Anaheim Public Financing Authority
Revenue Bonds, Series 2008
(Water System Project)

PURCHASE CONTRACT

______, 2008

Board of Directors
Anaheim Public Financing Authority
Anaheim, California

Ladies and Gentlemen:

The undersigned, ____________, ____________, and ____________, as underwriters (collectively, the “Underwriters”), hereby offers to enter into this Purchase Contract (the “Purchase Contract”) with the Anaheim Public Financing Authority (the “Authority”), which, upon the Authority’s acceptance of this offer and approval by the City of Anaheim (the “City”), will be binding upon the Authority and the Underwriters. This offer is made subject to written acceptance by the Authority and written approval by the City prior to 11:59 P.M., California time, on the date hereof. If this offer is not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to the Authority at any time prior to acceptance by the Authority. Upon acceptance, this Purchase Contract shall be in full force and effect in accordance with its terms and shall be binding upon the Authority and the Underwriters. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Official Statement (as defined herein). The Representative has been duly authorized to execute this Purchase Contract and to take any action hereunder by and on behalf of the Underwriters.

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 Underwriters hereby agree to purchase and the Authority agrees to sell and deliver to the Underwriters all (but not less than all) of the $____________ Anaheim Public Financing Authority Revenue Bonds, Series 2008 (Water System Project) (the “Bonds”). The Bonds shall be dated the date of delivery thereof and shall mature on such dates and shall bear interest at such rates set forth in Schedule I attached hereto. Interest on the Bonds shall be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2008. The aggregate purchase price for the Bonds shall be $____________ (consisting of the $____________.00 aggregate principal amount of the Bonds plus $____________ of net original issue premium and less $__________ of Underwriters’ discount).
(b) The Bonds shall be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, consisting of Article 4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6584) (the “Bond Law”), and an Indenture of Trust, dated as of July 1, 2008 (the “Trust Indenture”), by and among the Authority, the City and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”).

The Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of, the Trust Indenture. The Bonds shall be secured by a pledge, charge and lieu upon Project Revenues which consist primarily of purchase payments (the “2008 Purchase Payments”) to be made by the City to the Authority pursuant to an Installment Purchase Agreement, dated as of July 1, 2008 (the “Installment Purchase Agreement”), by and between the City and the Authority.

[The scheduled payment of principal of and interest on certain maturities of the Bonds as identified on Schedule I hereto (the “Insured Bonds”) when due will be guaranteed under an insurance policy (the “Policy”) to be issued concurrently with the delivery of the Insured Bonds by _____________________ (the “Insurer”).]

The Bonds are being issued for the purpose of providing funds (i) to finance the acquisition and construction of additional capital assets of the City’s water system; (ii) to fund a debt service reserve fund for the Bonds, and (iii) to pay costs of issuance of the Bonds.

The City will undertake, pursuant to a Continuing Disclosure Agreement relating to the Bonds (the “Continuing Disclosure Agreement”), to provide certain annual financial information and operating data relating to the Water System and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement (as defined herein) and will also be set forth in the Official Statement (as defined herein).

The Trust Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement and this Purchase Contract are herein referred to as the “Financing Documents.”

(c) At 8:00 o’clock A.M., California time, on _________, 2008, or at such other time or on such other date as mutually agreed upon by the Authority and the Representative (such time and date herein referred to as the “Closing Date”), the Authority will, subject to the terms and conditions hereof, sell and deliver, or cause to be delivered, the Bonds to the Underwriters, in definitive form, duly executed and authenticated, together with the other documents mentioned herein, and subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in subparagraph (a) above in immediately available funds (such delivery and payment being herein referred to as the “Closing”) to the order of the Trustee. Sale, delivery and payment as aforesaid shall be made at the offices of Fulbright & Jaworski L.L.P. (“Bond Counsel”), 555 South Flower Street, 41st Floor, Los Angeles, California, or such other place as shall have been mutually agreed upon by the Authority and the Representative, except that the Bonds shall be delivered through the Trustee via the F.A.S.T. delivery book-entry system of The Depository Trust Company (“DTC”) in New York, New York, or at such other place as shall have been mutually agreed upon by the Authority and the Representative, in fully registered book-entry eligible form (which may be typewritten) and registered in the name of Cede & Co. as nominee of DTC.
The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not in excess of the initial public offering prices or at yields not lower than the initial public offering yields set forth in the Official Statement. The Underwriters reserve the right to change such initial offering prices or yields from time to time after such offering as they shall deem necessary in connection with the marketing of the Bonds.

