

\$ _____
STOCKTON PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS, SERIES 2018

BOND PURCHASE CONTRACT

_____, 2018

Stockton Public Financing Authority
c/o City of Stockton
425 North El Dorado Street
Stockton, California 95202

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the “Representative”), acting on behalf of itself and as representative of the underwriters listed on Schedule 1 attached hereto (hereinafter collectively referred to as the “Underwriter”) and not as an agent or representative of you, offers to enter into the following Bond Purchase Contract (the “Purchase Contract”) with the Stockton Public Financing Authority (the “Authority”), a joint powers authority created by a Joint Exercise of Powers Agreement dated as of June 18, 1990 (“JPA Agreement”) between the City of Stockton (the “City”) and the Redevelopment Agency of the City of Stockton, which, upon acceptance of this offer by the Authority (and approval by the City) will be binding upon the Authority and the Underwriter. This offer is made subject to acceptance of this Purchase Contract by the Authority on or before 11:59 p.m. San Francisco time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered by the Representative to the Authority at any time prior to such acceptance.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the meanings given to such terms as set forth in the Indenture (defined below).

Section 1. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriter agrees to purchase from the Authority and the Authority agrees to sell to the Underwriter, all (but not less than all) of the \$_____ principal amount of Stockton Public Financing Authority Water Revenue Refunding Bonds, Series 2018 (the “Bonds”). The Bonds will be dated the date of delivery thereof, and shall have the maturities and bear interest at the rates per annum as set forth on Schedule 2 attached hereto.

The aggregate purchase price of the Bonds shall be \$_____ (consisting of the \$_____ aggregate principal amount of the Bonds, plus original issue premium in the amount of \$_____ less an Underwriter’s discount of \$_____).

The Bonds are being issued (i) to refund certain obligations described in the Official Statement described below, [(ii) to purchase a municipal bond insurance policy (the “Policy”) to be issued simultaneously with the initial delivery of the Bonds by _____ (the “Insurer”) and which will guarantee payment of the principal of and interest on the Bonds, (iii) to

purchase a municipal bond debt service reserve policy (the “Surety”) issued by the Insurer and to be deposited in the 2018 Reserve Account,] and (iv) to pay certain costs of issuing the Bonds.

Section 2. The Authority previously delivered to the Underwriter a Preliminary Official Statement dated _____, 2018, [as supplemented by a Supplement dated _____, 2018] (collectively, the “Preliminary Official Statement”) and will deliver to the Representative a final Official Statement dated the date hereof as provided in Section 5 of this Purchase Contract (as amended and supplemented from time to time pursuant to Section 6 and Section 7 of this Purchase Contract, the “Official Statement”). The Authority and the City have each previously delivered to the Representative a certificate relating to the Preliminary Official Statement, in substantially the form attached hereto as Exhibits A-1 and A-2.

Section 3. The Bonds shall be as described in and shall be secured under and issued pursuant to a 2018 Indenture, dated as of November 1, 2018 (the “Indenture”) by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The Bonds are payable and subject to redemption as provided in the Indenture and as set forth in the Official Statement. The Bonds are limited obligations of the Authority payable solely from the revenues consisting of 2018 Installment Payments (the “Installment Payments”) to be made by the City of Stockton (the “City”) under a 2018 Installment Purchase Contract, dated as of November 1, 2018 between the Authority and the City (the “Installment Purchase Contract”). As security for the payment of the Installment Payments, the City has pledged System Revenues (as that term is defined in the Installment Purchase Contract) derived from the operation of the Water System remaining after the payment of operation and maintenance costs.

Section 4. (a) It shall be a condition to the obligation of the Underwriter to purchase, accept delivery of, and pay for the Bonds that the entire \$_____ principal amount of the Bonds to be outstanding under the Indenture shall be delivered by the Authority to the Underwriter on the date of the Closing. The Underwriter agrees to make an initial bona fide public offering of all of the Bonds, at not in excess of the initial public offering yields or prices set forth on Schedule 2 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. Following the initial public offering of the Bonds, the offering prices may be changed from time to time by the Underwriter.

(b) The Representative, on behalf of the underwriters listed on Schedule 1 attached hereto, agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit E, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Authority, the City and Orrick Herrington & Sutcliffe LLP (“Bond Counsel”), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) Except for the maturities set forth in Schedule 2 attached hereto, the Authority will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(d) The Underwriter confirms that the Underwriter has offered the Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule 2. Schedule 2 hereto sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter agree that (i) the Representative will retain the unsold Bonds of maturity for which the 10% test has not been satisfied and not allocate any such Bonds to any other Underwriter and (ii) the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Representative will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the Sale Date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public (the “hold-the-offering-price rule”).

The Underwriter shall promptly advise the Authority or the Authority’s municipal advisor when the Underwriter has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on, (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that the Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

- (e) (i) The Underwriter confirms that:

- (A) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the

public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, and

(B) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (1) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires.

