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**CITY OF SAN LEANDRO**  
**2012 TAXABLE PENSION OBLIGATION BONDS**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2012

City of San Leandro  
City Hall  
835 East 14th Street  
San Leandro, California 94577

Ladies and Gentlemen:

Morgan Keegan & Company, Inc. (the “*Representative*”), on its own behalf and on behalf of Wedbush Securities Inc. (each, an “*Underwriter*,” and referred to with the Representative as, the “*Underwriters*”) offer to enter into this Bond Purchase Agreement (the “*Purchase Agreement*”) with the City of San Leandro (the “*City*”), which, upon acceptance by the City will be binding upon the City and the Underwriters. This offer is made subject to acceptance of this Purchase Agreement by the City on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the City at any time prior to such acceptance.

Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings given to such terms as set forth in the Indenture, dated as of \_\_\_\_\_ 1, 2012 (the “*Indenture*”), by and between the City and U.S. Bank National Association, as trustee (the “*Trustee*”).

**Section 1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Agreement, the Underwriters agree to purchase from the City, as principal and not as agent, and the City agrees to sell and deliver to the Underwriters, as principal and not as agent, all (but not less than all) of the \$\_\_\_\_,\_\_\_\_,000 aggregate principal amount of the City of San Leandro 2012 Taxable Pension Obligation Bonds (the “*Bonds*”).

The Bonds shall be dated the date of delivery and shall have the maturities, bear interest at the rates per annum, have the yields and be subject to mandatory sinking fund redemption all as set forth on Schedule I attached hereto.

The purchase price for the Bonds shall be \$\_\_\_\_\_ (calculated as the principal amount of the Bonds, less an Underwriters’ discount in the amount of \$\_\_\_\_\_ and [plus / less] a net original issue [premium / discount] in the amount of \$\_\_\_\_\_.

**Section 2. The Bonds.** The Bonds shall be as described in, secured under and issued pursuant to the Indenture and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the “*Bond Law*”).

Pursuant to a contract dated March 1, 1945, as previously amended and as may be further amended from time to time (the "*PERS Contract*") between the City and California Public Employees' Retirement System ("*PERS*") established under Sections 20000 et seq. of the Government Code of the State of California (the "*Retirement Law*"), the City is obligated to make payments to PERS arising as a result of retirement benefits accruing to its members of PERS. The statutory obligation of the City includes, among others, the requirement to amortize the unfunded accrued actuarial liability (the "*UAAL*") with respect to such retirement benefits and payments to the employer side fund (the "*Side Fund*") established by PERS for the City with respect to Safety Plan of the City.

The Bonds are absolute and unconditional obligations imposed upon the City by law and enforceable against the City pursuant to the Retirement Law and are not limited as to payment to any special source of funds of the City.

The issuance of the Bonds and the refunding of the obligation of the City, evidenced by the PERS Contract, to pay the unfunded liability represented by the Side Fund was validated by default judgment of the Alameda County Superior Court rendered on \_\_\_\_\_, 2011 in *City of San Leandro v. All Persons Interested, etc.*, Case No. BG 11597018 as valid, legal and binding obligations of the City in accordance with their terms, the City is obligated to satisfy its obligations under the Bonds from any generally available funds of the City, and the City Council of the City will be obligated to make all annual appropriations of such funds as may be required to satisfy its annual obligations under the Bonds.

The proceeds of the Bonds will be used to: (i) refund the UAAL represented by the Side Fund and (ii) pay certain costs associated with the issuance of the Bonds.

**Section 3. Authority of Representative.** The Underwriters have designated Morgan Keegan & Company, Inc. as their Representative. Any authority, discretion or other power conferred upon the Underwriters by this Purchase Agreement may be exercised by the Representative alone.

**Section 4. Preliminary Official Statement.** The City has delivered to the Underwriters a Preliminary Official Statement, dated \_\_\_\_\_, 2012 (the "*Preliminary Official Statement*"), and will deliver to the Underwriters a final Official Statement, dated \_\_\_\_\_, 2012 as provided in Section 7 of this Purchase Agreement (as amended and supplemented from time to time pursuant to Section 7(l) of this Purchase Agreement, the "*Official Statement*"). The City has delivered to the Underwriters a certificate pursuant to Securities and Exchange Commission Rule 15c2-12 ("*Rule 15c2-12*") relating to the Preliminary Official Statement, in substantially the form attached hereto as Exhibit A.

