

§ _____
**CITY OF MANHATTAN BEACH
REASSESSMENT DISTRICT NO. 2018
LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

BOND PURCHASE AGREEMENT

_____, 2018

City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”), offers to enter into this Purchase Contract (this “Purchase Contract”) with the City of Manhattan Beach, California (the “City”), which upon acceptance will be binding upon the Underwriter and the City. This offer is made subject to the City’s acceptance by the execution of this Purchase Contract and their delivery to the Underwriter on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms used herein, which are used and not otherwise defined herein, shall have the meanings ascribed to such terms in the Indenture, dated as of March 1, 2018 (the “Indenture”) by and between the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”).

The above-captioned Bonds will be issued pursuant to a resolution adopted by the City Council on January 16, 2018, (the “Resolution”) and pursuant to provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the Streets and Highways Code of California) (the “Act”) relating to the levy of assessments and issuance of the limited obligation refunding bonds and an Indenture, dated as of March 1, 2018 (the “Indenture”) by and between the City and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”). The Bonds are secured by special reassessments to be levied on real property located within City of Manhattan Beach Reassessment District No. 2018 (the “Reassessment District”).

Section 1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the following bonds: City of Manhattan Beach Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018 (the “Bonds”).

The purchase price for the Bonds shall be \$_____ (representing the aggregate principal amount of the Bonds of \$_____, plus a net original issue premium of

\$ _____ and less an Underwriter's discount of \$ _____); it being acknowledged that the Underwriter will on the Closing Date, deliver net proceeds to the City in the amount of \$ _____. The Bonds shall be substantially in the form described in, shall be executed and delivered and secured under the provisions of the Indenture.

The City acknowledges and agrees that: (i) the primary role of the Underwriter, an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between 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 are not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and has not assumed a fiduciary responsibility in favor of the City with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the City on other matters); (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; (iv) the City had consulted their own municipal, legal, accounting, financial, tax and other advisors to the extent they have deemed it appropriate; and (v) the Underwriter has financial interests that may differ from and be adverse to those of the City.

(b) Pursuant to the authorization of the City, the Underwriter has distributed copies of the Preliminary Official Statement dated _____, 2018, relating to the Bonds, which, together with the cover page, the inside cover page and appendices thereto, 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, is herein called the "Preliminary Official Statement." By their acceptance of this Purchase Contract, the City hereby ratify the use by the Underwriter of the Preliminary Official Statement; and the City agrees to execute a final official statement relating to the Bonds (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 promulgated under the Exchange Act ("Rule 15c2-12") and any amendments or supplements thereto, as have been approved by the City, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel ("Bond Counsel"), and as Disclosure Counsel ("Disclosure Counsel") and the Underwriter, is referred to herein as the "Official Statement") which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of the City, Bond Counsel and the Underwriter, and to provide copies thereof to the Underwriter as set forth in Section 3(p) hereof. The City hereby authorizes the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The City further authorizes the Underwriter to use and distribute, in connection with the Purchase Contract and all information contained herein, all other documents, certificates and statements furnished by or on behalf of the City to the Underwriter in connection with the transactions contemplated by this Purchase Contract. The Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the City as of its date, except for the omission of such information as is permitted to be omitted in accordance with Rule 15c2-12.

(c) Except as the Underwriter and the City may otherwise agree, the City will deliver to the Underwriter, at the offices of Bond Counsel or at such other location as may be mutually agreed upon by the Underwriter and the City, the documents hereinafter mentioned and the City will deliver to the Underwriter at the offices of The Depository Trust Company (“DTC”) in New York, New York or to the Fiscal Agent, if the closing will occur under DTC’s “FAST” program, the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the City and authenticated by the Fiscal Agent in the manner provided for in the Indenture at 8:00 a.m. California time, on March 2, 2018 (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section, in immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be made available to the Underwriter for inspection not later than two Business Days prior to the Closing Date. The Bonds shall be in fully registered book-entry form and shall be registered in the name of Cede & Co., as nominee of DTC.

(d) The Underwriter agrees to make a *bona fide* public offering of all the Bonds initially at prices not in excess of the public offering prices (or yields) set forth in Schedule I attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change such initial offering price or prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth herein. The Underwriter also reserves the right (i) to over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market, and (ii) to discontinue such stabilizing, if commenced at any time.