2. Use and Preparation of Official Statement. The Authority and the City hereby ratify, confirm and approve of the use and distribution by the Underwriter prior to the date hereof of an official statement in preliminary form dated June ____, 2008 relating to the Bonds (which, together with all appendices thereto, is referred to herein as the “Preliminary Official Statement”). The Authority and the City have deemed final the Preliminary Official Statement as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12. The Authority and the City hereby agree to deliver or cause to be delivered to the Underwriters, within seven (7) business days of the date hereof and at least in sufficient time to accompany any orders or confirmations that request payment from any customer, copies of the final official statement, dated the date hereof and at least in sufficient time to accompany any orders or confirmations that request payment from any customer, copies of the final official statement, dated the date hereof (which, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements to such official statement as have been approved by the Authority, the City and the Underwriters is referred to herein as the “Official Statement”) in sufficient quantity to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Authority and the City hereby approve of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Bonds. At the time of or prior to the Closing Date, the Representative shall file a copy of the Official Statement with the Municipal Securities Rulemaking Board and with a nationally recognized securities information repository. The Representative shall advise the Authority and the City of the date and repository of such filing.

3. Representations, Warranties and Agreements of the Authority. The Authority hereby represents, warrants and agrees with the Underwriters as follows:

(a) The Authority is, and will be on the Closing Date, a joint powers agency of the State of California organized and operating pursuant to the laws of the State of California with the full power and authority to issue the Bonds pursuant to the Act, to execute and deliver the Official Statement and to enter into the Financing Documents to which the Authority is a party;

(b) By all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly approved the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Financing Documents to which the Authority is a party and the consummation by it of all other transactions contemplated by the Official Statement and the Financing Documents to which the Authority is a party;

(c) The Authority is not in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable
judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default in any material respect under any such instrument; and the issuance of the Bonds and the execution and delivery of the Official Statement and the Financing Documents to which the Authority is a party and compliance with the provisions on the Authority’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, 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 Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Trust Indenture or the Installment Purchase Agreement;

(d) 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, to the best knowledge of the Authority after reasonable investigation, threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or contesting or affecting, as to the Authority, the validity or enforceability of the Bonds or the Financing Documents to which the Authority is a party or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or 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 Financing Documents to which the Authority is a party;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations in connection with the issuance of the Bonds under the Trust Indenture have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds; and, except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Authority of its obligations under the Financing Documents to which the Authority is a party have been duly obtained;

(f) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters 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 as the
Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject;

(g) As of the date thereof, the Preliminary Official Statement (excluding information concerning the Insurer, the Policy, and the book-entry system as to which no representation is made) did not, except as revised by the Official Statement, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(h) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement (excluding information concerning the Insurer, the Policy, DTC and the book-entry system as to which no representation is made) did not and will 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;

(i) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which might or would cause the information contained in the Official Statement (other than information concerning the Insurer, the Policy, DTC or the book-entry system), as then supplemented or amended, to contain an untrue statement of a material fact or to 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 Authority will notify the Underwriters, and, if in the opinion of the Authority, the Representative or their respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will forthwith prepare and furnish to the Underwriters (at the expense of the Authority) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriters) 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 the Official Statement is delivered to prospective purchasers, not misleading. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Authority will furnish such information with respect to itself as the Underwriters may from time to time reasonably request;

(j) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (i) of this Section 3, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (other than information concerning the Insurer, the Policy, DTC or the book-entry system) will 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 such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) After the Closing Date, the Authority will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing;