**Section 5. Use and Preparation of Official Statement.** The City shall deliver to the Underwriters, as promptly as practical but in no event later than the Closing Date (as defined herein), such number of copies of the final Official Statement, as the Underwriters may reasonably request in order to comply with the Securities and Exchange Commission Rule 15c2-12(b) and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*").

The City hereby authorizes the Underwriters to use the Official Statement and the information contained therein in connection with the offering and sale of the Bonds and ratifies and confirms the authorization of the use by the Underwriters prior to the date hereof of the Preliminary Official Statement, furnished to the Underwriters by the City in connection with such offering and sale.

The Underwriters agree that from the time the Official Statement becomes available until the earlier of (i) the "*End of the Underwriting Period*," as defined in Section 7(k) herein, or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, the Underwriters shall each send no later than the next business day following a request for a copy thereof, by first class mail or other equally prompt means, to any Potential Customer, as defined in Rule 15c2-12, on

request, a single copy of the Official Statement. The Representative agrees to file as soon as reasonably practicable a copy of the Official Statement with the MSRB and take any and all actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate underwriters.

**Section 6. Public Offering of the Bonds.** It shall be a condition to the obligation of the Underwriters to purchase, accept delivery of, and pay for the Bonds that the entire \$\_\_\_\_,000 principal amount of the Bonds authorized by the Indenture shall be delivered by the City to the Underwriters on the Closing Date. The Underwriters agree to make a *bona fide* public offering of all of the Bonds, not in excess of the initial public offering yields or prices set forth on Schedule I attached hereto; however, the Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such initial public offering prices or yields. The Underwriters reserve the right to make concessions to dealers and to change such initial public offering prices or yields as the Underwriters reasonably deems necessary in connection with the marketing of the Bonds. The Underwriters also reserve the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriters.

**Section 7. Representations and Warranties of the City.** The City represents and warrants to the Underwriters that:

(a) The City Council of the City has, by Resolution No. 211-166, adopted by a majority of the members of the City Council at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on September 19, 2011 (the "*Validation Resolution*") and Resolution No. 2011-\_\_\_\_, adopted by a majority of the members of the City Council at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on December 19, 2011 (the "*Bond Resolution*" and together with the Validation Resolution, the "*Resolutions*"), taken all official action necessary to be taken by it for the execution, delivery and due performance of the Indenture, the Continuing Disclosure Certificate of the City, dated \_\_\_\_\_, 2012 (the "*Continuing Disclosure Certificate*"), and substantially in the form attached to the Official Statement as Appendix F, this Purchase Agreement (collectively, the "*City Agreements*") and for 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 contemplated hereby;

(b) The City is a charter city duly organized and existing under the laws of the State of California (the "*State*") and has all necessary power and authority to enter into and perform its duties under the City Agreements and, when duly authorized, executed and delivered by the other parties thereto, the City Agreements will each constitute a legal, valid and binding obligation of the City enforceable in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally;

(c) At the time of the City's acceptance hereof and at all times subsequent thereto up to and including the Closing Date, the information and statements in Official Statement do not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for information relating to DTC and its book-entry only system), as to which no opinion or view is expressed;

(d) The execution and delivery of the City Agreements and compliance with the provisions of each thereof, will not constitute a breach of or a default under any applicable law or administrative regulation of the State of California or the United States, or any applicable judgment, decree, agreement or other instrument to which the City is a party or is otherwise subject;

(e) To the best of its knowledge, the City is not in violation or breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States of America, or any agency or instrumentality of either of them, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, which would constitute a default under any of 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 a violation or a breach of or a default under any such loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject;

(f) As of the date hereof and on the Closing Date, the City is and will be in compliance in all respects with the material covenants and agreements contained in the City Agreements;