(ii) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to any of the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(A) “public” means any person other than an underwriter or a related party;

(B) “underwriter” means (1) any person that agrees pursuant to a written contract with the Authority (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(C) a purchaser of any of the Bonds is a “related party” to an underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (1) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(D) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 5. The Authority hereby authorizes the use of the Official Statement by the Underwriter in connection with the sale of the Bonds. The Authority consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the sale of the Bonds. As of _____, 2018, the Preliminary Official Statement dated _____, 2018, was deemed “final” by the Authority for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the “Rule”), except for the omission of certain information permitted to be

omitted by such Rule. [As of _____, 2018, the Preliminary Official Statement, as supplemented, was deemed “final” by the Authority for purposes of the Rule except for the omission of certain information permitted to be omitted by such Rule.] The Authority will supply or cause to be supplied to the Representative, not later than (i) seven business days from the date of this Purchase Contract, (ii) two business days before the Closing Date, and (iii) the date required by the rules and regulations of the Municipal Securities Rulemaking Board (the “MSRB”) and in time to accompany any confirmation that requests payment from any customer, the Official Statement in sufficient quantity as requested by the Representative to comply with Securities and Exchange Commission Rule 15c2-12(b)(4) and the rules of the MSRB such Official Statement to be complete as of its date of delivery (as amended and supplemented from time to time pursuant to Section 6(h) and Section 7(l) of this Purchase Contract, the “Official Statement”). The Underwriter hereby agrees that it will not send any confirmation requesting payment for the purchase of any Bonds unless the confirmation is accompanied by or preceded by the delivery of a copy of the Official Statement. The Representative agrees to: (1) provide the Authority with final pricing information on the Bonds on a timely basis prior to the date of the Closing, (2) promptly file a copy of the Official Statement, including any supplements prepared by the Authority with a nationally recognized municipal securities information repository, (3) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the sale of the Bonds and (4) promptly notify the Authority of the end of the underwriting period (as such term is defined in Rule 15c2-12).

Section 6. The Authority represents and warrants to and agrees with the Underwriter that:

(a) The Authority has taken official action by Resolution No. -PFA- 2018-__-__-__ (the “Authority Resolution”), a resolution adopted by a majority of the members of the Board at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, on _____, 2018, all action necessary to be taken by it for (1) the execution and delivery of the Official Statement, the Indenture, the Installment Purchase Contract, the Tax Certificate of the Authority and the City dated as of the date of the delivery of the Bonds (the “Tax Certificate”) and this Purchase Contract (collectively, the “Authority Agreements”), (2) the due performance by the Authority of the Authority Agreements, and (3) the taking of any and all such action as may be required on the part of the Authority to carry out, give effect to and consummate the transactions contemplated hereby;

(b) The Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “State”) and the JPA Agreement and has all necessary power and authority to adopt the Authority Resolution, to enter into the Authority Agreements and perform its duties under the Authority Agreements. When the Authority Agreements are executed and delivered by the respective parties thereto, the Authority Agreements will each constitute a legal, valid and binding obligation of the Authority enforceable in accordance with its respective terms;

(c) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly approved the Indenture, the Installment Purchase Contract and this Purchase Contract, has duly authorized and approved the Preliminary Official Statement and the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained in, the Authority Agreements, and has duly authorized and approved the performance of its

obligations contained in the Indenture and the consummation by it of all other transactions contemplated by the Official Statement;

(d) The execution and delivery of each of the Authority Agreements have been duly authorized by the Authority; the Purchase Contract has been duly executed and delivered by the Authority; and the Purchase Contract constitutes, and the other Authority Agreements and the Bonds will constitute, legal, valid and binding obligations of the Authority enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or creditors' rights generally; and the execution and delivery of the Authority Agreements, and compliance with the provisions of each thereof, will not conflict with or 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 Authority is a party or is otherwise subject;

(e) Promptly after the Official Statement is available in final form, the Authority shall deliver or cause to be delivered to the Representative copies of the Official Statement manually signed by a duly authorized officer of the Authority and, within the time period required under Section 5 hereof, a sufficient number of copies of the printed final Official Statement as the Representative shall request (not to exceed 150);

(f) As of its date, the Preliminary Official Statement did not and, at the time of the Authority's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the Official Statement does 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 that no representation is made with respect to the information relating to [the Insurer, the Policy, the Surety], DTC or DTC's book-entry system (collectively the "Excluded Information"));

(g) Except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the best knowledge of the Authority, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Authority, or the titles of its members or officers, (ii) enjoin or restrain the issuance or sale of the Bonds, the collection of the rates and charges for the Water System or the use of any monies pledged under the Indenture for the payment of the Bonds, (iii) in any way question or affect any of the rights, powers, duties or obligations of the Authority with respect to the monies pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds, (iv) in any way question or affect any authority for the issuance or sale of the Bonds, or the validity or enforceability of the Bonds or the Authority Agreements, or (v) in any way question or affect the Purchase Contract or the other Authority Agreements, or the transactions contemplated by the Purchase Contract, the Official Statement, the documents referred to in the Official Statement, the Authority Agreements or any other agreement or instrument to which the Authority is a party relating to the Bonds;

