

AN ORDINANCE

2011-05-19-0410

AUTHORIZING THE 2011 MASTER EQUIPMENT LEASE PURCHASE AGREEMENT AND AN ESCROW AND ACCOUNT CONTROL AGREEMENT WITH PINNACLE PUBLIC FINANCE, INC. AND THE FROST NATIONAL BANK, SAN ANTONIO, TEXAS; AUTHORIZING THE EXHIBITS AND RELATED SCHEDULES TO THE MASTER EQUIPMENT LEASE PURCHASE AGREEMENT IN THE TOTAL AMOUNT OF \$5,935,348.41, FOR THE ACQUISITION OF POLICE DEPARTMENT EQUIPMENT AND FIRE DEPARTMENT EQUIPMENT AT A COMBINED INTEREST RATE OF 2.24% FOR A FIVE (5) YEAR TERM TO PAY THE COSTS OF THE TRANSACTION; AUTHORIZING THE EXECUTION OF DOCUMENTS RELATED TO THE TRANSACTION; ENACTING OTHER PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

* * * * *

WHEREAS, the City of San Antonio, Texas (“City” or “Lessee”) is a home rule municipality, a political subdivision of, and is duly organized and existing pursuant to the Constitution and laws of, the State of Texas (“State”); and

WHEREAS, pursuant to applicable law, the City Council (“Council”) of the City is authorized to acquire, dispose of, and encumber personal property, including, without limitation, rights and interest in property, and leases necessary to the functions or operations of the City; and

WHEREAS, a Request for Bid Tax-Exempt Master Lease/Purchase Financing (“RFB”), soliciting bids for a master equipment lease purchase financing provider was issued by the City on March 21, 2011; and

WHEREAS, eight (8) firms submitted responsive bids on April 6, 2011, in response to the RFB, which were received by the City and evaluated by the Finance Department; and

WHEREAS, City Staff recommended that the City as Lessee enter into the 2011 Master Agreement (as defined herein and attached hereto as Exhibit A) with Pinnacle Public Finance, Inc. as “Lessor” and an Escrow and Account Control Agreement (defined herein) with the Lessor, the Lessee, and The Frost National Bank, San Antonio, Texas (as “Escrow Agent”), providing terms and conditions under which lease/purchase transactions shall be conducted by and between the parties; and

WHEREAS, the Lessee desires to acquire on or about May 24, 2011 Police Department Equipment, which includes certain on-board computer equipment for Police Department vehicles and Fire Department, which includes medical equipment for Fire Department EMS vehicles (“Equipment”) for the total amount of \$5,935,348.41, as disclosed in Exhibits A-1 and A-2

(collectively, the "Schedule") to the 2011 Master Agreement attached hereto as Exhibit C and incorporated by reference for all purposes; and

WHEREAS, Lessor shall act as lessor under the Schedule to the Master Agreement ("Schedule"); and

WHEREAS, the Equipment is essential for the Lessee to perform its governmental and/or proprietary functions; and

WHEREAS, the Council hereby finds and determines that the adoption of this Ordinance and authorization for the execution and delivery of the 2011 Master Agreement, the Schedule, and the Escrow and Account Control Agreement are in the best interests of the City; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The terms and conditions of that certain 2011 Master Equipment Lease Purchase Agreement ("2011 Master Agreement") by and between the City and Pinnacle Public Finance, Inc., a true and correct copy of which is attached hereto as Exhibit A, are hereby approved. The City Manager, the City Manager's designee, and the City's Chief Financial Officer, acting on behalf of the City, are hereby authorized to execute and enter into the 2011 Master Agreement in substantially the form set forth in Exhibit A hereto.

SECTION 2. The terms and conditions of that certain Escrow and Account Control Agreement ("Escrow Agreement") by and between the City, The Frost National Bank, San Antonio, Texas, and Pinnacle Public Finance, Inc., a true and correct copy of which is attached hereto as Exhibit B, are hereby approved. The City Manager, the City Manager's designee, and the City's Chief Financial Officer, acting on behalf of the City, are hereby authorized to execute and enter into the Escrow Agreement in substantially the form set forth in Exhibit B hereto.

SECTION 3. The Schedule to the 2011 Tax-Exempt Master Agreement, as attached hereto as Exhibit C is hereby approved and is incorporated by reference into this Ordinance for all purposes.

SECTION 4. The City Manager, the City Manager's designee, and the City's Chief Financial Officer, acting on behalf of the City, are hereby authorized to negotiate, execute and enter into the Schedule to the 2011 Master Agreement in substantially the forms set forth in Exhibit C hereto, which document is available for public inspection at the Office of the City Clerk. The Mayor, City Manager, Chief Financial Officer, City Attorney, and the City Clerk (each an "Authorized Officer"), acting on behalf of the City, are each hereby authorized to enter into, execute, and deliver such other documents and certificates relating to the Schedule to the 2011 Master Agreement as the Authorized Officer deems necessary and appropriate as specified in the Schedule to the 2011 Master Agreement, without further action by this Council. All other related contracts, certificates, and agreements necessary and incidental to the Schedule to the 2011 Master Agreement are hereby authorized, with the exception of adding future Schedules to the 2011 Master Agreement, other than the Schedule authorized by this Ordinance. Future Schedules to the 2011 Master Agreement shall require approval by Council.

SECTION 5. The aggregate original principal amount for the Equipment shall not exceed the amount set forth in the Schedule to the 2011 Master Agreement and shall bear interest as set forth in the Schedule to the 2011 Master Agreement, and the Schedule to the 2011 Master Agreement shall contain such options to purchase and/or prepay by the City as set forth therein.

SECTION 6. The City's obligations under the Schedule to the 2011 Master Agreement shall be subject to annual appropriation or renewal by the Council as set forth in the Schedule to the 2011 Master Agreement and the City's obligations under the Schedule to the Master Agreement shall not constitute a general obligation of the City or indebtedness under the Constitution or laws of the State.

SECTION 7. The Chief Financial Officer is authorized to record and account for the Schedule to the 2011 Master Agreement in accordance with generally accepted accounting principles and all other applicable laws.

SECTION 8. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

SECTION 9. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters resolved herein.

SECTION 10. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 11. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 12. Expenses associated with this ordinance will be in accordance with the FY 2010-2011 and future fiscal year budgets for the Equipment Renewal and Replacement Fund as approved by City Council. Principal and Interest debt payments will be charged to Cost Center 150320001.

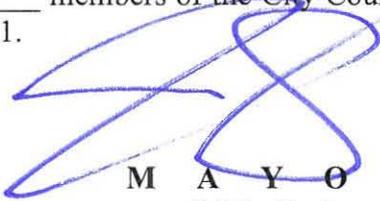
SECTION 13. The financial allocations in this ordinance are subject to approval by the Chief Financial Officer (CFO), City of San Antonio. The CFO, may subject to concurrence by the City

Manager or the City Manager's designee, correct allocations to specific cost centers and fund numbers as necessary to carry out the purpose of this ordinance.

SECTION 14. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 15. This Ordinance is effective immediately, upon passage by eight (8) affirmative votes; otherwise, said effective date shall be ten (10) days from the date of passage hereof.

PASSED AND ADOPTED by an affirmative vote of 11 members of the City Council of the City of San Antonio, Texas, this the 19th day of May, 2011.

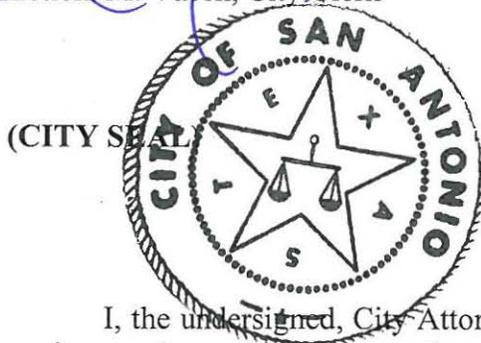


M A Y O R
Julián Castro

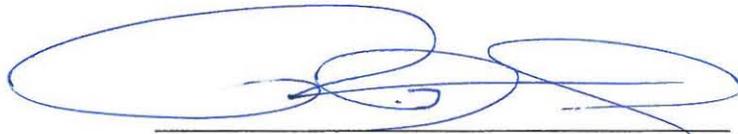
ATTEST:



Leticia M. Vacek, City Clerk



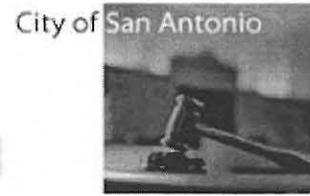
I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.



Michael D. Bernard, City Attorney
City of San Antonio, Texas



Request for
**COUNCIL
ACTION**



Agenda Voting Results - 24A

Name:	12, 14, 16, 19A, 19B, 21, 22, 23, 24A, 24B, 26, 27, 28, 29, 31, 32						
Date:	05/19/2011						
Time:	06:46:35 PM						
Vote Type:	Motion to Approve						
Description:	An Ordinance approving the Master Equipment Lease/Purchase Agreement with Pinnacle Public Finance, Inc. and an Escrow and Account Control Agreement with Pinnacle Public Finance, Inc. and The Frost National Bank, San Antonio, Texas; approving Exhibits and related Schedules to the Master Equipment Lease/Purchase Agreement in the amount of \$5,935,348.41, for the acquisition of Police Department Equipment and Fire Department Equipment.						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Mary Alice P. Cisneros	District 1		x				x
Ivy R. Taylor	District 2		x				
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Justin Rodriguez	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x				
John G. Clamp	District 10		x			x	

EXHIBIT A

MASTER EQUIPMENT LEASE PURCHASE AGREEMENT

This Master Equipment Lease Purchase Agreement dated as of May 24, 2011 ("Agreement") and entered into between Pinnacle Public Finance, Inc., a Delaware corporation ("Lessor"), and the City of San Antonio, Texas ("Lessee"), a home rule municipality and a political subdivision of the state of Texas (the "State").

WHEREAS, Lessee is authorized and empowered under the laws of the State, particularly the Public Property Finance Act, Texas Loc. Gov't. Code Ann. §271.001, et seq. (the "Act") to lease, as lessee, to purchase, finance, and receive, and to control and dispose of "personal property" as defined in the Act, whether movable or fixed, considered by the City Council of Lessee to be necessary, useful or appropriate to one or more governmental purposes of Lessee; and

WHEREAS, the parties hereto desire that Lessee lease from Lessor the Equipment (defined below) to be identified by Lessee, on the terms and conditions set forth below, which Equipment the City Council of Lessee shall determine is necessary, useful and appropriate to one or more governmental purposes of Lessee and shall be specifically identified in each Equipment Schedule (as hereinafter defined) attached hereto and made a part hereof; and

WHEREAS, the relationship between the parties shall be a continuing one for the term described in this Agreement and any renewals hereof, and additional Equipment may be leased from time to time by execution of additional Equipment Schedules by the parties hereto and as otherwise provided herein; and

WHEREAS, Lessee shall make Lease Payments (as hereinafter defined) and certain other payments directly to Lessor for the possession, use and ownership of the Equipment; and

WHEREAS, this Agreement shall not constitute a debt, liability, or other obligation of the State (as hereinafter defined) or Lessee or any political subdivision of the State, or a pledge of the faith and credit or taxing power of the State, or Lessee, or any political subdivision of the State, but shall be a special obligation payable solely from the current revenues of Lessee, subject to annual appropriation by the City Council of Lessee, in accordance with the provisions hereof; and

WHEREAS, as security for the payment of all of Lessee's obligations under this Agreement, Lessee shall assign to Lessor a first priority perfected security interest in the Equipment;

NOW, THEREFORE, for and in consideration of the premises and of the covenants hereinafter contained, and other valuable considerations, the parties hereto agree as follows:

SECTION 1: DEFINITIONS.

All terms defined in the Lease are equally applicable to both the singular and plural form of such terms.

"Agreement Date" means the date first written above.

"Commencement Date" for each Lease means the date when interest commences to accrue under such Lease which date shall be the date on which sufficient money to purchase the Equipment listed in such Lease are deposited for that purpose with an escrow agent.

"Equipment" means those items described with specificity in Schedule of Property No. 1 and Schedule of Property No. 2, respectively, of Exhibit A-1 to this Agreement.

"Equipment Acquisition Account" means the account pursuant to the Escrow Agreement for the purposes stated therein.

"Equipment Schedule" means Schedule of Property No. 1 and Schedule of Property No. 2, respectively, as provided in Exhibit A-1 to this Agreement.

"Escrow Agreement" means the Escrow and Account Control Agreement dated as of May 24, 2011 between the Lessee, Lessor, and The Frost National Bank as provided for and described in Section 29 hereof.

"Lease" means 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.

"Lease Payment Schedule" means Lease Payment Schedule No. 1 and Lease Payment Schedule No. 2, respectively, of Exhibit A-2.

"Lease Payments" means the payments due under each Lease as provided for and described in Exhibit A-2 attached hereto.

"Lease Term" for each Lease means the Original Term and all Renewal Terms therein provided.

"Net Proceeds" means (a) the amount of insurance proceeds received by Lessee for replacing, repairing, restoring, modifying, or improving damaged or destroyed Equipment, or (b) 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.

"Original Term" means the period from the Commencement Date for each Lease until the end of Lessee's fiscal year (the "Fiscal Period") in effect at such Commencement Date.

"Renewal Term" for each Lease is each term having a duration that is coextensive with the Fiscal Period.

"Schedule" means the document(s) attached hereto as Exhibit A-1 and A-2, respectively, and incorporated herein by reference and signed by the parties which, among other things, describes the Equipment to be leased by Lessor to Lessee, describes the Lease Term for the Equipment listed thereon and Lessee's obligations with respect to payment.

"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.

Section 2. Agreement. Lessee agrees to lease from Lessor the Equipment (as described in Schedule of Property No. 1 and Schedule of Property No. 2, respectively, of Exhibit A-1), which together with the Lease Payment Schedule constitute a "Schedule", subject to the terms and conditions of and for the purposes set forth in the Lease.

Section 3. Term. This Agreement shall be in effect from the Agreement Date until the earliest of (a) payment in full of all sums due under the Agreement or (b) termination under Section 8 or (b) termination under Section 23; or (c) termination under Section 26.

Section 4. 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 home rule municipality and a political subdivision of the State of Texas (the "State") organized and existing under the constitution and laws of the State with full power and authority under the constitution and laws of the State to enter into this Agreement and each Lease and the transactions described herein 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 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 reasonably requested by Lessor; and (g) Lessee has an immediate need for the Equipment listed on each Schedule and expects to make use of the Equipment listed on each Schedule within the period of time provided in Section 5 below.

Section 5. Tax and Arbitrage Representations. Lessee hereby represents as follows: (a) the estimated total costs of the Equipment and Lessee's costs of issuance approved by Lessor listed in each Schedule will not be less than the total principal portion of the Lease Payments listed in such Lease 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 Lessee's costs of issuance, 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 Lease Payments or (ii) that may be used solely to prevent a default in the payment of the Lease Payments;

(e) the Equipment listed in each Schedule has not been and, barring damage or destruction in the normal course of Lessee's operations, is not expected to be sold or otherwise disposed of by Lessee, either in whole or in part, prior to the last maturity of Lease 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 Lease Payments from gross income for purposes of federal income taxation;

(g) Lessee intends that each Lease not constitute a "true" lease for federal income tax purposes;

(h) Lessor agrees to notify Lessee of any correspondence with or audit by the Internal Revenue Service (the "IRS") relating to a Lease and to provide Lessee with all powers necessary to address such IRS correspondence or audit and to settle any such matter in its sole discretion so long as it does not adversely impact Lessor;

(i) It is the intention of the parties hereto that during the term of this Agreement, Lessee be the sole beneficial and legal owner of Equipment, and will report on such basis for financial accounting, federal income tax, and all other purposes. Lessor shall not take any action inconsistent with lessee's ownership of the Equipment for federal income tax purposes except pursuant to the exercise of remedies under Section 26 hereof;

(j) Definitions. When used in this Agreement, the following terms have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the date hereof.

"Computation Date" has the meaning set forth in Section 1.148 1(b) of the Regulations.

"Gross Proceeds" means any proceeds of a Lease as defined in Section 1.148 1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148 1(c) of the Regulations, of a Lease.

"Investment" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of a Lease are invested and which is not acquired to carry out the governmental purposes of this Agreement.

"Rebate Amount" has the meaning set forth in Section 1.148 1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to a Lease or this Agreement. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

- (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and
- (2) any Lease means the yield calculated pursuant to Section 1.148-4 of the Regulations;

(k) Not to Cause Interest to Become Taxable. The Lessee shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on a Lease to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Lessee receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Lease, the Lessee shall comply with each of the specific covenants in this Section;

(l) No Private Use or Private Payments. Except to the extent that it will not cause a Lease to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the Lessee shall at all times prior to the termination of a Lease:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of a Lease, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of a Lease or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the Lessee or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes;

(m) No Private Loan. Except to the extent that it will not cause a Lease to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the Lessee shall not use Gross Proceeds of a Lease to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan;

(n) Not to Invest at Higher Yield. Except to the extent that it will not cause a Lease to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the Lessee shall not at any time prior to the termination of a Lease directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of a Lease;

(o) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Lessee shall not take or omit to take any action which would cause a Lease to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder;

(p) Information Report. The Lessee shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038 G or such other form and in such place as the Secretary may prescribe;

(q) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The Lessee shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the Agreement terminates.

(ii) Not less frequently than each Computation Date, the Lessee shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The Lessee shall maintain such calculations with its official transcript of proceedings relating to a Lease until six years after the final Computation Date;

(iii) As additional consideration for a Lease, the Lessee shall pay to the United States out of the Equipment Acquisition Account or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for a Lease equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The Lessee shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(r) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Lessee shall not, at any time prior to the earlier of the final payment of a Lease, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (q) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of a Lease not been relevant to either party;

(s) Leases Not Hedge Bonds.

(i) The Lessee reasonably expects to spend at least 85% of the spendable proceeds of a Lease within three years.

(ii) Not more than 50% of the proceeds of a Lease will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more; and

(t) Elections. The Lessee hereby directs and authorizes the City Manager, any Assistant City Manager, Chief Financial Officer, and the Lessee's legal advisor, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with a Lease or this Agreement, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the date hereof.

Section 6. 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 Lease Payments and other amounts payable under the related Lease during the next succeeding Fiscal Period until all Lease Payments payable under such Lease have been paid in full, unless Lessee shall have terminated such Lease pursuant to Section 8 or Section 23. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Lease Payments shall be as provided in the applicable Lease.

Section 7. Continuation of Lease Term. Lessee currently intends, subject to Section 8, to continue the Lease Term of each Lease through the Original Term and all Renewal Terms and to pay the Lease Payments thereunder subject to Lessee's rights herein. Lessee reasonably believes that legally available funds in an amount sufficient to make all Lease Payments during the maximum Lease Term of each Lease can be obtained. 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 sole discretion of the governing body of Lessee.

Section 8. Nonappropriation. Subject to the limitations of the State Constitution on annual appropriation of funds by the City Council of the Lessee, Lessee is obligated only to pay such Lease 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 Lease Payments under any Lease following the then current Original Term or Renewal Term (a "Nonappropriation

Event”), such Lease or Leases shall be deemed terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination at least 10 days after 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. If any Lease is terminated in accordance with this Section, Lessee agrees to peaceably deliver the Equipment to Lessor at a location within the State specified by the Lessor which is reasonably convenient to the Lessor and the return of the Equipment shall be at the Lessor’s sole expense, including, without limitation, all costs of transportation.

Section 9. 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 reasonably request in connection with Lessor's review of any proposed Lease. Such documentation may include, without limitation, documentation concerning the Equipment to be acquired pursuant to the proposed Lease and its contemplated use and location and documentation or information concerning the financial status of Lessee and other matters related to Lessee.

Section 10. Lease Payments. Lessee shall promptly pay Lease Payments exclusively from legally available funds, to Lessor on the dates and in such amounts as provided in each Lease. Lease Payments consist of principal and interest portions. *Lessor and Lessee understand and intend that the obligation of Lessee to pay Lease 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 state 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.*

Section 11. LEASE PAYMENTS TO BE UNCONDITIONAL. EXCEPT AS PROVIDED IN SECTION 8, THE OBLIGATIONS OF LESSEE TO MAKE LEASE PAYMENTS SUBJECT TO ANNUAL APPROPRIATIONS 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.

Section 12. Delivery; Installation; Acceptance. Lessee shall order the Equipment, cause the Equipment to be delivered and installed at the location specified in each Lease free of any liens or claims of others except for this Agreement, and pay any and all delivery and installation costs in connection therewith. As items of Equipment listed in any Lease are delivered and installed, Lessee shall accept such Equipment and evidence said acceptance by executing and delivering to Lessor an Acceptance Certificate (provided as Exhibit I to the Escrow Agreement) covering such Equipment. Lessor shall and is hereby directed by Lessee to disburse Lease Proceeds from the Equipment Acquisition Account to pay the Vendor the purchase price, or any portion thereof, for the Equipment, or any portion thereof, only upon the receipt by Lessor of a fully executed Acceptance Certificate of Lessee and the satisfaction of other conditions in the Escrow Agreement. At such time, Lessee and Lessor shall execute and deliver such documents or assurances, as may be necessary to reflect accurately the items of Equipment financed by the Lease Proceeds derived from such Schedule. Lessor shall provide Lessee with quiet use and enjoyment of the Equipment during the Lease Term.

Section 13. Inspection. 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.

Section 14. 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.

Section 15. 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 23 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 reasonably request to evidence such transfer.

Section 16. 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 for the benefit of Pinnacle Public Finance, Inc., 8377 East Hartford Drive, Suite 115, Scottsdale, Arizona 85255. Lessee agrees to execute such additional documents, in form satisfactory to Lessor, which Lessor reasonably deems necessary or appropriate to establish and maintain its security interest in the Equipment including, without limitation, Uniform Commercial Code financing statements and any amendments thereto and certificates of title or certificates of origin (or applications thereof noting Lessor's interest therein). 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.

Section 17. 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 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.

Section 18. 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 each respective Lease Payment Schedule ; (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), (b) and (c). Execution of this Agreement on behalf of Lessor evidences its prior written consent to Lessee's self-insurance against such risks. 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.

Section 19. 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 pursuant to Chapter 1204, as amended, Texas Government Code, whichever is less.

Section 20. 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 23. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee.

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 23 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 10.

Notwithstanding the foregoing, Lessee may elect to replace the Equipment. If Lessee elects to replace any item of the Equipment (the "Replaced Equipment") pursuant to this Section, the replacement equipment (the "Replacement Equipment") shall be of similar type, utility and condition to the Replaced Equipment and shall be of equal or greater value than the Replaced Equipment. Lessee shall represent, warrant and covenant to Lessor that each item of Replacement Equipment is free and clear of

all claims, liens, security interests and encumbrances, excepting only those liens created by or through Lessor, and shall provide to Lessor any and all documents as Lessor may reasonably request in connection with the replacement, including, but not limited to, documentation in form and substance satisfactory to Lessor evidencing Lessor's security interest in the Replacement Equipment. Lessor and Lessee hereby acknowledge and agree that any Replacement Equipment acquired pursuant to this paragraph shall constitute "Equipment" for purposes of this Agreement and Schedule. Lessee shall notify Lessor as soon as possible of its election to replace Equipment in accordance with the foregoing, and in any event, Lessee shall complete the documentation of Replacement Equipment on or before the next Lease Payment date after the occurrence of a casualty event, or be required to exercise the purchase option with respect to the damaged Equipment.

Section 21. 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 TO LESSEE OR ANY OTHER PERSON FOR ANY ACTUAL, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE AND OPERATION OF THE EQUIPMENT AND/OR ANY OTHER ITEM, PRODUCT OR SERVICE RELATED THERETO AND PROVIDED FOR IN ANY LEASE.

Section 22. 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. 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.

Section 23. 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 30 days before the date of purchase, at the following times and upon the following terms: (a) on the Lease Payment dates specified in each Lease, upon payment in full of the Lease Payments then due under such Lease plus the then applicable Purchase Price as referenced in each respective Lease Payment Schedule, respectively; 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 Lease Payments then due under such Lease plus the then applicable Purchase Price plus accrued interest from the immediately preceding Lease Payment date to such purchase date.

Section 24. Assignment. Lessor's right, title and interest in and to each Lease, including Lease 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. Lessor, including any subsequent assignee, will maintain the exemption from the approval of the Texas Attorney General described herein in Section 31 and hereby covenants not to take any action which will convert each Lease into a public security pursuant to the provisions of Chapter 1201, as amended, Texas Government Code, and require the approval of the Texas Attorney General, including any action to "participate" or issue certificates of participation in the Lessee's Lease Payment stream. 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. 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, which consent will not be unreasonably withheld.

Section 25. Events of Default. Any of the following events shall constitute an "Event of Default" under a Lease: (a) failure by Lessee to pay any Lease 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; or (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.

Section 26. Remedies on Default. Whenever any Event of Default exists, 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 Lease Payments payable by Lessee pursuant to such Lease and other amounts payable by Lessee under such Lease to the end of the then current Original Term or Renewal Term to be immediately due and payable; (b) with or without terminating the Lease Term under such Lease, Lessor, upon providing adequate notice to the Lessee, may enter the premises where the Equipment listed in such Lease 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 any location within a 300 mile radius of the City of San Antonio, Texas and within the State, as designated by Lessor, **OR** such other reasonably convenient location as the parties may from time to time reasonably agree or specify to the contrary in any Lease hereunder, with Lessee bearing such costs and expenses up to the point of redelivery, 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 Lease Payments payable by Lessee pursuant to such Lease and other amounts related to such 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, including without limitation all commercially reasonable expenses of taking possession, storing, reconditioning and selling or leasing such Equipment and all reasonable brokerage, auctioneer's and attorney's fees), subject, however, to the provisions of Section 8 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 such Lease or as a secured party in any or all of the Equipment. Any net proceeds from the exercise of any remedy under a 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.

Section 27. 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.

Section 28. 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.

Section 29. Escrow Agreement and Funding Conditions. (a) In order to provide financing to pay the costs to acquire and install the Equipment ("Purchase Price") as described in each Equipment Schedule, Lessor and Lessee hereby agree to execute and deliver an Escrow Agreement relating to Exhibit A-1 and Exhibit A-2, respectively, on the Commencement Date. If Lessee signs and delivers an Equipment Schedule and an Escrow Agreement, then Lessor will deposit or cause to be deposited into an Equipment Acquisition Account under the related Escrow Agreement an amount (which may include estimated investment earnings thereon) equal to the Purchase Price for the Equipment to be financed under the related Equipment Schedule.

(b) Lessor shall have no obligation to deposit any Purchase Price into an Equipment Acquisition Account under the related Equipment Schedule unless the following conditions established by Lessor ("Funding Conditions") have been satisfied: (i) Lessee has signed and delivered to Lessor Exhibit A-1 and Exhibit A-2, respectively, its related Schedule and the related Escrow Agreement; (ii) no Event of Default or Nonappropriation Event shall have occurred and be continuing under any Lease; (iii) no material adverse change shall have occurred in the financial condition of Lessee; (iv) the Equipment is reasonably satisfactory to Lessor and is free and clear of any Liens (except Lessor's Liens); (v) all representations of Lessee in the Lease remain true, accurate and complete; (vi) the amount (if any) that Lessor may require in advance that Lessee apply to the payment of Equipment costs has been received; and (vii) Lessor has received all of the following documents, which shall be reasonably satisfactory, in form and substance, to Lessor: (1) evidence of insurance coverage or self-insurance required by the Lease; (2) an opinion of Lessee's counsel; (3) Uniform Commercial Code (UCC) financing statements with respect to the Equipment; (4) real property waivers as Lessor may deem necessary; (5) copies of resolutions or ordinances by Lessee's governing body, duly authorizing the Lease and the Escrow Agreement and incumbency certificates for the person(s) who will sign the Lease and the Escrow Agreement; and (6) such documents and certificates as Lessor may request relating to federal tax-exemption of interest payable under the Lease, including (without limitation) IRS Form 8038-G or 8038-GC and evidence of the adoption of a reimbursement resolution or other official action in the event that Lessee is to be reimbursed for expenditures that it has paid more than sixty days prior to the date on which the Funding Conditions are satisfied.

(c) If a Nonappropriation Event or an Event of Default occurs prior to Lessee's acceptance of all the Equipment under the related Equipment Schedule, the amount then on deposit in the Equipment Acquisition Account shall be applied to prepay the unpaid principal component of the Lease Payments in whole on the first business day of the month next succeeding the occurrence of either such event plus accrued interest to the prepayment date; *provided, however*, that the amount to be prepaid by Lessee pursuant to this subsection (c) shall first be paid from moneys in the related Equipment Acquisition Account and then from legally available funds and other moneys available for such purpose as a result of the exercise by Lessor of its rights and remedies under the related Schedule. Any funds on deposit in the Equipment Acquisition Account on the prepayment date described in this subsection (c) in excess of the unpaid principal component of the Lease Payments to be prepaid plus accrued interest thereon to the prepayment date shall be paid promptly to Lessee.

(d) To the extent that Lessee has not accepted items of Equipment before the thirty-sixth month anniversary of the Commencement Date identified on the related Schedule, the amount then on deposit in the related Equipment Acquisition Account shall be applied to prepay the unpaid principal component of the Lease Payments in part, in inverse order of Lease Payments, on the first business day of the next month plus accrued interest to the prepayment date; *provided, however*, that the amount to be prepaid by Lessee pursuant to this subsection (d) shall first be paid from moneys in the related Equipment Acquisition Account and then from legally available funds. Notwithstanding any such partial prepayment, the related Schedule shall remain in full force and effect with respect to the portion of the Equipment accepted by Lessee during such eighteen-month period, and the portion of the principal component of Lease Payments remaining unpaid after such prepayment plus accrued interest thereon shall remain payable in accordance with the terms of the related Schedule. Upon Lessor's request, Lessee shall execute an amendment to the related Schedule that reflects the change to the Lease Payments as a result of such partial prepayment.

Section 30. Lessor Warranty and Representation. Lessor warrants and represents that it has the power and authority to enter into and perform this Agreement. Each Lease, when executed and delivered, will be a valid and binding obligation of the Lessor, enforceable in accordance with its terms, subject to applicable laws.

Section 31. No Texas Attorney General Approval; Lessee to File IRS Form 8038-G. The Agreement is exempt from review by the Texas Attorney General pursuant to the provisions of Section 1202.007, as amended, Texas Government Code. The Lessee shall have the obligation to complete and file the IRS Form 8038-G to satisfy the provisions of section 149(e) of the Internal Revenue Code of 1986, as amended.

Section 32. Not Bank Qualified. Lessor acknowledges and recognizes that Lessee will issue more than \$10,000,000.00 in tax-exempt debt in 2011. Accordingly, the Lease or Leases entered into hereunder will not be designated as a "qualified tax-exempt obligation" pursuant to section 265 of the Internal Revenue Code of 1986, as amended.

Section 33. Waiver. No covenant or condition of this Agreement can be waived except by the written consent of the parties. Any failure of a party to require strict performance by the other party or any waiver by a party of any terms, covenants or agreements herein shall not be construed as a waiver of any other breach of the same or of any other term, covenant or agreement herein.

Section 34. Severability. In the event any portion of this Agreement shall be determined to be invalid under any applicable law, such provision shall be deemed void and the remainder of this Agreement shall continue in full force and effect.

Section 35. Governing Law and Venue. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State. Venue for any legal proceeding relating to this Agreement shall lie in Bexar County, Texas.

Section 36. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 37. Entire Agreement. This Agreement, together with the schedules hereto, constitutes the entire agreement between the parties and this Agreement shall not be modified, amended, altered or changed except by written agreement signed by the parties.

Section 38. Binding Effect. Subject to the specific provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

Section 39. Time. Time is of the essence of this Agreement, Schedule, and the provisions therein.

Section 40. Multiple Counterparts. 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.

Section 41. Notice of Final Agreement. THIS WRITTEN AGREEMENT AND ANY OTHER DOCUMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NOT UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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)
City of San Antonio, Texas
111 Soledad, 5th Floor
San Antonio, Texas 78205

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

Date: _____

EXHIBIT A-1

SCHEDULE OF PROPERTY NO. 1

RE: MASTER EQUIPMENT LEASE PURCHASE AGREEMENT entered into as of May 24, 2011 ("Agreement"), between Pinnacle Public Finance, Inc. ("Lessor") and the City of San Antonio, Texas ("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 Equipment Schedule to the Agreement.

To the extent that less than all of the Equipment subject to this Equipment 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 Lease Payments as set forth in this Equipment Schedule is absolute and unconditional as of the date hereof and on each date and in the amounts as set forth in the Lease Payment Schedule, subject to the terms and conditions of the Lease.

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

DESCRIPTION OF POLICE EQUIPMENT:

<u>Quantity</u>	<u>General Description</u>	<u>Detailed Description</u>	<u>Make/Model</u>
169	EDGE 5.7" System w/GPS and Crash Sensor	System main unit consisting of Windows XP Embedded, 5.7" Touch screen monitor, power supply, 32 GB Internal SSD (Solid State Drive), Sony Digital Camera - Front facing only, receiver, covert backseat microphone and internal 802.11 a/b/g/n wireless card, GP	SYSED-02/SCOPT-01/SCOPT-04
169	Detached Wide Angle Camera	2nd rear facing IR camera	SCOPT-09
10	G3 10 Mic Charging Station	Wireless microphone charging station	SCAA-02
169	Gigatek Card Reader	Driver's license reader	SCOPT-05
169	Video Streaming	Video streaming	SCOPT-07
2	Tech Support Kit - USB	Technical support kit for In-Car Video system troubleshoot and recovery.	SCAA-06
169	G3 Wireless Mic Pkg B	Additional wireless microphone package	SCPKB-03
203	MDHH 2.5" 32G - APECER	Additional removable hard drive.	SCMH-32SDS
169	G2 IX11A Camera w/ Std Camera Mount/EDGE Blue Cam 2	Rear windshield camera, with mount and cable for installation, camera switch box	SCMR-01/MCAM-00/SCCBL-42
4	Edge Upload Cradle	Video upload docking station	BMIS-01
8	4 in 1 USB Upload Cradle 1.8"	Multi upload docking station	BMIS-08
4	Workstation HW & SW Config	Video upload workstation setup	LSET-01
2	DVMS Setup & Config	Sub server setup	LSET-00
169	Installation In-Car	In-Car video vehicle installation	LINST-01
1	Storage System	1240TB Storage	
1	Server	Dell R710	
1	Server Database	Server, SQL and Management	

DESCRIPTION OF POLICE EQUIPMENT CONTINUED:

Quantity	General Description	Detailed Description	Make/Model
360	EDGE 5.7" System w/GPS and Crash Sensor	System main unit consisting of Windows XP Embedded, 5.7" Touch screen monitor, power supply, 32 GB Internal SSD (Solid State Drive), Sony Digital Camera - Front facing only, receiver, covert backseat microphone and internal 802.11 a/b/g/n wireless card, GP	SYSED-02/SCOPT-01/SCOPT-04
360	Detached Wide Angle Camera	2nd rear facing IR camera	SCOPT-09
25	G3 10Mic Charging Station	Wireless microphone charging station	SCAA-02
360	Gigatek Card Reader	Driver's license reader	SCOPT-05
360	Video Streaming	Video streaming	SCOPT-07
5	Tech Support Kit - USB	Technical support kit for In-Car Video system troubleshoot and recovery.	SCAA-06
360	G3 Wireless Mic Pkg B	Additional wireless microphone package	SCPKB-03
432	MDHH 2.5" 32G - APECER	Additional removable hard drive.	SCMH-32SDS
360	G2 IX11A Camera w/ Std Camera Mount/EDGE Blue Cam 2	Rear windshield camera, with mount and cable for installation, camera switch box	SCMR-01/MCAM-00/SCCBL-42
10	Edge Upload Cradle	Video upload docking station	BMIS-01
20	4 in 1 USB Upload Cradle 1.8"	Multi upload docking station	BMIS-08
10	Workstation HW & SW Config	Video upload workstation setup	LSET-01
5	DVMS Setup & Config	Sub server setup	LSET-00
360	Installation In-Car	In-Car video vehicle installation	LINST-01

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 Lease Payments under this Equipment 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 Equipment Schedule by reference and made a part hereof.**

Dated: May 24, 2011

Lessor: Pinnacle Public Finance, Inc.

Lessee: City of San Antonio, Texas

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

Date: _____

SCHEDULE OF PROPERTY NO. 2

RE: MASTER EQUIPMENT LEASE PURCHASE AGREEMENT entered into as of May 24, 2011 ("Agreement"), between Pinnacle Public Finance, Inc. ("Lessor") and the City of San Antonio, Texas ("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 Equipment Schedule to the Agreement.

To the extent that less than all of the Equipment subject to this Equipment 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 Lease Payments as set forth in this Equipment Schedule is absolute and unconditional as of the date hereof and on each date and in the amounts as set forth in the Lease Payment Schedule, subject to the terms and conditions of the Lease.

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

DESCRIPTION OF FIRE-EMS EQUIPMENT:

<u>Quantity</u>	<u>General Description</u>	<u>Detailed Description</u>	<u>Make/Model</u>
5	12 Lead Monitors for dedicated ALS Units	Required for transmission of EKG information to the hospitals where patient is being transported. Assists in the management of heart and stroke victims.	Philips M3536A HeartStart MRx ALS Monitor with carry case and components for electronic submission; including power module and service agreement.
58	IV infusion pumps	Required for administration of vasoactive medications. Assist in controlling blood pressure. Improved patient safety by using these devices.	Braun Infusomat Space ACM Pump (incl pole and power cord); 3 year extended warranty; and one time drug library install.
58	Video airway device	Advanced airway procedure to provide direct visualization by paramedic and their partner at the same time. Increases success rate of airway management.	Pentax AWS Airway Scope with Adj. view screen (incl carry case and extended warranty); plus a DVR for each scope.

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 Lease Payments under this Equipment 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 Equipment Schedule by reference and made a part hereof.**

Dated: May 24, 2011

Lessor: Pinnacle Public Finance, Inc.

Lessee: City of San Antonio, Texas

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

Date: _____

EXHIBIT A-2

LEASE PAYMENT SCHEDULE NO. 1

RE: Schedule of Property No. 1 dated May 24, 2011 to Master Equipment Lease Purchase Agreement dated as of May 24, 2011 between Pinnacle Public Finance, Inc., as Lessor, and the City of San Antonio, Texas, as Lessee.

Rate of Interest: 2.24%

POLICE EQUIPMENT

Pmt #	Payment Date	Principal	Interest	Payment Amount	Purchase Price	Outstanding Balance
	05/24/11				\$ 5,188,947.96	\$ 5,188,947.96
	08/01/11		\$ 21,632.15	\$ 21,632.15	5,188,947.96	5,188,947.96
1	11/01/11	\$ 245,914.52	29,058.11	274,972.63	4,943,033.44	4,943,033.44
2	02/01/12	247,291.64	27,680.99	274,972.63	4,695,741.80	4,695,741.80
3	05/01/12	248,676.47	26,296.16	274,972.63	4,447,065.33	4,447,065.33
4	08/01/12	250,069.06	24,903.57	274,972.63	4,196,996.27	4,196,996.27
5	11/01/12	251,469.45	23,503.18	274,972.63	3,945,526.82	3,945,526.82
6	02/01/13	252,877.67	22,094.96	274,972.63	3,692,649.15	3,692,649.15
7	05/01/13	254,293.79	20,678.84	274,972.63	3,438,355.36	3,438,355.36
8	08/01/13	255,717.84	19,254.79	274,972.63	3,182,637.52	3,182,637.52
9	11/01/13	257,149.85	17,822.78	274,972.63	2,925,487.67	2,925,487.67
10	02/01/14	258,589.89	16,382.74	274,972.63	2,666,897.78	2,666,897.78
11	05/01/14	260,038.00	14,934.63	274,972.63	2,406,859.78	2,406,859.78
12	08/01/14	261,494.21	13,478.42	274,972.63	2,145,365.57	2,145,365.57
13	11/01/14	262,958.58	12,014.05	274,972.63	1,882,406.99	1,882,406.99
14	02/01/15	264,431.15	10,541.48	274,972.63	1,617,975.84	1,617,975.84
15	05/01/15	265,911.96	9,060.67	274,972.63	1,352,063.88	1,352,063.88
16	08/01/15	267,401.07	7,571.56	274,972.63	1,084,662.81	1,084,662.81
17	11/01/15	268,898.51	6,074.12	274,972.63	815,764.30	815,764.30
18	02/01/16	270,404.34	4,568.29	274,972.63	545,359.96	545,359.96
19	05/01/16	271,918.61	3,054.02	274,972.63	273,441.35	273,441.35
20	08/01/16	273,441.35	1,531.28	274,972.63	0.00	0.00
		\$ 5,188,947.96	\$ 332,136.79	\$ 5,521,084.75		

COMMENCEMENT DATE: May 24, 2011

City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

EXHIBIT A-2

LEASE PAYMENT SCHEDULE NO. 1

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POLICE EQUIPMENT

Pmt #	Payment Date	Principal	Interest	Payment Amount	Purchase Price	Outstanding Balance
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1	11/01/11	\$ 245,914.52	29,058.11	274,972.63	4,943,033.44	4,943,033.44
2	02/01/12	247,291.64	27,680.99	274,972.63	4,695,741.80	4,695,741.80
3	05/01/12	248,676.47	26,296.16	274,972.63	4,447,065.33	4,447,065.33
4	08/01/12	250,069.06	24,903.57	274,972.63	4,196,996.27	4,196,996.27
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8	08/01/13	255,717.84	19,254.79	274,972.63	3,182,637.52	3,182,637.52
9	11/01/13	257,149.85	17,822.78	274,972.63	2,925,487.67	2,925,487.67
10	02/01/14	258,589.89	16,382.74	274,972.63	2,666,897.78	2,666,897.78
11	05/01/14	260,038.00	14,934.63	274,972.63	2,406,859.78	2,406,859.78
12	08/01/14	261,494.21	13,478.42	274,972.63	2,145,365.57	2,145,365.57
13	11/01/14	262,958.58	12,014.05	274,972.63	1,882,406.99	1,882,406.99
14	02/01/15	264,431.15	10,541.48	274,972.63	1,617,975.84	1,617,975.84
15	05/01/15	265,911.96	9,060.67	274,972.63	1,352,063.88	1,352,063.88
16	08/01/15	267,401.07	7,571.56	274,972.63	1,084,662.81	1,084,662.81
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20	08/01/16	273,441.35	1,531.28	274,972.63	0.00	0.00
		\$ 5,188,947.96	\$ 332,136.79	\$ 5,521,084.75		

COMMENCEMENT DATE: May 24, 2011

City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

INSURANCE COVERAGE REQUIREMENTS

LESSOR: Pinnacle Public Finance, Inc.

LESSEE: City of San Antonio, Texas

1. Pursuant to Section 18 of the Agreement, Lessee is 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.

PLEASE LIST NAME & ADDRESS AS FOLLOWS:

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

OR (if the Lessee elects to procure an insurance policy)

2. In accordance with Section 18 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.

- 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.

Minimum Coverage Required: \$5,000,000

LESSEE: City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

INSURANCE COVERAGE REQUIREMENTS

LESSOR: Pinnacle Public Finance, Inc.

LESSEE: City of San Antonio, Texas

1. Pursuant to Section 18 of the Agreement, Lessee is 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.

PLEASE LIST NAME & ADDRESS AS FOLLOWS:

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

OR (if the Lessee elects to procure an insurance policy)

2. In accordance with Section 18 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.
- 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.

Minimum Coverage Required: \$5,000,000

LESSEE: City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____



CITY OF SAN ANTONIO

Human Resource Department
Risk Management Division

P. O. BOX 839966
SAN ANTONIO TEXAS 78283-3966

May 24, 2011

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

Dear Sir or Madam:

Please accept this letter as evidence of liability coverage for the City of San Antonio and its employees through the Defined Self-Insurance and Risk Management Program. Said program provides liability coverage for City employees pursuant to City Ordinance 83926. This Ordinance authorizes the City of San Antonio to pay claims which are brought against it or its employees under the Texas Tort Claims Act, § 101.001 et seq., Section 150 of the City Charter, the Federal Civil Rights Act, § 42 U.S.C., 1983, and other applicable statutes.

The Defined Self- Insurance Fund was created by City Council for the sole purpose of providing defense of and payment of claims against the City and its officers, employees, members of boards and commissions when and while acting in the ordinary course of their duties, powers and functions. Pursuant to the Texas Tort Claims Act, §101.23, the maximum limits of liability for claims against a City employee is \$250,000 per claimant and \$500,000 per occurrence.

With respect to the Property Insurance, the City purchases a blanket commercial property insurance policy. This coverage is through Great American Insurance Company and is subject to a \$200,000 per occurrence deductible. Please be assured that the City will provide coverage for your property in the event of fire, wind, hail, theft or vandalism up to the stated value during the term of this lease. As delineated, any physical damage caused by the City's use of the stipulated property, during the term of the lease, save reasonable wear and tear, will be covered by the City Self-Insurance Program

Please do not hesitate to contact me should you have any questions or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gerard S. Lobosco'.

Gerard S. Lobosco
Senior Risk Analyst
Risk Management Division

PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the Ordinance, a motion was made by Councilmember _____ that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember _____ and carried by the following vote:

_____ voted "For" _____ voted Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

3. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 19th day of May, 2011.

City Clerk, City of San Antonio, Texas

(SEAL)

**GENERAL CERTIFICATE
OF
CITY OF SAN ANTONIO, TEXAS**

I, the undersigned Authorized Officer of the **CITY OF SAN ANTONIO, TEXAS**, ("*Lessee*") acting in my official capacity as such, hereby certify with respect to the **2011 Master Equipment Lease Purchase Agreement**, dated as of May 24, 2011, (the "*Master Lease*") by and between Lessee, as lessee, and **PINNACLE PUBLIC FINANCE, INC.**, as lessor ("*Lessor*") and Exhibits A-1 and A-2 (collectively, "*Schedule*") issued thereunder (the Master Lease and the Schedule collectively referred to as the "*Agreement*"), as follows:

1. That Lessee is a body corporate and politic and a Texas home rule municipality, and was validly created and exists under the laws and the Constitution of the State of Texas and is a political subdivision or governmental agency thereof.

2. That as of the date of approval of the Master Lease and the Schedule, the following named persons constitute the members of the City Council of Lessee:

Julián Castro	Mayor
Ray Lopez	Mayor Pro Tem, District 6
Mary Alice P. Cisneros	Councilmember, District 1
Ivy R. Taylor	Councilmember, District 2
Jennifer V. Ramos	Councilmember, District 3
Philip A. Cortez	Councilmember, District 4
David Medina, Jr.	Councilmember, District 5
Justin Rodriguez	Councilmember, District 7
W. Reed Williams	Councilmember, District 8
Elisa Chan	Councilmember, District 9
John G. Clamp	Councilmember, District 10

3. The City Council of Lessee duly adopted by a majority vote the ordinance (the "*Ordinance*") authorizing and approving entering into the Agreement, at a duly called public meeting, at which a quorum was present and acting throughout; the Ordinance is in full force and effect and has not been altered, amended or repealed as of the date hereof; that said meeting was duly called and open to the public in accordance with the laws of the State of Texas.

4. The following described instruments (collectively, the "*Instruments*"), as executed and delivered or authorized by Lessee, are in substantially the same form and text as copies of such Instruments which were before and were approved or ratified by the City Council of Lessee, and which the officers of Lessee were authorized to execute and deliver for and on behalf of Lessee:

- (a) The Master Lease; and
- (b) The Schedule (including Exhibits A-1 and A-2 thereto).

5. To the best knowledge of the undersigned, on the date hereof, Lessee is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Instruments.

6. The representations and warranties of Lessee contained in the Instruments are correct on and as of the date hereof as though made on and as of such date.

IN WITNESS WHEREOF, I have duly executed this certificate this 24th day of May, 2011.

CITY OF SAN ANTONIO, TEXAS,
as Lessee

By: _____

Name: Ben Gorzell, Jr.

Title: Chief Financial Officer

BEFORE ME, on this day personally appeared the foregoing individual, known to me to be the person whose name is subscribed to the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL of office, this ____ day of May, 2011.

(NOTARY SEAL)

Notary Public, State of Texas

May 24, 2011

DRAFT OF 05/18/2011

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

WE HAVE ACTED AS SPECIAL COUNSEL in connection with the execution and delivery by the City of San Antonio, Texas, as lessee (the "City"), of a Master Equipment Lease Purchase Agreement dated as of May 24, 2011, including Exhibit A-1 and Exhibit A-2 thereto (collectively, the "Lease"), with Pinnacle Public Finance, Inc. (the "Lessor").

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas (the "State") and the United States of America. In rendering the opinions herein, we rely upon an executed counterpart of the Lease and of the Escrow Agreement, dated as of May 24, 2011 (the "Agreement") by and among the City, the Lessor, and The Frost National Bank, San Antonio, Texas. We have also examined, and in expressing the opinions hereinafter described we rely upon, the representations, warranties, and covenants of the parties thereto contained in the Lease, the Agreement, and the various certificates contained in the transcript of proceedings; original or certified copies of the proceedings of the City Council of the City authorizing the Lease and the Agreement; certificates of the City relating to the expected ownership and use of the equipment financed with the Lease; other material facts within the sole knowledge of the City which we have not independently verified; and such other materials and other matters of law as we deemed relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates.

Based upon the examination of such documents, it is our opinion that:

1. The City is a political subdivision of the State duly organized, existing and operating under the Constitution and laws of the State and the City's Home Rule Charter.
2. The City is authorized and has power under State law to enter into the Lease and the Agreement, and to carry out its obligations thereunder and the transactions described therein.
3. The Lease and the Agreement have been duly authorized, approved, and executed by and on behalf of the City, and the Lease and the Agreement are valid and binding obligations of the City, assuming the due authorization and execution by the other parties thereto,

Legal Opinion of Fulbright & Jaworski L.L.P. in connection with the authorization and issuance of CITY OF SAN ANTONIO, TEXAS MASTER EQUIPMENT LEASE PURCHASE AGREEMENT (2011)

enforceable in accordance with their terms, except to the extent limited by State and Federal laws affecting creditor's remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.

4. The authorization, approval, and execution of the Lease, the Agreement, and all other proceedings of the City relating to the transactions described therein have been performed in accordance, with and the Lease and the Agreement comply, with all applicable local, State and federal laws (including, but not limited to, open meeting laws, public bidding and property acquisition laws, public finance laws and the Texas Local Government Code, as amended).

5. To the best of our knowledge, there is no litigation or proceeding pending before any court, administrative agency or governmental body, that challenges (1) the organization or existence of the City, (2) the authority of its officers, (3) the proper authorization, approval and execution of the Lease, the Agreement, or any documents relating thereto, (4) the appropriation of money to make payments under the Lease for the current fiscal year, or (5) the ability of the City otherwise to perform its obligations under the Lease, the Agreement, and the transactions described therein.

6. The Equipment leased pursuant to the Lease constitutes personal property and when subjected to use by Lessee will not be or become fixtures under applicable State law.

7. The City is a political subdivision of the State as referred to in section 103 of the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder.

WE ARE ALSO OF THE OPINION, based upon the foregoing and assuming continuing compliance after the date hereof by the City and the Lessor with certain provisions of the Lease and the Agreement, and certain representations and certifications of the City made in a certificate of even date herewith relating to the expected ownership and use of the equipment financed therewith, and subject to the matters described below, that the interest portion of the payments made by the City under the Lease, under existing statutes, regulations, published rulings, and court decisions, (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the Lessor for federal income tax purposes, pursuant to section 103 of the Code and (2) will not be included in computing the alternative minimum taxable income of the Lessor or, except as hereinafter described, corporations.

WE CALL YOUR ATTENTION TO THE FACT THAT, with respect to our opinion in clause (2) above, interest on all tax-exempt obligations, such as the Lease, owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a mutual fund, a financial asset securitization investment trust, a real estate mortgage investment conduit, or a real estate investment trust. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Legal Opinion of Fulbright & Jaworski L.L.P. in connection with the authorization and issuance of CITY OF SAN ANTONIO, TEXAS MASTER EQUIPMENT LEASE PURCHASE AGREEMENT (2011)

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Lease. Ownership of tax-exempt obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States of America, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

WE EXPRESS NO OPINION and make no comment with respect to the sufficiency of the security for or the marketability of the Lease. We express no opinion concerning any effect on the foregoing opinions which may result from changes in law effected after the date hereof.

THIS OPINION may be relied upon only by the addressees and by persons to whom we grant written permission to do so. This opinion is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

NO-ARBITRAGE AND TAX CERTIFICATE

The undersigned, being the duly chosen and qualified Chief Financial Officer for the City of San Antonio, Texas (the *City*) hereby certifies that the City, as lessee (the *Lessee*) executed and delivered the Master Equipment Lease Purchase Agreement, including the Exhibits (the *Schedules*) to the Master Equipment Lease Purchase Agreement (collectively, the *Lease*); that Lessee is a political subdivision of the State identified in the Lease; and that in my official capacity as such officer I am responsible for executing and delivering, on behalf of the Lessee, the Lease by and between Lessee and Pinnacle Public Finance, Inc., or its assigns (the *Lessor*).

This Certificate is being issued pursuant to Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the *Code*), and Treasury Regulations, Sections 1.141, 1.148 and 1.150 (the *Regulations*). All terms not otherwise defined herein shall have the same meaning as those terms have in the Lease.

The following facts, estimates and circumstances are in existence on the date of this Certificate or are reasonably expect to occur hereafter. To the best of the knowledge and belief of the undersigned, the expectations of Lessee, as set forth herein, are reasonable; and there are no present facts, estimates and circumstances which would change such expectations.

1. The Lease provides for the lease of property (the *Equipment*) described as fully and detailed in Exhibit A-1 of the Lease by Lessor to Lessee. Under the Lease, Lessee is required to make lease payments with respect to the Equipment, comprising separately stated components of principal and interest, on the dates and in the amounts stated in the Exhibit A-2 to the Master Equipment Lease Purchase Agreement. The proceeds of the Lease are allocated hereby to the purchase of the Equipment.

2. Contracts or purchase orders providing for the acquisition and delivery of the Equipment have been issued by Lessee and the Equipment will be acquired and installed and/or placed into use with due diligence. Based upon the provisions of the contracts or purchase orders, the Equipment is expected to be acquired and installed on or before the following date (the *Expected Purchase Date*):

Expected Final Purchase Date: October 31, 2011

The Equipment will be purchased by, and delivered to, and title will be held in the name of, the Lessee.

3. The Lease provides that Lessor shall deposit the amount stated below into escrow to be credited to the Equipment Acquisition Account (the "Fund") created by the Escrow Agreement and utilized to pay for the Equipment as provided therein.

Lessor's Deposit into the Fund: \$5,935,348.41

Of the proceeds of the Lease, \$20,000.00 is allocated hereby to pay the cost of issuing the Lease ("Costs of Issuance") and \$5,915,348.41 to the purchase of the Equipment. It is presently expected that all such funds initially credited to the Fund shall be disbursed to pay for the Equipment within one year of the date hereof, but any such amounts ultimately determined not to

be needed for such purposes and the interest earnings on the amounts held in escrow shall be utilized on or after the Expected Purchase Date to pay part of the principal or interest due under the Lease, as provided in the Lease.

4. All of the spendable proceeds of the Lease will be expended on the Equipment and related expenses within three years from the date of execution of the Lease. All of the assets acquired with the proceeds of the Lease will be capital assets.

5. The original proceeds of the Lease, and interest to be earned thereon, do not exceed the amount necessary for the purpose for which the Lease is entered into by the Lessee.

6. The interest of Lessee in the Equipment has not been and is not expected during the term of the Lease to be sold or disposed of by Lessee.

7. No sinking fund is expected to be created by Lessee with respect to the Lease and lease payments thereunder.

8. In the event that the Gross Proceeds (as defined in section 148(f) of the Code) of the Lease are not expended on the Equipment on or before the day which is six months after the date of issuance of the Lease and the Lease or the Lessee do not otherwise qualify for an exception to the rebate requirements, then Lessee shall comply with the requirements of Section 148(f) of the Code and will rebate to the United States of America all arbitrage profit required thereby. Lessee hereby covenants to comply with all requirements of the Code and Regulations relating to the rebate of arbitrage profit to the United States of America.

9. The Lessee will, at all times prior to the termination of the Lease,

a. exclusively own all property acquired, refinanced, constructed, or improved with Gross Proceeds and not use or permit the use of any property acquired, refinanced, constructed, or improved with Gross Proceeds in any activity carried on by any person or entity (other than a state or local government), *unless* such use is merely as a member of the general public or is described as an exemption to the private business use rules in Regulation 1.141-3(c) or (d), or

b. not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds or any property acquired, refinanced, constructed, or improved with Gross Proceeds, other than a charge or other payment merely as a member of the general public or interest earned on Investments acquired with Gross Proceeds pending application for their intended purposes, either or both,

if, as a result of any such sale, lease, loan, use, or agreement, 5% or more of the proceeds of the Bonds shall in the aggregate be used to finance facilities that will be used or managed pursuant to, or acquired, constructed, or improved with proceeds of all such sales, leases, loans, uses, and agreements unless, in the opinion of nationally recognized bond counsel, such sale, lease, loan, use, or agreement will not adversely affect any exemption from federal income taxation of interest on any bonds.

10. The Lessee will not use Gross Proceeds to make, finance or refinance loans to any person or entity other than a state or local government.

11. The amounts received from the Lease, when added to available funds on hand and amounts expected to be received from the investment of such proceeds, do not exceed the amounts required to acquire the Equipment and the costs of offering and issuing the Lease.

12. No receipts from the Lease or amounts received from the investment thereof will be used to pay the principal of or interest on any currently outstanding issue of bonds or other obligations of the Lessee.

13. The Lessee reasonably expects to spend at least 85% of the spendable proceeds of the Lease within three years. Not more than 50% of the proceeds of the Lease will be invested in Investments having a substantially guaranteed Yield for a period of 4 years or more.

14. No other obligations of the Lessee payable from substantially the same source of funds was or will be sold within 15 days of the date that the parties unconditionally agreed to enter into the Lease.

15. Lessee acknowledges that the Yield on the Lease is stated below, that the weighted average maturity of the Lease is stated below and that such weighted average maturity is less than 120% of the average reasonably expected economic life of the Equipment:

Yield on the Lease: 2.24%

Weighted Average Maturity of the Lease: 2.9 years

16. In connection with the Lease, the Lessee has not

- a. employed any abusive arbitrage device, or
- b. overburdened the market for tax-exempt obligations.

17. In connection with the Lease, the Lessee has not employed any device to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

18. The Lessee has covenanted to account for the proceeds related to the Lease separately and apart from all other funds of the Lessee from the date hereof.

19. The Lessee does not expect that the Lease will be used in a manner that would cause the Lease to be arbitrage bonds within the meaning of section 148 of the Code.

20. The Lease will state the separate interest and principal components of the amounts designated as lease payments under the Lease.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this No-Arbitrage and Tax Certificate as of _____.

CITY OF SAN ANTONIO, TEXAS

By: _____
Ben Gorzell, Jr., CPA
Chief Financial Officer

[Signature page to the No-Arbitrage and Tax Certificate]

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
 ▶ See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of San Antonio, Texas		2 Issuer's employer identification number (EIN) 74 6002070	
3 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 839966		Room/suite	4 Report number (For IRS Use Only) 3
5 City, town, or post office, state, and ZIP code San Antonio, Texas 78283-3966		6 Date of issue 05/24/2011	
7 Name of issue Master Equipment Lease - Purchase Agreement		8 CUSIP number N/A	
9 Name and title of officer of the issuer or other person whom the IRS may call for more information Ben Gorzell, Jr., Chief Financial Officer		10 Telephone number of officer or other person (210) 207-8652	

Part II Type of Issue (enter the issue price) See instructions and attach schedule		
11 Education		
12 Health and hospital		
13 Transportation		
14 Public safety		
15 Environment (including sewage bonds)		
16 Housing		
17 Utilities		
18 Other. Describe ▶ Technology Equipment	5,935,348	41
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>		
If obligations are BANs, check only box 19b <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input checked="" type="checkbox"/>		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	08/01/2016	\$ 5,935,348.41	\$ 5,935,348.41	2.9 years	2.24 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)		
22 Proceeds used for accrued interest		
23 Issue price of entire issue (enter amount from line 21, column (b))		5,935,348 41
24 Proceeds used for bond issuance costs (including underwriters' discount)	20,000 00	
25 Proceeds used for credit enhancement		
26 Proceeds allocated to reasonably required reserve or replacement fund		
27 Proceeds used to currently refund prior issues		
28 Proceeds used to advance refund prior issues		
29 Total (add lines 24 through 28)	20,000 00	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	5,915,348 41	

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	_____

E X H I B I T B

ESCROW AND ACCOUNT CONTROL AGREEMENT

THIS ESCROW AND ACCOUNT CONTROL AGREEMENT ("*Escrow Agreement*") is made as of May 24, 2011 by and among Pinnacle Public Finance, Inc., a Delaware corporation ("*Lessor*"), City of San Antonio, Texas, a political subdivision of the State of Texas ("*Lessee*"), and The Frost National Bank, San Antonio, Texas a national banking association, as escrow agent ("*Escrow Agent*").

Lessor and Lessee have heretofore entered into that certain Master Equipment Lease Purchase Agreement dated as of May 24, 2011 (the "*Agreement*") and Schedule of Property No. 1 and Schedule of Property No. 2 of Exhibit A-1, each dated May 24, 2011 (collectively, the "*Schedule*" and, together with the terms and conditions of the Agreement incorporated therein, the "*Lease*"). The Lease contemplates that certain equipment described therein (the "*Equipment*") is to be acquired from the vendor(s) or manufacturer(s) thereof. After acceptance of the Equipment by Lessee, the Equipment is to be leased by Lessor to Lessee pursuant to the terms of the Lease.

The Lease further contemplates that Lessor will deposit an amount equal to the anticipated aggregate acquisition cost of the Equipment (the "*Purchase Price*"), being \$5,935,348.41, with Escrow Agent to be held in escrow and applied on the express terms set forth herein. The Purchase Price shall be held in the Equipment Acquisition Account (defined herein), together with all interest and other additions received with respect thereto, is to be applied to pay the vendor(s) or manufacturer(s) of the Equipment (the "*Vendor*") its invoice cost (a portion of which may, if required, be paid prior to final acceptance of the Equipment by Lessee); and, if applicable, to reimburse Lessee for progress payments already made by it to the Vendor of the Equipment. Lessor and Lessee acknowledge to Escrow Agent that the Lease does not contain any provision that expands the liabilities or duties of the Escrow Agent beyond those set forth in this instrument.

The parties desire to set forth the terms on which the Equipment Acquisition Account is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, the parties agree as follows:

1. (a) There is hereby created a special escrow account to be known as the "San Antonio Equipment Acquisition Account (2011)" (the "Equipment Acquisition Account") to be held by the Escrow Agent for the purposes stated herein. (b) Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. (c) The moneys and investments held in the Equipment Acquisition Account are irrevocably held in escrow for the benefit of Lessee and Lessor, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Escrow Agreement, and Lessor and Lessee acknowledge, and declare that the same shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessee or Lessor, Lessee and Escrow Agent intend that the Equipment Acquisition Account constitute an escrow account in which Lessee has no legal or equitable right, title or interest until satisfaction in full of all conditions contained herein for the disbursement of funds by the Escrow Agent

therefrom. However, if the parties' intention that Lessee shall have no legal or equitable right, title or interest until all conditions for disbursement are satisfied in full is not respected in any legal proceeding, the parties hereto intend that Lessor shall have a security interest in the Equipment Acquisition Account, and such security interest is hereby granted by Lessee to secure payment of all sums due to Lessor under the Lease. For such purpose, Escrow Agent hereby agrees to act as agent for Lessor in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to the Equipment Acquisition Account, the Lessor's interest therein.

2. On such day as is determined to the mutual satisfaction of the parties (the "*Closing Date*"), Lessor shall deposit with Escrow Agent cash in the amount of the Purchase Price, to be held in escrow by Escrow Agent on the express terms and conditions set forth herein.

On the Closing Date, Escrow Agent agrees to accept the deposit of the Purchase Price by Lessor, and further agrees to hold the amount so deposited together with all interest and other cash additions received with respect thereto, as the Equipment Acquisition Account hereunder, in escrow on the express terms and conditions set forth herein.

3. Escrow Agent shall at all times segregate the Equipment Acquisition Account into an account maintained for that express purpose, which shall be clearly identified on the books and records of Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments comprising the Equipment Acquisition Account from time to time shall be held or registered in the name of "San Antonio Equipment Acquisition Account (2011)". The Equipment Acquisition Account shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Lessor).

4. In order to perfect Lessor's security interest by means of control in (i) the Equipment Acquisition Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Equipment Acquisition Account, (iii) all of Lessee's rights in respect of the Equipment Acquisition Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

(a) All terms used in this Section 4 which are defined in the Commercial Code of the State of Texas ("Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Escrow Agreement.

(b) Escrow Agent will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Escrow Agent hereby represents and warrants (a) that the records of Escrow Agent show that Lessee is the sole owner of the Collateral, (b) that Escrow Agent has not

been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Escrow Agreement, and (c) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Lessor under this Escrow Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Escrow Agent may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Equipment Acquisition Account, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Equipment Acquisition Account. Escrow Agent acknowledges that Lessor reserves the right, by delivery of written notice to Escrow Agent, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Equipment Acquisition Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Escrow Agent and Lessee hereby agree that any property held in the Equipment Acquisition Account shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth on the execution page hereof, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Equipment Acquisition Account statements or reports issued or sent to Lessee with respect to the Equipment Acquisition Account.

5. As directed by the Lessee, the cash comprising the Equipment Acquisition Account from time to time shall be invested and reinvested by Escrow Agent in any investment authorized pursuant to the Public Funds Investment Act V.T.C.A. Government Code §2256.001 et seq., as amended from time to time, and the written investment policy of Lessee most recently approved by the City Council of the Lessee. Escrow Agent will use due diligence to collect amounts payable under a check or other instrument for the payment of money comprising the Equipment Acquisition Account and shall promptly notify Lessee and Lessor in the event of dishonor of payment under any such check or other instruments.. Interest or other amounts earned and received by Escrow Agent with respect to the Equipment Acquisition Account shall be deposited in and comprise a part of the Equipment Acquisition Account.

6. Upon request by Lessee and Lessor, Escrow Agent shall send monthly statements of account to Lessee and Lessor, which statements shall set forth all withdrawals from and interest earnings on the Equipment Acquisition Account as well as the investments in which the Equipment Acquisition Account is invested.

7. Escrow Agent shall take the following actions with respect to the Equipment Acquisition Account:

(a) From time to time, Escrow Agent shall disburse funds from the Equipment Acquisition Account that are then due and payable to the Vendor of the Equipment and/or other named party, upon Escrow Agent's receipt of a duly and fully executed Requisition Request and Certificate of Acceptance that authorizes the payment, describes it with specificity, and is signed by an authorized representative of each of Lessee and Lessor who is also an authorized signer on the Equipment Acquisition Account. The form of the Requisition Request and Certificate of Acceptance is set forth in Exhibit I hereto.

(b) If an Event of Default or Nonappropriation Event occurs under the Lease prior to the Lessee's acceptance of all the Equipment, or to the extent that funds have not been disbursed from the Equipment Acquisition Account within the thirty-six month period identified in the Lease, Escrow Agent shall, upon receipt of written notice from Lessor, disburse by wire transfer to Lessor in accordance with Lessor's wiring instructions all funds then on deposit in the Equipment Acquisition Account, and all such funds shall be applied by Lessor to the prepayment of Lease Payments under the Lease.

(c) Upon receipt by Escrow Agent of written notice from Lessor that the purchase price of the Equipment has been paid in full, Escrow Agent shall disburse to Lessor by wire transfer in accordance with Lessor's wiring instructions all funds (if any) then remaining in the Equipment Acquisition Account, to be applied by Lessor against

any current interest component of Lease Payments due under the Lease as provided therein, then to remaining outstanding principal in reverse order.

8. Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for extraordinary administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account. The Escrow Agent has advised Lessor and Lessee that (except as set forth below) it will not charge any fees or costs for providing its services hereunder to Lessee. Escrow Agent waives any claim against Lessor with respect to compensation hereunder.

9. Escrow Agent shall have no liability for acting upon any written instruction presented by Lessor in connection with this Escrow Agreement, which Escrow Agent in good faith believes to be genuine. Furthermore, Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own negligence, willful misconduct or bad faith. Escrow Agent shall not be liable for any loss or diminution in value of the Equipment Acquisition Account as a result of the investments made by Escrow Agent.

10. Substitution of Escrow Agent. Lessor, Lessee, and Escrow Agent acknowledge that Escrow Agent presently serves as Lessee's Depository financial institution. All of the above named parties agree that in the event that at any time during the term of this Agreement and the Lease, Escrow Agent ceases to be Lessee's Depository financial institution, Escrow Agent shall deliver its written resignation as Escrow Agent to Lessee and Lessor in the manner specified in Section 13 of this Agreement for notices. Such resignation shall be effective as of the end of business on the last day on which Escrow Agent is Lessee's Depository financial institution, and shall be delivered to Lessee and Lessor not later than thirty (30) days prior thereto. Lessee's new Depository financial institution shall be substituted as the Escrow Agent under this Agreement and the Lease ("Substitute Escrow Agent"), effective on the first day on which it is Lessee's new Depository financial institution. Escrow Agent shall take any and all actions necessary to effect the complete and immediate transition of all of its rights, obligations and duties under this Agreement and the Lease to the Substitute Escrow Agent. Escrow Agent shall not be responsible for any actions of the Substitute Escrow Agent after the effective date of the Substitute Escrow Agent's substitution under this Agreement and the Lease, but shall remain responsible (but only if and to the extent provided in this Agreement) to Lessor and Lessee for its actions during the entire time it served as Escrow Agent.

11. This Escrow Agreement and the escrow established hereunder shall terminate upon receipt by Escrow Agent of the written notice from Lessor specified in Section 7(b) or Section 7(c) hereof or upon disbursement of all funds or mutual agreement of Lessor and Lessee.

12. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with or for any moneys involved herein or affected hereby, Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue,

and in so refusing Escrow Agent may refrain from making any delivery or other disposition of any moneys involved herein or affected hereby and in so doing Escrow Agent shall not be or become liable to the undersigned or any of them or to any person or party for its failure or refusal to comply with such conflicting or adverse demands, and Escrow Agent shall be entitled to continue so to refrain and refuse so to act until:

(a) the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties and the moneys involved herein or affected hereby; or

(b) all differences shall have been adjusted by agreement and Escrow Agent shall have been notified thereof in writing signed by all of the persons interested.

13. All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, and shall be sufficiently given and served upon the other party if delivered (a) personally, (b) by United States registered or certified mail, return receipt requested, postage prepaid, (c) by an overnight delivery by a service such as Federal Express or Express Mail from which written confirmation of overnight delivery is available, or (d) by facsimile with a confirmation copy by regular United States mail, postage prepaid, addressed to the other party at its respective address stated below the signature of such party or at such other address as such party shall from time to time designate in writing to the other party, and shall be effective from the date of mailing.

If to Lessor: Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, Arizona 85255
Attention: Investment Associate
Phone: 480-585-3789
Fax: 480-419-3603

If to Lessee: City of San Antonio, Texas
Finance Department
111 Soledad, 5th Floor
San Antonio, TX 78205
Attn: Division of Financial Management
Phone: (210) 207-5734
Fax: (210) 207-7774

If to Escrow Agent: The Frost National Bank
P.O. Box 1600
San Antonio, TX 78296-1600
Attn: Tom Frost, III
Phone: (210) 220-5764
Fax: (210) 220-4040

14. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Lessor.

15. This Escrow Agreement shall be governed by and construed in accordance with the laws in the state of the Escrow Agent's location. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification or change of terms hereof shall bind any party unless in writing signed by all parties.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

Pinnacle Public Finance, Inc., as Lessor

By: _____
Name:
Title:
Address: 8377 East Hartford Drive, Suite 115
Scottsdale, Arizona 85255

City of San Antonio, Texas, as Lessee

By: _____
Name: Ben Gorzell, Jr.
Title: Chief Financial Officer

The Frost National Bank, as Escrow Agent

By: _____
Name: Tom Frost, III
Title: Senior Executive Vice President

EXHIBIT 1

REQUISITION REQUEST AND CERTIFICATE OF ACCEPTANCE NO. _____
(to be submitted with each requisition request for payment to the vendor)

-or-

____ (✓) FINAL REQUISITION REQUEST AND CERTIFICATE OF ACCEPTANCE
(to be submitted with the final requisition request upon acceptance of the Equipment)

The Escrow Agent is hereby requested to pay from the Equipment Acquisition Account established and maintained under that certain Escrow Agreement dated as of May 24, 2011 (the "Escrow Agreement") by and among Pinnacle Public Finance, Inc., a Delaware corporation (the "Lessor"), City of San Antonio, Texas (the "Lessee"), and The Frost National Bank (the "Escrow Agent"), the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Lessee) with respect to Equipment being leased under that certain Master Equipment Lease Purchase Agreement dated as of May 24, 2011 (the "Master Lease") and Schedule of Property No. 1 and Schedule of Property No. 2 of Exhibit A-1 each dated May 24, 2011 (collectively, the "Schedule" and, together with the terms and conditions of the Master Lease incorporated therein, the "Lease"), by and between the Lessor and the Lessee, and has not formed the basis of any prior requisition request.

PAYEE'S FUNDING INSTRUCTIONS	INVOICE NUMBER	AMOUNT	PURPOSE

Total requisition amount \$ _____

The undersigned, as Lessee under the Lease hereby certifies:

1. The items of the Equipment, as such term is defined in the Lease, fully and accurately described on the Equipment Schedule attached hereto have been delivered and installed at the location(s) set forth therein.

2. A present need exists for the Equipment which need is not temporary or expected to diminish in the near future. The Equipment is essential to and will be used by the Lessee only for the purpose of performing one or more governmental functions of Lessee consistent with the permissible scope of Lessee's authority.

3. The estimated useful life of the Equipment based upon the manufacturer's representations and the Lessee's projected needs is not less than the Lease Term of lease with respect to the Equipment.

4. The Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes as of the date of this Certificate.

5. The Equipment is covered by insurance in the types and amounts required by the Lease.

6. No Event of Default or Nonappropriation Event, as each such term is defined in the Lease, and no event which with the giving of notice or lapse of time, or both, would become such an Event of Default or Non-Appropriation Event has occurred and is continuing on the date hereof.

7. Sufficient funds have been appropriated by the Lessee for the payment of all Lease Payments due under the Lease during Lessee's current fiscal year.

8. Based on the foregoing, Lessor is hereby authorized and directed to fund the acquisition of the Equipment set forth on the Equipment Schedule by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices.

9. The following documents are attached hereto and made a part hereof:

(a) Original Invoice(s);

(b) Copies of Certificate(s) of Origin designating Lessor as lienholder if any part of the Equipment consists of motor vehicles, and evidence of filing; and

(c) Requisition for Payment

10. If this is the final acceptance of Equipment, then as of the Acceptance Date stated below and as between the Lessee and the Lessor, the Lessee hereby agrees that: (a) the Lessee has received and inspected all of the Equipment described in the Lease; (b) all Equipment is in good working order and complies with all purchase orders, contracts and specification; (c) the Lessee accepts all Equipment for purposes of the Lease "as-is, where-is"; and (d) the Lessee waives any right to revoke such acceptance.

If Lessee paid an invoice prior to the commencement date of the Lease and is requesting reimbursement for such payment, also attach a copy of evidence of such payment and other evidence that Lessee has satisfied the requirements for reimbursement set forth in Treas. Reg. §1.150-2.

[Remainder of page intentionally left blank.]

Acceptance Date: _____

City of San Antonio, Texas
as Lessee

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Pinnacle Public Finance, Inc.,
as Lessor

By: _____
Title: _____
Date: _____

E X H I B I T C

EXHIBIT A-1

SCHEDULE OF PROPERTY NO. 1

RE: MASTER EQUIPMENT LEASE PURCHASE AGREEMENT entered into as of May 24, 2011 ("Agreement"), between Pinnacle Public Finance, Inc. ("Lessor") and the City of San Antonio, Texas ("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 Equipment Schedule to the Agreement.

To the extent that less than all of the Equipment subject to this Equipment 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 Lease Payments as set forth in this Equipment Schedule is absolute and unconditional as of the date hereof and on each date and in the amounts as set forth in the Lease Payment Schedule, subject to the terms and conditions of the Lease.

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

DESCRIPTION OF POLICE EQUIPMENT:

<u>Quantity</u>	<u>General Description</u>	<u>Detailed Description</u>	<u>Make/Model</u>
169	EDGE 5.7" System w/GPS and Crash Sensor	System main unit consisting of Windows XP Embedded, 5.7" Touch screen monitor, power supply, 32 GB Internal SSD (Solid State Drive), Sony Digital Camera - Front facing only, receiver, covert backseat microphone and internal 802.11 a/b/g/n wireless card, GP	SYSED-02/SCOPT-01/SCOPT-04
169	Detached Wide Angle Camera	2nd rear facing IR camera	SCOPT-09
10	G3 10 Mic Charging Station	Wireless microphone charging station	SCAA-02
169	Gigatek Card Reader	Driver's license reader	SCOPT-05
169	Video Streaming	Video streaming	SCOPT-07
2	Tech Support Kit - USB	Technical support kit for In-Car Video system troubleshoot and recovery.	SCAA-06
169	G3 Wireless Mic Pkg B	Additional wireless microphone package	SCPKB-03
203	MDHH 2.5" 32G - APECER	Additional removable hard drive.	SCMH-32SDS
169	G2 IX1 1A Camera w/ Std Camera Mount/EDGE Blue Cam 2	Rear windshield camera, with mount and cable for installation, camera switch box	SCMR-01/MCAM-00/SCCBL-42
4	Edge Upload Cradle	Video upload docking station	BMIS-01
8	4 in 1 USB Upload Cradle 1.8"	Multi upload docking station	BMIS-08
4	Workstation HW & SW Config	Video upload workstation setup	LSET-01
2	DVMS Setup & Config	Sub server setup	LSET-00
169	Installation In-Car	In-Car video vehicle installation	LINST-01
1	Storage System	1240TB Storage	
1	Server	Dell R710	
1	Server Database	Server, SQL and Management	

DESCRIPTION OF POLICE EQUIPMENT CONTINUED:

Quantity	General Description	Detailed Description	Make/Model
360	EDGE 5.7" System w/GPS and Crash Sensor	System main unit consisting of Windows XP Embedded, 5.7" Touch screen monitor, power supply, 32 GB Internal SSD (Solid State Drive), Sony Digital Camera - Front facing only, receiver, covert backseat microphone and internal 802.11 a/b/g/n wireless card, GP	SYSED-02/SCOPT-01/SCOPT-04
360	Detached Wide Angle Camera	2nd rear facing IR camera	SCOPT-09
25	G3 10Mic Charging Station	Wireless microphone charging station	SCAA-02
360	Gigatek Card Reader	Driver's license reader	SCOPT-05
360	Video Streaming	Video streaming	SCOPT-07
5	Tech Support Kit - USB	Technical support kit for In-Car Video system troubleshoot and recovery.	SCAA-06
360	G3 Wireless Mic Pkg B	Additional wireless microphone package	SCPKB-03
432	MDHH 2.5" 32G - APECER	Additional removable hard drive.	SCMH-32SDS
360	G2 IX11A Camera w/ Std Camera Mount/EDGE Blue Cam 2	Rear windshield camera, with mount and cable for installation, camera switch box	SCMR-01/MCAM-00/SCCBL-42
10	Edge Upload Cradle	Video upload docking station	BMIS-01
20	4 in 1 USB Upload Cradle 1.8"	Multi upload docking station	BMIS-08
10	Workstation HW & SW Config	Video upload workstation setup	LSET-01
5	DVMS Setup & Config	Sub server setup	LSET-00
360	Installation In-Car	In-Car video vehicle installation	LINST-01

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 Lease Payments under this Equipment 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 Equipment Schedule by reference and made a part hereof.**

Dated: May 24, 2011

Lessor: Pinnacle Public Finance, Inc.

Lessee: City of San Antonio, Texas

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

Date: _____

SCHEDULE OF PROPERTY NO. 2

RE: MASTER EQUIPMENT LEASE PURCHASE AGREEMENT entered into as of May 24, 2011 ("Agreement"), between Pinnacle Public Finance, Inc. ("Lessor") and the City of San Antonio, Texas ("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 Equipment Schedule to the Agreement.

To the extent that less than all of the Equipment subject to this Equipment 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 Lease Payments as set forth in this Equipment Schedule is absolute and unconditional as of the date hereof and on each date and in the amounts as set forth in the Lease Payment Schedule, subject to the terms and conditions of the Lease.

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

DESCRIPTION OF FIRE-EMS EQUIPMENT:

<u>Quantity</u>	<u>General Description</u>	<u>Detailed Description</u>	<u>Make/Model</u>
5	12 Lead Monitors for dedicated ALS Units	Required for transmission of EKG information to the hospitals where patient is being transported. Assists in the management of heart and stroke victims.	Philips M3536A HeartStart MRx ALS Monitor with carry case and components for electronic submission; including power module and service agreement.
58	IV infusion pumps	Required for administration of vasoactive medications. Assist in controlling blood pressure. Improved patient safety by using these devices.	Braun Infusomat Space ACM Pump (incl pole and power cord); 3 year extended warranty; and one time drug library install.
58	Video airway device	Advanced airway procedure to provide direct visualization by paramedic and their partner at the same time. Increases success rate of airway management.	Pentax AWS Airway Scope with Adj. view screen (incl carry case and extended warranty); plus a DVR for each scope.

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 Lease Payments under this Equipment 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 Equipment Schedule by reference and made a part hereof.**

Dated: May 24, 2011

Lessor: Pinnacle Public Finance, Inc.

Lessee: City of San Antonio, Texas

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

Date: _____

EXHIBIT A-2

LEASE PAYMENT SCHEDULE NO. 1

RE: Schedule of Property No. 1 dated May 24, 2011 to Master Equipment Lease Purchase Agreement dated as of May 24, 2011 between Pinnacle Public Finance, Inc., as Lessor, and the City of San Antonio, Texas, as Lessee.

Rate of Interest: 2.24%

POLICE EQUIPMENT

Pmt #	Payment Date	Principal	Interest	Payment Amount	Purchase Price	Outstanding Balance
	05/24/11				\$ 5,188,947.96	\$ 5,188,947.96
	08/01/11		\$ 21,632.15	\$ 21,632.15	5,188,947.96	5,188,947.96
1	11/01/11	\$ 245,914.52	29,058.11	274,972.63	4,943,033.44	4,943,033.44
2	02/01/12	247,291.64	27,680.99	274,972.63	4,695,741.80	4,695,741.80
3	05/01/12	248,676.47	26,296.16	274,972.63	4,447,065.33	4,447,065.33
4	08/01/12	250,069.06	24,903.57	274,972.63	4,196,996.27	4,196,996.27
5	11/01/12	251,469.45	23,503.18	274,972.63	3,945,526.82	3,945,526.82
6	02/01/13	252,877.67	22,094.96	274,972.63	3,692,649.15	3,692,649.15
7	05/01/13	254,293.79	20,678.84	274,972.63	3,438,355.36	3,438,355.36
8	08/01/13	255,717.84	19,254.79	274,972.63	3,182,637.52	3,182,637.52
9	11/01/13	257,149.85	17,822.78	274,972.63	2,925,487.67	2,925,487.67
10	02/01/14	258,589.89	16,382.74	274,972.63	2,666,897.78	2,666,897.78
11	05/01/14	260,038.00	14,934.63	274,972.63	2,406,859.78	2,406,859.78
12	08/01/14	261,494.21	13,478.42	274,972.63	2,145,365.57	2,145,365.57
13	11/01/14	262,958.58	12,014.05	274,972.63	1,882,406.99	1,882,406.99
14	02/01/15	264,431.15	10,541.48	274,972.63	1,617,975.84	1,617,975.84
15	05/01/15	265,911.96	9,060.67	274,972.63	1,352,063.88	1,352,063.88
16	08/01/15	267,401.07	7,571.56	274,972.63	1,084,662.81	1,084,662.81
17	11/01/15	268,898.51	6,074.12	274,972.63	815,764.30	815,764.30
18	02/01/16	270,404.34	4,568.29	274,972.63	545,359.96	545,359.96
19	05/01/16	271,918.61	3,054.02	274,972.63	273,441.35	273,441.35
20	08/01/16	273,441.35	1,531.28	274,972.63	0.00	0.00
		\$ 5,188,947.96	\$ 332,136.79	\$ 5,521,084.75		

COMMENCEMENT DATE: May 24, 2011

City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

EXHIBIT A-2

LEASE PAYMENT SCHEDULE NO. 1

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Rate of Interest: 2.24%

POLICE EQUIPMENT

Pmt #	Payment Date	Principal	Interest	Payment Amount	Purchase Price	Outstanding Balance
	05/24/11				\$ 5,188,947.96	\$ 5,188,947.96
	08/01/11		\$ 21,632.15	\$ 21,632.15	5,188,947.96	5,188,947.96
1	11/01/11	\$ 245,914.52	29,058.11	274,972.63	4,943,033.44	4,943,033.44
2	02/01/12	247,291.64	27,680.99	274,972.63	4,695,741.80	4,695,741.80
3	05/01/12	248,676.47	26,296.16	274,972.63	4,447,065.33	4,447,065.33
4	08/01/12	250,069.06	24,903.57	274,972.63	4,196,996.27	4,196,996.27
5	11/01/12	251,469.45	23,503.18	274,972.63	3,945,526.82	3,945,526.82
6	02/01/13	252,877.67	22,094.96	274,972.63	3,692,649.15	3,692,649.15
7	05/01/13	254,293.79	20,678.84	274,972.63	3,438,355.36	3,438,355.36
8	08/01/13	255,717.84	19,254.79	274,972.63	3,182,637.52	3,182,637.52
9	11/01/13	257,149.85	17,822.78	274,972.63	2,925,487.67	2,925,487.67
10	02/01/14	258,589.89	16,382.74	274,972.63	2,666,897.78	2,666,897.78
11	05/01/14	260,038.00	14,934.63	274,972.63	2,406,859.78	2,406,859.78
12	08/01/14	261,494.21	13,478.42	274,972.63	2,145,365.57	2,145,365.57
13	11/01/14	262,958.58	12,014.05	274,972.63	1,882,406.99	1,882,406.99
14	02/01/15	264,431.15	10,541.48	274,972.63	1,617,975.84	1,617,975.84
15	05/01/15	265,911.96	9,060.67	274,972.63	1,352,063.88	1,352,063.88
16	08/01/15	267,401.07	7,571.56	274,972.63	1,084,662.81	1,084,662.81
17	11/01/15	268,898.51	6,074.12	274,972.63	815,764.30	815,764.30
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20	08/01/16	273,441.35	1,531.28	274,972.63	0.00	0.00
		\$ 5,188,947.96	\$ 332,136.79	\$ 5,521,084.75		

COMMENCEMENT DATE: May 24, 2011

City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

INSURANCE COVERAGE REQUIREMENTS

LESSOR: Pinnacle Public Finance, Inc.

LESSEE: City of San Antonio, Texas

1. Pursuant to Section 18 of the Agreement, Lessee is 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.

PLEASE LIST NAME & ADDRESS AS FOLLOWS:

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

OR (if the Lessee elects to procure an insurance policy)

2. In accordance with Section 18 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.

- 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.

Minimum Coverage Required: \$5,000,000

LESSEE: City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____

INSURANCE COVERAGE REQUIREMENTS

LESSOR: Pinnacle Public Finance, Inc.

LESSEE: City of San Antonio, Texas

1. Pursuant to Section 18 of the Agreement, Lessee is 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.

PLEASE LIST NAME & ADDRESS AS FOLLOWS:

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

OR (if the Lessee elects to procure an insurance policy)

2. In accordance with Section 18 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.
- 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.

Minimum Coverage Required: \$5,000,000

LESSEE: City of San Antonio, Texas

Signature: _____

Name/Title: Ben Gorzell, Jr., Chief Financial Officer

Date: _____



CITY OF SAN ANTONIO

Human Resource Department
Risk Management Division

P. O. BOX 839966
SAN ANTONIO TEXAS 78283-3966

May 24, 2011

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

Dear Sir or Madam:

Please accept this letter as evidence of liability coverage for the City of San Antonio and its employees through the Defined Self-Insurance and Risk Management Program. Said program provides liability coverage for City employees pursuant to City Ordinance 83926. This Ordinance authorizes the City of San Antonio to pay claims which are brought against it or its employees under the Texas Tort Claims Act, § 101.001 et seq., Section 150 of the City Charter, the Federal Civil Rights Act, § 42 U.S.C., 1983, and other applicable statutes.

The Defined Self- Insurance Fund was created by City Council for the sole purpose of providing defense of and payment of claims against the City and its officers, employees, members of boards and commissions when and while acting in the ordinary course of their duties, powers and functions. Pursuant to the Texas Tort Claims Act, §101.23, the maximum limits of liability for claims against a City employee is \$250,000 per claimant and \$500,000 per occurrence.

With respect to the Property Insurance, the City purchases a blanket commercial property insurance policy. This coverage is through Great American Insurance Company and is subject to a \$200,000 per occurrence deductible. Please be assured that the City will provide coverage for your property in the event of fire, wind, hail, theft or vandalism up to the stated value during the term of this lease. As delineated, any physical damage caused by the City's use of the stipulated property, during the term of the lease, save reasonable wear and tear, will be covered by the City Self-Insurance Program

Please do not hesitate to contact me should you have any questions or require any additional information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gerard S. Lobosco".

Gerard S. Lobosco
Senior Risk Analyst
Risk Management Division

PROVISIONS INCIDENT AND RELATED TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the Ordinance, a motion was made by Councilmember _____ that the Ordinance be finally passed and adopted in accordance with the City's Home Rule Charter. The motion was seconded by Councilmember _____ and carried by the following vote:

_____ voted "For" _____ voted Against" _____ abstained

all as shown in the official Minutes of the Council for the Meeting.

3. The attached Ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council of the City on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Council was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Ordinance would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the City, this 19th day of May, 2011.

City Clerk, City of San Antonio, Texas

(SEAL)

**GENERAL CERTIFICATE
OF
CITY OF SAN ANTONIO, TEXAS**

I, the undersigned Authorized Officer of the **CITY OF SAN ANTONIO, TEXAS**, (“*Lessee*”) acting in my official capacity as such, hereby certify with respect to the **2011 Master Equipment Lease Purchase Agreement**, dated as of May 24, 2011, (the “*Master Lease*”) by and between Lessee, as lessee, and **PINNACLE PUBLIC FINANCE, INC.**, as lessor (“*Lessor*”) and Exhibits A-1 and A-2 (collectively, “*Schedule*”) issued thereunder (the Master Lease and the Schedule collectively referred to as the “*Agreement*”), as follows:

1. That Lessee is a body corporate and politic and a Texas home rule municipality, and was validly created and exists under the laws and the Constitution of the State of Texas and is a political subdivision or governmental agency thereof.

2. That as of the date of approval of the Master Lease and the Schedule, the following named persons constitute the members of the City Council of Lessee:

Julián Castro	Mayor
Ray Lopez	Mayor Pro Tem, District 6
Mary Alice P. Cisneros	Councilmember, District 1
Ivy R. Taylor	Councilmember, District 2
Jennifer V. Ramos	Councilmember, District 3
Philip A. Cortez	Councilmember, District 4
David Medina, Jr.	Councilmember, District 5
Justin Rodriguez	Councilmember, District 7
W. Reed Williams	Councilmember, District 8
Elisa Chan	Councilmember, District 9
John G. Clamp	Councilmember, District 10

3. The City Council of Lessee duly adopted by a majority vote the ordinance (the “*Ordinance*”) authorizing and approving entering into the Agreement, at a duly called public meeting, at which a quorum was present and acting throughout; the Ordinance is in full force and effect and has not been altered, amended or repealed as of the date hereof; that said meeting was duly called and open to the public in accordance with the laws of the State of Texas.

4. The following described instruments (collectively, the “*Instruments*”), as executed and delivered or authorized by Lessee, are in substantially the same form and text as copies of such Instruments which were before and were approved or ratified by the City Council of Lessee, and which the officers of Lessee were authorized to execute and deliver for and on behalf of Lessee:

- (a) The Master Lease; and
- (b) The Schedule (including Exhibits A-1 and A-2 thereto).

5. To the best knowledge of the undersigned, on the date hereof, Lessee is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Instruments.

6. The representations and warranties of Lessee contained in the Instruments are correct on and as of the date hereof as though made on and as of such date.

IN WITNESS WHEREOF, I have duly executed this certificate this 24th day of May, 2011.

CITY OF SAN ANTONIO, TEXAS,
as Lessee

By: _____

Name: Ben Gorzell, Jr.

Title: Chief Financial Officer

BEFORE ME, on this day personally appeared the foregoing individual, known to me to be the person whose name is subscribed to the foregoing instrument.

GIVEN UNDER MY HAND AND SEAL of office, this _____ day of May, 2011.

(NOTARY SEAL)

Notary Public, State of Texas

May 24, 2011

DRAFT OF 05/18/2011

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

WE HAVE ACTED AS SPECIAL COUNSEL in connection with the execution and delivery by the City of San Antonio, Texas, as lessee (the "City"), of a Master Equipment Lease Purchase Agreement dated as of May 24, 2011, including Exhibit A-1 and Exhibit A-2 thereto (collectively, the "Lease"), with Pinnacle Public Finance, Inc. (the "Lessor").

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas (the "State") and the United States of America. In rendering the opinions herein, we rely upon an executed counterpart of the Lease and of the Escrow Agreement, dated as of May 24, 2011 (the "Agreement") by and among the City, the Lessor, and The Frost National Bank, San Antonio, Texas. We have also examined, and in expressing the opinions hereinafter described we rely upon, the representations, warranties, and covenants of the parties thereto contained in the Lease, the Agreement, and the various certificates contained in the transcript of proceedings; original or certified copies of the proceedings of the City Council of the City authorizing the Lease and the Agreement; certificates of the City relating to the expected ownership and use of the equipment financed with the Lease; other material facts within the sole knowledge of the City which we have not independently verified; and such other materials and other matters of law as we deemed relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates.

Based upon the examination of such documents, it is our opinion that:

1. The City is a political subdivision of the State duly organized, existing and operating under the Constitution and laws of the State and the City's Home Rule Charter.
2. The City is authorized and has power under State law to enter into the Lease and the Agreement, and to carry out its obligations thereunder and the transactions described therein.
3. The Lease and the Agreement have been duly authorized, approved, and executed by and on behalf of the City, and the Lease and the Agreement are valid and binding obligations of the City, assuming the due authorization and execution by the other parties thereto,

Legal Opinion of Fulbright & Jaworski L.L.P. in connection with the authorization and issuance of CITY OF SAN ANTONIO, TEXAS MASTER EQUIPMENT LEASE PURCHASE AGREEMENT (2011)

enforceable in accordance with their terms, except to the extent limited by State and Federal laws affecting creditor's remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.

4. The authorization, approval, and execution of the Lease, the Agreement, and all other proceedings of the City relating to the transactions described therein have been performed in accordance with and the Lease and the Agreement comply, with all applicable local, State and federal laws (including, but not limited to, open meeting laws, public bidding and property acquisition laws, public finance laws and the Texas Local Government Code, as amended).

5. To the best of our knowledge, there is no litigation or proceeding pending before any court, administrative agency or governmental body, that challenges (1) the organization or existence of the City, (2) the authority of its officers, (3) the proper authorization, approval and execution of the Lease, the Agreement, or any documents relating thereto, (4) the appropriation of money to make payments under the Lease for the current fiscal year, or (5) the ability of the City otherwise to perform its obligations under the Lease, the Agreement, and the transactions described therein.

6. The Equipment leased pursuant to the Lease constitutes personal property and when subjected to use by Lessee will not be or become fixtures under applicable State law.

7. The City is a political subdivision of the State as referred to in section 103 of the Internal Revenue Code of 1986, as amended, and the related regulations and rulings thereunder.

WE ARE ALSO OF THE OPINION, based upon the foregoing and assuming continuing compliance after the date hereof by the City and the Lessor with certain provisions of the Lease and the Agreement, and certain representations and certifications of the City made in a certificate of even date herewith relating to the expected ownership and use of the equipment financed therewith, and subject to the matters described below, that the interest portion of the payments made by the City under the Lease, under existing statutes, regulations, published rulings, and court decisions, (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the Lessor for federal income tax purposes, pursuant to section 103 of the Code and (2) will not be included in computing the alternative minimum taxable income of the Lessor or, except as hereinafter described, corporations.

WE CALL YOUR ATTENTION TO THE FACT THAT, with respect to our opinion in clause (2) above, interest on all tax-exempt obligations, such as the Lease, owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a mutual fund, a financial asset securitization investment trust, a real estate mortgage investment conduit, or a real estate investment trust. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Legal Opinion of Fulbright & Jaworski L.L.P. in connection with the authorization and issuance of CITY OF SAN ANTONIO, TEXAS MASTER EQUIPMENT LEASE PURCHASE AGREEMENT (2011)

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Lease. Ownership of tax-exempt obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States of America, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

WE EXPRESS NO OPINION and make no comment with respect to the sufficiency of the security for or the marketability of the Lease. We express no opinion concerning any effect on the foregoing opinions which may result from changes in law effected after the date hereof.

THIS OPINION may be relied upon only by the addressees and by persons to whom we grant written permission to do so. This opinion is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

NO-ARBITRAGE AND TAX CERTIFICATE

The undersigned, being the duly chosen and qualified Chief Financial Officer for the City of San Antonio, Texas (the *City*) hereby certifies that the City, as lessee (the *Lessee*) executed and delivered the Master Equipment Lease Purchase Agreement, including the Exhibits (the *Schedules*) to the Master Equipment Lease Purchase Agreement (collectively, the *Lease*); that Lessee is a political subdivision of the State identified in the Lease; and that in my official capacity as such officer I am responsible for executing and delivering, on behalf of the Lessee, the Lease by and between Lessee and Pinnacle Public Finance, Inc., or its assigns (the *Lessor*).

This Certificate is being issued pursuant to Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the *Code*), and Treasury Regulations, Sections 1.141, 1.148 and 1.150 (the *Regulations*). All terms not otherwise defined herein shall have the same meaning as those terms have in the Lease.

The following facts, estimates and circumstances are in existence on the date of this Certificate or are reasonably expect to occur hereafter. To the best of the knowledge and belief of the undersigned, the expectations of Lessee, as set forth herein, are reasonable; and there are no present facts, estimates and circumstances which would change such expectations.

1. The Lease provides for the lease of property (the *Equipment*) described as fully and detailed in Exhibit A-1 of the Lease by Lessor to Lessee. Under the Lease, Lessee is required to make lease payments with respect to the Equipment, comprising separately stated components of principal and interest, on the dates and in the amounts stated in the Exhibit A-2 to the Master Equipment Lease Purchase Agreement. The proceeds of the Lease are allocated hereby to the purchase of the Equipment.

2. Contracts or purchase orders providing for the acquisition and delivery of the Equipment have been issued by Lessee and the Equipment will be acquired and installed and/or placed into use with due diligence. Based upon the provisions of the contracts or purchase orders, the Equipment is expected to be acquired and installed on or before the following date (the *Expected Purchase Date*):

Expected Final Purchase Date: October 31, 2011

The Equipment will be purchased by, and delivered to, and title will be held in the name of, the Lessee.

3. The Lease provides that Lessor shall deposit the amount stated below into escrow to be credited to the Equipment Acquisition Account (the "Fund") created by the Escrow Agreement and utilized to pay for the Equipment as provided therein.

Lessor's Deposit into the Fund: \$5,935,348.41

Of the proceeds of the Lease, \$20,000.00 is allocated hereby to pay the cost of issuing the Lease ("Costs of Issuance") and \$5,915,348.41 to the purchase of the Equipment. It is presently expected that all such funds initially credited to the Fund shall be disbursed to pay for the Equipment within one year of the date hereof, but any such amounts ultimately determined not to

be needed for such purposes and the interest earnings on the amounts held in escrow shall be utilized on or after the Expected Purchase Date to pay part of the principal or interest due under the Lease, as provided in the Lease.

4. All of the spendable proceeds of the Lease will be expended on the Equipment and related expenses within three years from the date of execution of the Lease. All of the assets acquired with the proceeds of the Lease will be capital assets.

5. The original proceeds of the Lease, and interest to be earned thereon, do not exceed the amount necessary for the purpose for which the Lease is entered into by the Lessee.

6. The interest of Lessee in the Equipment has not been and is not expected during the term of the Lease to be sold or disposed of by Lessee.

7. No sinking fund is expected to be created by Lessee with respect to the Lease and lease payments thereunder.

8. In the event that the Gross Proceeds (as defined in section 148(f) of the Code) of the Lease are not expended on the Equipment on or before the day which is six months after the date of issuance of the Lease and the Lease or the Lessee do not otherwise qualify for an exception to the rebate requirements, then Lessee shall comply with the requirements of Section 148(f) of the Code and will rebate to the United States of America all arbitrage profit required thereby. Lessee hereby covenants to comply with all requirements of the Code and Regulations relating to the rebate of arbitrage profit to the United States of America.

9. The Lessee will, at all times prior to the termination of the Lease,

a. exclusively own all property acquired, refinanced, constructed, or improved with Gross Proceeds and not use or permit the use of any property acquired, refinanced, constructed, or improved with Gross Proceeds in any activity carried on by any person or entity (other than a state or local government), *unless* such use is merely as a member of the general public or is described as an exemption to the private business use rules in Regulation 1.141-3(c) or (d), or

b. not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds or any property acquired, refinanced, constructed, or improved with Gross Proceeds, other than a charge or other payment merely as a member of the general public or interest earned on Investments acquired with Gross Proceeds pending application for their intended purposes, either or both,

if, as a result of any such sale, lease, loan, use, or agreement, 5% or more of the proceeds of the Bonds shall in the aggregate be used to finance facilities that will be used or managed pursuant to, or acquired, constructed, or improved with proceeds of all such sales, leases, loans, uses, and agreements unless, in the opinion of nationally recognized bond counsel, such sale, lease, loan, use, or agreement will not adversely affect any exemption from federal income taxation of interest on any bonds.

10. The Lessee will not use Gross Proceeds to make, finance or refinance loans to any person or entity other than a state or local government.

11. The amounts received from the Lease, when added to available funds on hand and amounts expected to be received from the investment of such proceeds, do not exceed the amounts required to acquire the Equipment and the costs of offering and issuing the Lease.

12. No receipts from the Lease or amounts received from the investment thereof will be used to pay the principal of or interest on any currently outstanding issue of bonds or other obligations of the Lessee.

13. The Lessee reasonably expects to spend at least 85% of the spendable proceeds of the Lease within three years. Not more than 50% of the proceeds of the Lease will be invested in Investments having a substantially guaranteed Yield for a period of 4 years or more.

14. No other obligations of the Lessee payable from substantially the same source of funds was or will be sold within 15 days of the date that the parties unconditionally agreed to enter into the Lease.

15. Lessee acknowledges that the Yield on the Lease is stated below, that the weighted average maturity of the Lease is stated below and that such weighted average maturity is less than 120% of the average reasonably expected economic life of the Equipment:

Yield on the Lease: 2.24%

Weighted Average Maturity of the Lease: 2.9 years

16. In connection with the Lease, the Lessee has not
- a. employed any abusive arbitrage device, or
 - b. overburdened the market for tax-exempt obligations.

17. In connection with the Lease, the Lessee has not employed any device to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

18. The Lessee has covenanted to account for the proceeds related to the Lease separately and apart from all other funds of the Lessee from the date hereof.

19. The Lessee does not expect that the Lease will be used in a manner that would cause the Lease to be arbitrage bonds within the meaning of section 148 of the Code.

20. The Lease will state the separate interest and principal components of the amounts designated as lease payments under the Lease.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this No-Arbitrage and Tax Certificate as of _____.

CITY OF SAN ANTONIO, TEXAS

By: _____
Ben Gorzell, Jr., CPA
Chief Financial Officer

[Signature page to the No-Arbitrage and Tax Certificate]

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of San Antonio, Texas		2 Issuer's employer identification number (EIN) 74 6002070	
3 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 839966		Room/suite	4 Report number (For IRS Use Only) 3
5 City, town, or post office, state, and ZIP code San Antonio, Texas 78283-3966		6 Date of issue 05/24/2011	
7 Name of issue Master Equipment Lease - Purchase Agreement		8 CUSIP number N/A	
9 Name and title of officer of the issuer or other person whom the IRS may call for more information Ben Gorzell, Jr., Chief Financial Officer		10 Telephone number of officer or other person (210) 207-8652	

Part II Type of Issue (enter the issue price) See instructions and attach schedule

11 Education			
12 Health and hospital			
13 Transportation			
14 Public safety			
15 Environment (including sewage bonds)			
16 Housing			
17 Utilities			
18 Other. Describe ► Technology Equipment	5,935,348	41	
19 If obligations are TANs or RANs, check only box 19a			<input type="checkbox"/>
If obligations are BANs, check only box 19b			<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box			<input checked="" type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	08/01/2016	\$ 5,935,348.41	\$ 5,935,348.41	2.9 years	2.24 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest			
23 Issue price of entire issue (enter amount from line 21, column (b))		5,935,348	41
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	20,000	00
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to currently refund prior issues	27		
28 Proceeds used to advance refund prior issues	28		
29 Total (add lines 24 through 28)	29	20,000	00
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	5,915,348	41

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded . . . ► _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded . . . ► _____ years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) . . . ► _____

34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)

Part VI Miscellaneous

- | | | |
|------------|--|--|
| 35 | | |
| 36a | | |
| 37a | | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . .
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)
- b** Enter the final maturity date of the GIC ▶ _____
- 37** Pooled financings: **a** Proceeds of this issue that are to be used to make loans to other governmental units
- b** If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____
- 38** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶
- 39** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶
- 40** If the issuer has identified a hedge, check box ▶

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ _____ Date _____ ▶ **Ben Gorzell, Jr., CFO**
 Signature of issuer's authorized representative Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN PO1080437
Firm's name (or yours if self-employed), address, and ZIP code ▶	Fulbright & Jaworski L.L.P. 300 Convent, Suite 2100, San Antonio, TX 78205	EIN 74 ;	1201087
		Phone no. (210)	224-5575

E X H I B I T B

ESCROW AND ACCOUNT CONTROL AGREEMENT

THIS ESCROW AND ACCOUNT CONTROL AGREEMENT ("*Escrow Agreement*") is made as of May 24, 2011 by and among Pinnacle Public Finance, Inc., a Delaware corporation ("*Lessor*"), City of San Antonio, Texas, a political subdivision of the State of Texas ("*Lessee*"), and The Frost National Bank, San Antonio, Texas a national banking association, as escrow agent ("*Escrow Agent*").

Lessor and Lessee have heretofore entered into that certain Master Equipment Lease Purchase Agreement dated as of May 24, 2011 (the "*Agreement*") and Schedule of Property No. 1 and Schedule of Property No. 2 of Exhibit A-1, each dated May 24, 2011 (collectively, the "*Schedule*" and, together with the terms and conditions of the Agreement incorporated therein, the "*Lease*"). The Lease contemplates that certain equipment described therein (the "*Equipment*") is to be acquired from the vendor(s) or manufacturer(s) thereof. After acceptance of the Equipment by Lessee, the Equipment is to be leased by Lessor to Lessee pursuant to the terms of the Lease.

The Lease further contemplates that Lessor will deposit an amount equal to the anticipated aggregate acquisition cost of the Equipment (the "*Purchase Price*"), being \$5,935,348.41, with Escrow Agent to be held in escrow and applied on the express terms set forth herein. The Purchase Price shall be held in the Equipment Acquisition Account (defined herein), together with all interest and other additions received with respect thereto, is to be applied to pay the vendor(s) or manufacturer(s) of the Equipment (the "*Vendor*") its invoice cost (a portion of which may, if required, be paid prior to final acceptance of the Equipment by Lessee); and, if applicable, to reimburse Lessee for progress payments already made by it to the Vendor of the Equipment. Lessor and Lessee acknowledge to Escrow Agent that the Lease does not contain any provision that expands the liabilities or duties of the Escrow Agent beyond those set forth in this instrument.

The parties desire to set forth the terms on which the Equipment Acquisition Account is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, the parties agree as follows:

1. (a) There is hereby created a special escrow account to be known as the "San Antonio Equipment Acquisition Account (2011)" (the "Equipment Acquisition Account") to be held by the Escrow Agent for the purposes stated herein. (b) Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. (c) The moneys and investments held in the Equipment Acquisition Account are irrevocably held in escrow for the benefit of Lessee and Lessor, and such moneys, together with any income or interest earned thereon, shall be expended only as provided in this Escrow Agreement, and Lessor and Lessee acknowledge, and declare that the same shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessee or Lessor, Lessee and Escrow Agent intend that the Equipment Acquisition Account constitute an escrow account in which Lessee has no legal or equitable right, title or interest until satisfaction in full of all conditions contained herein for the disbursement of funds by the Escrow Agent

therefrom. However, if the parties' intention that Lessee shall have no legal or equitable right, title or interest until all conditions for disbursement are satisfied in full is not respected in any legal proceeding, the parties hereto intend that Lessor shall have a security interest in the Equipment Acquisition Account, and such security interest is hereby granted by Lessee to secure payment of all sums due to Lessor under the Lease. For such purpose, Escrow Agent hereby agrees to act as agent for Lessor in connection with the perfection of such security interest and agrees to note, or cause to be noted, on all books and records relating to the Equipment Acquisition Account, the Lessor's interest therein.

2. On such day as is determined to the mutual satisfaction of the parties (the "*Closing Date*"), Lessor shall deposit with Escrow Agent cash in the amount of the Purchase Price, to be held in escrow by Escrow Agent on the express terms and conditions set forth herein.

On the Closing Date, Escrow Agent agrees to accept the deposit of the Purchase Price by Lessor, and further agrees to hold the amount so deposited together with all interest and other cash additions received with respect thereto, as the Equipment Acquisition Account hereunder, in escrow on the express terms and conditions set forth herein.

3. Escrow Agent shall at all times segregate the Equipment Acquisition Account into an account maintained for that express purpose, which shall be clearly identified on the books and records of Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments comprising the Equipment Acquisition Account from time to time shall be held or registered in the name of "San Antonio Equipment Acquisition Account (2011)". The Equipment Acquisition Account shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Lessor).

4. In order to perfect Lessor's security interest by means of control in (i) the Equipment Acquisition Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Equipment Acquisition Account, (iii) all of Lessee's rights in respect of the Equipment Acquisition Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

(a) All terms used in this Section 4 which are defined in the Commercial Code of the State of Texas ("Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Escrow Agreement.

(b) Escrow Agent will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Escrow Agent hereby represents and warrants (a) that the records of Escrow Agent show that Lessee is the sole owner of the Collateral, (b) that Escrow Agent has not

been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Escrow Agreement, and (c) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Lessor under this Escrow Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Escrow Agent may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Equipment Acquisition Account, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Equipment Acquisition Account. Escrow Agent acknowledges that Lessor reserves the right, by delivery of written notice to Escrow Agent, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Equipment Acquisition Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Escrow Agent and Lessee hereby agree that any property held in the Equipment Acquisition Account shall be treated as a financial asset under such section of the Commercial Code as corresponds with Section 8-102 of the Uniform Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth on the execution page hereof, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Equipment Acquisition Account statements or reports issued or sent to Lessee with respect to the Equipment Acquisition Account.

5. As directed by the Lessee, the cash comprising the Equipment Acquisition Account from time to time shall be invested and reinvested by Escrow Agent in any investment authorized pursuant to the Public Funds Investment Act V.T.C.A. Government Code §2256.001 et seq., as amended from time to time, and the written investment policy of Lessee most recently approved by the City Council of the Lessee. Escrow Agent will use due diligence to collect amounts payable under a check or other instrument for the payment of money comprising the Equipment Acquisition Account and shall promptly notify Lessee and Lessor in the event of dishonor of payment under any such check or other instruments.. Interest or other amounts earned and received by Escrow Agent with respect to the Equipment Acquisition Account shall be deposited in and comprise a part of the Equipment Acquisition Account.

6. Upon request by Lessee and Lessor, Escrow Agent shall send monthly statements of account to Lessee and Lessor, which statements shall set forth all withdrawals from and interest earnings on the Equipment Acquisition Account as well as the investments in which the Equipment Acquisition Account is invested.

7. Escrow Agent shall take the following actions with respect to the Equipment Acquisition Account:

(a) From time to time, Escrow Agent shall disburse funds from the Equipment Acquisition Account that are then due and payable to the Vendor of the Equipment and/or other named party, upon Escrow Agent's receipt of a duly and fully executed Requisition Request and Certificate of Acceptance that authorizes the payment, describes it with specificity, and is signed by an authorized representative of each of Lessee and Lessor who is also an authorized signer on the Equipment Acquisition Account. The form of the Requisition Request and Certificate of Acceptance is set forth in Exhibit I hereto.

(b) If an Event of Default or Nonappropriation Event occurs under the Lease prior to the Lessee's acceptance of all the Equipment, or to the extent that funds have not been disbursed from the Equipment Acquisition Account within the thirty-six month period identified in the Lease, Escrow Agent shall, upon receipt of written notice from Lessor, disburse by wire transfer to Lessor in accordance with Lessor's wiring instructions all funds then on deposit in the Equipment Acquisition Account, and all such funds shall be applied by Lessor to the prepayment of Lease Payments under the Lease.

(c) Upon receipt by Escrow Agent of written notice from Lessor that the purchase price of the Equipment has been paid in full, Escrow Agent shall disburse to Lessor by wire transfer in accordance with Lessor's wiring instructions all funds (if any) then remaining in the Equipment Acquisition Account, to be applied by Lessor against

any current interest component of Lease Payments due under the Lease as provided therein, then to remaining outstanding principal in reverse order.

8. Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for extraordinary administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account. The Escrow Agent has advised Lessor and Lessee that (except as set forth below) it will not charge any fees or costs for providing its services hereunder to Lessee. Escrow Agent waives any claim against Lessor with respect to compensation hereunder.

9. Escrow Agent shall have no liability for acting upon any written instruction presented by Lessor in connection with this Escrow Agreement, which Escrow Agent in good faith believes to be genuine. Furthermore, Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own negligence, willful misconduct or bad faith. Escrow Agent shall not be liable for any loss or diminution in value of the Equipment Acquisition Account as a result of the investments made by Escrow Agent.

10. Substitution of Escrow Agent. Lessor, Lessee, and Escrow Agent acknowledge that Escrow Agent presently serves as Lessee's Depository financial institution. All of the above named parties agree that in the event that at any time during the term of this Agreement and the Lease, Escrow Agent ceases to be Lessee's Depository financial institution, Escrow Agent shall deliver its written resignation as Escrow Agent to Lessee and Lessor in the manner specified in Section 13 of this Agreement for notices. Such resignation shall be effective as of the end of business on the last day on which Escrow Agent is Lessee's Depository financial institution, and shall be delivered to Lessee and Lessor not later than thirty (30) days prior thereto. Lessee's new Depository financial institution shall be substituted as the Escrow Agent under this Agreement and the Lease ("Substitute Escrow Agent"), effective on the first day on which it is Lessee's new Depository financial institution. Escrow Agent shall take any and all actions necessary to effect the complete and immediate transition of all of its rights, obligations and duties under this Agreement and the Lease to the Substitute Escrow Agent. Escrow Agent shall not be responsible for any actions of the Substitute Escrow Agent after the effective date of the Substitute Escrow Agent's substitution under this Agreement and the Lease, but shall remain responsible (but only if and to the extent provided in this Agreement) to Lessor and Lessee for its actions during the entire time it served as Escrow Agent.

11. This Escrow Agreement and the escrow established hereunder shall terminate upon receipt by Escrow Agent of the written notice from Lessor specified in Section 7(b) or Section 7(c) hereof or upon disbursement of all funds or mutual agreement of Lessor and Lessee.

12. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with or for any moneys involved herein or affected hereby, Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue,

and in so refusing Escrow Agent may refrain from making any delivery or other disposition of any moneys involved herein or affected hereby and in so doing Escrow Agent shall not be or become liable to the undersigned or any of them or to any person or party for its failure or refusal to comply with such conflicting or adverse demands, and Escrow Agent shall be entitled to continue so to refrain and refuse so to act until:

(a) the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties and the moneys involved herein or affected hereby; or

(b) all differences shall have been adjusted by agreement and Escrow Agent shall have been notified thereof in writing signed by all of the persons interested.

13. All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, and shall be sufficiently given and served upon the other party if delivered (a) personally, (b) by United States registered or certified mail, return receipt requested, postage prepaid, (c) by an overnight delivery by a service such as Federal Express or Express Mail from which written confirmation of overnight delivery is available, or (d) by facsimile with a confirmation copy by regular United States mail, postage prepaid, addressed to the other party at its respective address stated below the signature of such party or at such other address as such party shall from time to time designate in writing to the other party, and shall be effective from the date of mailing.

If to Lessor: Pinnacle Public Finance, Inc.
8377 East Hartford Drive, Suite 115
Scottsdale, Arizona 85255
Attention: Investment Associate
Phone: 480-585-3789

Fax: 480-419-3603

If to Lessee: City of San Antonio, Texas
Finance Department
111 Soledad, 5th Floor
San Antonio, TX 78205
Attn: Division of Financial Management
Phone: (210) 207-5734
Fax: (210) 207-7774

If to Escrow Agent: The Frost National Bank
P.O. Box 1600
San Antonio, TX 78296-1600
Attn: Tom Frost, III
Phone: (210) 220-5764
Fax: (210) 220-4040

14. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Lessor.

15. This Escrow Agreement shall be governed by and construed in accordance with the laws in the state of the Escrow Agent's location. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification or change of terms hereof shall bind any party unless in writing signed by all parties.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

Pinnacle Public Finance, Inc., as Lessor

By: _____
Name:
Title:
Address: 8377 East Hartford Drive, Suite 115
Scottsdale, Arizona 85255

City of San Antonio, Texas, as Lessee

By: _____
Name: Ben Gorzell, Jr.
Title: Chief Financial Officer

The Frost National Bank, as Escrow Agent

By: _____
Name: Tom Frost, III
Title: Senior Executive Vice President

EXHIBIT 1

**REQUISITION REQUEST AND CERTIFICATE OF ACCEPTANCE NO. _____
(to be submitted with each requisition request for payment to the vendor)**

-or-

**____ (√) FINAL REQUISITION REQUEST AND CERTIFICATE OF ACCEPTANCE
(to be submitted with the final requisition request upon acceptance of the Equipment)**

The Escrow Agent is hereby requested to pay from the Equipment Acquisition Account established and maintained under that certain Escrow Agreement dated as of May 24, 2011 (the "Escrow Agreement") by and among Pinnacle Public Finance, Inc., a Delaware corporation (the "Lessor"), City of San Antonio, Texas (the "Lessee"), and The Frost National Bank (the "Escrow Agent"), the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Lessee) with respect to Equipment being leased under that certain Master Equipment Lease Purchase Agreement dated as of May 24, 2011 (the "Master Lease") and Schedule of Property No. 1 and Schedule of Property No. 2 of Exhibit A-1 each dated May 24, 2011 (collectively, the "Schedule" and, together with the terms and conditions of the Master Lease incorporated therein, the "Lease"), by and between the Lessor and the Lessee, and has not formed the basis of any prior requisition request.

PAYEE'S FUNDING INSTRUCTIONS	INVOICE NUMBER	AMOUNT	PURPOSE

Total requisition amount \$ _____

The undersigned, as Lessee under the Lease hereby certifies:

1. The items of the Equipment, as such term is defined in the Lease, fully and accurately described on the Equipment Schedule attached hereto have been delivered and installed at the location(s) set forth therein.

2. A present need exists for the Equipment which need is not temporary or expected to diminish in the near future. The Equipment is essential to and will be used by the Lessee only for the purpose of performing one or more governmental functions of Lessee consistent with the permissible scope of Lessee's authority.

3. The estimated useful life of the Equipment based upon the manufacturer's representations and the Lessee's projected needs is not less than the Lease Term of lease with respect to the Equipment.

4. The Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes as of the date of this Certificate.

5. The Equipment is covered by insurance in the types and amounts required by the Lease.

6. No Event of Default or Nonappropriation Event, as each such term is defined in the Lease, and no event which with the giving of notice or lapse of time, or both, would become such an Event of Default or Non-Appropriation Event has occurred and is continuing on the date hereof.

7. Sufficient funds have been appropriated by the Lessee for the payment of all Lease Payments due under the Lease during Lessee's current fiscal year.

8. Based on the foregoing, Lessor is hereby authorized and directed to fund the acquisition of the Equipment set forth on the Equipment Schedule by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices.

9. The following documents are attached hereto and made a part hereof:

(a) Original Invoice(s);

(b) Copies of Certificate(s) of Origin designating Lessor as lienholder if any part of the Equipment consists of motor vehicles, and evidence of filing; and

(c) Requisition for Payment

10. If this is the final acceptance of Equipment, then as of the Acceptance Date stated below and as between the Lessee and the Lessor, the Lessee hereby agrees that: (a) the Lessee has received and inspected all of the Equipment described in the Lease; (b) all Equipment is in good working order and complies with all purchase orders, contracts and specification; (c) the Lessee accepts all Equipment for purposes of the Lease "as-is, where-is"; and (d) the Lessee waives any right to revoke such acceptance.

If Lessee paid an invoice prior to the commencement date of the Lease and is requesting reimbursement for such payment, also attach a copy of evidence of such payment and other evidence that Lessee has satisfied the requirements for reimbursement set forth in Treas. Reg. §1.150-2.

[Remainder of page intentionally left blank.]

Acceptance Date: _____

City of San Antonio, Texas
as Lessee

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

Pinnacle Public Finance, Inc.,
as Lessor

By: _____
Title: _____
Date: _____

E X H I B I T C