

\$ _____
**SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY
TAXABLE LEASE REVENUE BONDS, 2017 SERIES A
(DIRECT PAY SUBSIDY NEW CLEAN RENEWABLE ENERGY BONDS)**

BOND PURCHASE AGREEMENT

November __, 2017

County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

Santa Cruz County Capital Financing Authority
701 Ocean Street
Santa Cruz, California 95060

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (which, together with Exhibit A, is referred to as this “Purchase Agreement”) with the Santa Cruz County Capital Financing Authority (the “Authority”) and the County of Santa Cruz, California (the “County”), which, upon the acceptance of the Authority and the County, will be binding upon the parties hereto. By execution of this Purchase Agreement, the Authority, the County, and the Underwriter acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to acceptance by the Authority and the County by the execution of this Purchase Agreement and delivery of the same to the Underwriter prior to 11:59 P.M., Pacific Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Authority and the County at any time prior to the acceptance hereof by the Authority and the County. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture of Trust, dated as of June 1, 2015, as supplemented by a First Supplemental Indenture of Trust, dated as of December 1, 2017 (as supplemented, the “Indenture”), both by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, and agreements herein set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to issue, sell and deliver to the Underwriter all (but not less than all) of the Santa Cruz County Capital Financing Authority Taxable Lease Revenue Bonds, 2017 Series A (Direct Pay Subsidy New Clean Renewable Energy Bonds) (the “Bonds”) in the aggregate principal amount of \$_____. The Bonds will be dated as of their date of delivery. Interest on the Bonds shall be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2018 and will mature, bear interest and be subject to redemption prior to maturity as set forth in Exhibit A hereto. The purchase price for the Bonds is \$_____ (being the aggregate principal amount thereof, less an underwriter’s discount of \$_____). At

Closing (as hereafter defined), the Underwriter will deliver to the Authority the aggregate purchase price for the Bonds. The Underwriter shall purchase all of the Bonds, if any are purchased.

Section 2. The Bonds. The Bonds shall be secured by a pledge of revenues consisting primarily of lease payments (“Lease Payments”) to be paid by the County pursuant to the Lease Agreement, dated as of June 1, 2015, as amended by a First Amendment to Lease Agreement dated as of December 1, 2017 (as amended, the “Lease Agreement”), both by and between the County and the Authority. The Authority’s right to receive the Lease Payments due under the Lease shall be assigned to the Trustee under the Indenture pursuant to the terms and conditions of an Amended and Restated Assignment Agreement, dated as of December 1, 2017 (the “Assignment Agreement”), by and between the Trustee and the Authority.

The Bonds shall be as described in, and shall be secured under and pursuant to the Indenture substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the County, and the Underwriter.

The Bonds are being issued to finance photovoltaic energy systems at various County facilities, fund capitalize interest on the Bonds, and to pay the costs of issuance of the Bonds.

The Bonds, this Purchase Agreement, the Indenture, the Lease, the Site and Facilities Lease, dated as of June 1, 2015, as amended by a First Amendment to Site and Facility Lease, dated as of December 1, 2017 (as amended, the “Site Lease”), both by and between the Authority and the County, the Assignment Agreement and the Authority Resolution (hereinafter defined) authorizing the issuance of the Bonds and the execution and delivery of the Authority Documents are collectively referred to herein as the “Authority Documents.”

This Purchase Agreement, the Continuing Disclosure Certificate, dated the Closing Date (as hereinafter defined) (the “Continuing Disclosure Certificate”), by and between the County and Harrell & Company Advisors, LLC, as Dissemination Agent thereunder, the Lease, the Site and Facilities Lease, and the County Resolution (hereinafter defined) authorizing the execution and delivery of the County Documents are collectively referred to herein as the “County Documents.”

