

THIS AGREEMENT, made and entered into this 26 day of July, 2011, is by and between the City of Fort Lauderdale, a Florida municipality, ("City"), whose address is 100 North Andrews Avenue, Fort Lauderdale, FL 33301-1016, and Arbitrage Compliance Specialists, Inc., a Colorado corporation authorized to transact business in the State of Florida, ("Contractor"), whose address and phone are 5975 South Quebec Street Suite 205, Centennial, CO 80111, Phone: 800-672-9993, Fax: 800-756-6505.

WHEREAS, the City issued Request for Proposal Number 115-10761 ("RFP"), and the Contractor submitted a bid in response to the RFP; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the City and the Contractor covenant and agree as follows:

1. The Contractor agrees to provide to the City arbitrage rebate calculation services in accordance with and in strict compliance with the specifications, terms, conditions, and requirements set forth in the RFP and any and all addenda thereto beginning July 17, 2011, and ending July 16, 2014.

2. This contract form G-110 Rev. 01/10, the RFP, any and all addenda to the RFP and the Contractor's response thereto, and the Contractor's proposal in response to the RFP are integral parts of this Contract, and are incorporated herein.

3. In the event of conflict between or among the contract documents, the order of priority shall be as follows:

First, this contract form, G-110 Rev. 01/10;

Second, any and all addenda to the City's RFP in reverse chronological order;

Third, the RFP;

Fourth, the Contractor's response to any addendum requiring a response;

Fifth, the Contractor's response to the RFP.

4. The Company warrants that the goods and services supplied to the City pursuant to this Contract shall at all times fully conform to the specifications set forth in the RFP and be of the highest quality. In the event the City, in the City's sole discretion, determines that any product or service supplied pursuant to this Contract is defective or does not conform to the specifications set forth in the RFP the City reserves the right unilaterally to cancel an order or cancel this Contract upon written notice to the Contractor, and reduce commensurately any amount of money due the Contractor.

5. The Contractor shall not present any invoice to the City that includes sales tax (85-8012514506C-7) or federal excise tax (59-6000319).

6. Contractor shall direct all invoices in duplicate for payment to Finance Department, City of Fort Lauderdale, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301. Any applicable discount MUST appear on the invoice.

IN WITNESS WHEREOF, the City and the Contractor execute this Contract as follows:

CITY OF FORT LAUDERDALE

By: [Signature]  
Director of Procurement Services

Approved as to form:

[Signature]  
Senior Assistant City Attorney

ATTEST.

By: [Signature]  
Print Name: IRA SACKS  
Secretary

CONTRACTOR

By: [Signature]  
Print Name: JANET P. SACKS  
President

(Corporate seal)

STATE OF COLORADO  
COUNTY OF ARAPAHOE

The foregoing instrument was acknowledged before me this 19<sup>TH</sup> day of July, 2011, by JANET P. SACKS, as president for Arbitrage Compliance Specialists, Inc., a Colorado corporation authorized to transact business in the State of Florida.

[Signature]

Signature of Notary Public – State of Florida  
COLORADO SWB

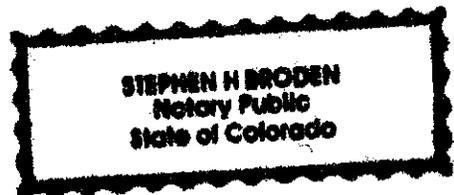
(Seal)

STEPHEN H. BRODEN  
Print, Type or Stamp Commissioned Name  
of Notary Public

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires 8/13/15



**Arbitrage**  
COMPLIANCE  
SPECIALISTS



COPY

CONTRACT  
COPY

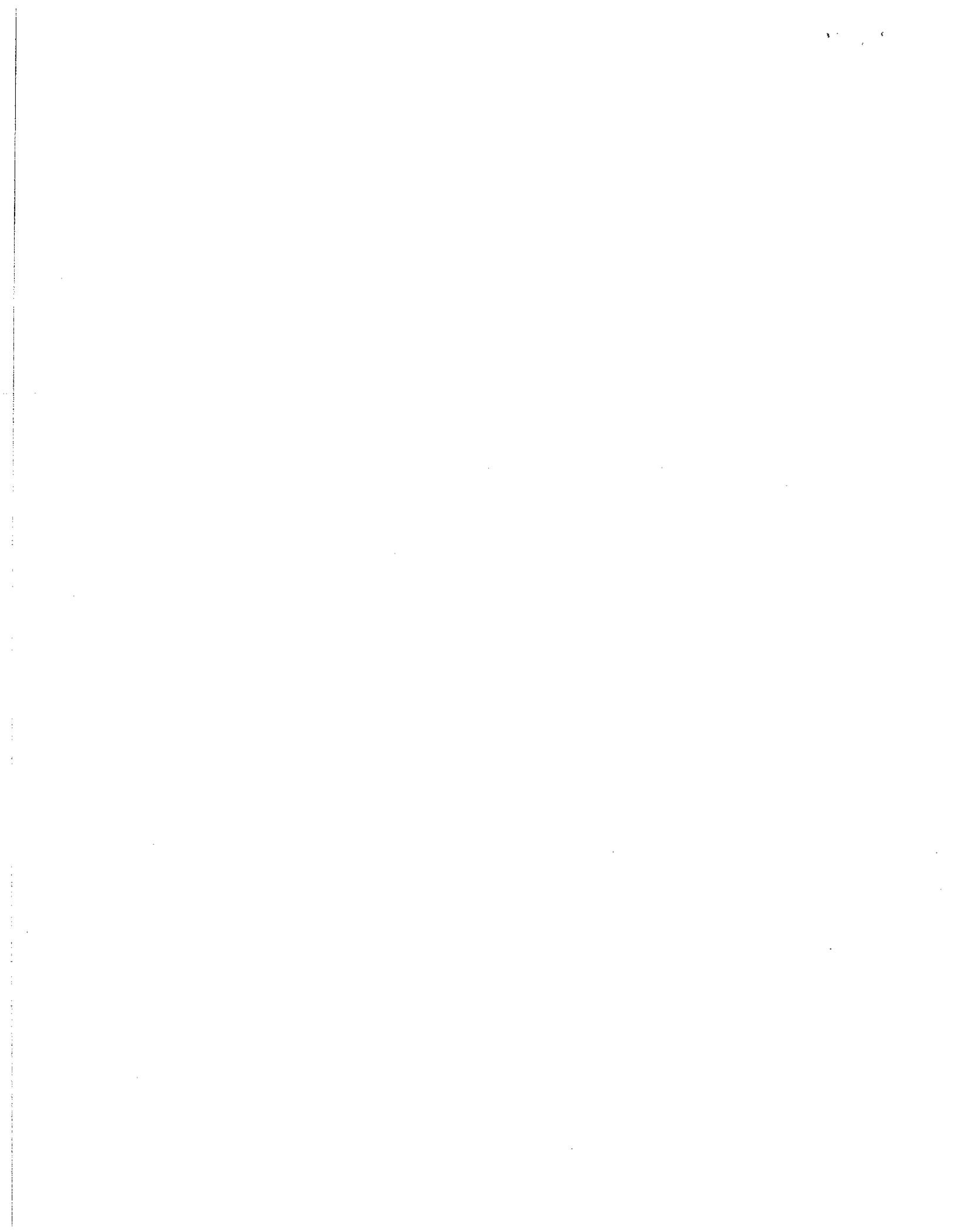
**REQUEST FOR PROPOSALS (RFP) FOR  
ARBITRAGE REBATE CALCULATION SERVICES**

**RFP# 115-10761**

**CITY OF FORT LAUDERDALE**

**PROPOSAL DUE: MONDAY, MAY 16, 2011, 2:00 PM EST**





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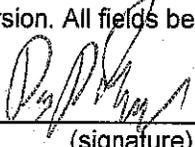
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**BID/PROPOSAL SIGNATURE PAGE**

**How to submit bids/proposals:** It is preferred that bids/proposals be submitted electronically at [www.bidsync.com](http://www.bidsync.com), unless otherwise stated in the bid packet. If mailing a hard copy, it will be the sole responsibility of the Bidder to ensure that the bid reaches the City of Fort Lauderdale, City Hall, Procurement Department, Suite 619, 100 N. Andrews Avenue, Fort Lauderdale, FL 33301, prior to the bid opening date and time listed. Bids/proposals submitted by fax or email will NOT be accepted.

The below signed hereby agrees to furnish the following article(s) or services at the price(s) and terms stated subject to all instructions, conditions, specifications addenda, legal advertisement, and conditions contained in the bid. I have read all attachments including the specifications and fully understand what is required. By submitting this signed proposal I will accept a contract if approved by the CITY and such acceptance covers all terms, conditions, and specifications of this bid/proposal.

**Please Note:** If responding to this solicitation through BidSync, the electronic version of the bid response will prevail, unless a paper version is clearly marked **by the bidder** in some manner to indicate that it will supplant the electronic version. All fields below **must** be completed. If the field does not apply to you, please note N/A in that field.

Submitted by:  May 12, 2011  
(signature) (date)

Name (printed) Doug Pahnke Title: Director, Vice President

Company: (Legal Registration) Arbitrage Compliance Specialists, Inc.

**CONTRACTOR, IF FOREIGN CORPORATION, MAY BE REQUIRED TO OBTAIN A CERTIFICATE OF AUTHORITY FROM THE DEPARTMENT OF STATE, IN ACCORDANCE WITH FLORIDA STATUTE §607.1501 (visit <http://www.dos.state.fl.us/>).**

Address: 5975 South Quebec Street, Suite 205

City Centennial State: Colorado Zip 80111

Telephone No. (800) 672-9993 FAX No. (800) 756-6505 Email: doug@rebatebyacs.com

Delivery: Calendar days after receipt of Purchase Order (section 1.02 of General Conditions): N/A

Payment Terms (section 1.03): N/A Total Bid Discount (section 1.04): N/A

Does your firm qualify for MBE or WBE status (section 1.08): MBE \_\_\_\_\_ WBE X

**ADDENDUM ACKNOWLEDGEMENT** - Proposer acknowledges that the following addenda have been received and are included in the proposal:

Addendum No.                      1    Date Issued                      May 10, 2011

**VARIANCES:** State any variations to specifications, terms and conditions in the space provided below or reference in the space provided below all variances contained on other pages of bid, attachments or bid pages. No variations or exceptions by the Proposer will be deemed to be part of the bid submitted unless such variation or exception is listed and contained within the bid documents and referenced in the space provided below. If no statement is contained in the below space, it is hereby implied that your bid/proposal complies with the full scope of this solicitation. **HAVE YOU STATED ANY VARIANCES OR EXCEPTIONS BELOW? BIDDER MUST CLICK THE EXCEPTION LINK IF ANY VARIATION OR EXCEPTION IS TAKEN TO THE SPECIFICATIONS, TERMS AND CONDITIONS.** If this section does not apply to your bid, simply mark N/A in the section below.

Variations:

N/A

**NON-COLLUSION STATEMENT:**

By signing this offer, the vendor/contractor certifies that this offer is made independently and *free* from collusion. Vendor shall disclose below any City of Fort Lauderdale, FL officer or employee, or any relative of any such officer or employee who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement.

Any City of Fort Lauderdale, FL officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement.

For purposes hereof, a person has a material interest if they directly or indirectly own more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

In accordance with City of Fort Lauderdale, FL Policy and Standards Manual, 6.10.8.3,

3.3. City employees may not contract with the City through any corporation or business entity in which they or their immediate family members hold a controlling financial interest (e.g. ownership of five (5) percent or more).

3.4. Immediate family members (spouse, parents and children) are also prohibited from contracting with the City subject to the same general rules.

**Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.**

**NAME**

**RELATIONSHIPS**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**In the event the vendor does not indicate any names, the City shall interpret this to mean that the vendor has indicated that no such relationships exist.**



May 12, 2011

Mr. Michael F. Walker, Procurement & Contracts Manager  
City of Fort Lauderdale ("City")  
Procurement Services Department  
Room 619, City Hall  
100 North Andrews Avenue  
Fort Lauderdale, Florida 33301

Dear Mr. Walker and Members of the Selection Committee:

Arbitrage Compliance Specialists, Inc. ("ACS") is pleased to present this proposal to provide Arbitrage Rebate Services to the City. The City will be receiving numerous responses to the RFP and the task of reviewing these responses will not be easy. What sets us apart from the City's current arbitrage rebate provider is that we provide an all inclusive bond management program designed *to lower the entire arbitrage compliance cost* placed upon the City. ACS' arbitrage program services will be provided to the City through the entire lifecycle of each debt issue beginning with the preliminary planning stage of a debt issue, continuing through the calculation process and ending with support services to include on-site training, IRS audit defense, and record retention monitoring. Highlights of our bond management program are:

- **Calculation costs:** ACS' fees are approximately 30-40% less than the average fees charged in our industry.
- **Liability determination:** ACS' staff members are accounting professionals who have extensive knowledge of governmental accounting, accounting allocation methods, and legal interpretation skills to compute the lowest permissible liability.
- **Accuracy of the arbitrage calculation:** All arbitrage reports are computed in accordance with Section 148(f) of the Internal Revenue Code, as amended, and Treasury Regulations (the "Tax Code") to ensure that the tax-exempt status of the debt issued is not revoked. All reports include a legal and CPA opinion.
- **On-site arbitrage services:** Our firm provides the following on-site services at **no additional cost** thereby lowering the overall arbitrage compliance cost:
  - Contract transition team
  - Tax attorney support
  - Preliminary bond election advice
  - Accounting technique training to lower arbitrage rebate liabilities
  - Create an arbitrage rebate policy manual as suggested by the IRS

ACS is a certified Woman Owned Business by the National Women Business Owners Corporation and is the most prominent and well-respected provider of arbitrage rebate services in the nation. We pride ourselves on our unprecedented commitment to each and every client we represent. ACS has office locations throughout the nation in such states as: Arizona, California, Colorado, Florida, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, and Washington. All calculations will be performed from our corporate headquarters in Centennial, Colorado in order to create an interactive environment, to ensure a high degree of quality control and assurances, and to have easy accessibility to our CPAs and tax attorney.



**Florida Office:**  
10151 University Boulevard, Suite 214  
Orlando, Florida 32817  
P: (800) 672-9993 x7528

**Corporate Headquarters:**  
5975 South Quebec Street, Suite 205  
Centennial, Colorado 80111  
P: (800) 672-9993

All calculations will be completed in accordance with the Tax Code and the scope of services listed in the RFP. I, Doug Pahnke, have full authority to bind ACS into a contractual agreement with the City and hereby declare that the only person(s), company or parties interested in the proposal as principals are named herein. This response is made without collusion with any other person(s), company or parties submitting a response. This response is in all respects fair and in good faith, without collusion or fraud. This response is valid for a term of no less than 120 days. If you have any questions or would like to discuss the details of our proposal, you may contact me at (800) 672-9993 extension 7526.

Best regards,

Arbitrage Compliance Specialists, Inc.

A handwritten signature in black ink, appearing to read "Doug Pahnke", is written over a horizontal line.

Doug Pahnke, Director, Vice President

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**STATEMENT OF PROPOSED SERVICES/QUALIFICATIONS**

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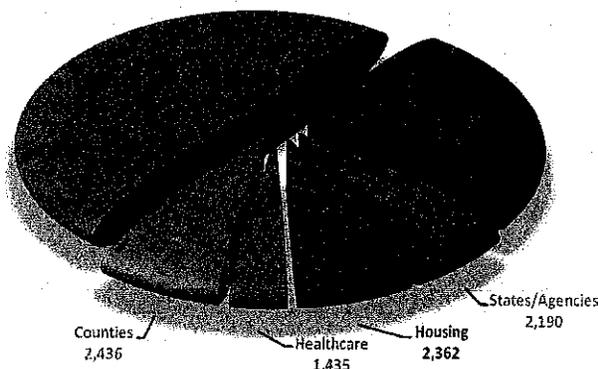
**A. Firm's Experience**

**Providing arbitrage services since 1986:** ACS is a privately held, certified woman-owned corporation that has been calculating arbitrage liabilities for tax-exempt debt issuers since the inception of the 1986 Tax Code. Selecting our firm to begin this engagement with the City should instill confidence that each and every tax-exempt debt issue will be supported by the most qualified arbitrage rebate calculation firm in the Country. Each report will include a CPA certified and legal professional opinion completed by our tax attorney. The calculations are completed by seasoned accountants who are trained and educated in tax law interpretation, accounting methodologies, and arbitrage rebate minimization strategies. Our firm pledges the entirety of our accounting and legal expertise to ensure that the City will pay the lowest amount of arbitrage liability allowable while adhering to the rules and regulations set forth in the Tax Code.

**Advisor to U.S. Congress on arbitrage rebate:** Janet P. Sacks, Managing Director, started her arbitrage rebate career in 1986 while working for Price Waterhouse, the third largest accounting firm in the Country at that time. Due to her extensive expertise in governmental debt, Janet was requested by Congress to take part in the Beryl Anthony Public Finance Commission. This bipartisan commission resulted in the formulation of the arbitrage rebate calculation methodology we use today. Having been one of the first arbitrage rebate providers in the country, ACS has grown to be known as the expert among experts, regularly providing arbitrage rebate interpretation, consultation and advice to clients as well as to professionals within the industry.

ACS provides services for more than 1,500 municipalities across the U.S. and currently works with clients with active tax-exempt debt issues ranging from 1 to 250 bonds. We have absolute confidence that our firm possesses the available resources necessary to exceed the City's expectations. Since 1986, our practice has completed over 30,000 calculations for fixed rate and variable rate tax-exempt debt issues with varying investment structures such as swaps, letter of credit agreements, guaranteed investment contracts, repurchase agreements, flex repos, reimbursement agreements, and forward delivery agreements.

**30,000 CALCULATIONS COMPLETED SINCE 1986**



**National Association of Bond Lawyers (NABL):** Since ACS is both an accounting firm and a law firm, ACS is allowed to hold memberships to NABL. As a member, ACS is informed on a daily basis on of all proposed and ultimately finalized changes to the Tax Code as well as the current IRS enforcement focus. ACS attends the semi-annual NABL conferences to learn about how various bond counsels from around the country are interpreting the Tax Code that is subject to frequent changes and constant interpretation.

**Proprietary software system designed to compute arbitrage liabilities under different accounting methods:** The type of calculation method used will vary between different types of funds, i.e. project funds, debt service funds, reserve funds, and costs of issuance funds. ACS utilizes its integrated tax law and accounting expertise throughout the whole arbitrage rebate compliance process to select the accounting method that will compute the lowest permissible liability as allowed by law. The Tax Code allows numerous allocation methods in calculating arbitrage rebate. A few of the methods are listed on the following page.



**Project Funds:**

- First in first out
- Last in first out
- Ratable allocations
- Specific tracing
- Market value
- Modified accrual

**Debt Service Residual Extraction:**

- 100%
- Average excess
- Year end excess
- Excess over maximum annual
- Original principal amount
- Maximum debt service payment
- Relative value of principal and interest

**Commingled Funds:**

- Values of the debt issues
- Remaining maximum annual
- Original principal
- Market value
- Modified accrual

A majority of arbitrage firms use Microsoft Excel or an off-the-shelf arbitrage calculation software product. ACS has evaluated these systems and found that they are prone to errors and are severely restricted in the ability to compute arbitrage rebate under various accounting methods. **ACS' custom arbitrage rebate software and experienced professionals will calculate the lowest allowable arbitrage rebate liability in the industry.** The Tax Code allows the use of dozens of different accounting and allocation methods, and ACS' custom-built software allows our accountants the ability to run and rerun the calculation under each of these methods. This unique and efficient system continually saves our clients millions of dollars each year in potential arbitrage payments.

**B. Legal Expertise**

**Legal expertise:** Our firm has distinctive legal and accounting experience with the arbitrage rebate regulations dating back to the inception of the 1986 Tax Code. *ACS is the only arbitrage rebate firm in the country that has a tax attorney who is also a CPA who has been calculating arbitrage rebate since 1986.* As an added benefit to our clients, ACS' legal tax counsel services are included in our arbitrage rebate services at *no additional cost.*

**Ira B. Sacks, CPA, Tax Attorney, Director:** We realized in the infancy of our practice over 24 years ago that legal expertise would be required to assist in the interpretation of a tax code riddled with uncertainties. Our practice secured a tax attorney and CPA to be a Director. In-house tax attorney and CPA, Ira Sacks, has over 24 years of experience providing arbitrage related legal opinions. Ira's extensive education and background includes Bachelor Degrees in Accounting, Finance, and Computer Science and Masters Degrees in Law, Taxation, and Business. Ira's 24 years of experience in computing arbitrage rebate as a CPA and his understanding of the Tax Code from a legal standpoint has developed into an unmatched, comprehensive knowledge of tax regulations and tax regulation interpretation to ensure that our clients pay the least amount of arbitrage rebate allowed while adhering to the Tax Code.

**IRS audit support:** Arbitrage rebate calculations require that bond documents and elections made within those documents are analyzed to ensure that the Tax Code is applied properly. As a truly independent firm, not providing bond counsel or financial advisory services, our opinion and arbitrage rebate calculations are regarded by the SEC and IRS as extremely reliable and free from influence. In audits conducted on our arbitrage rebate calculations, the IRS has found our calculations to be 100% accurate. Throughout our firm's history, we have not had any adverse findings by the IRS. Audits and inquiries have been quickly closed, saving our clients extensive costs that are often associated with an audit. *ACS pledges our entire staff of CPAs and Tax Attorney in the defense of an IRS audit or inquiry at no additional cost.* ACS is here for the long term to support the City's debt program in all arbitrage related IRS audit matters.

**Pre-issuance and post-issuance legal and accounting services:** ACS has performed over 30,000 arbitrage rebate and yield restriction calculations on tax-exempt debt issuances over the past 24 years. Over this time, we have seen complications that can arise based on elections made by municipalities during the pre-issuance stage of the debt issue. Such complications have created dire consequences for these debt issues thus creating high arbitrage rebate liabilities. We find that in many cases, the arbitrage rebate payments may have been reduced or eliminated if the



municipalities had consulted with ACS during the pre-issuance stage of the debt issue. ACS' practice is committed to providing on-site arbitrage rebate training seminars and pre-issuance election advice to our clients to assist in lowering or eliminating arbitrage rebate payments made to the IRS.

**C. Insurance**

ACS maintains extensive Accountants Professional Liability Indemnification Insurance with the Insight & Van Gilder Insurance Companies. In addition, employees are covered by workman's compensation insurance. Contact information for our insurance providers is as follows:

**Workers Compensation and Employer's Liability:**

Pinnacol Assurance  
\$1,000,000 per occurrence, \$1,000,000 Maximum  
Contact: Mr. Arnold Dowd, Underwriter  
Phone: (303) 361-4200

**General Liability:**

Van Gilder Insurance Corporation  
\$2,000,000 per occurrence, Maximum \$4,000,000  
Contact: Ms. Cristi Bahrenburg, Agent  
Phone: (866) 467-8730

**Accountant's Professional Liability Insurance:**

Ron Beam Insurance  
\$2,000,000 per occurrence, Maximum \$2,000,000  
Contact: Mr. Ron Beam, Owner  
Phone: (800) 660-9848

Evidence of insurance can be found in Tab 6 of this response.

**D. Project Team**

We have built our practice around a solid, unmatched foundation of accounting expertise, tax law interpretation, and arbitrage rebate minimization strategy. Resumes of the proposed project team are listed below.



24 Years  
Arbitrage Experience

**IRA B. SACKS, CPA, CFP, TAX ATTORNEY, DIRECTOR**

Holds Masters Degrees in Jurisprudence, Taxation, and Business, Bachelor of Science Degrees in Accounting, Finance and Computer Science | Credited with the development and implementation of an industry-first, arbitrage rebate calculation software system | Renowned analytical acumen in selecting and applying a specific set of the Tax Code to minimize a client's rebate liability | Regularly provides arbitrage rebate interpretation, consultation and advice to IRS and SEC officials and NABL | Current member of NABL and subcommittee member of the General Tax Matters Committee



12 Years  
Arbitrage Experience

**DOUG PAHNKE, DIRECTOR, VICE PRESIDENT**

Holds Bachelor of Science Degrees in Marketing and Finance, Masters Degree in Computer Science | Nationally recognized expert of the Arbitrage Rebate Tax Code | Coordinates the firm's IRS Audit Defense Team of accountants, legal counsel and arbitrage rebate employees to ensure favorable outcome for clients | Highly regarded instructor on topic of arbitrage compliance to government organizations, auditing firms and accounting firms throughout the nation | Adept at applying years of government accounting acumen to resolve problems and recreate incomplete, aged accounting records | CPA Candidate



21 Years  
Arbitrage Experience

**CAROL HULLER, DIRECTOR, VICE PRESIDENT**

Holds Bachelor of Science Degree | Extensive knowledge of interest rate swaps, parity reserve allocations, expenditure allocation analysis, bond year slicing optimization, universal cap compliance, variable rate bonds, and transferred proceeds analysis | Highly regarded as an expert among experts, regularly providing arbitrage rebate interpretation, consultation and advice to clients and to professionals within the arbitrage rebate industry | Develops sophisticated cash flow models analyzing past and future investment earnings and eliminating client's risk of IRS fines and penalties



10 Years  
Arbitrage Experience

**STACIA PERRIZO, SENIOR MANAGER**

Holds Bachelor of Arts Degree | Brings an excellent foundation from her years of financial audit experience as Internal Financial Auditor for the Marriott Corporation | Member of the IRS Audit Defense team since 2002 | Primary focus is on the production and review of arbitrage rebate analysis, training new accountants, and analyzing financial trends to reduce or eliminate potential arbitrage rebate | Expertise in complex analytical work, including arbitrage rebate minimization strategies, common reserve allocations, and yield period optimizations



24 Years  
Arbitrage Experience

**JANET P. SACKS, MANAGING DIRECTOR, PRESIDENT**

Holds Masters Degrees in both Accounting and Finance | Industry Pioneer and original member of the Beryl Anthony Commission of Public Finance, the Congressional Committee responsible for the overhaul of 1986 Tax Code | Highly regarded in the field of arbitrage compliance and speaker for national agencies including the IRS, the SEC, NABL, numerous government organizations as well as state and local Government Finance Officer's Associations | Reviews all calculations to ensure they are in compliance with the Tax Code



9 Years  
Arbitrage Experience

**ROBERT GOUBERT, ACCOUNT MANAGER**

Brings a solid foundation in budgeting, forecasting, and profit/loss analyses as Profit Manager with the Marriott Corporation | Skilled at applying years of experience and government accounting knowledge to resolve problems and recreate incomplete, forensic accounting records | Highly regarded instructor on a national level covering arbitrage minimization, accounting requirements, investment tracking systems, and IRS audit-proofing procedures for GFOA, school business officials, and auditing firms | Responsible for training new account managers and overseeing team's report production as well as managing client relations | Attended Orange Coast College and Arizona State University



3 Years  
Arbitrage Experience

**REBECCA HECKAMAN, ACCOUNT MANAGER**

Holds Bachelor of Science Degree in Business Administration | Brings a solid foundation in management and finance as a Credit Manager with GE Consumer Finance and Alliance Bancorp | Works very closely with client's staff concerning investment practices, debt structures and accounting requirements to ensure compliance with the Tax Code, with a focus on minimizing costly rebate liabilities | Excels in developing and maintaining business relationships with clients | Nationally regarded instructor of arbitrage rebate, yield restriction and spending exception regulations



4 Years  
Arbitrage Experience

**TYSON GOULDING, ACCOUNTING MANAGER**

Holds Bachelor of Science Degree in Accounting | Extensive knowledge of interest rate swaps, parity reserve allocations, expenditure allocation analysis, universal cap compliance, variable rate bonds, and transferred proceeds analysis | Develops sophisticated cash flow models analyzing past and future investment earnings and eliminating client's risk of IRS fines and penalties | Tyson will perform the initial calculation for each debt issuance | CPA Candidate



2 Years  
Arbitrage Experience

**CHRIS ROSE, CPA, ACCOUNTING MANAGER**

Holds both a Bachelors of Science and Masters of Science Degrees in Accounting | Extensive knowledge of interest rate swaps, parity reserve allocations, expenditure allocation analysis, universal cap compliance, variable rate bonds, and transferred proceeds analysis | Develops sophisticated cash flow models analyzing past and future investment earnings and eliminating client's risk of IRS fines and penalties | Chris performs the initial calculation for each debt issuance



2 Years  
Arbitrage Experience

**TROY VANDERPLOEG, CPA, ACCOUNTING MANAGER**

Holds Bachelor of Science Degree in Finance and Master of Science Degree in Accounting | Extensive knowledge of interest rate swaps, parity reserve allocations, expenditure allocation analysis, universal cap compliance, variable rate bonds, and transferred proceeds analysis | Develops sophisticated cash flow models analyzing past and future investment earnings and eliminating client's risk of IRS fines and penalties | Troy performs the initial calculation for each debt issuance

**Task Assignments**

**CPA in charge of calculations**

ACS staff member assigned:  
Experience:

Mr. Ira Sacks, CPA, Tax Attorney  
24 years



Mr. Sacks has been assigned to be the CPA in charge of providing services to the City. Mr. Sacks will identify the relevant regulations and elections for each bond issue that will be used to compute the lowest arbitrage rebate liability as allowed by the Tax Code.

***Day-to-Day Contact***

ACS staff members assigned: Mr. Robert Goubert and Ms. Rebecca Heckaman, Account Managers  
Experience: Robert Goubert - 9 years, Rebecca Heckaman – 3 years

Mr. Goubert was selected as the day-to-day contact for the City. He is available to attend the City's monthly meetings and provide on-site training seminars. These seminars will include one-on-one meetings with City's accounting staff to discuss project progress and selecting the most beneficial accounting method in the early stages of the bond issuance with a goal of lowering the City's arbitrage rebate liabilities. Mr. Goubert will be monitoring the City's report deadlines and report process flow. Ms. Heckaman will assist Mr. Goubert with collection of investment records in order to complete the calculations.

***Project Manager***

ACS staff member assigned: Mr. Doug Pahnke, Director  
Experience: 11 years

Mr. Pahnke will oversee the entire calculation process from initial document collection to calculation completion.

***Reconciliation Accountant***

ACS staff member assigned: Mr. Tyson Goulding, Accounting Manager  
Experience: 4 Years

Mr. Goulding is in charge of reconciling the investment detail to each debt issue's source/use statement to ensure all gross proceeds have been accounted. He will ensure that all funds that are subject to arbitrage rebate are included in our calculations.

***Calculations***

ACS staff members assigned: Ms. Carol Huller, Director and Mr. Ira Sacks, CPA  
Experience: Carol Huller - 21 years, Ira Sacks - 24 years

Mr. Sacks and Ms. Huller will complete the calculations in compliance with the applicable Tax Code. The calculation will detail the rebatable arbitrage earned.

***Technical Review***

ACS staff member assigned: Ms. Janet P. Sacks, President, Director  
Experience: 24 years

Each ACS report is subjected to a rigorous review process to ensure the accuracy of our work. ACS' report and related documentation is examined for a final technical review to ensure the most favorable treatment of the Tax Code has been applied as permitted by the law.

***Report Language and Invoice Review***

ACS staff member assigned: Ms. Stacia Perrizo, Senior Manager  
Experience: 10 years

Ms. Perrizo will review the report language to ensure compliance with the Tax Code and will review the invoicing to ensure compliance with the City's contract.



[Agency Login](#)

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### ARBITRAGE COMPLIANCE SPECIALIST

<b>Address:</b>	7400 E. ORCHARD RD, SUITE 270 GREENWOOD VILLAGCO 80111
<b>County:</b>	00 NONE
<b>Registration Status:</b>	DMS REGISTERED
<b>OSD Classification:</b>	R NON-MINORITY WOMAN, NON-CERTIF
<b>Business Designation:</b>	I CORPORATION, PROFESSIONAL ASSOCIATION AND PROFESSIONAL CORP
<b>Contact:</b>	JANET SACKS (800) 672-9993
<b>Electronic Address:</b>	<a href="mailto:ARBCOM@EARTHLINK.NET">ARBCOM@EARTHLINK.NET</a> <a href="https://www.rebatebyacs.com">HTTPS://WWW.REBATEBYACS.COM</a>
<b>Active Status:</b>	Active
<b>Bid Regions:</b>	STATEWIDE
<b>Source:</b>	MFMP and FLAIR

Matching Commodities

Class-Group	Item	Detail	Description	Contract
973-000	000	0000	CONTRACTUAL SERVICES, PROFESSIONAL	
973-120	000	0000	BANKING, FINANCIAL SERVICES	
973-120	090	0000	CREDIT CARD SERVICES	973120971
973-120	950	0000	MULTIPURPOSE IDENTITY CARD	
973-140	000	0000	BONDS & INVESTMENT CONSULTING SERVICES	
973-150	000	0000	BUILDING, OPERATION AND MANAGEMENT SERVICES,	
973-160	000	0000	BUILDING & CONTRACTORS SERVICES	
973-247	000	0000	DATA SECURITY SERVICES	
973-420	000	0000	INVESTMENT & FINANCIAL CONSULTANT SERVICES	
973-561	000	0000	CONSULTANT SERVICES, INFORMATION TECH	973561981
973-655	000	0000	PLANNING & BUDGETING, GOVERNMENT SVCS	973655961

Displaying rows 1 through 11 of 11.

Execution Time: 0.04 seconds

For assistance please contact the  
 MyFloridaMarketPlace Customer Service Desk  
 M - F 8:00 a.m. - 5:30 p.m. EST  
 Phone 1-866-352-3776 (toll free)  
 Vendor email assistance: [vendorhelp@myfloridamarketplace.com](mailto:vendorhelp@myfloridamarketplace.com)  
 Agency email assistance: [buyerhelp@myfloridamarketplace.com](mailto:buyerhelp@myfloridamarketplace.com)

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RCMP7985

Certification Number

January 14, 2012

Expiration Date



**NWBOC**

NATIONAL WOMEN BUSINESS OWNERS CORPORATION

*Certifies that:*

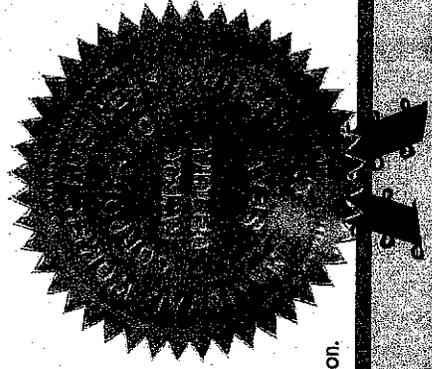
**Arbitrage Compliance Specialists, Inc.**

*has successfully met the requirements of the NWBOC National Certification Program for certification as a woman-owned and woman-controlled business.*

*Jessie Lantz*  
President

January 15, 2011  
Date

NWBOC, 1001 W. Jasmine Dr., #G, Lake Park, FL 33403 • 800-675-5066 • www.nwboc.org  
Tampering or altering this certificate is, in the discretion of NWBOC, grounds for termination of certification.





# CERTIFICATE OF LIABILITY INSURANCE

SA  
R054DATE (MM/DD/YYYY)  
05-12-2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> VAN GILDER INSURANCE CORP/A&E/PHS 342614 P: (866) 467-8730 F: (877) 905-0457 PO BOX 33015 SAN ANTONIO TX 78265	<b>CONTACT NAME:</b> PHONE (A/C, No, Ext): (866) 467-8730 FAX (A/C, No): (877) 905-0457 E-MAIL ADDRESS: PRODUCER CUSTOMER ID #:	
	<b>INSURER(S) AFFORDING COVERAGE</b>	
<b>INSURED</b> ARBITRAGE COMPLIANCE SPECIALISTS INC 5975 S QUEBEC ST # 205 CENTENNIAL CO 80111	<b>INSURER A:</b> Hartford Casualty Ins Co	
	<b>INSURER B:</b>	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

## COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR   WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<b>GENERAL LIABILITY</b>		34 SBW KC8287	01/17/2011	01/17/2012	EACH OCCURRENCE	\$ 2,000,000
	COMMERCIAL GENERAL LIABILITY					DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000
	CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					MED EXP (Any one person)	\$ 10,000
	<input checked="" type="checkbox"/> General Liab					PERSONAL & ADV INJURY	\$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE	\$ 4,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC					PRODUCTS - COMP/OP AGG	\$ 4,000,000
A	<b>AUTOMOBILE LIABILITY</b>		34 SBW KC8287	01/17/2011	01/17/2012	COMBINED SINGLE LIMIT (Ea accident)	\$ 2,000,000
	ANY AUTO					BODILY INJURY (Per person)	\$
	ALL OWNED AUTOS					BODILY INJURY (Per accident)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS					PROPERTY DAMAGE (Per accident)	\$
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						\$
	<b>UMBRELLA LIAB</b>					EACH OCCURRENCE	\$
	<b>EXCESS LIAB</b>					AGGREGATE	\$
	DEDUCTIBLE						\$
	RETENTION \$						\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>					WC STATUTORY LIMITS	OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N <input checked="" type="checkbox"/> N/A				E.L. EACH ACCIDENT	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE	\$
						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Those usual to the Insured's Operations.

## CERTIFICATE HOLDER

City of Fort Lauderdale  
 Attn: Procurement Services Department  
 100 N ANDREWS AVE RM 619  
 FORT LAUDERDALE, FL 33301

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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**CERTIFICATE OF LIABILITY INSURANCE**

PRODUCER  
PINNACOL ASSURANCE  
7501 E Lowry Blvd  
Denver, CO 80230-7006

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURERS AFFORDING COVERAGE NAIC#**

INSURED  
ARBITRAGE COMPLIANCE SPECIALISTS INC  
5975 S. QUEBEC ST. #205  
GREENWOOD VILLAGE, CO 80111

INSURER A:	<b>PINNACOL ASSURANCE</b>	<b>41190</b>
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
		<b>GENERAL LIABILITY</b> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR _____ GENL. AGGREGATE LIMIT APPLIERS PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				EACH OCCURRENCE DAMAGE TO RENTED PREMISES MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS _____				COMBINED SINGLE LIMIT (Ea Accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN EA ACC AUTO ONLY: AGG
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE _____ DEDUCTIBLE RETENTION \$				EACH OCCURRENCE AGGREGATE
<b>A</b>		<b>WORKERS COMPENSATION AND EMPLOYER'S LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, please describe under SPECIAL PROVISIONS below	<b>3358559</b>	<b>08/01/2010</b>	<b>08/01/2011</b>	<input checked="" type="checkbox"/> W/C STATUS <input type="checkbox"/> OTHER TORY LIMITS E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
		<b>OTHER</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

**CERTIFICATE HOLDER**

1309753  
City of Fort Lauderdale  
Procurement Services Department  
100 North Andrews Avenue  
Room 619  
Fort Lauderdale FL 33301

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

**AUTHORIZED REPRESENTATIVE**

Timothy Hurd  
Underwriter

ACORD CORPORATION 1988

ACORD 25(2001/08)



## CERTIFICATE OF INSURANCE

**TO:** City of Fort Lauderdale  
Attn: Procurement Services Department  
100 North Andrews Ave., Room 619  
Fort Lauderdale, FL 33301

**This is to certify that the described insurance is in force at this date with:  
Colony Specialty Insurance Company**

**NAMED AND ADDRESS OF INSURED:**

Arbitrage Compliance Specialists, Inc.  
5975 S. Quebec Street, #205  
Centennial CO 80111

**TYPE OF INSURANCE:** Accountants Professional Liability

**AMOUNT OF COVERAGE**

\$2,000,000 Limit of Liability, Each Claim  
\$2,000,000 Limit of Liability, Aggregate  
\$5,000 Deductible, Each Claim  
\$5,000 Deductible, Annual Aggregate

**POLICY PERIOD**

Effective Date 01/06/2011  
Expiration Date 01/06/2012

**POLICY NUMBER** IAC10887 - 01

**This certificate is furnished to you as a matter of information only and confers no rights upon the Certificate holder. The issuance of the Certificate does not make the person or organization to whom it is issued an additional Insured, nor does it modify in any manner the Policy between the Insured and the Insurers. Any amendment, change or extension of such Policy can only be effected by special endorsement attached thereto.**

**In the event of cancellation of the aforementioned Policy by the undersigned, the undersigned will endeavor to give 30 days written notice to the party to whom this Certificate is issued, but failure to give such notice shall impose no obligation upon the undersigned.**

DATE: May 12, 2011

A handwritten signature in cursive script, appearing to read "Michael J. Chrusciel", is written over a horizontal line.

**Authorized Representative**



**REQUIREMENTS OF PROPOSAL/INSTRUCTIONS TO PROPOSERS**

**A. Cover Letter**

Please refer to Tab 3 of this response for ACS' Letter of Interest.

**B. Approach Section**

It is our understanding that the City is seeking a qualified arbitrage rebate and yield restriction agent to perform arbitrage rebate, yield restriction/yield reduction, and spending exception calculations for the City's tax-exempt debt issues in compliance with the Tax Code. Calculations are to be performed annually, on each fifth year filing date, and on the final date of each debt issue. Calculations will include construction/capitalized interest funds, cost of issuance funds, reserve funds, over-funded debt service funds, escrow funds and transferred proceeds.

ACS is to provide on-site services to include an initial organizational meeting, record retention training, and Tax Code training. ACS is to provide IRS audit/inquiry support by our team of CPAs and on-staff tax attorney.

The contract will be supported by our Orlando, Florida office that will provide the following services:

- On-site ACS team to transition the contract
- IRS audit support
- Comprehensive discussions of the findings of each arbitrage calculation
- Pre-issuance election advice
- Training of the City's staff on strategies to help lower arbitrage rebate liabilities
- Attend the City's Board meetings

**C. Methodology Section**

**1. Methodological Discretion**

**Methodology in completing calculations:** As an integral and important part of ACS' arbitrage rebate services, we first identify various allowable methods which may lower the rebate liability on each debt issue and then we research, evaluate and apply the most advantageous option. As an example, there are numerous accounting and allocation rules contained within the Tax Code. These methods provide a degree of flexibility in allowable treatments of investment/expenditure of bond proceeds that serve as our input into the rebate calculation process. ACS cannot recommend one method over another since each method may produce a lower arbitrage liability under a particular circumstance. ACS utilizes its integrated tax law and accounting expertise throughout the whole arbitrage compliance process to select the accounting method and/or election that will compute the lowest permissible liability as allowed by law. A few of the accounting methods and elections used in computing an arbitrage rebate calculation are:

**Project Funds:**

- First in first out
- Last in first out
- Ratable allocations
- Specific tracing
- Market value
- Modified accrual

**Debt Service Residual Extraction:**

- 100%
- Average excess
- Year end excess
- Excess over maximum annual
- Original principal amount
- Maximum debt service payment
- Relative value of principal and interest

**Commingled Funds:**

- Values of the debt issues
- Remaining maximum annual
- Original principal
- Market value
- Modified accrual



The typical arbitrage engagement for most types of debt issues has some common elements and scope of services. ACS expertly handles all types of debt issues and complexities, such as: fixed rate bonds, variable rate bonds, short-term instruments, notes, forward purchase agreements, transferred proceeds allocation calculations, student loan debt issues, commercial paper, tax anticipation notes, tax revenue anticipation notes, bond anticipation notes, single family and multifamily housing bonds, cash funded reserves, uncommingling and accounting methodology as it relates to arbitrage compliance, investment valuation as it relates to arbitrage compliance, feasibility analysis of rebate exceptions, spending exception calculations for 6-month, 18-month and 2-year, and yield restriction calculations.

#### **Experience with Commingled Funds: City of Sarasota, Florida**

The City of Sarasota issues bonds pursuant to a parity reserve fund which secures all debt issues. This common reserve is invested and accounted for collectively without regard to the source of the funds therein. Partial refundings have occurred over time. ACS determines the allowable allocation methods under the Tax Code to allocate the reserve ratably among each parity issue. ACS performs an analysis of the allowable methods and models performance scenarios under these methods to determine which method produces the most favorable rebate results over the long run. This analysis requires reallocation of the reserve fund to each debt issue as part of the arbitrage rebate calculation process. ACS has completed arbitrage calculations for the City of Sarasota for over 15 years. Calculations have been completed per the requirements of the Tax Code and within the anticipated budget.

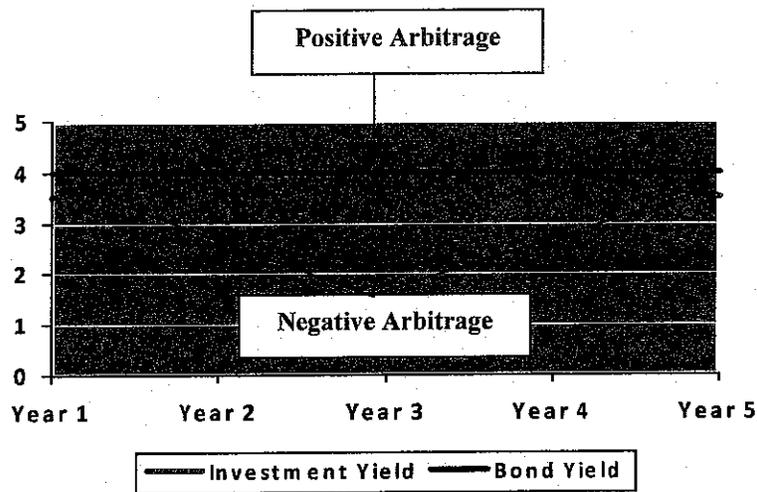
#### **Experience with Transferred Proceeds: City of Port St. Lucie, Florida**

The City of Port St. Lucie has an arbitrage compliance environment that includes a significant number of large debt issues with multiple layers of refunding transactions necessitating transferred proceeds allocations; different yield restriction limits on the different sources of transferred proceed layers, as portions of the transferred proceeds are freed-up and numerous commingled investment portfolios. ACS' work for the City of Port St. Lucie includes legal analysis, on-site rebate training, and complex modeling to determine the transferred proceeds allocations related to the refunding issues, rebate calculations, and uncommingling. ACS has completed arbitrage calculations for the City of Port St. Lucie for over 19 years. Calculations have been completed per the requirements of the Tax Code and within the anticipated budget.

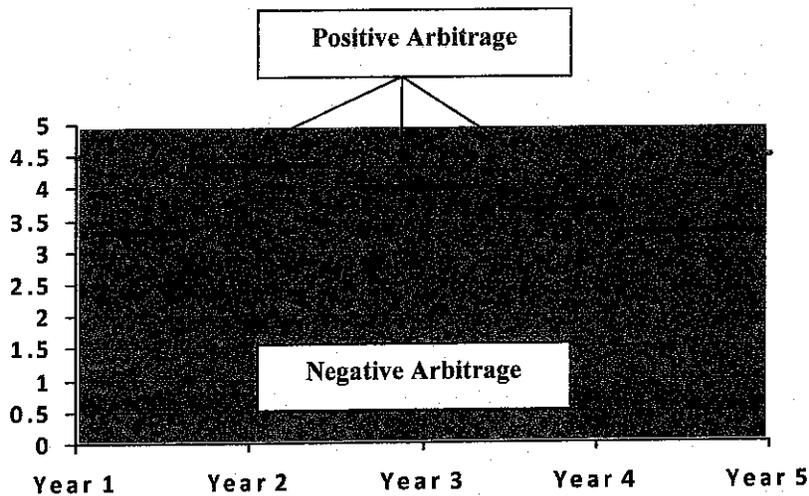
#### **Experience with Advanced Refunding Issues: City of Plant City, Florida**

The City of Plant City has a number of debt issues with multiple layers of refunding transactions. ACS determines the principal and interest payments that were refunded to determine how to allocate both the reserve funds and transferred proceeds derived from unspent construction funds to the appropriate debt issue. ACS' work for City of Plant City includes legal analysis, on-site rebate training, transferred proceeds allocations, yield restriction, and rebate calculations. ACS has completed arbitrage calculations for the City of Plant City for over 11 years. Calculations have been completed per the requirements of the Tax Code and within the anticipated budget.

**Variable rate bond computational system:** Through our extensive knowledge of the Tax Code, ACS has developed a complex bond year slicing model used *solely by our firm*. ACS' bond year slicing model matches the bond yield and the investment yield in short incremental time spans that result in significantly lowering or eliminating an arbitrage rebate liability. An arbitrage rebate position for a variable rate bond using a standard computation process is graphically shown on the following page.



In the graph above, the **heavy black line** depicts the bond yield/interest cost of the bond. A variable rate debt issue's interest cost fluctuates throughout the debt issue's life cycle. Only after combining all interest costs over a specified period of time does a cumulative rate emerge. In the graph above, the bond yield was calculated to be an average 4% over this five year period. The **red line** depicts the rate of return on the investments. The difference between the red line and the black line is the computed arbitrage, or in this case, a payment due to the IRS. In this real life example, the calculation resulted in a \$650,000 liability. The bond yield and the interest rate earned on investments do not move in perfect harmony, yet there is a significant amount of correlation between the two rates. ACS' proprietary bond year slicing model breaks down the five year period into smaller blocks of time to significantly reduce or eliminate the difference between the bond yield and the investment yield. The result of using ACS' bond year slicing model lowered the liability from \$650,000 to \$128,400. A graphical representation of the results of the bond year slicing model is shown below.



## 2. Scope of Services

ACS performs pre-calculation work on all rebate computations, ensuring that the relevant regulatory and technical expertise necessary to identify the lowest, legally permissible arbitrage rebate liability is applied. Details on the completion of tasks and task milestones are represented on the following pages.

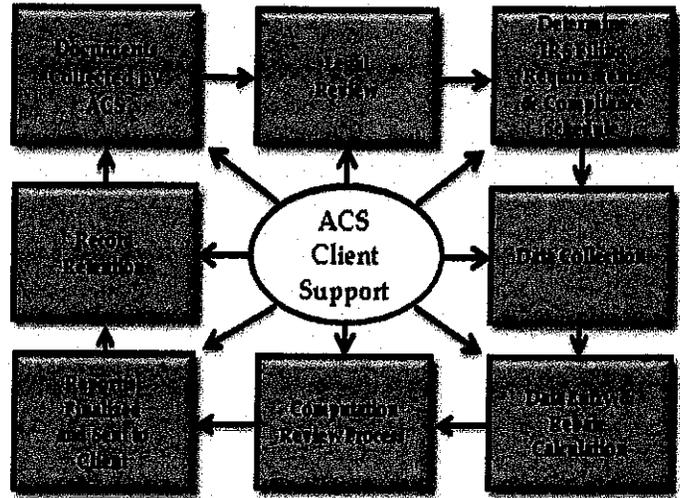


**a) Verification of subjectivity to arbitrage**

Our in-house tax attorney will analyze each bond structure to determine which bonds are subject to rebate, yield restriction, and applicable exceptions. ACS will issue a legal opinion to the City stating our findings. We will then determine IRS filing deadlines, extensions, and election requirements and enter this information into our database tracking system to ensure timely reporting.

**b) Calculate the bond yield**

Since the entire arbitrage rebate process relies on an accurate bond yield, we will compute the bond yield on each and every debt issuance to ensure accuracy. We do not take shortcuts and only rely on the bond yields provided by Underwriters and/or Financial Advisors.



**c) Identify and separately account for all gross proceeds**

ACS will complete each arbitrage calculation with the same diligence to not only compute the lowest permissible arbitrage liability but to also include all funds required by the Tax Code. The ACS accountant will reconcile the investment detail to each debt issue's source/use statement to ensure all gross proceeds have been accounted. We always include all funds that are subject to rebate in our calculations including: cost of issuance funds, project funds, escrow funds, transferred proceeds, capitalized interest funds, reserve funds and debt service funds. We find in many cases that *not all funds subject to arbitrage rebate were included in the prior calculations* when our firm has taken over the calculation process from a competing arbitrage firm.

**d) Calculate excess investment earnings**

Data is entered into our rebate calculation software and the rebate, yield restriction/yield reduction or spending exception/penalty calculations are performed. Throughout the data entry phase, the ACS accountant confers with our tax attorney concerning any unusual circumstances surrounding the data. Compliance with the Tax Code is essential to the calculations and services ACS performs for our clients. Each calculation will be performed on our proprietary arbitrage software. ACS will perform all analyses and calculations as required under the Tax Code to include:

- Arbitrage yield
- Yield restriction analysis
- Universal cap adjustments
- Debt service fund tests
- Arbitrage rebate liability
- Spending exceptions
- Commingled funds analysis

**e) Report to include executive summary**

Each report will include supporting documentation as well as a legal professional opinion that the calculation methodology used is consistent with current tax laws and regulations and may be relied upon by the City in determining the liability payments to the U.S. Treasury. ACS' reports include an executive summary, investment information and recommendations as outlined below.

**Executive summary:**

- CPA certified and legal professional opinion that the calculations were completed in accordance with the Tax Code and may be relied upon by the City in determining the liability payments to the U.S. Treasury.
- Investment yield – the overall cumulative yield for all investments.



- Arbitrage rebate liability
  - 100% arbitrage rebate liability
  - 90% arbitrage rebate liability – the Tax Code requires that at least 90% of the liability be paid upon reaching a filing date.
- Bond yield – to ensure accuracy in our reports, ACS will recalculate the bond yield using the source documents.

**Investment information:**

- Investment yield is calculated for each investment to assist in evaluating if each investment was attributing to a positive arbitrage rebate liability or a negative arbitrage rebate liability.
- Rate of return information will identify which investments are underperforming and may be exchanged for higher yielding investments to maximize the overall rate of return on the investment portfolio.
- Rate of return is also calculated for all investments in aggregate.

**Recommendations:**

- Future filing due dates
- Accounting method modifications – ACS will provide recommendations on alternative accounting methods that may be employed to reduce the arbitrage rebate liability.
- Liability reserves – amount of funds to be reserved for upcoming arbitrage filings
  - ACS will analyze the current fund balances, investment yields, yield trends, and future value factors and provide recommendations on whether to submit 100% or 90% of the liability.
- Spending exception elections
- Yield restriction limits

**f) Advise on arbitrage-related matters to improve funds and record management**

We understand that arbitrage compliance is not part of the daily routine of the City's employees; therefore, the City's contract will be supported by our Orlando, Florida office. The on-site services that ACS will provide to the City are:

- Comprehensive discussions of the findings of each arbitrage calculation
- Training of the City's staff on strategies to help lower arbitrage liabilities
- Training of the City's staff on the accounting rules allowable under the Tax Code
- Review record retention policy and make recommendations to align the policy with the Tax Code's record retention requirements

**g) Record and document retention**

ACS will retain all records and supporting documentation for the life of the debt issue plus six years.

**h) Legal opinion**

Each report will include a CPA certified and legal professional opinion completed and signed by our tax attorney. The opinion will include a statement that the calculation methodology used is consistent with current tax laws and regulations and may be relied upon by the City in determining the payment to the U.S. Treasury.

Unlike our competitors who purchase legal opinions from outside firms or use off-site legal firms who may be hundreds of miles away from the team completing the calculations, *ACS is unique because our firm is the only arbitrage rebate practice in the country that has a tax attorney who is also a CPA that has been calculating arbitrage rebate liabilities since 1986.*



- i) **Perform annual arbitrage rebate calculations, and**
- j) **Perform anniversary arbitrage rebate calculations**

ACS will complete arbitrage calculations annually on the anniversary date for each bond issue. Calculations will include arbitrage rebate calculations, yield restriction calculations, and spending exception calculations. ACS' typical calculation turn around time is 10 business days after receipt of the data. ACS will complete calculations for each bond issue according to following schedule.

<b>60 Days Prior to Calculation Date</b>	ACS staff members are scheduled to complete calculations.
<b>Day 1-5</b>	Calculate arbitrage rebate, yield restriction, and spending exceptions.
<b>Day 5</b>	Prepare signature ready IRS Form 8038-T when applicable.
<b>Day 6-7</b>	Comprehensive review by a Director to ensue the calculations resulted in the lowest liability due as allowed under the Tax Code.
<b>Day 8-9</b>	Legal opinion is performed by ACS' tax attorney.
<b>Day 10</b>	Distribution of report with supporting documentation.
<b>On-Going</b>	Discussion of findings of arbitrage calculations with City personnel, IRS audit assistance, On-site arbitrage rebate accounting training, and Retain records and documentation for six years.

**k) Copies of reports**

ACS will distribute two copies of the report to the City as well as bond counsel or other parties as directed. Each report will include supporting documentation and includes a legal professional opinion that the calculation methodology used is consistent with current tax laws and regulations and may be relied upon by the City in determining the liability payments to the United States Treasury.

**l) Prepare filings for arbitrage rebate payments or refund requests**

The ACS accountant will prepare and distribute signature ready IRS Form 8038-T for payment of arbitrage rebate or yield restriction. The forms will be accompanied by detailed filing instructions.

**m) Represent the City in the event of an IRS inquiry**

ACS stands behind the mathematical accuracy of our calculations, as well our interpretations of the Tax Code used to perform the computations. *ACS pledges our entire staff of CPAs and tax attorney in the defense of an IRS audit or inquiry at no additional cost.* ACS is here for the long term to support the City's debt program in all arbitrage related IRS audit matters.

**n) Coordinate with the City to obtain calculation data**

ACS will prepare a detailed list of the investment information needed in order to complete the calculations and send a request to the City 60 days prior to a calculation due date. Upon receipt of the investment statements, ACS will review the data for completeness. If ACS discovers any inconsistencies, we will contact the City to discuss the entries while the transactions are still current and easily reconciled in the City's records. As correcting entries become aged, reversing those entries becomes more difficult and therefore requires more of the City's personnel time than is necessary.

The ACS accountant will reconcile the investment detail to each debt issue's source/use statement to ensure all gross proceeds have been accounted. All funds that are subject to rebate will be included in our calculations.



**o) Changes in federal or state regulations**

As a law firm, ACS holds a membership to NABL and is informed on a daily basis of all proposed and finalized changes to the Tax Code as well as the current IRS enforcement focus. In the last few years, the IRS has been very active in amending the Tax Code concerning variable rate bonds, repurchase agreements, swaps, computation date credits and most recently, Build America Bonds. The importance of keeping on top of the numerous amendments to the Tax Code that will take place over the next few years is paramount in having our clients remain compliant with each new regulation. If a change in the Tax Code takes place that will affect our previously performed calculation, ACS will amend the calculation to be in accordance with the new regulation at *no cost*.

**p) No cost contract transition team**

Based on an expected recommendation of award on July 18, 2011, ACS will complete the major contractual milestones according to the following schedule:

**July 19-20** The ACS transition team will copy the necessary bond documents and completed reports. The City's involvement will be limited to directing ACS' staff to the location of the bond transcript books. This process will be performed at *no cost to the City*.

**July 21-22** ACS will determine the debt issues' subjectivity to rebate and yield restriction. ACS' tax attorney analyzes the bond documents and determines filing dates and special elections. Bond information is loaded into our database tracking system to track future filing dates.

**q) Bond deadline tracking system**

Key information from each debt issue is entered into our database system to track IRS filing deadlines and election requirements to ensure timely reporting. Information included in this system will be provided as an Arbitrage Rebate Summary shown below.



Arbitrage Compliance Specialists, Inc.  
 Phone: (800) 672-9993  
 Fax: (800) 756-6505  
 www.rebatebyacs.com

**ARBITRAGE REBATE SUMMARY**  
 City of XYZ  
 Friday, July 16, 2010

BOND FACTS										COMPLETED			FUTURE	
COI#	PAR	Bond Issue	Date Issued	Final Maturity	Subject to Rebate	Subject to Project Yield Restriction	Temp. Perf. Exp.	Minor Portion	Report Description	Type	End Date	Liability	Type	End Date
1.00	\$5,507,328.85	Unlimited Tax Refunding Bonds, Series 1989	11/21/89	03/01/00	Yes	No			Arbitrage Rebate Calculation	Final	03/01/00	(\$102,005.83)		
2.00	\$1,675,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 1993	05/19/93		No	No								
3.00	\$1,485,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 1994	10/20/94		No	No								
4.00	\$2,780,000.00	Unlimited Tax Refunding Bonds, Series 1996	09/11/96	03/01/08	Yes	No			Arbitrage Rebate Calculation	Final	03/01/08	(\$58,145.93)		
5.00	\$3,060,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2000	08/30/03		No	No								
6.00	\$5,515,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2001	08/22/01	03/01/26	Yes	No			Arbitrage Rebate Calculation	05th Year	08/22/06	(\$134,861.13)	10th Year	08/22/11
6.10	\$3,180,000.00	Bond Anticipation Note, Series 2001	12/11/01	09/19/02	Yes	No			Arbitrage Rebate Calculation	Final	09/19/02	(\$4,944.88)		
7.00	\$6,340,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2002	09/19/02	03/01/27	Yes	Yes	09/19/05	\$100,000.00	Arbitrage Rebate Calculation	05th Year	09/19/07	(\$173,762.84)	10th Year	09/19/12
									Project Yield Restriction Calculation	05th Year	09/19/07	(\$14,445.53)		
7.10	\$10,110,000.00	Bond Anticipation Note, Series 2002	09/23/02	09/10/03	No	No								
8.00	\$2,855,000.00	Unlimited Tax Refunding Bonds, Series 2002	11/20/02	03/01/17	Yes	No			Arbitrage Rebate Calculation	05th Year	11/20/07	(\$50,814.31)	10th Year	11/20/12
9.00	\$19,440,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2003	09/10/03	03/01/28	Yes	No			Arbitrage Rebate Calculation	05th Year	09/10/08	(\$389,714.21)	10th Year	09/10/13
9.10	\$9,965,000.00	Bond Anticipation Note, Series 2003	10/30/03	10/01/04	No	Yes	10/30/06	\$100,000.00						
10.00	\$21,250,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2004	11/04/04	03/01/29	Yes	Yes	11/04/07	\$100,000.00	Arbitrage Rebate Calculation	05th Year	11/04/09	(\$139,448.48)	10th Year	11/04/2013
10.50	\$12,635,000.00	Bond Anticipation Note, Series 2004A	12/01/04	11/30/05	No	Yes	12/01/07	\$100,000.00						
10.75	\$10,368,718.63	Refunding Bond Anticipation Note, Series 2004	10/01/04	11/30/04	No	No								
11.00	\$3,780,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2005	08/04/05	03/01/30	Yes	Yes	08/04/08	\$100,000.00	Arbitrage Rebate Calculation				05th Year	08/04/10
12.00	\$16,850,000.00	Waterworks and Sewer System Unlimited Tax Bonds, Series 2006	08/22/06	03/01/30	Yes	Yes	08/22/09	\$100,000.00	Arbitrage Rebate Calculation				05th Year	08/22/11



### 3. Assistance from City Staff

**Investment data:** The City can expect their involvement to be limited to providing the contact name of the bank trustee/investment firm. ACS will coordinate directly with the trustee to have bank statements sent directly to our firm.

**Bond documents:** ACS' on-site transition team will copy the bond documents for older bonds with no assistance required from City personnel except to identify the location of the documents. As bonds are issued in the future, ACS will coordinate directly with the City's Bond Counsel to be placed on the automatic bond document distribution list.

### D. Professional References

#### **City of Port St. Lucie**

Ms. Marcia L. Dedert, CPA, CGFO,  
Finance Director/Treasurer  
121 SW Port St. Lucie Boulevard  
Port St. Lucie, Florida 34984  
P: (772) 871-5225  
E: mdedert@cityofpsl.com

#### **City of Sarasota**

Mr. Christopher H. Lyons, Finance Director  
1565 1st Street, Room 114  
Sarasota, Florida 34236  
P: (941) 954-4185  
E: christopher.lyons@sarasotagov.com

#### **City of Oviedo**

Ms. Dianne Holloway, CPA, Finance Director  
400 Alexandria Boulevard  
Oviedo, Florida 32765  
P: (407) 971-5544  
E: dholloway@cityofoviedo.net

#### **Pasco County**

Mr. Jay Kominsky, CPA, CPM,  
Director, Financial Services  
38053 Live Oak Avenue  
Dade City, Florida 33523  
P: (352) 521-4581  
E: jkominsky@pascoclerk.com

#### **City of Plant City**

Mr. Martin J. Wisgerhof, Finance Director  
302 West Reynolds Street  
Plant City, Florida 33563  
P: (813) 659-4215  
E: mwisgerhof@plantcitygov.com

#### **St. Lucie County**

Ms. Shai Francis, CPA, CGFO, Finance Director  
2300 Virginia Avenue  
Fort Pierce, Florida 34982  
P: (772) 462-1482  
E: franciss@stlucieclerk.com

ACS was recently awarded a contract from the City of Miramar, Florida. Although work on the contract has not been completed, the municipality may provide insight on why they selected our firm to provide arbitrage services. In addition, ACS has recently taken over the contract for Hillsborough County's arbitrage calculations from another arbitrage rebate vendor. Hillsborough County may be able to detail how easy the contract transition process proceeded.

#### **City of Miramar**

Ms. Susan Gooding-Liburd, Assistant Finance Director  
2300 Civic Center Place  
Miramar, Florida 33025  
P: (954) 602-3051  
E: sagoodingliburd@ci.miramar.fl.us

#### **Hillsborough County**

Mr. John, Fitzhenry, Enterprise/Debt Manager  
601 East Kennedy Boulevard, 12th Floor  
Tampa, Florida 33602  
P: (813) 307-7092  
E: fitzhenry@hillsclerk.com

**Audit Assistance:** We have an unmatched comprehensive knowledge of how the existing tax regulations are interpreted as well as how new financial instruments may be treated by the IRS to keep our clients in compliance



with the Tax Code. As an independent firm specializing **solely** in the field of arbitrage compliance, ACS does not provide bond counsel services, investment services, or financial advisory services. Therefore, the IRS has regarded our calculations as extremely reliable and free from any internal or external influence that might be construed as a conflict of interest. We have developed a thorough understanding of the IRS' enforcement philosophy and tactics and we include initial preventative audit-proofing in our work product. ACS will defend our clients ~ **at no additional charge** ~ in the event of an audit or inquiry. Throughout our firm's history, we have not had any adverse findings by the IRS. Audits and inquiries have been quickly closed, saving our clients extensive costs that are often associated with an audit.

ACS has assisted many clients in defense of IRS audits and inquiries by acting as an expert consultant to both the municipality and the municipality's legal counsel to not only deliver initial preventative "audit-proofing" in our work product for municipalities, but to also provide all necessary IRS follow-up procedures as outlined below.

**Step One:** Determine if the audit was random or targeted

- On-staff tax attorney reviews the audit details.
- If the audit is targeted, ACS will research the NABL database to determine if other audits were issued under similar circumstances.
- ACS will evaluate the finding from similar audits.

**Step Two:** Determine the risk to the City

- ACS will evaluate:
  - Investments, swaps, repurchase agreements, guaranteed investment contracts, or other financial instruments that have been known to evoke the IRS' attention.
  - The structure of the debt issue.
  - The accuracy of past arbitrage providers' calculations (if applicable).

**Step Three:** ACS will formulate the answers to the audit and act as a legal representative to shield the City from direct exposure to the inquiry to ensure that all responses are properly formulated to reduce the City's exposure to penalties.

**Step Four:** If ACS determines the bond under audit may have exposure, ACS' legal and accounting team will confer with the City's bond counsel, financial advisors and other related parties to strategize on how to lower the amount of the exposure to the minimum level. If allowable, ACS will re-compute the arbitrage rebate or yield restriction liability and perform other calculations deemed necessary to assist the City in reducing or eliminating any financial penalties that the IRS may impose.

***Who better to defend the City in an audit than a firm with 24 years of accounting and legal acumen?***

**Refund Requests:** Requesting a refund from the IRS requires an extensive amount of documentation to be gathered and formatted to expedite processing the refund. Since the IRS completes a mini-audit on both the past completed arbitrage rebate reports as well as the bond structuring, the information submitted to the IRS will be to be evaluated by ACS carefully before presenting the information to the IRS. For example, the investment industry has recently been scrutinized by both the IRS and the SEC concerning swap cancellation agreements, forward purchase agreements, escrow funds supported by open market securities, and guaranteed investment agreements. These investment and hedge transactions were often not sold for market rates and created arbitrage positions that placed the municipalities' debt at risk of losing their tax-exempt statuses. Before submitting a recovery request to the IRS, our firm would identify the risk level of submitting bond information to the IRS and discuss our findings with the City before submitting a refund to the IRS. ACS' goal is to not only calculate the lowest arbitrage rebate but to also keep the City out of harm's way with regard to the IRS and SEC inquiries.



ACS has performed numerous requests for recovery of rebate for clients. The standard turnaround time from submission of the package to the IRS to receipt of the check by the municipality is about 18 months. The majority of our clients receive their recovery payments in 7 months due to our thorough submission package.

