

ARBITRAGE REBATE COMPLIANCE SERVICES AGREEMENT
Contract Number: 217-219

This Agreement is effective on February 15, 2017 between the City of San Marcos, Texas, (the “City”), 630 East Hopkins, San Marcos, Texas 78666 and BLX Group, LLC (the “Consultant”), 2711 North Haskell Ave., Lockbox #35, Suite 2600 SW, Dallas, Texas 75204 for the Consultant’s provision of Arbitrage Rebate Compliance Services (the “Services”).

The City and the Consultant agree as follows:

ARTICLE 1
CONSULTANT’S SERVICES AND RESPONSIBILITIES

1.0 STANDARDS OF PERFORMANCE

1.0.1 The Consultant will be responsible for the performance of all Services which generally include the performance of calculations relating to the arbitrage and rebate requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”) and associated legal advice. The Consultant will perform calculations with respect to the bond issue(s) identified in Exhibit A (the “Bond Issues and Related Fees”) and apply applicable federal tax rules.

1.0.2 The performance of Services by the Consultant in connection with this Agreement will be by persons appropriately licensed under State, local and Federal laws. The Consultant certifies that it is fully qualified to provide these Services for municipal bond issuers pursuant to the provisions of Section 148(f)(2) of the Code. The Consultant further certifies that all calculations are delivered with a legal opinion which attests to the fact that the calculations were performed in accordance with the applicable Treasury Regulations.

1.0.3 In performing all services under this Agreement, the Consultant will use the highest fiduciary degree of care and skill, similar to that exercised for similar engagements by professional financial services consulting firms possessing a statewide or national reputation for the types of services involved under this Agreement.

1.0.4 The Consultant will not subcontract any work under this Agreement without prior written approval from the City. The Consultant will specify any work or services subcontracted under this Agreement by separate written Agreement and that Agreement will be subject to each provision of this Agreement.

1.0.5 Any provisions in this Agreement pertaining to the City’s review, approval and/or acceptance of written materials prepared by the Consultant and/or its subconsultants, contractors, and subcontractors in connection with this Agreement will not diminish the Consultant’s responsibility for the materials.

1.0.6 The Consultant will perform all of its services in coordination with the City. The Consultant will advise the City of data and information the Consultant needs to perform its services. The City may request a review meeting with the Consultant at mutually convenient times to evaluate the working relationship between the City and the Consultant.

1.0.7 Sandra Fuller Stallings is the Consultant's Project Representative assigned to this Project. The Consultant will not substitute another representative for this Project unless approved in writing by the City in advance of such proposed substitution. In the event the City and the Consultant cannot agree to the substitution of the Project Representative, the City may terminate this agreement in accordance with Article 7.

1.1 BASIC SERVICES

For each outstanding series of bonds or certificates of obligation issued by the City, the Consultant will perform the following on an annual basis for the term of this Agreement:

1.1.1 Review the schedule of investments made by the City with proceeds from bonds or certificates of obligation, and proceeds of other funds of the City which, under Treasury Regulations Section 1.148 or any successor regulations thereto, are subject to the rebate requirements of the Code.

1.1.2 Perform, in accordance with the Code and all regulations promulgated under the Code, to determine the arbitrage amount under Section 148(f)(2). For the purposes of this Agreement, the term "arbitrage amount" includes payments made under the election to pay penalty in lieu of rebate for a qualified construction issue under Section 148(f)(4).

1.1.3 Calculate the amount of rebate liability with respect to the Bonds annually at the end of each bond year and as of the five year anniversary date or final maturity or redemption of the Bonds (each such date on which a rebate calculation is performed is referred to herein as a "Rebate Calculation Date") for any issue through December 31, 2011 and will apply regulations of the U.S. Department of the Treasury ("Treasury") in effect on such Rebate Calculation Date. In addition, if the City makes a "penalty in lieu of rebate" election under Code Section 148(f)(4)(C)(vii) with respect to the Bonds, the Consultant will calculate, every six months, the amount of that "penalty" as of the end of each six-month period beginning on the date of issue of the Bonds (each such date on which a penalty calculation is performed is referred to herein as a "Penalty Calculation Date"). The term "Calculation Date" as used herein refers to a Rebate Calculation Date or a Penalty Calculation Date, as appropriate. As requested by the City, the Consultant will include in each report delivered to the City an analysis of compliance with applicable arbitrage yield restrictions. With respect to each Calculation Date, the Consultant will prepare or cause to be prepared schedules reflecting the relevant calculations and the assumptions involved and will deliver a rebate or penalty liability report addressed to the City as to the amount of the rebate or penalty liability as of such Calculation Date.

- 1.1.4 Provide a legal opinion for each rebate or penalty liability report.
- 1.1.5 Calculate the bond yield for any tax-exempt obligation issued by the City.
- 1.1.6 Calculate the excess investment earnings, if any, of the required rebate to the federal government within the legally permitted time period. For those issues in which the time period has expired, the Consultant will complete its calculations within sixty (60) calendar days from the effective date of this Agreement.
- 1.1.7 Deliver a written Arbitrage Computation Report specifying the arbitrage amount based upon the investment schedule, the calculations of bond yield and investment yield, and other information deemed relevant by the Consultant.
- 1.1.8 Provide an executive summary identifying the method used, the major assumptions, conclusions, and any recommendations for changes in record keeping for investments.
- 1.1.9 Assist the City in responding to the Internal Revenue Service (“IRS”) on the City’s behalf in the event of an IRS inquiry.
- 1.1.10 Advise the City in all matters related to Rebate Provisions.
- 1.1.11 Provide assistance and consultation to the City for at least six (6) years after each issue’s final maturity. All records and documentation must be retained by the Consultant during that time period.
- 1.1.12 Provide a written opinion to the City stating that arbitrage calculation results are consistent with the Code’s Rebate Provisions.
- 1.1.13 Prepare all reports and IRS forms that are necessary in order to remit any required payment to the federal government.
- 1.1.14 Provide the City with a written Summary of Arbitrage Rebate Report on all issues that are subject to rebate on an annual basis for the term of this Agreement.
- 1.1.15 The following Services are not outside the scope of these services but may require additional fees as listed in Article 13 (Fee Schedule):
 - a) Debt Service Reserve Funds;
 - b) Commingled Funds;
 - c) Transferred Proceeds (included in report fee);
 - d) Debt Service Fund \$100,000 test, Debt Service Fund Residential Calculation (excess tax collections);
 - e) Variable/Floating Rate Bond Issue (included in report fee);

- f) Yield Restriction Analysis/Yield Reduction Computation (Included in report fee); and
- g) Quick Turnaround Fee (preliminary or final numbers within 21 days of receipt of information); (included in report fee)

1.2 ADDITIONAL SERVICES/CHANGE IN SERVICES

1.2.1 The City may direct the Consultant to perform services outside of the scope of the Basic Services described in Section 1.1 above. The Consultant will submit a written estimate of fees to the City and obtain the City's authorization before initiating any additional services.

1.2.2 The following are specifically considered to be additional services and computations. The City and the Consultant will negotiate fees for these additional items prior to the Consultant performing any of the work involved.

- a) Independently determine whether securities allocable to proceeds of the bonds were purchased at a fair market value within the meaning of the Treasury Regulations;
- b) Perform an audit or review of the investments acquired with gross proceeds or the payment of debt service on the Bonds;
- c) Perform calculations or other research as to the desirability of elections or selections that may be available under applicable federal tax law;
- d) Review the tax exempt status of interest on the Bonds or any other aspect of the Bond program except for rebate and penalty liability to the extent set forth in this engagement letter;
- e) Consider any information obtained by the Consultant pursuant to this Agreement for any purpose other than determining such rebate and penalty liability
- f) Update any report delivered hereunder because of events occurring, changes in regulations, or data or information received, subsequent to the date of delivery of such report; and
- g) Preparation of an IRS Refund Request.

1.2.3 Each material change (deletion or addition) in the services to be provided by the Consultant must be authorized by the City on the Authorization of Change in Services form attached to this Agreement as Exhibit B. Compensation for additional services will be in addition to that specified for Basic Services in accordance with Section 4.2 and Article 13 of this Agreement. The approval of the San Marcos City Council is necessary for all additional services the compensation for which exceeds \$50,000.00.

**ARTICLE 2
THE CITY'S RESPONSIBILITIES**

The City will:

2.1 Provide full information to the Consultant regarding the City's requirements for the Consultant's Services under this Agreement. The City will furnish the Consultant with copies of City policies and procedures and any other data and information in the City's possession needed by the Consultant at the Consultant's request.

2.2 Designate Heather Hurlbert, Finance Director as the City's authorized representative to act on the City's behalf with respect to this Agreement. The City will examine the documents and information submitted by the Consultant and promptly render responses to the Consultant on issues requiring a decision by the City.

2.3 Bear all other costs incidental to this Article.

**ARTICLE 3
REIMBURSABLE EXPENSES**

3.1 Reimbursable expenses, including such things as expenses for reproduction of documents, auto travel mileage, delivery charges, long distance communications and postage are included in the Consultant's basic services compensation.

**ARTICLE 4
PAYMENTS TO THE CONSULTANT**

4.1 PAYMENTS FOR BASIC SERVICES

The City will pay the Consultant for Basic Services following receipt by the City of the Consultant's invoices after the Consultant's satisfactory completion of Services and the City's receipt of pertinent reports. The City will pay the Consultant not later than ten (10) business days after the date of the City's receipt and acceptance of the Consultant's invoice. Invoices will include direct and indirect labor costs, expenses for materials and supplies and any other reimbursable expenses if applicable, and appropriate payment requisitions. The Consultant will base its invoices upon the extent of work it has completed, in accordance with Article 13 of this Agreement, less any disputed amounts, pending resolution thereof.

4.2 PAYMENTS FOR ADDITIONAL SERVICES

The City will pay the Consultant for Additional Services as defined in Section 1.2 monthly upon presentation of the Consultant's statement of services rendered or expenses incurred, less any

disputed amounts, pending resolution thereof and an Authorization of Change in Services form executed by the Consultant and the City.

4.3 TAXES

The Consultant will not include Federal taxes or State of Texas limited sales excise and use taxes in its invoices or vouchers and statement of costs. The City is exempt from payment of such taxes and the Consultant may retrieve a resale certificate for use on this Project from the State of Texas Comptroller's website.

ARTICLE 5 CONSULTANT'S RECORDS

5.1 The Consultant will keep all of its expense records in a recognized accounting format acceptable to the City and these records will be available to the City at mutually convenient times.

5.2 The City, its auditors, federal auditors, and state agencies that have monitoring or auditing responsibilities for this Agreement will have access to any books, documents, papers and records of the Consultant which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts, copying and transcriptions.

5.3 The Consultant will furnish to the City at such time and in such form as the City may require, financial statements including audited financial statements, records, reports, data and information, as the City may request pertaining to the matters covered by this Agreement. Information provided pursuant to this subsection will be held in strict confidence to the extent permitted by applicable law.

ARTICLE 6 OWNERSHIP AND USE OF DOCUMENTS

6.1 All documents prepared by the Consultant in connection with this Agreement are the property of the City except for audit work papers which will remain the property of the Consultant.

6.2 The Consultant will maintain records of all staff time, staff costs, and direct costs expended in performing the Services under this Agreement, and will permit the City and other authorized individuals to inspect and audit all data and records relating to the performance of the Agreement during and for a period of up to six years from the effective date of the Agreement except in the event that the Consultant goes out of business during that period, it will turn over, to the City, all of its records relating to the Services performed under this Agreement for retention by the City.

ARTICLE 7
TERM; TERMINATION OF AGREEMENT

7.1 The term of this Agreement begins on the effective date established in the first paragraph of the Agreement and will end one year from the effective date unless renewed annually by the City for an additional term(s) or terminated under Sections 7.2 or 7.3 below.

7.2 This Agreement may be terminated by either party upon 15 calendar days prior written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination. The Consultant will provide the City with at least a 30 calendar day period of opportunity to cure before the Consultant initiates termination.

7.3 The City may terminate this Agreement for convenience and without cause upon at least 15 calendar days prior written notice to the Consultant.

7.4 Funds for the payment for work performed by the Consultant under this Agreement have been provided through the City's budget approved by City Council for the current fiscal year only. State statutes prohibit the obligation and expenditure of public funds beyond the fiscal year for which a budget has been approved. The City cannot guarantee the availability of funds, and enters into this Agreement only to the extent such funds are made available. The Consultant acknowledges and agrees that it will have no recourse against the City for failure of the City or City Council to appropriate funds for the purposes of this Agreement in any fiscal year other than the year in which this Agreement was executed. The fiscal year for the City extends from October 1st of each calendar year to September 30th of the following calendar year.

7.5 In the event of termination as provided in this Article, the City will compensate the Consultant for all services performed to termination date, which are deemed by the City to be in accordance with this Agreement. The City will pay this amount upon the Consultant's delivering to the City all information and materials developed or accumulated by the Consultant in performing the services described in this Agreement, whether completed or in progress. The expense of reproduction of these items will be borne by the City.

ARTICLE 8
INSURANCE AND INDEMNITY

8.1 The Consultant will indemnify, hold harmless and defend the City and its employees, agents, officers and servants from any and all lawsuits, claims, demands and causes of action of any kind arising solely from the negligent or intentional wrongful acts or omissions of the Consultant, its officers, employees or agents. This will include, but not be limited to, the amounts of judgments, penalties, interest, court costs, reasonable legal fees, expert witness fees and all other expenses incurred by the City arising in favor of any party, including the amounts of any damages or awards resulting from claims demands and causes of action for personal injuries, death or damages to property alleged or actual infringement of patents, copyrights, and trademarks in the

performance of the work or the incorporation in the work of any invention, design, process, product or device and without limitation by enumeration, all other claims, demands, or causes of action of every character occurring, resulting, or arising solely from any negligent or intentional wrongful act, error or omission of the Consultant and/or its agents and/or employees. This obligation by Consultant will not be limited because of the specification of any particular insurance coverage in this Agreement.

8.2 The Consultant will procure and maintain at Consultant's expense insurance with insurance companies authorized to do business in the State of Texas, covering all operations under this Agreement, whether performed by Consultant or Consultant's agents, subcontractors or employees. Before commencing the work, the Consultant will furnish to the City a certificate or certificates in form satisfactory to the City, showing that Consultant has complied with this paragraph. All certificates will provide that the policy will not be changed or canceled until at least 30 calendar days written notice has been given to the City. Failure of the Consultant to demand a certificate or other sufficient evidence of full compliance with these insurance requirements or failure of the Consultant to identify a deficiency from the evidence that is provided as proof of insurance will not be construed as a waiver of the Consultant's obligation to maintain the required insurance coverage specified herein. Commercial general liability insurance and motor vehicle insurance will be written with the City of San Marcos, Texas as an additional insured and will be endorsed to provide a waiver of the carrier's right of subrogation against the City. The kinds and amounts of insurance required are as follows:

Workers' Compensation Insurance and/or Employer's Liability: In accordance with the provisions of the Workers' Compensation Act of the State of Texas and/or \$500,000.00/\$500,000.00 for Employer's Liability.

Liability Insurance: (1) Commercial general liability insurance (standard ISO version) with a combined single limit of \$1,000,000 for each occurrence and \$1,000,000 in the aggregate, providing coverage for, but not limited to, bodily injury and property damage, premises/operations, products/completed operations, independent Consultants as applicable (2) Business Motor Vehicle liability insurance (standard ISO version) in an amount not less than \$1,000,000 per occurrence (3) professional liability coverage to cover lawful claims arising in connection with the Project in the combined single limit amount of at least \$1,000,000.00 as applicable. Should the Contractor not own any automobiles, the business auto liability requirement will be amended to allow the Contractor to agree to maintain only Hired and Non-Owned Auto Liability. This amended coverage requirement may be satisfied by way of endorsement to the Commercial General Liability or separate Business Auto Policy.

The stated limits of insurance required by this Paragraph are **minimum only**—they do not limit the Consultant's indemnity obligation, and it will be the Consultant's responsibility to determine what limits are adequate. These limits may be basic policy limits or any combination of basic limits and umbrella limits. The City's acceptance of Certificates of Insurance that do not

comply with these requirements in any respect does not release the Consultant from compliance with these requirements.

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 This Agreement is governed by and will be construed under the laws of the State of Texas. All obligations of both parties are performable and exclusive venue for any dispute arising under this Agreement is in Hays County, Texas. In the event of a dispute in federal court, venue will be in the United States District Court for the Western District of Texas, Austin Division.

9.2 As to all acts or failures to act by either party to this Agreement, any applicable statute of limitations will commence to run and any alleged cause of action will be deemed to have accrued when the party commencing the cause of action knew or should have known of the existence of the subject act(s) or failure(s) to act.

9.3 The Consultant will not use funds received by it directly or indirectly under the terms of this Agreement for any partisan political activity or to further the election or defeat of any candidate for public office.

9.4 The Consultant hereby affirms that neither the Consultant, the Consultant's firm nor any of its associates or employees have made or agreed to make any valuable gift whether in the form of service, loan, thing, or promise to any person or any of his/her immediate family, having the duty to recommend, the right to vote upon, or any other direct influence on the selection of Consultants to provide consulting services to the City within the two years preceding the execution of this Agreement. A campaign contribution, as defined by the Texas Election Code or the San Marcos City Code is not considered a valuable gift for the purposes of this Agreement. The Consultant further agrees that none of its paid personnel will be employees of the City or have any contractual relationship with the City. All activities, investigations, and other efforts made by Consultant pursuant to the Agreement will be conducted by employees, associates, or independent contractors of the Consultant.

9.5 In performing the services required under this Agreement, the Consultant will not discriminate against any person on the basis of race, color, religion, sex, national origin, age, disability or ancestry. The Consultant agrees not to engage in employment practices, which have the purpose or effect of discriminating against employees or prospective employees because of race, color, sex, religion, national origin, age, disability or ancestry. A breach of this covenant by the Consultant may be regarded as a default of the Agreement.

9.6 All references in this Agreement to any particular gender are for convenience only and will be construed and interpreted to be of the appropriate gender. The term "will" is mandatory in this Agreement.

9.7 Should any provision in this Agreement be found or deemed invalid, this Agreement will be construed as not containing the provision and all other provisions, which are otherwise lawful, will remain in full force and effect, and to this end, the provisions of this Agreement are declared severable. Paragraph and Section headings included in the Agreement are for convenience only and are not intended to define or limit the scope of any provisions of the Agreement.

9.8 All services provided pursuant to this Agreement are for the exclusive use and benefit of the City. This Agreement does not create any rights in third parties.

9.9 In performing all services under this Agreement, the Consultant, its subcontractors, successors and assigns will comply with all local, state and federal laws.

9.10 The City's execution of and performance under this Agreement will not act as a waiver by the City of any immunity from suit or liability to which it is entitled under applicable law. The parties acknowledge that the City, in executing and performing this Agreement, is a governmental entity acting in a governmental capacity.

9.11 The City of San Marcos is governed by the Texas Public Information Act (the "Act"), Chapter 552 of the Texas Government Code. This Agreement and all written information generated under this agreement may be subject to release under the Act. The Consultant will not make any reports, information, data, etc. generated under this Agreement available to any individual or organization without the written approval of the City.

9.12 The captions or headings included in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, articles, or sections of this Agreement.

9.13 In the event that the performance by either the City or the Consultant of any of its obligations under this Agreement is interrupted or delayed by events outside of their control such as acts of God, war, riot or civil commotion, then the party is excused from such performance for the period of time reasonably necessary to remedy the effects of such events.

9.14 In the event of a default or breach of this Agreement by the Consultant, the City reserves the right to choose among the remedies for the default or breach available to the City. These remedies may be used in conjunction with one another or separately, and together with any other statutory or common law remedies available to the City. Any failure by the City to enforce this Agreement with respect to one or more defaults by the Consultant will not waive the City's ability to enforce the Agreement after that time.

9.15 The City will have the right to declare the Consultant in breach of the Agreement for cause when the City determines that this Agreement has not been performed in accordance with its written terms and conditions.

9.16 If applicable, the Consultant will pay all license fees, royalties and other costs incident to the use of any invention, design, process, product or device subject to a patent right or copyright held by others in performing the work or in the completed Project.

9.17 It is expressly agreed that the Consultant is an independent contractor and not an employee, agent partner or joint venturer with the City. The Consultant will not pledge or attempt to pledge the credit of the City.

9.18 It is the City's intent to be proactive with regard to the environment. The City encourages value purchasing of environmentally friendly products. The Consultant is encouraged to utilize green solutions in performing any services under the Agreement, as appropriate.

9.19 The Consultant's attention is called to the fact that pursuant to San Marcos Ordinance No. 2013-57, as amended, all City of San Marcos owned and rented/leased properties are smoke free properties. All Consultants, their subconsultants and employees are prohibited from smoking while on City property. This prohibition includes the enclosed areas of public places and workplaces and within 10 feet of doors and windows of City-owned or rented buildings, all City parks and the grounds outside of any City building. This prohibition includes e-cigarettes and other inhaled vapor devices. The City may terminate this Agreement for noncompliance with this ordinance.

9.20 The Consultant is required to electronically generate a Certificate of Interested Parties Form 1295 through the Texas Ethics Commission ("TEC") website (https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm) and submit a signed and notarized copy of the form to the City prior to the award of the contract. This contract, including a City-issued purchase order, will not be enforceable or legally binding until the City receives and acknowledges receipt of the properly completed Form 1295 from the vendor.

ARTICLE 10 SUCCESSORS AND ASSIGNS

10.1 The City and the Consultant, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. The City and the Consultant will not assign, sublet or transfer any interest in this Agreement without the prior written consent of the other.

10.2 The Consultant will notify the City, in writing, of any change in its partnership/ownership within 30 calendar days of such change.

**ARTICLE 11
EXTENT OF AGREEMENT**

11.1 This Agreement, including appendices and referenced attachments represents the entire and integrated Agreement between the City and the Consultant and supersedes all prior proposals, negotiations, representations or agreements either written or oral between the parties. In the event of a dispute between the City and Consultant regarding the intent of this Agreement, both parties agree that they will construe this Agreement in a manner consistent with the City's Request for Proposals, the Consultant's proposal response and the public record of the City Council's approval of this agreement as applicable. The Consultant's expenses for travel, office, production and other expenses associated directly or indirectly with this Agreement included as part of the total fee. This Agreement may be amended only by written instrument, which must be signed by both the City and the Consultant. The San Marcos City Council must approve any such authorization of change in services or amendment if the compensation for which exceeds \$50,000.00.

11.2 Any exhibits and/or attachments attached to this Agreement are incorporated by reference into this Agreement as though included verbatim herein.

11.3 In the event of any conflict between this Agreement and the provisions of any exhibit or attachment to this Agreement, this Agreement will govern and control.

**ARTICLE 12
NOTICES**

12.1 Notices required under this Agreement will be provided by the parties to one another by certified mail, return receipt requested, or by confirmed facsimile transmission, to the following addresses:

To the City:
Jared Miller, City Manager
City of San Marcos
630 E. Hopkins
San Marcos, Texas 78666

To the Consultant:
Sandra Fuller Stallings, Managing Director
BLX Group LLC
2711 North Haskell Ave., Lockbox #35
Suite 2600 SW, Dallas, Texas 75204

**ARTICLE 13
BASIS OF COMPENSATION**

13.1 The City will compensate the Consultant, in accordance with Article 4, Payments to the Consultant, and the other terms and conditions of this Agreement, as follows:

13.2 The estimated total of all fees and expenses to be paid to the Consultant for Basic Services as described in Section 1.2 for fiscal year 2016 is an estimated not-to-exceed amount of

\$25,750.00. This compensation is divided among the Basic Services as follows:

Base Fees:

Annual Arbitrage Rebate and/or Yield Restriction Report Fee (fee per bond year, per issue, per report)	\$1,250.00
-or-	
Debt Service Fund Only Report (per issue)	\$1,000.00
-or-	
Investment Review Only (written annual estimate)	\$ 750.00
-or-	
Review Letter (if annual report determined not necessary)	\$ 500.00

In no event will this Agreement be increased to an amount in excess of \$50,000.00 without prior approval by City Council.

13.3 Compensation for additional and optional services of the Consultant will be computed based on the Consultant's rates:

Additional Fees

Commingled Funds Analysis (such as Debt Service Fund or Project Fund	+\$250.00
Additional funds (if two or more bond issues are treated as a single issue	+\$250.00
For each additional issues' funds such as a Project Fund	
Computation Periods in Excess of 12 months	+\$500.00
per addition year or fraction thereof)	
Evaluating various elections and applications	negotiated separately as necessary

Each of the persons executing this Agreement represents that he or she has full power and authority to execute this Agreement on behalf of the party that person represents. This Agreement will be effective as of the day and year established in the first paragraph of this Agreement.

City of San Marcos

BLX Group LLC

By: _____
Collette Jamison,
Interim City Manager

By: _____
Sandra Fuller Stallings,
Managing Director

Date: _____

Date: _____

**EXHIBIT B
AUTHORIZATION OF CHANGE IN SERVICES
CITY OF SAN MARCOS, TEXAS**

PROJECT NAME: Arbitrage Rebate Compliance Services
PROJECT MANAGER/REP: Heather Hurlbert, Director of Finance
CONSULTANT/VENDOR: BLX Group, LLC
CONTRACT NUMBER: 217-219
AUTHORIZATION NO:
CONTRACT EXECUTION DATE:
DATE OF THIS CHANGE:

WORK TO BE ADDED TO OR DELETED FROM SCOPE OF SERVICES

Previous contract amount: \$ _____
Net increase/decrease in contract amount: \$ _____
Revised contract amount: \$ _____

BLX Group, LLC:

By: _____ Date: _____

Printed name, title

City of San Marcos:
By: _____ Date: _____

Printed name, title

City Department (PM, etc.) only below this line.

Account Number(s): _____, _____

Previous Changes in Service:

_____; date; amount

_____; date; amount

_____; date; amount



EXHIBIT A

ARBITRAGE REBATE COMPLIANCE SERVICES FEE SCHEDULE

BASE FEES

<u>Service</u>	<u>Fees</u>
Annual Arbitrage Rebate and/or Yield Restriction Report Fee (fee per bond year, per issue, per report):	\$1,250
-or-	
Debt Service Fund Only Report (per issue):	\$1,000
-or-	
Investment Review Only (written annual estimate):	\$750
-or-	
Review Letter (if annual report determined not necessary):	\$500

ADDITIONAL FEES

<u>Service</u>	<u>Fees</u>
Commingled Funds Analysis (such as Debt Service Fund or Project Fund):	+\$250
Additional Funds (applies for each additional project fund and debt service fund):	+\$250
Computation Periods in Excess of 12 months (per additional year or fraction thereof):	+\$500
Evaluating various elections and applications	Negotiated separately as needed
Total Base and Additional Fees Related to Fiscal Year 2016:	\$25,750

Total base and additional fees for matters listed on the Arbitrage Rebate Compliance Summary will not exceed \$25,750 for the reports related to fiscal year 2016.

Arbitrage Rebate Compliance Summary for San Marcos, City of (TX)

#	Client Matter #	Issue Name	Status	Delivery Date	Last Calculation Date	Bond Yield	Cumulative Rebate Liability	Yield Restriction Liability	Next Calculation Date	Next Payment Date	Final Calculation Date
1	42182-3329	Combination Tax and Revenue Certificates of Obligation, Series 2007	Active	02/01/2007	09/30/2015	4.446186	(\$247,857)		09/30/2016	02/01/2017	02/15/2017
2	42182-3331	General Obligation Bonds, Series 2007 & Combination Tax and Revenue Certificates of Obligation, Series 2007B	Active	06/28/2007	09/30/2015	4.612984	(\$1,696,840)		08/15/2016	08/15/2016	08/15/2018
3	42182-3330	Waterworks and Waste Water Revenue Bonds, Series 2007	Active	06/28/2007	09/30/2015	4.649316	(\$862,890)		09/30/2016	08/15/2016	08/15/2017
4	42182-3324	Waterworks and Waste Water Revenue Bonds, Series 2008	Active	04/02/2008	09/30/2015	5.008373	(\$1,765,705)		09/30/2016	04/02/2018	08/15/2017
5	42182-3333	Pass-Through Toll Revenue and Limited Tax Bonds, Series 2008	Active	04/02/2008	09/30/2015	4.955783	(\$7,839,778)		09/30/2016	08/15/2017	08/18/2031
6	42182-3336	Combination Tax and Revenue Certificate of Obligation Series 2008A	Active	09/30/2008	09/30/2015	4.610547	(\$892,187)		09/30/2016	09/30/2018	08/15/2028
7	42182-3334	Tax and Revenue Refunding Bonds, Tax and Revenue Refunding Bonds, Combination Tax and Revenue Certificates of Obligation & General Obligation Bonds, Series 2009	Active	07/07/2009	09/30/2015	4.151891	(\$4,396,616)		09/30/2016	07/07/2019	08/15/2029
8	42182-3374	Combination Tax and Revenue Certificates of Obligation, Taxable Series 2010 (Build America Bonds-Direct Payment)	Active	03/23/2010	09/30/2015	3.497291	(\$2,789,883)		09/30/2016	03/23/2020	08/15/2030
9	42182-3473	General Obligation Refunding Bonds, Series 2010	Active	12/02/2010	09/30/2015	2.529643	(\$728,862)		09/30/2016	12/02/2015	08/15/2023
10	42182-3387	Combination Tax and Revenue Certificates of Obligation, Series 2011	Active	12/21/2011	09/30/2015	3.498976	(\$671,978)		09/30/2016	12/21/2016	08/15/2031
11	42182-3586	General Obligation Refunding Bonds, Series 2012	Active	08/21/2012	09/30/2015	2.002351	(\$556,317)		09/30/2016	08/21/2017	08/15/2025
12	42182-3876	Combination Tax and Revenue Certificates of Obligation, Series 2013	Active	05/21/2013	09/30/2015	2.974603	(\$757,806)		09/30/2016	05/21/2018	08/15/2033
13	42182-3878	Electric Utility System Revenue Bonds, Series 2013	Active	08/01/2013	09/30/2015	4.721782	(\$328,703)		09/30/2016	08/01/2018	11/01/2033
14	42182-4042	General Obligation Refunding Bonds, Series 2014	Active	07/02/2014	09/30/2015	2.607553	(\$828,840)		09/30/2016	07/02/2019	08/15/2032
15	42182-4052	General Obligation Refunding Bonds, Series 2014A	Active	12/18/2014	09/30/2015	2.563777	(\$604,129)		09/30/2016	12/18/2019	08/15/2029
16	42182-4232	Combination Tax and Revenue Certificates of Obligation, Series 2015	Active	09/24/2015					09/30/2016	09/24/2020	08/15/2035
17	42182-4317	General Obligation Refunding Bonds, Series 2016	Active	03/16/2016					09/30/2016	03/16/2021	08/15/2029
18	42182-4363	Combination Tax and Revenue Certificates of Obligation, Series 2016	Active	06/08/2016					09/30/2016	06/08/2021	08/15/2036