(g) To the best knowledge of the City after due investigation, other than as set forth in the Official Statement or as the City has otherwise disclosed, in writing, to the Underwriter, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or by or before any court, governmental agency, public board or body, pending or threatened against the City, wherein an unfavorable decision, ruling or finding would: (i) have a material adverse affect on the creation, organization, existence or powers of the City, the title of any official of the City to such person's office, the validity of the City Agreements, the authorization, execution, delivery or performance by the City of the Bonds or the City Agreements; or (ii) seek to restrain or enjoin the issuance, sale or delivery of the Bonds, the execution and delivery of the Indenture, the pledge of the revenues under the Indenture or the assignment by the City of its rights under the Indenture; or (iii) in any way contest or affect the validity or enforceability of the City Agreements or the Bonds; or (iv) contest in any way the completeness or accuracy of the Preliminary Official Statement; or (v) contest the power of the City or its authority with respect to the Bonds or the City Agreements; or (vi) in any way question or contest the exclusion of interest on the Bonds from gross income for federal and State income tax purposes; or (vi) 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;

(h) Except as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the City required for the approval and delivery of this Purchase Agreement or the consummation by the City of the other transactions contemplated by the City Agreements that has not been obtained;

(i) Any certificate signed by any official of the City authorized to do so shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein;

(j) The City is not in any material default on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding;

(k) As used in this Purchase Agreement, the term "*End of the Underwriting Period*" for the Bonds shall mean the earlier of (i) the Closing Date unless the City shall have been notified in writing to the contrary by the Underwriter on or prior to the Closing Date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12, provided, however, that the City may treat as the End of the Underwriting Period for the Bonds as the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs, or facts or conditions become known to the City which, in the reasonable opinion of Meyers Nave (the "*City Attorney*"), Jones Hall, A Professional Law

Corporation, as Disclosure Counsel ("*Disclosure Counsel*"), the Underwriters and Lofton & Jennings ("*Underwriters' Counsel*") might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading in any material respect, the City will notify the Underwriters, and if in the opinion of the Underwriters such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish to the Underwriters (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in the form and substance satisfactory to the Underwriters) which 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 the Official Statement is delivered to prospective Underwriters, not misleading in any material respect with respect to the information of the City. If such notification shall be subsequent to the Closing Date, the City shall forthwith provide to the Underwriters such legal opinions, certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(m) If the information contained in the Official Statement relating to the City is amended or supplemented pursuant to Section 6(l), at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading;

(n) After the date hereof to and including the Closing Date, the City will not, without the prior written consent of the Underwriters, publicly offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any change of a material nature in the financial position, of the City, in either case other than the ordinary course of its business or as discussed in the Official Statement;

(o) The City will apply, or cause the application of, the proceeds of the Bonds in accordance with the Indenture;

(p) The City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters which the Underwriters may reasonably request in order for the Underwriters 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 Underwriters may designate and to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; *provided, however*, that in no event shall the City be required to take any action which would subject it to service of process in any jurisdiction in which it is not now subject;

(q) The financial statements of the City contained in the Official Statement as Appendix B fairly present the financial positions and results of operations thereof as of the dates and for the periods therein set forth, the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied, there has not been any material adverse change in the financial condition of the City since June 30, 2011 and there has been no

occurrence, circumstance or combination thereof which is reasonably expected to result in any such material adverse change;

(r) The City is currently in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 and at or prior to the Closing Date, the City shall have duly authorized, executed and delivered the Continuing Disclosure Certificate. The City has never failed in any material respect during the last five years to comply with any previous undertaking to provide annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement; and

(s) The default judgment dated \_\_\_\_\_, 201\_ in favor of the City in connection with the Validation Action was duly entered, the appeal period has run without any appeal having been filed, and the default judgment is in full force and effect.

**Section 8. Closing.** At 8:00 A.M., California time, on \_\_\_\_\_, 2012 or on such earlier or later date as may be agreed upon by the Underwriters and the City (the "*Closing Date*"), the City will deliver or cause to be delivered to the Underwriters the Bonds in definitive form, duly executed, through the facilities of The Depository Trust Company in New York, New York ("*DTC*") by initial deposit with the Trustee (in care of DTC) through the Fast Automated Securities Transfer System at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California ("*Bond Counsel*"), or such other place as shall have been mutually agreed upon by the Underwriters and the City and the other documents described herein, and 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.

