

ISSUING DEPARTMENT INPUT DOCUMENT CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION

New
 OTR
 Sole Source
 Bid Waiver
 Emergency
 Previous Contract/Project No. RFP857
 Re-Bid
 Other – Access of Other Entity Contract
 LIVING WAGE APPLIES: YES NO
 Requisition No./Project No.: RFP-01675
 TERM OF CONTRACT 5 YEAR(S) WITH 2 YEAR(S) OTR

Requisition /Project Title: Arbitrage Rebate Services

Description: The County, as represented by the Finance Department/Division of Bond Administration, is seeking proposals from qualified consultants to provide arbitrage rebate calculations and related services for existing and future bond issues that are subject to the Internal Revenue Code of 1986, as amended and applicable Treasury regulations. Since August 1986, the County, including its Enterprise Operations, has issued approximately 118 municipal bond transactions currently subject to the arbitrage rebate regulations.

Issuing Department: ISD
 Contact Person: Manuel Jimenez
 Phone: 305-375-4425
 Estimate Cost: \$500,000
 Funding Source:
 GENERAL
 FEDERAL
 OTHER
Bonds Proceeds

ANALYSIS

Commodity Codes:	918-49	946-48		
Contract/Project History of previous purchases three (3) years Check here <input type="checkbox"/> if this is a new contract/purchase with no previous history.				
	<u>EXISTING</u>	<u>2ND YEAR</u>	<u>3RD YEAR</u>	
Contractor:	BLX GROUP LLC	BLX GROUP LLC	BLX GROUP LLC	
Small Business Enterprise:				
Contract Value:	\$110,000	\$110,000	\$110,000	
Comments:	Payment from Bonds Proceeds			
Continued on another page (s): <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				

RECOMMENDATIONS

	Set-Aside	Subcontractor Goal	Bid Preference	Selection Factor
SBE				
Basis of Recommendation:				
Signed: Manuel A. Jimenez		Date sent to SBD: 08/25/2020		
		Date returned to SPD: 		

APPENDIX A
SCOPE OF SERVICES
Arbitrage Rebate Services

1. Background

The County, as represented by the Finance Department/Division of Bond Administration, is seeking proposals from qualified consultants to provide arbitrage rebate calculations and related services for existing and future bond issues that are subject to the Internal Revenue Code of 1986, as amended and applicable Treasury regulations. Since August 1986, the County, including its Enterprise Operations, has issued approximately 118 municipal bond transactions currently subject to the arbitrage rebate regulations.

On average, the County issues six bond transactions annually subject to said regulations. Rebate calculations have been performed on all the County's outstanding bonds since October 1991. The selected Proposer will not be required to re-do prior calculations, unless an amendment to the Internal Revenue Code occurs, and the arbitrage recalculations are either required or beneficial to the County.

All bond proceeds realized from advance refunded issues are held by an escrow agent. Proceeds for bond issues not of a refunding nature are held either by a trustee or by the County acting as its own trustee, in the County's pooled cash accounts. In the County's Direct Debt Segment there are 43 issues contained in the pooled cash account. Separate project accounts are maintained in the accounting system to track all bond proceeds by bond issue. The County can determine the cash position availability of a particular project, but cannot determine a particular investment attributed to particular bond proceeds. The County will provide to the selected Proposer the appropriate monthly schedules illustrating its bond proceeds and related activities.

The County currently contracts with SunGard Treasury Systems to provide on-line market pricing of securities purchased by the County for investment purposes. The entire portfolio is priced to market on a monthly basis. The system being used is SunGard's AvantGard Advanced Portfolio System 2 (APS 2), an accounting software Program that tracks the County's investment portfolio. The County uses this information to create a schedule reflecting the interest and interest rate earned on its investments (the "Earned Interest Yield Schedule"). The distribution of this interest is posted in the County's General Ledger system through a distribution program contained in the General Ledger system.