Section 3. Public Offering. The Underwriter agrees to make an initial public offering of all of the Bonds at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as the Underwriter deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. The County and the Authority each acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s length commercial transaction between the County and the Authority, on one hand, and the Underwriter, on the other; (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 in its capacity as an underwriter for its own account and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the County or Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County or Authority on other matters); (iv) the only

obligations the Underwriter has to the County or the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; (v) the Underwriter has financial and other interests that differ from those of the County and the Authority; and (vi) the County and Authority have consulted their own legal, financial and other advisors to the extent they have deemed appropriate. The County and the Authority acknowledge that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

Section 4. The Official Statement. By its acceptance of this proposal, the Authority and the County ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement relating to the Bonds dated November __, 2017 (including the cover page, all appendices and all information incorporated therein and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”) that authorized officers of the County deemed “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 certain information permitted to be omitted therefrom by Rule 15c2-12. The Authority and the County hereby agree to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, copies of the final official statement, dated the date hereof, relating to the Bonds (including all information previously permitted to have been omitted by Rule 15c2-12, the cover page, all appendices, all information incorporated therein and any amendments or supplements as have been approved by the Authority, the County, and the Underwriter, the “Official Statement”) in such quantity as the Underwriter shall reasonably request to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

The Underwriter hereby agrees that it will not request that payment be made by any purchaser of the Bonds prior to delivery by the Underwriter to the purchaser of a copy of the Official Statement. The Underwriter agrees to: (i) provide the Authority and the County with final pricing information on the Bonds on a timely basis; and (ii) promptly file a copy of the Official Statement, including any supplements prepared by the Authority or the County with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system at <http://emma.msrb.org>. The Authority and the County hereby approve of the use and distribution by the Underwriter of the Official Statement in connection with the offer and sale of the Bonds. The Authority and the County will cooperate with the Underwriter in the filing by the Underwriter of the Official Statement with EMMA.

Section 5. Closing. At 8:30 a.m., Pacific Daylight Time, on December __, 2017 (the “Closing Date”), or at such other time or date as the Authority and the Underwriter agree upon, the Authority shall deliver or cause to be delivered to the Trustee, the Bonds, in definitive form, registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“DTC”), so that the Bonds may be authenticated by the Trustee and credited to the account specified by the Underwriter under DTC’s FAST procedures. Concurrently with the delivery of the Bonds, the Authority and the County will deliver the documents hereinafter mentioned at the offices of Jones Hall, A Professional Law Corporation (“Bond Counsel”), or another place to be mutually agreed upon by the Authority, the County, and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds. This payment for and delivery of the Bonds, together with the delivery of the aforementioned documents, is herein called the “Closing.”

The Bonds shall be registered in the name of Cede & Co., as nominee of DTC in denominations of [**five thousand dollars (\$5,000)**] or any integral multiple thereof. The Authority and the County acknowledge that the services of DTC will be used initially by the Underwriter in order to permit the issuance of the Bonds in book-entry form, and agree to cooperate fully with the Underwriter in employing such services.

The Underwriter hereby agrees to make a *bona fide* public offering of all Bonds at prices not in excess of the initial public offering prices (or yields) set forth on the inside front cover pages of the Official Statement, reserving, however, the right to change such yields or prices after the initial public offering as the Underwriter shall deem necessary in connection with the offering of the Bonds upon reasonable notice to, and with the consent of the Authority and the County. The Underwriter shall provide to the Authority and the County on the Closing Date a certificate setting forth the offering prices to the public of each maturity of the Bonds at which a substantial amount of such maturities were sold, such certificate to be in a form acceptable to Bond Counsel.

Section 6. Representations, Warranties and Covenants of the Authority. The Authority represents, warrants and covenants to the Underwriter and the County that:

(a) The Authority is a joint exercise of powers authority, duly organized and existing under the laws of the State of California (the “State”), including Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State (the “JPA Act”) and a joint exercise of powers agreement dated February 25, 2014 (the “JPA Agreement”) between the County and the Santa Cruz County Flood Control and Water Conservation District.

(b) The Authority has full legal right, power, and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Authority Documents.

(c) By all necessary official action, the Authority has duly authorized and approved the Authority Documents, has duly authorized and approved the Preliminary Official Statement, will, by execution thereof, duly authorize and approve the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Authority Documents and the consummation by it of all other transactions contemplated by the Authority Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against joint powers authorities in the State. The Authority has complied, and will at the Closing be in compliance in all material respects with the terms of the Authority Documents.

(d) To its knowledge, (i) the Authority is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, 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 which breach or default has or may have a materially adverse effect on

the ability of the Authority to perform its obligations under the Authority Documents, and (ii) no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Authority Documents, if applicable, and compliance with the provisions on the Authority's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject as of the date hereof and the Closing, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(e) To its knowledge, all material authorizations, approvals, licenses, permits, notices, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter that are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Authority of its obligations in connection with the Authority Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, notices, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Authority Documents have been duly obtained.

