rescinded, and (ii) the Preliminary Official Statement as of its date, and the Official Statement as of its date and as of the date of Closing, solely with respect to the information contained therein describing the County's investment policy and current portfolio holdings (as they relate to funds of the District held by the Treasurer), do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(c) a tax certificate of the District, dated the date of the Closing, in form satisfactory to Bond Counsel;

(d) the Opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), addressed to the District and dated the date of the Closing, approving the validity of the Notes substantially in the form set forth as Appendix [A] to the Official Statement;

(e) a reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in (d) above;

(f) the Opinion of Kutak Rock, LLP, [Disclosure Counsel (“Disclosure Counsel”), addressed to the District and the Underwriter and dated the date of the Closing, to the effect that, based on such counsel’s participation in conferences with representatives of the Underwriter, the District, the County, their respective counsel, Dale Scott & Company, as financial advisor to the District (the “Financial Advisor”), and others, during which conferences the contents of the Official Statement and related matters were discussed (but with no inquiry made of other attorneys in such counsel’s firm not working directly on the issuance of the Notes who may have information material to the issue), and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that, during the course of its engagement as disclosure counsel no facts came to the attention of such counsel’s attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date and as of the Closing Date (except for any CUSIP numbers, financial, accounting, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about DTC or its book-entry system, litigation, ratings, rating agencies, the Underwriter, underwriting, and Appendices [B, D and E], as to which such counsel need express no opinion or view) 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) evidence satisfactory to the Underwriter that any ratings described in the Official Statement are in full force and effect as of the date of the Closing;

(h) a certificate of an appropriate official of the District evidencing his determination respecting the Preliminary Official Statement in accordance with Rule 15c2-12;

(i) a certificate, together with a fully executed copy of the District Resolution, of the Clerk of the Board of Trustees of the District to the effect that: (i) such copy is a true and correct copy of the District Resolution, and (ii) that the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(j) a certificate, together with a fully executed copy of the County Resolution, of the Clerk of the Board of Supervisors of the County to the effect that: (i) such copy is a true and correct copy of the County Resolution, and (ii) that the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(k) the receipt of the Treasurer confirming payment by the Underwriter of the purchase price of the Notes; and

(l) the Continuing Disclosure Certificate of the District with respect to the Notes, in substantially the form attached to the Preliminary Official Statement, containing such covenants of the District as shall be necessary to facilitate compliance by the Underwriter with the requirements of Rule 15c2-12.

At or before Closing, and contemporaneously with the acceptance of delivery of the Notes and the payment of the purchase price thereof, the Underwriter will provide to the District the receipt of the Underwriter, in form satisfactory to the District and the County and signed by an authorized officer of the Underwriter, confirming delivery of the Notes to the Underwriter and the satisfaction of all conditions and terms of this Purchase Contract by the District and the County, respectively, and confirming to the District and the County that as of the date of the Closing all of the representations of the Underwriter contained in this Purchase Contract are true and correct in all material respects.

**8. Termination.** (a) In the event of the District's failure to cause the Notes to be delivered at the Closing, or inability of the District or the County to satisfy the conditions to the obligations of the Underwriter contained herein (unless waived by the Underwriter), or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate.

(b) The Underwriter may terminate this Purchase Contract, without any liability therefor, by notification to the District and the County if as of the date of Closing any of the following shall have had a material adverse effect on the marketability of the Notes, in the reasonable opinion of the Underwriter, upon consultation with the District and the County:

(i) There shall have occurred and be continuing the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California;

(ii) There shall be in force a general suspension of trading or other material restrictions not in force as of the date hereof on the New York Stock Exchange or other national securities exchange;

(iii) Legislation shall have been enacted by the Congress of the United States, or passed by and still pending before either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to and still pending before either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, with respect to federal taxation of interest received on securities of the general character of the Notes, or legislation shall have been enacted by the State of California which renders interest on the Notes not exempt from State of California personal income taxes;

(iv) Legislation shall have been enacted, or a decision of a court of the United States shall have been rendered or any action shall have been taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having



jurisdiction in the subject matter which, in the opinion of Bond Counsel, has the effect of requiring the contemplated distribution of the Notes to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the County Resolution to be qualified under the Trust Indenture Act of 1939, as amended; or

(v) The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose and there shall be in effect, as to the Notes or obligations of the general character of the Notes, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, underwriters.