(h) For not more than 25 days from the end of the "underwriting period" (as defined in Securities and Exchange Commission Rule 15c2-12(e)(2)), if, in the reasonable opinion of Orrick Herrington & Sutcliffe LLP ("Disclosure Counsel"), and the City Attorney

of the City (as counsel to the Authority) or the Representative, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the Authority will forthwith prepare and furnish to the Representative a reasonable number of copies of any amendment of or supplement to the Official Statement (in form and substance satisfactory to Disclosure Counsel and the City Attorney of the City as counsel to the Authority) 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 light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection (h), the Authority will furnish to the Representative such information as it may from time to time request. The Authority may assume that the “end of the underwriting period” for purposes of Securities and Exchange Commission 15c2-12 will occur on the date of Closing unless otherwise notified, in writing, by the Representative on or prior to the date of Closing.

If the Official Statement is supplemented or amended pursuant to this subsection (h), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date of the Closing, the Official Statement as so supplemented or amended will not contain, to the best of the Authority’s knowledge, any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Representative may reasonably request, 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 Representative may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the Bonds; provided, however, that the Authority shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(j) 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 Authority required for the execution and delivery of the Purchase Contract or the other Authority Agreements or the issuance or sale of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement or the Authority Agreements;

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

(l) The Authority shall apply the proceeds of the sale of the Bonds, including the investment earnings thereon, in accordance with the Indenture and as described in the Official Statement; and

(m) Except as disclosed in the Official Statement, the Authority is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding; the Authority is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which it is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or event of default under any such instrument.

Section 7. The City represents and warrants to the Underwriter that:

(a) The City Council of the City has taken official action by Resolution No. 2018-__-__-__ (the “City Resolutions”) adopted by a majority of its members at meetings duly called, noticed and conducted, at which a quorum was present and acting throughout, on ____, 2018, respectively, all action necessary to be taken by it for (1) the execution and delivery of the Installment Purchase Contract, the Tax Certificate, the Continuing Disclosure Certificate dated the date of issuance of the Bonds and this Purchase Contract (collectively, the “City Agreements”), (2) the due performance of the City Agreements, and (3) 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 authorized to enter into this Agreement;

(c) The City is a charter city duly organized and existing under the Constitution and laws of the State and has all necessary power and authority to adopt the City Resolutions, to enter into and perform its duties under the City Agreements and, when the City Agreements are executed and delivered by the respective parties thereto, the City Agreements will each constitute legal, valid and binding obligation of the City enforceable in accordance with its respective terms;

(d) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly approved the City Agreements, has duly authorized and approved the Preliminary Official Statement and the Official Statement, has duly authorized and approved the execution and delivery of the City Agreements, and the performance by the City of the obligations contained in, the City Agreements and the consummation by it of all other transactions contemplated by the Official Statement;

(e) The execution and delivery of each of the City Agreements have been duly authorized by the City; the Purchase Contract has been duly executed and delivered by the City; and the Purchase Contract constitutes, and the other City Agreements and the Bonds will constitute, legal, valid and binding obligations of the City enforceable in accordance with their terms; and the execution and delivery of the City Agreements, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or a default under any applicable law or administrative regulation of the State or the United States, or any applicable judgment, decree, agreement or other instrument to which the City is a party or is otherwise subject;

(f) As of its date, the Preliminary Official Statement did not and, at the time of the City's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the Official Statement does not and will not, contain any untrue statement of a material fact concerning the City or omit to state a material fact concerning the City required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation is made with respect to the Excluded Information);

(g) Except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the best knowledge of the City as of the date hereof, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the City, or the titles of its members or officers, (ii) enjoin or restrain the issuance or sale of the Bonds, the collection of the rates and charges for the Water System or the use of any other monies or properties pledged under the Installment Purchase Contract for the payment of the Installment Payments or the Indenture for the payment of the Bonds, (iii) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the monies pledged or to be pledged to pay the principal of, premium, if any, or interest on the Bonds, (iv) in any way question or affect any authority for the issuance or sale of the Bonds, or the validity or enforceability of the Bonds or the City Agreements or (v) in any way question or affect the Purchase Contract or the other City Agreements or the transactions contemplated by the Purchase Contract, the other City Agreements, the documents referred to in the Official Statement, or any other agreement or instrument to which the City is a party relating to the Bonds;

(h) For not more than 25 days from the end of the "underwriting period" (as defined in Securities and Exchange Commission Rule 15c2-12(e)(2)), if, in the reasonable opinion of Disclosure Counsel and the City Attorney of the City or the Representative, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the City will cause the Authority to forthwith prepare and furnish to the Representative a reasonable number of copies of any amendment of or supplement to the Official Statement (in form and substance satisfactory to Disclosure Counsel and the City Attorney of the City) 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 light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection (l), the City will furnish to the Representative such information as it may from time to time request. The City may assume that the "end of the underwriting period" for purposes of Securities and Exchange Commission 15c2-12 will occur on the date of Closing unless otherwise notified, in writing, by the Representative on or prior to the date of Closing.

