

\$13,583,436.43
CITY OF NEWPORT BEACH, CALIFORNIA
REASSESSMENT DISTRICT NO. 2012
Limited Obligation Improvement Bonds, 2012 Series A

AGREEMENT WITH BOND PURCHASER

THIS AGREEMENT WITH BOND PURCHASER, dated July 2, 2012 (this "Agreement"), is entered into between City of Newport Beach (the "City"), a charter city and municipal corporation, duly established and existing under the Constitution and laws of the State of California, and **COMPASS MORTGAGE CORPORATION**, an Alabama corporation, as the initial purchaser of the below-described Bonds (the "Purchaser").

WITNESSETH:

WHEREAS, the City Council of the City of Newport Beach (the "City Council") has taken proceedings under the Refunding Act of 1984 for 1915 Improvement Act Bonds pursuant to Division 11.5 of the California Streets and Highways Code (the "1984 Act"), for the formation of Reassessment District No. 2012 (the "Reassessment Districts") and has confirmed a reassessment, which reassessment and a related diagram were recorded with the Superintendent of Streets, and a notice of reassessment, as prescribed in Section 3114 of the Code, has been recorded with the County Recorder of the County of Orange, whereupon the assessment attached as a lien upon the property assessed within the Reassessment District as provided in Section 3115 of the Code; and

WHEREAS, the City has determined that it is necessary and desirable that the City sell the City of Newport Beach Reassessment District No. 2012 Limited Obligation Improvement Bonds 2012 Series A, in the aggregate principal amount of \$13,583,436.43 (the "Bonds") pursuant to the 1984 Act to refund certain outstanding Limited Obligation Improvement Bonds issued by the City for Reassessment District Nos. 68, 69, 70, 74, 75, 78, 79, 82, 86, 92, 99-2, 100, 101 and 103, to be issued to represent the unpaid reassessments; and

WHEREAS, the City has provided for the payment of the Bonds in accordance with a Fiscal Agent Agreement with U.S. Bank National Association (the "Fiscal Agent") dated as of July 1, 2012 (the "Fiscal Agent Agreement") (capitalized terms used herein and not otherwise defined shall have the meanings assigned them in the Fiscal Agent Agreement); and

WHEREAS, the Purchaser has agreed to purchase the Bonds as provided herein, subject to the satisfaction of certain conditions, including the execution and delivery by the City of this Agreement.

NOW, THEREFORE, to induce the Purchaser to purchase the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the City and the Purchaser hereby agree as follows:

1. On the date hereof, Purchaser has purchased from the City, and the City has sold to the Purchaser, the City of Newport Beach Reassessment District No. 2012 Limited Obligation Improvement Bonds 2012 Series A, in the aggregate principal amount of \$13,583,436.43 (the "Bonds") for a purchase price equal to 100% of the aggregate principal amount thereof (\$13,583,436.43) (the "Purchase Price"). The City has caused to be delivered to the Purchaser one single certificated bond registered in the name of the Purchaser in exchange for payment of the Purchase Price in immediately available funds on the date hereof.

2. The Bonds will mature September 2, 2025, shall bear interest at the rate of 2.26% per annum, and shall be subject to mandatory and optional redemption and have such other terms as are more particularly set forth in the Fiscal Agent Agreement and the certificated bond delivered to the Purchaser on the date hereof. The City hereby confirms, for the benefit of the Purchaser, the pledge of the Reassessments and the Reassessment Fund, Redemption Fund and Reserve Fund held under the Fiscal Agent Agreement for the payment of the Bonds, as more particularly provided in Section 103 of the Fiscal Agent Agreement.

3. The Purchase Price is to be used for the purposes set forth in Section 605 of the Fiscal Agent Agreement. Without limiting the foregoing, legal fees of Purchaser counsel in the amount of \$10,000 shall be paid from amounts to be deposited to the Costs of Issuance Fund under the Fiscal Agent Agreement.

