

\$ \_\_\_\_\_  
**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**(County of San Mateo, California)**  
**General Obligation Bonds Election of 2002, Series 2003A**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2003

Board of Trustees  
Hillsborough City School District  
300 El Cerrito Avenue  
Hillsborough, CA 94010

County of San Mateo  
Treasurer and Tax Collector  
555 County Center, 1st Floor  
Redwood City, CA 94063

Ladies and Gentlemen:

Stone & Youngberg LLC (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the County of San Mateo, California (the "County"), and the Hillsborough City School District (the "District") which, upon your acceptance hereof, will be binding upon the County, the District, and the Underwriter. This offer is made subject to the written acceptance of the Purchase Agreement by the County and the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., California time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$\_\_\_\_\_ in aggregate principal amount of the District's General Obligation Bonds, Election 2002, Series 2003A (the "Bonds"). The Bonds shall bear interest at the rates and shall mature in the years shown on Appendix A hereto, which is incorporated herein by this reference. The Bonds shall bear interest payable from the date thereof at the rate specified in Appendix A hereto. The Underwriter shall purchase the Bonds at a price of \$\_\_\_\_\_, which is equal to the principal amount of the Bonds of \$\_\_\_\_\_, less the original issue discount of \$\_\_\_\_\_ and less the Underwriter's discount for the Bonds of \$\_\_\_\_\_, plus accrued interest in the amount of \$\_\_\_\_\_. As payment of the purchase price, the Underwriter shall remit directly to the bond insurer at Closing (defined herein) the amount of \$\_\_\_\_\_ and shall pay to the County the amount of \$\_\_\_\_\_.

2. **The Bonds.** The Bonds shall be issued in the form of Current Interest Bonds and Capital Appreciation Bonds, as identified on Exhibit A hereto. The Bonds shall be subject to redemption prior to their stated maturities as described below. In all other respects the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on \_\_\_\_\_, 2003 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted \_\_\_\_\_, 2003 (the "County

Resolution" and collectively with the District Resolution, the "Resolutions") and Section 15100 et seq., of the California Education Code (the "Act"). All capitalized terms used herein without definition shall have the meanings given to them in the County Resolution.

The Capital Appreciation Bonds are not subject to optional redemption. The Current Interest Bonds maturing on or before September 1, 20\_\_ are not subject to redemption prior to their respective stated maturities. The Current Interest Bonds maturing on or after September 1, 20\_\_ are subject to redemption prior to maturity, as a whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, at the option of the District, from any available source of funds, on September 1, 20\_\_ and on any date thereafter, at a redemption price equal to the principal amount thereof together with accrued interest thereon to the date fixed for redemption, with no premium.

For the purpose of selection for optional redemption, Current Interest Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Bonds shall initially be in authorized denominations of \$5,000 maturity value each or any integral multiple thereof.

**3. Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, the Purchase Agreement, the Official Statement (defined below), and the District Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by the Purchase Agreement (except as such documents otherwise provided).

The County hereby authorizes the Underwriter to use the Purchase Agreement and the County Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the County to the Underwriter in connection with the transactions contemplated by the Purchase Agreement (except as such documents otherwise provided).

**4. Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

The Underwriter shall certify to the District (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public at the offering prices shown in Appendix A; and (iii) that the prices given in Appendix A are the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold to the general public;

**5. Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_\_, 2003 (the Preliminary Official Statement"). The District represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate principal amount and maturity value, denominational amount and maturity value per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in

and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement (the "Official Statement") relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date, and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. **Closing.** At 9:00 A.M., California time, on \_\_\_\_\_, 2003, or at such other time or on such other date as shall have been mutually agreed upon by the County, District, and Underwriter, (the "Closing"), the County and the District will deliver to the Underwriter (except as otherwise provided in the Resolutions), at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the County, District, and Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to the account of the County of San Mateo.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) **Due Organization.** The District is a school district duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act;

(b) **Due Authorization.** (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into the Purchase Agreement, to adopt the District Resolution, to perform its obligations under the District Resolution and the County Resolution (iii) and the Purchase Agreement constitutes a valid and legally binding obligation of the District;

(c) **Consents.** Except for the action of parties hereto, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations

of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained;

(d) Internal Revenue Code. The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds;

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the Purchase Agreement, the Resolutions, and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(f) Litigation. As of the time of acceptance hereof and based on the advice of legal counsel to the District ("District Counsel"), no action, suit, proceeding, hearing or investigation is pending against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several officers of the District required to execute any documents or certificates in connection with the delivery of the Bonds or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Agreement or the Resolutions or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions, or the Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by the Purchase Agreement or the Resolutions, (b) declare the Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation;

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement;

(h) Arbitrage Certificate. 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 certificates may not be relied upon;

(i) Continuing Disclosure. To assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the Resolutions and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement; and

(j) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(k) Indemnification. The District agrees to indemnify, defend and hold harmless the County, including its Board, officers, officials, agents and employees, against the payment of any and all liabilities, losses, costs and expenses (including attorneys fees and court costs), damages and claims which the County, including its Board, officers, officials, agents and employees, may incur in the exercise and performance of its or their powers and duties under the County Resolution which are not due to its or their negligence or bad faith.

