



March 6, 2025

Mr. Scott Moore, City Manager and Belen Pena, Finance Director
City of Manor ("City")
105 E. Eggleston St.
Manor, Texas 78653

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
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.

Accepted by – Signature
March 19, 2025

Date

Scott Moore
Print Name
City Manager

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).