(e) To assist the Underwriter in complying with Rule 15c2-12, the City will, pursuant to the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), dated as of the Closing Date, undertake to provide certain annual financial information and operating data and notices of the occurrence of specified events. A description of this undertaking is set forth in the Preliminary Official Statement and the final Official Statement.

Section 2. Establishing the Issue Price.

(a) The Underwriter, agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and 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. [All actions to be taken by the City under this section to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.]

(b) [Except as otherwise set forth in Schedule [I] attached hereto,] the City 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). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of Bonds. [If, as of the date hereof, the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% test has been satisfied as to the Bonds of that maturity or the Closing Date.]

[Schedule [I] and subsection (c) shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.]

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule [I] attached hereto, except as otherwise set forth therein. Schedule [I] also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the City and the Underwriter, agree that the restrictions set forth in the next sentence shall apply, which will allow the City 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 Underwriter 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:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have 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.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating 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 (A) 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 (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The City 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, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement 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, if applicable, as set forth in the

retail distribution agreement and the related pricing wires. The City 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 corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

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

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) 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),
- (iii) 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 (i) 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), (ii) 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 (iii) 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
- (iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

Section 3. Representations, Warranties and Agreements of the City. The City represents, warrants to, covenants and agrees with the Underwriter that:

(a) The City is a general law city duly organized and existing under the laws of the State of California (the “State”), with full right, power and authority to enter into and perform its duties under this Purchase Contract, the Indenture, and the Continuing Disclosure Certificate (collectively, the “City Documents”), and, when executed and delivered by the respective parties thereto, the City Documents will constitute the legal, valid and binding obligations of the City 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 cities in the State. To the best knowledge of the City, each of the City Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(b) The City has duly recorded a Notice of Assessment with respect to Assessment District No. 2018 in the office of the County Recorder of the County of Los Angeles.

(c) By all necessary official action of the City, prior to or concurrently with the acceptance hereof, including by resolution adopted by the City Council of the City on _____, 2018 (the “City Resolution”), the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement. The City Resolution was duly adopted at a meeting of the City 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 is in full force and effect and has not been amended or repealed.

(d) The information contained in the Preliminary Official Statement, as of its date and as of the date hereof, and in the Official Statement, as of its date and at all times after the date of the Official Statement up to and including the Closing Date, was, is and will be true, correct and complete in all material respects and did not and does not, and on the Closing Date such information will not, contain any untrue statement of a material fact or omit to state any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect (except this representation does not include information under the caption “TAX MATTERS” and in Appendix C – “FORM OF APPROVING LEGAL OPINION” and information relating to DTC or its book-entry only system,). If the information in the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the time of the Closing, the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain 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.

(e) To the best knowledge of the City, the execution and delivery of the City Documents and compliance with the provisions on the City’s part contained herein and therein will not, to any material extent, conflict with or constitute a material breach of or default under the City’s duties under said documents or any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, articles, bylaws, agreement or other instrument to which the City is a party or is otherwise subject, which material conflict, breach or default could have a material adverse effect on the ability of the City to perform its obligations under the City Resolution or City Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture,

bond, note, resolution, articles, bylaws, agreement or other instrument, except as provided by the City Documents.

(f) Except as described in the Official Statement, to the best knowledge of the City, the City is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, articles, bylaws, resolution, agreement or other instrument to which the City is a party or is otherwise subject which could have a material adverse effect on the City's ability to perform its obligations under the City Resolution or the City 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 material default or an event of default under any such instrument.

(g) To the best of the City's knowledge, except as may be required under the "blue sky" or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the City of its obligations under each of the City Documents and the Bonds.

(h) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) 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 of America as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, however, that the City shall not be required to execute a general consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction. It is understood that such "blue sky" registration is the sole responsibility of the Underwriter.

