

§ _____
COUNTY OF SAN BERNARDINO
2014-15 TAX AND REVENUE ANTICIPATION NOTES, SERIES A
NOTE PURCHASE AGREEMENT

May __, 2014

Board of Supervisors
of the County of San Bernardino

Ladies and Gentlemen:

Citigroup Global Markets Inc., acting on behalf of itself (the “Underwriter”) and not as fiduciary or agent for you, offers to enter into this agreement with the County of San Bernardino, California (the “County”), which, upon your acceptance hereof, will be binding upon the County and the Underwriter. This offer is made subject to the written acceptance of this Note Purchase Agreement by the County and the delivery of such acceptance to us at or prior to 5:00 P.M., Pacific time, on the date hereof, and all capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Financing Certificate (as defined below).

The County acknowledges and agrees that: (i) the purchase and sale of the Notes (defined below) pursuant to this Note Purchase Agreement is an arm’s-length commercial transaction between the County and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter are and have been acting solely as principals and are not acting as Municipal Advisors (as defined in Section 15B of The Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County on other matters); and (iv) the County has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

Section 1. Purchase and Sale of the Notes. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the County of San Bernardino 2014-15 Tax and Revenue Anticipation Notes, Series A (the “Notes”). The Notes shall mature on June 29, 2015 and shall bear interest at the rate of ____% per annum, payable on June 29, 2015. The aggregate purchase price to be paid by the Underwriter for the Notes shall be \$_____ (representing the aggregate principal amount of the Notes of \$_____, plus a premium of \$_____, less an Underwriter’s discount of \$_____). The Underwriter agrees to make a bona fide public offering of the Notes at the initial price set forth on the cover page of the Official Statement (as defined below), which may be changed from time to time by the Underwriter after the initial public offering.

Section 2. The Notes. The Notes shall be as described in, and shall be issued and secured pursuant to the provisions of a Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of 2014-15 Tax and Revenue Anticipation Notes, dated July 1, 2014 (the

“Financing Certificate”) executed by the Authorized Officer (as defined therein) in accordance with and pursuant to the provisions of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”). Execution and delivery of the Financing Certificate and issuance of the Notes was authorized pursuant to Resolution No. 2014-__ of the County, adopted on May __, 2014 (the “Resolution”). The Notes shall be dated July 1, 2014. At the time of Closing (as defined below), the Underwriter understands that one Note representing the aggregate principal amount of Notes will be received by the Underwriter through the facilities of The Depository Trust Company, New York, New York (“DTC”).

Section 3. Official Statement. The County by official action of its governing board has approved the form and distribution of the Preliminary Official Statement dated May __, 2014, (the “Preliminary Official Statement”) relating to the Notes and the distribution of an Official Statement (together with any amendment or supplement authorized by the County, the “Official Statement”), consisting of the Preliminary Official Statement with such changes as are necessary to reflect the principal amount, maturity date or dates, interest rates, redemption provisions and other information relating to the sale of the Notes, with the approval of Orrick Herrington & Sutcliffe LLP (“Bond Counsel”), Hawkins Delafield & Wood LLP (“Disclosure Counsel”), Stradling Yocca Carlson & Rauth, a Professional Corporation (“Underwriter’s Counsel”) and the Underwriter. By execution of this Note Purchase Agreement, the County confirms that the County has deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for the omission of certain information permitted to be omitted therefrom in accordance with Rule 15c2-12. It is a condition of the offer of the Underwriter made hereby that the County deliver a reasonable number of copies of the Official Statement, in a form deemed to be final for purposes of Rule 15c2-12, within seven business days of the date hereof; and the delivery of an Official Statement executed by a representative of the County shall conclusively establish that the County deems the document so delivered to be final. Failure of the County to comply with the foregoing sentence shall not be deemed a breach of this agreement or a termination event.

The County hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Notes, of the Financing Certificate, the Resolution, the Preliminary Official Statement and the Official Statement, and all information contained therein. The Official Statement, this Note Purchase Agreement, the Financing Certificate and the Continuing Disclosure Certificate (as defined in the Official Statement) are referred to collectively herein as the “Legal Documents.”