The Bonds shall be issued in fully registered form. It is anticipated that a CUSIP identification number will be inserted on the Bonds, but neither the failure to provide such number nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

**Section 9. Further Conditions to Purchase of Bonds.** The Underwriters have entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the City contained herein and to be contained in the documents and instruments to be delivered on the Closing Date, and upon the performance by the City of their respective obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriters under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the City of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true, accurate and complete on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) On the Closing Date (i) each of 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 City and Underwriters, and (ii) the City shall perform or have performed all of their respective obligations required under or specified in the City Agreements to be performed by the respective party at or prior to the Closing Date;

(c) As of the Closing Date, all necessary official action of the City relating to the Bonds and the City Agreements shall have been taken by the respective party and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) The Underwriters shall have the right to terminate its obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the City of its election to do so if, after the execution hereof and prior to the Closing Date:

(1) In the reasonable opinion of the Underwriters, the market price of the Bonds has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State or by the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form or notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the City, or notes or obligations of the general character of the Bonds;

(2) The outbreak or declaration of war, institution of a police action, engagement in military hostilities by the United States, or any escalation of any existing conflict or hostilities in which the United States is involved, or the occurrences of any other national emergency or calamity or crisis or any change in financial markets resulting from the foregoing, which, in the reasonable opinion of the Underwriters, would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement;

(3) The declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension or material limitation of trading on the New York Stock Exchange, the Nasdaq National Market, in any over-the-counter market or any national securities exchange which materially adversely affects the market price of the Bonds;

(4) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters which, in the reasonable opinion of the Underwriters would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement;

(5) Legislation is enacted (or any resolution is passed) by or introduced, or pending legislation is amended in the Congress or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) is issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that securities 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 that the execution, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(6) Action is taken by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon such interest as would be received by the Owners of the Bonds;

(7) The withdrawal or downgrading or any notice of an intended or potential downgrading of any rating of the obligations of the City (including the rating to be issued with respect to the Bonds) by a “nationally recognized statistical rating organization,” as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended, which, in the reasonable opinion of the Underwriters would make it impracticable or inadvisable to proceed with the offer, sale or delivery of the Bonds on the terms and in the manner contemplated in the Official Statement;

(8) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(9) Any change or development involving a prospective change in the condition of the City, financial or otherwise, or in the operations of the City from those set forth in the Official Statement that makes the Bonds, in the reasonable judgment of the Underwriters, impracticable or inadvisable to offer, sell or deliver the Bonds on the terms and in the manner contemplated by the Official Statement;

(10) A material disruption in securities settlement, payment or clearance services in the United States shall have occurred; or

(11) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

**Section 10. Conditions to the Obligations of the Underwriters.** The Underwriter hereby enter into this Purchase Agreement in reliance upon the representations and warranties of the City contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the City and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriters under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the City and the Trustee of their respective obligations to be performed hereunder and under the City Agreements, at or prior to the Closing Date, and also shall be subject to the following additional conditions:



(a) The Underwriters shall receive, within one business day after the date hereof, copies of the Official Statement (including all information permitted to have been omitted from the Preliminary Official Statement by the Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such reasonable quantity as the Underwriters shall have requested;

(b) On the Closing Date, the City Agreements shall have each been duly authorized, executed and delivered by the respective parties thereto, all in substantially the forms as described in the Official Statement and shall be in full force and effect; and the Resolutions shall each be in full force and effect;

(c) At the time of the Closing Date, all necessary action of the City relating to the execution and delivery of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented; and

(d) At or prior to the Closing Date, the Underwriters shall have received each of the following documents or copies thereof, in each case satisfactory in form and substance to the Underwriters:

(1) Default Judgment. Copies of the default judgment, dated \_\_\_\_\_, 201\_, entered in favor of the City in connection with *City of San Leandro v. All Persons Interested, etc.*, Case No. BG 11597018 filed in the Superior Court of California, County of Alameda;

(2) Resolutions and the Indenture. Certified copies of the Resolutions and a copy of the Indenture, duly executed and delivered by the respective parties thereto;

(3) Opinion of Bond Counsel. An approving opinion of Bond Counsel, addressed to the City, dated the Closing Date, substantially in the form set forth in Appendix E to the Official Statement, together with a letter from such counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to it;

(4) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, addressed to the Underwriters, to the effect that: (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) the statements contained in the Official Statement, under the captions "THE BONDS," "SECURITY FOR THE BONDS" "VALIDATION PROCEEDINGS," and "CONCLUDING INFORMATION-Tax Matters" and contained in APPENDIX B-"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and APPENDIX E-"PROPOSED FORM OF OPINION OF BOND COUNSEL" (excluding any material that may be treated as included under such captions by cross-reference) are accurate in all material respects insofar as such statements expressly summarize certain provisions of the Indenture and the form and content of the approving opinion of Bond Counsel;

