

## PROFESSIONAL SERVICES AGREEMENT

This Agreement, made and entered into this, the \_\_\_\_\_ day of \_\_\_\_\_, 2025 by and between the **City of Dripping Springs**, Texas (hereinafter referred to as the “City”) and **Arbitrage Compliance Specialists, Inc.**, (hereinafter referred to as “Contractor”), is understood and agreed to be as set forth herein:

1. **Project Summary:** Services to comply with the IRS arbitrage compliance requirements.
2. **Scope of Work:** Scope of Work includes all work in Attachment “A”.
3. **Description of Services:** The Contractor shall perform the below duties as needed by the City:
  - (a) Provide arbitrage compliance services for the City, as listed in Attachment “A”
4. **Payment for Services:** The City will pay the Contractor for the performance of the Contract, in current funds, not to exceed one thousand, six hundred and ninety-five dollars. (\$1,695), within sixty (60) days from the date the report is provided to the City.
5. **Duration:** This Agreement shall be in effect for a period of one year (12 months), unless terminated as provided below or if all work associated with Agreement is completed. Contractor shall start work immediately after the execution of this Agreement.
6. **Termination:** Either party may terminate this Agreement by a thirty (30) day written notice, but the cost of all goods and services rendered by the Contractor or any credit due to the City shall be paid after termination if not previously reimbursed.
7. **Relationship of Parties:** It is understood by the parties that Contractor is an independent contractor with respect to the City and not an employee of the City. City will not provide fringe benefits, including health insurance benefits, paid vacation, or any employee benefit, for the benefit of Contractor. The City may contract with other individuals or firms for engineering services.
8. **Limitations:** During the period the Contractor is covered by this agreement, the Contractor will contact the City in writing if a potential conflict of interest with a third-party client may exist. If the City Council finds that a project for a third-party client of the Contractor has a direct conflict with the City, the City Council shall contact the Contractor in writing. If the conflict of interest cannot be resolved to either party’s satisfaction, either the Contractor or the City Council may terminate this Agreement with seven (7) days’ notice to the other party.
9. **Employees:** Contractor employees, if any, who perform services for City under this Agreement shall also be bound by the provisions of this Agreement. At the request of City, Contractor shall provide adequate evidence that such persons are Contractor’s employees.
10. **Mandatory Disclosures:** Texas law requires that vendors make certain disclosures. Prior to the effective date of this Contract, the Contractor has submitted to the City a copy of the

Conflict-of-Interest Questionnaire form (CIQ Form) approved by the Texas Ethics Commission (Texas Local Government Code Chapter 176), and the Contractor shall file a Form 1295 Certificate of Interested Parties (Form 1295) approved by the Texas Ethics Commission (Texas Government Code Section 2252.908). The Contractor also confirms it is in compliance with all Texas requirements related to government contracts including: (1) no boycott of Israel; (2) not listed as a foreign terrorist organization by the Texas Comptroller of Public Accounts; (3) Contractor does not have a policy or practice of discriminating against firearm entities or firearm trade associations; (4) Contractor does not boycott energy companies; and Contractor is compliant with all other Texas laws including any additional disclosure requirements.

**11. Injuries/Insurance:** Contractor acknowledges his/her obligation to obtain appropriate insurance coverage as listed in Attachment “B” for the benefit of the City and the Contractor’s employees, if any. Contractor waives the rights to recovery from City for any injuries that Contractor and/or Contractor’s employees may sustain while performing services under this Agreement. Contractor is to provide a copy of a certificate of insurance coverage to City at least ten (10) days prior to end of any existing coverage period if Contractor uses the services of any of Contractor’s employees for the provision of services to the City.

**12. INDEMNIFICATION:** CONTRACTOR AGREES TO INDEMNIFY AND HOLD CITY HARMLESS FROM ALL CLAIMS, LOSSES, EXPENSES, FEES, INCLUDING REASONABLE ATTORNEY’S FEES, COSTS, AND JUDGMENTS THAT MAY BE INCURRED BY CITY TO THE EXTENT THAT RESULT FROM NEGLIGENT ACTS OR OMISSIONS OF CONTRACTOR, CONTRACTOR’S EMPLOYEES, IF ANY, AND CONTRACTOR’S AGENTS.

**13. Assignment:** Contractor’s obligation under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of City.

**14. Notice:** All notice required or permitted under this Agreement shall be in writing and shall be delivered either in person or deposited in the United States mail, postage prepaid, addressed as follows:

**For the City:**

Attention: City Administrator  
City of Dripping Springs City  
P.O. Box 384  
Dripping Springs, TX 78620  
512-858-4725

**For the Contractor:**

Attention: Doug Pahnke  
Arbitrage Compliance Specialists, Inc.  
6041 S. Syracuse Way #310  
Greenwood Village, CO 80111  
800-672-9993

Either party may change such address from time to time by providing written notice to the other in the manner set forth above. Notice is deemed to have been received three (3) days after deposit in U.S. mail.

**15. Entire Agreement:** This Agreement contains the entire Agreement of the parties and there are

no other promises or conditions in any other Agreement whether oral or written. This Agreement supersedes and prior written agreements between the parties. If a conflict exists between this Agreement and Attachment "A", this Agreement shall prevail.

- 16. Amendment:** This agreement may be modified or amended only if the amendment is made in writing and is signed by both parties.
- 17. Severability:** If any provision of this Agreement shall be held to be invalid or unenforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.
- 18. Waiver of Contractual Right:** The failure of any party to enforce any provision of this Agreement shall not be construed as a waiver of that party's right to subsequently enforce and compel strict compliance with every provision of the Agreement.
- 19. Applicable Law:** The laws of the State of Texas shall govern this Agreement.
- 20. Venue:** The venue for any and all legal disputes arising under this Agreement shall be Hays County, Texas.
- 21. Consequential Damages.** Neither party shall be liable to the other for loss of profits or revenue; loss of use or opportunity; loss of good will; cost of substitute facilities, goods, or services; cost of capital; or for any special, consequential, indirect, punitive, or exemplary damages.
- 22. Site Access and Safety.** City shall secure all necessary site related approvals, permits, licenses, and consents necessary to commence and complete the Services and will execute any necessary site access agreement. Contractor will be responsible for supervision and site safety measures for its own employees but shall not be responsible for the supervision or health and safety precautions for any third parties, including City's contractors, subcontractors, or other parties present at the site.

**CITY OF DRIPPING SPRINGS:**

**ARBITRAGE COMPLIANCE  
SPECIALISTS, INC.**

\_\_\_\_\_  
Bill Foulds Jr., Mayor

\_\_\_\_\_  
Doug Pahnke, CPA, President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Diana Boone, City Secretary

City of Dripping Springs  
Professional Services Agreement

Arbitrage Compliance Specialists, Inc.  
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March 10, 2025

Mr. Shawn Cox, City Treasurer/ Deputy City Administrator  
City of Dripping Springs ("City")  
511 Mercer Street  
Dripping Springs, Texas 78620

**AGREEMENT FOR ARBITRAGE COMPLIANCE SERVICES**

Arbitrage Compliance Specialists, Inc. ("ACS") is pleased to present this agreement for professional services ("Agreement") to provide arbitrage compliance services for the City. Our firm has distinctive legal and accounting experience with arbitrage compliance services dating back to the inception of the arbitrage rebate regulations of 1986. ACS is the most prominent and well-respected providers of arbitrage compliance services in the nation. 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 allowed. We pride ourselves on our unprecedented commitment to each and every client we represent.

This Agreement relates to the City's tax advantage bond issues and shall become effective on the date of acceptance ("Acceptance") by the City. The City or ACS can terminate this Agreement upon a 30-day written notice and payment of any services to-date. ACS has provided a fee schedule to encompass the various elements that we may encounter during the calculations. ACS' fees are derived by the number of years included in the calculation. The fee schedule listed on page 2 provides fees for reports covering the applicable periods. Each calculation includes a CPA opinion to provide assurance that the calculations were completed according to Section 148(f) of the Internal Revenue Code of 1986 that governs the arbitrage rebate requirements (the "Tax Code").

We appreciate the opportunity to provide assistance to help the City comply with the IRS arbitrage compliance requirements. As always, if we may be of further assistance or if there are any questions, please do not hesitate to call us at (800) 672-9993 ext. 7520.

Sincerely,

Arbitrage Compliance Specialists, Inc.

  
\_\_\_\_\_  
Doug Pahnke, CPA, President

Please acknowledge acceptance of this engagement by signing and e-mailing this letter in its entirety to Arbitrage Compliance Specialists, Inc. at [Nicole@rebatebyacs.com](mailto:Nicole@rebatebyacs.com).

\_\_\_\_\_  
Accepted by – Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

Bond Compliance Program Services:		Fees
Arbitrage Calculation Services:		
Arbitrage Rebate Restriction Calculation - per year		\$650
Yield Restriction Calculation - per year (Only Applicable if Project Funds Remain at the End of the 3 Year Temporary Period)		\$650
Tax Form 8038-T and Filing Instructions, if payment is due		\$395
Additional Arbitrage Rebate Calculation Services: (If Required)		
Comprehensive Arbitrage Compliance Analysis/Set-Up		Included
Debt Service Bona Fide Testing		
Spending Exception Calculations (Per 6-Month Report Period)		
Commingled Funds and/or Transferred Proceeds		
Variable Rate Issues		
Post Calculations Services		
Record Retention Service		

**Note:** This engagement is between ACS and the City. The City by signing this agreement acknowledges that payment is due to ACS from the City within 60 days from the date the report is provided to the City.

Rebate report fees are determined based on the number of years included in the calculations. An interim report may cover a period from one year to five years. ACS will review each bond issue to determine if the debt issue is subject to arbitrage rebate at no charge. If it is determined that a bond issue is subject to arbitrage rebate, ACS will make their recommendation(s) and proceed with the calculations based on the fee schedule listed above at the direction of the City.

### Calculation Services

1. Review the documents related to the debt issue to include the Official Statement, Tax Certificate, IRS Form 8038-G and CPA Verification Report.
2. Complete an in-depth analysis of the debt structure by our professional team to determine if the debt issue is subject to rebate and/or yield restriction and identify applicable exceptions.
3. Monitor IRS filing deadlines, election requirements and restricted periods in our database tracking system to ensure timely reporting.
4. Perform the rebate, yield restriction/yield reduction or spending exception/penalty calculations in compliance with Internal Revenue Code of 1986.
5. Provide calculations with a CPA certified professional opinion that can be relied upon by the City regarding the liability. The report will provide supporting documentation to include the calculation method employed, assumptions and conclusions.
6. Prepare payment Form 8038-T with detailed filing instructions for accurate and timely filing to the IRS, if applicable.

### Support Services

7. Discuss the report and findings to ensure a complete understanding of the procedures and recommendations in such report.
8. Prepare a debt compliance monitoring schedule that identifies all-important relevant information by issue including prior calculations, liability amounts, future calculation due dates and important status notes.
9. Advise on how future changes in the Tax Code may affect the debt issue.
10. Provide technical assistance and consultation in matters related to the arbitrage compliance regulations.
11. Assist in the IRS record retention requirements, which include storage of records related to the debt issue.

**Information Provided by the Issuer:**

12. The Issuer agrees to provide all necessary information for the debt issue as listed in this engagement letter (“Debt Issuance”) within 15 days after the end of Calculation Period to provide ACS adequate time to meet the installment payment deadline as defined in the Tax Code.
13. Issuer agrees to provide all necessary Debt Issuance documents to include, but not limited to: Official Statement, Tax Certificate, IRS Form 8038-G, Escrow Verification Report and if applicable, letter of credit/liquidity facility and/or swap/hedge agreements.
14. Issuer agrees to provide all expenditures, investment earnings, and monthly cash investment balances for all gross proceeds. This includes (but is not limited to) the following funds accounts: Capital Project, Debt Service Reserve, Debt Service, Cost of Issuance, Escrow funds and if applicable all liquidity facility fees paid and/or swap/hedge payments. To accurately complete the calculations, as required by the Tax Code, data is to include:
  15. Running balance or at the least a monthly balance.
  16. Expenditures by date
  17. Earnings by date.
  18. Fair Market Value, if available, on the last day of the computation period.
  19. Exclusion of non-cash transactions such as amortization, accounts payable, and accounts receivable, etc.
  20. Fixed Investment records are to include:
    21. Settlement Date
    22. Purchase Amount
    23. Accrued interest paid on settlement date
    24. Coupon Rate
    25. Maturity Date
    26. Maturity Amount
  27. The Issuer agrees to notify ACS within 15 days after the Debt Issuance has been refunded or defeased.
  28. The Issuer agrees to notify ACS of all debt issuances that are supported by common funds to include, but not limited to debt service and reserve funds.

**Other Terms & Conditions:**

1. ACS reserves the right to withdraw or re-negotiate the terms of this engagement if our involvement is greater than originally anticipated. Examples include an increase in ACS’ time, commitment resources utilized to research and/or locate missing documents or activity requested by ACS, or if information requested by ACS was not provided in the format listed in “Information Provided by Issuer,” Sections 1(a), and Sections 1(b).