The Underwriter shall give notice to the County on the date after which no participating underwriter, as such term is defined in Rule 15c2-12, remains obligated to deliver the Official Statement pursuant to paragraph (b)(4) of the Rule. Prior to the earlier of (i) such receipt of notice from the Underwriter that the Official Statement is no longer required under the Rule or (ii) twenty five (25) days after the Closing Date, the County shall provide the Underwriter with such information regarding the County, its current financial condition and ongoing operations as the Underwriter may reasonably request.

Unless otherwise notified in writing by the Underwriter on or prior to the Closing Date, the County can assume that the “end of the underwriting period” for the Notes for all purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934 is the Closing Date. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the County in writing following the occurrence of the “end of the underwriting period” as defined in Rule 15c2-12 for the

Notes. The “end of the underwriting period” as used in this Note Purchase Agreement shall mean the Closing Date or such later date as to which notice is given by the Underwriter in accordance with the preceding sentence.

Section 4. Closing.

(a) At 8:00 a.m., Los Angeles time, on July 1, 2014, or at such other time or on such earlier or later date as the parties hereto shall agree upon in writing (the “Closing Date”), the County will deliver or cause to be delivered the Notes to The Depository Trust Company (“DTC”) in New York, New York in accordance with the requirements of paragraph (b) below and subject to the terms and conditions hereof the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by wire transfer or such other manner of payment as the Underwriter and the County shall reasonably agree) to the order of the County (such delivery and payment and the other actions contemplated hereby to take place at the time of such delivery and payment referred to herein as the “Closing”). At or prior to the Closing Date, the Underwriter shall receive at the offices of Bond Counsel in Los Angeles, California (or such other place as may be mutually agreed upon) the documents described in Section 6(c) hereof.

(b) The Notes shall be executed and delivered under and in accordance with the provisions of this Note Purchase Agreement, the Resolution and the Financing Certificate. The Notes shall be in definitive form, shall bear CUSIP numbers, and shall be in fully registered form registered in the name of Cede & Co., as nominee of DTC, with one Note in the aggregate principal amount of the Notes.

Section 5. County Representations, Warranties and Agreements. The County represents, warrants to, and agrees with the Underwriter that, as of the date hereof and as of the Closing Date:

(a) The County is a political subdivision duly organized and operating pursuant to the Constitution and laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Legal Documents, the Notes and the Resolution and, when executed and delivered by the respective parties thereto, the Legal Documents, the Notes and the Resolution will constitute the legally valid and binding obligations of the County, enforceable against the County in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally (including, without limitation, fraudulent conveyance law) and by general principles of equity including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California;

(b) The County is, and at the Closing shall, to the extent reasonably possible, be or shall thereafter cause itself to be, in compliance in all material respects with the Legal Documents, the Notes and the Resolution;

(c) To the best of the County’s knowledge, at the time of the County’s acceptance hereof, the Preliminary Official Statement and, as of the date hereof, the Official Statement (excluding the statements and information under the caption “BOOK-ENTRY

ONLY SYSTEM”) did not and 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 therein, in the light of the circumstances under which they were made, not misleading;

(d) To the best of the County’s knowledge, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body, pending or threatened against the County, (i) seeking to restrain or enjoin the execution, sale or delivery of the Notes; (ii) in any way contesting or affecting the validity or enforceability of the Legal Documents, the Notes or the Resolution; (iii) contesting in any way the completeness or accuracy of the Official Statement; or (iv) contesting the authority of the County with respect to the Legal Documents, the Notes or the Resolution;

(e) The Board of Supervisors of the County has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations contained in the Legal Documents, the Notes and the Resolution, and has duly authorized and approved the performance of its obligations contained in the Resolution and required for the consummation of all other transactions contemplated by the Legal Documents and the Official Statement;

(f) The County has, and as of the Closing Date will have, full legal right, power and authority (i) to enter into the Legal Documents, (ii) to adopt the Resolution, (iii) to make undertakings of the County as provided for in the Legal Documents, the Notes and the Resolution, (iv) to authorize the execution, sale and delivery of the Notes to the Underwriter pursuant to the Resolution as provided herein and therein, and (v) to carry out and consummate the transactions contemplated by the Resolution and the Official Statement;