(5) Opinion of the City Attorney. An opinion of the City Attorney, dated the Closing Date and addressed to the City and the Underwriters, to the effect that: (i) the City is a municipal corporation and charter city duly organized and validly existing under the Constitution and laws of the State of California; (ii) the Resolutions were fully and legally adopted at one or more meetings of the City Council, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout; (iii) the City Agreements have been duly authorized, executed and delivered by the city and, assuming due authorization and execution by the other parties thereto, represent the valid and binding obligations of the City; (iv) to the best of such counsel's knowledge and belief, other than as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or

in equity before or by any court, public board or body, pending or threatened against or affecting the existence of the City, to restrain or enjoin the application of the City's funds as described in the Official Statement or in any way contesting or affecting the validity of any of the City Agreements wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the City's obligations hereunder or under any of the other City Agreements; and (v) the representations and warranties of the City as set forth in the City Agreements are, as to all matters of law and after reasonable investigation, true and accurate on and as of the Closing Date as though made on such date, and such representation and warranties are, as to all other matters, true and accurate to the best knowledge and belief of such counsel on and as of the Closing Date as though made on such date, except that the City Attorney shall not be required to render any opinion regarding the financial condition of the City;

(6) *Opinion of Disclosure Counsel.* The opinion of Jones Hall, A Professional Law Corporation, as Disclosure Counsel ("*Disclosure Counsel*"), addressed to the City and the Underwriters and dated the Closing Date, substantially to the effect that, based upon the information made available to them in connection with the preparation of the Official Statement, and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, Disclosure Counsel has reviewed certain documents and has participated in conferences in which the contents of the Official Statement and related matters were discussed, and, during the course of its work on this matter, no facts have come to its attention that would lead it to believe that the Official Statement (except for any CUSIP numbers; financial, statistical and demographic data and forecasts; numbers, estimates, assumptions and expressions of opinion; information concerning DTC and its book-entry only system; or contained or incorporated by reference in the Official Statement and the appendices thereto, as to which no opinion need be expressed) as of the date of the Official Statement or the Closing Date contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(7) *Opinion of Underwriters' Counsel.* An opinion of Underwriters' Counsel addressed to the Underwriters and dated the Closing Date to the effect that based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that, as of the Closing Date, the Official Statement (except for any CUSIP numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information concerning valuation, appraisals, real estate or environmental matters, the appendices or any information regarding the book-entry only system, DTC as to which no opinion or view need be expressed) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, that the Bonds are exempt from registration under the Securities Act of 1933, as amended; the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and the Continuing Disclosure Certificate provides a suitable basis for each Underwriter, in connection with the Offering (as defined in Rule 15c2-12) of the Bonds to make a reasonable determination as required by section (b)(5) of such Rule;

(8) *Certificate of the City.* A certificate of the City dated the Closing Date and executed by a duly authorized officer of the City to the effect that:

(i) The representations and warranties of the City contained in Section 7 of this Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) The information contained in the Official Statement (including any financial and statistical data contained therein, but excluding any CUSIP numbers, estimates, assumptions and expressions of opinion, or information concerning DTC and its book-entry only system) is true and correct in all material respects and the information in the Official Statement (including any financial and statistical data contained therein) do not omit any statement or information which is necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(iii) The City has duly authorized by the Resolutions, the execution and delivery of the Bonds and the City Agreements, 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 contemplated thereby, the Resolutions were adopted at a meetings duly noticed and at which quorums were present, and neither Resolution has been modified or amended and is in full force and effect;

(iv) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the City that has not been obtained is or will be required for the issuance and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the City Agreements and the Official Statement, except as such may be required for the state securities or blue sky laws;

(v) The execution and delivery by the City of the City Agreements and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any lease, indenture, bond, note, resolution or any other agreement or instrument to which the City is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the City or any of its activities or properties;

(vi) The City is not in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any lease, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject which breach or default would materially adversely affect the ability of the City to perform its obligations under the City Agreement, 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 an event of default under any such instrument; and