(l) As used herein and for the purposes of the foregoing, the term “End of the Underwriting Period” for the Bonds shall mean the earlier of (i) the Closing Date unless the Authority shall have been notified in writing to the contrary by the Representative on or prior to the Closing Date, or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; provided, however, that the Authority may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(m) The Authority will apply, or cause the application of, the proceeds of the Bonds in accordance with the Installment Purchase Agreement and the Trust Indenture;

(n) Any certificate signed by any authorized official of the Authority, and delivered to the Underwriters in connection with the delivery of the Bonds, shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein.

4. Conditions to the Obligations of the Underwriters. The Underwriters hereby enter into this Purchase Contract in reliance upon the representations and warranties of the Authority contained herein and the representations and warranties of the Authority and the City to be contained in the documents and instruments to be delivered on or prior to the Closing Date and upon the performance by the Authority and the City of their obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the Underwriters’ obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Representative, to the accuracy in all material respects of the representations and warranties of the Authority and the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority and the City made in any certificate or other document furnished pursuant to the provisions hereof, to the performance by the Authority and the City of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriters shall receive, within seven (7) business days of the date hereof and at least in sufficient time to accompany any orders or confirmations that request payment from any customer, copies of the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriters), in such quantity as the Underwriters shall have requested pursuant to Section 2 hereof;
(b) The representations and warranties of the Authority contained herein shall be true and correct on the date hereof and on the Closing Date, as if made on and at the Closing Date;

(c) As of the Closing Date, the Financing Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Authority, all in substantially the forms heretofore submitted to the Underwriters, with only such changes as shall have been agreed to in writing by the Underwriters, and such Financing Documents shall be in full force and effect and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and there shall be in full force and effect such resolution or resolutions of the Board of Directors of the Authority and the City Council of the City as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) Between the date hereof and the Closing Date, the market price or marketability, at the initial public offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected, in the judgment of the Underwriters (evidenced by a written notice to the Authority terminating the obligation of the Underwriters to accept delivery of and make any payment for the Bonds), by reason of any of the following:

1. an amendment to the Constitution of the United States or the State of California 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 of California 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 of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Authority or upon interest received on obligations of the general character of the Bonds which may have the purpose or effect, directly or indirectly, of affecting the tax status of the Authority, its property or
income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation or materially and adversely affecting the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(2) 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 obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(3) the escalation in military hostilities or declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on the financial markets is such as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds as contemplated hereby or by the Official Statement;

(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 or 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, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, 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, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(7) the withdrawal or downgrading of any rating of the Bonds by a national rating agency.

(e) At or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Representative:
(1) The Official Statement and each supplement or amendment, if any, thereto, executed by the Authority and approved by the City;

(2) Copies of each of the Financing Documents, each duly executed and delivered by the respective parties thereto;

(3) The approving opinion of Bond Counsel, dated the Closing Date and addressed to the Authority, in substantially the form attached to the Official Statement as Appendix F thereto;

(4) The supplemental Opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters in substantially the form attached hereto as Exhibit A;

(5) The opinion of the City Attorney of the City, as counsel for the Authority, dated the Closing Date and addressed to the Underwriters, in substantially the form attached hereto as Exhibit B;

(6) The opinion of the City Attorney of the City, dated the Closing Date and addressed to the Underwriters, in substantially the form attached hereto as Exhibit C;

(7) The opinion of counsel to the Trustee, dated the Closing Date and addressed to the Authority, the City and the Underwriters, to the effect that (i) the Trustee has duly authorized, executed and delivered the Trust Indenture and the Continuing Disclosure Agreement and duly authenticated and delivered the Bonds on the Closing Date; (ii) the Trust Indenture and the Continuing Disclosure Agreement constitute the legally valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their terms, except that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally and except to the extent that the enforceability thereof may be limited by the application of general principles of equity;

(8) The opinion of __________, __________, California (“Underwriters’ Counsel”), dated the Closing Date and addressed to the Underwriters, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, the Bonds are municipal securities within the meaning of the Securities Exchange Act of 1934, and the Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended, (ii) because the primary purpose of their professional engagement was not to establish factual matters and because of the wholly or partially non-legal character of many determinations involved in the preparation of the Official Statement, such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and makes no representation that they have independently verified the accuracy, completeness or fairness of any such statements; however, in their capacity as counsel to the Underwriters during the course of the
preparation of the Official Statement, they participated in conferences with representatives of the Authority, the City, the City Attorney, as counsel to the Authority and the City, Fulbright Jaworski L.L.P., as bond counsel, Public Financial Management, Inc. as financial advisor and the Underwriters, during which the contents of the Official Statement and related matters were discussed and based on their participation in such conferences, and in reliance thereon and on the certificates, opinions and other documents they have reviewed, no information has come to the attention of the lawyers of such firm rendering professional legal services in connection with such representation that has caused them to believe that the Official Statement as of its date and as of the Closing Date (except for any financial statements or other financial or statistical data or forecasts and the information concerning DTC, the book-entry system, the Insurer and the Policy included therein, and Appendices C, E and F thereto, as to which they express no opinion or view) contains any untrue statement of a material fact or omits to state any 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; and (iii) assuming the due authorization, execution and delivery of the Continuing Disclosure Agreement by the parties thereto and the enforceability thereof, the Continuing Disclosure Agreement satisfies (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act, which requires an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information and event notices to various information repositories at the time and in the manner required by such Rule;

(9) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the Authority satisfactory to the Representative, in form and substance satisfactory to the Representative, to the effect that (i) the representations and warranties of the Authority contained in this Purchase Contract 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) there is no action, suit, proceeding, inquiry or investigation pending or, to the best knowledge of such official after reasonable investigation, threatened (a) to restrain or enjoin the execution, sale or delivery of any of the Bonds, (b) in any way affecting the validity of the Bonds or the Financing Documents to which the Authority is a party or (c) in any way contesting the existence or powers of the Authority; and (iii) no event affecting the Authority has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement relating to the Authority or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein relating to the Authority not misleading in any material respect;

(10) A certificate or certificates, dated the Closing Date, signed by a duly authorized official of the City satisfactory to the Representative, in form and substance satisfactory to the Representative, to the effect that (i) the representations and warranties of the City contained in the Financing Documents to which the City is a party 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) there is no action, suit, proceeding, inquiry or investigation pending or, to the best knowledge of such official, threatened (a) to restrain or enjoin the payment of the 2008 Purchase Payments or the execution and delivery of
the Financing Documents to which the City is a party, (b) in any way contesting or affecting the validity of the Financing Documents to which the City is a party or (c) in any way contesting the existence or powers of the City, nor to the best knowledge of such official after reasonable investigation, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would make invalid or materially adversely affect the authorization, execution, delivery or performance by the City of the foregoing; (iii) nothing has come to the City’s attention which would cause the City to believe that the Official Statement (excluding therefrom the financial statements and the statistical data and the information concerning the Insurer, the Policy, DTC and the book-entry system included therein and Appendices C, E and F thereto, as of the date thereof and the Closing Date, contained an untrue statement of a material fact or omitted 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; and (iv) since June 30, 2007, except as referred to in or as contemplated by the Official Statement, with respect to its Water System, the City has not incurred any financial liabilities, direct or contingent, or entered into any transactions and there has not been any adverse change in the condition, financial or physical, of the Water System, in any case that would materially and adversely affect the ability of the City to meet its obligations under the Installment Purchase Agreement;

(11) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Representative, to the effect that: (i) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States of America, having the full power and being qualified to enter into and perform its duties under the Trust Indenture and the Continuing Disclosure Agreement; (ii) the Trustee is duly authorized to enter into the Trust Indenture and the Continuing Disclosure Agreement and to authenticate and deliver the Bonds to the Underwriters pursuant to the terms of the Trust Indenture; (iii) the execution and delivery of the Trust Indenture and the Continuing Disclosure Agreement and compliance with the provisions on the Trustee’s part contained therein, and the authentication and delivery of the Bonds will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), 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 held by the Trustee pursuant to the lien created by the Trust Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Indenture; and (iv) 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, served on, or, to the best knowledge of such officer, threatened against, the ‘Trustee, affecting the existence of the Trustee or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Trust Indenture against the Trustee, or contesting the power of the Trustee or its authority to enter into, adopt or perform its obligations under the Trust
Indenture, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trust Indenture against the Trustee or the authentication and delivery of the Bonds;

(12) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Trust Indenture and the Continuing Disclosure Agreement;

(13) Certified copies of the resolutions of the Authority authorizing the execution and delivery of the Financing Documents to which the Authority is a party and the Official Statement;

(14) Certified copies of the resolutions of the City authorizing the execution and delivery of the Financing Documents to which the City is a party;

(15) Evidence satisfactory to the Underwriters that ratings on the Bonds described in the Official Statement are in full force and effect as of the Closing Date;

(16) A copy of the Preliminary Blue Sky with respect to the Bonds, if any, prepared by Underwriters’ Counsel;

(17) A copy of the audited financial statements of the City’s Water Utility Fund included as Appendix B to the Official Statement;

(18) [The Policy, duly executed and issued by the Insurer;]

(19) [An opinion, dated the Closing Date and addressed to the Authority, the City and the Underwriters, of counsel to the Insurer to the effect that the Policy is a legal, valid and binding obligation of the Insurer and enforceable in accordance with its terms, and a Certificate of the Insurer to the effect that the statements in the Official Statement under the caption “BOND INSURANCE” accurately reflect and fairly present the information purported to be shown therein; and]

(20) Such additional legal opinions, certificates, proceedings, instruments, insurance policies or evidences thereof and other documents as the Underwriters, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations of the Authority herein and of the statements and information contained in the Official Statement, and the due performance or satisfaction by the Authority and the City on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Authority and the City in connection with the transactions contemplated hereby and by the Official Statement and the Financing Documents.

If the Authority shall be unable to satisfy the conditions to the Underwriters’ obligations contained in this Purchase Contract or if the Underwriters’ obligations shall be terminated for any reason permitted herein, all obligations of the Underwriters hereunder may be terminated by the Representative at, or at any time prior to, the Closing Date by written notice to the Authority
and neither the Underwriters nor the Authority shall have any further obligations hereunder. In the event that the Underwriters fail (other than for a reason permitted by this Purchase Contract) to accept and pay for the Bonds on the Closing Date, the amount of one percent (1%) of the principal amount of the Bonds shall be paid by the Underwriters to the Authority as liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters and the acceptance of such amount shall constitute a full release and discharge of all claims and rights of the Authority against the Underwriters.

5. **Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the Authority or the City shall pay, any expenses incident to the performance of the Authority’s obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Financing Documents, the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto, including a reasonable number of certified or conformed copies thereof; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of any engineers, accountants and other experts, consultants or advisors retained by the Authority or the City; (v) fees for bond ratings (which include fees of rating agencies and travel expenses of the Authority or the City); (vi) the fees or premiums to be paid to the Insurer in connection with the Policy and (vii) the Underwriter’s out-of-pocket expenses incurred with respect to the financing, including (a) air travel and hotel costs in connection with the pricing of the Bonds, any investor meetings, any rating agency trips and the Closing, (b) meals and transportation for the Authority and the City, the Underwriters and other working group personnel during such trips, (c) expenses related to attending working group meetings, such as parking, meals and transportation, and (d) any other miscellaneous costs related to the Closing.