(g) The County will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement. The County will advise the Underwriter promptly of the institution of any proceedings known to it seeking to prohibit or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Notes;

(h) The County agrees to cooperate with the Underwriter in endeavoring to qualify the Notes for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, that the County shall not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business in any jurisdiction where it is not now so qualified;

(i) To the best knowledge of the County, the County is not in breach of or in default under any material applicable law or administrative regulation of the State of California or the United States or any material applicable judgment or decree or any material loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject which breach or default would have a material and adverse impact on the County’s ability to perform its obligations under the Legal Documents, the Notes and the Resolution, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument;

(j) If at any time from the date hereof to and including 25 days from the Closing Date, any event occurs of which the County has knowledge, as a result of which the Official Statement would include an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County will cooperate with the Underwriter in the preparation and furnishing of an amendment or supplement to the Official Statement;

(k) If the information contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subparagraph, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including 25 days from the Closing Date, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained herein) will be true and correct in all material respects and such information will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the information therein, in the light of the circumstances under which it was made, not misleading, except that no warranty is made concerning the statements under the caption "BOOK-ENTRY ONLY SYSTEM;"

(l) Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the County since June 30, 2013 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change. The financial statements of, and other financial information regarding the County in the Official Statement, fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth, and (i) the audited financial statements have been prepared in accordance with the generally accepted accounting principles consistently applied, and (ii) the other financial information in the Official Statement has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Official Statement; and

(m) The County has not previously failed to materially comply with any of its previous undertakings with respect to Rule 15c2-12.

Section 6. Conditions to the Obligation of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Notes at the Closing shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the County 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 County made in any certificates or other documents furnished pursuant to the provisions hereof, the Notes or the Resolution, and to the performance by the County of its obligations to be performed hereunder and under the Legal Documents, the Notes and the Resolution on or prior to the Closing Date, and to the following additional conditions:

(a) As of the Closing Date, the Legal Documents, the Notes and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter with only such changes as shall have been agreed to by the Underwriter, and said agreements shall not have

been amended, modified or supplemented, except as may have been agreed to by the Underwriter.

(b) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Notes shall not have been materially adversely affected in the reasonable judgment of the Underwriter (evidenced by a written notice to the County terminating the obligation of the Underwriter to accept delivery of and pay for the Notes) by reason of any of the following:

(1) legislation (including any amendment thereto) enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of including in gross income for purposes of federal income taxation interest due with respect to the Notes; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Notes, or obligations of the general character of the Notes, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

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

(3) 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;

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

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

(6) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the County, its property, income, securities (or interest thereon), the validity or enforceability of the Notes; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(c) On or prior to the Closing Date, the Underwriter shall have received two originals or certified copies of the following documents, in each case reasonably satisfactory in form and substance to the Underwriter:

(1) the Note Purchase Agreement;

(2) the Financing Certificate;

(3) the Resolution;

(4) an approving opinion, dated the Closing Date and addressed to the County, of Bond Counsel, in substantially the form attached as Appendix D to the Official Statement, together with a reliance letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the County may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them, together with an additional supplemental opinion, dated the Closing Date and addressed to the Underwriter and the County to the effect that:

(i) the statements contained in the Official Statement under the captions "THE SERIES A NOTES—General," "—Security and Sources of Payment for the Series A Notes" and "—Additional Notes," "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE" and "TAX MATTERS," to the extent such statements purport to summarize the Notes, the Resolution, the Financing Certificate and Bond Counsel's opinion included as Appendix D to the Official Statement, present a fair and accurate summary of such provisions;

(ii) the Notes are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution and the Financing Certificate are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) the Note Purchase Agreement has been duly authorized, executed and delivered by the County and assuming due authorization execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the County, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against public entities in the State of California.

(5) an opinion of Counsel to the County ("County Counsel"), dated as of the Closing Date, addressed to the Underwriter, to the effect that:

(a) Due Organization and Existence. The County is a political subdivision of the State of California duly organized and validly existing under the Constitution and the laws of the State of California;

(b) Due Adoption. The Resolution was duly adopted by the Board of Supervisors of the County at a meeting 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 and the Resolution has not been amended, modified or repealed and is in full force and effect;

(c) No Litigation. Except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or (to the best of such counsel's knowledge after reasonable investigation) threatened against or affecting the County which would materially and adversely impact the County's ability to complete the transactions described in and contemplated by the Official Statement, or in any way contesting or affecting the validity or enforceability of the Legal Documents to which the County is a party, the Resolution or the Notes or the transactions as described and defined in the Official Statement, and the statements and information under the caption "LITIGATION" does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(d) No Conflict. The execution and delivery of the Legal Documents, the adoption of the Resolution and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation, court order or consent decree to which the County is subject;

(e) Due Authorization, Execution and Delivery; Legal, Valid and Binding Agreements. The Legal Documents have been duly authorized, executed and delivered by the County, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against public entities in the State of California;

(f) No Consents Required - Official Statement, Legal Documents. No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the County Board of Supervisors, is required for the valid authorization, execution and delivery of the Legal Documents and the approval of the Official Statement;

(g) Consents Required. Except with respect to any permit, license or approval heretofore obtained and in full force and effect, or except as otherwise disclosed in the Official Statement, no authorization, approval, consent or other order of the State of California or any other governmental authority or agency of the State of California is required to be obtained by the County which if not obtained would have an adverse effect on the ability of the County to perform its obligations under the Legal Documents;

(6) a certificate, dated the Closing Date and signed by an authorized representative of the County, to the effect that:

(a) the representations and warranties of the County contained herein 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;

(b) to the best knowledge of said individual, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading; and

(c) the County has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Resolution, and the Official Statement at and prior to the Closing Date;

(7) an opinion of Disclosure Counsel, dated the Closing Date and addressed to the County and the Underwriter, to the effect that, without passing upon or assuming any responsibility for the accuracy, completeness or fairness of

any of the statements contained in the Official Statement and without having independently verified the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with the Underwriter, Underwriter's Counsel, the County, County Counsel, Bond Counsel and others, and their reliance thereon and on certain specified records, documents, certificates, opinions and matters, no facts came to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Notes which caused them to believe that the Official Statement as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices C, D and E, and information regarding DTC and its book-entry only system contained in the Official Statement);

(8) An opinion of Underwriter's Counsel, dated the date of the Closing Date, and addressed to the County and the Underwriter, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no information has come to the attention of the attorneys rendering legal services in connection with such representation that lead them to believe that, as of its date and as of the Closing Date, the Official Statement (except for any financial or statistical data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry or The Depository Trust Company, included therein, as to which no opinion or view need be expressed) contained or contains any untrue statement of a material fact or omitted 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 that the Notes are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(9) a tax and non-arbitrage certificate in form and substance satisfactory to Bond Counsel;

(10) the Continuing Disclosure Certificate (as defined in the Official Statement), executed by an authorized representative of the County, dated the Closing Date;

(11) proof of receipt of ratings on the Notes of "SP-1+" from Standard & Poor's Ratings Group and "MIG-1" from Moody's Investors Service and that such ratings are then in effect; and

(12) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, Bond Counsel or the County may reasonably request.

Section 7. Expenses. There shall be paid from the proceeds of the Notes or by the County the following expenses: (a) the cost of preparation, printing, executing and delivering the Notes; (b) any fees charged by any rating agency for rating the Notes; (c) the cost of preparing, distributing and delivering the Official Statement; (d) the fees and disbursements of Bond Counsel; (e) the fees and disbursements of Disclosure Counsel; (f) the fees and disbursements of the financial advisor to the County; and (g) any out-of-pocket disbursements of the County to be paid from the proceeds of the Notes. The Underwriter shall pay the following expenses: (a) all out-of-pocket expenses of the Underwriter, including the fees and expenses of the Underwriter's Counsel; (b) fees payable to the California Debt and Investment Advisory Commission in connection with the Notes; (c) fees and expenses of the Municipal Securities Rulemaking Board and the Public Securities Association in connection with the Notes; (d) all expenses relating to the printing of CUSIP numbers on the Notes and the CUSIP Service Bureau charge for the assignment of such numbers; (e) costs of preparation of any blue sky and legal investment memoranda and fees for blue sky qualification; and (f) fees of The Depository Trust Company, New York, New York. The County shall pay for all expenses on behalf of the County's employees in connection with implementing this agreement, including, but not limited to, meals, transportation, lodging and entertainment of those employees.