(vii) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending or, to the best knowledge of the City, threatened against or affecting the existence of the City or seeking to prohibit, restrain or enjoin the issuance and delivery of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the City Agreements or contesting the powers of the City to enter into, adopt or perform its obligation under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely

affect the transactions contemplated hereby and by the Official Statement, or which, in any way, would materially adversely affect the validity of the Bonds, the City Agreements or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Official Statement;

(9) *No Litigation Certificate of the City.* A no-litigation certificate of the City, dated the Closing Date, to the effect that, other than as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending, or threatened, against the City, nor to the best knowledge and belief of the City is there any basis therefor, to restrain or enjoin the application by the City of its funds as described in the Official Statement as security for the Bonds, or in any way contesting or affecting the validity of any of the City Agreements, or contesting the powers of the City to enter into or perform its obligations under any of the foregoing.

(10) *Certificate of the Trustee.* A certificate of the Trustee dated the Closing Date, to the effect that:

(i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, has full power to enter and perform its duties under the Indenture and is qualified to accept and comply with the terms of the Indenture;

(ii) The Trustee has accepted the duties and obligations imposed on it by the Indenture ;

(iii) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Bonds to the Underwriters pursuant to the Indenture;

(iv) the Bonds have been duly authenticated and delivered by the Trustee;

[(v) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Indenture to be undertaken by the Trustee;]

(vi) The execution and delivery of the Indenture and compliance with the provisions on the part of the Trustee contained therein will not conflict with, or result in a violation or breach of, or constitute a default under, law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation or warranty is made with respect to any federal or state securities or blue sky laws or regulations), 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 properties or assets held by the Trustee pursuant to the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(vi) To the best knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the

titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Indenture, or the power and authority of the Trustee to enter into and perform its respective duties under such agreement, and to authenticate and deliver the Bonds to the Underwriters;

(11) *Bylaws of Trustee*. Certified copies of excerpts from the bylaws of the Trustee authorizing the execution and delivery of the Indenture;

(12) *Opinion of Counsel to Trustee*. The opinion of Counsel to the Trustee, addressed to the City, the Trustee and the Underwriters, dated the Closing Date, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing and in good standing under the laws of the United States of America and has full power and authority to execute and deliver the Indenture and to perform its obligations thereunder;

(ii) the Indenture executed and delivered by the Trustee, constitutes a valid and binding obligation of the Trustee enforceable against the Trustee in accordance with their terms, except insofar as the validity, binding nature and enforceability of the obligations of the Trustee under such agreements may be limited by the effect of (a) insolvency, reorganization, arrangement, moratorium, fraudulent transfer and other similar laws, (b) the discretion of any court of competent jurisdiction in awarding equitable remedies, including, without limitation, specific performance or injunctive relief, and (b) the effect of general principles of equity embodied in State of California statutes and common law;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the consummation by the Trustee of the transactions contemplated by the Indenture or to be undertaken by the Trustee; and

(iv) Compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations).

(13) *Certificate of PERS*. A certificate or letter from an authorized representative of PERS confirming the amount of the UAAL attributed to the Side Fund.

(14) *Certificate of Actuary*. A certificate of Bartel Associates, LLC (the “Actuary”), the actuary retained by the City dated the Closing Date, to the effect that the information contained in the Official Statement under the caption “PERS PENSION PLANS” and contained in APPENDIX A–“CITY OF SAN LEANDRO GENERAL DEMOGRAPHIC AND FINANCIAL INFORMATION–Employee Retirement System” is true and accurate in all material respects as of the date of the Official Statement date and as of the Closing Date;

(15) Rating Letters. Evidence that the “\_\_\_” and “\_\_\_” ratings assigned by Moody’s Investors Service Inc (“*Moody’s*”) and Standard & Poor’s, a Division of the McGraw-Hill Companies (“S&P”), respectively, are each in full force and effect with respect to the Bonds;

(16) California Debt and Investment Advisory Commission Filings. Evidence of the preliminary and final filings with the California Debt and Investment Advisory Commission pursuant to section 8855(k) and 8855(l) of the California Government Code;

(17) DTC Blanket Letter of Representations and Pro Rata Reduction of Principal Rider. A copy of the executed Blanket Letter of Representations by and between the City and The Depository Trust Company, New York, New York, relating to the book-entry system for the Bonds, together with the Pro Rata Reduction of Principal Rider;  
and

(18) Miscellaneous. Such additional legal opinions, certificates, instruments and documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City’s representations and warranties contained herein and the due performance or satisfaction by the City on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. Receipt of, and payment for, the Bonds shall constitute evidence of the satisfactory nature of such as to the Underwriters. The performance of any and all obligations of the City hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in its sole discretion.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate, and neither the Underwriters nor the City shall be under further obligation hereunder, and (ii) the respective obligations of the City and the Underwriters set forth in Section 12 shall continue in full force and effect.

#### **Section 11. Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the City shall pay, the following expenses incident to the performance of the City’s obligations hereunder: (i) the fees and disbursements of Bond Counsel, Disclosure Counsel and the City Attorney; (ii) the cost of printing and delivering the Bonds; (iii) the fees and disbursements of Public Financial Management, Inc., as Financial Advisor to the City, of the Actuary, any of accountants or of any other advisers, experts or consultants retained by the City; and (iv) any other expenses and costs of the City incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds, including out-of-pocket expenses, and any other expenses agreed to by the parties.

(b) The Underwriters shall pay all expenses incurred by it in connection with the purchase of the Bonds including, but not limited to: (i) the fees and disbursements of Underwriters’ Counsel; and (ii) all fees of the California Debt and Investment Advisory Commission, CUSIP and ISIN fees and out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the purchase of the Bonds.

**Section 12. Notices.** Any notice or other communication to be given to the City under this Purchase Agreement may be given by delivering the same in writing at the City's address set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to the Representative, Morgan Keegan & Company, Inc., 601 California Street, [Suite 2000,] San Francisco, California 94108; Attention: Robert J. Larkins, Managing Director.

**Section 13. Parties in Interest; Force and Effect.** This Purchase Agreement is made solely for the benefit of the City and the Underwriters (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of 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 Underwriters; or (b) delivery of and payment for the Bonds pursuant to this Purchase Agreement. The agreements contained in this Section 13 and in Section 11 shall survive any termination of this Purchase Agreement.

**Section 14. Unenforceable Provisions.** If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperable or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatsoever.

**Section 15. 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 this Purchase Agreement by signing any such counterpart.

**Section 16. Governing Law; Venue.** The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State. Any and all disputes or legal actions or proceedings arising out of this Purchase Agreement or any document related hereto shall be filed and maintained in a court of competent jurisdiction for matters arising in Alameda County; provided that the City may waive the requirement of venue. By execution of and delivery of this Purchase Agreement, the parties hereto accept and consent to the aforesaid jurisdiction.

**Section 17. Headings.** The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

**Section 18. Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

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

Very truly yours,

MORGAN KEEGAN & COMPANY, INC.  
WEDBUSH SECURITIES INC.

By: MORGAN KEEGAN & COMPANY, INC., as  
Representative of the Underwriters

By: \_\_\_\_\_  
Robert J. Larkins  
Managing Director

Approved and Accepted by:

CITY OF SAN LEANDRO

By: \_\_\_\_\_  
Jim O'Leary  
Interim Finance Director  
Time of Execution: \_\_:\_\_ [am]/[pm]



**SCHEDULE I**  
**MATURITY SCHEDULE**

Maturity Date <u>(June 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	Yield or <u>Price</u>
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EXHIBIT A

CITY OF SAN LEANDRO  
2012 TAXABLE PENSION OBLIGATION BONDS

FORM OF THE CERTIFICATE OF THE CITY  
REGARDING PRELIMINARY OFFICIAL STATEMENT

The undersigned hereby states and certifies:

1. That she is the duly elected, qualified and acting Interim City Manager of the City of San Leandro (the "City") and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

2. That there has been delivered to Morgan Keegan & Company, Inc. and Wedbush Securities Inc. (the "Underwriters") of the captioned Bonds, a Preliminary Official Statement, dated \_\_\_\_\_, 2012, including the cover page and all appendices thereto, in electronic form (the "Preliminary Official Statement"), which the City deems final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12; and

3. The City hereby approves the use and distribution by the Underwriters of the Preliminary Official Statement.

Dated: \_\_\_\_\_, 2012

CITY OF SAN LEANDRO

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

Lianne Marshall  
Interim City Manager