(b) The Underwriters shall pay: (i) the cost of preparation and printing of this Purchase Contract and the Preliminary Blue Sky; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds; (iii) fees, if any, payable to the California Debt and Investment Advisory Commission, the Municipal Securities Rulemaking Board, the fees associated with obtaining CUSIP numbers for the Bonds, and fees of the Public Securities Association and the California Public Securities Association in connection with the execution and delivery of the Bonds; and (iv) all other expenses incurred by them in connection with the public offering of the Bonds not outlined in (a) above, including the fees and disbursements of Underwriters’ Counsel.

6. **Notices.** Any notice or other communication to be given (i) to the Authority under this Purchase Contract may be given by delivering the same in writing to the Authority, 200 South Anaheim Boulevard, Anaheim, California 92805, Attention: Secretary, and (ii) to the Underwriters under this Purchase Contract may be given by delivering the same in writing to the Representative: ____________________________________.

7. **Survival of Representations and Warranties.** The Authority’s representations, warranties and agreements contained in this Purchase Contract or made in any certificate delivered hereunder shall remain operative and in full force and effect, regardless of: (i) any
investigations or statements made by or on behalf of the Underwriters; and (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract.

8. **Effectiveness and Counterpart Signatures.** This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by duly authorized officers of the Authority and approval by duly authorized officers of the City and shall be valid and enforceable as of the time of such acceptance and approval. 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.

9. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the Authority, the City and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof.

10. **Headings.** The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

11. **Governing Law.** This Purchase Contract shall be construed in accordance with the laws of the State of California.

Very truly yours,

[UNDERWRITERS]

By: _______________________,
as Representative of the Underwriters

By: _______________________
Managing Director

Accepted:

ANAHEIM PUBLIC FINANCING
AUTHORITY

By: _______________________
Title: _______________________

Approved:

CITY OF ANAHEIM
By: ________________________________
Title: Assistant General Manager –
Finance & Administration
SCHEDULE I

Anaheim Public Financing Authority
Revenue Bonds, Series 2008
(Water System Project)

MATURITY SCHEDULE

<table>
<thead>
<tr>
<th>Payment Dates (October 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>[Uninsured.]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>[Priced to par call on ___<strong>, 20</strong>.]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>[Term Bond.]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) [Uninsured.]
(2) [Priced to par call on _____, 20__.]
(3) [Term Bond.]
Ladies and Gentlemen:

This opinion is addressed to you, as the Underwriters, pursuant to Section 4(e)(4) of the Purchase Contract, dated _______, 2008 (the “Purchase Contract”), between you and the Anaheim Public Financing Authority (the “Authority”) and approved by the City of Anaheim (the “City”), providing for the purchase of $__________ principal amount of Anaheim Public Financing Authority Revenue Bonds, Series 2008 (Water System Project) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2008 (the “Trust Indenture”), by and among the Authority, the City and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Indenture or, if not defined in the Trust Indenture, in the Purchase Contract.

In addition to the opinions set forth in our final legal opinion (the “Bond Opinion”) concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority (but which may be relied upon by you to the same extent as if such opinion were addressed to you), and based on and subject to the matters referred to in such Bond Opinion (which are hereby incorporated herein by reference), and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by the Authority and (assuming due authorization, execution and delivery by and validity against the Underwriters) is a valid and binding agreement of the Authority. The Continuing Disclosure Agreement has been executed by the City and (assuming due authorization, execution and delivery by and validity against the Trustee and the Dissemination Agent) is a valid and binding obligation of the City. We call attention to the fact that the rights and obligations under the Purchase Contract and the Continuing Disclosure Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws...
relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Purchase Contract or the Continuing Disclosure Agreement.

3. The statements contained in the Official Statement under the captions “INTRODUCTION,” “DESCRIPTION OF THE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “TAX EXEMPTION,” “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS,” “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT,” and “APPENDIX F – FORM OF OPINION OF BOND COUNSEL” insofar as such statements purport to summarize certain provisions of the Bonds, the Trust Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement and our Bond Opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects.

