

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

718



FROM: Purchasing and Fleet Services Dept.

SUBMITTAL DATE:
March 1, 2011

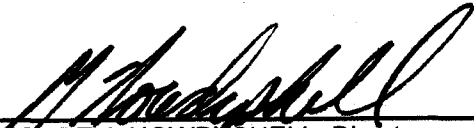
**SUBJECT: APPROVAL OF MULTI-YEAR LEASE LINE OF CREDIT FOR FINANCING
PURCHASES OF FIXED ASSETS**

RECOMMENDED MOTION: That the Board of Supervisors:

1. In accordance with Ordinance 459.4, approve the master lease line of credit agreement with Pinnacle Public Finance in the aggregate amount of \$20,000,000, with the option for an additional \$20,000,000 if the original line of credit is exhausted, and;
2. Authorize the Purchasing Agent, based on the availability of fiscal funding, to sign amendments that do not change the substantive terms of the agreement, including amendments to the compensation provision.

BACKGROUND: To meet the needs of County operations, departments have had alternative ways to procure equipment when funds for outright purchase are not available from current budgets. In order

(Continued on Page 2)



 ROBERT J. HOWDY SHELL, Director
 Purchasing and Fleet Services Dept.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	10/11

SOURCE OF FUNDS: County Departments	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

BY: Serena Chow
Serena Chow

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: Neal R. Kipnis 2/22/11
 DATE
 Pi/Departmental Concurrence

Consent Policy
 Consent Policy

Dept's Recomm.:
 Per Exec. Ofc.:

BOARD OF SUPERVISORS

**FORM 11: APPROVAL OF MULTI-YEAR LEASE LINE OF CREDIT FOR FINANCING
PURCHASES OF FIXED ASSETS**

PAGE 2

BACKGROUND (Continued)

to provide financing on an "as needed" basis, the Purchasing Department formally solicited an open line of credit via the Request for Proposal (RFP) process for a total amount to be accessed over a period of time. This provides for a readily available funding source that does not require Purchasing to repeatedly go to the Board of Supervisors for approval of multi-year financing each time a department wishes to lease or purchase equipment. Through the budget process or separate Form 11, the Board of Supervisors approves items for purchase either on a cash basis or through financing, and therefore, all items financed through this line of credit have received prior approval from the Board of Supervisors.

In January 2011, Purchasing issued RFP #PUARC1161 to establish a new line of credit to meet future County financing requirements. Bids were sent to 31 major lending institutions including lending institutions such as Citicorp, Bank of America, Muni-Financial, Pinnacle Public Finance (formally known as Koch Finance), and Chase Equipment Financing, as well as advertised on the Purchasing website, requesting rates for \$50 million to be used as required by the County. Bids were received from two financial institutions and an independent broker, in which the evaluation team consisting of the Executive Office and the Treasurer's Office selected one vendor, Pinnacle Public Finance for contract negotiation. The other institution, Bank of America, and a broker, Holman Capital, were eliminated due to higher interest rates, or other special terms, conditions, or requirements that were unacceptable or less attractive to the County.

Based on the evaluation criteria set forth in the RFP, Pinnacle Public Finance was determined as the most responsive and responsible bidder and offered the lowest rates. On February 17, 2011, Purchasing presented the Debt Advisory Committee (DAC) the results of the RFP and recommended selection of Pinnacle Public Finance. The Debt Advisory Committee unanimously approved the recommendation of Pinnacle Public Finance as the overall responsive/responsible vendor to meet the needs of the County.

All vendors proposed a percentage formula based on one index, the Federal Reserve Publication H. 15 (519) report for the prior week average utilizing interest rates for 2, 3, 5, 7, and 10-year schedules.

Pinnacle Public Finance has proposed a modest spread to the Treasury Constant Maturities set forth in the H. 15 (519). However, Pinnacle Public Finance can only offer \$20 million due to current bank exposure policies. After the \$20 million has been used, Pinnacle Public Finance will seek additional credit for the County.

Bank of America proposed a line of credit of \$15 million with a minimum amount to be financed of \$100,000 per transaction. Holman Capital proposed a line of credit of \$60 million, with a minimum amount to be financed of \$250,000 per transaction plus a \$2,500 loan fee.

