

**COMMITMENT AGREEMENT AND PURCHASE CONTRACT
FOR PURCHASE AND SALE OF LOCAL OBLIGATION BONDS**

by and between the

Perris Joint Powers Authority

and

**Community Facilities District No. 2014-1
(Avelina) of the City of Perris on behalf of
Improvement Area No. 3**

Relating to

\$_____
**Improvement Area No. 3 of
Community Facilities District No. 2014-1
(Avelina) of the City of Perris
Special Tax Bonds, 2018 Series**

THIS COMMITMENT AGREEMENT AND PURCHASE CONTRACT (this “Purchase Contract”), dated ____, 2018, is by and between the PERRIS JOINT POWERS AUTHORITY, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California (the “Authority”), and COMMUNITY FACILITIES DISTRICT NO. 2014-1 (AVELINA) OF THE CITY OF PERRIS a community facilities district duly organized and existing under the laws of the State of California, on behalf of its Improvement Area No. 3.

WITNESSETH:

WHEREAS, pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Act”), the Housing Authority of the City of Perris (the “Agency”) and the City of Perris (the “City”) have by Joint Exercise of Powers Agreement, dated March 26, 2013 (the “Agreement”), created the Authority for the purposes, among other things, of assisting the City, the Agency and any associate member in the financing and refinancing of public capital improvements pursuant to the Marks-Roos Local Bond Pooling Act of 1985, being Article 4 of the Act (commencing with Section 6584) (the “Bond Law”); and

WHEREAS, the City Council (the “City Council”) of the City of Perris (the “City”), located in Riverside County, California (hereinafter sometimes referred to as the “legislative body of the District”) has, pursuant to its Resolution No. 4798 (the “Resolution of Formation”) adopted on January 13, 2015, heretofore undertaken proceedings and declared the necessity of Improvement Area No. 3 (“IA 3”) of Community Facilities District No. 2014-1 (Avelina) of the City of Perris (the “District”) to issue bonds pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

WHEREAS, pursuant to its Resolution of Formation, and Resolution Nos. 4799 and 4800, (collectively the “Resolutions”), adopted by the legislative body of the District on January 13, 2015, a certain bond proposition was submitted to the qualified electors within the District, and was approved by more than two-thirds of the votes cast at the election held on January 13, 2015, in addition to the levy of a special tax (the “Special Tax”) within IA 3 in accordance with a rate and method of apportionment specific to IA 3 (the “RMA”); and

WHEREAS, based upon the Resolutions adopted by the legislative body of the District and the election, the District is authorized to issue bonds, pursuant to the Act, in an aggregate principal amount not to exceed \$5,000,000 on behalf of IA 3; and

WHEREAS, on ____, 2018, pursuant to Resolution No. __, the District authorized the issuance of not to exceed \$5,000,000 Improvement Area No. 3 of Community Facilities District No. 2014-1 (Avelina) of the City of Perris Special Tax Bonds, 2018 Series (the “Local Obligation Bonds”); and

WHEREAS, the District has determined that it is in the best interest of the District to finance public infrastructure and related to the District, and has issued the Local Obligation Bonds,

pursuant to the terms of a Fiscal Agent Agreement, dated as of November 1, 2018, by and between the District and U.S. Bank National Association as Fiscal Agent (the “Fiscal Agent”); and

WHEREAS, in accordance with Government Code Section 53360.4, the legislative body of the District may sell the Local Obligation Bonds to the Authority; and

WHEREAS, the Authority, for the purpose of acquiring the Local Obligation Bonds has determined to issue its \$___ Perris Joint Powers Authority Local Agency Revenue Bonds (IA 3-CFD No. 2014-1(Avelina)), 2018 Series A (the “Authority Bonds”), pursuant to an Indenture of Trust, dated as of November 1, 2018 by and between the Authority and U.S. Bank National Association, as Trustee (the “Trustee”);

WHEREAS, a portion of the proceeds of the Authority Bonds will be used to purchase the Local Obligation Bonds; and

WHEREAS, the Authority and the District desire to enter into this Purchase Contract providing for the purchase and sale of the Local Obligation Bonds and containing the other agreements herein set forth.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Authority and the District agree as follows:

1. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the District hereby sells to the Authority, and the Authority hereby purchases from the District all of the aggregate principal amount of the Local Obligation Bonds, such Local Obligation Bonds to bear the annual interest rates and to be sold to the Authority at the purchase price set forth in Exhibit A attached hereto and hereby made a part hereof, plus accrued interest, if any, from the date of the Local Obligation Bonds to the date of delivery of the Local Obligation Bonds to the Authority (the “Closing Date”).
2. The District hereby specifies ____, 2018 (or as soon thereafter as shall be feasible), as the Closing Date and the District hereby confirms that it reasonably expects to deliver the Local Obligation Bonds to the Authority on such date.
3. The Authority agrees that U.S. Bank National Association will act as Fiscal Agent for the Local Obligation Bonds under and as further provided in the Fiscal Agent Agreement, dated as of November 1, 2018, by and between the District and such Fiscal Agent relating to the District, (the “Fiscal Agent Agreement”).
4. The Local Obligation Bonds shall be issued and secured under the provisions of Resolution No. ___ of the City of Perris, authorizing the issuance of the Local Obligation Bonds, adopted by the City Council of the City, acting as the legislative body of the District, on ____, 2018 (the “Resolution”), and related proceedings authorizing the issuance of the Local Obligation Bonds, including, without limitation, the Fiscal Agent Agreement (collectively, the “Proceedings”). The Local Obligation Bonds of the District, and interest thereon, will be payable from special taxes to be levied within the District. Proceeds of the sale of the Local Obligation Bonds will be used by the District in accordance with the Proceedings.

5. Any action under this Purchase Contract taken by the Authority, including payment for and acceptance of the Local Obligation Bonds, and delivery and execution of any receipt for the Local Obligation Bonds and any other instruments in connection with the closing on the Closing Date, shall be valid and sufficient for all purposes and binding upon the Authority, provided that any such action shall not impose any obligation or liability upon the Authority other than as may arise as expressly set forth in this Purchase Contract.

6. It is a condition to the District's sale of the Local Obligation Bonds and the obligation of the District to deliver the Local Obligation Bonds to the Authority, and to the Authority's purchase of the Local Obligation Bonds and the obligations of the Authority to accept delivery of and to pay for the Local Obligation Bonds, that the entire aggregate principal amount of the Local Obligation Bonds of \$__ shall be delivered by the District, and accepted and paid for by the Authority, on the Closing Date. The Authority will pay for the Local Obligation Bonds with the proceeds of the Authority Bonds.

7. The District represents and warrants to the Authority that:

(a) The District is an entity duly organized and validly existing under the laws of the State of California, and has, and on the Closing Date will have, full legal right, power and authority (i) to enter into this Purchase Contract, (ii) to adopt or enter into the Proceedings relating to the Local Obligation Bonds, (iii) to issue, sell and deliver the Local Obligation Bonds to the Authority as provided herein and in the Fiscal Agent Agreement, and (iv) to carry out and consummate the transactions on its part contemplated by this Purchase Contract, the Proceedings and the Fiscal Agent Agreement;

(b) The District has complied, and will on the Closing Date be in compliance in all respects, with the Proceedings;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the District of the District's obligations contained in, the Fiscal Agent Agreement, the Local Obligation Bonds, this Purchase Contract and the other Proceedings, and the consummation by the District of all other transactions on its part contemplated by the Proceedings, including, without limitation, the application of special taxes within the District to the payment of the Local Obligation Bonds;

(d) The execution and delivery of this Purchase Contract and the Local Obligation Bonds, the adoption of the Resolution and the adoption or entering into of the other Proceedings, including, without limitation, the Fiscal Agent Agreement, 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 of America, or any applicable judgment, decree, agreement or other instrument to which the District is a party or is otherwise subject;