This letter is delivered to you as Underwriters of the Bonds and is solely for your benefit as such Underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Very truly yours,
FORM OF OPINION OF AUTHORITY COUNSEL

__________________,
as Representative of the Underwriters
named in the Purchase Contract

Anaheim Public Financing Authority
Revenue Bonds, Series 2008
(Water System Project)

Ladies and Gentlemen:

As City Attorney of the City of Anaheim (the “City”), acting as counsel to the Anaheim Public Financing Authority (the “Authority”), a joint exercise of powers authority organized and existing pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California in connection with the issuance of $__________ principal amount of Anaheim Public Financing Authority Revenue Bonds, Series 2008 (Water System Project) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2008 (the “Trust Indenture”), by and among the Authority, the City and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). I have examined the following documents: (i) the Installment Purchase Agreement, dated as of July 1, 2008 (the “Installment Purchase Agreement”), between the Authority and the City, (ii) the Trust Indenture, (iii) the Purchase Contract, dated __________, 2008 (the “Purchase Contract”), by and between the Authority and ________________, as Representative of the Underwriters named therein, and acknowledged by the City, and (iv) the Official Statement, dated __________, 2008 (the “Official Statement”) relating to the Bonds, and have made such other investigations of law and fact as I have deemed necessary to render the following opinion. Terms used herein and not defined shall have the meanings given such terms in the Purchase Contract.

It is my opinion that:

(1) The Authority is a joint exercise of powers authority duly organized under the laws of the State of California.

(2) The resolution of the Authority (the “Resolution”) approving and authorizing the execution and delivery of the Trust Indenture, the Installment Purchase Agreement and the Purchase Contract and approving the execution, delivery and distribution of the Official Statement, by the Authority was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

(3) The Authority has the necessary power and authority to execute and deliver the Trust Indenture, the Installment Purchase Agreement and the Purchase Contract.
(4) The Official Statement has been duly authorized, executed and delivered, and the Trust Indenture, the Installment Purchase Agreement and the Purchase Contract have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Indenture, the Installment Purchase Agreement and the Purchase Contract constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, subject in each case to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and the application of equitable principles if equitable remedies are sought and to the limitations on legal remedies against public agencies in the State of California.

(5) The execution and delivery of the Trust Indenture, the Installment Purchase Agreement and the Purchase Contract by the Authority, and compliance by the Authority with the provisions thereof will not conflict with or constitute on the part of the Authority a breach of, or default under, the Joint Exercise of Powers Agreement, dated January 28, 1992, by and between the City and the Anaheim Redevelopment Agency, or any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or decree to which the Authority is subject.

(6) Except as described in the Official Statement, no approval, consent or authorization of any governmental or public agency, authority or person is required for the execution, delivery and performance by the Authority of the Trust Indenture, the Installment Purchase Agreement or the Purchase Contract which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws.

(7) Based upon my participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would cause me to believe that the Official Statement (excluding therefrom the financial statements and the statistical data and the information concerning the Insurer, the Policy, DTC and the book-entry system included therein and the Appendices thereto, as to which no opinion is expressed), as of the date thereof and the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits 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.

(8) Except as described in the Official Statement, to the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Authority or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor), which questions the powers of the Authority in connection with the transactions contemplated by the Trust Indenture, the Installment Purchase Agreement, the Purchase Contract or the Official Statement, or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Bonds, the Trust Indenture, the Installment Purchase Agreement, the Purchase Contract, or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Trust Indenture, the Installment Purchase Agreement, the Purchase Contract or the Official Statement, or which in any way would adversely affect the validity or enforceability of the Trust Indenture, the
Installment Purchase Agreement, or the Purchase Contract, or, in any material respect, the ability of the Authority to perform its obligations thereunder.

(9) The assignment of rights by the Authority to the Trustee pursuant to the Trust Indenture is effective to grant to the Trustee all of the rights granted thereby (including the right to receive payments paid by City under the Installment Purchase Agreement) free and clear of any lien or security interest or other claim of any third party or entity claiming by or through the Authority other than as set forth in the Official Statement.