(f) The Authority hereby agrees that it will notify the other parties hereto if, within the period from the date of this Purchase Agreement to and including the date twenty-five (25) days following the end of the underwriting period (as defined herein), the Authority becomes aware of the occurrence of any event, in any such case, that might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to 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.

(g) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the Authority having been accomplished, or threatened in writing to the Authority: (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the other Authority Documents or the consummation of the transactions contemplated thereby or hereby, or in any manner contesting the qualification of the Bonds as "new clean renewable energy bonds" within the meaning of Section 54C of the Internal Revenue Code of 1986, as amended (the "Code"), or the receipt of the subsidy payment and tax credit for the Bonds, or contesting the powers of the Authority

or its authority to issue the Bonds; or (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) To the Authority's knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of paragraph 6(g).

(i) The information in the Official Statement set forth under the caption "THE AUTHORITY" does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Any certificate signed by any officer of the Authority authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter and the County as to the statements made therein but not of the person signing such certificate.

(k) The Authority will refrain from taking any action, or permitting any action to be taken, with regard to which the Authority may exercise control, that results in the loss of the subsidy payment and tax credit for the Bonds.

Section 7. Representations, Warranties and Covenants of the County. The County represents, warrants and covenants to the Underwriter and the Authority that:

(a) The County is a political subdivision of the State of California duly organized and existing under and by virtue of the laws of the State.

(b) The County has full legal right, power, and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the County Documents.

(c) By all necessary official action, the County has duly authorized and approved the County Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the County Documents and the consummation by it of all other transactions contemplated by the County Documents in connection with the issuance of the Bonds. As of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified, or rescinded. When executed and delivered, and assuming due execution and delivery by the other parties thereto, if applicable, the County Documents will constitute the legally valid and binding obligations of the County enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally, or by the exercise of judicial discretion and the limitations on legal remedies against municipal corporations in the State. The County has complied, and will at the Closing be in compliance in all material respects with the terms of the County Documents.

(d) To its knowledge, (i) the County is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject which breach or default has or may have a materially adverse effect on the ability of the County to perform its obligations under the County Documents, and (ii) no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the County Documents, if applicable, and compliance with the provisions on the County's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject as of the date hereof and the Closing, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the County or under the terms of any such law, regulation or instrument, except as may be provided by the County Documents.

(e) To its knowledge, all material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter that are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the County of its obligations in connection with the County Documents have been duly obtained or, when required for future performance, are expected to be obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; except as described in or contemplated by the Preliminary Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the County of its obligations under the County Documents have been duly obtained.

(f) The Preliminary Official Statement was as of its date, and the Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Official Statement do not and will not contain and up to and including the Closing will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book-entry only system, as to which no view is expressed).

(g) The County will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The County will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

(h) As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in

equity, before or by any court, governmental authority, public board or body, pending, with service of process upon the County having been accomplished, or, to the knowledge of the County, threatened in writing to the County: (i) in any way questioning the corporate existence of the County or the titles of the officers of the County to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of Lease Payments with respect to the Lease or of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds, or the County Documents or the consummation of the transactions contemplated thereby or hereby, or in any manner contesting the qualification of the Bonds as a “new clean renewable energy bonds” within the meaning of Section 54C of the Code, or the receipt of the subsidy payment and tax credit for the Bonds; (iii) which would be likely to result in any material adverse change relating to the business, operations or financial condition of the County; and (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) To the County’s knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of paragraph 7(h).

(j) Until the date that is twenty-five (25) days after the “end of the underwriting period” (as hereinafter defined), if any event shall occur of which the County is aware that would cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading (except that this representation does not include information regarding DTC and its book entry only system, as to which no view is expressed), the County shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter’s reasonable opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the County shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term “end of the underwriting period” means the later of such time as: (i) the Authority delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the “end of the underwriting period” shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered by the Underwriter at or prior to the Closing Date of the Bonds and shall specify a date (other than the Closing Date) to be deemed the “end of the underwriting period.”