If the Official Statement is supplemented or amended pursuant to this subsection (l), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date of the Closing, the Official Statement as so supplemented or amended will not contain, to the best of the City's knowledge, any untrue statement of a material fact or omit to state a material fact necessary to

make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The City will furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request, 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 Representative may designate, and will assist, if necessary therefor, in the continuation of such qualifications in effect as long as required for the distribution of the Bonds; provided, however, that the City shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state;

(j) 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 execution and delivery of the Purchase Contract or the other City Agreements or the issuance or sale of the Bonds or the consummation by the City of the other transactions contemplated by the Official Statement, the City Agreements or the Indenture;

(k) 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;

(l) Except as disclosed in the Official Statement, the City is not in default, and at no time has defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding; the City is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which it is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or event of default under any such instrument;

(m) Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the Water Utility Enterprise Fund since June 30, 2013 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change;

(n) The City will undertake, pursuant to the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain 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; and

(o) Except as disclosed in the Official Statement, the City has never failed to comply, in a material respect, with any of its previous continuing disclosure undertakings.

Section 8. At 8:00 A.M., San Francisco time, on _____, 2018, or on such later date as may be agreed upon by the Representative and the Authority, the Trustee will deliver or cause to be delivered to the Underwriter, through the facilities of DTC, the Bonds, duly executed, and at the

offices of Orrick Herrington & Sutcliffe LLP in San Francisco, California, or such other place as shall have been mutually agreed upon by the Representative and the Authority, the other documents described herein, and the Underwriter shall pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Trustee.

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

Section 9. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the Authority and the City contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by each of the Authority and the City of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the Authority of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

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

(b) At the time of the Closing, the Indenture, the Installment Purchase Contract and the Tax Certificate shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority and Representative, (ii) the Authority shall perform or have performed all of its obligations required under or specified in the Authority Agreements to be performed at or prior to the date of the Closing, and (iii) the City shall perform or have performed all of its obligations required under or specified in the City Agreements performed at or prior to the date of the Closing;

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

(d) The Representative shall have the right to terminate the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority of its election to do so if, after the execution hereof and prior to the Closing:

(i) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State of California, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) 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 legislation is proposed for consideration by either such committee by any

member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the federal or state taxation of interest received on obligations of the general character of the Bonds which, in the opinion of the Representative, materially adversely affects the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(ii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis in the financial markets, including without limitation, a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations or a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against any state of the United States or any city, county or other political subdivision located in the United States having a population of over 1,000,000, is such as to, in the opinion of the Representative, materially adversely affect the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(iii) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (1) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (2) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to, in the judgment of the Representative materially adversely affect the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(iv) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(v) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice 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 obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other

requirements of the Securities Act of 1933, as amended (the “Securities Act”), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, 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 or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(vi) in the reasonable judgment of the Representative, the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be materially and adversely affected because additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

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

(viii) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to, in the judgment of the Representative, materially adversely affect the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(ix) (1) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s (“S&P”), or Fitch Ratings (“Fitch”) of any debt securities issued by the City secured by or payable from System Revenues or Net System Revenues or by the Authority secured by or payable from a contractual or other obligation of the City which is secured by or payable from System Revenues or Net System Revenues, or (2) there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating without regard to credit enhancement by Moody’s, S&P or Fitch of any debt securities issued by the Authority or the City, described in clause (1) above, including the Bonds; or

(x) [a downgrading or suspension of the rating by S&P of the Insurer or there shall have been any official statement as to the possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any such rating of the Insurer;]

(xi) any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State shall be rendered, which, in the opinion of the Representative, materially adversely affects the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(xii) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and requires an amendment of or

supplement to the Official Statement and the effect of which, in the judgment of the Representative, would materially adversely affect the market price or marketability of the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds.

