

**[\$Bond Amount]
REDEVELOPMENT AGENCY OF THE CITY OF SANTA MONICA
EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT
2011 TAX ALLOCATION BONDS**

BOND PURCHASE AGREEMENT

_____, 2011

Santa Monica Public Financing Authority
c/o Redevelopment Agency of the City of Santa Monica
1901 Main Street, Suite E
Santa Monica, California 90405

Redevelopment Agency of the City of Santa Monica
1901 Main Street, Suite E
Santa Monica, California 90405

Ladies and Gentlemen:

The undersigned, E. J. De La Rosa & Co., Inc., on behalf of itself and Wells Fargo Securities (collectively, the "Underwriter"), offers to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with the Santa Monica Public Financing Authority (the "Authority") and the Redevelopment Agency of the City of Santa Monica (the "Agency") which will be binding upon the Authority, the Agency and the Underwriter upon the acceptance hereof by the Authority and the Agency. This offer is made subject to its acceptance by the Authority and the Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriters on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined will have the respective meanings given to such terms in the Indenture (as hereinafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the (a) [\$Bond Amount] aggregate principal amount of the Agency's Earthquake Recovery Redevelopment Project, 2011 Tax Allocation Bonds (the "Bonds"), at a purchase price equal to \$_____ (being the aggregate principal amount thereof, less an Underwriter's discount of \$_____ and less a net original issue discount of \$_____).

The Bonds are to be purchased by the Authority from the Agency pursuant hereto for resale and delivery to the Underwriter concurrently with the purchase of the Bonds by the

Underwriter from the Authority; provided that the obligation of the Authority to purchase the Bonds from the Agency will be solely with moneys provided by the Underwriter. Such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the "Closing."

2. The Bonds and Related Documents. The Bonds will be issued pursuant to an Indenture of Trust as supplemented by a First Supplement to Indenture of Trust, each dated as of April 1, 2006, and a Second Supplement to Indenture of Trust dated as of June 1, 2011 (collectively, the "Indenture"), each by and between the Agency and Union Bank of California, N.A., Los Angeles, California, as trustee (the "Trustee") and pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 commencing with Section 33000) of the California Health and Safety Code (the "Redevelopment Law") and a resolution of the Agency adopted _____, 2011 (the "Agency Resolution"). The Bonds will be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which will be approved by the Underwriter, is hereinafter called the "Official Statement").

The net proceeds of the Bonds will be used to finance redevelopment activities of the Agency with respect to the Agency's Earthquake Recovery Redevelopment Project (the "Project").

The Authority was created as a joint exercise of powers authority pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act").

The Agency will undertake pursuant to the provisions of a Continuing Disclosure Certificate, to be dated the date of the Closing (the "Disclosure Certificate"), and executed by the Agency, to provide certain annual information and notices of the occurrence of certain events, if material. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Indenture, the Continuing Disclosure Certificate and this Bond Purchase Agreement are sometimes collectively referred to herein as the "Agency Legal Documents." The resolution of the Authority adopted _____, 2011, approving the purchase and sale of the Bonds and related matters is herein referred to as the "Authority Resolution." The resolution of the City adopted _____, 2011, approving the issuance of the Bonds by the Agency is herein referred to as the "City Resolution."

3. Offering. It will be a condition to the Agency's obligations to sell and to deliver the Bonds to the Authority and the Underwriter and to the Underwriter's obligations to purchase, to accept delivery of and to pay for the Bonds that the entire \$[Bond Amount] aggregate principal amount of the Bonds will be issued, sold and delivered by the Agency and the Authority and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the initial public offering prices or yields set forth in Exhibit A hereto and on the cover page of the Official Statement, plus interest accrued thereon from the date of the Bonds, and will provide a certificate in a form approved by Bond Counsel to such effect. The Underwriter reserves the right to change, subsequent to the initial public offering, such initial offering prices as it will deem necessary in connection with the marketing of the Bonds.

4. Use and Preparation of Documents. The Agency has caused to be prepared and delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official Statement dated _____, 2011, relating to the Bonds (the "Preliminary Official Statement"). The Agency ratifies, confirms and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Agency has previously 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 information permitted to be omitted therefrom by Rule 15c2-12. The Agency will have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit B.

The Agency hereby agrees to deliver or cause to be delivered to the Underwriter, within seven business days of the date hereof, a sufficient number of copies of the final Official Statement relating to the Bonds, dated the date hereof, which includes all information permitted to be omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Agency, the Agency and the Underwriter to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End of the Underwriting Period (defined below). The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

The Agency and the Authority hereby approve of the use and distribution (including the electronic distribution) by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offer and sale of the Bonds.

5. Representations, Warranties and Agreements of the Agency. The Agency hereby represents, warrants and agrees as follows:

(a) The Agency is a public body, corporate and politic, organized and existing under the Constitution and laws of the State of California, including the Redevelopment Law.

(b) The Agency has full legal right, power and authority to enter into the Agency Legal Documents and carry out and consummate the transactions contemplated by the Agency Legal Documents.

(c) By all necessary official action of the Agency prior to or concurrently with the acceptance hereof, the Agency has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Agency Legal Documents, and the performance by the Agency of all transactions contemplated by the Agency Legal Documents; and the Agency Legal Documents will constitute legal, valid and binding obligations of the Agency, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(d) The Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency

is a party or to which the Agency or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the execution and delivery of the Agency Legal Documents, and compliance with the provisions on the Agency's part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or to which the Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Indenture.

(e) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations under the Agency Legal Documents have been duly obtained.

(f) Between the date of this Bond Purchase Agreement and the date of the Closing, the Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues (as defined in the Indenture), nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Agency.

(g) To the best knowledge of the officer of the Agency executing this Bond Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the Indenture or the collection of the Tax Revenues or contesting or affecting, as to the Agency, the validity or enforceability of the Agency Legal Documents or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Agency or which might materially adversely affect the Tax Revenues of the Agency; nor, to the best knowledge of the Agency, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the authorization, execution, delivery or performance by the Agency of the Agency Legal Documents.

(h) As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Agency superior to or on a parity with the lien provided for in the Indenture on the Tax Revenues, other than as disclosed in the Official Statement. As of the time of acceptance hereof and as of the date of the Closing, the Agency

does not and will not have outstanding any indebtedness which indebtedness is payable prior to the Bonds from Tax Revenues.

(i) As of the time of acceptance hereof and as of the date of the Closing, the Agency has complied with the filing requirements of Article 6 of Chapter 1 of the Redevelopment Law.

(j) As of the date thereof, the Preliminary Official Statement did not, except as revised by the Official Statement, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading in any material respect.

(k) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading.

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and will pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days of the End of the Underwriting Period for the Bonds, the Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(m) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (l) hereof, 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 the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading.

(n) After the Closing, the Agency will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter will reasonably object in writing or which will be disapproved by counsel for the Underwriter.

(o) Any certificate signed by any officer of the Agency and delivered to the Underwriter will be deemed a representation by the Agency to the Underwriter as to the statements made therein.

(p) The Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement.

(q) The Agency's Low and Moderate Income Housing Fund established pursuant to Section 33334.3 of the Redevelopment Law does not on the date hereof, and will not on the date of the Closing, contain an "excess surplus" (within the meaning of Section 33334.12 of the Redevelopment Law) that would cause the Agency to be or to become subject to the sanctions contained in Section 33334.12(e)(1) of the Redevelopment Law.

(r) The Agency does not on the date hereof, and will not as of the date of Closing, have "major audit violations" (within the meaning of Section 33080.8(i) of the Redevelopment Law) so as to be subject to a court order prohibiting the activities set forth in Section 33080.8(e)(3) of the Redevelopment Law.

(s) The Agency timely paid its payment obligation under Section 33690(a) of the Redevelopment Law (SERAF payment).

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

(a) The Authority has been duly and validly created as a joint exercise of powers authority pursuant to the Act and the Joint Powers Agreement, and is a duly and validly existing public entity under the laws of the State of California.

(b) The Authority has full legal right, power and authority to (i) enter into this Bond Purchase Agreement, (ii) sell, issue and deliver the Bonds to the Underwriter under the Act, as provided herein; and (iii) carry out and consummate the transactions contemplated by this Bond Purchase Agreement.

(c) To the best knowledge of the officer of the Authority executing this Bond Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Authority, affecting the existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale or delivery of the Bonds or contesting or affecting, as to the Authority, the validity or enforceability of the Act, the Bonds or this Bond Purchase Agreement, or in any way contesting or challenging the consummation of the transactions contemplated hereby.

(d) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Authority will not be required to qualify to do business in connection with any such qualification or determination in any jurisdiction or take any other action which is inconsistent with or violates the Joint Powers Agreement.

(e) Any certificate signed by any officer of the Authority and delivered to the Underwriter will be deemed a representation by the Authority to the Underwriter as to the statements made therein.

7. Closing. At 8:00 A.M., California time, on _____, 2011, or on such other date as may be mutually agreed upon by the Agency, the Authority and the Underwriter, the Agency and the Authority will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in federal funds. Sale, delivery and payment as aforesaid will be made at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), Newport Beach, California, or such other place as may be mutually agreed upon by the Agency, the Authority and the Underwriter, except that the Bonds (with one certificate for each maturity and otherwise in a form suitable for the book-entry system) will be delivered to the Underwriter in New York, New York, through the book-entry system of The Depository Trust Company ("DTC"). Unless the DTC Fast Automated Securities Transfer ("FAST") is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

8. Closing Conditions. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the Agency and the Authority contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Agency and the Authority of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds will be conditioned upon the performance by the Agency and the Authority of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and will also be subject to the following additional conditions:

(a) The Underwriter will receive, within seven business days after the date hereof, copies of the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter may request.

(b) The representations and warranties of the Agency and the Authority contained herein will 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 and the statements of the officers and other officials of the Agency, the Authority and the Trustee made in any certificate or other document furnished pursuant to the provisions hereof are accurate.

(c) At the time of the Closing, the Agency Legal Documents will have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement will have been duly authorized, executed and delivered by the Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as will have been agreed to in writing by the Underwriter, and will be in full force and effect; and there will be in full force and effect such resolution or resolutions of the governing bodies of the Agency and the Authority as, in the opinion of Bond Counsel will be necessary or appropriate in connection with the transactions contemplated hereby.

(d) At the time of the Closing, all necessary official action of the Agency and the Authority relating to the Official Statement and the Agency Legal Documents will have been taken and will be in full force and effect and will not have been amended, modified or supplemented in any material respect.

(e) At or prior to the Closing, the Underwriter will have received copies of each of the following documents:

(1) Bond Counsel Opinion. The approving opinion of Bond Counsel to the Agency, dated the date of the Closing and substantially in the form included as Appendix D to the Official Statement.

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing, stating that the Underwriter may rely on the opinion of Bond Counsel described in paragraph (1) above as if such opinion was addressed to the Underwriter and to the following effect:

(i) the Bond Purchase Agreement has been duly executed and delivered by the Agency and the Authority and (assuming due authorization, execution and delivery by and validity against the Underwriter) constitutes the valid and binding agreement of the Agency and the Authority, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles;

(ii) the statements contained in the Official Statement under the captions "INTRODUCTION," "THE 2011 BONDS," "SECURITY FOR THE 2011 BONDS," "OTHER MATTERS – Tax Matters" and in Appendices A and D insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds or the opinion of Bond Counsel, are accurate in all material respects; and

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

(3) Financial Advisor Certificate. A certificate, dated the date of Closing, signed by a duly authorized official of the Financial Advisor addressed to the Underwriter and the Agency to the effect, that, in connection with the preparation of the Official Statement, nothing has come to the attention of the Financial Advisor that would lead it to believe that the statements and information contained in the Official Statement as of the date thereof and the date of the Closing, contains an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(4) Agency Counsel Opinion. An opinion of Counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter to the following effect:

(i) the Agency is a public body, corporate and politic, duly organized and existing under the Constitution and laws of the State, including the Redevelopment Law, with full right, power and authority to execute, deliver and perform its obligations under the Agency Legal Documents;

(ii) the Agency Resolution was duly adopted at a meeting of the Agency, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Agency Resolution is in full force and effect and has not been modified amended or rescinded since their respective adoption date; and

(iii) the Agency Legal Documents have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid, legal and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(iv) the execution and delivery of the Agency Legal Documents and the Official Statement and compliance with the provisions of the Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Agency is subject;

(v) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened, challenging the creation, organization or existence of the Agency, or the validity of the Bonds or the Agency Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to issue, sell and deliver the Bonds, to enter into the Indenture or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues; and

(vi) the information in the Official Statement relating to the Agency, the Tax Revenues and the Project Area (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) is true and correct in all material respects, and the Official Statement contains no misstatement of any material fact and does not omit any statement necessary to make the statements contained therein with respect to, in the light of the circumstances in which such statements were made, not misleading.

(5) Authority Counsel Opinion. An opinion of counsel to the Authority, dated the date of Closing and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the Authority is a joint exercise of powers authority, duly organized and validly existing under the Act and the Joint Powers Agreement;

(ii) the Authority Resolution was duly adopted at a meeting of the Authority, called and held pursuant to law, with all public notice required by law and at which a quorum was present and acting throughout; and the Authority Resolution is in full force and effect and has not been modified amended or rescinded since its adoption date; and

(iii) the Bond Purchase Agreement has been duly authorized, executed and delivered by the Authority and constitutes the valid, legal and binding obligation of the Authority enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought.

(6) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) the Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture;

(ii) the Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture and the Indenture constitute the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(iii) except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture, or the consummation of the transactions contemplated therein.

(7) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by a duly authorized officer of the Agency, to the effect that:

(i) the representations and warranties of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in

order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) no further consent is required to be obtained for the inclusion of the Agency's audited financial statements, including the accompanying accountant's letter, for fiscal year ended June 30, 2010, in the Official Statement.

(8) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by a duly authorized officer of the Authority, to the effect that:

(i) the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; and

(ii) no event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(9) Trustee's Certificate. A Certificate, dated the date of Closing, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee has full power, authority and legal right to comply with the terms of the Indenture and to perform its obligations stated therein; and

(iii) the Indenture has been duly authorized, executed and delivered by the Trustee and (assuming due authorization, execution and delivery by the Agency) constitutes a legal, valid and binding obligations of the Trustee in accordance with there respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(10) Legal Documents. Executed copies of this Bond Purchase Agreement, the other Agency Legal Documents and a tax certificate in form acceptable to Bond Counsel.

(11) Rating Letters. Letters from Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch Ratings ("Fitch") to the effect that the Bonds have been assigned the respective ratings shown in the Official Statement.

(12) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness

of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, Appendices A, C, D and F, and information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(13) Fiscal Consultant Certificate. An executed certificate of the Fiscal Consultant to the effect that

(i) other than any modifications of debt service requirements after final sale of the Bonds reflected in the Official Statement, nothing has come to the attention of the Fiscal Consultant since the date of the Fiscal Consultant's Report set forth as Appendix A to the Official Statement which would cause it to believe that the Report was materially incorrect in any respect,

(ii) the Report sets forth the best estimates of the Fiscal Consultant with respect to the projections contained therein and

(iii) the Fiscal Consultant has consented to the reproduction of the Report as Appendix G to the Official Statement.

(14) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

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

If the Agency, the Authority or the Trustee will be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds will be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement will terminate and neither the Underwriter nor the Authority will be under any further obligation hereunder.

9. Termination. The Underwriter will have the right to terminate its obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the Authority of their election to do so if, after the execution hereof and prior to the Closing:

(a) any event occurs that causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Bond Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation is introduced in, or enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States is rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(d) legislation is enacted by the Congress of the United States, or a decision by a court of the United States is rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter is issued or made, to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) additional material restrictions not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(f) a general banking moratorium is established by federal or State authorities; or

(g) the United States becomes engaged in hostilities which result in a declaration of war or a national emergency, or there occurs any other outbreak of hostilities or a national or international calamity or crisis, or there occurs any escalation

of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(h) any rating of the Bonds is downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 5(g) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(j) there is in force a general suspension of trading on the New York Stock Exchange.

10. Expenses. (a) The Underwriter will be under no obligation to pay, and the Agency will pay, any expenses incident to the performance of the Agency's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and distribution of the Indenture and the Indenture and word processing, reproduction, printing and distribution costs relating to the Preliminary Official Statement, the Official Statement and any supplements or amendments thereto (incurred by Disclosure Counsel or an independent printer); (ii) the cost of preparation of the Bonds; (iii) the fees and disbursements of Bond Counsel and Disclosure Counsel, the fees and expenses of counsel to the Agency, the Authority and the City and the fees of counsel to the Underwriter; (iv) the fees and disbursements of the Financial Advisor and the Fiscal Consultant and any other experts, consultants or advisors retained by the Agency, the Authority or the City; (v) the fees of the rating agencies; (vi) the cost of preparation of the Blue Sky Memoranda and all Blue Sky filing fees in connection with the public offering of the Bonds; and (vii) the bond insurance premium and surety bond premium; and (viii) any out-of-pocket disbursements of the Agency, the Authority and of the Underwriter incurred in connection with the public offering and distribution of the Bonds, including any expenses (included in the expense component of the spread) incurred on behalf of the Authority's or the Agency's employees which are incidental to implementing this Bond Purchase Agreement including, but not limited to, meals, transportation, lodging and entertainment of those employees.

(b) The Underwriter will pay: (i) fees, if any, payable to the California Debt and Investment Advisory Commission in connection with the issuance of the Bonds; and (ii) all other expenses incurred by the Underwriter in connection with the public offering of the Bonds.

11. Notices. Any notice or other communication to be given to the Agency under this Bond Purchase Agreement may be given by delivering the same in writing at the Agency's address set forth above, to the attention of its Executive Director.

Any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to:

De la Rosa & Co.
10866 Wilshire Boulevard, Suite 1650
Los Angeles, California 94608
Attention: John Kim

12. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the Authority, the Agency and the Underwriter and no other person will acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Agency and the Authority contained in this Bond Purchase Agreement will remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

13. Effectiveness: Counterpart Signatures. This Bond Purchase Agreement will become effective upon the execution of the acceptance by an authorized officer of the Agency and approval by an authorized officer of the Authority and will be valid and enforceable at the time of such acceptance and approval.

This Bond Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) will be an original, but all such counterparts will together constitute but one and the same instrument.

14. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and will not be deemed to be a part hereof.

15. No Fiduciary Relationship. The Agency acknowledges and agrees that:

(i) the purchase and sale of the Bonds under this Bond Purchase Agreement is an arm's-length commercial transaction among the Agency, the Authority and the Underwriter;

(ii) in connection therewith, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Agency or the Authority;

(iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Agency or the Authority with respect to: (a) the offering of the Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Agency or the Authority on other matters); or (b) any other obligation to the Agency or the Authority except the obligations expressly set forth in this Purchase Contract; and

(iv) the Agency has consulted with its own legal and financial advisors in connection with the offering of the Bonds, including, but not limited to, matters relating to the timing of the sale of the Bonds, the size of the Bonds, the potential impacts of the sale of the Bonds on the Agency's financial condition and the potential financial and legal consequences on the Agency for selling the Bonds in light of the 2011 12 budget proposal made by the Governor of California.

16. Governing Law. This Bond Purchase Agreement will be construed in accordance with the laws of the State of California.

Very truly yours,

E. J. DE LA ROSA & CO., INC.

By: _____
Authorized Representative

Accepted:

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA MONICA

By: _____
Executive Director

SANTA MONICA PUBLIC FINANCING
AUTHORITY

By: _____
Treasurer

EXHIBIT A

**REDEVELOPMENT AGENCY
OF THE CITY OF SANTA MONICA
EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT
2011 TAX ALLOCATION BONDS**

MATURITY SCHEDULE

\$ _____ Serial Bonds

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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Term Bonds

<u>Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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EXHIBIT B

**REDEVELOPMENT AGENCY
OF THE CITY OF SANTA MONICA
EARTHQUAKE RECOVERY REDEVELOPMENT PROJECT
2011 TAX ALLOCATION BONDS**

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to E. J. De La Rosa & Co., Inc., on behalf of itself and Wells Fargo Securities (collectively, the "Underwriter"), that he or she is a duly appointed and acting officer of the Redevelopment Agency of the City of Santa Monica, and as such is authorized to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the tax allocation bonds captioned above (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of _____, 2011, setting forth information concerning the Bonds and the Agency (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" will mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Authority or the Agency will promptly notify the Underwriter thereof.

Dated: _____, 2011

REDEVELOPMENT AGENCY OF THE
CITY OF SANTA MONICA

By _____
Authorized Officer