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending and notice of which has been served on and received by the City or, to the best knowledge of the City, threatened against the City affecting the existence of the City or challenging the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of this Purchase Contract, the City Resolution or the City Documents or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness, accuracy or fairness of the Official Statement or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the City Resolution or the City Documents, or which, if adversely determined, could materially adversely affect the financial position or operating condition of the City or the transactions contemplated by the Official Statement or any of the other City Documents. The City shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

(j) Between the date hereof and the time of the Closing, the City shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the City or except for such borrowings as may be described in or contemplated by the Official Statement

(k) If between the date hereof and the date which is 25 days following the End of the Underwriting Period for the Bonds an event occurs of which the City has knowledge, which might or would cause the information relating to the City contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to such portions of the Official Statement, the City will at its own expense, or will cause the Assessment District, at its own expense to cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City or the Assessment District.

(l) The City will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds with respect to the Assessment District to be applied in a manner other than as provided in the related Indenture or which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes.

(m) The Bonds are payable solely from the related Assessments and the other assets pledged therefor under the Indenture and the City has agreed to comply with all requirements of the Act, the Resolution and the Indenture to assure the timely collection of the Assessments, and interest thereon, including, without limitation, the enforcement of delinquent Assessments. Any funds received by the City in and for the Assessment District (excluding any penalty and interest charges imposed upon delinquent Assessments), including, but not limited to, collections of Assessments (including prepayments thereof), and interest thereon, upon the secured tax rolls, collections of delinquent Assessments and delinquent interest thereon, through foreclosure proceedings or otherwise, and collections of amounts for Administrative Expenses, shall as soon as practicable be transmitted directly to the Fiscal Agent, without deduction, to be deposited in accordance with the Indenture. The City intends to cause the Assessments to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes and, under the terms of the Act, the Assessments are currently subject to the same penalties in case of delinquency as provided for *ad valorem* taxes.

(n) The Indenture creates a valid pledge of the Assessments (including prepayments thereof), together with interest thereon (but excluding any penalty and interest charges imposed upon delinquent Assessments), and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Indenture (other than the Rebate Fund and the Administrative Expense Account), subject in all cases to the provisions of the Indenture permitting application thereof for the purposes and on the terms and conditions set forth therein.

(o) The City will apply the proceeds of the Bonds with respect to the Assessment District in accordance with the Indenture.

(p) Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest with respect to the Bonds and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the City will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

(q) The financial statements of, and other financial information regarding, the City contained in the Official Statement fairly present the financial position and results of the operations of the City as of the dates and for the periods therein set forth.

(r) Since _____, no material adverse change has occurred in the financial condition, assets, properties or results of operation of the City which is not described in the Preliminary Official Statement.

(s) As of the Closing Date, no event affecting the City shall have 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.

(t) Except as described in the Preliminary Official Statement and the Official Statement, the City has not failed to comply in the last five years in any material respect with the terms of any continuing disclosure agreement entered into prior to the date hereof relating to the provision of annual reports or notices of enumerated events in accordance with Rule 15c2-12.

(u) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the City shall deliver to the Underwriter a final Official Statement relating to the Bonds dated the date hereof and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the Municipal Securities Rulemaking Board (the "MSRB") and to meet potential customer requests for copies of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the City, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. The City shall execute the Official Statement by an authorized officer of the City. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions, and revisions and recent developments in the Official Statement which are approved by the Underwriter or which the City or its Counsel determines is required under applicable law. The Underwriter hereby agrees to cooperate and assist in the preparation of the Official Statement. The City hereby agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission ("SEC").

The execution and delivery of this Purchase Contract by the City shall constitute a representation to the Underwriter that the representations and warranties contained in this Section 3 are true as of the date hereof.

Section 4. Conditions Precedent. The Underwriter has entered into this Purchase Contract in reliance upon the representations and agreements of the City contained herein and the performance by the City of their obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriter's obligations under this Purchase Contract are and shall be subject to the following further conditions:

(i) The representations of the City contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) At the time of the Closing, the Official Statement, the City Resolution, and the City Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(iii) The City shall perform or have performed all of its obligations required under or specified in the City Resolution, the City Documents, and the Official Statement to be performed at or prior to the Closing.

(iv) The City shall have delivered to the Underwriter final Official Statements by the time, and in the numbers, required by Section 3(o) of this Purchase Contract.

(v) As of the date hereof and at the time of Closing, all necessary official action of the City relating to the City Documents and the Official Statement 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.

(v) As of the date hereof and at the time of Closing, all necessary official action of the City relating to the City Documents and the Official Statement 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.

(vi) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the City, the City Resolution, the City Documents, or the Bonds as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Bonds.

(vii) At or prior to the Closing, the Underwriter shall receive the following documents (in each case with only such changes as the Underwriter shall approve):

(1) The Official Statement, executed on behalf of the City by the City Manager;

(2) The City Documents duly executed and delivered by the parties thereto;

(3) The City Resolution authorizing the execution and delivery of the City Documents, together with a certificate of the Secretary of the City Council, dated as of the Closing Date, to the effect that such resolutions are true, correct and complete copies of the resolutions duly adopted by the City Council;

(4) Documents and resolutions relating to the formation of Assessment District No. 2018;

(5) An approving opinion, dated the Closing Date and addressed to the City, of Bond Counsel in substantially the form included as Appendix C to the Official Statement, together with a reliance letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the City may be relied upon by the Underwriter to the same extent as if such opinion was addressed to the Underwriter;

(6) A supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that: (i) this Purchase Contract and the City Documents have been duly authorized, executed and delivered by the City, as appropriate, and, assuming due authorization, execution and delivery by the other parties thereto, are legal, valid and binding agreements of the City, respectively, enforceable in accordance with their terms, except as limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law, to the joint exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California); (ii) 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; and (iii) the statements in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS" and "CONTINUING DISCLOSURE" and in Appendix B to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds, the City Documents and Bond Counsel's final opinion present a fair and accurate summary of such provisions;

(7) An opinion of Disclosure Counsel, dated the Closing Date and addressed to the City and the Underwriter, to the effect that, without passing upon or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and without having independently verified the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with the City, the City Attorney, the Underwriter, Underwriter's Counsel and others, and their reliance thereon and on certain specified records, documents, certificates, opinions and matters, no facts came to the attention of the

attorneys in the firm rendering legal services in connection with the issuance of the Bonds which caused them to believe that the Official Statement as of its date and as of the Closing Date 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 (except that no opinion or belief need be expressed as to any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices A and E thereof, and information regarding DTC and its book- entry only system contained in the Official Statement);

(8) An opinion of the City Attorney as counsel to the City, dated the date of the Closing, and addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(9) An opinion of Katten Muchin Rosenman LLP, New York, New York (“Underwriter’s Counsel”), dated the Closing Date, addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(10) A certificate of the City, dated the Closing Date and signed by an authorized signatory, on behalf of the City to the effect that: (i) the representations and warranties of such City contained in the City Documents 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, (ii) the City Documents have been duly authorized and executed and are in full force and effect; (iii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect, (iv) the City has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the City Documents and the Official Statement at or prior to the Closing Date, (v) except as described in the Official Statement, no litigation is pending and notice of which has been served on and received by the City or, to his or her knowledge, threatened (A) seeking to restrain or enjoin the execution or delivery of any of the Bonds, (B) in any way contesting or affecting any authority for the execution or delivery of the Bonds or the validity of the Bonds, the City Resolution or any City Document, (C) in any way contesting the creation, existence or powers of the City or the application of the proceeds of the City, or (D) which, if adversely determined, could materially adversely affect the financial position or operating condition of the City or the transactions contemplated by the Official Statement or any City Document; and (vi) except as disclosed in the Official Statement, since _____, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the City and the City has not incurred since _____, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

(11) A certificate dated the Closing Date from Harris & Associates, (the "Reassessment Engineer"), as to the Assessment District, to the effect that (i) the Reassessment Engineer has prepared the Reassessment Report and the Reassessment Diagram with respect to the property located within the Assessment District; (ii) the Reassessment Engineer has consented to the inclusion of the information under the caption "SECURITY FOR THE BONDS – Reassessment Liens and Installments" in the Preliminary Official Statement and the Official Statement; (iii) as of the date hereof the conclusions set forth in the Reassessment Report and the Reassessment Diagram and the references to the Reassessment Engineer, the Reassessment Report and the Reassessment Map made in the Official Statement, including, but not limited to, Table ___ of the Official Statement, are accurate in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and (iv) no events or occurrences have been ascertained by the Reassessment Engineer or have come to its attention that would substantially change the conclusions set forth in the Reassessment Report and the Reassessment Diagram; and (v) it has reviewed the Preliminary Official Statement and Official Statement and to the best of its knowledge the statements under the caption "SECURITY FOR THE BONDS – Reassessment Liens and Installments" are true, correct and complete in all material respects and do 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 light of the circumstances under which they were made, not misleading;

(12) A transcript of all proceedings relating to the authorization, execution and delivery of the Bonds, including certified copies of the City Resolution;

(13) Certified copies of the general resolution, or excerpt thereof, of U.S. Bank National Association, as Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Trust Agreement and the Assignment Agreement;

(14) A certificate of the Trustee, dated the Closing Date, to the effect that (i) the Trustee has been duly organized and is validly existing in good standing as a national banking association duly organized under the laws of the United States of America with full corporate power to undertake the trust of the Trust Agreement; (ii) the Trustee is authorized to carry out corporate trust powers, and has full power and authority to perform its duties under the Trust Agreement and the Assignment Agreement; (iii) the Trustee is duly authorized to execute and deliver the Trust Agreement and the Assignment Agreement, to accept the obligations created by the Trust Agreement and the Assignment Agreement, and to authenticate the Bonds pursuant to the terms of the Trust Agreement; (iv) 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 authentication of the Bonds of the

consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Trust Agreement and the Assignment Agreement; (v) compliance with the terms of the Trust Agreement and the Assignment Agreement, 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 any law or any 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; (vi) there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Bonds, the Trust Agreement and the Assignment Agreement; and (vii) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Trust Agreement or the power and authority of the Trustee to enter into and perform its duties under the Trust Agreement and to authenticate and deliver the Bonds to or upon the order of the Underwriter;

(15) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter, the City to the effect that (i) the Trustee has been duly organized and is validly existing in good standing as a national banking association duly organized under the laws of the United States of America with full corporate power to undertake the trust of the Trust Agreement; (ii) the Trustee has duly authorized, executed and delivered the Trust Agreement and the Assignment Agreement, and, assuming due execution and delivery by the other parties thereto, the Trust Agreement and the Assignment Agreement constitute the legal, valid and binding obligations of the Trustee, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles if equitable remedies are sought; (iii) exclusive of federal or state securities laws and regulations, other than routine filings required to be made with governmental agencies in order to preserve the Trustee's authority to perform a trust business (all of which routine filings counsel believes, after reasonable inquiry and investigation, to have been made), no consent, approval, authorization or other action by any governmental or regulatory authority having

jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Trust Agreement or the Assignment Agreement or the execution and delivery of the Bonds; and (iv) there is no litigation pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Bonds, the Trust Agreement and the Assignment Agreement;

(16) A Tax Certificate delivered by the City on the Closing Date in form and substance acceptable to Bond Counsel and the Underwriter;

(17) Evidence that the Bonds have been rated;

(18) A copy of the Blue Sky Survey with respect to the Bonds; and

(19) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the City contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the City in connection with the transactions contemplated hereby and by the Official Statement.

Section 5. Termination. If the City shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Underwriter to the City in writing, or by telephone confirmed in writing. The performance by the City of any and all conditions contained in this Purchase Contract for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligations to purchase the Bonds, by written notice by the Underwriter to the City, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Underwriter, makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Underwriter, by:

(1) An amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress

of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter 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 shall have been 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 of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the City or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the City, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or State authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced 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

(6) The general suspension of trading on any national securities exchange;

(7) The introduction, proposal or enactment of any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the City, its property, income or securities (or interest thereon), the validity or enforceability

of the Assessments or the ability of the City, to issue the Bonds with respect to the Assessment District and levy the Assessments as contemplated by the Indenture and the Official Statement; or

(iii) Legislation enacted, introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the City or obligations of the general character of the Bonds are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the City, the City Resolution, the City Documents, or the Bonds as the foregoing matters are described in the Official Statement, which in the professional judgment of the Underwriter materially impairs the investment quality of the Bonds; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the execution or delivery of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the execution or delivery of the Bonds, or the execution and delivery of any City Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Exchange Act or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Bonds, the City Resolution, the City Documents, or the existence or powers of the City with respect to its obligations under the City Documents, or the Bonds; or

(viii) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by to assign the long-term rating of to the Bonds.