BOARD OF SUPERVISORS**FORM 11: APPROVAL OF MULTI-YEAR LEASE LINE OF CREDIT FOR FINANCING PURCHASES OF FIXED ASSETS****PAGE 3****Pinnacle Public Finance Rates**

Term	Index	Percentage of Index	Interest Rate	Minimum Dollars to be Financed Per Schedule
24 Months	Two year treasuries	3.0702	1.75%	\$ 25,000.00
36 Months	Three year treasuries	1.8571	1.82%	\$ 25,000.00
60 Months	Five year treasuries	1.1885	2.27%	\$ 25,000.00
84 Months	Seven year treasuries	0.9924	2.62%	\$ 25,000.00
120 Months	Ten year treasuries	1.0091	3.32%	\$ 25,000.00

Bank of America

Term	Index	Percentage of Index	Interest Rate	Minimum Dollars to be Financed Per Schedule
24 Months	Two year treasuries	4.3462	2.26%	\$ 100,000.00
36 Months	Three year treasuries	2.7955	2.46%	\$ 100,000.00
60 Months	Five year treasuries	2.2331	2.97%	\$ 100,000.00
84 Months	Seven year treasuries	1.8674	3.38%	\$ 100,000.00
120 Months	Ten year treasuries	1.5538	4.04%	\$ 100,000.00

Holman Capital (Broker)

Term	Index	Percentage of Index	Interest Rate	Minimum Dollars to be Financed Per Schedule
24 Months	Two year treasuries	N/A	4.3500%	\$ 250,000.00
36 Months	Three year treasuries	N/A	3.9800%	\$ 250,000.00
60 Months	Five year treasuries	N/A	3.9300%	\$ 250,000.00
84 Months	Seven year treasuries	N/A	4.0900%	\$ 250,000.00
120 Months	Ten year treasuries	N/A	4.3600%	\$ 250,000.00

PRICE REASONABLENESS: Pinnacle Public Finance offered the lowest interest rate and was selected based on the competitive bids received.

REVIEW AND APPROVAL: This Master Lease Agreement has been reviewed and approved by the Purchasing Agent, and the Debt Advisory Committee.

MASTER EQUIPMENT LEASE PURCHASE AGREEMENT

This Master Equipment Lease Purchase Agreement dated as of February 22, 2011 and entered into between Pinnacle Public Finance, Inc., a Delaware corporation ("Lessor"), and County of Riverside, a body corporate and politic existing under the laws of the State of California ("Lessee").

1. Agreement. Lessee agrees to lease from Lessor certain "Equipment" as described in each Equipment Schedule (Exhibit A), which together with a Rental Payment Schedule (Exhibit A-1) constitute a "Schedule", subject to the terms and conditions of and for the purposes set forth in each Lease. Items of equipment may be added to the Equipment from time to time by execution of additional Schedules by the parties hereto and as otherwise provided herein. Each Schedule and the terms and provisions of this Agreement (which includes all exhibits hereto, together with any amendments and modifications pursuant thereto) which are incorporated by reference into such Schedule shall constitute a separate and independent lease and installment purchase of the Equipment therein described and are referred to herein as a "Lease".

2. Term. The "Commencement Date" for each Lease is the date when interest commences to accrue under such Lease which date shall be the earlier of (i) the date on which the Equipment listed in such Lease is accepted by Lessee in the manner described in Section 11, or (ii) the date on which sufficient monies to purchase the Equipment listed in such Lease are deposited for that purpose with an escrow agent, or (iii) the date sufficient monies are set aside for acquisition of Equipment as evidenced in Exhibit D, if applicable. The "Lease Term" for each Lease means the Original Term and all Renewal Terms therein provided and for this Agreement means the period from the date hereof until this Agreement is terminated. The "Original Term" means the period from the Commencement Date for each Lease until the end of Lessee's fiscal year or biennium (as the case may be) (the "Fiscal Period") in effect at such Commencement Date. The "Renewal Term" for each Lease is each term having a duration that is coextensive with the Fiscal Period.

3. Representations and Covenants of Lessee. Lessee represents, covenants and warrants for the benefit of Lessor on the date hereof and as of the Commencement Date of each Lease as follows: (a) Lessee is a public body corporate and politic duly organized and existing under the constitution and laws of the State with full power and authority under the constitution and laws of the state where the Lessee is located ("State") to enter into this Agreement and each Lease and the transactions contemplated hereby and to perform all of its obligations hereunder and under each Lease; (b) Lessee has duly authorized the execution and delivery of this Agreement and each Lease by proper action of its governing body at a meeting duly called and held in accordance with State law, or by other appropriate official approval, and all requirements have been met and procedures have occurred to ensure the validity and enforceability of this Agreement and each Lease; (c) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a body

corporate and politic; (d) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and each Lease and the acquisition by Lessee of the Equipment as provided in each Lease; (e) during the Lease Term, the Equipment will be used by Lessee solely and exclusively for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority; (f) Lessee will annually provide Lessor with current financial statements, budgets, proof of appropriation for the ensuing Fiscal Period, and such other financial information relating to the ability of Lessee to continue each Lease as may be requested by Lessor; and (g) Lessee has an immediate need for the Equipment listed on each Schedule and expects to make immediate use of the Equipment listed on each Schedule.

4. Tax and Arbitrage Representations. Lessee hereby represents as follows: (a) the estimated total costs of the Equipment listed in each Schedule will not be less than the total principal portion of the Rental Payments listed in such Rental Payment Schedule; (b) the Equipment listed in each Schedule has been ordered or is expected to be ordered within 6 months of the Commencement Date, and all amounts deposited in escrow to pay for the Equipment, and interest earnings, will be expended on costs of the Equipment and the financing within 3 years of Commencement Date; (c) no proceeds of any Lease will be used to reimburse Lessee for expenditures made more than 60 days prior to the Commencement Date or, if earlier, more than 60 days prior to any official action taken to evidence an intent to finance; (d) Lessee has not created or established, and does not expect to create or establish, any sinking fund or similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments; (e) the Equipment listed in each Schedule has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in part, prior to the last maturity of Rental Payments; (f) Lessee will comply with all applicable provisions of the Internal Revenue Code of 1986, as amended ("Code"), including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest components of Rental Payments from gross income for purposes of federal income taxation; and (g) Lessee intends that each Lease not constitute a "true" lease for federal income tax purposes.

5. Lease of Equipment. Upon the execution of each Lease, Lessor demises, leases, transfers, and lets to Lessee, and Lessee acquires, rents, leases and hires from Lessor, the Equipment in accordance with the terms thereof. The Lease Term for each Lease may be continued, solely at the option of Lessee, at the end of the Original Term or any Renewal Term for the next succeeding Renewal Term up to the maximum

Lease Term set forth in such Lease. At the end of the Original Term and at the end of each Renewal Term the Lease Term shall be automatically extended upon the successive appropriation by Lessee's governing body of amounts sufficient to pay Rental Payments and other amounts payable under the related Lease during the next succeeding Fiscal Period until all Rental Payments payable under such Lease have been paid in full, unless Lessee shall have terminated such Lease pursuant to Section 7 or Section 22. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Rental Payments shall be as provided in the applicable Lease.

6. Continuation of Lease Term. Lessee currently intends, subject to Section 7, to continue the Lease Term of each Lease through the Original Term and all Renewal Terms and to pay the Rental Payments thereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Rental Payments during the maximum Lease Term of each Lease can be obtained. Lessee currently intends to do all things lawfully within its power to obtain and maintain funds from which the Rental Payments may be made, including making provision for such payments to the extent necessary in each budget or appropriation request submitted and adopted in accordance with applicable provisions of law. Notwithstanding the foregoing, the decision whether or not to budget and appropriate funds or to extend the applicable Schedule for any Renewal Term is within the discretion of the governing body of Lessee.

7. Nonappropriation. Lessee is obligated only to pay such Rental Payments under each Lease as may lawfully be made from funds budgeted and appropriated for that purpose. Should Lessee fail to budget, appropriate or otherwise make available funds to pay Rental Payments under any Lease following the then current Original Term or Renewal Term, this Agreement and all Leases hereunder shall terminate, in whole, but not in part, as to all Equipment effective upon the last day of the then current Original Term or Renewal Term with respect to each Lease. Lessee agrees to deliver notice to Lessor of such termination at least 30 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. An occurrence of nonappropriation under any Lease constitutes an event of nonappropriation under all Leases. If the Leases are terminated in accordance with this Section, Lessee agrees, at Lessee's sole cost and expense, to peaceably deliver the Equipment to Lessor at the location(s) to be specified by Lessor on or before the effective date of termination.

8. Conditions to Lessor's Performance. This Agreement is not a commitment by Lessor to enter into any Lease not currently in existence, and nothing in this Agreement shall be construed to impose any obligation upon Lessor to enter into any proposed Lease, it being understood that whether Lessor enters into any proposed Lease shall be a decision solely within Lessor's discretion. Lessee will cooperate with Lessor in Lessor's review of any proposed Lease. Lessee understands that Lessor requires certain documentation and information necessary to enter into any Lease and Lessee agrees to provide

Lessor with any documentation or information Lessor may request in connection with Lessor's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment and its contemplated use and location and documentation or information concerning the financial status of Lessee and other matters related to Lessee.

9. Rental Payments. Lessee shall promptly pay "Rental Payments" as described in Exhibit A-1 to each Lease, exclusively from legally available funds, to Lessor on the dates and in such amounts as provided in each Lease. Lessee shall pay Lessor a charge on any Rental Payment not paid on the date such payment is due at the rate of 12% per annum or the maximum rate permitted by law, whichever is less, from such date until paid. Rental Payments consist of principal and interest portions. *Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments under each Lease shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee, nor shall anything contained herein or in a Lease constitute a pledge of the general tax revenues, funds or monies of Lessee.*

10. RENTAL PAYMENTS TO BE UNCONDITIONAL. EXCEPT AS PROVIDED IN SECTION 7, THE OBLIGATIONS OF LESSEE TO MAKE RENTAL PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED IN EACH LEASE SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION ANY FAILURE OF THE EQUIPMENT TO BE DELIVERED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

11. Delivery; Installation; Acceptance. Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location specified in each Lease and pay any and all delivery and installation costs in connection therewith. When the Equipment listed in any Lease has been delivered and installed, Lessee shall immediately accept such Equipment and evidence said acceptance by executing and delivering to Lessor an Acceptance Certificate (Exhibit B). Lessor shall provide Lessee with quiet use and enjoyment of the Equipment during the Lease Term.

12. Location; Inspection. Once installed, no item of the Equipment will be moved from the location specified for it in the Lease on which such item is listed without Lessor's consent, which consent shall not be unreasonably withheld. Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

13. Use; Maintenance. Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the related Lease. Lessee shall provide all

permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body. Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair and working order. Lessee will enter into a maintenance contract for the Equipment that is acceptable to Lessor.

14. Title. Upon acceptance of the Equipment under a Lease by Lessee, title to the Equipment shall vest in Lessee subject to Lessor's rights under the Lease; provided that title shall thereafter immediately and without any action by Lessee vest in Lessor, and Lessee shall immediately surrender possession of the Equipment to Lessor, upon (a) any termination of the applicable Lease other than termination pursuant to Section 22 or (b) the occurrence of an Event of Default. Transfer of title to Lessor pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. Lessee shall, nevertheless, execute and deliver any such instruments as Lessor may request to evidence such transfer.

15. Security Interest. To secure the payment of all of Lessee's obligations under each Lease, upon the execution of such Lease, Lessee grants to Lessor a security interest constituting a first and exclusive lien on the Equipment applicable to such Lease and on all proceeds therefrom. Lessee agrees to execute such additional documents, in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest in the Equipment. The Equipment is and will remain personal property and will not be deemed to be affixed to or a part of the real estate on which it may be situated.

16. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens and encumbrances except those created by each Lease. The parties to this Agreement contemplate that the Equipment will be used for governmental or proprietary purposes of Lessee and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to such Equipment. Lessee shall pay all utility and other charges incurred in the use and maintenance of the Equipment. Lessee shall pay such taxes or charges as the same may become due.

17. Insurance. At its own expense, Lessee shall during each Lease Term maintain (a) casualty insurance insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State and any other risks reasonably required by Lessor, in an amount at least equal to the then applicable "Purchase Price" of the Equipment as described in Exhibit A-1 of each Lease; (b) liability insurance that protects Lessee from liability in all events in form and amount satisfactory to Lessor; and (c) workers' compensation coverage as required by the laws of the State; provided that, with Lessor's prior written consent, Lessee may self-insure against the risks described in clauses (a)

and (b). Lessee shall furnish to Lessor evidence of such insurance or self-insurance coverage throughout each Lease Term. Lessee shall not materially modify or cancel such insurance or self-insurance coverage without first giving written notice thereof to Lessor at least 10 days in advance of such cancellation or modification. All such insurance described in clauses (a) and (b) above shall contain a provision naming Lessor as a loss payee and additional insured.

18. Advances. In the event Lessee shall fail to keep the Equipment in good repair and working order, Lessor may, but shall be under no obligation to, maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the then current Original Term or Renewal Term and Lessee agrees to pay such amounts so advanced by Lessor with interest thereon from the advance date until paid at the rate of 12% per annum or the maximum rate permitted by law, whichever is less.

19. Damage, Destruction and Condemnation. If (a) the Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment to substantially the same condition as existed prior to the event causing such damage, destruction, or condemnation, unless Lessee shall have exercised its option to purchase the Equipment pursuant to Section 22. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

For purposes of this Section, the term "Net Proceeds" shall mean (y) the amount of insurance proceeds received by Lessee for replacing, repairing, restoring, modifying, or improving damaged or destroyed Equipment, or (z) the amount remaining from the gross proceeds of any condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof. If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration, modification or improvement referred to herein, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) pursuant to Section 22 purchase Lessor's interest in the Equipment and in any other Equipment listed in the same Lease. The amount of the Net Proceeds, if any, remaining after completing such replacement, repair, restoration, modification or improvement or after purchasing Lessor's interest in the Equipment and such other Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Section 9.

20. DISCLAIMER OF WARRANTIES. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS

FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR WARRANTY WITH RESPECT THERETO WHETHER EXPRESS OR IMPLIED, AND LESSEE ACCEPTS SUCH EQUIPMENT AS IS AND WITH ALL FAULTS. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF ANY LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OF ANY ITEM, PRODUCT OR SERVICE PROVIDED FOR IN ANY LEASE.

21. Vendor's Warranties. Lessor hereby irrevocably appoints Lessee as its agent and attorney-in-fact during each Lease Term, so long as Lessee shall not be in default under the related Lease, to assert from time to time whatever claims and rights (including without limitation warranties) relating to the Equipment that Lessor may have against Vendor. The term "Vendor" means any supplier or manufacturer of the Equipment as well as the agents or dealers of the manufacturer or supplier from whom Lessor purchased or is purchasing such Equipment. Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against Vendor of the Equipment, and not against Lessor. Any such matter shall not have any effect whatsoever on the rights or obligations of Lessor with respect to any Lease, including the right to receive full and timely payments under a Lease. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties by Vendor of the Equipment.

22. Purchase Option. Lessee shall have the option to purchase Lessor's interest in all of the Equipment listed in any Lease, upon giving written notice to Lessor at least 60 days before the date of purchase, at the following times and upon the following terms: (a) on the Rental Payment dates specified in each Lease, upon payment in full of the Rental Payments then due under such Lease plus the then applicable Purchase Price as referenced in Exhibit A-1; or (b) in the event of substantial damage to or destruction or condemnation of substantially all of the Equipment listed in a Lease, on the day specified in Lessee's notice to Lessor of its exercise of the purchase option upon payment in full to Lessor of the Rental Payments then due under such Lease plus the then applicable Purchase Price plus accrued interest from the immediately preceding Rental Payment date to such purchase date.

23. Assignment. Lessor's right, title and interest in and to each Lease, including Rental Payments and any other amounts payable by Lessee thereunder and all proceeds therefrom, may be assigned and reassigned to one or more assignees or subassignees by Lessor without the necessity of obtaining the consent of Lessee; provided that any such assignment shall not be effective until (a) Lessee has received written notice, signed by the assignor, of the name and address of the assignee, and (b) it is registered on the registration books. Lessee shall retain all such notices as a register of all assignees in compliance with Section 149(a) of the Code, and shall make all payments to the assignee or assignees designated in such register. Lessee agrees to execute all documents that may be reasonably requested by Lessor or any assignee to protect its interests and property

assigned pursuant to this Section. Lessee shall not have the right to and shall not assert against any assignee any claim, counterclaim or other right Lessee may have against Lessor or Vendor. Assignments may include without limitation assignment of all of Lessor's security interest in and to the Equipment listed in a particular Lease and all rights in, to and under the Lease related to such Equipment. Lessee hereby agrees that Lessor may, without notice to Lessee, sell, dispose of, or assign this Agreement or any particular Lease or Leases through a pool, trust, limited partnership, or other similar entity, whereby one or more interests are created in this Agreement or in a Lease or Leases, or in the Equipment listed in or the Rental Payments under a particular Lease or Leases.

None of Lessee's right, title and interest in, to and under any Lease or any portion of the Equipment listed in each Lease may be assigned, subleased, or encumbered by Lessee for any reason without obtaining prior written consent of Lessor.

24. Events of Default. Any of the following events shall constitute an "Event of Default" under a Lease: (a) failure by Lessee to pay any Rental Payment or other payment required to be paid under a Lease at the time specified therein; (b) failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor; (c) any statement, representation or warranty made by Lessee in or pursuant to any Lease shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made; (d) Lessee institutes any proceedings under any bankruptcy, insolvency, reorganization or similar law or a receiver or similar official is appointed for Lessee or any of its property; or (e) an Event of Default occurs under any other Lease.

25. Remedies on Default. Whenever any Event of Default under any Lease exists, with or without terminating the Agreement or any Lease, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps: (a) by written notice to Lessee, Lessor may declare all Rental Payments due and to become due with respect to any or all Leases during the Fiscal Period in effect when the Event of Default occurs to be immediately due and payable by Lessee; (b) Lessor may enter the premises where the Equipment listed in any or all Leases is located and retake possession of such Equipment or require Lessee at Lessee's expense to promptly return any or all of such Equipment to the possession of Lessor at such place within the United States as Lessor shall specify, and sell or lease such Equipment or, for the account of Lessee, sublease such Equipment, continuing to hold Lessee liable for the difference between (i) the Rental Payments payable by Lessee pursuant to such Lease or Leases and other amounts related to the lease of the Equipment listed therein that are payable by Lessee to the end of the then current Original Term or Renewal Term, as the case may be, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of Lessor in exercising its remedies under such Lease or Leases, including without limitation all expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all

brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 7 hereof. The exercise of any such remedies in respect of any such Event of Default shall not relieve Lessee of any other liabilities under any other Lease or the Equipment listed therein; and (c) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under any Lease or Leases or as a secured party in any or all of the Equipment. Any net proceeds from the exercise of any remedy under any Lease (after deducting all costs and expenses referenced in the Section) shall be applied as follows: (i) if such remedy is exercised solely with respect to a single Lease, Equipment listed in such Lease or rights thereunder, then to amounts due pursuant to such Lease and other amounts related to such Lease or such Equipment; or (ii) if such remedy is exercised with respect to more than one Lease, Equipment listed in more than one Lease or rights under more than one Lease, then to amounts due pursuant to such Leases pro-rata.

26. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under a Lease now or hereafter existing at law or in equity.

27. Notices. All notices or other communications under any Lease shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties hereto at the addresses listed below (or at such other address as either party hereto shall designate in writing to the other for notices to such party), or to any assignee at its address as it appears on the registration books maintained by Lessee.

28. Release and Indemnification. To the extent permitted by State law, and subject to Section 7, Lessee shall indemnify, release, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss, claim, tax and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith (including, without limitation,


attorney's fees and expenses, penalties connected therewith imposed on interest received) arising out of or as result of (a) entering into any Lease, (b) the ownership of any item of Equipment, (c) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any item of Equipment, (d) any accident in connection with the operation, use, condition, possession, storage or return of any item of Equipment resulting in damage to property or injury to or death to any person, and/or (e) the breach of any covenant or any material representation contained in a Lease. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under all Leases or the termination of the Lease Term under all Leases for any reason.

29. Miscellaneous Provisions. Each Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns. References herein to "Lessor" shall be deemed to include each of its assignees and subsequent assignees from and after the effective date of each assignment as permitted by Section 23. In the event any provision of any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof. Each Lease may be amended by mutual written consent of Lessor and Lessee. Each Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The captions or headings in this Agreement and in each Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement or any Lease. This Agreement and each Lease shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

(LESSOR)
Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, AZ 85255

(LESSEE)
County of Riverside
2980 Washington Street
Riverside, CA 92504

Signature: 
Name/Title: Paul T. Haerle
Date: February 22, 2011

Signature: _____
Name/Title: _____
Date: _____

FORM APPROVED COUNTY COUNSEL
BY:  2/28/11
NEAL R. KIPNIS DATE

EXHIBIT A

SCHEDULE OF PROPERTY NO. 1

RE: MASTER EQUIPMENT LEASE PURCHASE AGREEMENT entered into as of February 22, 2011, ("Agreement"), between Pinnacle Public Finance, Inc. ("Lessor") and County of Riverside ("Lessee"). All terms used and not otherwise defined herein have the meanings ascribed to them in the Agreement.

The following items of Equipment are hereby included under this Schedule to the Agreement.

To the extent that less than all of the Equipment subject to this Schedule has been installed and accepted by Lessee on or prior to the date hereof, Lessee hereby acknowledges that a portion of the Equipment has not been delivered, installed and accepted by Lessee for purposes of this Lease and Lessor hereby commits to provide funds in an amount sufficient to pay the costs to acquire and install the Equipment. In consideration of the foregoing, Lessee hereby acknowledges and agrees that its obligation to make Rental Payments as set forth in this Schedule is absolute and unconditional as of the date hereof and on each date and in the amounts as set forth in the Rental Payment Schedule, subject to the terms and conditions of the Lease.

Ninety five percent of the financing costs are being used to acquire assets that will be capitalized.

<u>DESCRIPTION OF EQUIPMENT</u>			
<u>Quantity</u>	<u>Description</u>	<u>Model No.</u>	<u>Serial No.</u>

Lessee hereby represents, warrants and covenants that its representations, warranties and covenants set forth in the Agreement are true and correct as though made on the Commencement Date of Rental Payments under this Schedule. **The terms and provisions of the Agreement (other than to the extent that they relate solely to other Schedules or Equipment listed on other Schedules) are hereby incorporated into this Schedule by reference and made a part hereof.**

Dated: Sample Date

Lessor: Pinnacle Public Finance, Inc.

Lessee: County of Riverside

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: _____

Date: _____

Date: _____

EXHIBIT A-1

RENTAL PAYMENT SCHEDULE

RE: Schedule of Property No. ____ dated Sample Date to Master Equipment Lease Purchase Agreement dated as of February 22, 2011 between Pinnacle Public Finance, Inc., as Lessor, and County of Riverside, as Lessee.

Pmt #	Payment Date	Payment Amount	Interest	Principal	Purchase Price	Outstanding Balance
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COMMENCEMENT DATE: Sample Date

County of Riverside

Signature: _____

Name/Title: _____

Date: _____

EXHIBIT B

PLEASE COMPLETE EITHER FINAL OR PARTIAL ACCEPTANCE, AS RELEVANT

FINAL ACCEPTANCE CERTIFICATE

Re: Schedule of Property No. 1 dated Sample Date to Master Equipment Lease Purchase Agreement dated as of February 22, 2011 between Pinnacle Public Finance, Inc., as Lessor, and County of Riverside, as Lessee.

In accordance with the Master Equipment Lease Purchase Agreement (the "Agreement"), the undersigned Lessee hereby certifies and represents to, and agrees with Lessor as follows:

- (1) All of the Equipment (as such term is defined in the Agreement) listed in the above-referenced Schedule of Property (the "Schedule") has been delivered, installed and accepted on the date hereof.
- (2) Lessee has conducted such inspection and/or testing of the Equipment listed in the Schedule as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
- (3) Lessee is currently maintaining the insurance coverage required by Section 17 of the Agreement.
- (4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Agreement) exists at the date hereof.

LESSEE
County of Riverside

Signature: _____

Name/Title: _____

Acceptance Date: _____

> OR <

PAYMENT REQUEST and PARTIAL ACCEPTANCE CERTIFICATE

Pinnacle Public Finance, Inc. is hereby requested to pay the person or entity designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition described below. The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment and has not formed the basis of any prior request for payment. The equipment described below is part or all of the "Equipment" listed in Exhibit A to the Master Equipment Lease Purchase Agreement referenced above.

<u>Quantity</u>	<u>Serial Number/Description:</u>	<u>Amount:</u>
-----------------	-----------------------------------	----------------

Payee: _____

Payee's Federal ID Number: _____

Lessee hereby certifies and represents to and agrees with Lessor as follows: (i) the equipment described above has been delivered, installed and accepted on the date hereof; (ii) Lessee has conducted such inspection and/or testing of said equipment as it deems necessary and appropriate and hereby acknowledges that it accepts said equipment for all purposes; (iii) Lessee is currently maintaining the insurance coverage required by Section 17 of the Agreement; (iv) no event or condition that constitutes, or with notice or lapse of time or both would constitute, an Event of Default (as such term is defined in the Agreement) exists at the date hereof.

Dated: _____

LESSEE
County of Riverside

Signature: _____

Name/Title: _____

PLEASE RETURN PAYMENT REQUEST TO:

Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, AZ 85255

PLEASE
FORWARD
TO
ATTORNEY

Attorney for County of Riverside, as Lessee

Re: Exhibit C, Opinion of Counsel, to Schedule of Property No. 1, dated Sample Date to Master Equipment Lease Purchase Agreement dated as of February 22, 2011 between Pinnacle Public Finance, Inc., as Lessor, and County of Riverside, as Lessee.

To Whom It May Concern:

Attached is our standard Opinion of Counsel. Please review the representations and qualifications, print the letter on your firm letterhead, and execute. Please return either directly to us at 8377 East Hartford Drive, Suite 115, Scottsdale, Arizona 85255 or to the Lessee for delivery to us. If you cannot sign this letter in its current form, please contact Cathy Jimenez at 480-585-3789 to discuss any changes prior to making them. Please keep any requested changes to a minimum. Our receipt of an opinion that does not meet our requirements will slow down the funding process. We will not be able to fund the transaction contemplated by the above documents without the representations contained in the attached opinion letter.

Thank you for your prompt attention to this matter. We look forward to completing this transaction.

Sincerely,

Investment Associate

Enclosures

EXHIBIT C

(To be put on Attorney's Letterhead)

Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, AZ 85255

Re: Schedule of Property No. 1, dated Sample Date to Master Equipment Lease Purchase Agreement dated as of February 22, 2011 between Pinnacle Public Finance, Inc., as Lessor, and County of Riverside, as Lessee.

Ladies and Gentlemen:

As legal counsel to County of Riverside, (the "Lessee"), I have examined (a) an executed counterpart of a certain Master Equipment Lease Purchase Agreement dated as of February 22, 2011 and Exhibits thereto by and between Pinnacle Public Finance, Inc. (the "Lessor") and County of Riverside, (the "Agreement") and an executed counterpart of Schedule of Property No. 1 dated Sample Date by and between Lessor and Lessee (the "Schedule"), which, among other things, provides for the lease with option to purchase to the Lessee of certain property listed in the Schedule (the "Equipment"), (b) an executed counterpart of the ordinances or resolutions of Lessee which, among other things, authorize Lessee to execute the Agreement and the Schedule and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinion. The Schedule and the terms and provisions of the Agreement incorporated therein by reference together with the Rental Payment Schedule attached to the Schedule are herein referred to collectively as the "Lease".

In rendering this opinion, we have assumed without inquiry:

- (a) The authenticity of all documents submitted to us as copies of the originals, and the conformity of such copies to the originals as they are finally executed and delivered by Lessee and Lessor;
- (b) That the Lease has been or will be duly authorized, executed and delivered by Lessor;
- (c) That the Lease constitutes valid, legal and binding obligations of Lessor enforceable against Lessor in accordance with its terms; and
- (d) That the Lease accurately describes and contains the mutual understandings of the parties, and that there are not oral or written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms thereof.

Based on the foregoing, I am of the following opinion:

- (1) Lessee is a public body corporate and politic, duly organized and existing under the laws of the State, or has a substantial amount of one the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, or (c) police power;
- (2) The name of the lessee contained in the Lease is the correct legal name of the Lessee;
- (3) Lessee has the requisite power and authority to lease and acquire the Equipment with an option to purchase and to execute and deliver the Lease and to perform its obligations under the Lease;

(4) The Lease has been duly authorized, approved, executed, and delivered by and on behalf of Lessee and the Lease is a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, subject to (i) all applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and other similar laws; (ii) the qualification that certain waivers, restrictions and remedies provided for in this Lease, including without limitation certain indemnification obligations, may be wholly or partially unenforceable under California law; and (iii) general principles of equity.