Section 8. Indemnification. The County agrees to indemnify and hold harmless the Underwriter, the directors, officers, employees and agents of the Underwriter and the person who controls the Underwriter within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which the Underwriter may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the Final Official Statement (or in any supplement or amendment thereto), or arise out of or are based upon the omission or alleged omission to state therein 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. This indemnity agreement will be in addition to any liability which the County may otherwise have.

The Underwriter agrees to indemnify and hold harmless the County, each of its officials, directors, officers and employees, and each person who controls the County within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the County to the Underwriter, but only with reference to written information furnished by the Underwriter to the County or information provided by the Underwriter specifically for inclusion in the Preliminary Official Statement or the Final Official Statement (or in any amendment or supplement thereto).

Promptly after receipt by an indemnified party of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation. The indemnifying

party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought provided, however, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

In the event that the indemnity provided herein is unavailable or insufficient to hold harmless an indemnified party for any reason the County and the Underwriter agrees to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the County and the Underwriter may be subject in such proportion as is appropriate to reflect the relative benefits received by the County on the one hand and by the Underwriter on the other from the offering. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the County and the Underwriter shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the County on the one hand and of the Underwriter on the other in connection with the statements or omissions which resulted in such losses, as well as any other relevant equitable considerations. In no case shall the Underwriter be responsible for any amount in excess of the purchase discount or fee applicable to the Notes purchased by the Underwriter hereunder. Benefits received by the County shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriter shall be deemed to be equal to the total purchase discounts and commissions in each case set forth on the cover of the Final Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the County on the one hand or the Underwriter on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The County and the Underwriter agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Each person who controls the Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of the Underwriter

shall have the same rights to contribution as the Underwriter, and each person who controls the County within the meaning of either the Securities Act or the Exchange Act and each official, director, officer and employee of the County shall have the same rights to contribution as the County, subject in each case to the applicable terms and conditions of this paragraph.

Section 9. Notices. Any notice or other communication to be given to the Underwriter may be given by delivering the same to the Underwriter: 444 S. Flower Street, 27th Floor, Los Angeles, California 90071, Attention: Victor Andrade. Any notice or communication to be given the County under this Note Purchase Agreement may be given by delivering the same to the County Administrative Office, 385 N. Arrowhead Avenue, San Bernardino, California 92415, Attention: Gary McBride, Deputy Administrative Officer. All notices or communications hereunder by any party shall be given and served upon each other party.

Section 10. Parties in Interest; Force and Effect. This Note Purchase Agreement is made solely for the benefit of the County and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the County pursuant to this Note Purchase Agreement shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of the Underwriter; (ii) the delivery of and payment for the Notes pursuant to this Note Purchase Agreement; or (iii) the termination of this Note Purchase Agreement, but only to the extent provided herein regarding preconditions of Closing.

Section 11. Governing Law. This Purchase Contract shall be governed by the laws of the State of California.

Section 12. Entire Agreement. This Note Purchase Agreement when accepted by you in writing as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the County and the Underwriter (including the successors or assigns thereof). No other person shall acquire or have any right hereunder or by virtue hereof.

Section 13. Headings. The headings of the paragraphs of this Note Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

Section 14. Unenforceable Provisions. If any provision of this Note Purchase Agreement 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 Note Purchase Agreement invalid, inoperative or unenforceable to any extent whatsoever.

Section 15. Effectiveness. This Purchase Contract shall become effective upon the acceptance and approval by an Authorized Officer of the County and shall be valid and enforceable at the time of such acceptance and acknowledgment.

Section 16. Counterparts. This Note Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

COUNTY OF SAN BERNARDINO

By: _____
Authorized Officer

CITIGROUP GLOBAL MARKETS INC.

By: _____
Authorized Officer