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

(i) Certified copies of the Authority Resolution and the City Resolutions and executed originals of the Authority Agreements and the City Agreements;

(ii) The Preliminary Official Statement and the Official Statement, with the Official Statement executed on behalf of the Authority by a duly authorized officer of the Authority;

(iii) The Continuing Disclosure Certificate, executed on behalf of the City by a duly authorized officer of the City;

(iv) An approving opinion of Bond Counsel, dated the date of Closing, substantially in the form attached on Appendix F to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter;

(v) A supplemental opinion of Bond Counsel and Disclosure Counsel, dated the date of Closing and addressed to the Underwriter, in substantially the form of Exhibit D;

(vi) A certificate dated the date of the Closing and executed by a duly authorized officer of the Authority to the effect that:

(A) The representations and warranties of the Authority contained in Section 6 hereof are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(B) To the best of their knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect; and

(C) No litigation is pending or threatened (a) to restrain or enjoin the issuance or sale of the Bonds or the validity of the Installment Payments, (b) in any way contesting or affecting the validity of the Authority Agreements or the Bonds, or (c) in any way contesting the existence or powers of the Authority;

(vii) A certificate dated the date of Closing from a duly authorized official of the City to the effect that:

(A) The representations and warranties of the City contained in Section 7 hereof are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(B) To the best of their knowledge, no event effecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect; and

(C) No litigation is pending or threatened (a) to restrain or enjoin the issuance or sale of the Bonds or the validity of the Installment Payments, (b) in any way contesting or affecting the validity of the City Agreements or the Bonds, or (c) in any way contesting the existence or powers of the City;

(viii) An opinion of City Attorney, as counsel to the Authority, dated the date of Closing and addressed to the City, the Authority, Bond Counsel and the Underwriter, in substantially the form of Exhibit B;

(ix) An opinion of the City Attorney dated the date of Closing and addressed to the City, the Authority, Bond Counsel and the Underwriter in substantially the form of Exhibit C;

(x) An opinion of Counsel to the Trustee dated the date of Closing, addressed to the Authority, the City, the Trustee, and the Underwriter, to the effect that:

(A) 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 under the Indenture; and

(B) the Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(xi) A certificate of the Trustee, dated the date of the Closing, to the effect that:

(A) The Trustee is a national banking association duly existing under the laws of the United States of America, and has full power and is qualified to accept and comply with the terms of the Indenture, and to perform its obligations stated therein;

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

(C) 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;

(D) 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); and

(E) To the best knowledge of the Trustee, 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 served on or threatened against or affecting the existence of the Trustee, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into and perform its obligations under the Indenture or the Bonds, wherein an unfavorable decision, ruling or finding would adversely affect the validity of the Bonds or the Indenture or Escrow Agreement;

(xii) An opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation (“Underwriter’s Counsel”) in form and substance satisfactory to the Representative;

(xiii) A Tax Certificate of the Authority and the City, executed on behalf of the Authority and the City by their duly authorized officers;

(xiv) Evidence of required filings with the California Debt and Investment Advisory Commission (“CDIAC”);

(xv) A copy of the executed Blanket Letter of Representations by and between the Authority and The Depository Trust Company, New York, New York, relating to the book-entry system for the Bonds;

(xvi) A letter from S&P indicating that the Bonds have been rated “___”; and a letter from Fitch Inc., doing business as Fitch Ratings indicating that the Bonds have been rated “___”, in each case without regard to the issuance of the Policy by the Insurer;

(xvii) [A letter from S&P indicating that the Bonds have been rated “___” based on the understanding that the principal and interest on the Bonds will be insured by the Policy issued by the Insurer;]

(xviii) A consent of _____, with respect to the audited financial statements of the City included in the Official Statement as Appendix B;

(xix) [The Policy, duly executed by the Insurer;

(xx) The Surety, duly executed by the Insurer;

(xxi) The debt service reserve fund agreement related to the Surety, executed by the Authority, the City and the Insurer;

(xxii) The opinion of counsel to the Insurer, dated the date of Closing, addressed to the Authority, the City and the Underwriter, in form and substance satisfactory to Bond Counsel, the Underwriter and Underwriters’ Counsel;

(xxiii) A certificate or certificates of the Insurer, dated the date of Closing, as to the accuracy of the information relating to the Insurer, the Policy and the Surety Bond included in the Official Statement and such other matters reasonably required by Bond Counsel; and]

(xxiv) Such additional legal opinions, certificates, instruments and documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Authority’s and the City’s representations and warranties

contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Authority and the City on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City.

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

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and neither the Underwriter nor the Authority shall be under further obligation hereunder, except that the respective obligations of the Authority and the Underwriter set forth in Section 10 hereof shall continue in full force and effect.

Section 10. (a) The Underwriter shall be under no obligation to pay, and the Authority shall pay the following expenses incident to the performance of the Authority's obligation hereunder: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of printing and delivering the Bonds, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Section 6(h) of this Purchase Contract); (iii) the fees and disbursements of Del Rio Advisors, LLC, as Municipal Advisor to the Authority and the City, accountants, advisers and of any other experts or consultants retained by the Authority; (iv) expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the Authority's and City's officers or employees which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation and lodging of those officers or employees; (v) expenses of any live or virtual roadshow presentation that the Authority, the City and the Representative mutually agree is appropriate for the issuance and sale of the Bonds; (vi) the fees and expenses of Underwriter's Counsel (which may be paid through the expense component of the underwriters' discount), (vii) the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review, [(viii) the premiums with respect to the Policy and the Surety], and (ix) any other expenses and costs of the Authority incident to the performance of its obligations in connection with the issuance and sale of the Bonds (which may be paid through the expense component of the underwriters' discount), including out of pocket expenses and regulatory expenses, and any other expenses agreed to by the parties and expenses incurred on behalf of the City or Authority employees and representatives which are incidental to implementing this Purchase Contract, including but not limited to meals, transportation and lodging of such employees or representatives. In addition, notwithstanding that such fees are the legal obligation of the Underwriter, the Authority shall reimburse the Underwriter for amounts paid by the Underwriter to CDIAC in connection with the issuance of the Bonds