**9. Closing.** At or before 9:00 a.m., California time, on \_\_\_\_\_, 2014, or at such other date and time as shall have been mutually agreed upon by the District, the County and the Underwriter (the “Closing” or “Closing Date”), the District will deliver or cause to be delivered to the Underwriter the Notes in book-entry form duly executed by the County, together with the other documents described in Section 7 hereof to be delivered by the District; and the Underwriter will accept such delivery and pay the purchase price of the Notes as set forth in Section 1 hereof in immediately available funds (e.g., by federal funds wire), and shall deliver to the District the other documents described in Section 7 hereof to be delivered by the Underwriter, as well as any other documents or certificates Bond Counsel shall reasonably require.

The Notes shall be delivered through the facilities of DTC in New York, New York, or at such other place as shall have been mutually agreed upon by the District, the County and the Underwriter. All other documents to be delivered in connection with the delivery of the Notes shall be delivered at the offices of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California. Such payment and delivery is herein called the “Closing.”

**10. Expenses.** The District shall pay the expenses incident to the performance of its obligations hereunder from the proceeds of the Notes (or from any other source of available funds of the District) which expenses include (a) the cost of the preparation and reproduction of the Resolutions, (b) the fees and disbursements of Bond Counsel, Disclosure Counsel and the Financial Advisor, (c) the costs of the preparation, printing and delivery of the Notes, (d) the costs of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto in the quantity requested by the Underwriter in accordance with this Purchase Contract, (e) rating agency fees, and (f) fees and expenses of the Paying Agent for the Notes.

All other costs and expenses incurred by the Underwriter as a result of or in connection with the purchase of the Notes and their public offering and distribution shall be borne by the Underwriter, including, but not limited to (a) clearing house fees, (b) DTC fees, (c) CUSIP fees, (d) fees required to be paid to the California Debt and Investment Advisory Commission, (e) fees required to be paid to The Securities Industry and Financial Markets Association (SIFMA) and the MSRB, (f) costs or fees of qualifying the Notes for offer and sale in various states chosen by the Underwriter and the costs or fees of preparing Blue Sky or legal investment memoranda to be used in connection therewith, and (g) fees of any counsel to the Underwriter.

**11. Indemnification.** The District agrees to, and shall indemnify the County, its officers, agents and employees against and all losses, claims, actions, suits, judgments, demands, damages, liabilities and expenses (including attorney fees and costs of investigation) of any nature arising out of any action or inaction of the District with respect to the issuance of the Notes; provided, however, that this indemnity shall not apply to any loss, claim, action, suit, judgment demand, damage, liability or expenses arising out of any action or inaction of the County with respect to the issuance of the Notes, including those relating to any information furnished by the County for inclusion in the Preliminary Official Statement and the Official Statement.

**12. Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the introductory paragraph hereof) may be given by delivering the same in writing to the address of each party given below, or such other address as the District, County or the Underwriter may designate by notice to the other parties:

To the District:                      King City Union School District  
435 Pearl Street  
King City, California  
Attn: Assistant Superintendent, Business/Human  
Resources

To the County:                      County of Monterey  
168 West Alisal Street, First Floor  
Salinas, California 93901  
Attn: Auditor-Controller

To the Underwriter:                Piper Jaffray & Co.  
2321 Rosecrans Avenue, Suite 3200  
El Segundo, California 90245  
Attn: Mark Adler

**13. Governing Law.** The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

**14. Parties in Interest.** This Purchase Contract when accepted by the District and the County in writing as heretofore specified shall constitute the entire agreement among the District, the County, and the Underwriter, and is solely for the benefit of the District, the County and the Underwriter (including the successors or assigns thereof). No other person shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Purchase Contract of each of the parties hereto shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Notes hereunder, or (b) any termination of this Purchase Contract.

**15. Headings.** The headings of the paragraphs of this Purchase Contract are inserted for convenience of reference only and shall not be deemed to be a part hereof.

**16. Effectiveness.** This Purchase Contract shall become effective upon the execution of the acceptance hereof by the District and by the County by the respective authorized officer of each, and shall be valid and enforceable at the time of such acceptance.

**17. Counterparts.** This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

Respectfully submitted,

**PIPER JAFFRAY & CO.**

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

ACCEPTED:

**KING CITY UNION SCHOOL DISTRICT**

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

**COUNTY OF MONTEREY**

By: \_\_\_\_\_  
Name:  
Title:

APPROVED AS TO FORM AND LEGALITY

**CHARLES J. MCKEE, County Counsel**

By: \_\_\_\_\_  
Deputy