I am furnishing this letter solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

JACK L. WHITE
City Attorney
EXHIBIT C
FORM OF OPINION OF CITY ATTORNEY

as Representative of the Underwriters
named in the Purchase Contract

Anaheim Public Financing Authority
Revenue Bonds, Series 2008
(Water System Project)

Ladies and Gentlemen:

As City Attorney of the City of Anaheim (the “City”), in connection with the issuance of $__________ principal amount of Anaheim Public Financing Authority Revenue Bonds, Series 2008 (Water System Project) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2008 (the “Trust Indenture”), by and among the Anaheim Public Financing Authority (the “Authority”), the City and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). I have examined the following documents: (i) the Installment Purchase Agreement, dated as of July 1, 2008 (the “Installment Purchase Agreement”), between the Authority and the City, (ii) the Trust Indenture, (iii) the Continuing Disclosure Agreement dated July 1, 2008 (the “Continuing Disclosure Agreement”), by and between the City and the Trustee, as Dissemination Agent, (iv) the Purchase Contract, dated __________, 2008 (the “Purchase Contract”), by and between the Authority and ______________, as Representative of the Underwriters named therein, and acknowledged by the City, and (v) the Official Statement, dated __________, 2008 (the “Official Statement”) relating to the Bonds, and have made such other investigations of law and fact as I have deemed necessary to render the following opinion. Terms used herein and not defined shall have the meanings given such terms in the Purchase Contract.

It is my opinion that:

(1) The City is a municipal corporation of the State of California (the “State”), duly organized and validly existing under the City’s charter and the laws of the State.

(2) The resolution of the City (the “Resolution”) approving and authorizing the execution and delivery of the Trust Indenture, the Installment Purchase Agreement, the Continuing Disclosure Agreement and the Purchase Contract (collectively, the “City Documents”) and approving and authorizing the distribution of the Official Statement by the City was duly adopted at a meeting of the City Council of the City, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.
(3) The City has the necessary power and authority to execute and deliver the City Documents.

(4) The Official Statement has been duly authorized by the City and City Documents have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, the City Documents constitute the legal, valid and binding agreements of the City enforceable in accordance with their terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and to the application of equitable principles if equitable remedies are sought and to limitations on legal remedies against municipal corporations in the State.

(5) The execution and delivery of the City Documents by the City, and compliance by the City with the provisions thereof will not conflict with or constitute a breach of, or default under, any agreement or other instrument to which the City is a party or by which it is bound, or any existing law, regulation, court order or decree to which the City is subject or any provision of the laws of the State relating to the City and its affairs.

(6) Except as described in the Official Statement, no approval, consent or authorization of any governmental or public agency, authority or person is required for the execution, delivery and performance by the City of the City Documents which has not been obtained, provided that no opinion is expressed with respect to qualification under Blue Sky or other state securities laws. Under the laws of the State, the City has the authority to determine, fix, impose and collect rates and charges for water service and is not presently subject to the regulatory jurisdiction of any state, regional or local governmental regulatory authority and no legislation is proposed or pending to restrict or limit such rates and charges except as described in the Official Statement.

(7) Based upon my participation in the preparation of the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to my attention which would lead me to believe that the Official Statement (excluding therefrom the financial statements and the statistical data and the information concerning the Insurer, the Policy, DTC and the book-entry system included therein and Appendices C, E and F thereto, as to which no opinion is expressed) as of the date thereof and the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(8) Except as described in the Official Statement, to the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or threatened against or affecting the City or any of its officers in their respective capacities as such (nor to the best of my knowledge, is there any basis therefor), which questions the powers of the City in connection with the transactions contemplated by the City Documents or the Official Statement, or the validity of the proceedings taken by the City in connection with the authorization, execution or delivery of the City Documents or wherein any unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the City Documents or the Official Statement, or which, in any way, would adversely affect the
validity or enforceability of the City Documents or, in any material respect, the ability of the City to perform its obligations thereunder.

I am furnishing this letter solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

JACK L. WHITE
City Attorney