(b) The Underwriter shall pay (from the expense component of the underwriters' discount) all expenses incurred by them in connection with the public offering and distribution of the Bonds including, but not limited to all out-of-pocket disbursements and

expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds, except as provided in (a) above or as otherwise agreed to by the Representative and the Authority.

Section 11. Any notice or other communication to be given to the Authority under this Purchase Contract may be given by delivering the same in writing at the Authority's address set forth above, and any notice or other communication to be given to the Representative or the Underwriter under this Purchase Contract may be given by delivering the same in writing to Citigroup Global Markets Inc., One Sansome Street, 28th Floor, San Francisco, California 94104; Attention: Jonathan Ash.

Section 12. This Purchase Contract is made solely for the benefit of the Authority and the Underwriter (including their successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Authority's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Bonds pursuant to this Purchase Contract. The agreements contained in this Section and in Section 10 shall survive any termination of this Purchase Contract.

Section 13. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 14. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. This Purchase Contract shall be enforceable in the State and any action arising out of this Purchase Contract shall be filed with and maintained in San Joaquin County Superior Court, Stockton, California; *provided* that the Authority and the City may waive the requirement of venue.

Section 15. This Purchase Contract may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 16. The Authority, the City and the Underwriter acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Authority, the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor or fiduciary of the Authority or the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the Authority or the City with respect to the purchase and sale contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority or the City on other matters) and the Underwriter has no contractual obligation to the Authority or the City with respect to the purchase and sale contemplated hereby except the contractual obligations expressly set forth in this Purchase Contract, (iv) the Underwriter is not acting as municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended), and (v) the Authority, the City and the Underwriter have consulted their own legal, financial and other advisors to the extent they deemed appropriate in connection with the purchase and sale of the Bonds.

Nothing in the foregoing paragraph is intended to limit the Underwriter's obligation of fair dealing to the City or the Authority under MSRB Rules G-17 and G-30.

Section 17. This Purchase Contract embodies the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations or warranties, express or implied, other than those set forth herein.

Section 18. This Purchase Contract shall become effective upon the execution of the acceptance hereof by an authorized officer of the Authority, and approval of the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By: _____
Director

Accepted:

This __th day of _____, 2018

STOCKTON PUBLIC FINANCING AUTHORITY

By: _____
Deputy City Manager
on behalf of the Executive Director

Approved:

CITY OF STOCKTON

By: _____
Chief Financial Officer

SCHEDULE 1
ADDITIONAL UNDERWRITERS

1.) _____

SCHEDULE 2**MATURITIES, AMOUNTS, RATES AND PRICES**

<i>Maturity (October 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>10% Test Used</i>	<i>Hold the Price Offering Rule Used</i>
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*

* Priced to first optional redemption date of October 1, 20__ at par.

EXHIBIT A-1

\$ _____ *

**STOCKTON PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS, SERIES 2018**

**FORM OF THE CERTIFICATE OF THE AUTHORITY
REGARDING PRELIMINARY OFFICIAL STATEMENT**

The undersigned hereby states and certifies:

1. That she is the duly elected, qualified and acting Treasurer of the Stockton Public Financing Authority (the “Authority”) 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 Citigroup Global Markets Inc., as representative of the underwriters (the “Representative”) of the captioned Bonds, a Preliminary Official Statement, dated _____, 2018, including the cover page and all appendices thereto, in electronic form (the “Preliminary Official Statement”), which the Authority 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 Authority hereby approves the use and distribution by the Underwriter of the Preliminary Official Statement.

Dated: _____, 2018

STOCKTON PUBLIC FINANCING AUTHORITY

By: _____
Treasurer

EXHIBIT A-2

\$ _____ *

**STOCKTON PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS, SERIES 2018**

**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 Chief Financial Officer of the City of Stockton (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 Citigroup Global Markets Inc., as representative of the underwriters (the "Representative") of the captioned Bonds, a Preliminary Official Statement, dated _____, 2018, including the cover page and all appendices thereto, in electronic form (the "Preliminary Official Statement"), which the City which with respect to the information contained in the Preliminary Official Statement under the captions "INTRODUCTION," "PLAN OF FINANCE ," "THE CITY," "THE WATER SYSTEM" and "WATER SYSTEM FINANCES" and contained in APPENDIX A—"GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE CITY OF STOCKTON" and in APPENDIX B—"AUDITED FINANCIAL STATEMENTS OF THE CITY OF STOCKTON FOR THE FISCAL YEAR ENDED JUNE 30, [2018]" do not contain any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and