8. **Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act;

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into the Purchase Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument; and (iii) the Purchase Agreement constitutes a valid and legally binding obligation of the County.

(c) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of the Purchase Agreement, the County Resolution, and the Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the County a violation of or default under the Constitution of the State of California or any existing charter, ordinance, or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party;

(d) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending against the County or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County, or in any way challenging the respective powers of the several offices or of the titles of the officials of the County who will be required to execute documents and certificates in connection with the delivery of the Bonds to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy of any taxes or the pledge thereof contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Agreement or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution, or the Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County related to the transactions contemplated by the Purchase Agreement or the Resolutions, or (b) declare the Purchase Agreement to be invalid or unenforceable in whole or in material part;

(e) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money

except for such borrowings as may be described in or contemplated by the Official Statement;

(f) Certificates. Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

**9. Representations, Warranties and Agreements of the Underwriter.** The Underwriter represents to and agrees with the County and the District that, as of the date hereof and as of the date of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under the Purchase Agreement required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the County and the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District or the County with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 13(e)(13) is sufficient to effect compliance with Rule 15c2-12.

**10. Covenants of the District and the County.** The County and the District respectively covenant and agree with the Underwriter that:

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the County and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes for which the Bonds were authorized;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date the Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities (including a representative number of originally executed copies) as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or

completeness of any information set forth in the Official Statement relating to the District, until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale; and

(e) Amendments to Official Statement. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter (the Underwriter's approval of such amendment or supplement shall not be unreasonably withheld); and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time such supplemental Official Statement is delivered to a purchaser, not misleading.

11. **Division of Responsibility Between District and County.** It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Purchase Agreement which are to be performed solely by the District.

12. **Conditions to Closing.** The Underwriter has entered into the Purchase Agreement in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under the Purchase Agreement are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and each of the County and the District shall be in compliance with each of the agreements made by it in the Purchase Agreement;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, the Purchase Agreement, the District Resolution and the County Resolution shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; and (ii) all actions under the Act which, in the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of the Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, pending or threatened which has any of the effects described in Section 7(f) or

8(d) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected by reason of any of the following:

(1) legislation enacted or 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 United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(3) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official



Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and which the District fails or is unwilling to correct by the submission of supplemental information.

(e) Delivery of Documents. At or prior to the date of the Closing, the District shall deliver (or cause to be delivered) sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in (e)(1) above;

(3) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute the Purchase Agreement; (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing; (iii) the District has complied with all the terms of the District Resolution, the County Resolution, and the Purchase Agreement to be complied with prior to or concurrently with the Closing and such documents are in full force and effect; and (iv) the District has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, excepting therefrom those sections of the Official Statement describing the Depository Trust Company and its Book-Entry-Only System, any bond insurance and the provider of such bond insurance, and the investment policies of the County;

(4) Certificate of the County. A certificate signed by appropriate officials of the County to the effect that (i) such officials are authorized to execute this Purchase Agreement; (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing; (iii) the County has complied with all the terms of the County Resolution and this Purchase Agreement to be complied with by the County prior to or concurrently with the Closing and (iv) to the best of its knowledge, as of the Closing, the information set forth in the Official Statement under the caption "San Mateo County Investment Pool" is accurate;

(5) Disclosure Counsel Opinion. An opinion of Jones Hall, A Professional Law Corporation, as Disclosure Counsel, dated the date of the Closing, addressed to the District and the Underwriter, to the effect that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the Appendices thereto, excluding information relating to the Insurer and the Policy and excluding information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) Arbitrage. A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(7) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Bonds shall have received a policy of municipal bond insurance issued by \_\_\_\_\_ that unconditionally guarantees the timely payments of all debt service on the Bonds.

(8) [Rating. Evidence satisfactory to the Underwriter that the Bonds shall have been rated "AAA" by Standard & Poor's and AAA by Fitch Ratings as a result of municipal bond insurance provided by \_\_\_\_\_ and that any such rating has not been revoked or downgraded;]

(9) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Clerk of the District Board of Trustees to the effect that:

(i) such copies are true and correct copies of the District Resolution; and

(ii) that the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(10) County Resolution. A certificate, together with fully executed copies of the County Resolution, of the Executive Officer-Clerk of the County Board of Supervisors to the effect that such copies are true and correct copies of the County Resolution;

(11) County Counsel Opinion. An opinion of Counsel to the County substantially in the form attached hereto as Appendix B or in such other form satisfactory to the Underwriter;

(12) Continuing Disclosure Certificate. A Continuing Disclosure Certificate of the District in substantially the form given in the Preliminary Official Statement.

(13) Underwriter's Certifications. At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the

payment of the purchase price thereof, the Underwriter will provide (or cause to be provided) to the District:

(i) the receipt of the Underwriter, in form satisfactory to the District and the County and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter, receipt of all documents required by the Underwriter, and the satisfaction of all conditions and terms of this Purchase Agreement by the District and the County, respectively, and confirming to the District and the County that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects.

(ii) the certification of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in Section 1 hereof.

(iii) the certification of the Underwriter, in form satisfactory to Bond Counsel, that the present value of the interest saved as a result of the policy of municipal bond insurance with respect to the Bonds issued by \_\_\_\_\_ exceeds the premium paid for said insurance, and said premium is not unreasonable.

(14) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence (i) compliance by the County and the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, and (iii) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California time, on \_\_\_\_\_, 2003, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in the Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by the Purchase Agreement, the Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

13. Conditions to Obligations of the County and the District. The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriter of their obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District.

**14. Expenses.** The District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds, including but not limited to the following: (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the cost of the preparation and delivery of the Bonds; (iv) the cost of the printing and distribution of the Official Statement; (v) the initial fees, if any, of the Paying Agent; and (vi) all other fees and expenses incident to the issuance and sale of the Bonds. All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above), shall be paid by the Underwriter.

**15. Notices.** Any notice or other communication to be given under the Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer and Tax Collector of the County of San Mateo, 555 County Center, 1st Floor, Redwood City, California 94063; or if to the District, to the Superintendent, Hillsborough City District, 300 El Cerrito Avenue, Hillsborough, CA 94010; or if to the Underwriter, to Stone & Youngberg LLC, 50 California Street, 35<sup>th</sup> Street, San Francisco, California 94111.

**16. Parties in Interest; Survival of Representations and Warranties.** The Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. The Purchase Agreement is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the County and the District in the Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (b) delivery of and payment by the Underwriter for the Bonds hereunder.

**17. Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

**18. Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

**19. Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively.

**20. Execution in Counterparts.** The Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

21. **Applicable Law.** The Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

STONE & YOUNGBERG LLC

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

The foregoing is hereby agreed to and accepted as to the Hillsborough City School District's General Obligation Bonds, Election 2002, Series 2003A as of the date first above written:

COUNTY OF SAN MATEO

By: \_\_\_\_\_  
Treasurer and Tax Collector

Approved as to form:

County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

HILLSBOROUGH CITY SCHOOL DISTRICT

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

APPENDIX A

Maturity Schedule

\$ \_\_\_\_\_ Current Interest Serial Bonds

Maturity Date (_____ 1)	Principal <u>Amount</u>	<u>Rate</u>	<u>Yield</u>
----------------------------	----------------------------	-------------	--------------

\$ \_\_\_\_\_ Capital Appreciation Serial Bonds

Maturity Date <u>(November 1)</u>	Original Principal <u>Amount</u>	Reoffering Principal <u>Amount</u>	Yield to <u>Maturity</u>	Maturity <u>Value</u>
--------------------------------------	--	--	-----------------------------	--------------------------

Mandatory Sinking Fund Redemption

The Current Interest Bonds maturing on \_\_\_\_\_ 1, 20\_\_ are subject to mandatory sinking fund redemption prior to their maturity, by lot, without premium, on each \_\_\_\_\_1, in the years and in the amounts as set as follows:

Redemption Year  
(\_\_\_\_\_ 1)

Principal Amount  
to be Redeemed

Optional Redemption

The Capital Appreciation Bonds are not subject to optional redemption.

[Insert optional redemption provisions]

APPENDIX B

FORM OF OPINION OF COUNTY COUNSEL

\$ \_\_\_\_\_

HILLSBOROUGH CITY SCHOOL DISTRICT  
General Obligation Bonds, Election 2002, Series 2003A

Board of Trustees  
Hillsborough City School District  
300 El Cerrito Avenue  
Hillsborough, CA 94010

Stone & Youngberg LLC  
50 California Street  
San Francisco, CA 94108

Ladies and Gentlemen:

This opinion is rendered as counsel to the County of San Mateo (the "County") in connection with the issuance by the Hillsborough City School District (the "District") of its General Obligation Bonds, Election 2002, Series 2003A, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on \_\_\_\_\_, 2003, (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by the Board Trustees of the District on \_\_\_\_\_, 2003, (the "District Resolution").

In rendering this opinion, we have examined the County Resolution and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision duly organized and validly existing under the Constitution and the laws of the State of California.

2. The County Resolution approving and authorizing the execution and delivery of the Purchase Agreement and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption.

3. To the best of our knowledge, 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 or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective officers; (b) seeking to prohibit, restrain or enjoin the execution of



the Purchase Agreement or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the bonds, the Purchase Agreement, or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Agreement; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds.

4. The Purchase Agreement has been duly authorized, executed and delivered by the County and Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms

With respect to the opinions we have expressed, enforcement of the rights and obligations under the County Resolution, the Purchase Agreement and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Agreement or the Bonds.

Very truly yours,

\_\_\_\_\_  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel