

**CITY CLERK
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**C-9676
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**\$121,245,000
CITY OF GLENDALE, ARIZONA,
SENIOR LIEN WATER AND SEWER REVENUE REFUNDING OBLIGATIONS
SERIES 2015**

PURCHASE CONTRACT

January 28, 2015

Mayor and City Council
City of Glendale, Arizona
5850 West Glendale Avenue
Glendale, Arizona 85301

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants contained in this Purchase Contract and upon the terms and conditions contained herein, the undersigned, on behalf of Morgan Stanley & Co. LLC (hereinafter called the "Representative"), acting for itself and on behalf of Citigroup Global Markets Inc. and Samuel A. Ramirez & Company, Inc. (and together with the Representative, the "Underwriters"), hereby offers to enter into the following agreement with the City of Glendale, Arizona (the "City"). Upon the City's written acceptance of this offer, this Purchase Contract will be binding upon the City and upon the Underwriters. This offer is made subject to the City's written acceptance hereof on or before 11:59 p.m., MST time, on January 28, 2015, and, if not so accepted, this offer will be subject to withdrawal by the Underwriters upon notice delivered to the City at any time prior to the acceptance hereof by the City. The offer of the Underwriters is made by the Representative signing the signature line provided and delivering the signed page to the City. The acceptance is made by the City signing the signature line provided and delivering the signed page to the Representative. Delivery includes sending in the form of a facsimile or telecopy or via the internet as a portable document format ("PDF") file or other replicating image attached to an electronic message. Terms not otherwise defined in this Purchase Contract shall have the same meanings set forth in the Trust Agreement (as defined herein) or in the Official Statement (as defined herein).

Inasmuch as this purchase and sale represents a negotiated transaction, the City acknowledges and agrees that: (i) the transaction contemplated by this Purchase Contract is an arm's length, commercial transaction between the City and the Underwriters in which the Underwriters are acting solely as a principal and are not acting as a municipal advisor, financial advisor or fiduciary to the City; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or is currently providing other services to the City on other matters); (iii)

the Underwriters are acting solely in their capacity as underwriters for their own accounts, (iv) the only obligations the Underwriters have to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; (v) the Underwriters have financial and other interests that differ from those of the City; and (vi) the City has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Representative represents it has been duly authorized to execute this Purchase Contract for and on behalf of each Underwriter and to act upon behalf of each Underwriter pursuant to this Purchase Contract.

The captioned obligations (the "Obligations") shall be executed and delivered pursuant to the Trust Agreement, to be dated as of March 1, 2015 (the "Trust Agreement"), between the City and U.S. Bank National Association, as trustee (in such capacity, the "Trustee"), and Ordinance No. 2920 New Series, passed, adopted and approved by the Mayor and Council of the City on November 24, 2014 (the "Authorizing Ordinance"). The Obligations will evidence proportionate interests of the holders thereof in installment payments of the purchase price to be paid by the City pursuant to a Purchase Agreement, to be dated as of March 1, 2015 (the "Purchase Agreement"), between U.S. Bank National Association, in its capacity as seller, and the City, as purchaser. The City's obligation to make installment payments under the Purchase Agreement shall be payable solely from and secured by a pledge of, a first lien on, and a security interest in, the Net Revenues which are derived from the operation of the water and sewer system of the City (the "System"), on a parity to the pledge thereof and lien thereon for the Existing Senior Obligations and any Additional Parity Obligations hereafter issued on a parity therewith and senior to the pledge thereof and lien thereon for the Subordinate Obligations.

The Obligations are being executed and delivered for the purpose of (i) providing funds to refinance prior obligations of the City that financed certain System projects and (ii) paying costs incurred in connection with the execution and delivery of the Obligations.

The Obligations will be offered by means of the Preliminary Official Statement of the City, dated January 15, 2015, relating to the Obligations (including the cover page and all appendices, the "Preliminary Official Statement") and the final Official Statement of the City, dated the date of this Purchase Contract, relating to the Obligations (including the cover page and all appendices, and together with the Preliminary Official Statement, the "Official Statement"). The City will enter into and deliver a written undertaking (the "Continuing Disclosure Undertaking") to provide, or cause to be provided, ongoing disclosure for the benefit of the owners of the Obligations as described in the Continuing Disclosure Undertaking for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Disclosure Rule"). The City will enter into a depository trust agreement (the "Depository Trust Agreement") with U.S. Bank National Association, as depository escrow agent (the "Depository Escrow Agent"), to provide for the payment of the Obligations Being Refunded (as defined in the Official Statement) when due. The City will also execute and deliver the Tax Agreement (as such term is hereinafter defined).

This Purchase Contract, the Trust Agreement, the Purchase Agreement, the Depository Trust Agreement and the Continuing Disclosure Undertaking are referred to as the "City Documents."

1. **Purchase and Sale of the Obligations.**

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, each Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Obligations.

(b) The principal amount of the Obligations to be executed and delivered, the dated date of the Obligations, the stated payment dates and prepayment provisions and interest rates per annum and resulting prices or yields are set forth in the Schedule attached hereto.

(c) The aggregate purchase price of the Obligations shall be \$140,232,696.52 (the "Purchase Price") which represents an aggregate principal amount of the Obligations of \$121,245,000.00, plus an original issue premium of \$19,257,687.55 and minus the Underwriters' discount of \$269,991.03.

2. **Public Offering.** The Underwriters agree to make a bona fide public offering of the Obligations at the offering prices or yields set forth in the Schedule attached hereto, and based upon those initial offering prices or yields, the Underwriters would receive compensation of \$269,991.03; however, the Underwriters may offer a portion of the Obligations for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Obligations to the public on terms consistent with this Purchase Contract and the Underwriters reserve the right to change such offering prices or yields as the Underwriters shall deem necessary in connection with the marketing of the Obligations and to offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth in the Schedule. The Underwriters also reserve the right to over-allot or effect transactions that stabilize or maintain the market price of the Obligations at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amount, maturity dates, interest rates, prepayment or other provisions of the Obligations or the amount to be paid by the Underwriters to the City for the Obligations.

3. **The Official Statement.**

(a) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Obligations by the Underwriters. The City hereby deems the Preliminary Official Statement final as of its date, except for the omission of such information which is dependent upon the final pricing of the Obligations for completion, all as permitted to be excluded by Section (b)(1) of the Disclosure Rule.

(b) The City represents that the Mayor and Council of the City reviewed and approved information relating to the City in the form of Preliminary Official Statement available to its members at the meeting at which the Authorizing Ordinance was adopted and directed the City Manager of the City to make such modifications and changes thereto as were necessary in connection with the sale of the Obligations. The City consents to the use by the Underwriters

prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Obligations. The City shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the City's acceptance of this Purchase Contract (but, in any event, not later than within seven business days after the City's acceptance of this Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Underwriters shall request in order for the Underwriters to comply with Section (b)(4) of the Disclosure Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

(c) The City will prepare, or cause to be prepared, the Official Statement, including any amendments thereto, in word-searchable PDF format as described in Rule G-32 promulgated by the MSRB and will provide the electronic copy of the word-searchable PDF format of the Official Statement to the Representative, within seven (7) business days after the date of this Purchase Contract, to enable the Representative to comply with MSRB Rule G-32. The City hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Purchase Contract to and including the date the Underwriters are no longer required to provide the Official Statement to potential customers who request the same pursuant to the Disclosure Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Disclosure Rule) for the Obligations and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Obligations), the City becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the opinion of the City or the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish, at the City's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented 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 not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the City shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriters hereby agree to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriters, the City can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing described in Section 5(a) hereof.

4. **Representations, Warranties and Covenants of the City.** The undersigned, on behalf of the City (but not individually), hereby represents and warrants to and covenants with the Underwriters that:

(a) The City is a political subdivision of the State of Arizona (the "State"), and is validly existing as a municipal corporation duly created, organized and existing under the laws of the State and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver, as applicable, the City Documents and the Tax Agreement, (ii) to cause the Trustee to sell, execute and deliver the Obligations to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the City Documents and the Official Statement; and the City has complied, and will at the Closing be in compliance in all respects, with the terms of the City Documents and the Tax Agreement as they pertain to such transactions;

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized all necessary action to be taken by it for (i) the execution of the City Documents and the Tax Agreement and the sale, execution and delivery of the Obligations, (ii) the approval, execution and delivery of, and the performance by the City of the obligations on its part, contained in the Obligations and the City Documents and (iii) the consummation by it of all other transactions contemplated by the Preliminary Official Statement, the City Documents, and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the City in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Preliminary Official Statement;

(c) The City Documents constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and in the case of the Continuing Disclosure Undertaking, subject to annual appropriations, and in the case of the Purchase Agreement, subject to the indemnification provisions thereof being subject to limitation under applicable securities laws; the Purchase Agreement, when executed and delivered and paid for, in accordance with the Trust Agreement and this Purchase Contract, will constitute legal, valid and binding obligations of the City entitled to the benefits of the Trust Agreement and enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the execution and delivery of the Obligations as aforesaid, the Trust Agreement will provide, for the benefit of the owners, from time to time, of the Obligations, the legally valid and binding pledge of and lien it purports to create as set forth in the Trust Agreement;

(d) The City is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is or any of its property or assets are otherwise subject; and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the City under any of the foregoing; and the execution and delivery of the Obligations and the City Documents and compliance with the provisions on the

City's part contained therein, will not conflict materially with or constitute a material breach of or default under any material constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is or to which any of its property or assets are 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 property or assets of the City to be pledged to secure the Purchase Agreement and the Obligations or under the terms of any such law, regulation or instrument, except as provided by the Purchase Agreement and the Trust Agreement;

(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 of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under the City Documents and the Obligations have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Obligations;

(f) Other than conforming date changes, the Obligations conform to the descriptions thereof contained in the Preliminary Official Statement under the caption "THE OBLIGATIONS," and the proceeds of the sale of the Obligations will be applied generally as described in the Preliminary Official Statement under the caption "SOURCES AND USES OF FUNDS."

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened, against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution and delivery of the Obligations or the collection of the Net Revenues promised for the payment of principal of and interest on the Obligations pursuant to the Trust Agreement or in any way contesting or affecting the validity or enforceability of the Obligations, the City Documents, or contesting the exclusion from gross income of interest on the Obligations for federal income tax purposes or State income tax purposes or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the City or any authority for the execution and delivery of the Obligations or the execution and delivery of the City Documents, nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Obligations or the City Documents;

(h) As of the date thereof, the Preliminary Official Statement did 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 the light of the circumstances under which they were made, not misleading;

(i) At the time of the City's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Purchase Contract) at all times subsequent thereto during the period up to and including the date of

Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any 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;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Purchase Contract, 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 during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The City will apply, or cause to be applied, the proceeds from the sale of the Obligations as provided in and subject to all of the terms and provisions of the Trust Agreement and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or State income tax purposes of the interest on the Obligations;

(l) The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Underwriters may reasonably request (A) to (1) qualify the Obligations for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriters may designate and (2) determine the eligibility of the Obligations for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Obligations (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriters immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Obligations for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of the City, and other financial information regarding the City in the Official Statement fairly present the financial position and results of the City as of the dates and for the periods therein set forth; prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the City; and the City is not a party to any litigation or other proceeding pending or threatened which, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City;

(n) The statements and information contained in Appendices A, B and C of the Official Statement fairly and accurately summarize the matters purported to be summarized therein;

(o) Prior to the Closing, and to the extent not otherwise prohibited from agreeing to do so pursuant to applicable law the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent,

payable from or secured by any of the revenues or assets which will secure the Obligations without the prior approval of the Representative;

(p) Any certificate, signed by any official of the City authorized to do so in connection with the transactions contemplated by this Purchase Contract, shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein;

(q) Except as described in the Official Statement, the City is currently in compliance with continuing disclosure undertakings which the City has entered into pursuant to paragraph (b)(5) of the Disclosure Rule; and

(r) The City has submitted to the Arizona Department of Revenue the information required with respect to previous issuances of bonds and securities pursuant to Arizona Revised Statutes, § 35-501.B.

5. Closing.

(a) At 8:00 a.m. MST time, on March 3, 2015, or at such other time and date as shall have been mutually agreed upon by the City and the Underwriters (the "Closing"), the City will, subject to the terms and conditions hereof, cause the Trustee to deliver the Obligations to the Underwriters in the aggregate principal amount of each maturity duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Obligations as set forth in Section 1 of this Purchase Contract by a certified or bank cashier's check or checks or wire transfer payable in immediately available funds to the order of the City. Payment for the Obligations as aforesaid shall be made at the offices of Special Counsel, or such other place as shall have been mutually agreed upon by the City and the Underwriters.

(b) Delivery of the Obligations shall be made at DTC or, in the case of a "Fast Automated Securities Transfer," with the Trustee or at such other place to be mutually agreed upon by the City and the Underwriters. The Obligations shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Obligation for each maturity of the Obligations, all as provided in the Trust Agreement, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection; provided, however, that the lack of CUSIP shall not, by itself, constitute cause for the Underwriters to fail to purchase the Obligations.

6. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the City contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Obligations shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under such documents and instruments, at or prior to the Closing, and shall also be subject to the following additional conditions, including the

delivery by the City of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriters:

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

(b) The City shall have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the City Documents and the Obligations shall be in full force and effect in the form heretofore approved by the Underwriters 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 (ii) all actions of the City required to be taken by the City shall be performed in order for Special Counsel and Counsel for the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the City relating to the Obligations and the City Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the City Documents and the Tax Agreement shall have been duly executed and delivered by the City, and the Trustee shall have duly executed and delivered the Obligations;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the City from that set forth in the Official Statement that in the judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Obligations on the terms and in the manner contemplated in the Official Statement;

(g) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Purchase Contract shall be reasonably satisfactory in legal form and effect to the Representative;

(i) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement amendment thereto, if any, executed on behalf of the City Manager, or such other officials as may have been agreed to by the Underwriters, and the reports and audits referred to or appearing in the Official Statement;

(2) The City Documents and the Tax Agreement with such supplements or amendments as may have been agreed to by the Underwriters;

(3) The approving opinion of Special Counsel with respect to the Obligations, in substantially the form attached to the Official Statement, and a reliance letter addressed to the Underwriters;

(4) A supplemental opinion of Special Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Obligations are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Obligations, to register the Obligations under the 1933 Act or to qualify the Trust Agreement under the Trust Indenture Act; and

(ii) the statements and information contained in the Official Statement under the captions "THE OBLIGATIONS," "PLAN OF REFUNDING," "SECURITY AND SOURCES OF PAYMENT FOR THE OBLIGATIONS," "TAX MATTERS," "CONTINUING DISCLOSURE" (other than information relating to the City's compliance with prior undertakings, as to which no opinion need be expressed) and Appendices D, E, and F fairly and accurately summarized the matters purported to be summarized therein;

(iii) the City Documents, the Tax Agreement and the Official Statement have been duly authorized, executed and delivered by the City and the City Documents constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms;

(5) An opinion, dated the date of the Closing and addressed to the Underwriters, of Counsel for the Underwriters, in a form acceptable to the Underwriters;

(6) An opinion of the City Attorney or supplemental opinion of Special Counsel or both, addressed to the Underwriters, to the effect that:

(i) The City is a municipal corporation and political subdivision, duly created, organized and existing under the laws of the State, and has full legal right, power and authority to execute and deliver the City Documents, the Tax Agreement and the Official Statement, and to enter into and perform its covenants and agreements under the City Documents and Tax Agreement, including without limitation, to collect and pledge the Net Revenues as provided in the City Documents;

(ii) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized all necessary action to be taken by it for (A) the adoption of the Authorizing Ordinance and the execution and delivery of the City Documents, the Official Statement and the Tax Agreement and the sale, execution and delivery of the Obligations, (B) the approval, execution and delivery of, and the performance by the City of the obligations on its part, contained in the Obligations and the City Documents, and

(C) the consummation by it of all other transactions contemplated by the Official Statement and the City Documents;

(iii) The City Documents, the Tax Agreement and the Official Statement have been duly authorized, executed and delivered by the City and the City Documents constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms;

(iv) The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City;

(v) 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 of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under the City Documents and the Obligations have been obtained;

(vi) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened affecting the corporate existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale or execution and delivery of the Obligations or the collection and pledge of the Net Revenues securing the payment of principal of and interest on the Obligations pursuant to the Trust Agreement or in any way contesting or affecting the validity or enforceability of the Obligations, the City Documents, or contesting the exclusion from gross income of interest on the Obligations for federal income tax purposes or State income tax purposes or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the City or any authority for the execution and delivery of the Obligations, the adoption of the Authorizing Ordinance or the execution and delivery of the City Documents;

(vii) The adoption of the Authorizing Ordinance and the execution and delivery of the City Documents and compliance by the City with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not conflict with or constitute on the part of the City a material breach of or a default under any agreement or instrument to which the City is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the City is subject; and

(viii) All proceedings of the City relating to the transactions contemplated by the City Documents, the Obligations and the Official Statement were conducted in accordance with Arizona Open Meeting Laws, A.R.S. Section 38-431 *et. seq.*, and other laws and ordinances of the City and State of Arizona;

(7) A certificate, dated the date of Closing, of the appropriate officers of the City to the effect that to the best of their knowledge (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against

it is pending or overtly threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the directors or officers of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City, (c) contest the validity, due authorization and execution of the Obligations or the City Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the City from functioning and collecting, pledging or paying Net Revenues to make installment payments under the Purchase Agreement, (iii) the Authorizing Ordinance authorizing the execution, delivery and/or performance of the Official Statement, the Obligations, the City Documents and the Tax Agreement has been duly adopted by the City, is in full force and effect and has not been modified, amended or repealed, and (iv) no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does 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 made therein, in the light of the circumstances under which they were made, not misleading;

(8) A certificate of the City in form and substance satisfactory to Special Counsel and Counsel for the Underwriters (the "Tax Agreement") setting forth the reasonable expectations of the individual executing such certificate on the date of the Closing, which establish that it is not expected that the proceeds of the Obligations will be used in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code;

(9) A certificate of the Trustee to the effect that (i) the Obligations have been duly executed and delivered by an authorized officer of the Trustee; (ii) the Trust Agreement and the Purchase Agreement have been duly executed and delivered by an authorized officer of the Trustee; and (iii) the resolutions of the Trustee authorizing the execution and delivery and/or performance of the Trust Agreement by the Trustee have been duly adopted by the Trustee are in full force and effect and have not been modified, amended or repealed;

(10) The filing copy of Report of Bond and Security Issuance Pursuant to A.R.S. Section 35-501B of the Arizona Department of Revenue;

(11) A copy of the filing copy of the Information Return Form 8038-G for the Obligations required by Section 149(e) of the Code;

(12) Any other certificates and opinions required by the Authorizing Ordinance and the Trust Agreement for the execution and delivery thereunder of the Obligations;

(13) Evidence of compliance with the prior purchase agreements for the issuance of senior obligations;

(14) Evidence satisfactory to the Representative that the Obligations have received a rating of "AA" by Standard & Poor's Financial Services LLC ("S&P") and a rating of "A1" by Moody's Investors Service, Inc. ("Moody's"), and that such ratings are in effect as of the date of the Closing;

(15) A copy of the verification report prepared by Grant Thornton, L.L.P., independent certified public accounts (the "Verification Report") addressed to the City, the Depository Escrow Agent and the Underwriters, verifying the arithmetical computations of the adequacy of the maturing principal and interest on the obligations and uninvested cash held by the Depository Escrow Agent under the Depository Trust Agreement under which the Obligations Being Refunded are being defeased; and

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriters or Counsel for the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Obligations contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under any further obligation hereunder except that the respective obligations of the City to the Underwriters set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. **Termination.** The Underwriters shall have the right to cancel its obligation to purchase the Obligations if, between the date of this Purchase Contract and the Closing, the market price or marketability of the Obligations shall be materially adversely affected, in the sole judgment of the Underwriters, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Arizona Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or

proposed, the effect of any or all of which would be to (i) impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Obligations as described in the Official Statement, or (ii) other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Obligations, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Trust Agreement are not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Obligations, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Obligations as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restriction (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Obligations or as to obligations of the general character of the Obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income securities (or interest thereon), or the validity or enforceability of the pledge of the Net Revenues to pay principal of and interest on the Obligations;

(g) any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of 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;

(h) there shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial condition of the City;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Representative's judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the City's obligations;

(l) the purchase of and payment for the Obligations by the Underwriters, or the resale of the Obligations by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(m) the debt ceiling of the United States is such that the obligations required to fund the Depository Trust Agreement are not available for delivery on the date of the delivery of the Obligations and the City has not successfully obtained equivalent open market securities.

8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the City shall pay, but solely from the proceeds of the sale of the Obligations, any expenses incident to the performance of the City's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Obligations, the Preliminary Official Statement and the Official Statement, (ii) the fees and disbursements of Special Counsel, Counsel to the City, and the Trustee, (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the City, (iv) the fees associated with obtaining or receiving the ratings and any and all credit enhancement fees or premiums, and (v) all incidental costs (including, but not limited to, transportation, lodging, meals and entertainment of City personnel) incurred by or on behalf of the City in connection with the marketing, execution and delivery of the Obligations.