The County seeks Proposer with the following qualifications:

- a) Have been in business as an arbitrage services provider for at least two (2) years prior to the proposal due date;
- b) Have performed arbitrage compliance services within the previous three (3) years;
- c) Have the ability to provide arbitrage services for major clients and perform service similar in size and scope to the arbitrage rebate services requested herein, as an arbitrage service provider;
- d) Have available resources and ability to adapt and adjust to tax regulatory changes; and
- e) Be knowledgeable in complex arbitrage calculations.

2. Minimum Qualification Requirement

The minimum qualification requirement for this Solicitation is the Proposer must be listed in the Bond Buyer's Municipal Marketplace Directory Spring 2020, "Red Book", as an Arbitrage Services Provider as of the proposal due date. Respondents who do not meet the minimum qualification requirement or who fail to provide supporting documentation will be found nonresponsive and will not be considered for award.

Note: It is clearly understood and confirmed with The Bond Buyer's Municipal Marketplace's Red Book Editorial Department, that only firms are eligible for inclusion in the Red Book under this caption and not the individuals. Therefore, the fact that an individual has been listed in the Red Book does not in and of itself qualify a firm which employs that individual as having Red Book status.

3. Requirements and Services to be Performed

A. Start-Up File

The County will provide to the selected Proposer a "Start-Up File" containing the original and/or copies of documents and related information, if applicable, of each respective bond issue. These documents include:

- a) Official Statement
- b) Arbitrage Certificate/Tax Compliance Certificate
- c) IRS Form 8038-T
- d) Escrow Deposit Agreement
- e) Verification report/Auditor's opinion
- f) Trustee bank statements
- g) Accounting reports
- h) IRS Form 8038-G
- i) The most recent Arbitrage Report
- j) Per bond per series debt service schedule
- k) Earned Interest Yield Schedule

The selected Proposer is responsible for the reproduction of any documents contained in the "Start-Up File" and any other County document utilized in the performance of its services, as necessary. The "Start-Up File" shall be retained in good form for the period of the Contract, and shall be returned to the County, within thirty days of contract termination.

B. Tasks and Deliverables

The selected Proposer shall provide arbitrage calculation services as follows:

- 1) Review all documents pertaining to applicable County tax exempt debt issues and the applicability of Federal tax laws and tax compliance requirements. The Selected Proposer shall advise the County, as applicable, when arbitrage rebate calculations are not necessary.
- 2) Perform annual arbitrage rebate calculations for each tax-exempt bond issue based on the County's fiscal year (October 1 through September 30) for accounting purposes.
- 3) Issue five-year rebate calculations and final rebate analysis ready for submission to the Internal Revenue Service (IRS), based on the anniversary of the bonds. A roll forward for the IRS computation date for each applicable bond issue will be necessary for bond issue anniversary dates not conforming to the County's fiscal year.
- 4) On an annual basis, calculate the rebate liability amount, if any, for each bond issue, identifying the methodology and assumptions used and issue a report of certification on each applicable bond issue establishing its compliance with applicable arbitrage regulations.
- 5) Issue to the County's Finance Director a corresponding fiscal year executive summary of the annual certifications performed, identifying methodology employed, major assumption and conclusions, and compliance with applicable regulations. This summary shall be submitted no later than three (3) months after the end of each fiscal year.
- 6) Update and maintain all records related to arbitrage services. Make recommendations to the keeping; and make recommendations for improvements to current County procedures and controls, as appropriate.
- 7) Use the "Earned Interest Yield Schedule" to conduct an analysis and allocate interest earnings accordingly.
- 8) Assist the County in the preparation for any inquiry or audits by the IRS that may occur due to arbitrage calculations.
- 9) Provide training for County departments relating to arbitrage compliance.

- 10) Be available for formal presentations to the County's Manager's Finance Committee ("MFC"), the Board of County Commissioners, and/or any sub-committee, as necessary.
- 11) Be available to discuss and make recommendations to the County on all arbitrage related services.
- 12) Provide financial analyses and arbitrage related services as directed by the Board of County Commissioners, and the County's Finance Director.