Section 6. Expenses.

(a) Whether or not the Underwriter accepts delivery of and pays for the Bonds as set forth herein, it shall be under no obligation to pay, the City shall pay out of the proceeds of the

Bonds or any other legally available funds of the City, all expenses incidental to the performance of the City's obligations hereunder, including but not limited to the cost of printing and delivering the Bonds, the City Documents to the Underwriter; the costs of printing and shipping and electronic distribution of the Preliminary Official Statement and the Official Statement in reasonable quantities; the Trustee and its counsel, Bond Counsel, the City Attorney, accountants, engineers, appraisers, economic consultants and any other experts or consultants retained by the City in connection with the issuance and sale of the Bonds; rating agency fees; advertising expenses; and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance and sale of the Bonds. The City shall pay out of the proceeds of the Bonds, for any expenses incurred by the Underwriter on behalf of the City's employees and representatives which are incidental to implementing this Purchase Contract, including, but not limited to, meals, transportation, and lodging of those employees and representatives.

(b) Whether or not the Bonds are delivered to the Underwriter as set for herein, the City shall be under no obligation to pay, and the Underwriter shall be responsible for and pay (which may be included as an expense component of the Underwriter's discount), MSRB, CUSIP Bureau and CDIAAC fees and expenses to qualify the Bonds for sale under any "blue sky" laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the cost of preparing this Purchase Contract and other Underwriter documents, travel expenses and the fees and disbursements of their counsel.

Section 7. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City of Manhattan Beach, 1400 Highland Avenue, Manhattan Beach, California 90266, Attention: City Manager; any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 333 S. Hope Street, Suite 2310, Los Angeles, California 90071, Attention: Jeffrey D. Bower.

Section 8. Parties in Interest. This Purchase Contract is made solely for the benefit of the City and the Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 9. Survival of Representations and Warranties. The representations and warranties of the City hereunder shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the City and regardless of the delivery of and payment for the Bonds or any termination of this Purchase Contract.

Section 10. Execution in Counterparts. 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.

Section 11. No Prior Agreements. This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings among the parties hereto in relation to the sale of the Bonds for the City. This Purchase Contract, when accepted by the City, shall constitute the entire agreement between the City and the Underwriter with respect to the subject matter hereof.

Section 12. Effective Date. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the City and shall be valid and enforceable as of the time of such acceptance.

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof

Section 14. State Law Governs. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE. IN THE EVENT OF ANY DISPUTE CONCERNING THIS AGREEMENT, SUIT MAY BE BROUGHT ONLY IN A COURT OF COMPETENT JURISDICTION IN THE COUNTY OF LOS ANGELES, CALIFORNIA.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED

By: _____
Jeffrey D. Bower
Managing Director

CITY OF MANHATTAN BEACH

By: _____
Authorized Representative

SCHEDULE I

MATURITY SCHEDULE

<u>Maturity Date (Sept. 2)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				

^c Priced to the optional redemption date of _____.

EXHIBIT A

ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill”), the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

Select appropriate provisions below:

1. [Alternative 1¹ – All Maturities Use General Rule: *Sale of the Bonds*. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *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 of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. *Initial Offering Price of the [Bonds][Hold-the-Offering-Price Maturities]*.

(a)[Alternative 1³ – All Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered 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.] [Alternative 2⁴ – Select Maturities Use Hold-the-Offering-Price Rule: [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities 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)[Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] 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

¹ If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

² If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³ If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁴ Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

offering-price rule”), and (ii) 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. [[SHORT NAME OF UNDERWRITER] has not offered or sold any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the [Bond Purchase Agreement][Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] 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 (ii) 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. [[SHORT NAME OF UNDERWRITER] has not offered or sold any unsold Bonds of any 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.] [Each of the other members of the Underwriting Group [and each selling group member] has represented that it would not offer or sell any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities 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, with respect to a Hold-the-Offering-Price Maturity, 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 ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d)*Issuer* means the City of Manhattan Beach.

(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 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 [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) 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 Merrill’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 [and the Borrower] 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 Stradling Yocca Carlson & Rauth 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 Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice it may give to the Issuer [and the Borrower] from time to time relating to the Bonds. [The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.]

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED, as Underwriter

By: _____

[NAME]

[TITLE]

Dated: [ISSUE DATE]

EXHIBIT B

OPINION OF CITY ATTORNEY

_____, 2016

Merrill Lynch, Pierce, Fenner & Smith Incorporated
333 S. Hope Street, Suite 2310
Los Angeles, California 90071

City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266

Opinion of City Attorney

with reference to

§ _____

**CITY OF MANHATTAN BEACH
REASSESSMENT DISTRICT NO. 2018
LIMITED OBLIGATION REFUNDING BONDS, SERIES 2018**

Ladies and Gentlemen:

In my capacity as the City Attorney to the City of Manhattan Beach (the “City”) in connection with the execution and delivery of the above-referenced bonds (the “Bonds”), I have examined such documents, certificates and records as I have deemed relevant and necessary as the basis for the opinion set forth herein. Capitalized terms used and not otherwise defined herein shall have the same meanings as assigned to them in the Purchase Contract, dated _____, 2018 (the “Purchase Contract”), by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriter, and accepted by the City.

Relying on my examination described above and pertinent law and subject to the limitations and qualifications set forth hereinafter, I am of the following opinion:

1. The City is a general law City duly organized and existing under the laws of the State of California.
2. The City has duly organized and validly established Assessment District No. 2018 in accordance with and by virtue of the Constitution and the laws of the State.

3. Resolution No. ___ of the City Council of the City (the “City Resolution”) has been duly adopted at a meeting of such City Council that was duly called and held pursuant to law, with all required public notice and at which a quorum was present and acting throughout. The City Resolution is in full force and effect and has not been amended or repealed.

4. To the best of my knowledge, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been accomplished on the City) or threatened wherein an unfavorable decision, ruling or finding would (a) affect the creation, organization, existence or powers of the City or the titles of its officers to their respective offices, (b) in any way question or affect the validity or enforceability of the City Documents or the Bonds, or (c) find illegal, invalid or unenforceable the City Documents or the transactions contemplated thereby, or any other agreement or instrument related to the execution and delivery of the Bonds to which the City is a party.

5. To the best of my knowledge, the execution and delivery of the Official Statement and the City Documents and compliance with the provisions of each thereof, will not conflict in any material way with or constitute a breach of or default, in any material way, under any applicable law or administrative rule or regulation of the State of California, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the City is a party or is otherwise subject or bound in a manner which would materially adversely affect the City's performance under the City Documents.

This opinion is based on such examination of the laws of the State of California as I deemed relevant for the purposes of this opinion. I have not considered the effect, if any, of the laws of any other jurisdiction upon matters covered by this opinion. I have assumed the genuineness of all documents and signatures, presented to me. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in such documents. I express no opinion as to the status of the Bonds or the interest thereon, the City Documents under any federal securities laws or any state securities or “Blue Sky” law or any federal, state or local tax law. No opinion is expressed herein with respect to the validity of the Bonds or the power of the City to execute and deliver the Bonds under state law, for which the City is relying on the opinion given by Bond Counsel. Further, I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the City Documents. Without limiting any of the foregoing, I express no opinion as to any matter other than as expressly set forth above.

Whenever a statement herein is qualified by “to the best of my knowledge,” it shall be deemed to indicate that, during the course of my representation of the City in connection with the financing described herein, no information that would give me current, actual knowledge of the inaccuracy of such statement has come to my attention. I have not, however, undertaken any independent investigation to determine the accuracy of such statements, and any limited inquiry undertaken during the preparation of this opinion letter should not be regarded as such investigation. No inference as to my knowledge of any matters bearing upon the accuracy of any such statement should be drawn from the fact of my general representation of the City.

I am furnishing this opinion as City Attorney to the City. Except for the City, no attorney-client relationship has existed or exists between me and the addressees hereof in connection with the Bonds or by virtue of this opinion. This opinion is rendered solely in connection with the financing described herein, and may not be relied upon by you for any other purpose. I disclaim any obligation to update this opinion. This opinion shall not extend to, and may not be used, quoted, referred to, or relied upon by any other person, firm, corporation or other entity without my prior written consent.

Respectfully submitted,

Richards Watson & Gershon,
A Professional Corporation