



The Arbitrage Group, Inc.

PO Box 82
Hudson, Wisconsin 54016

Telephone 715 386 8044

www.thearbitragegroup.com

January 24, 2024

Cindy Jackson
Chief Financial Officer
City of Dalton
300 West Waugh Street
Dalton, GA 30720

Dear Ms. Jackson:

We are pleased to submit this engagement letter, which describes the assistance we will provide to the City of Dalton, Georgia as engaging party on behalf of the Dalton Building Authority (collectively, the "Borrower") regarding the calculation of arbitrage earnings for each Bond Series as detailed in Attachment A to this letter (the "Bonds"). This letter provides our understanding of the needs of the Borrower, lists the information that is to be provided to The Arbitrage Group, Inc. ("The Group") to compute the arbitrage earnings amount, and describes the procedures to be performed.

The Borrower needs to determine the arbitrage earnings amount for the Bonds for the periods as detailed in Attachment A, (each referred to individually as, the "Computation Period"). The arbitrage earnings amount is the difference between:

- a. The actual earnings on nonpurpose investments purchased with gross proceeds of the Bonds during the Computation Period, and
- b. The earnings which would have been earned during the Computation Period on nonpurpose investments if such investments had been invested at a rate equal to the yield on the Bonds.

The Borrower will be responsible for providing The Group with the applicable documentation required to calculate the arbitrage earnings amount. This documentation includes:

- i. IRS Forms 8038 and Tax Agreements (received);
- ii. Official Statement ("OS") (Series 2021 received) and Specimen Bond (Series 2022); and
- iv. Bank statements for the Construction Funds (received).

Utilizing the information provided above, the following procedures will be applied by The Group:

- (1) Review the documents associated with the issuance of the Bonds to identify key characteristics of the Bonds and the related arbitrage requirements, including that: (i) the Bonds (as detailed in Attachment A) are each separate issues for tax purposes, subject to the rebate requirements; (ii) there are no transferred proceeds of the Bonds; (iii) the yield is fixed rate without qualified guarantees or qualified hedge amounts; (iv) there are no invested reserve or similar pledged funds constituting replacement proceeds; (v) issuance cost fund amounts (if not provided) will be assumed allocated at or shortly after closing without being invested beforehand; and (vi) all bank-held funds were uncommingled;
- (2) Review the bank statements and determine that all bank statements related to the Computation Period have been provided and Borrower-provided or authorized information and representations;



The Arbitrage Group, Inc.

City of Dalton, Georgia
Cindy Jackson, Chief Financial Officer
January 24, 2024
Page 2

- (3) Calculate the bond yields from the OS and Specimen Bond for use in updating these calculations;
- (4) Assemble schedules of investment activity for each fund/account subject to the arbitrage rebate requirements and calculate the arbitrage earnings amount for the Computation Period (with respect to the Bond Fund(s) assume such fund(s) operated as an excludable bona fide debt service fund);
- (5) Prepare a draft report of our findings which will include a summary of the information and computational assumptions affecting the calculations;
- (6) Submit our draft report to the Borrower for review and approval; and,
- (7) Complete quality reviews of the report and the supporting documentation and issue our report to the Borrower along with IRS Form 8038-T if applicable and tailored instructions.

The successful completion of this overall engagement will require close coordination between the personnel resources of the Borrower and The Group. Accordingly, we will assign a Project Director for this engagement to coordinate engagement activities and we would like the Borrower to do the same. We will have no obligation to update our reports or to check any revised calculations because of events and transactions occurring subsequent to the date of our reports.

Our reports are to be issued solely for your information and assistance and are not to be quoted or referred to in other documents without our prior written consent. It is assumed that all of the appropriate documentation is available in a concise, organized, and complete manner, and that we will have access to the individuals responsible for the investment portfolio. Based on these assumptions, we estimate the fees to be as detailed in Attachment B for the defined Computation Periods. These fees would include any out-of-pocket expense incurred by us.

We look forward to working with you on this project. If you have any comments or questions regarding this engagement, please do not hesitate to call me at (715) 386-8044. To signify your acceptance of the arrangements described in this letter, please return a signed copy of this letter.

Very truly yours,
The Arbitrage Group, Inc.

Gregory A. Ichel, Principal

Accepted by: City of Dalton, Georgia - as engaging party

By: Cindy Jackson

Title: CFO

Date: 1-24-24



The Arbitrage Group, Inc.

ATTACHMENT A

Bonds

(to which this engagement letter applies)

- (1) \$18,360,000 The Dalton Building Authority, Revenue Bonds (City of Dalton Projects), Series 2021 for the period from April 20, 2021 to November 30, 2023 ("2021 Bonds"); and
- (2) \$15,930,000 The City of Dalton Building Authority, Revenue Bond (Dalton School System Project), Series 2022 for the period from September 13, 2022 to November 30, 2023 ("2022 Bonds").



The Arbitrage Group, Inc.

ATTACHMENT B

Fees *(per Bond Issue basis)*

As discussed, fees will be not to exceed fees inclusive of all expenses and cover subsequent discussions on the reports, which will cover the Computation Periods as noted in Attachment A for each bond issue. Fees are also all inclusive of expenses and cover any required filing preparation of IRS Form 8038-T (if necessary), including interest calculation and waiver letters (as applicable).

<u>Bond Issue</u>	<u>Not To Exceed Fees</u>
2021 Bonds	\$2,750*
2022 Bonds	1,000

* Includes the required separate cumulative arbitrage report on the 2010 refunded bonds to the 4/20/21 Final IRS computation date.