(k) Based on a review of its prior undertakings with respect to the Rule, and except as disclosed in the Preliminary Official Statement and the Official Statement, the County has not within the last five years failed to comply in any material respect with any continuing disclosure undertakings with regard to Rule 15c2-12 or to provide annual reports or notices of enumerated events specified in such rule.

(l) The financial statements relating to the revenue, expenditures and fund balances of the County as of June 30, 2016 attached as Appendix B to the Official Statement fairly represent the revenue, expenditures and fund balances of the County. Except as disclosed in the

Official Statement or otherwise disclosed in writing to the Underwriter, as of the date hereof and the Closing, there has not been any materially adverse change in the financial condition of the County or in its operations since June 30, 2016, nor any occurrence or circumstance, or combination thereof, that is reasonably expected to result in any such materially adverse change.

(m) To the extent required by law, the County will undertake, pursuant to the Continuing Disclosure Certificate and the other County Documents, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in Appendix C to the Preliminary Official Statement and will also be set forth in the Official Statement.

(n) Any certificate signed by any officer of the County authorized to execute such certificate in connection with the execution, sale and delivery of the Bonds and delivered to the Underwriter shall be deemed a representation and warranty of the County to the Underwriter and the Authority as to the statements made therein but not of the person signing such certificate.

(o) The County acknowledges that its payment obligations under the Lease shall not be affected by the federal government's payment of the subsidy payments made available to the County under Section 6431 of the Code, and that the County does not currently owe or have any liability to the federal government which could offset the County's claim to the subsidy payments under Section 6431 of the Code.

(p) The County will refrain from taking any action, or permitting any action to be taken, with regard to which the County may exercise control, that results in the loss of the subsidy payment and tax credit for the Bonds.

Section 8. Conditions to the Obligations of the Underwriter. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Authority and the County contained herein. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and of the County, as well as authorized representatives of Bond Counsel and the Trustee made in any Bonds or other documents furnished pursuant to the provisions hereof; to the performance by the Authority and the County of their obligations to be performed hereunder at or prior to the Closing Date; and to the following additional conditions:

(a) The representations, warranties and covenants of the County and the Authority contained herein shall be true and correct as of the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) At the time of Closing, the County Documents and the Authority Documents shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the County Documents, the Authority Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, no material default shall have occurred or be existing under the County Documents, Authority Documents, or any other agreement or document pursuant to which any of the County's financial obligations were executed and delivered, and the County shall not be in default in the payment of principal or interest with respect to any of its

financial obligations, which default would materially adversely impact the ability of the County to pay the Lease Payments.

(d) In recognition of the desire of the Authority, the County and the Underwriter to effect a successful public offering of the Bonds, and in view of the potential adverse impact of any of the following events on such a public offering, this Purchase Agreement shall be subject to termination in the reasonable discretion of the Underwriter by notification, in writing, to the Authority and the County prior to the Closing Date, if at any time prior to such time, regardless of whether any of the following statements of fact were in existence or known of on the date of this Purchase Agreement:

(i) any event shall occur which makes untrue any material statement or results in an omission to state a material fact necessary to make the statements in the Preliminary Official Statement or the Official Statement, in the light of the circumstances under which they were made, not misleading, which event, in the reasonable opinion of the Underwriter would materially and adversely affect the ability of the Underwriter to market the Bonds; or

(ii) the marketability of the Bonds or the market price thereof, or the ability of the Underwriter to enforce contracts for sale of the Bonds, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation enacted by the Congress of the United States or enacted by the State affecting the federal tax status with respect to the Series B Bonds or the State tax status of interest with respect to the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be enacted by any governmental body, department or authority of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

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

(v) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(vi) a general banking moratorium shall have been declared by federal, State, or New York authorities, or the general suspension of trading on any national securities exchange; or

(vii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war the effect of which on financial markets is materially adverse such as to make it, in the reasonable judgment of the Underwriter, inadvisable to proceed with the purchase or delivery of the Bonds as contemplated by the Official Statement (inclusive of any amendment or supplement thereto); or

(viii) any rating of the Bonds shall have been downgraded or withdrawn by a national rating service, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) the commencement of any action, suit, or proceeding described in Section 6(g) or Section 7(h).