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

Dated: _____, 2018

CITY OF STOCKTON

By: _____
Chief Financial Officer

EXHIBIT B
FORM OF OPINION OF AUTHORITY COUNSEL

[Letterhead of Counsel to Authority]

_____, 2018

Stockton Public Financing Authority
425 N. El Dorado Street
Stockton, California 95202

City of Stockton
425 N. El Dorado Street
Stockton, California 95202

Citigroup Global Markets Inc., as representative
One Sansome Street, 28th Floor
San Francisco, California 94104

Orrick Herrington & Sutcliffe LLP
One Sansome Street, 26th Floor
San Francisco, California 94104

Re: Stockton Public Financing Authority Water Revenue Refunding Bonds, Series 2018

Ladies and Gentlemen:

I have served as counsel to the Stockton Public Financing Authority (the “Authority”) in connection with the issuance and sale of \$_____ principal amount of Stockton Public Financing Authority Water Revenue Refunding Bonds, Series 2018 (the “Bonds”). As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the Authority, and (ii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Indenture, the Installment Purchase Contract, the Bond Purchase Contract, dated _____, 2018 (the “Purchase Contract”), among Citigroup Global Markets Inc., as representative of the underwriters listed therein, the City and the Authority relating to the Bonds, and the Official Statement, dated _____, 2018 (the “Official Statement”) relating to the Bonds. All terms used herein which are defined in the Purchase Contract shall have the meanings specified therein.

Based on the foregoing, I am of the opinion that:

1. The Authority is a joint exercise of power authority duly created, organized and existing under the laws of the State of California and has full legal right, power and authority to cause the Bonds to be issued and sold.

2. The Authority has the full legal right, power and authority to execute and deliver the Authority Agreements and to perform its obligations and duties under the Authority Agreements and the Authority has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Authority Agreements.

3. The Authority Agreements have each been duly authorized, executed and delivered by the Authority, are in full force and effect and, assuming due authorization, execution and delivery by the other parties of the Authority Agreements, the Authority Agreements constitute legal, valid and binding agreements of the Authority enforceable against the Authority in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of any of the Authority Agreements or the performance by the Authority of its obligations thereunder or for the issuance or sale of the Bonds.

5. The execution and delivery of the Authority Agreements by the Authority, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Authority, or any commitment, agreement or other instrument to which the Authority is a party or by which it is or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

6. Based upon my review of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to my attention which would lead me to believe that the Preliminary Official Statement, as of its date, or the Official Statement (excluding therefrom the financial statements and the statistical data, the Excluded Information and the appendices thereto, as to which no opinion is expressed) as of its date and the date hereof 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.

7. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before any court, public board or body pending or threatened against or affecting the Authority or any of its officers in their respective capacities as such which questions the powers of the Authority referred to in paragraph 2 above or in connection with the transactions contemplated by the Authority Agreements or the Official Statement, or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Authority Agreements, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Authority Agreements or, in any material respect, the ability of the Authority to perform its obligations under the Authority Agreements.

Very truly yours,

Counsel to the
Stockton Public Financing Authority

EXHIBIT C
FORM OF OPINION OF CITY ATTORNEY

[Letterhead of City Attorney]

_____, 2018

City of Stockton
425 N. El Dorado Street
Stockton, California 95202

Stockton Public Financing Authority
425 N. El Dorado Street
Stockton, California 95202

Citigroup Global Markets Inc., as representative
One Sansome Street, 28th Floor
San Francisco, California 94104

Orrick Herrington & Sutcliffe LLP
One Sansome Street, 26th Floor
San Francisco, California 94104

Re: Stockton Public Financing Authority Water Revenue Refunding Bonds, Series 2018

Ladies and Gentlemen:

I have served as City Attorney to the City of Stockton (the “City”) in connection with the issuance and sale of \$_____ principal amount of Stockton Public Financing Authority Water Revenue Refunding Bonds, Series 2018 (the “Bonds”). As such counsel I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the City, and (ii) all necessary documentation of the City relating to the authorization, execution and delivery of the Installment Purchase Contract between the Authority and the City of Stockton (the “City”), the Bond Purchase Contract, dated _____, 2018 (the “Purchase Contract”), among Citigroup Global Markets Inc., as representative of the underwriters listed therein, the City and the Authority relating to the Bonds, and the Official Statement, dated _____, 2018 (the “Official Statement”) relating to the Bonds. All terms used herein which are defined in the Purchase Contract shall have the meanings specified therein.

Based on the foregoing, I am of the opinion that:

1. The City is a charter city duly created, organized and existing under the Constitution and laws of the State of California.

2. The City has the full legal right, power and authority to execute and deliver the City Agreements and to perform its obligations and duties under the City Agreements, and the City has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the City Agreements.

