

## RESOLUTION NUMBER 7268

A resolution authorizing the Mayor and City Clerk to enter into an Agreement for Professional Services with Berens-Tate Consulting Group, for arbitrage rebate services for 2019 and 2021 Fire Station Bonds, 2019 Public Safety Bonds, and 2021 Revenue Bonds.


NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF BEATRICE, NEBRASKA:

**SECTION 1.** That the Mayor and City Clerk are hereby authorized to enter into an Agreement for Professional Services with Berens-Tate Consulting Group, for arbitrage rebate services for 2019 and 2021 Fire Station Bonds, 2019 Public Safety Bonds, and 2021 Revenue Bonds. A copy of the said Agreement, marked as Exhibit "A", is attached hereto and incorporated by reference.

**SECTION 2.** That all resolutions or parts of resolutions in conflict herewith are hereby repealed.

RESOLUTION PASSED AND ADOPTED this 1<sup>st</sup> day of April, 2024.

Attest:

  
Erin Saathoff, CMC, City Clerk


  
Robert Morgan Mayor

Exhibit "A"

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## BERENS-TATE CONSULTING GROUP

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SPECIALIZING IN TAX-EXEMPT BOND SERVICES

March 27, 2024

Tobias Tempelmeyer  
City of Beatrice  
400 Ella Street  
Beatrice, NE 68310

Dear Mr. Tempelmeyer:

Thank you for the opportunity to provide arbitrage rebate services to City of Beatrice ("City"). This letter outlines my understanding of the project.

### **SCOPE**

We will perform an arbitrage rebate calculation for the following bonds:

- City of Beatrice, Nebraska  
\$7,075,000 Fire Station Bonds  
(Sales Tax and General Obligation)  
Series 2019
- City of Beatrice, Nebraska  
\$2,725,000 Fire Station Bonds  
(Sales Tax and General Obligation)  
Series 2021
- City of Beatrice, Nebraska  
\$615,000 Limited Tax Obligation Public Safety Bonds  
Series 2019
- City of Beatrice, Nebraska  
\$2,730,000 Revenue Bonds  
Series 2021

## **PROCEDURES**

We will perform the following procedures:

- Review of bond documentation (official statement, arbitrage certificate, investment information, IRS Form 8038, etc.).
- Determine the bond yield.
- Compute the rebate amount (based upon the net future value of the non-purpose investments or the "cash flow method").
- Work closely with bond counsel to resolve any questions which may arise.
- Monitor the temporary periods and review the fund operation for each bond issue.

## **REPORTS**

We will prepare the following reports:

- Summary report - describes procedures performed and the amount of any rebate owed.
- Arbitrage rebate report - includes details of all transactions, sources of information, assumptions, as well as the calculation.
- IRS Form 8038-T - prepare the proper IRS Form if any rebate is owed and paid at this time.

## **CITY'S RESPONSIBILITIES**

The City is responsible for providing the Consulting Group with the documentation necessary to complete the calculation. This would include bond documentation (official statement, arbitrage certificate, 8038-G, etc.), as well as expenditure and investment information (trust statements/activity summary by fund, investment summary, disposition of bond proceeds, etc.). In determining the rebate amount for the Bonds, we will rely on the information provided by you without independent verification. We will retain copies of the records you have supplied us, along with our work papers for your engagement. However, our work papers and files are not a substitute for the original records of the City.

## **FEES**

Our fees will be:

- |                                             |                                  |
|---------------------------------------------|----------------------------------|
| • 2019 and 2021 Fire Station Bonds          | \$2,500 - \$3,000 for each issue |
| • 2019 Public Safety and 2021 Revenue Bonds | \$1,000 - \$1,500 for each issue |

This fee is dependent on the availability, quality, and completeness of the records noted above and will be due within 30 days of completion of the project. If unexpected problems arise which are beyond the scope of our work and would affect our fee quote we would discuss these with you and obtain the necessary authorization from you before performing any additional procedures.

We look forward to working with the City of Beatrice on this project and appreciate this opportunity to serve you.

Sincerely,

BERENS-TATE CONSULTING GROUP

*Chris D. Berens*

Chris D. Berens

If you agree with the services outlined in this letter, please sign in the space provided below and return a copy to me.

Accepted by: \_\_\_\_\_



Date: \_\_\_\_\_

4-1-24



## MEMORANDUM

**TO:** Mayor & City Council **DATE SUBMITTED:** March 28, 2024

**FROM:** Tobias J. Tempelmeyer **FOR AGENDA OF:** April 1, 2024  
City Administrator and General Manager

**SUBJECT:** Arbitrage Rebate Calculations **EXHIBIT(S):** Engagement Letter

The Internal Revenue Service (IRS) has rules that prevent the issuer of tax-exempt bonds from arbitraging the bond proceeds. Essentially this means that the City cannot not issue tax-exempt bonds then invest the bond proceeds rather than spending them in an effort to make money on the spread between the interest rate we are paying vs. the interest rate we are receiving. There has been no concern of arbitrage while rates remained low. However, as interest rates have moved upwards it is possible to arbitrage bond proceeds. If the City received any profit from arbitrage we have to rebate it back to the Federal Government. To determine if we have any rebates that need to be repaid, we need to calculate: 1) the yield on our bonds, 2) the actual earnings on all non-purpose investment activity purchased with gross proceeds of the bonds, 3) the allowable earnings on the non-purpose investment activity, and 4) future value the difference from the actual payment or receipt date to the computation date.

The City had four (4) bond issuances that might have arbitrage: 2019 Fire Station Bonds, 2019 Public Safety Debt, 2021 Fire Station Bonds, and 2021 Revenue Bonds (Sanitation). Our Net Interest Costs on these bonds' ranges from 0.88% to 1.99%.

We propose retaining Berens-Tate Consulting Group to assist in arbitrage calculations. Their fee is estimated not to exceed \$9,000.