(e) There is no action, suit, proceeding or investigation before or by any court, public board or body pending or, to the knowledge of the District, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or

powers of the District or the titles of its members and officers to their respective offices, (ii) enjoin or restrain the issuance, sale and delivery of the Local Obligation Bonds, the levy and receipt of the special taxes, or the pledge thereof under the Fiscal Agent Agreement, (iii) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the moneys pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligation Bonds, (iv) in any way question or affect any authority for the issuance of the Local Obligation Bonds, or the validity or enforceability of the Local Obligation Bonds, the Fiscal Agent Agreement or the other Proceedings, or (v) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Fiscal Agent Agreement, or any other agreement or instrument to which the District is a party relating to the Local Obligation Bonds;

(f) The issuance and sale of the Local Obligation Bonds is not subject to any transfer or other documentary stamp taxes of the State of California or any political subdivision thereof;

(g) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certifications may not be relied upon;

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

(i) The District will apply the proceeds of the Local Obligation Bonds, including the investment thereof, in accordance with the Fiscal Agent Agreement and the other Proceedings.

8. At 8:00 a.m., Los Angeles Time, on the Closing Date, or at such other time or on such other date as is mutually agreed by the District and the Authority, the District will deliver the Local Obligation Bonds to the Authority in definitive form, duly executed, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Authority will accept such delivery and pay or cause to be paid the purchase price of the Local Obligation Bonds as referenced in paragraph 1 hereof by certified or bank cashier's check or wire transfer or other funds which are good funds on the Closing Date. Delivery and payment, as aforesaid, shall be made at such place as shall have been mutually agreed upon by the District and the Authority.

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

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

(b) On the Closing Date, the Proceedings shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by both the Authority and the District;

(c) As of the Closing Date, all official action of the District relating to the Proceedings shall be in full force and effect, and there shall have been taken all such actions as, in the opinion of Aleshire & Wynder, LLP (“Bond Counsel”), shall be necessary or appropriate in connection therewith, with the issuance of the Local Obligation Bonds and with the transactions contemplated hereby;

(d) The Authority shall have the right to terminate the Authority's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Local Obligation Bonds by notifying the District of their election to do so if, after the execution hereof and prior to the Closing: (i) the marketability of the Local Obligation Bonds or the market price thereof, in the opinion of the Authority, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State of California, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State of California, or by a tentative decision with respect to legislation reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or the Senate of the Congress of the United States or either house of the Legislature of the State of California, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State of California by the Governor of the State of California in an executive communication, affecting the tax status of the District, its property or income, its bonds (including the Local Obligation Bonds) or the interest thereon, or any tax exemption granted or authorized by the Bond Law; (ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or national emergency, or there shall have occurred any other outbreak of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Authority, would affect materially and adversely the marketability of the Local Obligation Bonds (it being agreed by the Authority that there is no outbreak, calamity or crisis of such a character as of the date hereof); (iii) there shall have occurred a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by the United States, New York State or California State authorities; (iv) there shall have occurred a withdrawal or downgrading of any rating assigned to any securities of the City by a national municipal bond rating agency; (v) any proposed development described in the Proceedings shall have been repudiated by the applicable developer, or any litigation or proceedings shall be pending or threatened questioning the proposed development or seeking to enjoin the development thereof, or the District shall have received notice from the applicable developer that it will be unable to proceed with the development as described in the Proceedings; (vi) any federal or State of California court, authority or regulatory body shall take action materially and adversely affecting the ability of a developer to proceed with

the development as contemplated by the Proceedings; or (vii) if the Underwriter terminates its purchase contract with the Authority;

(e) On or prior to the Closing Date, the Authority shall have received each of the following documents:

(1) All documents and opinions required to be received by the trustee for the Authority Bonds prior to the application of proceeds of the Authority Bonds to the purchase of the Local Obligation Bonds;

(2) An opinion, in form and substance satisfactory to the District and the Authority, dated as of the Closing Date, of Bond Counsel approving the validity of the Local Obligation Bonds;

(3) An opinion that this Purchase Contract has been duly authorized, executed and delivered by, and, assuming due authorization, execution and delivery by the Authority, constitutes a legal, valid and binding agreement of the District;

(4) A certificate dated the Closing Date, addressed to the Authority, signed by the City Manager or Finance Director of the City, on behalf of the District, to the effect that:

(i) The representations and warranties of the District contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) There is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened, wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the District, or the titles of its members and officers to their respective offices, (B) enjoin or restrain the issuance, sale and delivery of the Local Obligation Bonds, the levy or collection of the special taxes or any other moneys or property pledged or to be pledged under the Fiscal Agent Agreement, or the pledge thereof, (C) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to the special taxes or moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligation Bonds, (D) in any way question or affect any authority for the issuance of the Local Obligation Bonds, or the validity or enforceability of the Local Obligation Bonds or the Proceedings, or (E) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Fiscal Agent Agreement or the other Proceedings;

(iii) The District has complied with all agreements, covenants and arrangements, and satisfied all conditions, on its part to be complied with or satisfied on or prior to the Closing Date; and

(iv) the information regarding the City and the District in the Preliminary Official Statement and the Official Statement (collectively, the "Official Statement"), in connection with the delivery of the Authority Bonds, is true and correct and do 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 are made, not misleading and no event affecting the City or the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(5) An opinion, dated the date of Closing and addressed to the Authority, of the City Attorney of the City, as Special Counsel to the District, that there is no action, suit, proceeding or investigation before or by any court, public board or body pending or threatened and served on the City, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the District, or the titles of its members and officers to their respective offices; (ii) enjoin or restrain the issuance, sale and delivery of the Local Obligation Bonds, the receipt of any other moneys or property pledged or to be pledged under the Fiscal Agent Agreement or the pledge thereof; (iii) in any way question or affect any of the rights, powers, duties or obligations of the District with respect to special taxes within the District or the moneys and assets pledged or to be pledged to pay the principal of, premium, if any, or interest on the Local Obligation Bonds; (iv) in any way question or affect any authority for the issuance of the Local Obligation Bonds, or the validity or enforceability of the Local Obligation Bonds; or (v) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Fiscal Agent Agreement or the other Proceedings; and

(6) Such additional legal opinions, certificates, instruments and documents as the Authority may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the District's representations and warranties contained herein.

In addition to the foregoing, the District shall on the Closing Date provide the Proceedings, certified by authorized officers of the District, on behalf of the District, with only such amendments, modifications or supplements as may have been agreed to by the Authority.

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 Authority, but the approval of the Authority shall not be unreasonably withheld. Receipt of, and payment for, the Local Obligation Bonds shall constitute evidence of the satisfactory nature of such as to the Authority. The performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Authority may be waived by the Authority in its sole discretion.

If the District shall be unable to satisfy the conditions to the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligation Bonds contained in this Purchase Contract, or if the obligations of the Authority to purchase, accept delivery of and pay for the Local Obligation Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and neither the Authority nor the District shall be under further obligation hereunder.

The Authority shall be under no obligation to pay, and the District shall pay the following expenses incident to the performance of the District's obligations hereunder: (i) the cost of the preparation of the Local Obligation Bonds; (ii) the fees and disbursements of Bond Counsel and of Special Counsel to the District; and (iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the District.

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

This Purchase Contract shall become effective upon the execution of the acceptance hereof by the signatures of the Mayor, City Manager or Finance Director of the City and the Chairman or Executive Director of the Authority, and shall be valid and enforceable as of the time of such execution.

This Purchase Contract 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.

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

The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California applicable to contracts made and performed in such State.

[signatures on following page]

IN WITNESS WHEREOF, the Authority and the District have each caused this Purchase Contract to be executed by their duly authorized officers all as of the date first above written.

PERRIS JOINT POWERS AUTHORITY

By: _____
Executive Director

COMMUNITY FACILITIES DISTRICT NO. 2014-1 (AVELINA) OF THE CITY OF PERRIS

By: _____
City Manager

[Signature Page to Commitment Agreement and Purchase Contract]

EXHIBIT A

**Improvement Area No. 3 of
Community Facilities District No. 2014-1
(Avelina) of the City of Perris
Special Tax Refunding Bonds, 2018 Series**

PRINCIPAL AMOUNT: \$
BOND PURCHASE DISCOUNT
PURCHASE PRICE \$.
YIELD: %

September 1

Principal

Interest Rate

*Term Bonds.