(e) At or prior to the Closing, the Underwriter shall receive the following documents, in each case to the reasonable satisfaction in form and substance of the Underwriter:

(i) The Resolution of the Authority adopted on November 7, 2017 (the “Authority Resolution”) relating to the Bonds and authorizing the execution and delivery of the Bonds and the Authority Documents and the Official Statement adopted by the Authority and executed by an authorized official of the Authority;

(ii) The Resolution of the County adopted on November 7, 2017 (the “County Resolution”) relating to the Bonds and authorizing the execution and delivery of the County Documents and the delivery of the Bonds and the Official Statement adopted by the County and executed by an authorized official of the County;

(iii) The County Documents and the Authority Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(iv) The approving opinion of Bond Counsel dated the Closing Date and addressed to the Authority and the County, in substantially the form attached as Appendix D to the Official Statement, and a reliance letter thereon addressed to the Underwriter;

(v) A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter and the County, to the effect that:

(A) the statements on the cover of the Official Statement and in the Official Statement under the captions “INTRODUCTION,” “THE BONDS,” “SOURCES OF PAYMENT FOR THE BONDS,” and “TAX MATTERS,” and in Appendix A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” and Appendix D – “FORM OF BOND COUNSEL OPINION,” excluding any material that may be treated as included under such captions and appendices by any cross-reference, insofar as such statements expressly summarize provisions of the County Documents, the Authority Documents and Bond Counsel’s final opinions concerning certain federal tax matters relating to the Bonds, are accurate in all material respects as of the Closing Date,

provided that Bond Counsel need not express any opinion with respect to any financial or statistical data contained therein or with respect to the book-entry system in which the Bonds are initially delivered;

(B) The Purchase Agreement and the Continuing Disclosure Certificate constitute the legal, valid and binding agreements of the County and Authority, as applicable, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity;

(C) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(vi) The Official Statement, executed on behalf of the County and the Authority, and the Preliminary Official Statement;

(vii) Evidence that the ratings on the Bonds are as described in the Official Statement;

(viii) A certificate, dated the Closing Date, signed by a duly authorized officer of the Authority satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the Authority contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the Authority, and the Authority has complied with, in all material respects, all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the Closing Date; (ii) to the best of such officer's knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (iii) to the best of its knowledge after reasonable investigation, the Authority is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which would have a material adverse impact on the Authority's ability to perform its obligations under the Authority Documents, 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;

(ix) A certificate, dated the Closing Date, signed by a duly authorized officer of the County satisfactory in form and substance to the Underwriter to the effect that: (i) the representations, warranties and covenants of the County contained in this Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date by the County, and the County has complied with, in all material respects, all of the terms and conditions of the Purchase Agreement required to be complied with by the County at or prior to the Closing Date; (ii) to the best of such officer's knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the

information and statements relating to the County and the County's financial condition contained in the Official Statement (other than information in the Official Statement under the captions "FINANCING PLAN – Scheduled Debt Service for the Bonds," "LEGAL MATTERS," "TAX MATTERS," "CONCLUDING INFORMATION – Underwriting," "CONCLUDING INFORMATION – The Municipal Advisor," and information regarding the DTC and its book entry only system) did not as of its date and do not as of the Closing contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and (iv) to the best of its knowledge after reasonable investigation, the County is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including but not limited to the Lease) or other instrument to which the County is a party or is otherwise subject, which would have a material adverse impact on the County's ability to perform its obligations under the County Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument;

(x) An opinion dated the Closing Date and addressed to the Underwriter, of the County Counsel of the County of Santa Cruz, as counsel to the Authority, to the effect that:

(A) The Authority is a joint exercise of powers authority organized and existing under and by virtue of the JPA Act;

(B) The resolution of the Authority approving the Authority Documents (the "Authority Resolution") was duly adopted at a meeting of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) To the best of such counsel's knowledge, the authorization, execution and delivery of the Authority Documents by the Authority and compliance with the provisions thereof by the Authority of its obligations thereunder, will not conflict with, or constitute a breach or default under, in any material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the Authority is subject or by which it is bound; and

(D) There is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending and notice of which has been served on the Authority, or to the best of such counsel's knowledge, threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or contesting or affecting as to the Authority the validity or enforceability of the Authority Documents, or contesting the powers of the Authority for the execution and delivery by the Authority of the Authority Documents, or in any way contesting or challenging the consummation of the transactions contemplated thereby.

