

Financial Analysis & Services Group

Executive Summary

EXTENSIVE ARBITRAGE COMPLIANCE EXPERIENCE

- We have provided arbitrage rebate and yield restriction services since 1982 when arbitrage rebate requirements first became applicable to certain tax-exempt bonds.
- We have performed and verified over 1,000 annually and over 30,000 in total arbitrage rebate and yield restriction calculations.

OPTIMAL RESULTS & COMPETITIVE FEES

- We consider various elective and computational options and investment strategies which may be available to reduce rebate and yield restriction liabilities.
- Having both tax and quantitative expertise and capacities in-house, we have built a track record for providing high quality arbitrage services at cost-effective rates.

EXTENSIVE ARBITRAGE EXPERIENCE

IN-DEPTH TAX EXPERTISE

OPTIMAL RESULTS
& COMPETITIVE FEES

TOP-RANKED AND BIG PLAYER

IN-DEPTH TAX AND LEGAL EXPERTISE

- We have the largest tax department in the nation dedicated to tax-exempt financing and are thoroughly versed in Federal tax laws.
- Our tax attorneys who work with FAS have a combined experience of over 200 years and are frequently requested to participate in tax panels across the country.

TOP-RANKED AND BIG PLAYER

- Hawkins is perennially ranked as one of the top bond counsel firms nationally and has been so since the first date on which such ratings were maintained. The firm has participated in more than \$1 trillion public finance transactions.
- Our hands-on experience, coupled with our broad expertise, enables us to provide the best possible arbitrage advice to clients.



Scope of Services

Illustrated below is our fundamental approach to arbitrage rebate and yield restriction compliance.

Bond Yield Calculation - 1

Calculate fixed or variable rate bond yield in conformance with the tax documents of a bond issue.

Analyze Investments - 2

Review and analyze the investments and expenditures of gross proceeds of a bond issue and apply the future value methodology.

Spending Exception - 3

Determine if any of the rebate spending exceptions (*i.e.*, 6-months, 18-months and 24-months) are applicable and available to the bond issue.

Commingled Investments - 4

Identify any accounts containing commingled moneys. Implement an allocation technique that is practical and provides the optimal result.



8 - Prepare IRS Forms

Prepare and provide detailed instructions as to the filling of the Internal Revenue Service Form 8038-T, if a payment is necessary or Form 8038-R, for a refund.

7 - Prepare Tax Opinion

Deliver a Hawkins tax opinion that the methodology used in the calculations is in conformance with the Code and the Federal tax regulations.

6 - Yield Restriction Issues

Analyze whether any gross proceeds of a bond issue are subject to yield restriction. Calculate the amount of yield restriction liability of a bond issue.

5 - Arbitrage Rebate Issues

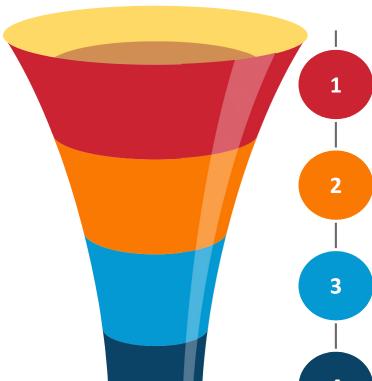
Calculate, pursuant to the federal tax regulations, the amount of arbitrage rebate liability of gross proceeds of a bond issue.



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Hawkins Approach

The Hawkins approach is to provide detailed and customized arbitrage rebate and yield restriction compliance services specifically tailored to the client's needs.



Review Key Features of the Issue

- Issue Purpose: Refinancing or New Money
- Source and Uses of the Bond Proceeds
- Investment Structure and Yield Restriction Requirements

Consider Available Rebate Exceptions

- 6-Month, 18-Month and 24-Month Spending Exception
- Small Issuer Exception
- Bona Fide Debt Service Fund

Conduct Core Analysis

- Calculate bond yield and determine the gross proceeds of the bonds
- Analyze investments and expenditures of gross proceeds of the bond issue
- Conduct transferred proceeds analysis and commingled fund allocation
- Apply future value methodology to calculate rebate and/or yield restriction liability

Prepare Final Arbitrage Compliance Report

- Prepare a detailed Arbitrage Compliance Report that summarizes the assumptions and results of the arbitrage rebate calculations
- Prepare a Hawkins Tax Opinion that the methodology used in the calculations is in conformance with the Code and the Federal tax regulations
- Prepare and provide detailed instructions on filing IRS forms







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