(5) The authorization, approval, execution, and delivery of the Lease and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state laws; and

(6) To the best of my knowledge, there is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Lease or the security interest of Lessor or its assigns, as the case may be, in the Equipment thereunder.

All of the opinions set forth above are also subject to the following qualifications, limitations and exceptions:

(a) The opinions expressed herein are limited to matters governed by the laws of the State of California. No opinion is expressed regarding the laws of any other jurisdiction.

(b) The opinions expressed herein are based upon the law in effect on the date hereof, and we assume no obligation to revise or supplement them if the law is changed by legislative action, judicial decision or otherwise.

All capitalized terms herein shall have the same meanings as in the Lease unless otherwise provided herein. Lessor, its successors and assigns, and any counsel rendering an opinion on the tax-exempt status of the interest components of the Rental Payments, are entitled to rely on this opinion.

Printed Name

Signature

INSURANCE COVERAGE REQUIREMENTS

LESSOR: Pinnacle Public Finance, Inc.

LESSEE: County of Riverside

Please Reference Control # 100 _____ on Certificate of Insurance

1. In accordance with Section 17 of the Agreement, we have instructed the insurance agent named below:
(Please fill in name, address and telephone number).

_____	Telephone:	() _____
_____	Fax:	() _____
_____	Contact:	_____

a. All Risk Physical Damage Insurance on the leased equipment evidenced by a Certificate of Insurance and Long Form Loss Payable Clause naming Pinnacle Public Finance, Inc. and/or its assigns, as Loss Payee.

Coverage Required: Full Replacement Value

b. Public Liability Insurance evidenced by a Certificate of Insurance naming Pinnacle Public Finance, Inc. and/or its assigns as Additional Insured.

Minimum Coverage Required: \$5,000,000

OR

2. Pursuant to Section 17 of the Agreement, we are self-insured for all risk, physical damage, and public liability and will provide proof of such self-insurance in letter form together with a copy of the statute authorizing this form of insurance.

Proof of insurance coverage will be provided prior to the time the Equipment is delivered to us.

PLEASE LIST NAME & ADDRESS AS FOLLOWS:

**Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, AZ 85255**

LESSEE: County of Riverside

Signature: _____

Name/Title: _____

Date: _____

PAYMENT INSTRUCTIONS

Pursuant to the Master Equipment Lease Purchase Agreement dated February 22, 2011 (the "Agreement"), Schedule of Property No. 1, dated Sample Date, between Pinnacle Public Finance, Inc. (the "Lessor") and County of Riverside (the "Lessee"), Lessee hereby acknowledges the obligations to make Rental Payments promptly when due, in accordance with Exhibit A-1 to the Agreement.

LESSEE NAME: _____ **TAX ID#:** _____

INVOICE MAILING ADDRESS: _____

Mail invoices to the attention of: _____ Phone () _____ Fax () _____

Approval of Invoices required by: _____ Phone () _____ Fax () _____

Accounts Payable Contact: _____ Phone () _____ Fax () _____

Processing time for Invoices: _____ Approval: _____ Checks: _____

Do you have a Purchase Order Number that you would like included on the invoice? No _____ Yes _____ PO# _____

Do your Purchase order numbers change annually? No _____ Yes _____ Processing time for new purchase orders: _____

LESSEE: County of Riverside
Signature: _____
Name/Title: _____
Date: _____

CERTIFICATE OF SIGNATURE AUTHORITY OF LESSEE

Sample Date

Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, AZ 85255

RE: Schedule of Property No. 1 dated Sample Date ("Lease") to the Master
Equipment Lease Purchase Agreement dated February 22, 2011
("Agreement"), by and between County of Riverside ("Lessee") and Pinnacle
Public Finance, Inc. ("Lessor").

Dear Pinnacle Public Finance, Inc.,

I, the undersigned, do hereby certify

(i) that _____
(please print the name and title of the person who signed the lease documents on the line above)

the officer of Lessee who executed the foregoing Lease and Agreement on behalf of Lessee and whose
genuine signature appears thereon, is the duly qualified and acting officer of Lessee as stated beneath
his or her signature and has been authorized to execute the foregoing Lease and Agreement on behalf
of Lessee, and

(ii) that the budget year of Lessee is from _____ to _____.

Sincerely,

Signature: _____

Name/Title: _____

Dated: _____

The Certificate of Signature Authority of Lessee should be executed by an authorized individual confirming the execution of the remaining documents is authorized. This document cannot be signed by the person signing the lease documents.