(xi) an opinion dated the Closing Date and addressed to the Underwriter, of the County Counsel to the County, to the effect that:

(A) The County is a political subdivision of the State, duly organized and existing under and by virtue of the laws of the State;

(B) The County Resolution has been duly adopted and is in full force and effect and has not been modified, amended, rescinded or repealed since the date of its adoption;

(C) The JPA Agreement has been duly executed and is in full force and effect and has not been modified, amended or rescinded since the date of its execution;

(D) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental authority or body, pending, with service of process upon the County having been accomplished, or threatened in writing against the County, challenging the creation, organization or existence of the County, or the validity of the County Documents or seeking to restrain or enjoin the payment of the Lease Payments or the repayment of the Bonds or in any way contesting or affecting the validity of the County Documents or contesting the authority of the County to enter into or perform its obligations under any of the County Documents, or which, in any manner, questions the right of the County to pay the Lease Payments under the Lease;

(E) To the best of such counsel's knowledge the execution and delivery of the County Documents and compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject, which breach or default has or may have a material adverse effect on the ability of the County to perform its obligations under the County Documents;

(xii) A letter of Norton Rose Fulbright US LLP, Los Angeles, California, a member of Norton Rose Fulbright, as disclosure counsel ("Disclosure Counsel"), dated the Closing Date, and addressed to the County, the Authority, and the Underwriter, to the effect that, during the course of serving as Disclosure Counsel in connection with the execution and delivery of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Official Statement (excluding therefrom the financial statements, any financial or statistical data, or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information relating to DTC and its book-entry only system, and the appendices to the Official Statement as to which no opinion need be expressed), as of the date thereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) An opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, as counsel to the Underwriter (“Underwriter’s Counsel”), dated the date of Closing, and addressed to the Underwriter in form reasonably satisfactory to the Underwriter;

(xiv) An opinion of counsel to the Trustee, addressed to the County, the Authority and the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter and to Bond Counsel;

(xv) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee in form and substance satisfactory to the Underwriter and Bond Counsel;

(xvi) The preliminary and final Statement of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 53583 of the Government Code and Section 8855(g) of the Government Code;

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

(xviii) The tax certificate of the Authority and the County with respect to the Series B Bonds in form and substance to the reasonable satisfaction of Bond Counsel and the Underwriter;

(xix) A certificate, dated the date of the Preliminary Official Statement, of the County, as required under Rule 15c2-12;

(xx) A certificate, dated the date of the Preliminary Official Statement, of the Authority, as required under Rule 15c2-12;

(xxi) A copy of a CLTA or ALTA title insurance policy in an amount equal to the principal amount of the Bonds, insuring the County’s leasehold interest in the Property subject only to permitted encumbrances or such other encumbrances approved in writing by the Underwriter, such approval to be conclusively evidenced by the Underwriter’s acceptance of the Bonds;

(xxii) Certified copies of the JPA Agreement and all amendments thereto and related certificates issued by the Secretary of State of the State;

(xxiii) A certificate of Harrell & Company Advisors, LLC (the “Financial Advisor”), dated as of the Closing Date and addressed to the County, the Authority and the Underwriter, stating that based upon their participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, the Financial Advisor has no reason to believe that, as of the date thereof, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, the information included in the Appendices thereto, information relating to DTC and its book-entry system, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits 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;

(xxiv) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution

authorizes the execution and delivery of the Indenture and the authentication and delivery of the Bonds by the Trustee;

(xxv) Such additional legal opinions, certificates, proceedings, instruments or other documents as Bond Counsel or the Underwriter may reasonably request.

Section 9. Changes in Official Statement. After the Closing, neither the Authority nor the County will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall reasonably object in writing. Within 25 days following the “end of the underwriting period,” if any event relating to or affecting the Bonds, the Trustee, the County, or the Authority shall occur as a result of which it is necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in any material respect in the light of the circumstances existing at the time it is delivered to a purchaser, the Authority will prepare and furnish to the Underwriter an amendment or supplement that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. On the Closing Date the Authority and the County may assume that the end of the underwriting period has occurred unless otherwise informed in writing by the Underwriter. The County and the Authority shall cooperate with the Underwriter in the filing by the Underwriter of such amendment or supplement to the Official Statement with the EMMA. The Underwriter acknowledges that the “end of the underwriting period” will be the Closing Date.

Section 10. Expenses.

(a) Subject to Section 13(b), whether or not the transactions contemplated by this Purchase Agreement are consummated, the Underwriter shall be under no obligation to pay, and the Authority or the County shall pay only from the proceeds of the Bonds, but only as the Authority or the County and such other party providing such services may agree, all expenses and costs of the County incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter, including, without limitation, costs for printing of the Preliminary Official Statement, the Official Statement and the Bonds; rating agency fees and charges; initial fees of the Trustee, including fees and disbursements of their counsel, if any; fees and disbursements of Bond Counsel, Disclosure Counsel, the Financial Advisor and other professional advisors employed by the Authority or the County.

(b) The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, fees of Underwriter’s Counsel, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, regulatory fees imposed on new securities issuers and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

Section 11. Notices. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104 Attention: Sara Oberlies Brown, Managing Director. Any notice or communication to be given to the Authority or the County under this Purchase Agreement may be given by delivering the same in writing to the County’s and the Authority’s addresses, respectively set forth above, Attention: County Administrative Officer. The approval of the Underwriter when required hereunder or the

determination of the Underwriter's satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

Section 12. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Authority, the County and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties, and agreements of the Authority and the County in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

Section 13. Severability. If any one or more of the provisions in this Purchase Agreement to be performed on the part of the County, the Authority, or the Underwriter should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be null and void and shall be deemed separate from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Purchase Agreement.

Section 14. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

Section 15. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 16. Governing Law. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

[Remainder of page intentionally left blank]

STIFEL, NICOLAUS & COMPANY INCORPORATED

By: _____
Managing Director

Accepted as of the date first stated above:

COUNTY OF SANTA CRUZ

By: _____
Deputy County Administrative Officer

Time of Execution: ____:____

SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY

By: _____
Deputy Executive Director

Time of Execution: ____:____

EXHIBIT A

\$ _____

**SANTA CRUZ COUNTY CAPITAL FINANCING AUTHORITY
TAXABLE LEASE REVENUE BONDS, 2017 SERIES A
(DIRECT PAY SUBSIDY NEW CLEAN RENEWABLE ENERGY BONDS)**

MATURITY SCHEDULE

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2040				
2045				

Optional Redemption. The Bonds maturing on or prior to June 1, 2027 are not subject to optional redemption prior to their maturity. The Bonds maturing on or after June 1, 2028 are subject to redemption at the option of the Authority (which option may be exercised by the County) as a whole or in part on any date on or after June 1, 2027, from such maturities as may be selected by the Authority in the case of a redemption in part, at a redemption price equal to the principal amount of the Bonds subject to redemption, plus accrued interest to the date fixed for redemption, without premium.

Special Mandatory Redemption from Insurance or Condemnation Proceeds. the Bonds shall be subject to redemption as a whole, or in part on any date pro rata in integral multiples of **[\$5,000]** to the extent the Trustee has received hazard insurance proceeds or condemnation proceeds not used to repair reconstruct or replace any portion of the Property damaged or destroyed or elected by the Authority, at the direction of the County, to be used for such purpose as provided in Section 5.07 of the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption without premium. Such Bonds shall be subject to redemption on a pro rata basis with other outstanding Bonds.

Mandatory Sinking Account Redemption. The Term Bonds are also subject to redemption in part by lot on June 1 in each of the years as set forth in the following table at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date without premium or in lieu thereof shall be purchased as described below in the aggregate respective principal amounts and on the respective dates as set forth in the following table provided however that if some but not all of the Term Bonds have been redeemed pursuant to the special mandatory redemption provisions described above the total amount of all future payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed to be allocated among such payments on a pro rata basis in integral multiples of **[\$5,000]** as determined by the Authority written notice of which determination shall be given by the Authority to the Trustee.

Sinking Account Redemption Date <u>(June 1)</u>	Principal Amount <u>To Be Redeemed</u>
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(maturity)

In lieu of redemption of the Bonds under the preceding paragraph amounts on deposit in the Revenue Fund to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year may also be used and withdrawn by the Authority at any time for the purchase of such Term Bonds at public or private sale as and when and at such prices including brokerage and other charges and including accrued interest as the Authority may in its discretion determine. The par amount of any of such Term Bonds so purchased by the Authority in any twelve-month period ending on April 15 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding June 1.