**E. Conflict of Interest**

ACS does not have a potential conflict of interest with the City.

**F. Sample Calculation**

Please refer to Tab 10 of this response for a copy of a calculation completed by our firm.



in the field of arbitrage compliance, ACS does not provide bond counsel services, investment services, or financial advisory services. Therefore, the IRS has regarded our calculations as extremely reliable and free from any internal or external influence that might be construed as a conflict of interest. We have developed a thorough understanding of the IRS' enforcement philosophy and tactics and we include initial preventative audit-proofing in our work product. ACS will defend our clients ~ **at no additional charge** ~ in the event of an audit or inquiry. Throughout our firm's history, we have not had any adverse findings by the IRS. Audits and inquiries have been quickly closed, saving our clients extensive costs that are often associated with an audit.

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arbitrage rebate but to also keep the City out of harm's way in regards to the IRS and SEC inquires.

ACS has performed numerous requests for recovery of rebate for clients. The current turnaround time from submission of the package to the IRS to receipt of the check by the municipality is about 18 months. The majority of our clients receive their recovery payments in 7 months due to our thorough submission package.

The proposer understands that the information contained in these proposal pages is to be relied upon by the City in awarding the proposed contract, and such information is warranted by the proposer to be true. The proposer agrees to furnish such additional information, prior to acceptance of any proposal relating to the qualifications of the proposer, as may be required by the City.

Please review the questionnaire to make sure all questions have been answered. Attach additional sheets if necessary. Failure to answer each question could result in the disqualification of your bid.



### **Provisions Applied to Calculation Example:**

- The Tax Code applicable to the bonds based on the bond issuance date was the 1993 Treasury Regulations.
- What bonds were refunded?
  - If there were refunding proceeds of the bonds, what was the principal amount that was refunded and what was the principal amount outstanding immediately prior to the issuance of the refunding bonds?
- What bonds were supported by the reserve fund?
  - Is the reserve fund funded from equity or bond proceeds?
  - What was the amount of bond proceeds, if any, contributed by each bond issue?
  - Has any amount of the reserve fund been released due to the refunding?
  - Was any of the reserve fund money utilized in the refunding escrow?
  - What is the outstanding balance of the reserve fund on the issuance date of the refunding issue?
  - Have reserve fund allocations been made at least every three years and when a new bond is issued or is retired?
  - Which method provides the lowest liability of the reserve fund investments (present value or market value)?
- What are the transferred proceed allocation dates?

***The goal of selecting a reserve fund allocation method is to reduce the issuer's arbitrage rebate liability not just for the current period but for the entire life of the reserve fund.***

ACS' reserve fund allocation model was created to ensure that the reserve fund is allocated in the most advantageous manner. The method includes an allocation for all bonds involved in a refunding and considers transferred proceeds allocation percentages. Determinations are made for the present and/or market value of the investments as of the transfer dates (whichever method provides the lowest liability), and then the allocation percentages are applied to the applicable investments. All allocations were reviewed upon completion, and again by a review team to ensure accuracy as well as computing the lowest permissible arbitrage rebate liability.



**SAMPLE CALCULATION**

January 28, 2008

Mr. Jim Johnson, Chief Financial Officer  
Port of XYZ ("Port")  
2669 North Scenic Drive  
Anytown, USA 11234  
on behalf of:  
City of XYZ, USA

**TRANSMITTAL LETTER FOR**

**CONTROL #1  
PORT OF XYZ  
\$17,450,000**

**LIMITED TAX REVENUE BONDS,  
SERIES 1997**

**DATE OF ISSUE: DECEMBER 30, 1997  
ARBITRAGE REBATE CALCULATIONS  
FOR THE FINAL COMPUTATION PERIOD  
DECEMBER 30, 1997 TO JANUARY 1, 2008  
AS OF THE DATE OF THIS REPORT  
JANUARY 28, 2008**

We have enclosed the arbitrage rebate calculation report (together with Exhibits thereto, the "Report") for the above-referenced issue of bonds ("Bonds") prepared by Arbitrage Compliance Specialists, Inc. ("ACS"). The Final Rebate payment has been calculated in this Report based on an anticipated payment date of Monday, March 3, 2008 to the IRS. The computations reflected in the Exhibits of this Report are summarized as follows:

100% Final Rebate payment is due to the IRS as per Form 8038-T, Part V, Line 23	\$4,943.85
<b>TOTAL PAYMENT DUE</b>	<b><u>\$4,943.85</u></b>
<b>IRS FILING DEADLINE:</b>	<b>Monday, March 3, 2008</b>



The following should be sent to the IRS after receiving a validated postmarked "Certificate of Mailing" receipt dated on or before Monday, March 3, 2008 from the U.S. Post Office:

- Form 8038-T, after *execution at the bottom* by the appropriate officer or authorized representative of the Port, which includes their signature, the date of their signature, typed name and typed title.
- A *check or money order for the Total Payment*, as per Part V, *Line 23* of Form 8038-T, of **\$4,943.85** payable to the United States Treasury. The check or money order must be dated and include the issuer's name, address, EIN, and the words "Form 8038-T".
- Mail the executed Form 8038-T and check on or before Monday, March 3, 2008 to the Internal Revenue Service, Ogden Submission Processing Center, 1973 North Rulon White Boulevard, Ogden, Utah 84404.
- Please fax (800) 756-6505 us a copy of the executed Form 8038-T and check.

If you have any questions regarding this Report and related matters please call Doug Pahnke at (800) 672-9993. He will be happy to discuss any aspect of these calculations.

Very truly yours,

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

*Arbitrage Compliance Specialists, Inc.*



January 28, 2008

Port of XYZ ("Port")  
and  
City of XYZ ("City")  
2669 North Scenic Drive  
Anytown, USA 11234

**CONTROL #1  
PORT OF XYZ  
\$17,450,000  
LIMITED TAX REVENUE BONDS,  
SERIES 1997  
DATE OF ISSUE: DECEMBER 30, 1997  
ARBITRAGE REBATE CALCULATIONS  
FOR THE FINAL COMPUTATION PERIOD  
DECEMBER 30, 1997 TO JANUARY 1, 2008  
AS OF THE DATE OF THIS REPORT  
JANUARY 28, 2008**

At your request, Arbitrage Compliance Specialists, Inc. ("ACS") has prepared computations pertaining to the amount of the Final Rebate payment ("Final Rebate payment") with respect to the above-referenced issue of bonds ("Bonds") that is due from the Port acting on behalf of the City to the United States Treasury, Internal Revenue Service ("IRS") for the above-referenced final computation period ("Final Computation Period"). The computations attached as Exhibits (together with this letter, the "Report") have been performed by ACS and are based upon the limited scope of ACS' engagement with information, instructions, assumptions and representations as provided to ACS by the Port. The computations reflected in the Exhibits of this Report are summarized as follows:

1. The yield on the Bonds is 5.201283414%.	
2. The yield on the investments is 5.429667831%.	
3. 100% Final Rebate payment is due to the IRS as per Form 8038-T, Part V, Line 23	\$4,943.85
<b>TOTAL FINAL REBATE PAYMENT DUE</b>	<b><u>\$4,943.85</u></b>
<b>ASSUMED IRS PAYMENT DATE:</b>	<b>Monday, February 10, 2008</b>

Using procedures, which ACS has developed for calculating the Rebateable Arbitrage, ACS has computed the amount of the Final Rebate payment with respect to the Bonds for the Final Computation Period in accordance with the applicable provisions of the Internal Revenue Code of 1986, as amended and the 1993 Treasury Regulations applicable to the Bonds.

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

BY: Ira B. Sacks  
Ira B. Sacks, Director, Certified Public Accountant

PORT OF XYZ  
 \$17,450,000  
 LIMITED TAX REVENUE BONDS  
 SERIES 1997  
 (FINAL REBATE CALCULATIONS)

**CALCULATION OF REBATE AMOUNT**

STARTING 12/30/97 TO 01/01/98  
 BOND YIELD : 5.201263414%

PERIOD ENDING	RELEVANT CASH FLOW	FUTURE VALUE FACTOR	INVESTMENT DESCRIPTION	PAST END OF REBATE PERIOD INVESTMENT YIELD	PRESENT VALUE FACTOR	TOTAL FUTURE VALUE	NUMBER OF DAYS
12/30/97	-17,102,317.00	1.571314914	Computation Date Credit			-28,593,699.52	3601
01/01/98	1,000.00	1.570143399				1,570.14	3504
01/05/98	6,370.65	1.568572447				10,037.16	3557
01/12/98	8,257.80	1.566316253				13,043.25	3500
01/19/98	299,257.59	1.563143314				477,756.72	3453
01/26/98	39,318.80	1.560071108				61,660.77	3406
02/02/98	100,720.00	1.557000000				155,165.41	3359
02/09/98	66,778.00	1.554000000				103,209.75	3312
02/16/98	66,778.00	1.551000000				103,209.75	3265
02/23/98	10,000.00	1.548000000				15,480.00	3218
03/01/98	10,000.00	1.545000000				15,480.00	3171
03/08/98	10,000.00	1.542000000				15,480.00	3124
03/15/98	10,000.00	1.539000000				15,480.00	3077
03/22/98	10,000.00	1.536000000				15,480.00	3030
03/29/98	10,000.00	1.533000000				15,480.00	2983
04/05/98	10,000.00	1.530000000				15,480.00	2936
04/12/98	10,000.00	1.527000000				15,480.00	2889
04/19/98	10,000.00	1.524000000				15,480.00	2842
04/26/98	10,000.00	1.521000000				15,480.00	2795
05/03/98	10,000.00	1.518000000				15,480.00	2748
05/10/98	10,000.00	1.515000000				15,480.00	2701
05/17/98	10,000.00	1.512000000				15,480.00	2654
05/24/98	10,000.00	1.509000000				15,480.00	2607
06/01/98	10,000.00	1.506000000				15,480.00	2560
06/08/98	10,000.00	1.503000000				15,480.00	2513
06/15/98	10,000.00	1.500000000				15,480.00	2466
06/22/98	10,000.00	1.497000000				15,480.00	2419
06/29/98	10,000.00	1.494000000				15,480.00	2372
07/06/98	10,000.00	1.491000000				15,480.00	2325
07/13/98	10,000.00	1.488000000				15,480.00	2278
07/20/98	10,000.00	1.485000000				15,480.00	2231
07/27/98	10,000.00	1.482000000				15,480.00	2184
08/03/98	10,000.00	1.479000000				15,480.00	2137
08/10/98	10,000.00	1.476000000				15,480.00	2090
08/17/98	10,000.00	1.473000000				15,480.00	2043
08/24/98	10,000.00	1.470000000				15,480.00	1996
09/01/98	10,000.00	1.467000000				15,480.00	1949
09/08/98	10,000.00	1.464000000				15,480.00	1902
09/15/98	10,000.00	1.461000000				15,480.00	1855
09/22/98	10,000.00	1.458000000				15,480.00	1808
09/29/98	10,000.00	1.455000000				15,480.00	1761
10/06/98	10,000.00	1.452000000				15,480.00	1714
10/13/98	10,000.00	1.449000000				15,480.00	1667
10/20/98	10,000.00	1.446000000				15,480.00	1620
10/27/98	10,000.00	1.443000000				15,480.00	1573
11/03/98	10,000.00	1.440000000				15,480.00	1526
11/10/98	10,000.00	1.437000000				15,480.00	1479
11/17/98	10,000.00	1.434000000				15,480.00	1432
11/24/98	10,000.00	1.431000000				15,480.00	1385
12/01/98	10,000.00	1.428000000				15,480.00	1338
12/08/98	10,000.00	1.425000000				15,480.00	1291
12/15/98	10,000.00	1.422000000				15,480.00	1244
12/22/98	10,000.00	1.419000000				15,480.00	1197
12/29/98	10,000.00	1.416000000				15,480.00	1150
01/05/99	10,000.00	1.413000000				15,480.00	1103
01/12/99	10,000.00	1.410000000				15,480.00	1056
01/19/99	10,000.00	1.407000000				15,480.00	1009
01/26/99	10,000.00	1.404000000				15,480.00	962
02/02/99	10,000.00	1.401000000				15,480.00	915
02/09/99	10,000.00	1.398000000				15,480.00	868
02/16/99	10,000.00	1.395000000				15,480.00	821
02/23/99	10,000.00	1.392000000				15,480.00	774
03/01/99	10,000.00	1.389000000				15,480.00	727
03/08/99	10,000.00	1.386000000				15,480.00	680
03/15/99	10,000.00	1.383000000				15,480.00	633
03/22/99	10,000.00	1.380000000				15,480.00	586
03/29/99	10,000.00	1.377000000				15,480.00	539
04/05/99	10,000.00	1.374000000				15,480.00	492
04/12/99	10,000.00	1.371000000				15,480.00	445
04/19/99	10,000.00	1.368000000				15,480.00	398
04/26/99	10,000.00	1.365000000				15,480.00	351
05/03/99	10,000.00	1.362000000				15,480.00	304
05/10/99	10,000.00	1.359000000				15,480.00	257
05/17/99	10,000.00	1.356000000				15,480.00	210
05/24/99	10,000.00	1.353000000				15,480.00	163
06/01/99	10,000.00	1.350000000				15,480.00	116
06/08/99	10,000.00	1.347000000				15,480.00	69
06/15/99	10,000.00	1.344000000				15,480.00	22
06/22/99	10,000.00	1.341000000				15,480.00	-25
06/29/99	10,000.00	1.338000000				15,480.00	-72
07/06/99	10,000.00	1.335000000				15,480.00	-129
07/13/99	10,000.00	1.332000000				15,480.00	-186
07/20/99	10,000.00	1.329000000				15,480.00	-243
07/27/99	10,000.00	1.326000000				15,480.00	-300
08/03/99	10,000.00	1.323000000				15,480.00	-357
08/10/99	10,000.00	1.320000000				15,480.00	-414
08/17/99	10,000.00	1.317000000				15,480.00	-471
08/24/99	10,000.00	1.314000000				15,480.00	-528
09/01/99	10,000.00	1.311000000				15,480.00	-585
09/08/99	10,000.00	1.308000000				15,480.00	-642
09/15/99	10,000.00	1.305000000				15,480.00	-699
09/22/99	10,000.00	1.302000000				15,480.00	-756
09/29/99	10,000.00	1.299000000				15,480.00	-813
10/06/99	10,000.00	1.296000000				15,480.00	-870
10/13/99	10,000.00	1.293000000				15,480.00	-927
10/20/99	10,000.00	1.290000000				15,480.00	-984
10/27/99	10,000.00	1.287000000				15,480.00	-1041
11/03/99	10,000.00	1.284000000				15,480.00	-1098
11/10/99	10,000.00	1.281000000				15,480.00	-1155
11/17/99	10,000.00	1.278000000				15,480.00	-1212
11/24/99	10,000.00	1.275000000				15,480.00	-1269
12/01/99	10,000.00	1.272000000				15,480.00	-1326
12/08/99	10,000.00	1.269000000				15,480.00	-1383
12/15/99	10,000.00	1.266000000				15,480.00	-1440
12/22/99	10,000.00	1.263000000				15,480.00	-1497
12/29/99	10,000.00	1.260000000				15,480.00	-1554
01/05/00	10,000.00	1.257000000				15,480.00	-1611
01/12/00	10,000.00	1.254000000				15,480.00	-1668
01/19/00	10,000.00	1.251000000				15,480.00	-1725
01/26/00	10,000.00	1.248000000				15,480.00	-1782
02/02/00	10,000.00	1.245000000				15,480.00	-1839
02/09/00	10,000.00	1.242000000				15,480.00	-1896
02/16/00	10,000.00	1.239000000				15,480.00	-1953
02/23/00	10,000.00	1.236000000				15,480.00	-2010
03/01/00	10,000.00	1.233000000				15,480.00	-2067
03/08/00	10,000.00	1.230000000				15,480.00	-2124
03/15/00	10,000.00	1.227000000				15,480.00	-2181
03/22/00	10,000.00	1.224000000				15,480.00	-2238
03/29/00	10,000.00	1.221000000				15,480.00	-2295
04/05/00	10,000.00	1.218000000				15,480.00	-2352
04/12/00	10,000.00	1.215000000				15,480.00	-2409
04/19/00	10,000.00	1.212000000				15,480.00	-2466
04/26/00	10,000.00	1.209000000				15,480.00	-2523
05/03/00	10,000.00	1.206000000				15,480.00	-2580
05/10/00	10,000.00	1.203000000				15,480.00	-2637
05/17/00	10,000.00	1.200000000				15,480.00	-2694
05/24/00	10,000.00	1.197000000				15,480.00	-2751
06/01/00	10,000.00	1.194000000				15,480.00	-2808
06/08/00	10,000.00	1.191000000				15,480.00	-2865
06							

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CALCULATION OF REBATE AMOUNT

STARTING 12/30/97 TO 01/01/08  
 BOND YIELD : 5.2012834144

PERIOD ENDING	RELEVANT CASH FLOW	FUTURE VALUE FACTOR	INVESTMENT DESCRIPTION	PAST END OF REBATE PERIOD INVESTMENT YIELD	PRESENT VALUE FACTOR	TOTAL FUTURE VALUE	NUMBER OF DAYS
01/06/99	-127.70	1.886231151				-202.57	3233
01/13/99	1,746.99	1.855706950				2,770.54	3233
01/20/99	1,576.26	1.821177119				2,485.42	3219
01/27/99	45.44	1.800803133				82.95	3212
02/03/99	14,905.09	1.580451119				23,457.97	3208
02/10/99	140,330.58	1.580225810				221,447.96	3201
02/17/99	1,601,329.42	1.575949124				2,526,187.22	3194
02/24/99	8,325.62	1.574810322				13,100.56	3189
03/03/99	150.01	1.573378470				239.11	3183
03/10/99	2,064.06	1.570787607				3,242.20	3178
03/17/99	31,952.71	1.568772481				50,487.23	3172
03/24/99	10,356.47	1.566117059				16,223.05	3157
04/01/99	24,318.64	1.564482610				38,221.47	3146
04/16/99	1,964,938.48	1.563857493				3,073,847.56	3138
04/30/99	14,401.58	1.562925224				22,447.09	3132
05/11/99	3,451.78	1.562587283				5,359.17	3116
05/17/99	2,688.65	1.558182373				4,144.88	3116
05/25/99	2,003.50	1.555182373				3,066.76	3104
06/01/99	6,601.47	1.554073654				10,186.16	3104
06/02/99	2,324.62	1.553630402				3,585.23	3089
06/09/99	426,001.15	1.553088119				658,553.22	3069
06/10/99	426,001.15	1.553088119				658,553.22	3061
07/01/99	49,056.11	1.547177889				75,162.31	3050
07/20/99	-1,047.74	1.5433595154				-1,606.81	3039
07/27/99	501.79	1.5427700484				766.57	3030
08/03/99	3,778	1.542507256				5,777	3021
08/10/99	4,339	1.539442644				6,606	3013
08/17/99	-4.22	1.538501880				-6.39	3004
08/24/99	4,900	1.53822207				7,422.12	2994
09/07/99	-1,000.00	1.53822207	Computation Date Credit			-1,508.11	2881
09/14/99	4.49	1.53822207				6.77	2881
09/21/99	-4.00	1.53754487				-5.77	2877
09/28/99	1,055.00	1.53754487				1,594.82	2867
10/05/99	47,800.91	1.50774895				72,180.91	2851
10/12/99	8.41	1.453307486				12.22	2702
10/19/99	-1,000.00	1.42225608	Computation Date Credit			-1,422.22	2622
10/26/99	48,723.54	1.42225608				69,477.85	2622
10/30/99	48,882.00	1.39909172				67,950.52	2621
11/06/99	-26,876.00	1.381014868	Payment made to IRS			-36,433.28	2463
12/31/01	-1,000.00	1.361014868	Computation Date Credit			-1,361.01	2161
06/30/02	48,384.00	1.32616915	Computation Date Credit			64,132.89	1801
12/31/02	1,000.00	1.22893391	Computation Date Credit			1,228.93	1799
07/01/03	48,138.87	1.22893391	Computation Date Credit			59,506.52	1620
12/31/03	1,000.00	1.22893391	Computation Date Credit			1,228.93	1441
06/30/04	49,934.59	1.197850532	Computation Date Credit			59,762.26	1261

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**CALCULATION OF REBATE AMOUNT**

STARTING 12/30/97 TO 01/01/08  
 BOND YIELD : 5.201283414

PERIOD ENDING	RELEVANT CASH FLOW	FUTURE VALUE FACTOR	INVESTMENT DESCRIPTION	PAST END OF REBATE PERIOD INVESTMENT YIELD	PRESENT VALUE FACTOR	TOTAL FUTURE VALUE	NUMBER OF DAYS
12/31/04	-1,000.00	1.166708621	Computation Date Credit			-1,199.71	1081
01/03/05	-357.94	1.166209494				57,865.08	1078
02/01/05	49,394.92	1.165543222				0.00	1070
02/24/05	9.14	1.165283726				30.58	1027
03/23/05	9.14	1.159778999				58,422.69	998
06/03/05	48,006.75	1.141522461				-1,108.31	728
12/31/05	52,321.69	1.108312555				52,321.69	721
12/31/05	48,192.52	1.082168222	Computation Date Credit			-1,108.31	541
06/10/06	49,746.90	1.053985008				52,321.66	362
12/29/06	-1,000.00	1.052833277	Computation Date Credit			-1,000.00	361
12/31/06	-50,371.82	1.052833277	Payment made to IRS			45,856.32	182
05/16/07	46,385.17	1.028292144				45,856.32	165
11/15/07	647.09	1.005823702				1,651.35	1
12/31/07	-1,000.00	1.003146444	Computation Date Credit			1,752,000.00	0
01/01/08	1,752,143.46	1.000000000	Computation Date Credit			-1,000.00	0
01/01/08	-1,000.00	1.000000000	Computation Date Credit			-1,000.00	0
01/01/08	-1,000.00	1.000000000	Computation Date Credit			-1,000.00	0
	1,738,454.57					4,943.85	

COMPUTED REBATE : 4,943.85  
 REBATE DUE : 4,943.85

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**LISTING OF INVESTMENTS BY FUND**

ACQUISITION FUND  
-----  
1. CHASE REPO-MAT 3/15/99  
2. US GOVT ACCOUNT  
-----  
BOND FD-CAP INTEREST  
-----  
3. CHASE REPO-MAT 3/15/99  
-----  
RESERVE FUND  
-----  
4. MORGAN INV AGMT-1/1/08  
7. MONEY MARKET  
8. 07 ESCROW {97 RSRV \$}  
-----  
ISSUANCE EXPENSE FD  
-----  
5. US GOVT ACCOUNT  
-----  
REBATE FUND  
-----  
6. BALANCE

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PROOF OF INVESTMENT YIELD

INVESTMENT YIELD : 5.429667811%

PERIOD ENDING	INVESTMENTS	PRESENT VALUE FACTOR	PRESENT VALUE	PROCEEDS	PRESENT VALUE FACTOR	PRESENT VALUE
12/30/97	-17,102,317.00	1.708944638	-29,226,912.94		1.708944638	
01/05/98	-24,031.25	1.707673544	-41,037.53	6,370.65	1.707673544	10,854.73
01/17/98		1.703653932		9,271.80	1.703653932	15,993.17
01/26/98		1.702442266		7,011.22	1.702442266	14,092.16
01/31/98		1.701132142		299,287.65	1.701132142	508,850.79
02/04/98		1.700318821		39,218.80	1.700318821	67,411.68
02/17/98		1.698720194		100.25	1.698720194	169.04
03/03/98	-100.25	1.685209226	-168.97		1.685209226	
04/06/98		1.684701178		48,645.00	1.684701178	81,954.12
04/15/98		1.682449274		6,450.00	1.682449274	10,951.80
04/30/98		1.678692905		6,667.78	1.678692905	11,112.10
02/05/98	-66.78	1.677449308	-112.02		1.677449308	
05/11/98		1.673460019		16,254.25	1.673460019	11,571.19
05/21/98		1.671202241		10,274.54	1.671202241	17,726.48
06/02/98	-10,037.82	1.670723916	-16,778.42		1.670723916	
06/09/98	-274.54	1.670474309	-458.61		1.670474309	
06/16/98		1.670474309		7,823.46	1.670474309	13,101.44
06/23/98		1.669232110		26,177.87	1.669232110	43,570.98
06/24/98		1.668235283		348,552.70	1.668235283	580,436.20
06/25/98		1.665641000		63,951.32	1.665641000	106,479.86
06/29/98		1.665014305		782,570.79	1.665014305	1,302,216.18
07/01/98		1.664024936		49,666.94	1.664024936	82,634.49
07/06/98		1.663232816		468,284.75	1.663232816	778,971.67
07/17/98	-274.34	1.662309599	-456.03		1.662309599	
07/20/98		1.659572147		227,659.73	1.659572147	377,817.75
07/21/98		1.658831415		8,457.49	1.658831415	14,029.55
07/27/98		1.656464952		3.56	1.656464952	6.56
08/05/98		1.652732700		11,185.28	1.652732700	18,421.78
08/19/98		1.648880200		52,012.73	1.648880200	85,727.49
08/31/98		1.648880200		244.50	1.648880200	401.84
09/01/98		1.648880200		7,426.59	1.648880200	12,444.52
09/02/98	-244.50	1.648880200	-403.66		1.648880200	
09/07/98		1.648741138		10,519.00	1.648741138	17,276.77
09/22/98		1.648250502		1,211.95	1.648250502	11,347.62
10/05/98	-211.75	1.641441194	-347.36		1.641441194	
10/15/98		1.640420160		452,670.64	1.640420160	741,465.82
10/31/98		1.637980815		100,000.00	1.637980815	163,676.25
10/31/98	-94,061.20	1.636425203	-153,932.94		1.636425203	
10/31/98		1.635301725		15,485.00	1.635301725	24,924.52
10/28/98		1.634428558		15,303.70	1.634428558	24,924.52
10/21/98		1.633356049		898,993.74	1.633356049	1,468,376.86
11/04/98		1.632706874		500,000.00	1.632706874	814,978.34
11/19/98	-486,668.03	1.632401880	-793,455.71		1.632401880	
11/30/98		1.632401880		480,901.40	1.632401880	783,149.88
12/03/98		1.632222558		62,804.72	1.632222558	102,140.72
12/05/98		1.632222558		1,199,168.49	1.632222558	1,948,593.98
12/17/98		1.631489192		146,440.74	1.631489192	237,452.08
01/05/99		1.630926900		49,123.69	1.630926900	79,894.56
01/06/99	-38,000.00	1.630926900	-61,506.66		1.630926900	
01/08/99	-127.70	1.630926900	-208.68		1.630926900	
01/25/99		1.614506603		1,746.89	1.614506603	2,826.25
01/25/99		1.612825561		1,570,385.70	1.612825561	2,535,365.79
01/25/99		1.612825561		594.36	1.612825561	958.44

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EXHIBIT

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PROOF OF INVESTMENT YIELD

INVESTMENT YIELD : 5.429667831%

PERIOD ENDING	INVESTMENTS	PRESENT VALUE FACTOR	PRESENT VALUE	PROCEEDS	VALUE FACTOR	PRESENT VALUE
01/31/99		1.612585569			1.612585569	
02/02/99		1.612105793		45.14	1.612105793	73.28
02/03/99		1.611865508		14,905.09	1.611865508	24,028.58
02/19/99		1.608117215		140,130.88	1.608117215	225,871.70
02/22/99		1.607144876		1,594.32	1.607144876	2,567.32
02/28/99		1.605880280		1,607.12	1.605880280	2,575,564.23
03/03/99		1.604685244		150.31	1.604685244	13,240.90
03/13/99	-150.01	1.603222221	-240.72	2,064,060.56	1.603222221	3,306,259.52
03/17/99		1.602571725		10,356.47	1.602571725	43,262.27
03/31/99		1.597622264			1.597622264	16,252.24
04/05/99	-10,356.47	1.594450400	-16,539.93	24,318.64	1.594450400	38,792.18
04/16/99		1.591232006		1,964,938.48	1.591232006	3,132,996.95
04/30/99		1.587298241		14,401.58	1.587298241	22,914.81
05/11/99	-14,401.58	1.582711811	-22,897.77		1.582711811	
05/17/99		1.581118111		28,549.74	1.581118111	45,352.11
05/25/99		1.578234471		2,688,865.65	1.578234471	4,263,330.43
05/31/99		1.576444400		5,601.47	1.576444400	10,457.02
06/02/99		1.574727017		3,324.62	1.574727017	5,264.78
06/23/99	-6,601.47	1.572272288	-10,452.35	425,091.15	1.572272288	671,162.34
06/30/99		1.570088865		1,047.74	1.570088865	1,582.27
07/01/99	-1,047.74	1.567537066	-1,636.86	49,056.11	1.567537066	77,349.40
08/03/99		1.565082885			1.565082885	5.88
08/30/99	-604.97	1.562728311	-940.64	3.78	1.562728311	934.48
09/03/99		1.560482241		601.19	1.560482241	6.80
10/31/99		1.557977135		4.39	1.557977135	
11/08/99	-4.39	1.554734048	-6.79	4.22	1.554734048	6.51
11/30/99	-4.00	1.551768559	-6.17	49,468.88	1.551768559	76,090.85
12/02/99		1.549179225		4.49	1.549179225	6.89
12/11/99		1.546815271			1.546815271	
01/04/00	-4.00	1.543531857	-6.14	1,055.00	1.543531857	1,613.01
01/28/00		1.540286382		47,805.00	1.540286382	71,466.10
02/27/00		1.537090392		11.92	1.537090392	18.22
03/07/00		1.533952222		0.21	1.533952222	1.24
03/29/00		1.530868822		8.21	1.530868822	11.24
04/10/00		1.527834044		48,793.54	1.527834044	70,923.70
05/29/01		1.524845912		48,389.00	1.524845912	68,565.73
12/28/01		1.521912304		48,805.00	1.521912304	67,337.38
06/30/02		1.519028510		48,388.00	1.519028510	64,972.75
07/01/03		1.516199228		48,388.00	1.516199228	64,641.19
07/01/03		1.513424328		48,388.00	1.513424328	61,824.92
12/31/03		1.510704517		48,388.00	1.510704517	60,229.79
06/30/04		1.508034044		49,524.59	1.508034044	58,190.01
01/03/05	-357.94	1.505414474	-420.22	49,594.92	1.505414474	58,190.01
01/07/05		1.502845853			1.502845853	
02/24/05		1.500326830			1.500326830	
03/23/05	-9.14	1.497857316	-10.60	9.14	1.497857316	10.65
06/03/05		1.495427786		48,006.75	1.495427786	55,116.01
12/30/05		1.493048707		52,911.69	1.493048707	58,914.56
06/30/06		1.490717491		49,192.52	1.490717491	52,316.69
02/28/07		1.488434763		48,746.90	1.488434763	52,500.28
07/15/07		1.486191407		48,389.14	1.486191407	49,714.21
11/15/07		1.484000886		647.09	1.484000886	651.21

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

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**PROOF OF INVESTMENT YIELD**

PERIOD ENDING	INVESTMENTS	PRESENT VALUE FACTOR	PRESENT VALUE	PROCEEDS	PRESENT VALUE FACTOR	PRESENT VALUE
01/01/08	-17,790,157.27	1.000000000	-17,790,157.27		1.000000000	-17,790,157.27
				1,752,143.46		1,752,143.46
				19,618,859.66		19,618,859.66
			-30,348,927.69			-30,348,927.69
						30,348,927.70

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 SERIES 1997  
 {FINAL REBATE CALCULATIONS}

INVESTMENT DETAIL - ACQUISITION FUND

CHASE REPO-MAT	US GOVT ACCOUNT	NET	YIELD (Computed)	Transaction	AMC
Date	Date	Yield	Yield	AMC	AMC
12/30/97	3/15/99	34,570.22			
02/04/98	501,311.49				
03/30/98	100,000.00				
02/24/98	140,552.70				
06/19/98	782,570.79				
07/31/98	27,940.60				
07/01/98	399,151.89				
07/01/98	399,151.89				
08/13/98	100,000.00				
09/31/98	100,000.00				
10/15/98	344,697.07				
11/02/98	100,000.00				
11/04/98	825,840.35				
12/18/98	100,000.00				
12/09/98	1,207,000.00				
12/31/98	1,000,000.00				
12/31/98	304,705.11				
01/05/99	1,207,000.00				
01/05/99	1,100,000.00				
02/03/99	1,601,819.63				
02/17/99	1,97,454.48				
03/15/99	7,068,596.01				
03/20/98					
03/31/98					
04/03/98					
04/15/98					
04/15/98					
04/30/98					
05/05/98					
05/11/98					
05/21/98					
06/03/98					
06/12/98					
06/16/98					
06/25/98					
07/06/98					
07/17/98					
07/20/98					
07/31/98					
08/03/98					
08/05/98					
08/19/98					
08/31/98					
09/01/98					
09/01/98					
09/22/98					
09/30/98					
10/05/98					
10/15/98					
10/21/98					
10/22/98					
10/31/98					
11/04/98					
11/04/98					
11/23/98					
11/30/98					
12/03/98					
12/09/98					
12/31/98					
01/06/99					
01/08/99					
01/22/99					
02/01/99					
02/03/99					
02/10/99					
02/22/99					
03/03/99					
03/15/99					
03/24/99					

ARBITRAGE COMPLIANCE SPECIALISTS, INC.

PORT OF XYZ  
 \$17,450,000  
 LIMITED TAX REVENUE BONDS  
 SERIES 1997  
 (FINAL REBATE CALCULATIONS)

INVESTMENT DETAIL - ACQUISITION FUND

Date	Transaction Amt	US GOVT ACCOUNT
03/11/99	10,156.47	34,570.22
04/05/99	-10,156.47	
04/13/99	24,318.64	
04/16/99	1,964,938.48	
05/08/99	14,401.58	
05/11/99	78,599.74	
05/17/99	2,688,865.65	
05/25/99	2,003.50	
05/31/99	6,601.47	
06/01/99	3,324.62	
06/02/99	425,091.15	
06/30/99	-1,047.74	
09/03/99	3.78	
09/30/99	-60,179	
10/07/99	80,139	
10/31/99	-4.39	
11/08/99	-4.39	
11/30/99	4.22	
12/02/99	-4.00	
12/31/99	0.62	
01/04/00	-4.00	
01/28/00	1,055.00	
01/31/00	8.00	
01/31/00	3.80	
03/19/00	0.91	
05/30/00	8.41	

Date	Transaction Amt	CHASE REPO-MAT 3/15/99
03/11/99	10,156.47	801,311.48
04/05/99	-10,156.47	
04/13/99	24,318.64	
04/16/99	1,964,938.48	
05/08/99	14,401.58	
05/11/99	78,599.74	
05/17/99	2,688,865.65	
05/25/99	2,003.50	
05/31/99	6,601.47	
06/01/99	3,324.62	
06/02/99	425,091.15	
06/30/99	-1,047.74	
09/03/99	3.78	
09/30/99	-60,179	
10/07/99	80,139	
10/31/99	-4.39	
11/08/99	-4.39	
11/30/99	4.22	
12/02/99	-4.00	
12/31/99	0.62	
01/04/00	-4.00	
01/28/00	1,055.00	
01/31/00	8.00	
01/31/00	3.80	
03/19/00	0.91	
05/30/00	8.41	

PORT OF XYZ

\$17,450,000

LIMITED TAX REVENUE BONDS

SERIES 1997

{FINAL REBATE CALCULATIONS}

EXHIBIT

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**INVESTMENT DETAIL - BOND FD-CAP INTEREST**

CHASE REPO-MAT 3/15/99  
YIELD (Computed) 7.01523959  
Date Transaction Amt  
-----  
12/30/97 428,822.40  
07/01/98 11,701.75  
07/01/98 11,701.75  
07/01/98 440,324.13

PORT OF XYZ  
 \$17,450,000  
 LIMITED TAX REVENUE BONDS  
 SERIES 1997  
 {FINAL REBATE CALCULATIONS}

INVESTMENT DETAIL - RESERVE FUND

MORGAN INV ACCT-1/1/08			MONEY MARKET			07 ESCROW (97 RESV \$)		
NET YIELD (Computed)	Transaction Amt	Date	NET YIELD (Computed)	Transaction Amt	Date	NET YIELD (Computed)	Transaction Amt	Date
5.7679	-1,706,195.50	12/10/97	9.14	-49,354.92	11/15/07	1.743,500.00		
	49,195.99	12/11/98		49,354.92	01/01/08	1,743,500.00		
	49,056.11	07/01/99		9.14				
	49,464.88	12/17/99		9.14				
	47,905.00	06/29/00		9.14				
	48,383.00	02/23/01		9.14				
	48,805.00	02/23/01						
	48,384.00	12/28/01						
	49,458.65	06/30/02						
	48,383.87	01/02/03						
	48,383.87	07/01/03						
	48,383.87	02/10/04						
	48,383.87	02/10/04						
	48,383.87	01/03/05						
	48,006.75	06/03/05						
	52,911.69	12/30/05						
	49,192.52	06/30/06						
	48,383.87	02/23/07						
	48,383.87	11/15/07						
	37,952.09	11/15/07						
	1,706,195.00							

PORT OF XYZ

\$17,450,000

LIMITED TAX REVENUE BONDS

SERIES 1997

{FINAL REBATE CALCULATIONS}

INVESTMENT DETAIL - ISSUANCE EXPENSE FD

DATE	DESCRIPTION	AMT
12/30/97	US GOVT ACCOUNT	57.82
01/05/98	NET FLD (Computed)	4,92271
01/20/98	ISSUANCE EXPENSE	-123,000.00
01/26/98	ISSUANCE EXPENSE	-24,031.25
01/31/98	ISSUANCE EXPENSE	6,300.65
02/04/98	ISSUANCE EXPENSE	6,232.80
06/17/98	ISSUANCE EXPENSE	-57.82
	TOTAL	57.82



**Projected Fee Schedule**

Series	Issue Date	Amount	First Contract Year	Second Contract Year	Third Contract Year	Extension Year
GO Refunding Bonds, Series 2002	11/26/02	\$28,660,000	\$500	\$500	\$500	\$500
GO Bonds, Series 2005	6/16/05	\$20,000,000	\$500	\$500	\$500	\$500
Tax Increment Refunding Bonds, Series 2003A	1/22/03	\$4,415,000	\$500	\$500	\$500	\$500
Tax Increment Bonds, Series 2004A	1/29/04	\$12,500,000	\$500	\$500	\$500	\$500
Tax Increment Bonds, Series 2004B	1/29/04	\$5,500,000	\$500*	\$500*	\$500*	\$500*
Water/Sewer Revenue, Series 2003	3/20/03	\$90,000,000	\$500	\$500	\$500	\$500
Water/Sewer Revenue, Series 2006	10/04/06	\$100,000,000	\$500	\$500	\$500	\$500
Water/Sewer Revenue, Series 2008	3/06/08	\$155,000,000	\$500	\$500	\$500	\$500
Water/Sewer Revenue, Series 2010	6/10/10	\$82,300,000	\$500	\$500	\$500	\$500
Total Fees per Contract Year			\$4,000 or \$4,500	\$4,000 or \$4,500	\$4,000 or \$4,500	\$4,000 or \$4,500

\*Fee will be reduced to \$0 if the 2004A and 2004B bonds are considered one issue for rebate purposes.

**EXHIBIT - 1**

**Arbitrage Rebate Calculation Services, RFP 115-10761  
Pricing Schedule**

Cost to City - **ON A PER ISSUE BASIS:**

	Costs for Initial Calculation	Costs for Subsequent Yrs. Calculations
A. Intial Review Fees - If any	<u>\$0.00</u>	<u>N/A</u>
B. Engagement Fee	<u>\$0.00</u>	<u>\$0.00</u>
C. Base Fee Fixed Rate Debt (per report)	<u>\$500.00</u>	<u>\$500.00</u>
D. Variable Rate Debt Fee	<u>\$0.00</u>	<u>\$0.00</u>
E. Transferred Proceeds Analysis Fee	<u>\$0.00</u>	<u>\$0.00</u>
F. Commingled Funds Analysis Fee	<u>\$0.00</u>	<u>\$0.00</u>
G. Yield Restriction Analysis Fee	<u>\$0.00</u>	<u>\$0.00</u>
H. Other "Per Issue" Expenses (list/describe)	<u>\$0.00</u>	<u>\$0.00</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total 'Per Issue' Fees</b>	<u><u>\$500.00</u></u>	<u><u>\$500.00</u></u>
 <b>Other Related Expenses associated with Services: (DO NOT INCLUDE ANY TRAVEL EXPENSES)*</b>		
_____	_____	_____
_____	_____	_____
_____	_____	_____
<b>Total Other Related Costs Not To Exceed (NTE):</b>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>
<b>TOTAL COSTS NOT TO EXCEED PER ISSUE/VISIT BAS</b>	<b>\$500.00</b>	<b>\$500.00</b>

**\*The City has not required any travel in the current contract and does not anticipate any travel for the future contract. If any travel is required it shall be in accordance to the City's travel policy. Please do not state the word "Negotiated" above, or your firm will be deemed non-responsive and your submittal will not be considered.**