(b) The Underwriters shall pay (i) all advertising expenses in connection with the public offering of the Obligations, (ii) the fees and disbursements of Counsel for the Underwriters, and (iii) all other expenses incurred by it in connection with the public offering of the Obligations.

(c) If this Purchase Contract shall be terminated by the Underwriters because of any failure or refusal on the part of the City to comply with the terms or to fulfill any of the

conditions of this Purchase Contract, or if for any reason the City shall be unable to perform its obligations under this Purchase Contract, the City will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of Counsel for the Underwriters) reasonably incurred by the Underwriters in connection with this Purchase Contract or the offering contemplated hereunder from funds legally available to it for such purpose.

9. **Notices.** Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the address set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Representative under this Purchase Contract may be given by delivering the same in writing to: Morgan Stanley & Co. LLC, 1400 16th Street, 16 Market Square, Suite 4045, Denver, Colorado 80202, Attention: Charles Cook, Executive Director.

10. **Parties in Interest.** This Purchase Contract as heretofore specified shall constitute the entire agreement between the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof this Purchase Contract may not be assigned by the City. All of the City's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Obligations pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

11. **Effectiveness.** This Purchase Contract shall become effective upon the acceptance hereof by the City and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Purchase Contract shall be governed by and construed in accordance with the law of the State.

13. **Severability.** If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Purchase Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

16. **Counterparts; Electronic Signature.** This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute

one and the same document. The electronic signature of a party to this Purchase Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Purchase Contract. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means, and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a PDF or other replicating image attached to an email or internet message.

17. **Cancellation of Purchase Contracts.** As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the State, its political subdivisions (including the City) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the City hereunder except as required by such Section 38-511. Each of the parties hereto hereby certifies that it is not presently aware of any violation of Section 38-511 which would adversely affect the enforceability of this Purchase Contract and covenants that it shall take no action which would result in a violation of such Section.

(Signature page to follow)

If you agree with the foregoing, please sign the enclosed counterpart of this Purchase Contract and return it to the Underwriters. This Purchase Contract shall become a binding agreement between you and the Underwriters when at least the counterpart of this Purchase Contract shall have been signed by or on behalf of each of the parties hereto.

Sincerely,

MORGAN STANLEY & CO. LLC,
for itself and on behalf of the Underwriters

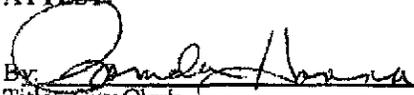
By: _____
Title: Managing Director

ACCEPTED at 3:25 p.m. MST this 28 day
of January, 2015.

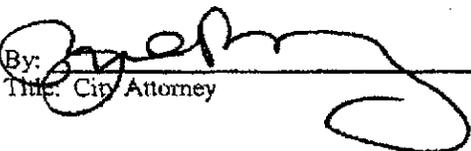
CITY OF GLENDALE, ARIZONA

By: 
Title: City Manager

ATTEST:

By: 
Title: City Clerk

APPROVED AS TO FORM:

By: 
Title: City Attorney

(Signature page to Purchase Contract)

SCHEDULE

**\$121,245,000
CITY OF GLENDALE, ARIZONA,
SENIOR LIEN WATER AND SEWER REVENUE REFUNDING OBLIGATIONS
SERIES 2015**

PAYMENT SCHEDULE

Dated: Date of Initial Delivery

The Obligations have stated payment dates of July 1 in the years and amounts and bear interest at the rates per annum and will be sold to produce the yields shown below:

<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2018	\$ 4,835,000	4.00%	0.83%
2019	11,030,000	5.00	1.06
2020	11,585,000	5.00	1.24
2021	12,160,000	5.00	1.45
2022	12,770,000	5.00	1.70
2023	13,415,000	2.50	1.89
2024	13,745,000	3.00	2.07
2025	14,155,000	3.00	2.21
2026	14,585,000	5.00	2.36*
2027	8,145,000	5.00	2.46*
2028	4,820,000	5.00	2.54*

* Yield calculated to July 1, 2025, the first optional prepayment date.

Optional Prepayment

The Obligations, or portions thereof (\$5,000 or any integral multiple thereof), with stated payment dates on and after July 1, 2026, may be subject to prepayment before their respective payment dates, at the option of the City, on or after July 1, 2025, in whole or in part, at any time, from any payment date selected by the City, and by lot within a payment date, at a price equal to the principal amount of each Obligation, or portion thereof so prepaid, plus accrued interest thereon to the prepayment date.