4. The City represents and warrants to the Purchaser that:

(a) The City is a chartered city and municipal corporation organized and existing under the Constitution and the laws of the State of California (the "State"), and has all necessary power and authority to enter into and perform its duties under this Agreement and the Fiscal Agent Agreement (the "City Documents").

(b) To the best knowledge of the City, neither the execution and delivery of the City Documents, issuance of the Bonds, or compliance with the provisions on the City's part contained therein and in the City Documents, including the levying of the Reassessments as provided therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, materially conflicts with or constitutes a material breach of or default under nor materially contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject.

(c) The City Documents have been duly authorized by the City, and, assuming due authorization, execution and delivery by the other parties thereto, will constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable

principles if sought and by the limitations on legal remedies imposed on actions against cities in the State of California.

(d) The City has taken all actions necessary to form the Reassessment District and cause the levying of the Reassessments in accordance with the 1984 Act, and to cause the lien of the Reassessment to attach to the property assessed within the Reassessment District as provided in Section 3115 of the Code. There is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory agency having jurisdiction over the City required for the execution and delivery of the City Documents, issuance of the Bonds, or the consummation by the City of the other transactions contemplated by the City Documents, including the levying of the Reassessments and application of the same in accordance with the Fiscal Agent Agreement.

(e) To the best of the knowledge of the City, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the levying of the Reassessments, or in any way contesting or affecting the validity of the City Documents or the authority of the City to approve or enter into the City Documents, or contesting the powers of the City to enter into or perform its obligations under any of the foregoing, including the levying of the Reassessments and application of the same in accordance with the Fiscal Agent Agreement, nor is there any basis for any such action, suit, proceeding or investigation.

(f) By official action of the City prior to or concurrently with the execution hereof, 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.

(g) The City is not in breach of or default under any material applicable law or administrative regulation of the State of California or the United States or any material applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject and in connection with which the City is obligated to make payments from its own funds, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument the consequence of which could be the materially and adversely affect the performance of the City under the City Documents.

(h) Any certificate of the City delivered to the Purchaser shall be deemed a representation and warranty by the City to the Purchaser as to the statements made therein.

(i) The City will not offer or issue any certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, secured by a lien on the Reassessments other than the Bonds.

5. The City hereby agrees that the representations, covenants and undertakings of the City and the Fiscal Agent set forth in the Fiscal Agent Agreement are made for the benefit of the Purchaser, as the initial purchaser of the Bonds, that the Fiscal Agent Agreement shall constitute a contract among the City, the Fiscal Agent and the Purchaser, as initial purchaser of the Bonds, and that the Purchaser shall be entitled to enforce all such representations, covenants and undertakings against the City and the Fiscal Agent, subject only to the specific limitations set forth in the Fiscal Agent Agreement.

6. Any notices or information required by the Fiscal Agent Agreement to be provided to the Purchaser (including continuing disclosure information required pursuant to Section 703) shall be sent to Compass Mortgage Corporation 999 – 18th Street, Suite 2800, Denver, CO 80202, Attention: Matt Chorske (Telephone: (303) 217-2235), with copies to Kutak Rock LLP, 1801 California Street, Suite 3100, Denver, CO 80202, Attention: Kim Casey (Telephone: (303) 297-2400).

7. This Agreement shall remain in full force and effect and shall be binding upon the parties hereto until the earlier of the date on which all of the Bonds have been paid in full or the Purchaser is no longer the Owner of the Bonds, at which time this Agreement shall terminate.

8. This Agreement shall not be amended except in writing executed by the parties hereto.

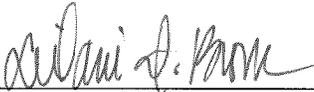
[SIGNATURES APPEARING ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the City and the Purchaser have executed this Agreement, effective the date first written above.

CITY OF NEWPORT BEACH

By: 
Its: Mayor

ATTEST:


City Clerk



APPROVED AS TO FORM
By: Stradling Yocca Carlson & Rauth

By: 

COMPASS MORTGAGE CORPORATION,
as Purchaser

By: _____
Its: Authorized Officer

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as Purchaser

By:  _____
Its: Authorized Officer