3. The City Agreements have each been duly authorized, executed and delivered by the City, are in full force and effect and, assuming due authorization, execution and delivery by the other parties of the City Agreements, the City Agreements constitute legal, valid and binding agreements of the City enforceable against the City in accordance with their terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the City of any of the City Agreements or the performance by the City of its obligations thereunder or for the issuance or sale of the Bonds.

5. The execution and delivery of the City Agreements by the City, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the City, or any commitment, agreement or other instrument to which the City is a party or by which it is or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the City (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the City and its affairs.

6. Based upon my review of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to my attention which would lead me to believe that the Preliminary Official Statement, as of its date, and the Official Statement (excluding therefrom the financial statements and the statistical data, the Excluded Information and the appendices thereto, as to which no opinion is expressed) as of its date and the date hereof 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.

7. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before any court, public board or body pending or threatened against or affecting the City or any of its officers in their respective capacities as such which questions the powers of the City referred to in paragraph 2 above or in connection with the transactions contemplated by the City Agreements or the Official Statement, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the City Agreements, wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the City Agreements or, in any material respect, the ability of the City to perform its obligations under the City Agreements.

Very truly yours,

City Attorney
City of Stockton

EXHIBIT D
FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL AND DISCLOSURE
COUNSEL

_____, 2018

Citigroup Global Markets Inc., as representative
One Sansome Street, 28th Floor
San Francisco, California 94104

Stockton Public Financing Authority
Water Revenue Refunding Bonds, Series 2018
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as representative of the underwriters of the Bonds (defined below) (the “Underwriters”), pursuant to Section 9(e)(v) of the Bond Purchase Contract, dated _____, 2018 (the “Purchase Contract”), among you, the Stockton Public Financing Authority (the “Authority”) and the City of Stockton (the “City”), providing for the purchase of \$_____ aggregate principal amount of Stockton Public Financing Authority Water Revenue Refunding Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a 2018 Indenture, dated as of November 1, 2018, (the “Indenture”), between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture, or, if not defined in the Indenture, in the Purchase Contract.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Contract; the Indenture; the 2018 Installment Purchase Contract, dated as of November 1, 2018 (the “Contract”), between the City and the Authority; the Tax Certificate and Agreement, dated the date hereof (the “Tax Certificate”), between the Authority and the City; opinions of counsel to the Authority, the Trustee and the City; certificates of the Authority, the Trustee, the City and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified

in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Contract, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint exercise of powers agencies and cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the Contract or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the Policy or the Surety.

2. The Purchase Contract has been duly executed and delivered by, and is a valid and binding agreement of, the Authority and the City, respectively.

3. The statements contained in the Official Statement dated _____, 2018 (the "Official Statement") under the captions "THE 2018 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS" and "TAX MATTERS" and in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS" and APPENDIX F-"PROPOSED FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions by reference to other documents, insofar as such statements expressly summarize certain provisions of the Indenture, the Contract and the form and content of our final legal opinion as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 3 above), completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Preliminary Official Statement and the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as bond counsel to the Authority in connection with issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of the Authority, the City, their respective counsel, and others, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon, on oral and written

statements and representations of the Authority, the City and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to the Authority, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement and the Official Statement which caused us to believe that the Preliminary Official Statement, as of its date, or the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about the Insurer, the Policy, the Surety, the book-entry system, DTC, ratings, rating agencies, underwriters, underwriting, and the information contained in Appendices A, B, D, E and G, included or referred to therein or omitted therefrom, which we expressly exclude from the scope of this paragraph and as to which we 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 the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance and sale. We disclaim any obligation to update this letter. This letter is delivered to you as Representative of the Underwriter of the Bonds, is solely for the benefit of such Underwriter and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

\$_____

STOCKTON PUBLIC FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS, SERIES 2018

The undersigned, on behalf of CITIGROUP GLOBAL MARKETS, INC. (“Citigroup”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Citigroup offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Contract, Citigroup has agreed in writing that, (i) Citigroup would retain the unsold Bonds of each Hold-the-Offering-Price Maturity and not allocate any such Bonds to any other Underwriter, (ii) for each Hold-the-Offering-Price Maturity of the Bonds, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (iii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, Citigroup has not offered or sold unsold Bonds of any Hold-the-Offering-Price Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, for each Hold-the-Offering-Price Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2018), or (ii) the date on which Citigroup has sold at least 10% of

such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means the Stockton Public Financing Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2018.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Citigroup’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick Herrington & Sutcliffe LLP, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

CITIGROUP GLOBAL MARKETS INC.

By: _____
Director

Dated: _____, 2018

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL
OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

<i><u>Maturity (October 1)</u></i>	<i><u>Principal Amount</u></i>	<i><u>Interest Rate</u></i>	<i><u>Yield</u></i>	<i><u>Price</u></i>	<i><u>10% Test Used</u></i>	<i><u>Hold the Price Offering Rule Used</u></i>
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SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION